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Author E. Kenjoh  
Faculty University of Amsterdam  
Faculty of Economics and Business  
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## Chapter 7

### Summary and Conclusions

One of the most prominent challenges that present-day women and families face is the reconciliation of work and family life. Next to their 'traditional' role as homemakers, women are increasingly engaging in paid work. As such, they have also obtained the role of wage earners even when their children are (very) young. This double role creates the need for carefully managing the two objectives. In other words, balancing motherhood and career has become an issue of the utmost importance for women in the modern society. Examination of this issue not just addresses the individual sphere but also the society as a whole. Indeed, fertility in most industrialised nations has fallen below the replacement rate, i.e. below the level that prevents the total population from decreasing. This thesis studies ways of balancing work and family life in Japan in comparison to four European countries, namely Britain, Germany, the Netherlands, and Sweden. Special attention is devoted to mothers' employment and the timing of maternity. Chapter 1 explains the focus of the thesis and illustrates the crucial background information required for the understanding of the scope and its contribution to the current discussions.

Chapter 1 starts by discussing recent developments in female labour force participation and fertility in Japan in a comparison to other industrialised countries. These observations constitute the background of the thesis. First, compared to the other OECD countries, the employment rate of mothers with pre-school children is very low in Japan. It also has shown no increase since 1990 unlike in the former group of countries. Further, the low degree of labour force participation is not only to be observed among low-educated women, but also among high-educated women. Second, while this is not typical for Japan, the total fertility rate has decreased and the mean age at maternity has risen sharply since the 1970s. Particularly, the Japanese fertility rate declined and hit the all-time low of 1.32 in 2002 and the mean age of the mother at first birth increased to an all-time high of 28.3 in that year.

The low employment rate of mothers, on the one hand, and low fertility and postponement of maternity, on the other hand, could be seen as two sides of the same medal. It is obvious that having children brings about costs, both their direct costs as well as their indirect costs in terms of the career of the mother. The higher these costs are, the less likely that women will be inclined to embark on childbearing and childrearing. These costs could be reduced by modern family policies. One could thus postulate the hypothesis that policy initiative could well mitigate or even reverse the present decline in fertility. Indeed, recent studies point to the positive correlation between the incidence of paid employment of mothers and the rate of fertility. The rest of this thesis therefore attributes a central role to family policies and their effects on employment of mothers and postponement of maternity.

Chapter 2 discusses the main historical and recent developments of Japanese family policies. It is argued that family policy in Japan has shared the central characteristics of the conservative welfare state as typified in Esping-Andersen (1990, 1999) and the male breadwinner model of Sainsbury (1994, 1996). Both categorisations of thought hold the belief that mothers should stay at home and take care of the children at least until the child is three years old. Family policies in Japan thus reflect the traditional role model of men and women. For example, until recently the public child-care system in Japan still bore witness to its genesis as a child-welfare institution and thus failed to cater for the needs of dual earner families but mainly targeted at low-income families and single parents.

Nevertheless, Japanese policies have, since about 1990, shown a gradual change of direction. Indeed, the labour market shortages at the end of the 1980s and the growing awareness and concern about the low fertility rate have produced a profound change in the attitude of the government towards family-friendly policy. More in particular, policy aspirations now aim more and more at encouraging both parents to combine paid employment and family responsibilities. For instance, the Parental Leave Act was enacted in 1991 and since then the parental leave system has been gradually extended in order to facilitate work and parenthood. The child-care system was reformed and expanded in the 1990s, such that at the moment more than 20 percent of the two-year-olds attend full-time childcare.

However, the new philosophy in policy definition, notwithstanding its merits, has not always been followed up by adequately designed implementation of the new objectives. Child-care availability, for example, for children under three is still

insufficient and flexibility in provision (evening service, part-time use, etc) is far from being accomplished. Part-time work is still accompanied by a strong negative wage premium, such that many women with young children are discouraged to take up part-time work. It is to be noted that the low labour market participation rate of Japanese mothers is also partly to be linked to provisions in the taxation and social security codes that, from the point of view of tax optimisation of family income, incite married women to limit earnings to certain thresholds.

