

How Family, Culture, and Law Shape Women's Labor Force: Comment

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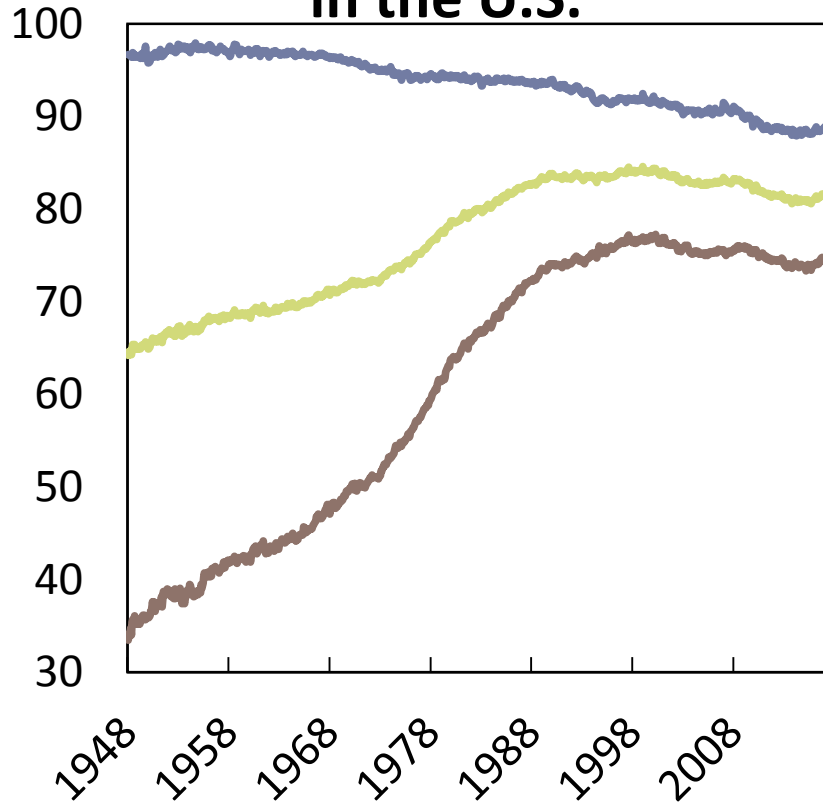
Introduction

- ❑ An excellent overview on the economic position of the American women and the policy issues;
 - ❑ Many common features with the Japanese women, though there is still a large gap with the cases in the United States;
 - ❑ Japan's female labor force participation has been catching up and so is the pay gap between the gender;
 - ❑ However, a major difference lies in the way the investment in human capital: As on-the-job training plays an important role in the Japanese firm, the statistical discrimination against female employees leads to their under investment;
 - ❑ Japan's public support for women with the maternity and child care leaves are better than those in the U.S.
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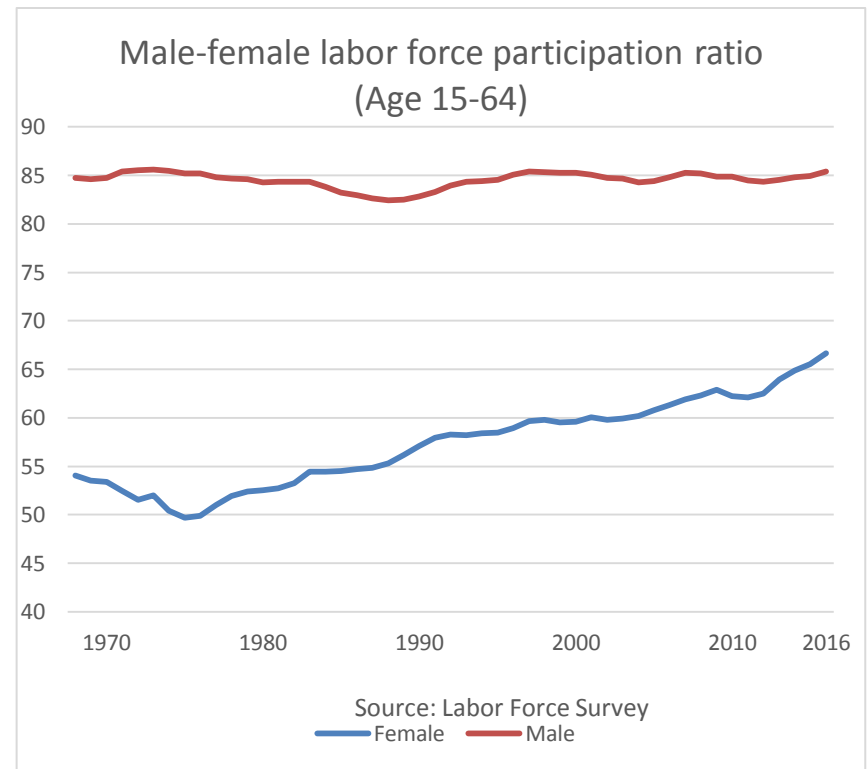


Comparison of the male-female labor force participation ratios in the U.S. and Japan

Prime-Aged Labor Force Participation by Gender in the U.S.



