

# Work-Family Balance Policies: From a Comparative Perspective

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## Abstract

With increasing number of working parents, there are many obstacles for them to balance work and family life. In this paper, work-family balance policy is defined as “policy that supports the family life of working parents,” targeting working parents with children whose demand for a work-family balance policy is urgently needed.

Under this definition, an international comparative research is conducted on related policies such as childcare, parental leaves, working time policy, and cash/tax benefit system. Also, empirical analyses are carried out to study the effects of work-family balance policy. Lastly, a work-family balance index was developed to measure each country’s situation. Based on the results above, several policy suggestions are provided.

**Keywords:** work-family balance policy, working parents, childcare, parental leave, working time policy, tax benefits

## 1. Introduction

Recently, the Western welfare states actively pursued policies in support of balancing of work and family and further, individual life, in the socio-economic background of low birth rate, aging society, unstable labor market, women's active participation in the labor market, and increase in the number of dual-earner families. In the labor market, a tendency of deregulation increased rapidly amidst the formation and expansion of the global labor market and, in the process, general stability of the labor market is largely threatened due to increased underemployment and frequent job changes rather than life-long job security. As to the changes in the labor market, women entered the market in large number accounting for a continuous increase in female employment rates worldwide. In the family, the single (male) earner family model lost its currency while the dual earner family model is being established as a new general model.

Such trends suggest that Korea as a country moving rapidly toward the rank of low birth rate and aging society would need to develop a work-family balance policy in response to the changes in the labor market and the family. Therefore, the purpose of this study is to research the work-family balance policies, their impacts, the current state of policy development, major policy tasks, and policy applications in selected countries in the effort to seek concrete policy tasks required for making a work family balance policy and introducing a successful system in

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Korea.

In order to do so, an international comparative study of the work-family balance policies for the period of 2 years is conducted. The details of the international comparative research are as follows: in the first year (2008), a comparative review of the core policies and policy trends related to work-family balance in selected countries will be made, and an international research on the current state will be carried out in the second year (2009) and seeking concrete policy tasks for the formulation and implementation of a Korean policy based on findings.

## **2. Work-family balance policy: Supporting work and childrearing of working parents**

In this research, work-family balance policy is defined as follows. Work-family balance policy is “a policy to assist the work and family life of male and female workers with childrearing responsibilities,” assisting the parents to continue their employments despite the pressure to discontinue work due to childrearing by lessening the childrearing burden of the family, and assisting gender equal family life and work life by encouraging men’s participation in childrearing.

In other words, the continuous labor of employed parents and gender equity in childrearing shall be the goals of work-family balance policy. In concrete, it is to assist the parents to participate in the labor market by expanding the family resources such as income, service, and time required for them to perform the role of parents. Therefore, the targets will be limited to the priority targets of “male and female workers with responsibilities of childrearing and care.” They constitute the generation that have the most urgent need for the work-family balance policy, that most acutely experience the conflicts between work and family, and that face the experiences of withdrawal from the labor market for child rearing, discontinuity in labor, and difficulties in finding employment again. Therefore, it is necessary for work-family balance policy to provide support primarily to the age group in the child birth and childrearing period.

However in the future, work-family balance policy should move toward the direction of including not only the working parents raising young children but also male and female workers supporting the elderly and other family members, in other words, everyone.

## **3. Comparative research by policy area**

In this paper, the criteria of work-family balance policy is divided into 4 policy areas such as childcare policy, working time policy, taxation, and cash support policy, and each area is reviewed from a comparative perspective while the trend of systemic changes is analyzed.

In the area of childcare policy, in most countries since the mid-1990s, expenditures on childcare services increased, the comprehensive scope of childcare service expanded, and the efforts to promote the quality of childcare were made. Many countries made legislations on the rights and duties of childcare, emphasizing the significance of childcare services. Especially recently, most countries consider assistance for women’s labor market participation as an

important policy goal by emphasizing the childcare assistance for children under 3 years of age. Common changes are observed in various countries such as the expansion of childcare services, the emphasis on the integration of education and childcare, the increased welfare integration in the area of childcare services, and the emphasis on the options for parents.

