

BOSTON COLLEGE

CENTER FOR WORK & FAMILY

EXECUTIVE BRIEFING SERIES

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Geography and topography of the country also play a major role in where people live, since 70% of the country is mountainous and rocky.

Wage gap

The wage gap between genders is 36.6%, more than double of the OECD (Average 15%), and represents the largest wage gap among all OECD countries. For women aged 25-29, the wage gap between genders is closer to the OECD average of around 10% but reaches 41.5% for the 40-44 age group (OECD 2016). A large number of women

health status, social connections, personal security, and work-life balance. These rankings are based on available selected data. In general, Koreans are slightly less satisfied with their lives than the OECD average. When asked to rate their general satisfaction with life on a scale from 0 to 10, Koreans gave it a 5.9 grade on average, lower than the OECD average of 6.5 (OECD Better Life Index, 2016).

Gender Roles

South Korea has a patriarchal culture – fathers believe they have to be prosperous wage-earners, as part of their success. Mothers also feel increasing pressure to be a good wife, a good mother, and maintain a solid career. More women than men go to college, but once they get married, or even by the time they are engaged, traditional gender roles come into play, and they tend to quit their jobs. There is a strong need to change the general mindset and belief system, as South Korea recognizes that women need to be employed for economy to thrive.

Due to job culture and the persistence of long work hours

which government data is available, from 31.9 percent in 2009. Child care centers, or Eorinjib, are managed by local authorities, companies, private institutions, and non-governmental organizations and can be found in major South Korean cities. These child care centers, open from 7:30 am to 7:30 pm, offer specialized courses and programs to children as young as three months old to five years old.

Rates vary depending on the number of children enrolled, the institution's location and prestige. A fee anywhere between 180,000 and 400,000 Won per month (\$165.00- \$368.00 USD per month) for child care services is normal in South Korea. Expatriates who have a Korean spouse may be eligible to receive grants which can be used toward child care services (Expatriate Guide, South Korea, 2017).

Governmental Support and Regulations

Retirement

An amendment to an existing law that increases the minimum normal retirement age to 60 was passed on April 30, 2013. The amendment, a response to a gradually aging workforce in South Korea, took effect starting in 2016 for large companies and in 2017 for small firms (Towers Watson, 2013).

As a result, the Baby Boomers in South Korea are trying to stay employed longer. The increase in retirement age to 60 allows older workers to remain in the workforce longer, which in turn impacts the availability of jobs for the younger generation.

The National Pension Scheme is the public pension scheme created in 1988 in South Korea. It is a part of Korea's Social Security Programs, and was established through the National Pension Act in 1986. Currently, only 29% of elderly received old-age pensions from the National Pension Scheme in 2013.

Unemployment

In October 2017 the unemployment rate was 3.6%. President Moon Jae-In is trying to revise policies to reduce the dominance of South Korea's giant "Chaebol" conglomerates, and subsidize smaller businesses to create jobs and promote growth. The government will also increase unemployment benefits and subsidies for maternity leave, as well as spending on medical care for elderly people. Despite the increase of youths' (age 15-24, 13.08% of population) endeavors to seek employment, the actual number of employed youths decreased due to population reduction and service sector employment slowdown. The rate has increased to 9.4% by August 2017, from 9.3% in August 2016 (Index Mundi, 2016).

President Moon is trying to improve the economic prospects for young South Koreans, but there aren't enough jobs for them. Many are living in tiny apartments (often under 50 square feet) with basic necessities. They are turning to test preparation, with the hopes that they can someday get into large companies such as Samsung that require high performance on standardized tests in a competitive candidate screening process.

Government Support for Work-Life Balance

In addition to enforcing mandatory paid holiday time, President Moon is proposing new initiatives to increase support for work-life balance. These include monthly subsidies for parents with very young children, timesheets, adherence to the 52 hour work week, designated "family days", flexible hours and more. These initiatives are new, and employers will need to monitor their progress, as substantial changes to employment practices and policies will be likely if these proposals are passed into law (Herbert Smith Freehills, 2017).

Parental Leave

Maternity leave: According to the Ministry of Health and Welfare, female employees are entitled to 90 days of paid leave. 60 days are fully paid, and the remaining 30 days are paid at a percentage of the mother's monthly income. In the case of a delayed birth additional days are provided to guarantee 45 days leave after the birth; however, additional days in excess of the 90 days are not paid. It is

three-fold increase on 2007 following the introduction of a father-specific entitlement in 2007 (Forbes.com, 2017).

Workplace Norms

Job Culture

Korea is known to have one of the highest average annual work and overtime hours in the world. In 2016, South Korean employees worked for 2069 hours, which is 306 (1.8 months) more than the OECD average working hours. Number of hours at work, sometimes regardless of productivity and efficiency, matter significantly. Many senior employees see marathon workdays as a given, maintaining this culture so their junior colleagues feel pressure to do the same. Lee Jung-min, an economics professor at Seoul National University, said “the longer-is-better approach to work is no longer sustainable. The government and businesses need to promote more open and innovative work environments. We should change our old habit of overtime,” the professor said. “It is time to let young employees express their creativity in open and free workplaces” (Nikkei Asian Review 2016).

Efforts are in place to reduce working hours, and the decline over the last decade has been significant. Members of the National Assembly’s Environment and Labor Committee have been working on a proposed reduction to 52 hours from the current 68 hours for over 3 years. This reduction would help improve working conditions and generate more jobs. There has been resistance from small businesses, who are worried that the more efficient work environment would actually hurt their global competitiveness.

Work-family supports are often underutilized due to workplace culture. Employees feel that they cannot take advantage of these supports due to the corporate environment (69%) as well as financial constraints (21%) (Kim, Y. & Kim, E., 2015).

Koreans value their interpersonal relationships with coworkers and will make it a priority to get to know each other’s personal situations. The standard corporate atmosphere is very friendly and social, though some Korean supervisors often make last-minute adjustments and employees will need a certain degree of flexibility to survive. This includes unplanned meetings as well as obligatory social gatherings after work, often announced shortly before quitting time, making it difficult to manage caregiving and home responsibilities.

Women in the Workforce

College enrollment is high for women (reaching 74.6% of the female college-aged population, 7% higher than male

counterparts) but the economic activity rate of college graduates is lower (55.7%). Women tend to quit their jobs after getting married, which is the top reason for women to temporarily leave the workforce. South Korea’s fertility rate was 1.2 births per woman in 2014, the lowest in the OECD, whose members averaged 1.7.

The iconic M-shaped employment curve of women’s workforce participation has become a legend in South



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