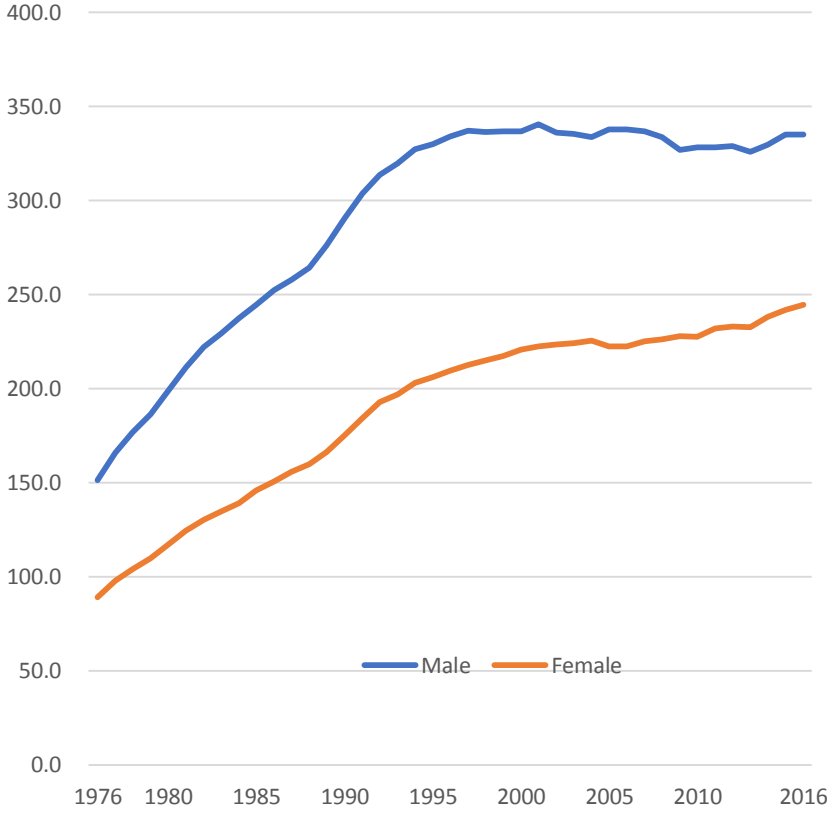
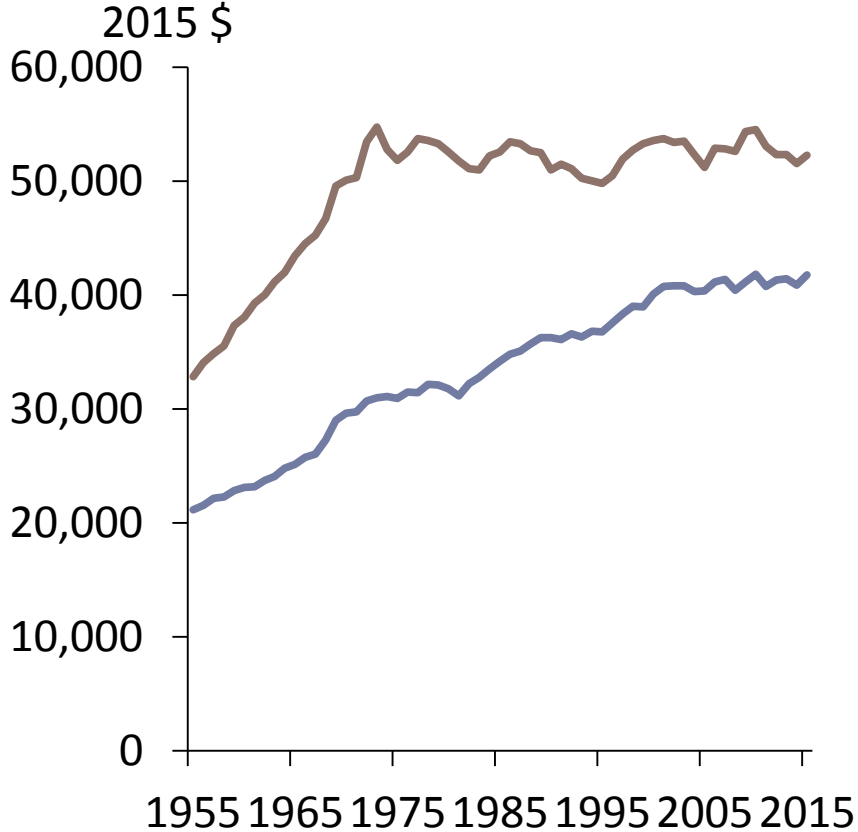
- Women's LFP has risen but still a long way to go in Japan



