Women Employment Market Post-Covid 19 Pandemic in South Korea and Indonesia
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ABSTRACT

This article compares South Korean and Indonesian women's labor market policies to explore post-covid-19 policies. The two countries took different paths to activation after covid-19, and the decisive difference lies in the scale of direct job creation programs compared to vocational training and employment services. The diverse socio-economic contexts and democratic landscapes further shape the repertoire of activations available to the governments of both countries. We examine this issue from various perspectives that prevent women from entering the labor market, especially during the COVID-19 pandemic. In addition, economic crises and political instability shape the various evolutions of each country's labor market policies. This study contributes to an understanding of the dynamics of social policy change, especially post-pandemic and highlights the circumstances that lead to policy change.

Keywords: Labor Market; South Korea; Indonesia; Corona Virus Disease 2019; Covid-19

1 Introduction

The spread of the COVID-19 pandemic has forced governments in Asia and the Pacific region to implement large-scale regional lockdowns and social restrictions. As a consequence, these policies cause economic and social activities to be disrupted which in turn is transmitted to disruptions to the economy as a whole including disruptions in the labor market and a decrease in the level of workers' incomes throughout the region. (Badan Kebijakan Fiskal, 2021).

Disruption to economic activity due to regional lockdown policies to contain the spread of the virus has caused many companies to close their businesses and go bankrupt, which resulted in a reduction in the number of workers and massive layoffs, especially in the sectors most affected by the pandemic. Throughout 2020, the number of workers in countries in the Asia and Pacific region experienced a decline. In aggregate, the total number of workers in the Asia and Pacific region in 2020 is 1.8 billion people. This number decreased by 3.2 percent (yoy) compared to 2019 or experienced a decrease in the number of workers by 61.8 million workers. India is the country that experienced the largest decline in the number of workers with 30.4 million workers in 2020.

The COVID-19 pandemic has also had an impact on increasing unemployment rates in the region. The largest contribution to the increase in unemployment in the Asia and Pacific region came mainly from the informal worker group, which consists of millions of low-skilled and low-paid workers. The Asia and Pacific region is home to 1.3 billion of the world's 2 billion informal workers. Throughout 2020, the unemployment rate in the region increased to 5.2 percent, up 18 percent compared to 2019 with the number of unemployed reaching 101.1 million people. The largest unemployment rate occurred in the United States, reaching 8.3 percent in 2020. The regional lockdown policy and the closure of the business sector were the main causes of a fairly high increase in the unemployment rate in the US, in addition to the policy of providing unemployment benefits by the US government.

The policy of regional locking and social restrictions followed by provisions for reducing business operating hours has resulted in the loss of employee working hours and the number of jobs. Throughout 2020, the ILO estimated that 7.9 per cent of work hours were lost in Asia and the Pacific, equivalent to 140 million full-time equivalent jobs (based on a 48-hour work week). The characteristics of the labor market in each country affect how much the loss of working hours and the number of jobs lost during the pandemic are affected. Losses in lost hours and the largest number of jobs occurred in India, mainly contributed by cross-sectoral and highly skilled jobs, including service, manufacturing and industrial, as well as office work (Bahn et al., 2020).

Based on the type of work, the non-agricultural sector experienced the largest loss of workers throughout 2020. The US was the country that experienced the most loss of workers in both the non-agricultural sector and the service sector (Sengupta & Jha, 2020; Rozijn et al., 2021). While in the industrial sector, although the pandemic has caused the loss of the number of workers, the sector is still the pillar of the economy in most countries. Loss of workers in the industrial sector is relatively smaller than in other sectors. In terms of growth in the number of
workers, the impact of COVID-19 was relatively small in the agricultural sector which was still growing positively, while other sectors (non-agriculture, industry, and services) experienced contraction. South Korea contributed to the positive growth in the number of workers in the agricultural sector throughout 2020. Meanwhile in Australia, although it had contracted in Q1-2020, throughout the last three quarters of 2020 there was positive growth in the number of workers.

Cooperation and involvement of stakeholders is needed so that the policy steps taken by the government to protect workers can run optimally. Social dialogue between authorities and stakeholders plays a significant role in producing policy solutions in countries in the Asia and Pacific region. Government initiatives to consider input from social partners and stakeholders are indispensable in the formulation and adjustment of social improvement programs and financial assistance to support companies and workers affected by the pandemic.

Previous research has emphasized the role of government in solving social problems such as unemployment and poverty; thus, many countries have attempted to solve the problem through various government mechanisms (Marx, Vanhille, & Verbist, 2012; Greer et al., 2021). The public assistance program is one type of policy that aims to alleviate poverty through the provision of financial support. However, generous assistance in the event of job loss has been criticized for reducing work incentives and thereby increasing welfare dependency (Park & Cho, 2019).

This article will describe recent research and present a discussion on the labor market in both South Korea and Indonesia. Then compare the policies. At the end, it will explain the developments and challenges of the labor market in the two countries. In conclusion, the results of this study will be explained.

