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# A Study for the Re-establishment of Sustainable Care Policy (II): Strategies for implementing care policy from the perspective of women and the family

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## **I . Research questions**

With an aim to investigate the publicness of care service, we have conceptualized “publicness” into two axes: the role of the state as an agent of support and control and the level of social integration and equality achieved through the use of care services. In regard to service providers, the focus of analysis was placed on the diversity of public facilities in the case of childcare, and for senior care it looks at the state's role both as a direct service provider and in-service control. When it comes to the value of publicness, childcare was examined in terms of the gap between different social groups in the use of care services. With senior care, the focus was on the determining factors of the use of long-term senior care service.

## II . Analysis of the publicness of child and senior care

### 1. Re-establishment of the publicness of care through the expansion of public childcare infrastructure

In this study, we analyzed data on daycares compiled in a 2015 childcare survey by the Ministry of Health and Welfare with a goal of looking into how the commissioned operators of public daycares contribute to diversity and how the resulting diversity affects the job quality of care workers. We also compared the proportion of public daycares in South Korea with those in other OECD countries.

According to the analysis, the quality of jobs in both public daycares run directly by the state and those commissioned to private operators was greater compared to home-based and private daycares in terms of wages and working hours. Public daycares run directly by the state and those commissioned to private operators did not differ in terms of parents' preference. However, the pay stages and career advancement of teachers were better developed in directly-run public daycares. With the government's plan to increase the proportion of public daycares, it is expected that the number of privately-commissioned public daycares will rise, which in turn may lower the overall quality of public daycares. In this regard, it is necessary to seek measures to increase the proportion of daycares directly operated by the government.

We examined OECD Education Statistics and data from Denmark in order to compare South Korea with other countries on the publicness of childcare. First, South Korea exhibits a high rate of the use of center-based childcare, but a significantly low rate of public childcare

service. Compared to the general trend among OECD countries, where increased use of daycare services means increased use of public childcare service, South Korea shows a distinctively low level of publicness in terms of service providers.

We also examined Denmark in greater detail since it reports the highest level use of public childcare service among OECD countries. While the rate of center-based childcare is high in both countries, such service is provided mainly by local governments in Denmark but left in the hands of the private sector in South Korea. This difference was particularly noticeable for childcare for 1-2 year-olds. In general, countries with a high level of gender equality show a relatively higher rate of center-based childcare for 0-2 year-olds. However, the high rate of private sector-led care service in South Korea may have a limited impact on gender equality. Furthermore, public employees in Denmark, with the exception of certain civil servants, bear the right to collective bargaining. Care workers join a trade union known as BUPL, and their wages and labor conditions are defined in a collective agreement.

## **2. The long-term care service market and the establishment of publicness**

For the purpose of this research, we used Barry Bozeman's theory of dimensional publicness as a means to estimate the publicness of South Korea's Long-term Care Insurance for seniors based on the three dimensions of ownership, finance, and control. We also examined the impact of each dimension on service quality.

When it comes to publicness as viewed from the dimension of ownership, over 80% of the long-term care service market is provided

by independent for-profit businesses. This type of supply structure includes the structural limitations of a competition-based market, which is based on the assumption that service quality is elevated by competition among various suppliers. In fact, a majority of the for-profit care providers in South Korea are small-scale operators and these facility-based service providers and home visit-based service providers have continuously received low scores in the evaluation of long-term care service providers. In comparison, public long-term care facilities established by local autonomous bodies have received high scores.

Second, publicness in terms of finance was determined by whether the financing of a service provider is based on a subsidy or pay-per-user system. South Korea's Long-term Care Insurance is based on a pay-per-user system in which the government provides a pre-determined fee to a service provider per each use of a particular service. Therefore, service improvements, such as elevating the labor conditions of care workers or introducing additional services, are made possible by readjusting insurance fees. Under the existing structure, financial distinctions among individual service providers are determined by organizational size (number of clients). According to data on the evaluation of long-term care service providers, service quality increases along with the financial size of the organization.

Third, publicness in terms of control refers to the degree of the government's influence on organizational operations by means of evaluation, supervision, and regulation. After suffering ongoing problems with illegal operations and false insurance claims by service providers and poor labor conditions of care workers, the government has recently introduced mandatory financial and accounting guidelines for long-term service providers and directed that a certain percentage of insurance fees must be applied to labor costs. Among the three dimensions of publicness,



control is the only area in which the government is attempting to strengthen publicness.

