Balancing work and family life in Japan and four European countries: econometric analyses on mothers' employment and timing of maternity
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Balancing work and family life becomes more and more pressing in view of the changing role of women in modern societies. Shifts in societal views can only explain part of the picture as also strong economic factors, such as shifts in labour demand and labour supply, generated a significant impetus for the increased participation of females in paid work. Increased labour force participation then immediately raises the important question how to combine working and family life. Countries strongly differ in the model that they employ to accommodate mothers to pursue paid work and care for children. The discussion of this requirement is nowadays taking place against the background of a strong decline of fertility in most industrialised countries. For instance, Japan had a fertility rate of 1.32 in 2002 (Japan’s Ministry of Health, Labour and Welfare, Vital Statistics), which is well below the replacement fertility rate, a factor that accelerates ageing of the population that has turned into a serious concern.

Until recently, it was argued that increased labour market participation of women led to lower fertility, i.e. the negative correlation between fertility and the labour force participation rate. However, recent evidence suggests that fertility could be increased by creating an environment in which mothers can balance paid work and family responsibilities. Therefore, policy circles across the globe have undertaken initiatives in the field of family policy designed to reconcile the two objectives.

The main purpose of this thesis is to analyse family policies and their effects on mothers’ employment and the decision on motherhood. I study Japan in a comparison to four European countries, namely Britain, Germany, the Netherlands, and Sweden. The remainder of this chapter presents the focus of the thesis and illustrates the themes analysed in the other chapters with more background information. The chapter ends by presenting the outline of the thesis.
Focus and background of the thesis

One of the most striking recent developments in the labour markets of industrialised countries is the large increase in the labour force participation rate among mothers with young children, the group of people that traditionally showed very low employment rates. For instance, in the nineteen OECD countries, on average, 49 percent of the mothers with children under six years old worked in 1989, whereas this rate grew to 56 percent in 1999 (see Table A.2.1). Especially in those countries that had a low participation rate in the past, mothers’ employment rate increased significantly. The most prominent case is the Netherlands where this rate rose from 33 percent to 62 percent over this period. In Japan, however, mothers’ employment rate saw a decrease from 36 percent to 33 percent, which resulted in the lowest level recorded amongst the OECD countries (see Table A.2.1).

The labour force participation pattern of Japanese women has another peculiarity when compared to other countries. While the participation rate of highly educated women is considerably larger than that of less educated women in most advanced nations, this difference according to educational attainment has been very small among Japanese women. The OECD average participation rate for women with a university education was 79 percent whereas that for those with less than upper secondary was only 49 percent in 1999 (OECD, 2001a: 273). In contrast, the corresponding figures in Japan were 65 percent and 56 percent, respectively.

One could be tempted to posit that the low participation rate of Japanese women may be explained by a potential lack of ambition with respect to the pursuit of a working career. For instance, Brinton (1993) concludes that Japanese women do not invest so much in their own human capital but spend their time to promote human capital of others, namely that of their husbands and children. Brinton reaches her conclusion based on the examination of data for the period 1970 to the mid-1980s, for which she found that labour force participation among highly educated women was low and that the transition rate to four-year university education was very limited.

However, such a conclusion does not seem to hold for present-day young Japanese women. These women are more career-oriented and quite similar to their counterparts in Europe or in Anglo-Saxon countries. For example, the educational attainment of Japanese women has continuously risen. Particularly since 1990, the
advancement rate into university education has grown rapidly and doubled from 15.2 percent in 1990 to 31.5 percent in 2000 (Japan's Ministry of Education, Culture, Sports, Science and Technology, School Basic Survey). The recent trends of low fertility and postponement of motherhood could be interpreted as further evidence that modern Japanese women care about their career. In other words, the conclusion of Brinton (1993) seems no longer to be valid and the hypothesis of a lack of ambition can be refuted.