2 Methods

This study uses a qualitative method in order to explain the process and meaning of the contact tracing application (Yulianah, 2022). The type of research used is comparative. In collecting data, this research uses observation, interviews, literature study, and internet searching. Data collection in this study was carried out by studying existing laws, regulations and literature. The research question is how do the labor market policies in South Korea and Indonesia compare? What are the challenges faced by the two countries in implementing Covid-19?

3 Result And Discussion

Korea stands out for its success in dealing with the COVID-19 pandemic and limiting its economic impact. The 1.0% decline in real GDP in 2020 was the smallest decline among the 38 OECD member countries. However, employment (including self-employed) in February 2021 was 1.8% below the previous year's level. Women accounted for about 60% of the job decline, although they only accounted for 42.5% of employment before the pandemic (Jones, 2021).

In contrast to COVID-19, the 1997 Asian financial crisis had a more severe impact on men's work. Indeed, the employment rate of men (aged 15 years and over) fell from 74% in 1997 to 69% in 1998. The large decline was explained by the 7.1% decline in manufacturing output in 1998. In contrast, the decline in service sector output less severe at 2.4%, helping to reduce the decline in women's employment.
Women workers are more affected by COVID-19 because their work is concentrated in sectors that are more vulnerable to the pandemic. Female employees make up the majority of workers in key service industries, including education, transportation, accommodation and food, business facilities management, and business support services, as well as a large proportion of workers in the retail and wholesale sectors. Service sector employment (defined here as all employment excluding manufacturing, mining, construction, agriculture, forestry and fishing) accounts for nearly three-quarters of total employment. While lockdown measures in Korea are less stringent than in many countries, restrictions on service sector businesses, such as restaurants and gyms, and consumer caution in the face of the coronavirus have led to a decline in spending on services. Indeed, services output fell by 1.1% in 2020, the first decline since 1998. As a result, service employment fell 2.6% in the year to February 2021. The declines in wholesale and retail trade as well as accommodation and food were particularly pronounced at 7.3%.

In contrast, exports and manufacturing outperformed in Korea's two-track recovery. Driven by a surge in semiconductor sales, exports increased 16.6% year-on-year in March. Despite the pandemic, Samsung made more money in 2020 than it did in 2019. As a result, the decline in manufacturing employment, which was 71% male, was relatively small at 0.6%.

The second reason why women bear the heaviest burden of job adjustment is the relatively large share of precarious workers, defined as temporary, part-time, daily, dispatched and other types of atypical workers. Given the difficulty of laying off permanent workers due to high employment protection, companies use precarious workers for flexibility in adjusting their workforce during the business cycle. At the time of the 1997 crisis, non-regular work was insignificant, but now it is about a third of the employees. Around 41% of women are casual workers compared to only 26% of men (OECD, 2018; Brewer & Gardiner, 2020). During the pandemic, the number of permanent workers actually increased by 0.6% this year until February 2021. As expected, work adjustments were made by laying off non-permanent workers. Indeed, the number of temporary workers fell by 7.0%.

Another is the extra burden women face during the pandemic as children stay home from school and family members fall ill. Even before the pandemic, women spent 215 minutes a day on unpaid work (household work and childcare) compared to 49 minutes for men, a difference of almost three hours per day (Figure 2). Only 6% of men who were eligible for parental leave chose to take time off in 2018. According to a report by the Korea Institute of Labor, 56.3% of women reported an increase in family-related work during the first half of 2020 and 17.2% said that their domestic work increased by an average of between two and four hours per day. In January 2021, the number of women who are economically active (working or looking for work) fell by 476,000 compared to the previous year. More than four-fifths have switched to housewife status.
The gap between employment rates for men and women fell from more than 28 percentage points in the early 1990s to 19 points in 2019 (Figure 3), still the fifth highest among OECD countries. However, the gap increased slightly in 2020 and the first quarter of 2021, as job losses were concentrated among women.

With the declining working age population (15-64) in Korea, labor market shortages are likely to increase women’s employment in the medium term and further narrow the employment gap. As happened in Japan, the employment rate of women jumped from 60.7% to 70.9% during 2012-19. However, while its gender employment gap narrowed significantly, Japan’s gender pay gap remains the third highest among OECD countries after Korea and Estonia (Figure 4). Wage inequality in Korea and Japan is partly due to a dualistic labor market in which most
women are precarious workers. In Korea, there are no regular workers who earn about a third less than regular hourly workers.

Achieving gender equality in the labor market will require a number of reforms. First, it is important to break down the dualism of the labor market, which traps most women in low-paying jobs (Halpem et al., 2020; Beland et al., 2021). In addition, it discourages some women from entering the workforce. Breaking the dualism of the labor market requires a comprehensive strategy to relax employment protections for permanent workers and make them more transparent and increase social insurance coverage and training for precarious workers. Second, ending discrimination against women would allow more women to reach leadership positions. Although the share of Korean women with higher education is the highest among OECD countries, the share of managerial positions held by women is the lowest in the OECD (Figure 5).
In 2018 only about 15 percent of all workers who receive income – consisting of laborers/employees/employees, casual workers, and self-employed workers – fall into the category of middle class workers. Women workers are even less likely to have middle-class jobs than men. Of all jobs that provide income, only 35 percent are owned by women. Meanwhile, of all women who earn this income, only 29 percent are classified as middle class jobs (Lain & Cunningham, 2021).