In summary, South Korea's long-term senior care policy started with a low level of publicness in all three dimensions, but the government is working to increase publicness in the control dimension. However, this effort is likely to encounter resistance from service providers, who are mostly independent for-profit businesses, as they seek strategies to reduce cost and increase profits rather than pursuing investment and innovation. Given that labor costs make up the greatest proportion of operational expenses in human services, they are likely to attempt to minimize the wages of care workers or register ghost employees subject to government subsidies. Hence, publicness in the long-term care service market needs to be raised simultaneously across all three dimensions. Without being accompanied by increased publicness in ownership and finance, publicness in control will only go so far.

### **3. Social stratification in the use of childcare services**

For this area, we looked into the stratification of South Korean childcare services, into which little research has been performed. Although South Korean government childcare service has been provided under a “free childcare” program, it is presumed that social stratification has created a gap in the use of service. This paper examined social stratification through the combination of childcare cost, daycare choice, and care.

Our findings are as follows: When comparing childcare expenditures and income distribution, total expenditure on childcare and private education rose with greater income. With center-based childcare (public childcare), which is supposedly free of charge, a de-stratification effect

in cost burden was observed to a certain degree. However, stratification emerged for private childcare. The employment status of the mother was not a significant factor in childcare expenditure. It was also not statistically significant in the use of type of daycares, except in the use of the allowance for at-home care and the use of private kindergartens. Since the early 2000s when South Korea started investing in childcare policy in earnest, the related policy has failed to sufficiently contribute to work-family balance since it has not reflected differences between working and non-working mothers. The government launched a customized childcare policy in 2016 in an effort to address this problem. Due to its questionable effectiveness, however, a new round of discussions is underway in search of alternatives.

In regard to the use of daycares by type, high-income households show a tendency of choosing the at-home childcare allowance over center-based public daycare service. In the case of mothers with 3-5 year-olds, only 10% of them are recipients of the at-home childcare allowance. However, this number is expected to rise as an increasing number of mothers turn away from center-based childcare services in search of higher-quality options. Regarding center-based childcare service, the number of public daycares is insufficient compared to the demand, and mothers are unsatisfied with the service quality. While previous studies considered the at-home childcare allowance to be support for underprivileged non-working mothers, our research has found that the primary recipients of the allowance are actually non-working mothers in higher-income households. Because this childcare allowance was introduced under the concept of providing a pseudo-salary, discussions should begin on adjusting the allowance system in consideration of income, age, and gender factors. According to this research, furthermore,

high-income households use both the at-home childcare allowance and private kindergartens, while underprivileged mothers rely more on daycares. This trend goes against the goals of destratification and equalization, which are the core values of public childcare. There is a need to seek measures to address social stratification in the use of services within the integrated frame of child education and childcare.

When it comes to the type of service that parents choose for childcare, three distinctive types were observed with 3-5 year-olds: daycares; kindergartens; and *hagwon* (private educational facilities). Non-working mothers in higher-income households preferred *hagwon* over official childcare services (daycares and kindergartens). Since those who use *hagwon* can receive the at-home childcare allowance, the allowance ends up actually subsidizing parents who choose private education. From the perspective of promoting publicness, it seems that the at-home childcare allowance needs to be readjusted.

Public childcare is a basic social right that should guarantee reasonable and appropriate service to all regardless of their social status. As discovered in this study, however, the existing childcare service system has a limited impact on reducing stratification. In addition, the responsibility of the state in this regard remains ambiguous. Given that the stratification of South Korea's childcare service is combined with a segmented childcare service market, how to increase the publicness of the market is an important issue. It is necessary to restore public trust in social services by establishing a delivery system with high publicness and quality services that can satisfy the needs of the middle class.

