

論 文

A Cross-National Snapshot of Family Policy and Women's Economic Participation

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Abstract

Given the importance of family-formation and labour market issues, policy-makers try to promote family well-being and give fathers and mothers more choice in their economic participation decisions. However, national family policies are very different across the OECD because of political choices, historical patterns and current work and family outcomes. This short paper briefly looks at these differences, and positions Japan in an international perspective in terms of women's economic participation with an eye on future avenues for change.

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1. Introduction

Demographic trends in Japan involve persistently low fertility rates, and since 1990, a declining working-age population – age 15 to 64 (*OECD Population Statistics*). The choices that people make – individually or collectively - regarding, for example, having children, or employment participation do not just affect their individual- and family well-being, but also have consequences for economic growth and societies as a whole.

Societal attitudes and norms affect the choices people make, and norms have changed considerably over the past 50 years. For example, in 1979 about one-third of men and women in Japan agreed with the notion that “husbands should work to earn money, while the wife should stay at home to do domestic work”. By 2019, less than 10% of men and women were of that view (Cabinet Office 2020). This change in attitudes has contributed to a marked increase in women’s economic participation: over the 1979 - 2019 period, the female employment rate increased from 51.3% to 70.9% (*OECD Labour Force Statistics*). However, this increase will not be enough to avoid looming labour shortages – only when the gender employment gap is fully closed can Japan maintain its productive workforce at current levels (OECD 2018).

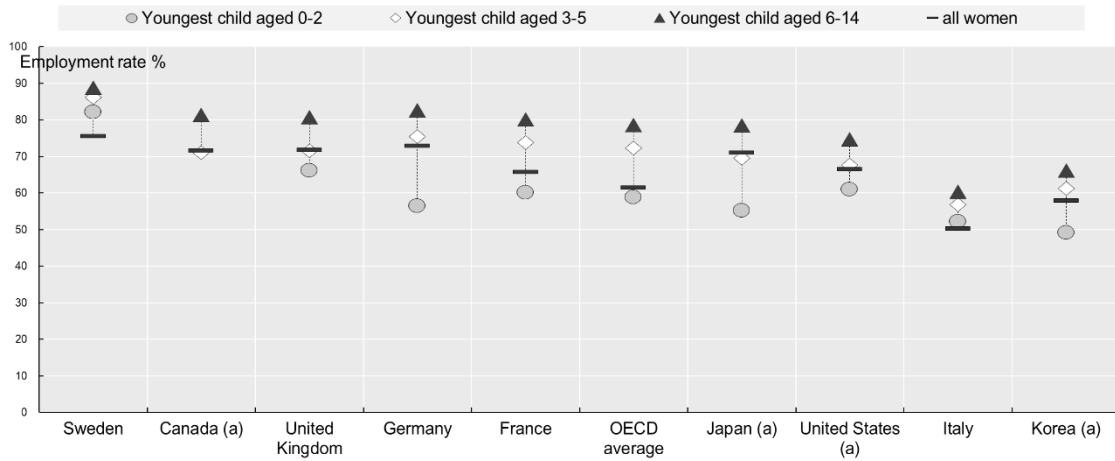
Over the past 50 years, Total Fertility Rates fell from almost 1.8 children to just below 1.4 children per women. Clearly, the increased prevalence of gender equal attitudes has not yet led to a rise in fertility rates, and in part, this is because workplace cultures often impose barriers to parents having more than one child (Nagase and Brinton 2017).

Given the importance of family-formation and labour market issues, policy-makers try to promote family well-being and give fathers and mothers more choice in their economic participation decisions. However, national family policies are very different across the OECD because of political choices, historical patterns and current work and family outcomes. This short paper briefly looks at these differences, and positions Japan in an international perspective in terms of women’s economic participation with an eye on future avenues for change.

2. Women’s economic participation

Female employment rates give a first glance of the extent of women’s economic participation. Figure 1 shows that at 71% the female employment rate in Japan is almost 10 percentage points above the OECD average. However, the gender employment gap in Japan remains considerable as men’s employment rates were at 84% in 2019. Figure 1 also shows that many Japanese women still leave the labour force around childbirth. Maternal employment rates are high compared to other OECD countries when the youngest child is at least 3 years of age, but maternal employment rates for mothers with children not yet 2 years of age are below the OECD average.

