The Effect of Higher Education on the Rate of Labor-Force Exit for Married Japanese Women*

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ABSTRACT

This study investigates the impact of higher education on the rates of married Japanese women leaving the labor force. The data is drawn from interviews with 819 mothers of fourth and fifth grade students who participated in the School District Survey conducted in Central Japan. The subsample used for the analyses consists of 587 currently married women between the ages of 30 and 49 who have at least one child. Discrete-time logit models were used to estimate the effects of education on the risk of labor-force exit as defined by labor-force withdrawal lasting one year or longer. The controlling variables include women’s wages, firm size/type, work status, and the husband’s education, firm size/type, and income. The results show that in the early stages of career development, university graduates have a higher probability of leaving the labor force. In the later stages, however, university graduates are more likely to stay in the labor force. Marital status and parental status do not affect the employment decisions of university graduates as strongly as they affect those of high-school graduates. The occupational profiles of the highly educated “stayers” are represented by the teaching profession and civil servants, indicating that the change in the patterns of Japanese female labor-force participation behavior is still limited to a small number of occupations.

Introduction

One of the most dramatic social and economic changes in Western industrialized societies since World War II has been the rapid increase in the proportion of married women working outside of the home (Hyde and Essex 1991; Kamerman and Kahn 1991; Lewis, Izraeli, and Hootsmans 1992; Mincer 1985; Smith

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The growth of the female labor supply has been documented to result from women’s responses to growth in real wages, and to an increase in their education (Becker 1991; Goldin 1990; Mincer 1985; Smith and Ward 1985). Japan seems to be going through this “subtle revolution” in women’s labor-force participation, in ways similar to the situation in Western industrialized countries. Among employed women in Japan, the percentage of married women has increased from 32.7 percent in 1962 to 57.3 percent in 1997 (Management and Coordination Agency 1997b; Ministry of Labor 1999), and among families with dependent children, 53.4 percent are dual-earner families (Management and Coordination Agency 1997c).

The trajectory of the change in Japan, however, reveals some major contradictions to the theories of female labor supply developed in Western societies. The most notable is the relationship between a woman’s level of education and her propensity to participate in the labor market. Previous research on the Japanese female labor supply has consistently reported either negative or insignificant effects regarding the level of a woman’s education and her likelihood of being employed outside of the home (Brinton 1993; National Institute of Employment and Vocational Training 1988; Okamoto, Naoi, and Iwai 1990; Tanaka 1987; Yano 1982). That is, the higher the education of a Japanese woman, the less likely she will be working outside the home.

The anomaly in Japan’s case has largely been seen by neoclassical labor economists as a result of delayed shift in the industrial composition of the female labor force (Hill 1983; Mincer 1985; Osawa 1993). In other words, it was expected that once the industrial composition of the Japanese female labor force came to resemble that of Western nations, the effect of a Japanese woman’s education on her labor-force attachment should increase (Hill 1983; Mincer 1985; Osawa 1993). This research investigates whether the patterns of employment behavior of highly educated women are changing in Japan, using the work-history data collected in 1995. More specifically, it investigates the impact of education on the probability of leaving the labor force after the first entry to the labor market.

Previous Research on Education and Labor Supply of Japanese Women

The 1985 Social Stratification and Mobility National Survey reports that a woman with some college education (junior college and four-year university cases are combined) is more likely to experience an interruption in her occupational career than her less-educated counterpart (Okamoto, Naoi, and Iwai 1990). Similar findings were obtained in the data on women’s work histories collected in the Tokyo area in 1975 and 1983 by the National Institute of Employment and Vocational Training (NIEVT) (Hill 1983; National Institute of Employment and Vocational Training 1988; Osawa 1988; Tanaka 1987).