#### 4. Determining factors in the use of the at-home care allowance in long-term senior care insurance

For seniors in need of long-term care, the ability to apply relevant allowances based on their needs and without being restrained by personal and familial circumstances and resources is an important issue related to the insurance system's sustainability and impact on reducing social inequality. In this regard, examining whether the use of the insurance system is actually affected by both the potential for stratification in the use of the insurance, an issue that has been raised in previous research, and the possibility of dependence on familial resources is important for devising measures to bolster the system's publicness and sustainability. In this research, we analyzed data compiled by the National Health Insurance Service in an effort to determine the use of long-term care allowances by income level. We also used raw data from a 2017 senior status survey by the Ministry of Health and Welfare to investigate how income level and familial resources affect the use of at-home care allowances (the most popular among all the allowances of the long-term senior insurance system).

According to the analysis of the National Health Insurance Service data, the proportion of those using at-home care allowances, such as home-visit care and day/night-time care facilities, was relatively greater among those with higher income and those registered as general subscribers compared to among low-income subscribers. The rate of those using facility-based care allowances, such as residential senior care facilities, was relatively high among those with lower incomes and beneficiaries of the National Basic Livelihood Security System. In summary, the higher the income, the likelier people are to use at-home allowances. This may indicate that social stratification is likely to take place in the "aging in place" pursued by the senior care policy.

The analysis of determining factors for the use of the home-visit care

allowance from the 2017 senior status survey showed the following results. Similarly to the findings of previous studies, both activities of daily living (ADL) and instrumental activities of daily living (IADL), which are need factors, were found to have a significant impact on the use of the home-visit care allowance. The greater the ADL/IADL limitations, the greater the odds ratio for the use of home-visit care. With income level not showing a significant impact on the use of the home-visit care allowance, this analysis failed to demonstrate a gap between different social groups. In terms of familial resources, however, the use of the home-visit care allowance was affected by the identity of the cohabiting family caregiver. If the cohabiting family caregiver was a spouse or son, the use of the home-visit care allowance was not significantly affected. On the other hand, it significantly declined when the caregiver was a daughter or daughter-in-law, i.e. a woman. This result implicates that senior care has not been sufficiently replaced by social services. This becomes even more prominent if the primary caregiver is a woman.

In summary, both income level and familial resources remain influential in the use of the long-term care insurance system and gender inequality in care work remains persistent. In order to ensure the sustainability of its senior care policy, the government will need to strengthen the socialization of senior care through the long-term senior care insurance system and implement a strategy to address gender inequality in care.

### III. Policy suggestions

Based on the findings of this research, we suggest the following policy directions. In terms of the publicness of care policy, the state's role as a service provider was limited. The state played only a minimal role in the direct provision of service while the provision of service by private operators has rapidly expanded. The government's support for and control of private operators were also inadequate. When viewed from the perspective of equality, which is one of the goals of publicness, social stratification was observed in childcare. The at-home care allowance was used by high-income earners to purchase inappropriate services. In the case of senior care, segmentation due to social stratification and non-use of the home-visit care service when the family caregiver is a woman were observed. The provision of universal rights based on formal equality was in fact resulting in the delivery of segmented and unequal care service. All in all, it can be concluded that the publicness of the government's care services is low in terms of both the government as a service provider and the realization of equality. In accordance with these results, our suggestions focus on the expansion of public care facilities and of publicness in ownership.

As a starting point for publicness, it is first necessary to raise the number of public care facilities. This means increasing publicness in ownership. As for childcare, the government's goal is securing a rate of 40% public daycares and 40% public kindergartens. Given the recent accounting fraud scandal at private kindergartens, the expansion of public childcare infrastructure has emerged as a pressing policy agenda item. Considering that elementary schools are one of the rare forms of universal public infrastructure in the country, it is suggested that they

be restructured into more care-friendly spaces. Based on our findings, we also suggest the need to significantly increase the proportion of public long-term senior care facilities. At the time of the introduction of the long-term care insurance system, the suggested proportion of public care facilities was 50-60% for residential care and about 30% for at-home care support. The proportion of public care facilities needs to be elevated to a level sufficient for realizing high standards in the market. Given that financial support for public care facilities strengthens the provision of direct subsidies by local governments, this means promoting the publicness of financial resources. With a greater portion of the market coming under the influence of the government, furthermore, publicness in the dimension of control will also increase.

Traditional positions on publicness have argued that the expansion of the public sector does not necessarily bring about increased publicness. In South Korea's care service market, however, the market ideology and the power of the market is stronger than all else. If the government restricts its role to regulating and financing the market, it will be difficult to realize the desired positive effect of social services.