The gender pay gap is slowly closing in both countries

United States

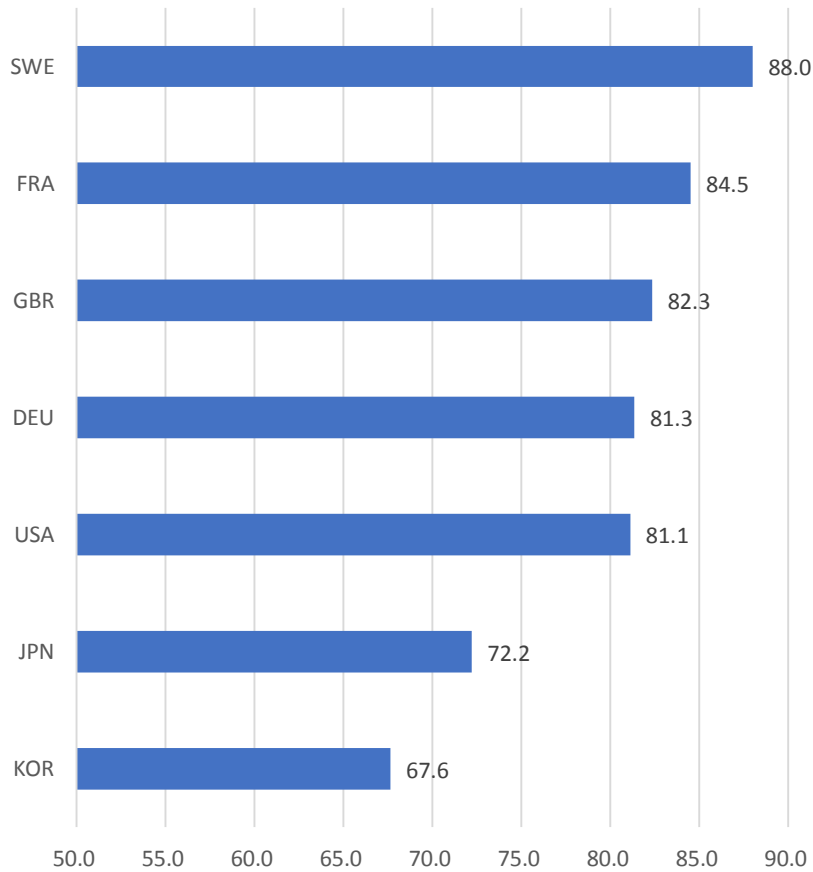
Japan



Source: Wage Census

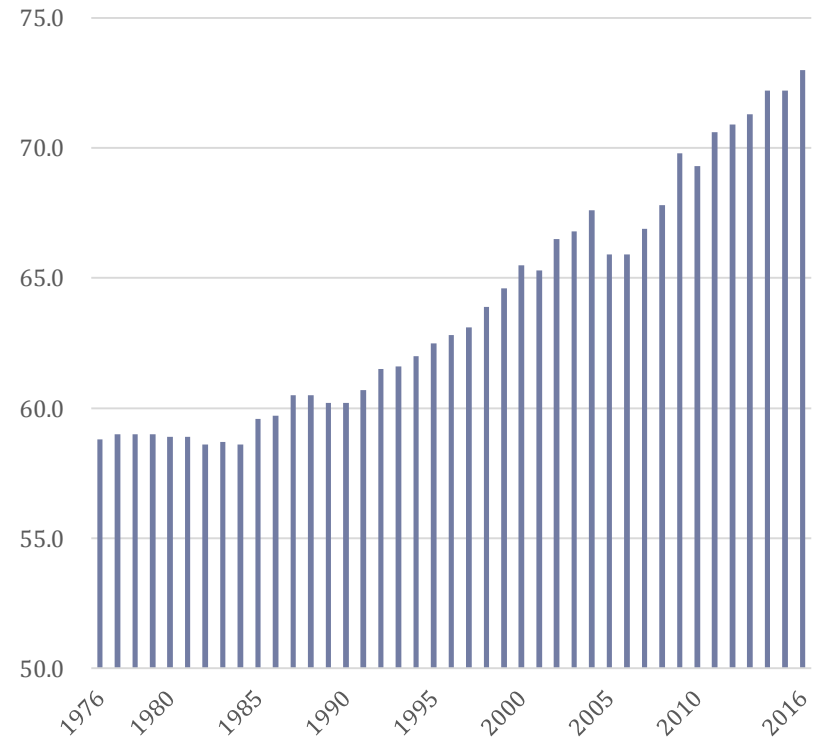
International comparison of the male-female wage gap

Male-female wage gap (%)



Source: JILPT

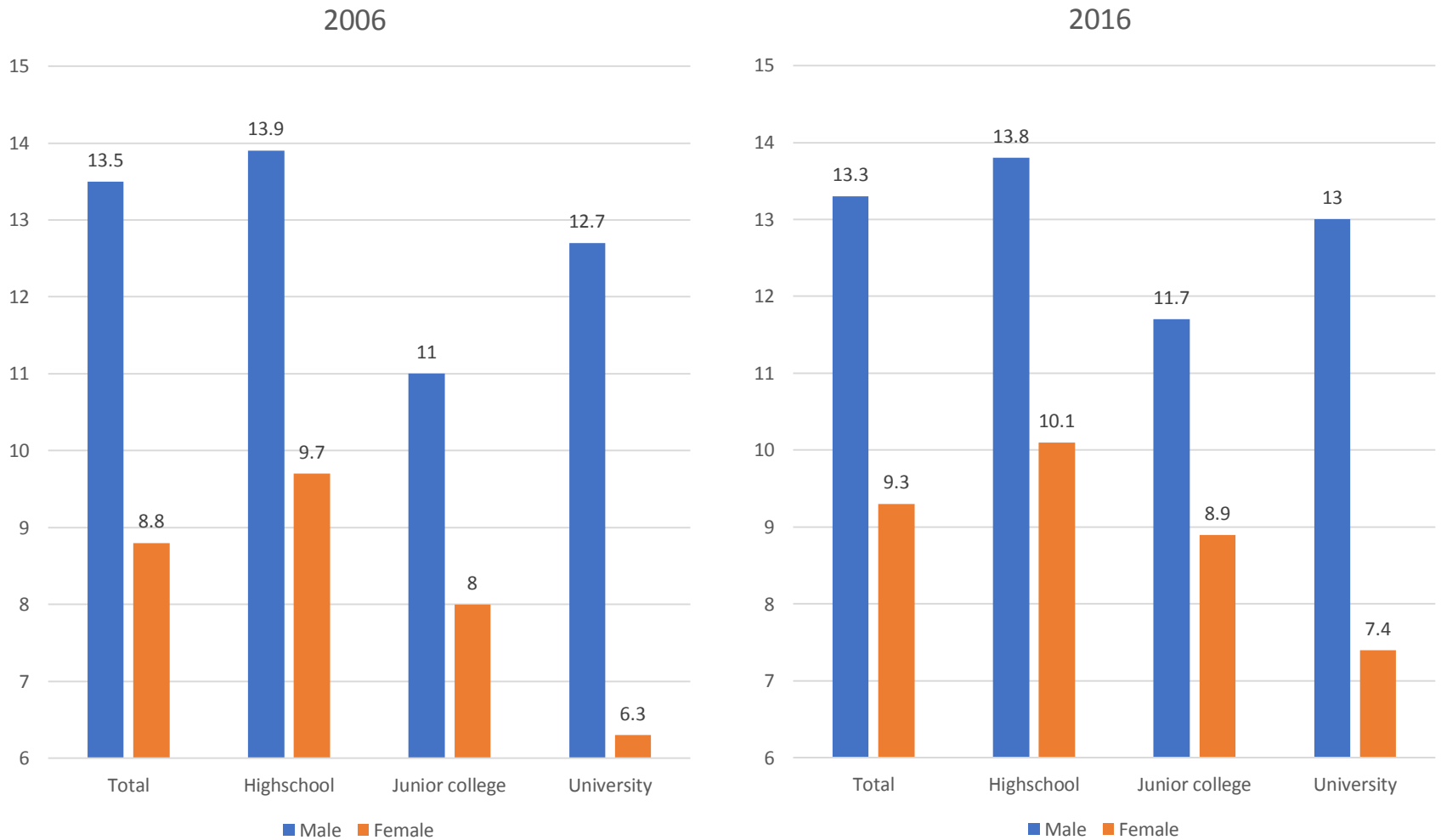
Male-female wage gap in Japan (male=100)