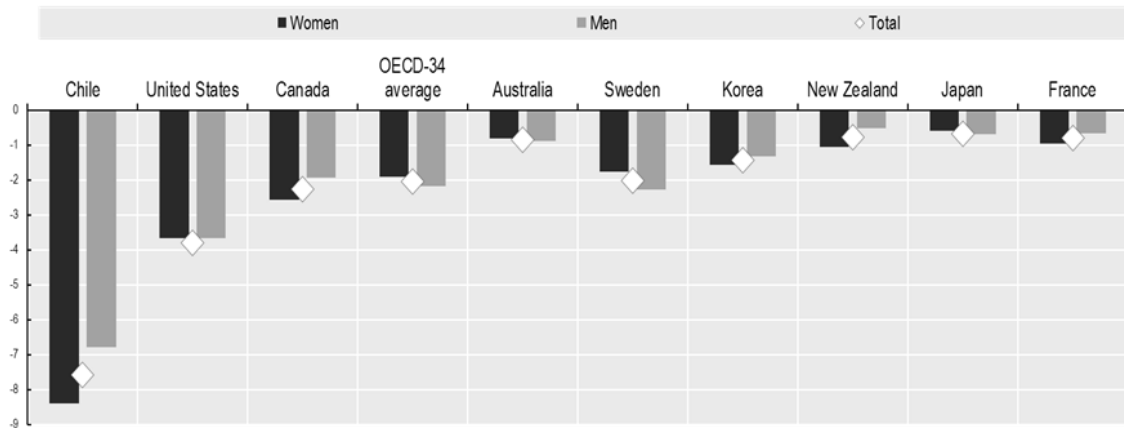
Figure 1: Maternal employment rates increase as children get older
Employment rates (%) for women (15-64 year-olds) with children (0-14 year-olds) by age of the youngest child, 2019 (2018 for Japan)



For Japan, data cover all women aged 15 and over; for Korea married women aged 15-54. For Canada, Korea and the United States, data refer to women with children aged 0-17. For Canada, the age groups for the age of youngest child are 0-5 and 6-17, for Korea 0-6, 7-12 and 13-17, and for the United States 0-2, 3-5 and 6-17.

Source: OECD Family Database, Indicator LMF1.2

Figure 2: COVID-19 led to employment losses for both men and women
Percentage point change in employment rates between Q4 2019 and Q4 2020 (Q3 for European countries), 15- to 64-year-olds, by sex



Source: OECD Short-Term Labour Market Statistics database, <http://dotstat.oecd.org/Index.aspx?DataSetCode=STLABOUR>, accessed 6 February, 2021.

At the time of writing, the OECD had 37 Member countries. To improve readability of figures in this paper, the figures present data for 10 countries only.

Furthermore, with the COVID-19 pandemic and the associated disruption of economic production, many workers lost their jobs or were otherwise forced to reduce their economic activity, often without full compensation of lost earnings. Early indications on basis of quarterly employment data suggest that across the OECD men and women experienced employment losses in broadly equal measure, though in some countries, especially Chile, women's employment losses have been greater than men's. However, at present (Spring 2021), it is too early to give the full picture on the labour market impact of COVID-19 in terms of job loss, working hours, the different impact on groups of workers (e.g. the impact on low-income earners vis-à-vis high-skilled workers), or its effect on future workplace practices, e.g. the extent of teleworking.

Gender differences in employment in Japan remain considerable. With increased female employment over the past 50 years, the gender employment gap has narrowed to 13 percentage points, still a significant difference, but below the OECD average of 15 percentage points. Furthermore, the gender pay gap at median earnings is 23.5%, the second highest in the OECD. These pay differentials are strongly linked to the substantial differences in terms and conditions of employment between relatively lowly paid non-regular workers - almost 70% women in 2018, who frequently work part-time, and the regular employees - predominantly men, who work full time and have considerable employment-security. Even when young women enter regular employment upon completing university, they generally enter the more routine "ippan-shoku" career stream, and are unlikely to enter fast-track career streams "sougou-shoku" in Japanese companies where workers are groomed for higher management: in 2016, women constituted only 20% of workers entering the "sougou-shoku" stream (Ministry of Health Labour and Welfare 2017).

Furthermore, if mothers want to return to work after taking some time out looking after very young children, it is difficult to get back into regular employment and women often end up in lowly paid non-regular employment. As a result, the share of non-regular workers among female employees increases with age: in 2018, among female non-regular workers, 12.5% were 25-34 years old, 21.2% were 35-44 years of age and 25.2% were 45-54 years old (*Japanese Labour Force Survey*).

