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Analysis of Gender Inequality in Workplace based on Maternity Policies in First-tier Cities in China - Shanghai as an Example

Jiayue Yin[1,*,a,†], Chengyi Wei[2,†]
[1]*Tongji University, Siping Rd. No.1239, Shanghai, China*
[2]*Foriengn language school, Xiangtan University, Bei Erhuang, Xiangtan, China*
a. yinjiayue@tongji.edu.cn
**corresponding author*
[†]*These authors contributed equally to this work.*

Abstract: Gender discrimination is a long-lasting social problem in China and it is reflected in various ways. Currently in China, there are existing laws and policies to guarantee women's rights in workplace through different approaches, such as the establishment of maternity leave, maternity subsidy and special care for women employees. However, these political actions are not sufficient to eradicate the underlying gender discrimination. On the surface, they seem to reduce the financial burden of women employees. However, the burden does not disappear, but instead are transferred to the employers. Enterprises have to spend extra expenditures to cover the financial loss during women employees' whole maternity process, which exacerbates the discrimination. These laws and policies for women, such as the maternity leave, incur extra expenditures, even financial loss, on the part of employers, which exacerbates gender discrimination, as hiring a woman employee becomes a financially unwise decision. According to existing surveys, some women employees face a shrink in salary or demotion after maternity. Others are even rejected during the interview stage because of their gender, which indicates future maternity. Therefore, to address the issue from the root, it is suggested that the government should cover more expenditure of the enterprises involved in compensating for maternity leaves of female employees. With a financial relief, enterprises would be less likely to continue their gender discrimination.

Keywords: Fertility policy, gender equality, maternity leave, Chinese enterprise policy

1. Introduction

Gender problem has been a long-discussed problem. With an increasing amount of women joining workforce in China in the past few decades, women's engagement in workplace has also become growing significant. However, due to physical gender disparities, gender stereotypes and social bias, women suffer from discrimination and different treatments in workplace that are caused by gender.

Childbirth and maternity leave is one of the major causes of inequality. Currently in China, laws guarantee women at least 98 days of paid maternity leave, and many provincial and municipal authorities are jointly encouraging extra childbirth leave from 30 days to 90 days and childbirth allowance to make sure that women can enjoy adequate time to recover from pregnancy, meanwhile

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receiving a proper income to sustain themselves. In light of this, enterprises still tend to employ more male employees than females to reduce temporary vacancy or extra expenditure during female employees' maternity leaves. There are three parties involved in this situation: the government, female employees and enterprises. It is crucial to set up polices that better illuminate responsibilities and balance the respective interest of each party than the existing set of regulations, so that both gender equality and the firms' interest can be protected.

Some developed countries have established examples for promoting gender equality in workplace, from which Chinese scholars have drawn inspiration. For instance, German and Swedish policies have inspired China to establish longer parental leave for both mothers and fathers. However, it is not suggested to copy and paste foreign policies directly due to the unique situation in China, such as the enormous population and a different economic environment[1].Thus, a case-by-case analysis is essential. A thorough examination of the state quo of a specific city is required for local authorities and enterprises to formulate specific regulations and restrictions that work best for the city , so as to enhance equality in workplace.

Shanghai, a major international metropolis and the financial center of China, shares certain similarities with other major cities in developed countries. Therefore, it is helpful to get inspiration from regulation systems in the developed country when designing the policy for gender equality in Shanghai. This paper analyzes the policy implementation and deficiencies of childbirth-related programs in Shanghai. It gives an overview of current embodiment of gender inequality in workplace of Shanghai and then proposes several suggestions to alleviate gender inequality in Shanghai, with the possibility to be generalized for China as a whole. These suggestions are mainly inspired by the system in Spain.

The paper first lists relevant laws in China and local policies in Shanghai. Then it focuses on the consequence a maternity leave entails for a female employee, that is, how it results in a lower income and a dire situation. After showing that existing policies fail to solve the problem, that article lastly introduces foreign practices that are potentially of instructive meaning to Shanghai.