The total fertility rate in Japan was over four children per woman in the late 1940s (Japan's Ministry of Health, Labour and Welfare, Vital Statistics). Subsequently, it dropped dramatically to nearly the replacement level of two children by the late 1950s after which it leveled out around the replacement rate until the first half of the 1970s. The period after the mid-1970s revealed a continued decline in fertility until it reached an all-time low of 1.57 in 1989. At that point, policy makers and society grew increasingly aware of this demographic development to such an extent that the fertility level of 1989 became known as the '1.57 problem' or even the '1.57 shock'. The concern for the low fertility rate in connection with rapid ageing of the population prompted the government to redesign public policy. Since the early 1990s, a move towards more family-friendly policies, such as the establishment of a state parental leave scheme and the reform of day-care centres, has taken place. Nevertheless, the total fertility rate continued its fall and dropped to 1.32 in 2002.

The decrease in the total fertility rate was accompanied by an ongoing tendency to postpone motherhood. The mean age of women at birth of the first child steadily increased from 25.6 in 1970 to 28.3 in 2002 (Japan's Ministry of Health, Labour and Welfare, Vital Statistics). Mothers younger than 25 years old gave birth to nearly half of total first births in 1970, whereas these young mothers accounted for only one fourth of first births in 2000. The number of first children born from mothers older than 30 years, on the other hand, increased from approximately 10 percent to 30 percent over the same period.

The above-sketched developments could be interpreted as indications that the combination of paid employment and motherhood is still not easy to realise in this country. There now is growing evidence that countries in which women participate more heavily in the labour market also have higher fertility (see Figures 2.A.1-2.A.2; also see Ahn and Mira, 2002; Engelhardt, Kögel, and Prskawertz, 2001; Del Boca and Locatelli, 2002). On the one hand, Scandinavian and Anglo-Saxon countries have relatively high female employment and high fertility rates. On the other hand,
Southern European countries, some continental European countries and Japan have both low employment as well as low fertility rates. One of the key factors to explain this positive correlation is the way in which societies facilitate balancing of paid work and family responsibility by for example expanding subsidised child-care services and designing other policies to accommodate families.

This thesis focuses on the effect of family policies on mothers’ employment and timing of maternity in Japan in comparison to Britain, Germany, the Netherlands and Sweden. Related to this issue, I present a deeper analysis on non-standard work arrangements, i.e. work modes that differ from the standard of full-time employment under a regular indefinite contract, because women and mothers predominantly work in such types of employment. Unlike many existing studies, I do not focus on particular elements of public policy, such as parental leave arrangements, in isolation, because mother-friendly policy should be seen as an inherently connected and interrelated 'package'. This starting point then obviously necessitates a comparative approach across different countries. The specific countries examined in this thesis provide sufficient variation in order to give indications about the effects of policy designs.

I employ micro-level household panel data from the five countries across different waves to also ensure the necessary time dimension. More in particular, the following data sets will be 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).

Outline of the thesis

The purpose of Chapter 2 is to position Japanese family policies within an international context. I review recent developments in policy design within the focus of also clarifying what its fundamental characteristics are. I pursue two broad objectives in presenting and interpreting recent initiatives in Japanese policy design. First, this chapter examines the categorisation in Esping-Andersen (1990, 1999) of Japan as a conservative welfare state from the point of view of family policy design.
Second, it also delivers the necessary background information for the analyses of family formation and women’s employment around childbirth that will be developed later in the thesis.

Public policy on the provision of child-care services and the organisation of maternity and parental leave programs are the policy instruments that show the most direct impact on the decision of women to participate or not in the labour market after childbirth. As the pursuit of a career and having children are two objectives that are to be realised alongside each other, it is obvious that family policy programs also affect fertility. I therefore describe the development of child-care policy, maternity and parental leave programs, the Equal Employment Act of 1985, the taxation regimes and social premium payments, and current practices with respect to part-time employment in Japan.

In Chapter 3, I examine the effect of family policies on the employment of women around the birth of their first child in Japan and the four European countries. I employ all the waves and the retrospective information on employment status from the aforementioned household panel data sets.

