

Maternity Leave Policies and Women's Employment after Childbirth



Maternity leave policies, and family leave policies more generally, have been the subject of recent reforms in Britain and other industrialised countries. In recent research, Jane Waldfogel, Yoshio Higuchi, and Masahiro Abe examined the effects of maternity leave coverage on women's employment after childbirth in three countries: the United States, Britain, and Japan.



Until recently, these three countries had only limited maternity leave coverage. The United States had no national family leave legislation until the passage of the Family and Medical Leave Act in 1993, although many women were covered by employer policies. Britain has had maternity leave legislation since 1978, but only about half of working women were covered until 1993, when Britain reformed its laws to comply with a European Commission directive. Japan has had maternity leave legislation since 1947 but, even today, not all workers are covered.



Using data from large labour force surveys, the researchers found that young children continue to have a very strong negative effect on women's employment; this effect is particularly pronounced in Britain.



The researchers also found, in their analysis of data on cohorts of young women, that family leave coverage increases the likelihood that a woman will return to her employer after childbirth. This was by 16 percentage points in Britain, 23 percentage points in the US, and 76 percentage points in Japan.



This result suggests that the recent expansions in family leave coverage are likely to lead to increased employment of women after childbirth.

Further Information

A more detailed account of sources and methods can be found in CASEpaper 3, *Maternity Leave Policies and Women's Employment after Childbirth: Evidence from the United States, Britain, and Japan*, by Jane Waldfogel, Yoshio Higuchi, and Masahiro Abe, available free of charge from Jane Dickson, CASE, at the address below. It can also be downloaded free of charge from our internet site at <http://sticerd.lse.ac.uk/Case>.

Young Children and Women's Employment

It is well-established that the presence of young children reduces women's employment, all else equal. Young children raise the value of a woman's time at home; they also lower her net wage in the labour market if there are child care costs.

We see this negative effect of children on women's employment in Table 1, which shows employment rates for women age 18-45 in the three sample countries, by age of the youngest child and by marital status of the woman. The most striking result is the strong effect of young children on married women's employment. This is particularly pronounced in Britain, where the employment rate of married women with children under the age of one is 40 percentage points lower than that of women with no children, and the employment rate of those with pre-school age children is over 30 percentage points lower than for married women with no children. Even school-age children have a larger effect on women's employment in Britain than in the US or Japan.

Table 1: Employment Rates of Women Aged 18-45 in the United States, Britain and Japan by Age of Youngest Child (%)

	A. Married women			B. Unmarried women		
	US	Britain	Japan	US	Britain	Japan
Youngest child under 1	49.5	45.8	27.9	32.8	20.2	50.0
Youngest child 1-4	56.2	54.0	41.6	46.2	29.4	74.4
Youngest child 5-17	71.4	73.8	71.0	68.5	52.5	88.7
No children under 18	79.3	85.4	64.0	75.3	72.9	88.4

Source: March 1992-1995 Current Population Survey (US); 1993-1995 Labour Force Survey (Britain); and 1992 Employment Status Survey (Japan).

To estimate the effects of young children on women's employment, controlling for other characteristics that may be correlated with both employment and the presence of young children, probit models were used. The marginal effects of children on women's employment are shown in Table 2. Again, the effects of young children on women's employment are strikingly similar in the United States and Japan. In Britain, in contrast, the effects of children on married women's employment are much larger: there is a 45 percent reduction in employment for a youngest child under one, 35 percent for a youngest child under five, and 14 percent for a youngest child under eighteen.

Table 2: The Marginal Effects of Children on the Employment of Women in the US, Britain and Japan

	A. Married women			B. Unmarried women		
	US	Britain	Japan	US	Britain	Japan
Child < 1	-.3030*	-.4495*	-.3100*	-.3448*	-.4912*	-.1781*
Child < 5	-.2237*	-.3544*	-.1917*	-.2226*	-.4275*	-.0970*
Child <18	-.0664*	-.1391*	.0245*	-.0666*	-.2701*	.0140*

Notes: Marginal effects are from models that also include controls for the woman's age, educational level, other income, and, for married women, educational level of the husband. An asterisk indicates that the marginal effect is statistically significant ($p < .05$).

The raw data shown in Table 1 and the marginal effects from the probit models shown in Table 2 confirm that there are still very strong effects of young children, especially infants, on women's employment in these three countries. For this reason, it is of interest to look at family leave policies, such as maternity leave, which are likely to affect the employment decisions of women with children under the age of one.

Family Leave Policies

Family leave policies provide employees with a period of job-protected leave for reasons related to their family responsibilities. Therefore, we would expect that family leave policies would increase retention - the likelihood that a woman returns to the same employer post-childbirth.

In the United States, there was no national family leave legislation prior to 1993, but about half of women were covered by employer policies. The Family and Medical Leave Act, passed in 1993, provides twelve weeks of unpaid job-protected leave for childbirth or other family or medical reasons for about half of the American workforce. Britain has had national maternity leave legislation since 1978. However, until recently, only about half of working women were eligible, because a woman had to have worked two years full-time or five years part-time to qualify. In 1993, coverage was extended to all working women, in order to bring Britain into compliance with a European Commission directive. Maternity leave was introduced in Japan in 1947, but even today not all workers are covered.

In summary, family leave coverage in the US and Britain consisted of less than universal maternity leave coverage for women prior to 1993, and more complete coverage (universal in Britain but still not universal in the US) since 1993. In Japan, maternity leave has been in effect since 1947 but not all workers are covered. There is thus substantial variation in coverage within each of our countries.

Family Leave Policies and Women's Retention

Taking advantage of panel data on cohorts of young women, the researchers investigated the effects of family leave coverage on women's retention after childbirth. The mean coverage and retention rates, shown in Table 3, indicate that

women who are covered by family leave policies are more likely to return to their employer after childbirth. This pattern is confirmed in the probit models that control for other variables likely to affect women's return to work decisions. The marginal effects from the models indicate that women who are covered by maternity leave are indeed much more likely to return to their employer after childbirth than women who are not covered. Having maternity leave coverage raises the likelihood that a woman will return to her job within a year after childbirth by 16 percentage points in Britain, 23 percentage points in the United States, and 76 percentage points in Japan.

Table 3: Return Rates of Mothers in the United States, Britain and Japan

	US	Britain	Japan
Percentage in work prior to most recent birth	63.4	53.3	40.5
Percentage of those in work covered by maternity leave policy	65.0	52.6	82.6
Percentage of those covered who returned to same employer	64.3	60.1	60.0
Percentage of those not covered who returned to same employer	42.6	43.2	5.3
Total percentage of those in work who returned to same employer	56.7	52.1	50.5

Notes: Tabulated from the NLSY (US), NCDS (Britain), and the Panel Survey on Consumers (Japan). United States and British samples include both married and unmarried women; Japanese sample includes married women only.

Conclusions

Drawing upon large nationally representative labour force surveys from the United States, Britain, and Japan, the researchers found that young children still exert a strong negative effect on women's employment in all three of our sample countries. This effect is especially strong in Britain.

The study also looked at whether family leave coverage affects the employment decisions of women with young children, using panel data on cohorts of young women and taking advantage of the variation in family leave coverage within each of our three countries. We find that maternity leave coverage has a very strong effect on women's retention with their firms after childbirth. This effect is especially marked in Japan.

Our results suggest that the recent extensions of family leave coverage in our three sample countries are likely to have positive effects on the employment of women with young children. Tracking these employment changes, and related earnings changes, as the policy extensions take hold is an important avenue for further research.

About the research

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