In addition, the Japanese tax/benefit model provides financial incentives for spouses to limit their labour supply. Spouses with earnings below JPY 1.03 million (about USD 9 100) were exempt from income tax and the spouse annual income subject to the full spousal deduction is JPY 1.5 million from 2018 onwards (Since 2018, main household earners with incomes above 12.2 million yen are no longer eligible for the spousal deduction). Furthermore, if earnings are below 1.3 million yen spouses are covered by pension, health and long-term care insurance without making contributions. Japan is in the process of expanding coverage of part-time workers by the Employee Pension System (EPS), and health and long-term care insurance since 2016. Currently, part-time workers who work more than 20 hours a week and earn more than JPY 88,000 a month (about JPY1.06 million per year) in a company with 500 or more employees are required to join the EPS, health and long-term care

insurance. Coverage will be extended to companies with 100 or more employees in 2022 and 50 or more employees in 2024.

All these factors establish barriers to women's economic participation on an equal footing, limiting women's career opportunities. For example, the female share of seats on boards of publicly listed companies in Japan in 2019 was just below 10% (OECD Gender Portal), and short off the 15% goal set in the Fourth Basic Plan for Gender Equality in 2015.

3. Family policy objectives

All member countries of the Organisation for Economic Co-operation and Development (OECD) have policies in place to support families with children, though the types of support and the underlying emphasis on policy objectives differ markedly. Family policy is often complex and multifaceted and supports families across a range of overlapping and interdependent objectives (Adema 2012 and Thévenon 2011). In addition to promoting health of individual family members, these family policy objectives include:

- Promoting choice for parents in reconciling work and family life
- Enabling people to have children at the time of their choice
- Promoting child development
- Reducing family poverty
- Increase family resources through the efficient use of economic resources and mobilize hitherto unused labour supply,

The first few policy objectives above are largely geared towards individual and family well-being, whereas the latter objective is more directly linked to macro-economic goals such as strengthening the tax base, and promoting economic growth.

The importance of each of these objectives in the family policy mix varies across countries and over time (Nieuwenhuis and Van Lancker (2020) provide a comprehensive overview). For example, countries like Denmark and Sweden moved towards develop a comprehensive system of work/life balance supports in the 1960s as inspired by child development and gender equality objectives. In contrast, policy in Germany started its move towards improving work-life balance issues during the mid-2000s (OECD 2017). In Japan and Korea - the Asian OECD countries, the move towards family-friendly policies started around the turn of the millennium, and concerns about the persistently low fertility rates and population ageing were key drivers of policy change (OECD, 2003, 2019a and 2019b).

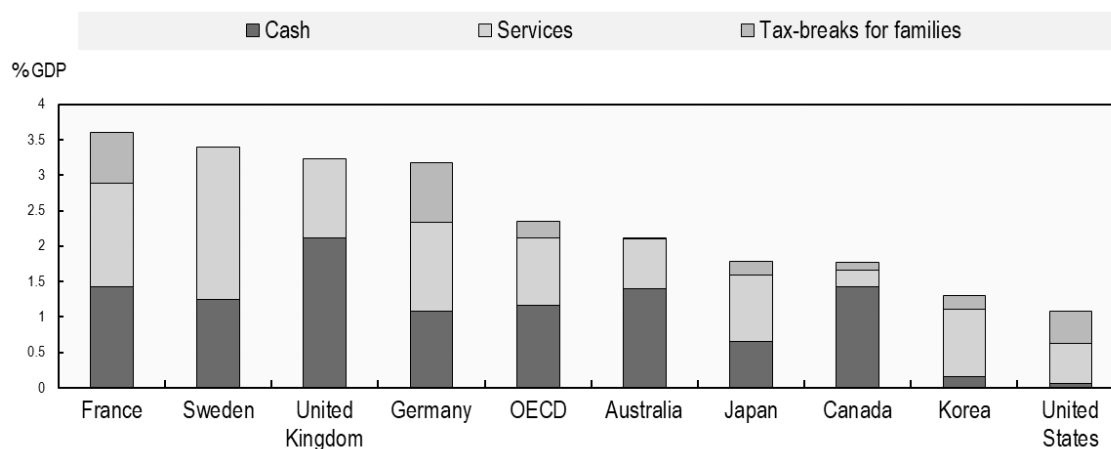
3.1 Family supports

Given the cross-national differences in emphasis on family policy objectives, it is no surprise that across the OECD, there are large differences in the design and nature of family policy measures. In general, public spending on the family is in three groups: 1) Child-related cash transfers (e.g. child allowances or income support during parental leave); 2) Services for families with children (including formal childcare supports or family support services - Riding et al, 2021); and, 3) Financial support for families provided through the tax system (e.g. child tax credits), for more detail see the OECD Family Database, Indicator PF1-1).