The comparison of five countries together with the examination of two periods, notably the 1980s and the 1990s, allow for a straightforward analysis of the effects of family policy on employment of first-time mothers. The chapter first reviews the policies in these countries during the 1980s and 1990s. I proceed by presenting a graphical illustration of the evolution of the employment status around childbirth after which I estimate multinomial logit models on mothers’ employment choice among full-time employment, part-time employment and not at work after first childbirth, using monthly data (yearly data for Japan).

Chapter 4 starts by pointing out that the major part of recent job growth in Japan and in several other industrialised countries can be ascribed to employment within non-standard work arrangements. Note that part-time employment is an important working arrangement that allows women to combine paid work and caring for children (see Chapter 3). However, whether or not part-time employment can increase mothers’ labour force participation does not only depend on the supply of this work mode, but also on its quality. For example in Japan, part-time employment generally offers a lower-status job with inferior wages, benefits and job training when compared to full-time regular employment (see Chapter 2). It does,
therefore, fail to encourage mothers with young children, especially for highly educated women, to engage in paid labour.

Chapter 4 studies employment choice and pay differences between standard (full-time regular) and non-standard work arrangements (part-time, fixed-term, etc) in the four European countries. This chapter first reviews policies in these countries. It presents a more detailed policy analysis for the Netherlands as this country can be considered as a forerunner in the field of part-time work. The 1998 wave of four household panel data sets is then utilised to shed more light on employment choices and pay differences between standard and non-standard work arrangements for both men and women. The chapter estimates multinomial logit models for the employment choice, whereas the wage structure is examined using regression analyses. The results are interpreted against the background of the policy differences across the four countries.

Chapter 5 analyses timing of maternity in the four European countries using household panel data. The purpose of this chapter is twofold. First, the effect of family policies on postponement of motherhood is examined. In these countries, the mean age of maternity has increased, especially among highly educated women. This observation also applies to Sweden where family-friendly policies have been developed earlier such that all women in principle can easily combine paid employment and raising a family (see Chapter 3). However, government policies may generate a strong effect, perhaps not in terms of postponement, but rather in terms of being able to decrease the rate of ultimate childlessness. This presumption is examined through duration analyses by including both mothers and women without children, which distinguishes this chapter from previous research.

Second, the effect of education on postponement of maternity is analysed in detail by separating 'being in education' from the level of education. Because highly educated women, per definition, stay longer at school and education is often incompatible with having children, they are likely to enter motherhood later in life. We estimate proportional hazard models for the duration until first birth measured from the point of time of finishing full-time education in order to control for this 'being in education' period.

Chapter 6 focuses on the timing of maternity in Japan. Two motives for postponing motherhood are to be distinguished, notably the consumption-smoothing motive
and the career-planning motive. I focus on the career-planning motive and thus link delayed maternity to the indirect cost of children, i.e. the career cost.

The Japanese long-term employment system and the steep increase of wages in tenure bring about a large money loss when interrupting the career for childbirth and childrearing. The wage at re-entrance of the labour market is also substantially below the rate applicable to continuous employment. Based on human capital theory, we may argue that this wage drop reflects the loss of skills, both of general skills as well as firm-specific skills. The larger the proportion of firm-specific skills in total skills, the more substantial the wage loss will be because firm-specific skills, per definition, will be lost when changing the employer.

Holding an occupational certificate or license, such as those for teachers, nurses, computer specialists and accountants, proves a person's general skill level. In other words, for women with such a certificate, a larger fraction of their skills consists of general skills rather than firm-specific aptitudes. Thus, we could expect that for these women, the wage decrease due to career interruption at childbirth will be smaller compared to those without such a certificate. This chapter examines this hypothesis using wage regressions and duration analyses based on Japanese panel data.

Chapter 7 ends the thesis by presenting the conclusions and a summary of the main findings.