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Author E. Kenjoh
Faculty University of Amsterdam
Faculty of Economics and Business
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the sample selection bias into employment (Heckman, 1979). The λ s are estimated via probit models for employment that use the full sample of women, i.e. both those who are employed as well as those who are not employed¹⁵. These models are estimated separately for each year. The set of explanatory variables is the following: presence of young children, husband's annual income levels, cohabitation with parents or in-laws¹⁶, years of education, years of actual work experience, possession of an occupational certificate, city size dummies (see Table A.6.3 for the estimation results of the probit models).

Table 6.1 displays the estimation results¹⁷. As can be seen in Model 1, other things equal, working in a non-first job lowers women's wage by approximately 26 percent compared to working in the first job¹⁸. However, having an occupational certificate compensates almost one third of this wage penalty¹⁹. Model 2 includes the dummy variable of non-regular employment (part-time or temporary employment) since the wage of non-regular workers in Japan is often much lower than the wage for full-time regular workers as pointed out in Chapter 2. After inclusion of this variable, the size of the wage penalty of having left the first job still remains at 23 percent. The amplitude of the interaction of certificate and job interruption is virtually the same as that in Model 1.

These hourly wage estimations show that there is a huge wage penalty of job interruption in Japan. However, for those women who have an occupational certificate, the wage penalty is smaller. This result suggests that mothers who hold an occupational certificate have face lower career cost of having children compared to those without such a certificate. As discussed in Section 6.2, this is likely to affect women's behaviour with respect to timing of first birth. The following sections will investigate deeper into the empirical validity of this argument.

¹⁵ Self-employed and family workers, and women with missing wage information are excluded from the sample.

¹⁶ See footnote 24 in Chapter 3 for the definition of this variable.

¹⁷ The year dummies are included in order to control for the difference in the economic situation and other factors in different years. It also grasps the difference in measurement of working hours across waves. Such change took place in 1993, which explains the significantly positive coefficients of the dummies for 1994-97. See also footnote 12 in this chapter.

¹⁸ On average, women working in the non-first job earn 74% of hourly wage for those working in the first job: $0.74 = \exp(-0.3)$. See also footnote 12 in Chapter 4.

¹⁹ On average, women with an occupational certificate and who work in the non-first job earn 81.5% of hourly wage for those working in the first job: $0.8146 = \exp(-0.3+0.095)$. See also footnote 18 (above) and footnote 12 in Chapter 4.