



ELSEVIER

Contents lists available at ScienceDirect

Journal of The Japanese and International Economies

journal homepage: www.elsevier.com/locate/jjie



Internal labor markets and gender inequality: Evidence from Japanese micro data, 1990–2009



Akira Kawaguchi

Faculty of Policy Studies, Doshisha University, Japan

ARTICLE INFO

Article history:

Received 4 January 2012

Revised 15 April 2015

Available online 5 September 2015

JEL classification:

J24

J71

Keywords:

Lifetime employment system

Seniority wage system

Internal promotion system

Female managers

Gender wage gap

ABSTRACT

Kawaguchi, Akira—Internal labor markets and gender inequality: Evidence from Japanese micro data, 1990–2009

This study investigate whether internal labor markets (ILMs) are associated with gender inequality in the Japanese workplace and whether their recent erosion has improved gender equality. Specifically, we used data over two decades from the Basic Surveys on Wage Structure to apply pooled ordinary least squares and fixed effect estimation to three indexes on gender equality and another three indexes of internal labor markets. We found that establishments with ILMs have significantly high gender inequality in their workplaces. That is, establishments with the lifetime employment system, the seniority wage systems, or the internal promotion system are likely to have large gender wage gaps, employ less female full-time workers, and have less female managers. However, these negative associations become much smaller or even disappear when we apply a fixed effect model using quasi-panel data. The erosion of ILMs may not be an important driving force of gender equalization, and establishments that have improved gender equality may not necessarily have moved away from ILMs. *J. Japanese Int. Economies* **38** (2015) 193–213. Faculty of Policy Studies, Doshisha University, Japan.

© 2015 Elsevier Inc. All rights reserved.

E-mail address: akawaguc@mail.doshisha.ac.jp

<http://dx.doi.org/10.1016/j.jjie.2015.04.004>

0889-1583/© 2015 Elsevier Inc. All rights reserved.

1. Introduction

High gender inequality is a well-known feature of the Japanese labor market. According to the [World Economic Forum \(2014\)](#), the ratio of Japan's female to male labor force participation is 0.75, which gives it a rank of 83 among 142 countries. The ratio of female to male wages for similar work is 0.68 (rank of 53). The ratio of female to male income earned is 0.60 (rank of 74). The ratio of female to male legislators, senior officials, and managers is 0.12 (rank of 112). Lastly, the ratio of female to male professional and technical workers is 0.87 (rank of 78). Japan's score from the abovementioned indexes ranks it in 102nd place overall. Of the major developed countries, only Korea, which is ranked 124th, is placed behind Japan.

Other well-known features of the Japanese labor market are internal labor markets (ILMs), which comprise the lifetime employment system, the internal promotion system, the seniority-based wage system, and enterprise unionism. Many large and medium-sized Japanese firms conduct training programs at their own expense ([Koike, 1984](#)). The in-house training system has mutually complementary relationships with the components of the ILMs. [Hashimoto and Raisian \(1985\)](#) and [Mincer and Higuchi \(1988\)](#) conduct two early empirical studies that find the job retention rate of Japanese male workers is higher than that of their US counterparts and the slope of their earnings–tenure profile is steeper. These features are interpreted as the results of firm-specific investment by Japanese firms.¹

However, these two notable features of Japanese labor markets have been changing. First, the economic status of women has improved slowly but steadily over the last two decades. The employment rate of women aged 15–65 years increased from 55.8% in 1990 to 62.4% in 2013, while that of males declined marginally from 81.1% to 80.8% in the same period ([Statistical Bureau, 2014](#)). The employment rate of women with preschool children increased from 36.5% in 1992 to 47.5% in 2012 ([Statistical Bureau, 1993, 2013](#)). The ratio of female to male hourly wages for regular workers increased from 54.4% in 1990 to 60.4% in 2010, while that of full-time workers increased from 59.0% to 68.7% in the same period.² The proportion of female directors increased from 1.2% in 1989 to 4.5% in 2011 ([Ministry of Health, Labour and Welfare, 2012](#)). Firms that implement work–life balance programs tend to have high female job retention rates and those that implement positive action programs tend to have more female managers ([Kawaguchi and Nishitani, 2011; Kawaguchi, 2013](#)).

Secondly, some features of Japanese-style ILMs have been eroded in the last two decades. While the lifetime employment system was said to be persistent in the 1990s ([Chuma, 1998; Kato, 2001; Shimizutani and Yokoyama, 2009](#)), [Hamaaki et al. \(2012\)](#) find that the share of lifetime employees among young university graduates has been declining since around 2000. [Kawaguchi and Ueno \(2013\)](#) use Employment Status Surveys from 1982 to 2007 to find that male workers born in 1970 experienced about 20% fewer years of job tenure than those born in 1944, when measured at the same age. [Hamaaki et al. \(2012\)](#) also find that the wage–age profile has become flatter in the last two decades. [Ariga et al. \(2000\)](#) develop a theoretical model to explore the relationship between productivity growth and the relative importance of ILMs. The model reveals that training becomes costly when the economy slows down because of the higher number of skilled unemployed workers available in the market. They also find that the return to tenure declined from the early 1980s to the early 1990s while the return to previous labor market experience increased in this timeframe.

Thus far, we have discussed four facts of Japanese labor markets: (1) there is high gender inequality; (2) there are well-developed ILMs; (3) gender inequality has decreased in the last two decades; and (4) Japanese-style ILMs have been eroded at least since 2000, or maybe even 1990, depending on which aspect of the ILMs is considered. An interesting question is how these four facts are related and this study addresses two key questions in particular.

- (1) Are Japanese-style ILMs disadvantageous for women?
- (2) Is the erosion of Japanese-style ILMs associated with gender equalization in workplaces?

¹ See [Aoki \(1988\)](#) and [Itoh \(1994\)](#) for a theoretical discussion of Japanese-style management.

² We calculate these figures based on data from the 1990 and 2010 Basic Surveys on Wage Structure.

Download English Version:

<https://daneshyari.com/en/article/965149>

Download Persian Version:

<https://daneshyari.com/article/965149>

[Daneshyari.com](https://daneshyari.com)