Secondly, expenditures related to the leave policies as well as the characteristics of the leave policies are compared. As a result, Scandinavian countries with generous leave policies and a universal application scope showed the high expenditure level of 0.5% or more of GDP. And such countries as Belgium, Germany, Spain, England, and Japan with extremely low levels of expenditures showed continuous increase in expenditure. Although there are differences in the time of introduction of the system and in the details of the system, the disparity among the states are decreasing through recent systemic reforms. It turns out that systems are changing toward the direction of relaxing the qualification for leave, securing the appropriate leave period (reducing the long-term leave to an appropriate length as it works against women's return to the labor market), improving the level of leave pay, promoting the flexibility of the leave system, and emphasizing the father's use of the leave.

In Korea's case, expenditures are made since 2001 with the revision of the Act related to maternity protection, but the expenditures showed an extremely low level of less than 0.01% of GDP. This shows that there still remains a gap in the actual implementation process although many actions have been taken to support the work-family balance through three legal revisions in 2001, 2005, and 2007. In fact, the rate of taking pre and post-natal leave, according to an employment insurance database, turned out to be 36.2% in 2002, and 6.0% in 2002 based on all the women workers who had childbirth. Furthermore, considering the fact that the pre and post-natal leave and the childcare leave apply only to the wage laborers with employment insurance, it is clear that many women workers including unpaid laborers are excluded from institutional benefits (Hong and Chang, 2006: 29).

Thirdly, working time policy is consisted of shortening of work hours in general, flexible work hours, flexible work patterns, and adjustment of work hours for the workers in the childrearing period. During the past 20 years, most advanced industrial countries made policy efforts to reduce the hours of work in general and, as a result, work hours have been reduced to a considerable extent. In Scandinavian countries, 40 hours or less became a norm while the long work hours of 43-46 hours are still prevalent in such countries as Australia, the U.S., New Zealand, England, Austria, Korea, and Japan. Long work hours are not compatible with family or personal lives causing conflicts and stress. Therefore, it is an important precondition for the compatibility of work and family to make efforts to reduce and regulate work hours in general.

At the same time, a flexible work hour system is being implemented in many countries that allow individual employees to shorten their work hours during a specific period such as the childcare period. This is one of many recent changes and reforms are carried out to legally guarantee the parents with young children to temporarily reduce the work hours or find part-time employments until the child reaches a certain age.

Finally, in the area of taxation and cash assistance policies, gender inequality and the factors

that work against the compatibility of work and family are analyzed depending on the unit of taxation, individual or joint taxation on family or spouses. An OECD report points out that there is a very low incentive to participate in the labor market especially when married women are employed, as the net after tax income after deducting childcare expenses is very low. In case of Korea, the parents' share of the total childcare cost at the present time is 60% or more, which is very high compared to the average parents' share in OECD countries, such as 3% in Sweden or 20% in France. With the introduction of childcare tax credit to the low income strata the net after-tax income of low income married women is raised to a considerable extent making it possible to promote their participation in economic activities.

#### **4. Analysis of the effects of work-family balance policy**

In order to analyze the effectiveness of work-family balance policy, an empirical analysis is performed in the state and industry sectors.

First of all, in the analysis of the effect of work-family balance policy in the state sector, a pooled time series analysis is used to analyze the impact of work-family balance policy on women's employment rate, childbirth rate, and male and female wage ratio. As a result, it was possible to empirically confirm the policy effect of work-family balance policy. It turned out that family service expenditures, childcare leave, etc. increased women's employment and gender equity while childbirth leave was effective in increasing the childbirth rate. The more the state's childcare service expenditures increased, the higher women's employment rate became and the higher gender equity became. Similar results are also found in the crosscutting comparative analyses so far. Moreover, both the childbirth leave period and childbirth leave pay had positive impacts on the childbirth rate proving that both childbirth leave period and childbirth leave pay have the effect of balancing work and family.