The rest of the thesis performs econometric analyses using micro-level household panel data from the five countries. More in particular, the following data sets are utilised: for Japan, the Japanese Panel Survey of Consumers (JPSC); for Britain, the British Household Panel Survey (BHPS); for Germany, the German Socio-Economic Panel (GSOEP); for the Netherlands, the Labour Force Supply Panel collected by the *Organisatie voor Strategisch Arbeidsmarktonderzoek* (OSA, Netherlands' Institute for Labour Studies); and for Sweden, the *Hushållens ekonomiska levnadsförhållanden* (HUS, Household Market and Non-Market Activities).

Chapter 3 analyses women's employment around the birth of the first child in Japan and the four European countries. Examining five countries using data for the 1980s and the 1990s opens the perspective of being able to evaluate whether family policy can affect employment of new mothers. Of these five countries, only Sweden has, since the 1970s, had equal roles for fathers and mothers as the prime guiding principle for its family policies. The remaining four countries, however, moved into the direction, but the emphasis differed across these countries as will be indicated below.

Using the household data sets, detailed graphs are constructed for the distribution of women among different labour market statuses (full-time employed, part-time employed, on leave, unemployed and out of the labour force). The time span in this graphical analysis extends from twelve months before birth of the first child to the time that the child is five years old. The results are broadly in line with what could have been expected from the developments in family policies in each of the countries. Unsurprisingly, Swedish mothers displayed the strongest commitment to paid employment as in the 1980s 70 percent of them were (back) at work after 60 months following childbirth whereas this rate was below 50 percent in the other four countries. Nevertheless, the employment rate of mothers in the Netherlands and Britain increased drastically, whereas the situation in Japan remained virtually identical when comparing the 1980s to the 1990s. In contrast, the number of new

mothers in Germany that are actually working dropped from the 1980s towards to the 1990s in line with the expansion of the statutory maternity leave period.

In the econometrical part of this chapter, multinomial logit models on the employment choice of first-time mothers are estimated. The change in family policies enters through a dummy variable of which the estimated coefficient confirms the graphical analysis. The human capital variables of education and the mother's age at first birth have the expected positive effect on employment, especially on full-time employment. These effects are stronger in the Netherlands and Britain, where child-care services largely rely on market provision and thus require a higher income level. In contrast, employment patterns of Swedish mothers are very similar across educational levels as a result of the egalitarian access to day care and the advantageous parental leave system. The positive effect of education also pertains to Japan, although results show a difference between regular and non-regular work modes. A prediction exercise also reveals that highly educated mothers in Japan virtually have the same participation rate as lower-educated mothers in line with the observations noted in Chapter 1. However, the former group is more likely to be in full-time regular employment, whereas the latter is rather to be found in non-regular work including part-time jobs. This can be explained by the fact that part-time employment yields significantly lower wages and other disadvantageous labour conditions compared to full-time regular employment. The predictions also point to the general importance of part-time employment as a work mode for mothers with young children in the four European countries.

In view of the relevance of part-time employment, Chapter 4 explores this work type in more detail for the four European countries and also devotes attention to other classes of non-standard work arrangements. These countries have the highest proportion of part-time workers among European Union countries. In the Netherlands, two thirds of female workers work in part-time employment. However, fixed-term employment is not as widespread when compared to part-time employment.

We looked at the policies on part-time employment in each of these four countries. The Netherlands has come closest to the intentions of the European Union's Directive on Part-Time Work of 1997, with Sweden and Germany following at some distance, and Britain being the country that still is the furthest from meeting the requirements of the directive. Therefore, we attributed a central role to the

analysis of the Dutch background on part-time employment, as the Netherlands is clearly a forerunner within the European context. For instance, this country adopted the Act on Adjustment of Working Hours in 2000 that gives employees the right to shorten or increase working hours on request.

The empirical part of Chapter 4 analyses the characteristics of those employed in non-standard working arrangements by estimating multinomial logit models. The probability of being in non-standard work (part-time work, fixed-term work and self-employment), *ceteris paribus*, is higher among women than among men. Young people are more likely to be in fixed-term employment, and older people engage more heavily in self-employment for both men and women. For part-time employment, in contrast, patterns differ among men and women. For men, part-time employment is encountered more often within the age groups of the young and the old, whereas the probability for women to be in part-time employment strictly increases with age. The marital status and the presence of children hardly affect the employment choice of men, whereas married women and mothers are more likely to work in non-standard work arrangements.

