

Women's Employment, Childcare Leaves and Earnings Mobility among Married Couples in Japan

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We examine the impact of women's career decisions on earnings mobility among married couples in Japan. With dissemination of work-life balance policies, such as, childcare leaves, more women are remaining continuously employed after their first birth. We examine whether differences in employment patterns and taking childcare leaves affect earnings mobility among married couples.

We define family earnings as the couple's earnings, comprised of the husband's and wife's earnings. And, we define upward mobility as transition from the lower quintiles of husbands' earnings to the higher quintiles of couples' earnings. Our main purpose of this article is to examine how wives' employment patterns and taking childcare leaves differently affect the degree of upward mobility. Our analysis is based on 2003–2014 data from the Japanese Panel Survey of Consumers (JPSC: conducted by the Institute for Research on Household Economics). By this empirical analysis, we infer policy implication for promoting female employment with regard to earnings inequality of married couples.

In recent years, Japanese women have been participating actively in the labor market, and the number of dual-income households is increasing. In 1980, the number of single-income households was about 11,000,000, on the other hand, the number of dual-income households were about 6,000,000. After 1997, the number of dual-income households grew steadily greater than the number of single-income households, and by 2013, there were 1.4 times as many dual-income households, at 10,650,000, as single-income households, at 7,450,000. Backgrounds of the increase in female labor supply are the rise in female higher education, the destabilization of husbands' earnings due to the collapse of the lifetime employment system, and dissemination of work-life balance policies that have allowed women to continue working after marriage, childbirth, and other life events. The rate of working women who took childcare leaves were 49.1% in 1996 and it grew steadily year by year and became 81.8% in 2016. These changes in female labor supply are likely to influence earnings distribution of married couples. While some researches related to couples' earnings distribution in Japan argue that

wives' earnings has widened earnings disparity among married couples, some argue that even though the employment rate among women with high-earning husbands is rising, many of these women are not full-time, permanent employees, and therefore the impact on earnings disparity is minor. Thus no consensus has been reached regarding the impact of female employment on earnings disparities among married couples.

The previous researches were based on the analysis using Gini coefficients, which represent the average value of the sample, and they do not reveal whether increase in earnings disparities among married-couples is emerging with regard to individuals or households with particular attributes, such as employment patterns. We focus on information concerning the work histories of married women and usage of childcare leaves and present an empirical analysis of whether the employment patterns of women affect differently upward mobility of couples' earnings and how the effects differ between husbands' earnings level.

The increase in employment of wives whose husbands' earnings are relatively high is assumed to increase inequality of couples' earnings, on the other hand, the increase in employment of wives whose husbands' earnings are relatively low is assumed to equalize couples' earnings. We try to capture the effect of wives' employment on inequality of couples' earnings by focusing on the degree of earnings mobility.

We define wives' employment patterns as follows: continuing to work, continuing not to work, leaving jobs or return to work after birth of first child. In addition, we examine the effect of taking childcare leaves on upward earnings mobility. Since the Japanese Gov't has been laid the policy emphasis on promoting female employment, particularly on the work-life balance policies for married women while raising children, this article examines influences of these policies on earnings distributions of married couples.

The data used in this article is from the Japanese Panel Survey of Consumers (JPSC), conducted by the Institute for Research on Household Economics. When it was launched in 1993, the survey was distributed to women aged 24–34 (Cohort A), and later to women aged 24–27 (1997–, Cohort B), aged 24–28 (2003–, Cohort C), aged 24–28 (2008–, Cohort D), and aged 24–28 (2013–, cohort E) as well as to their husbands. The benefits of using JPSC are that it provides the most recent data on earnings distribution among married couples, and by making use of the panel data, it is possible to examine the correlation between the wife's work history and the married couple's subsequent earnings level.

Our empirical analysis yields the following findings; First, labor supply of married women become more irrelevant to husbands' income level in the 2000's, although it was negatively correlated with husbands' income level in the 1980's. Second, wives' employment after the first birth, that is to continue working and to return to work, promote upwards mobility in couples'

earnings and the effect of upwards mobility is larger for households whose husbands' earnings are above the third quintile than for households whose husbands' earnings are below the second quintile.

Third, the employment after the first birth of wives whose husbands earnings is below the second quintile has an effect to decrease the probability of moving downwards in couples' earnings is large, but the effect to increase the probability of moving upwards is small. Fourth, taking childcare leaves enhances the probability of upward mobility. And the effect of upward mobility is larger as husbands' earnings become higher, and the largest in the fourth quintile of husbands' earnings.

These findings suggest the following policy implications concerning to earnings distribution of married couples. First, the correlation of wives' earnings and husbands' earnings become higher in the 2000's, so that more employed wives who have high- earned husbands are, more widened couples' earnings disparity is. Second, The work-life balance policies, such as, childcare leaves are benefited more to high-earned couples and it should be designed to encourage low earnings couples to take childcare leaves in order to prevent widening earnings disparity.