

Career Breaks after Childbirth: The Impact of Family Leave Reforms in the Czech Republic*

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December 2016[¶]

Abstract

The Czech Republic is a country with a strong attachment of women to the labor market, but with one of the longest paid family leaves, which is often followed by a spell of unemployment. Using a difference-in-differences methodology, we study the impact of two reforms of the duration of the parental allowance on the labor market status of mothers 2-7 years after childbirth. While the 1995 reform prolonged the allowance from 3 to 4 years, the 2008 reform allowed some parents to shorten the duration of the allowance to only 2 or 3 years with an equivalent total monetary amount. We find that in response to the 1995 reform, 36% of mothers extended their family leave beyond the 3-year job protection period. The 2008 reform partially reversed this effect. Both reforms also had a considerable impact on post-leave unemployment and inactivity of mothers.

JEL codes: J13, J18, J22

Keywords: family leave, female labor supply, unemployment, policy evaluation

*This paper was financially supported by the Czech Science Foundation, grant number 14-36154G. This paper is based on data from the Czech Statistical Office, Labour Force Survey 1993-2013. The responsibility for all remaining errors and conclusions drawn from the data lies entirely with the authors.

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[¶]This is a revised version of a working paper originally published under the same title and number in August 2016.