Source* Wage Census

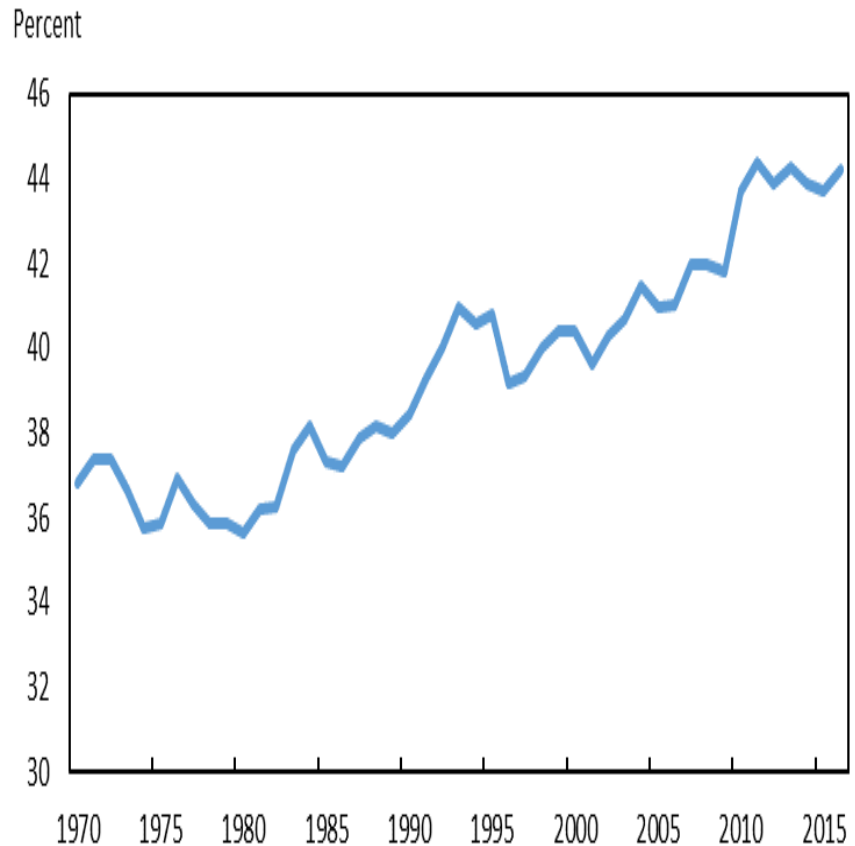


The gender gap in average job tenure has been narrowed in particular for college graduates

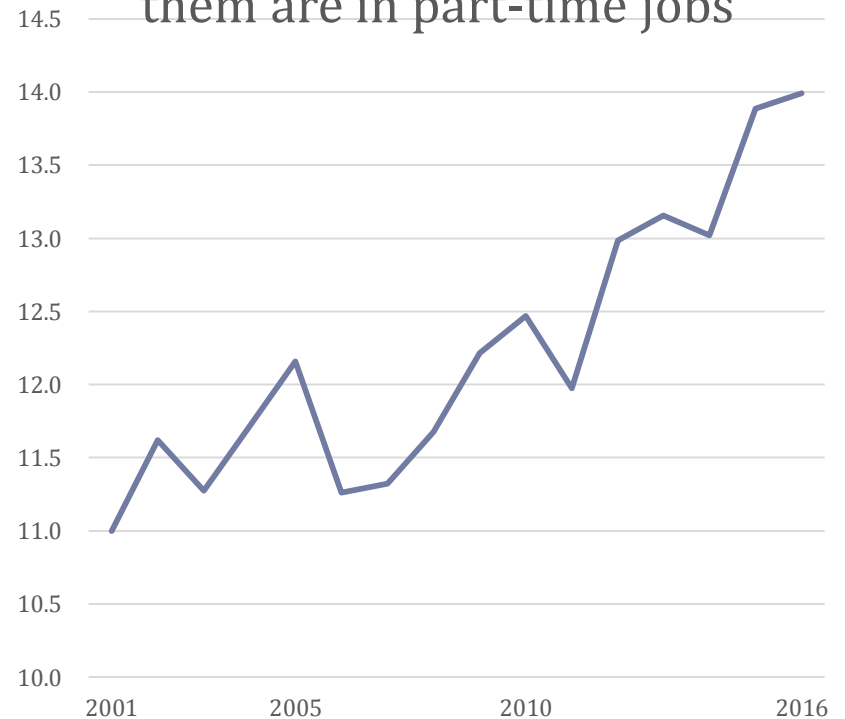


Women's share of household income has grown

Employed Married Women's Contribution to Family Earnings



In Japan, employed women's contribution is still one-third of that in the U.S., as most of them are in part-time jobs