2. Theoretical Consideration

China is a country with an authoritarian government, the CPC, which guides and supervises everything in this country.That considered, we set the theory of governance our theoretical foundation, the content of which will be explained here. Governance, according to Latin and ancient Greek, means the intention to control and manipulate. Facing the dual dilemma of government failure and market failure, western countries started political reforms during the 1970s and 1980s, which are fueled by technological breakthroughs in the same period. These reforms include the introduction of market-based instruments, learning from private management methods, cultivating human resources and a series of other initiatives. The Commission on Global Governance defines governance as "the many ways in which individuals and institutions, public or private, s in which individuals and institutions, public or private, manage their common affairs. It is the ongoing process of reconciling conflicting or divergent interests and taking joint action to manage their common affairs. Governance is the sum of the many ways[2]. Gender inequality, the subject of this paper, is not simply a fault for which the government or the enterprises are to blame. Rather, the efforts do address this problem should be made via collaborative governance, by which we mean that in the whole social system, different stakeholders participate cooperatively in managing the society, so as to maximize administrative effectiveness and promote public interests[3].

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3. Laws and Analysis

In China, existing policies such as maternity insurance and laws that guarantee women rights establish the standard by which employers should treat their female employees, especially during their pregnancy, and specify the rights female employees legally possesses nationwide. Employers should pay maternity insurance premiums in accordance with state regulations[4]. Also, female employees are entitled to 98 days of maternity leave, including 15 days of prenatal leave. The maternity allowance for female employees during maternity leave, for those who have participated in maternity insurance, shall be paid from the maternity insurance fund according to the average monthly salary of the employees in the previous year, and for those who have not participated in maternity insurance, by the employer[5].Furthermore, no unit shall reduce the wages of female employees, dismiss female employees, or unilaterally terminate labor contracts or service agreements due to marriage, pregnancy, maternity leave, breastfeeding, etc.[6].

In Shanghai, besides national regulations, there are provincial policies for maternity leave. For couples legally giving birth to babies, the mother enjoys additional 60 days of maternity leave, and the father enjoys 10 days of spousal paternity leave[7].The latest conditions for receiving maternity allowance are: 1. reproducing in a prescribed medical institution; 2. meeting the family planning requirement. Also, only when the maternity insurance premiums have been paid for 12 months in total or for 9 consecutive months can eligible employees receive the maternity insurance[8].

Currently, enterprises are supposed to purchase and cover the cost of the birth insurance for women employees. After they pay for the insurance for a continuous period of 9 months or 12 months in accumulation, qualified employees can enjoy the insurance, and thus the birth insurance funds legitimately shoulder the responsibility for paying salary during maternity leave. Seemingly this policy shifts the financial burden from the enterprise to the government. Nevertheless it fails to alleviate the enterprises' discrimination against women employees for the following reasons:

First, this policy exacerbates the enterprises' discrimination against pregnant job applicants. The requirement that the enterprise needs to pay for the birth insurance for no fewer than 12 months in total or 9 months in succession entails a risk for enterprises, that is, the possibility that a female employee gets pregnant before the 9 or 12 months requirement is fulfilled. In this case, the enterprise will need to cover the salary during the woman employee's maternity leave on its own. For instance, if a woman gets a job when she is 2-month pregnant and applies for maternity leave when she is 8-month pregnant, the enterprise only pays for her birth insurance for 6 months, which doesn't meet the minimal requirement and this forces enterprise to cover all her salary during her maternity leave. In order to avoid similar circumstances, enterprises might be unwilling to hire women applicants, which leads to gender discrimination.

