

Abstract: This study assesses the impact of changes in the parental leave income replacement rate on job continuity of new mothers' after childbearing. The Japanese government increased the parental leave income replacement rate from 0% to 25% in 1995 and from 25% to 40% in 2001, creating two natural experiments. I identify the causal effects of these reforms by comparing the changes in the regular employment of mothers who gave birth after the reforms and those who gave birth before the reforms. My results suggest that the two reforms had no significant effects on the job continuity of mothers who qualified for the reforms.