Source: Household Survey



Investments for Gender Equality

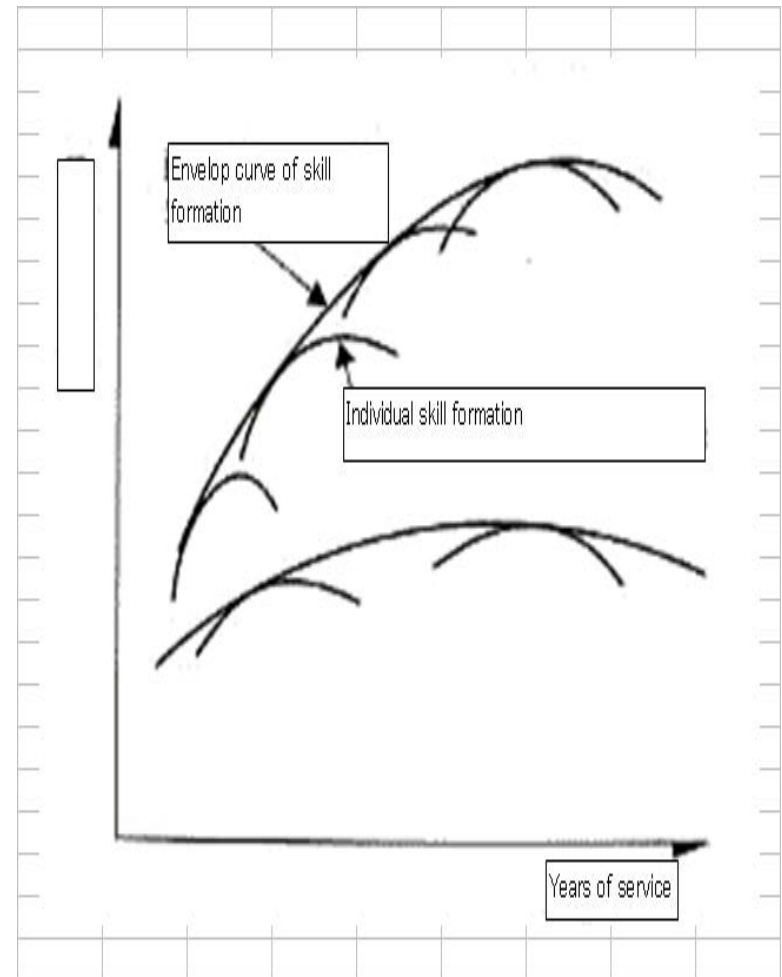
- ❑ Discrimination involves a two-sided problem
 - ▶ Women who think that they will not have the same opportunities as men in the labor market under-invest in labor market skills
 - ▶ Businesses that believe that women will primarily take care of the family needs under-invest in adapting their workplace
 - ▶ “Self-fulfilling group differences can be generated by firm beliefs, worker beliefs, or both”
- ❑ In Japan, “statistical discrimination” plays an important role
 - ▶ Firms recruit college graduates with no skills and give them intensive on-the-job training
 - ▶ Legacy of the High Economic Growth Era in the past;



Investments for Gender Equality :

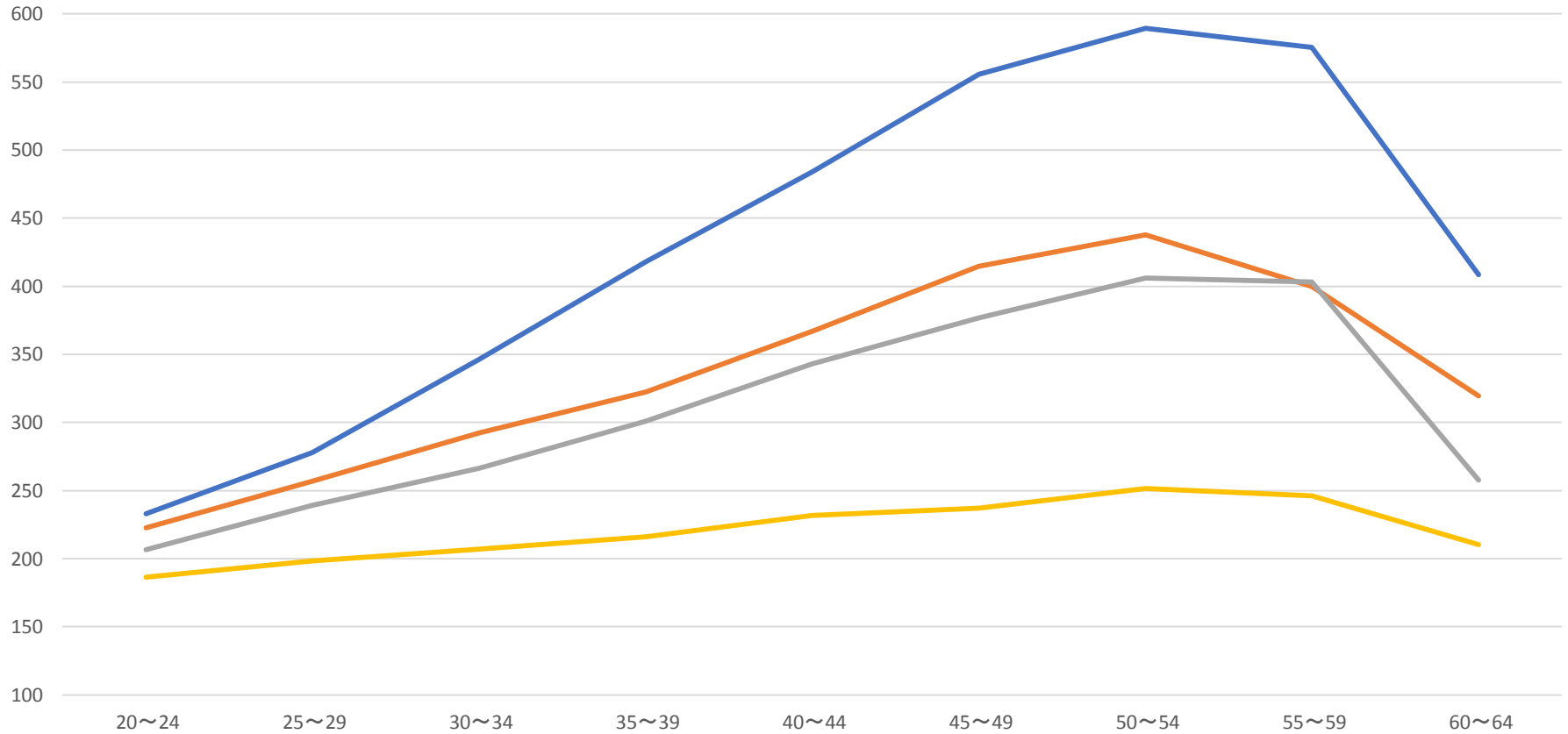
Why is it so difficult in Japan?