Regarding public care facilities, it is suggested that rather than commissioning for-profit operators, the government should itself become a direct service provider. This would be a new policy experiment in which a semi-public-employee model replaces the existing for-profit care business operator model. In our analysis of the publicness of daycares, public daycares directly run by the government had more favorable pay stages and career advancement for teachers compared to those outsourced to private operators. According to media reports, the problems typical of private daycares were also found in public daycares commissioned to private operators. In this regard, it seems reasonable to introduce

measures to directly expand fully public daycares or those mainly operated by the government.

The establishment of the so-called social service agency, which is one of the major national programs adopted by the incumbent government, is an important model that could be conducive to expanding the publicness of care service. The process of establishing this agency may face a number of challenges, including resistance from private operators and the question of which care areas will be covered first. However, it is expected that the model of direct service provision by the government will increase the publicness of care policy.

In order to guarantee the worker identity of care workers, the labor conditions of care workers need to be examined collectively rather than left in the hands of individual organizations. According to studies that have investigated the characteristics of care work, care follows the principle of justice based on responsiveness and individuality rather than the universal law of generalization. For this aspect of care, the relationship between the recipient and the provider is most important, and formal care work needs to be structured in a way that respects this relationship. The current profit-focused private operator-oriented care system is a structure that can disrupt that relationship.

In comparison, Denmark maintains a well-established model for the publicness of care. There, care workers are directly hired by local governments. Their labor conditions are collectively determined at the central level and these decisions affect the private sector. Under this structure, there is little chance for labor exploitation or fraudulent resource allocation by care service operators. For South Korea's private-operator-oriented care system, it is necessary to institutionalize collective decision-making on the labor conditions for care workers



through the public sector, particularly for those facilities directly run or hired by the government. With a process of collectively negotiating care workers' labor conditions at the central level, it would be expected that publicness would be realized in this area of the care relationship.

Next, the state needs to play a role as an active provider of service, and the care allowance system should be rationalized. It is time to forge a consensus on the extent of state responsibility in care costs. In South Korea, the government's role has been limited to paying for services, a role that seems overemphasized and overstated. According to the findings of our research, families still need to meet expenses for childcare despite the government's "free childcare" policy. There is also inadequate public support for childcare after official hours. Publicness needs to be established regarding these hours. When it comes to senior care service, it seems that low-income families do not fully benefit. If it is not possible to provide free service for all, the government may need to consider a system in which the costs of care are shared based on income level and care needs. Along with the government's efforts to strengthen the income security system, including through the introduction of child allowances and the maturation of the national pension system, the cost scheme needs to be readjusted to a more manageable level. This will be also conducive to the actualization of equality and to social integration.

Furthermore, the effects of care allowances need to be examined, particularly on those not using public care service (childcare) or the family caregiver system in which a family member is registered as a caregiver (senior care). According to our research, the childcare allowance actually has the effect of supporting high-income non-working mothers in exiting childcare service. Although we did not examine the family caregiver system due to limitations in the available data, there is a

concern that it could in fact be restricting the use of care service. Support systems that demonstrate unclear goals and unwanted side effects need to be downsized or abolished.

In regard to the provision of care service, the state needs to shift its role from being a provider of subsidies to becoming a direct provider of service. Accordingly, the care service model should be switched from the independent for-profit operator model to a semi-public employee model. Through these reforms, the government could provide publicness-oriented high-quality services, prevent exits from the system, mitigate the risk of incomplete defamilialization of care, and increase the political sustainability of the system over the long term. Regarding the expansion of publicness discussed in this paper, projections on the demographic proportions of children and seniors will need to be considered in budgeting. Due to the ongoing issue of low fertility, the number of children in Korea is expected to continue to plunge. The recent successful expansion of public daycares by the Seoul Metropolitan Government is related to the bleak prospects for the childcare market. If this trend is sustained, publicness is likely to increase in the childcare sector as private operators exit the market. In the case of the senior care sector, for which the budget for long-term care is expected to rise due to the aging of the population, the government is likely to face strong resistance from private operators during the process of increasing publicness. In consideration of the specific contexts of childcare and senior care, different strategies will be needed for raising the publicness of care service.



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