Wage regressions reveal that, other things being equal, hourly wages in each of the countries are generally lower under non-standard work modes than under full-time regular employment. However, estimation results also indicate that part-time employment in the Netherlands and Sweden does not entail a wage penalty. Part-time employment in the Netherlands is often just as a 'shortened form' of full-time work and not a distinct type of work in itself. In Sweden, part-time work is rather seen as a temporary solution. In this country, one of the parents of young children has the widely used legal right to shorten working hours to 30 hours a week until the youngest child is eight years old. Further, part-time work in Sweden and the Netherlands can be found in all types of occupations. In Britain and Germany, on the contrary, part-time work is very often limited to low-skilled jobs.

Chapter 5 analyses the postponement of maternity in the four European countries. The purpose of this chapter is twofold. First, the influence of family policies on postponement of motherhood is analysed. Sweden and East Germany have paid the most attention to the needs of dual-earner families. However, the mean age of the mother at first birth in these countries also has increased in spite of their family-friendly policies. Detailed policy analyses show that Swedish policies, in fact, contribute to later childbirth because the parental leave system with its income-

related benefits encourages women to establish themselves in a labour market career before having children.

Kaplan-Meier survivor functions are used to estimate the timing of maternity for women born between the 1930s and the 1970s. The sample in this estimation exercise contains both mothers as well as non-mothers in order to be able to accurately estimate the probability of not giving birth to the first child. Notwithstanding the increase in the age at maternity, the advantageous policy designs in Sweden and East Germany succeeded in inducing more women to become mothers in the first place. Moreover, these two countries have the smallest educational variation in the degree of ultimate childlessness. The results for the Netherlands, West Germany and Britain reveal strong educational differences and approximately a quarter of highly educated women remains without children.

The second purpose of Chapter 5 is to obtain a clearer picture of the role of education in the recent trend of postponing motherhood. In order to examine this issue, Cox proportional hazard models have been estimated. Higher educated women have considerably later maternity than less-educated women, holding the birth cohort of women constant, when duration is measured with respect to the start of the reproductive period. Only in East Germany, no significant effect of education is detected, which indicates that social policies, until reunification, appeared to have been able to stimulate highly educated women to have children not later than lower educated women.

However, when taking properly account of the longer time spent at school by evaluating duration with respect to the age at which education is finished, the educational effect disappears. As a result, much of the postponement of maternity could be attributed to the fact that women spend more time at school and do not combine motherhood with schooling.

Chapter 6 analyses timing of first birth in Japan and examines the link between delayed maternity and the indirect cost of children, notably the career costs for the mother. The career interruption of the mother causes two types of wage costs. First, there is the direct wage loss during the period that the mother stays out of the labour force. Second, there is the human capital foregone as her job-related human capital stops growing unlike what would happen if she continued working. The latter effect affects wage earnings over the entire span of the career. The lower the wage at re-entry, the larger this cost will be. Especially in Japan, it is argued that

such wage drop can be substantial due to the prevalence of long-term employment at the same company and the strong connection between wages and tenure. It is obvious that these features of Japanese employment practices then impact upon timing of maternity.

In this chapter, it is argued that holding an occupational certificate or a license, which qualifies the holder to work as a specialist in her field, reduces the wage drop at re-entrance into the labour market. This is because these certificates show that a larger proportion of the skills of the woman are so-called *general* skills that she can also use in a different firm. The career cost of having children then will be lower such that women who possess an occupational certificate have children earlier or are less likely to face ultimate childlessness.

The wage regressions are based on panel data. The results reveal that mother's hourly wage on average drops by 23-26 percent at re-entry compared to continued employment and after controlling for actual work experience and other factors. However, a woman who possesses an occupational certificate will avoid one third of this wage drop. Such licenses can thus limit the career cost of interrupting paid employment for motherhood. The theoretical argument then would predict that occupational certificates could be instrumental in inducing women to have children earlier. Estimation of a Cox proportional hazard model corroborates these predictions. Possessing an occupational certificate increases the hazard rate, which is the probability of having children conditional on not having had children by then, by 30 percent for high-educated women.

The results in this chapter confirm the motherhood postponement effect of career costs. As such, policies that reduce the career costs of having children would entail positive effects on timing of maternity and thus on completed fertility, since later births result in a smaller ultimate number of children. The conclusions of this chapter thus point to a further instrument in the realm of policy definition, next to measures on, for example, childcare and parental leave. As occupational certificates reduce career costs through safeguarding the general skill level, the government could stimulate women to obtain such licenses via subsidies that directly target at decreasing the cost of taking these additional qualifications.