- ❑ An important element of on-the-job training is frequent job rotations sometimes in different regions;
- ❑ Women tend to have less advantageous position in a career path in the firm;
- ❑ It is mainly because of their high risk of leaving the firm as a group due to the family responsibilities.



A major source for gender wage gap is the seniority-based wage profile in Japan

Age-wage profile by gender and level of education (monthly wage, 1000 yen)



Source: Wage Census 2016

— College male — College female — Highschool male — Highschool female



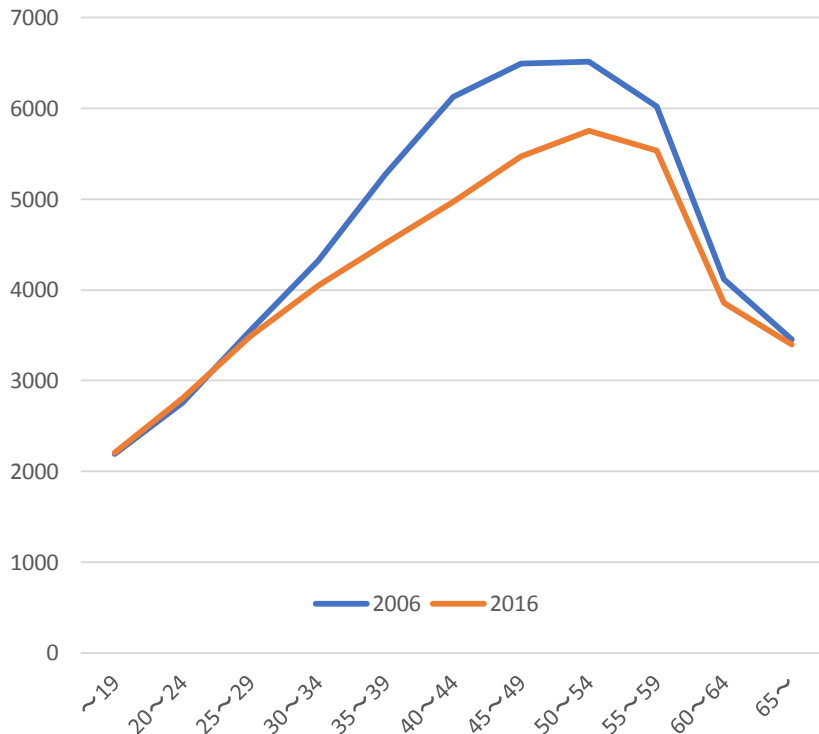
Gender bias lies in Japan's work-style

- ❑ Long-term employment security, seniority-based wages, and firm-specific labor unions.
- ❑ A blank-check employment contract i.e., their jobs and work places are not predetermined.
- ❑ Long working hours are needed for employment security and team-based work style.
- ❑ Implicitly based on full-time homemakers who take care of family activities.

	Average job tenure		
	Male	Female	Gap
JPN	13.5	9.4	4.1
USA	4.3	4.0	0.3
GBR	8.3	7.8	0.5
DEU	11.1	10.2	0.9
FRA	11.3	11.5	-0.2
SW E	8.8	9.1	-0.3
KOR	7.1	4.6	2.5
Average	9.2	8.1	1.1
Source: JLPT			

A good news is that the male wage profile is flattening recently reflecting aging of workforce