One of the reasons it is difficult for Indonesian women to find middle-class jobs is that they do not have access to the labor market. It is estimated that only half of all working-age women in Indonesia participate in the workforce, compared to around 80 percent of men. This has continued for at least two decades, even though educational attainment by girls is increasing and fertility rates are declining.

There are at least three main factors that could explain why the level of labor force participation – and access to middle class jobs – is so limited for Indonesian women. First, differences between men and women in labor force participation rates emerge during the transition from school to work, with marriage and childbirth being the biggest predictors of women not transitioning into employment. The difficulty of meeting the needs of child care and parental care has an impact on women's reduced decisions to participate in the workforce.

Second, when entering the labor market, women enter the service job group with lower salaries. Women occupy important jobs in health and education, but salaries for nursing and teaching jobs are low. In addition, the subjects that women learn when they receive post-secondary education are not aligned with those required by middle-class jobs. For example, women are underrepresented in subjects such as science, technology, engineering, and mathematics (STEM).

Distribution of fields of study for post-secondary education, by gender and occupation Middle class (MC)/non-middle class (Non-MC)
Third, even if women occupy the same jobs as men, the income gap remains large. Indonesian men earn on average 25 percent more than Indonesian women in similar jobs. Much of this is due to social norms that are hard to break: for example, the perception that women's work is complementary to the work of their male partner or relative, may lead companies to offer lower wages, or that women are willing to accept lower wages for work. Despite these challenges, some government policies can help women have better access to middle class jobs.

First, the government can invest in the field of care (care economy). Changes in gender norms may eventually lead to men taking on more household responsibilities. In the short term, this can help women to balance their work and duties at home. This plays an important role in supporting the success of women entering the labor market. Investing in care services in Indonesia could also contribute to the growth of more jobs in the care sector, thereby having a positive impact on women's labor force participation.

Second, facilitate learning. Most middle-class jobs require at least a high school education. Only 39 percent of working-age Indonesian women have a high school education or higher, compared to 43 percent of working-age men. In addition, majors at the post-secondary level for women can be better aligned with middle-class work. In addition to the need for high-level cognitive skills and interpersonal skills, short training in entrepreneurship and digital skills can support women to participate in the workforce. Entrepreneurship[3] and e-commerce can help women return to work after giving birth.

Third, reduce labor mobility costs for women. Changing jobs is generally done to get a better income. Unfortunately, the cost of labor mobility in Indonesia is high, especially for women. The high-value service sector is the main destination for middle-class employment for women. However, entering a job in this sector is one of the most expensive, with the costs involved in skills development, networking to find the job, and long waiting periods. Supportive employment regulatory practices, such as the Job Loss Guarantee Program can facilitate job mobility. Comprehensive job search services such as Ready to Work and KarirHub can provide the information and guidance needed to shape women's work preferences and expectations. This is done through identifying career goals, getting training and other social support that enables women to find work.

The COVID-19 crisis could provide a new impetus to support women's entry into the middle-class job market. In August 2020, the Covid-19 crisis had a positive net impact on employment opportunities for women. However, just like what happened when the Asian financial crisis broke out, these women may only intend to work temporarily and do low-quality work, in order to help their household through the pandemic.

Will these new female workers be able to stay in the workforce and find their way to middle class jobs like Santi? This remains an important question for gender equality in the long term in the Indonesian labor market.

Source: Sakernas 2018; World Bank staff calculations
Note: Sakernas is a National Labor Force Survey
Participation in the labor market is a major source of economic empowerment, as it usually provides income to the community, increased control over financial resources and greater decision-making power within households. This participation also increases the community’s capacity to deal with crises. But in Indonesia only 52 percent of women were employed before the crisis, compared to 72 percent of men (United Nation-Women, 2020). An estimated 82 percent of women are in informal work, compared to 74 percent of men.

The lack of social protection for those with informal jobs further increases the vulnerability of the community to crises. Since COVID-19, informal workers have lost their jobs faster - 46 percent of men and 39 percent of women of informal workers have experienced it. For those who do not have benefits while unemployed, this can have dire consequences. Among informal workers, an estimated 63 percent of men do not receive benefits or other forms of government support compared to 80 percent of women.

Furthermore, among other factors, the increasing workload of household and care related to COVID-19 may also encourage people to be forced to reduce their paid working hours. More than half of the working population (59 percent women and 57 percent men) have experienced reduced paid working time since the crisis began. This has resulted in cuts in salaries and income for many people - 64 percent of men and 49 percent of women recorded a decrease in income from their paid work.
4 Conclusion

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