Also, governments only cover the salary during maternity leave of women employees according to the current policies. Enterprises still face other expenses resulting from pregnancy. For example, in order to fill in the empty posts during women employees' maternity leave, enterprises need to train others to take this job. And the costs, financial and time, cannot be ignored. Another instance is that during pregnancy or after the employee returns to work after maternity leave, her enterprise needs to reduce her workload and even provide supporting facilities or privilege for her. According to Article 9 of the Special Provisions on Labor Protection for Female Employees, employers may not extend working hours or arrange night shift work for women employees who are breastfeeding babies under the age of one. Employers shall arrange 1 hour of breastfeeding time for breastfeeding female employees within the working hours of each day; if female employees give birth to multiple babies, one additional hour of breastfeeding should be added for each additional baby; employers shall establish female workers' clinics, restrooms, nursing rooms and other facilities according to the needs of women employees. These construction security costs are entirely borne by the

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enterprises themselves, which directly increases the cost of hiring female employees. Therefore, even though the government has already covered the salary during maternity leave through the insurance the enterprises still face numerous additional costs for hiring a female. This explains why some enterprises prefer to hire male employees to female ones.

To conclude, Chinese government and Shanghai authorities have already established relevant laws to guarantee women employees' rights during their maternity leave. However, these acts fail to eradicate the underlying discrimination since most policies only transfer the financial responsibility from employees to employers, leading to increased financial burden for employers.

4. Inequality Embodiment

Maternity-related gender inequality has various embodiment. This article would divide the inequality embodiment caused by maternity into direct one and indirect one.

Direct embodiment includes drop in salary, demotion, and even unemployment. Women are faced with these difficulties because during their maternity leaves, their enterprises have found their substitutes. After returning to their posts, as a result, they are no longer of value to their companies. This leads to embodiment stated above. Among the female employees who have given birth in the past 10 years, 28.9% of them have their wages shrunk, compared with those before childbirth, and 16% of them have faced wage drops by over 50%, which badly damages their life qualities[9].

Indirect embodiment of gender inequality results from the fact that after reproduction, women tend to spend less time in workplace and engage less in their positions. Traditional Chinese mindsets believe that women should take care of the family and men should shoulder the responsibility to make money. Thus, it is not uncommon to see women spending more time at home after maternity. Although the society has developed and more people are now aware of gender equality, the traditional mindset still has a significant influence on women's work engagement after maternity.

The term Birth Punishment means the negative financial influence that maternity exerts on women, which often results from women's decreased work engagement and payments. The average birth penalty for women in. Shanghai is 1.27 million yuan. The formula is: per capita disposable income of residents * 20% * average annual income growth * years of birth punishment = birth punishment[10]. In other words, women would lose an average of 1.27 million yuan of income throughout their whole life due to maternity.

5. Solution

In general, there are two major problems with the existing policies in China. The first problem is the immense costs borne by enterprises when their female employees take a maternity leave. The second problem is the fall in income, accompanied often with a demotion or deceased importance, of female employees after they return to work from pregnancy. Potential solutions to the two problems will be illustrated in this section.

In most Chinese cities other than Shanghai, the subsidy for maternity leave is not covered in the China's national social security "five insurance and one fund" borne by individuals and enterprises, and in most cases it needs to be paid in addition to the national social security by enterprises. As a result, every time a female employee is hired, an additional maternity security has to be paid by the company, which is an addition to the expenditure. Plus, construction fee from setting up supporting facilities or providing privileges for returning female workers, as discussed above, also falls on enterprises, regardless of their own financial conditions. In other words, the policy aimed at supporting female employees contains implicit conditions or additional requirements for the companies to fulfill, which poses the problems that should be addressed before things wet worse.

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One way is to lift the requirements for the coverage for security of maternity leave, such as reducing the required payment period to 3-6 months accumulated, a change effective and realistic. Moreover, considering that the Chinese government is recently troubled by the signal of falling into the “low fertility trap”, another choice is that the government provides the maternity leave coverage for free. This means the government will directly share the economic burden of female employees without transferring any to the enterprises, and in this way the difficult situation for female workers will be fully solved.

