

Research Focus

Changes in the labour supply of Japanese women

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This article is based on the seminar presented at ANU on the 23rd of February 2012, by Professor Tomoko Kishi of Nanzan University, Nagoya.

Labour force participation by women in Japan displays characteristics unobserved in most other advanced countries. One such characteristic is that labour market participation highly depends on family factors, particularly spousal income and the existence of children. Further, labour force participation rates do not necessarily climb in line with educational attainment. Given the comparatively low workforce participation rates of women in Japan, understanding the influence of education and spousal income, and their variance over time, is of key interest to policymakers.

A key finding of Japanese labour market research is known as the Douglas-Arisawa Law. In the 1950s Professor Arisawa of Tokyo University, found a negative relationship between the rate of participation of married women in the labour force and their husbands' incomes. This Law has been widely reproduced in subsequent research.

This Douglas-Arisawa Law may have been the partial motivation for the enactment of a series of policy measures in the 1980s, including the 'Equal Employment Opportunity Law' and the 'Childcare Leave and Family Care Leave Law'.

The need to evaluate these and future policies indirectly led to the 1993 development of the Japanese Panel Survey on Consumers (JPSC) by the Institute for Research on Household Economics. This survey focused exclusively on young women, their expenditures, savings, work habits and family dynamics. This longitudinal study initially examined 1500 women, with cohorts of 500 and 836 added in 1997 and 2003 as an attrition response.

A more comprehensive panel survey was introduced in 2004 in the form of the Keio Household Panel Survey (KHPS) by the Keio/Kyoto Joint Global Centre of Excellence Research Program. This 7000 respondent survey, with a second 2007 cohort of 1419 respondents, differed from the JPSC in examining both sexes across a wide age range. Issues KHPS encompassed included

employment, education, household composition, income, health and environmental awareness.

Recent research has been mostly published in Japanese and suggests important roles for other variables in addition to husbands' income. Notable work includes Nagase's* finding that the labour supply of married women was strongly determined by childcare, income and self-employment. Nawata and Ii* provided 2004 evidence supporting the Douglas-Arisawa Law, whilst Kohara* found that for younger cohorts the link didn't apply, although her 2010 research* indicated they did tend to start working in response to their husbands losing their jobs. Thus there is now less agreement on the drivers of female labour force participation.

My research attempts to determine the causal factors behind a female Japanese survey respondent being in full- or part-time work. The JPSC and KHPS databases were separately evaluated. The analysis considers age, marital status, husband's income, education, children numbers and ages, education level

and survey cohort with a range of controls and specifications.

The main results are firstly, positive effects of higher education were observed in the JPSC and not the in KHPS. Secondly, the JPSC observations also indicated being in the youngest cohort had a positive effect on the probability of working in contrast to the KHPS results.

There is little difference between cohorts either the decision to work or not or the decision to work full- or part-time. There is some evidence of different behaviour for the youngest cohorts — born in the latter half of the 1970s and after.

My results confirm the negative relationship between labour force participation rates for married women and husbands' 'permanent' income in Japan and is not necessarily weaker for the younger cohorts than the older. The Douglas-Arisawa law appears to hold still.

The effect of higher education on working and on employment status is not consistently significant. That is, higher education levels do not always lead to a higher likelihood of working or getting a full-time job. Further, although the university education provided for younger cohorts is different from that offered to older cohorts in terms of the fields of study, the groups have identical employment probabilities. Fields of study seem to have weak linkages to the labour force participation behaviour for Japanese women.

This then is the key finding of my research: policymakers must search for ways to ensure that a university education is more useful for Japanese women.

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