Flattening male wage profile in Japan



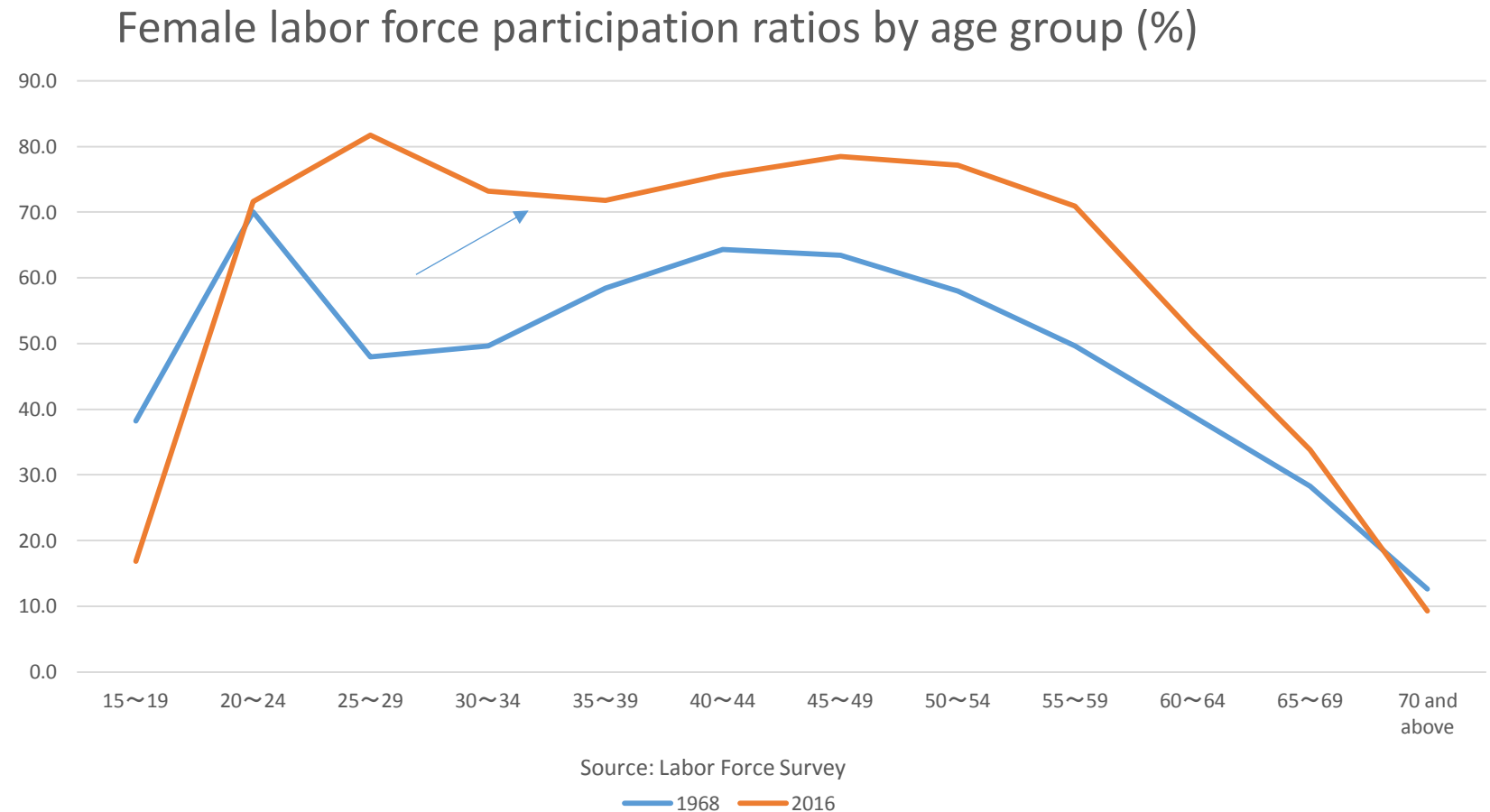
Source: Wage Census

- ❑ Japan's gender wage gap is due to the male problem, rather than the female;
- ❑ Flattening male wage profile is desirable for gender equality, though it is likely to cause negative macro economic impacts.



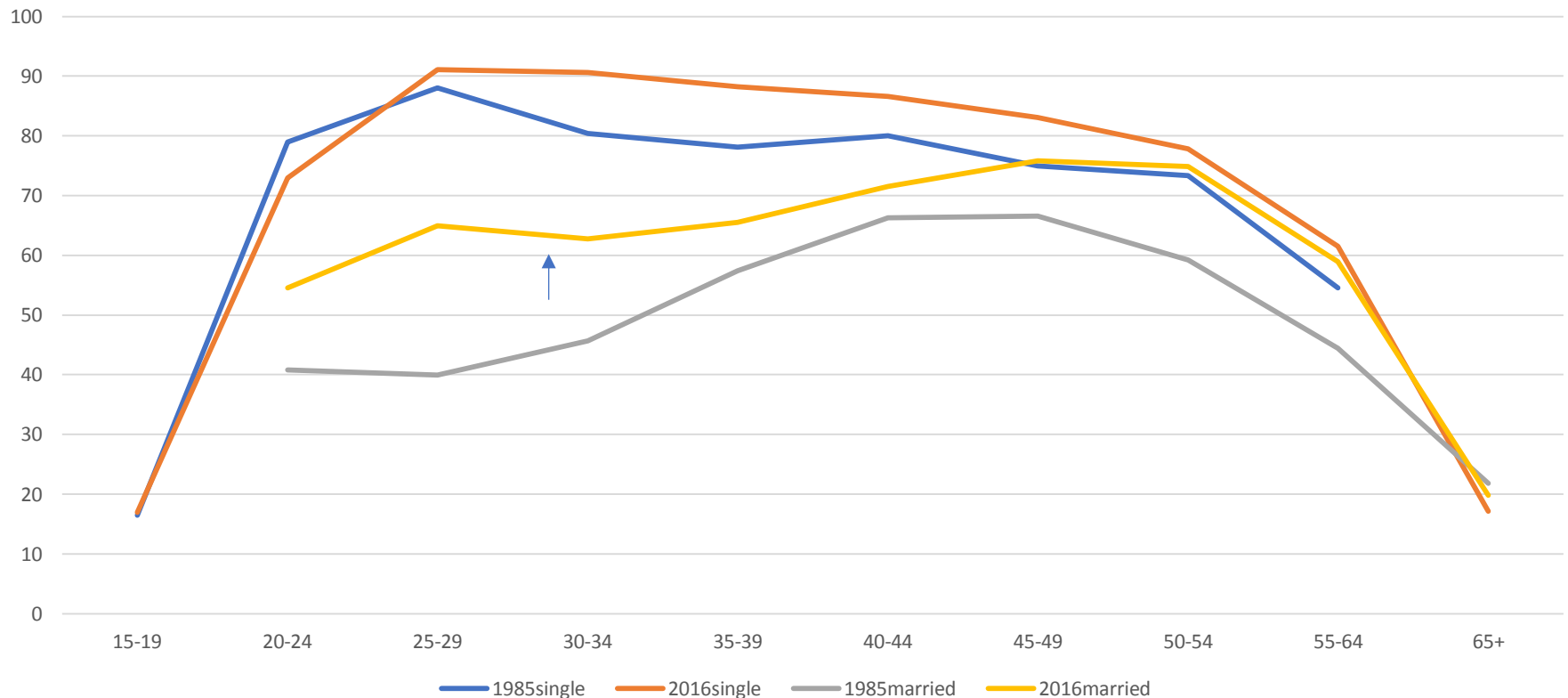
M-shaped pattern of women's LFP is fading away?