Figure 3 shows that on average OECD countries spend almost 2.5% of GDP on family benefits, with large variations across countries. Public spending in Japan is less than 2% of GDP (though Figure 3 does not account for 2019-reform which increased public spending on formal childcare supports), while it is close to 3.5% of GDP in Denmark, France, Hungary, and Sweden.

Figure 3: Public spending on family benefits is around 2.5% of GDP on average across the OECD

Public expenditure on family benefits by type of expenditure, in percent of GDP, 2017 and latest available



Note: Public spending accounted for here concerns public support that is exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare support), only. Spending in other social policy areas such as health and housing support also assists families, but not exclusively, and is not included here. Coverage of spending on family and community services in the OECD Social Expenditure data may be limited as such services are often provided and/or co-financed by local governments. The latter may receive general block grants to finance their activities, and reporting requirements may not be sufficient for central statistical agencies to have a detailed view of the nature of local spending. In Nordic countries (where local government is heavily involved in service delivery), this does not lead to large gaps in the measurement of spending, but it does for some countries with a federal structure, for example, Canada. Spending for the United Kingdom is likely to be underestimated as information on the tax part of the WTC and CTC is no longer available.

Source: OECD Social Expenditure Database, <http://www.oecd.org/social/expenditure.htm>

The proportional amount spent in cash, services and tax measures varies across countries. Most OECD countries spend more on cash benefits and tax breaks for families with children than on services. But not Japan, Denmark and Sweden. The combination of high spending on families and with a strong focus on services (including formal childcare) reflects the comprehensive nature of the family support model in Denmark, France and Sweden. These countries aim to provide a continuum of supports to parents with young children, so they can combine their family and care responsibilities with pursuing labour market aspirations. The policy model provides parents with paid leave upon childbirth, followed by participation in early Childhood Education and Care settings until primary school and out-of-school-hours services until age 11-12.

In Japan, enrolment rates for children aged 0-2 are around 30%, but that is well below enrolment rates in Sweden (with generous paid leave of over a year taken by mothers) and France (OECD Family Database) and, since the rapid development of ECEC-services over the past 10 years, Korea (OECD 2019b). 2019 Reform has reduced childcare costs for many Japanese parents, but it is as yet too early to judge reform on all its effects, even though initial evidence suggests that the impact on labour supply was limited (Kondo and Fukai 2021).

The Japanese social policy model includes some modern policies to help parents reconcile their work and family commitments. For example, it provides for one-year of paid leave for both parents, but only 6% of eligible fathers used it as many men are reluctant to use their leave entitlements, as they fear the career repercussions.

In the Japanese workplace culture, regular employees receive job-security, employer-provided training and benefits such as spousal and dependents allowances, while their compensation is essentially seniority-based and strongly linked to age and tenure. In return, employees signal their commitment to their employer and career by putting in long hours, including overtime and taking less leave than to what they are entitled. In such a workplace culture, it is very difficult for regular employees to be intensely involved in caring for children or elderly parents: of all men in the OECD, Japanese men spend the least time in unpaid housework, just 40 minutes per day (OECD Gender Portal).

4. Concluding remarks

Women's economic participation in Japan remains constrained. Policy is changing towards supporting women and men with young children, through substantial parental leave periods and increased childcare support, but gradual reform of the tax/benefit system to provide both parents in couple families with equal financial incentives to work is needed. Policy also sets targets regarding women in leadership positions, but these are not binding. The Fifth Basic Plan for Gender Equality will be implemented in 2021, and new targets are likely to be set, but it is unclear to what extent they will

become enforceable.

Japanese labour market institutions need to change. Remuneration systems and career progression should be based on performance rather than seniority, while the talent pool of workers can be expanded by facilitating "mother returners" and part-time workers to get back into regular employment. Changing workplace practices will require a sustained effort over time. Leadership is needed to change the long hours' culture, increase access to teleworking, provide equal access to entry in career tracks and career progression, and promote parents to use maternity and parental leave. Workplaces need to become more attractive to both fathers and mothers and facilitate a more gender equal balance in paid work and unpaid housework, so that Japan makes a more efficient use of everyone's skills.

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