

## Effects of Paid Parental Leave Allowance on Labor Market Outcomes in Taiwan

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### Abstract

In this article we tried to understand the effect of the enforcement of the amendment to the EIA compound with parental/maternity benefits on labor market outcomes in Taiwan. This article provides a new view, which differs from previous studies in Taiwan (Zveglic Jr. and Rodgers [23]; Lai and Masters [12]; Lai [11]) to explain the effect of parental / maternity benefits. We found that the legislation that has guaranteed paid parental leave to workers (viz., the amendment to the EIA) has shown varied effects on the labor market outcomes in Taiwan. The variance was largely attributed to firms' compliance rate, which was typically dependent on the size of the firms. We noticed that the firms have either complied more or complied less or in the worst case not at all complied with the provisions of the amended EIA. Consequently their effects on labor market outcomes have been diverse and varying. For example, the large firms had longer working hours with higher wages on the one hand, and offered lesser employment opportunities to female workers with high fertility rates compared to other female workers on the other hand. Employers in most of the cases were found to have kept the roles vacant, and haven't needed many female workers on roll per se. Whereas in those firms that are large in size, the female workers were found to have worked for relatively longer hours and were initially paid higher wages. Nevertheless, the female workers in large firms have started receiving lower wages with time. We also found that the full-time workers in general have sensed a stronger effect of the legislation on working hours in comparison to the sample of both full-time and part-time workers.

*Keywords:* Parental leave, maternity benefits, firms sizes, labor market outcomes.

### 1. Introduction

Helping women achieve a balance between their work and family is not only a matter of social justice that should concern common working people, particularly the female workers, but is equally the responsibility of the state (government). To deal with the same, the government in Taiwan, in the direction of creating a responsive environment for female workers in particular, has rolled out several measures which were intended to benefit the female as well as male workers. These include paid prenatal checkup leave, paid paternal leave, and parental leave allowance. One of the specific legislations enacted in