M-pattern consists of both single and married women's LFP

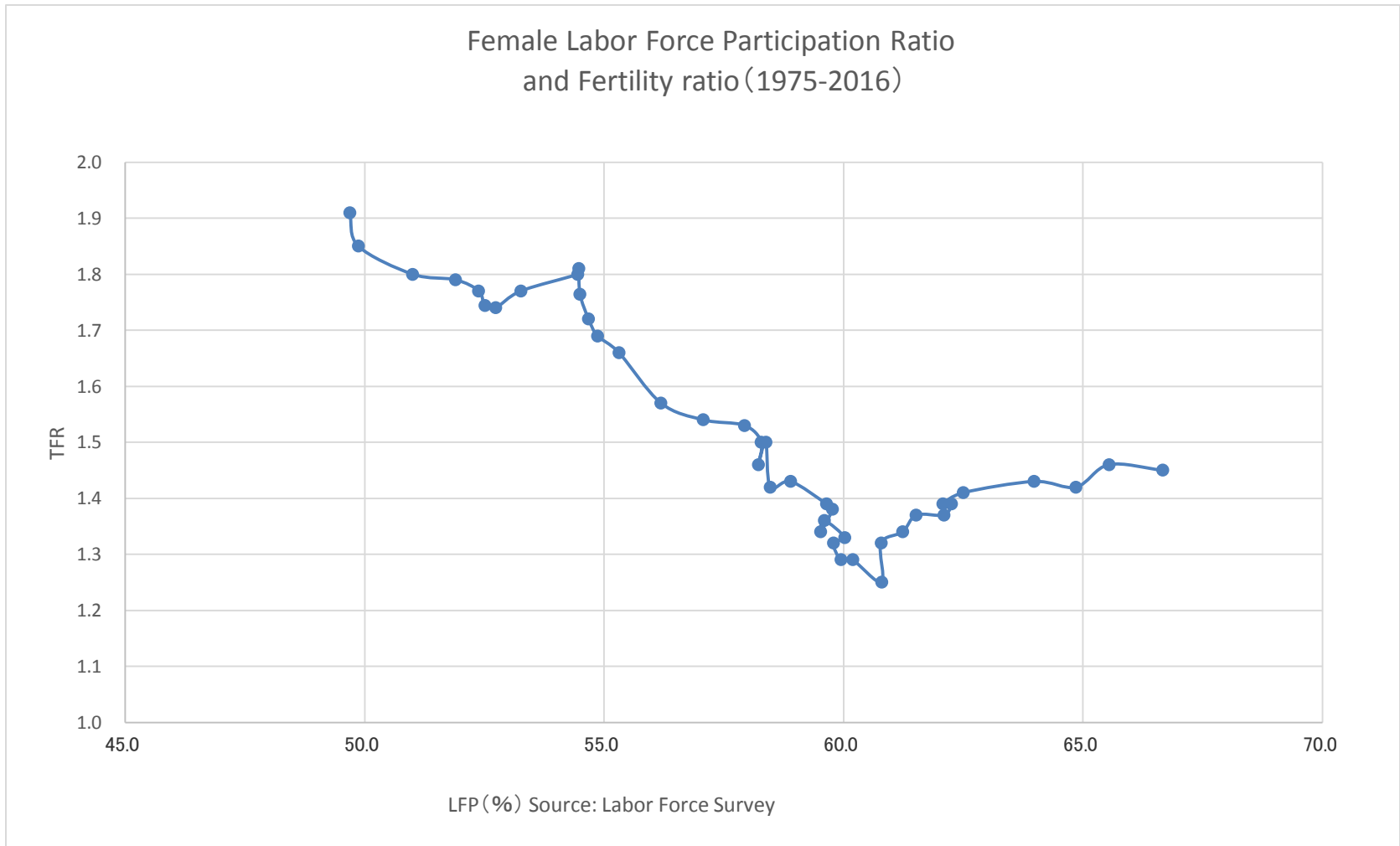


An increasing share of single women in age group 25-39 also contributes to the flattening the M-shape, leading to the lower fertility ratio

Japanese women's LFP by age and marital status



A trade-off between women's LFP and fertility has been changing recently



Maternity leave and child care system in Japan

1. Maternity leave by the law;

- ❑ Fully paid leave, 6 weeks before the birth and 8 weeks after

2. Child Care and Family Care Leave Act

- ❑ Unpaid, but compensations of 50% of previous wage from the employment insurance;
 - ❑ Taking 1 year or 1 year and half for special cases.
 - ❑ Protection of the employees using child care leave against dismissals and other disadvantageous acts by the employer;
 - ❑ Over 80% of female employees take child care leave, while only 3% for male employees.
 - ❑ But, 47% of women quit jobs at the birth of the first child.
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Japanese fathers cannot come home at normal hours to share child-care activities

Fathers' average hours per day on activity (2011)

	Housework	Child care	Total
Japan	0.68	0.39	1.07
United States	1.81	0.48	2.29
Germany	2.41	0.59	3

Source : Gender Equality Bureau

Conclusion

- ❑ Japan' gender wage gap has been closing mainly due to flattening of the male wage profile;
- ❑ More women work in the labor markets, though they are suffering from the “statistical discrimination” based on the higher labor turnover as a group.
- ❑ It is attributable to a heavy emphasis on on-the-job training of the Japanese firm in which the longer males' job tenure plays an important role;
- ❑ The Abe Government advocates the labor market reform for equal pay for equal work and setting an explicit ceiling on overtime hours worked;
- ❑ It should contributes toward the labor market flexibility and reducing the gender bias, though the speed is too slow.

