

3. Effects of Reduced Working Hours on Mothers' Continued Employment During Childrearing

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Following the 2009 revision of Japan's "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (implemented in 2010), employers were required to introduce measures allowing employees with children under age three to work shorter prescribed hours and to be exempt from overtime. The mandate applied first to large firms with 101 or more employees (from June 30, 2010) and was later extended to small and medium-sized firms with 100 or fewer employees (from July 1, 2012). Using data from the Labor Force Survey, this study examines how the mandatory, phased introduction of these reduced-hours measures affected the employment and job-type outcomes of mothers with young children. The findings are as follows: (i) Among women with at least a junior-college education, both overall employment and retention in regular employment increased when the policy became binding for their firm's size: outcomes improved for women employed at large firms after the 2010 mandate and improved again for women employed at small and medium-sized firms after the 2012 expansion. (ii) In contrast, among women with a high-school education or less, retention in regular employment increased only after the policy was extended to firms of all sizes, with limited effects for less-educated women during the initial large-firm phase. These results suggest that the 2009 revision helped stabilize mothers' employment, although its effects for less-educated women became evident only under universal coverage. Looking ahead, an important issue for policy effectiveness is uptake. While our results indicate that reduced-hours provisions can promote continued employment among eligible women, we also find evidence that the legal enactment of these provisions does not necessarily translate into their actual utilization by eligible women, highlighting the need for future research on barriers to uptake by the targeted population.

Keywords: Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members; Labor Force Survey; women's employment; Japan.