In the industry sector, the Workers Survey materials of EU (ESWT, 2006; EWCS, 2007) are analyzed the second time and the results of analysis are as follows. First of all, as to the effect on the women's employment rate, the degree of satisfaction with the compatibility of work and family had the biggest effect, followed by the rate of using the parents leave. This means that the compatibility of work and life and the use of the parents leave are very important in increasing women's employment rate. And the disposable income gap between the households with two children and no child had the biggest effect on the degree of satisfaction in work and life followed by the part-time rate among women workers. This shows that, in order to increase satisfaction in the compatibility of work and life, it is very important to increase the disposable income of a family with children and that the increase in women's part-time rate is also important for the balance of work and family.

#### **5. Development of work-family balance indicators**

The work-family balance indicators are developed to objectively measure the work-family

balance policies and the level of workers' awareness. The balance indicators consist of two dimensions: "the work-family balance policy indicator" and "the work-family balance awareness indicator."

"The work-family balance policy indicator" is developed by integrating the indicators of detailed items such as leave, work hour and childcare. As a result, the developed policy indicators are as follows. Social democratic countries such as Sweden, Denmark, Norway, and Finland showed the highest policy level, and France and Belgium among the conservative countries showed similarly high levels. Australia and the U.S. that belong to a liberalist country group form the lowest policy level group. Korea showed the lowest policy scores among the 16 countries used for the analysis.

"The work-family balance awareness indicator" largely consists of the environmental aspect and the personal aspect. The environmental aspect again consists of work environment, family environment, and local community environment. On the other hand, the personal aspect includes time pressure, conflicts in compatibility, health, etc. As a result of applying the awareness indicator in a pilot survey, men tend to perceive the degree of compatibility of work and family more highly than women do in Korea. By age, the highest is found among those in their 50s. The highest work-family balance awareness indicator is when there are two children. As for the work pattern of the family members, it was in the order of man in a single-earner family, man in a dual-earner family, woman in a single-earner family, and woman in a dual-earner families.

## 6. Conclusion

First, it is necessary to move away from the work-centered principle of social formation and emphasize the principle of social formation based on harmonious balance of work and family instead. During the industrialization process of the past, Korean society developed on the basis of work-centered social values emphasizing the role of the male family heads as breadwinners. However, the existing institutional principle based on the life-long employment or the male breadwinner value is changing in the current labor market. In the family realm, the care function of the family is increasingly limited due to women's participation in economic activities and the tendency toward nuclear families. The solution that Korean society may choose at this point is to reformulate the principle of social construction based on new social values. The solution requires a new way of balancing work and family for men and women and requires changes and adjustments in the social equilibrium in the work-family balance.

Secondly, simultaneous changes and development of institutions and the culture of work-family balance are required. It is safe to say that the institutionalization of Korea at the present time is equipped with a considerable degree of structures in appearance. Therefore, much effort should be made for the implementation and promotion of the current system in the future. For example, institutional solutions for the existing problems that make the use of childcare leave difficult for workers and a more solid system should be provided to guarantee the return to work after leave which is the most important concern for workers. And changes are required for

society and industry to perceive and accommodate the use of childcare leave as workers' rights.

Thirdly, changes in both the labor market and the family are required. In the labor market where the full-time long hour work is predominant as in Korea and Japan, there is an absolute shortage of time for the family and the adjustment in the labor market is required as a precondition for securing the family time.

Fourthly, policy continuity and comprehensiveness should be maintained throughout the life process. The problem of balancing work and family is not a problem of discontinuity and reentry in the labor market, but a problem of assisting working parents with employment continuity and stability. In other words, the pre and post-natal leave is required before and after childbirth, and a certain period of childcare leave is also required after childbirth. When a woman worker returns to work after the childcare leave is over, assistance with a work hour policy is required for the workers in the childrearing period. And childcare services should be provided as part of the infrastructure to enable the implementation of leave policies or work hour policies.

Finally, the policy direction should go beyond the work-family balance toward the work-life balance. In this study, work-family balance policy is defined to be for male and female workers with childrearing responsibilities, but in the future, this concept needs to be expanded to encompass a policy for all the workers, which should be developed as work-life balance policy through expanding target strata and target areas.

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