Now let us have a look on other countries for references. This paper uses Spain as a specific model because of its similarity with China in that the maternity leave coverage is also borne by both individuals and enterprises. However, in Spain, the social support systems designed for alleviating economic burden in enterprises do not have so many restrictive requirements as that in Shanghai do. More importantly, the salary for female workers during maternity leave is paid by the Institution of Social Security in Spain[11]. On top of that, for temporary workers in Spain, there is a better policy: for replacements registered with State Public Employment Service as a job seeker(even if the registration is only 1 day ago), the company will receive a 100% reduction in social security contributions for both workers , which means that the company does not have to pay social security contributions for the female worker who leaves the company on maternity leave or social insurance premiums for temporary workers[12].

Hence, it is suggested to pilot a preferential policy in Shanghai making government pay for maternity coverage and partially cover additional expenses. It is recommended that the amount of government support for enterprises should be in accordance with the company's own economic condition, and can be slightly tilted toward small companies, encouraging these smaller-scale firms to hire women. China has a complex demographic composition, and we take this into consideration when considering the city model we choose. With this in mind, we choose Spain as a reference because it is a country sharing certain Chinese characteristics such as a relatively large population in Europe, a complex ethnic composition, and a comparatively masculine culture. Shanghai is chosen as a potential pilot point because it is the financial center of China and is highly developed, which provides a solid economical foundation for the implementation of policies suggested above.

Potential solutions applicable to all cities in China are also offered in this article. The first suggestion is to moderately broaden the range of maternity benefits. In specific, we recommend that a paternity leave with salary be incorporated into the maternity coverage and funded by the government for both fathers and mothers. This does not lead to additional expenses for the firms and will boost childbirth as desired by the government. Our second suggestion is to establish a precise fixed subsidy mechanism for social security contribution, where the enterprises are compensated by the government at a specific rate for the social security they pay for their employees. Enterprises hiring more women workers and with well-developed maternity protection mechanisms assume greater social responsibility and also play an exemplary role. These companies deserve to be encouraged with rewards. It is suggested that the relevant departments should establish clear criteria for recognition of such outstanding enterprises, and provide them with rewards such as priority in public procurement, financing and loans, market access, tax concessions as well as other merit awards.

6. Conclusion

Our society, with its unfair treatment for females in workplace as embodied in deficient access to reproductive care, income disparity and insufficient maternity leave, all adds to the burden of female workers and mothers who do not receive ample assistance from spouses, adults, institutions and community in general. The root cause is women’s need for maternity leave, which to some extent increases cost for hiring a woman employee. Therefore, while it is important to extend the

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benefits of maternity leave and relevant social security, it is as crucial that the cost this extension incurs will be shared by the government so that it does not fall entirely on the enterprises. A mechanism where the government and enterprises share the cost of providing maternity leave and other benefits to female employees needs to be established to truly eradicate companies' unwillingness to hire female employees.

Despite the policy collation and data analysis conducted, we do not construct further math modeling to further the quantitative analysis, which means the conclusions derived in this paper lacks predictive power for the real-world situation. In addition, this study only analyzes most salient problems without focus on details, using Shanghai as the focal point for analysis of the causes of discrimination against female employees in work based on existing laws and policies, and Spain is the only sample for reference in suggesting potential solutions. Given the complexity of the gender inequality and differences between countries, this essay, admittedly is not comprehensive and does not perfectly reflect the real-world situation. However, despite these limitations, this paper is still a effective attempt to promote gender equality in China.

Overall, this paper discusses ways to strike balance between the different interests of government, women, and enterprises, that is, between the need to promote maternity, the right for equal treatment in work, and the control of economical costs. How to approach the best balance point between the three factors should be the focus for future policy considerations and academic research. Another issue remains to be solved is how to implement the solutions we suggested nationwide, as the pilot point we choose is Shanghai based on its financial strength not possessed by the majority of Chinese regions. With limited budget, these policies are not realistic in most parts of the country. The good thing is that innovative solutions have been proposed in this paper for developed regions, and we aspire that future research be carried out on the generalization of these policies given the budget constraints of underdeveloped areas, so as to eradicate gender inequality in work nationwide.

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