

working paper

2405

Why not Choose a Better Job?
Flexibility, Social Norms, and
Gender Gaps in Japan

Kazuharu Yanagimoto

cemfi

March 2024

Why not Choose a Better Job? Flexibility, Social Norms, and Gender Gaps in Japan

Abstract

Japan ranks 116th out of 146 countries in the World Economic Forum's Global Gender Gap Index 2022, well below many developed countries, and has one of the largest gender pay gaps among high-income countries. On the other hand, women's labor force participation is high in Japan. However, women are much more likely to work in non-regular jobs, which are associated with lower wages and fewer hours. Men, in contrast, have regular, higher-paid jobs with long-hours requirements. In this paper, I build and estimate a model where couples jointly decide their occupations and working hours. Occupations differ in their flexibility. Regular jobs require long working hours, and hourly wages are a convex function of hours worked. Non-regular occupations have a linear mapping between hours worked and hourly wages. The model also allows for social norms that penalize women who earn more than their husbands. Given the inflexibility of regular jobs and social norms, women are more likely to choose non-regular jobs or not to work, and allocate a larger share of their hours for home production. The model can account for all of the observed gender gaps in labor force participation, 33% in occupational choices, 74% in labor hours, and 34% in wages. Through the lens of the model, the inflexibility of regular jobs explains almost all the gaps in occupational choices and wages, while social norms that penalize women who earn more than their husbands account for all of the gap in the participation rate and half of the gap in hours worked.

JEL Codes: J16, J22, J31.

Keywords: Gender wage gap, social norms, job inflexibility, home production.

Kazuharu Yanagimoto

CEMFI

kazuharu.yanagimoto@cemfi.edu.es

Acknowledgement

I am grateful to my advisor Nezh Guner for his continued guidance and support. I thank Pedro Mira, Tom Zohar, and seminar participants at CEMFI Macro Reading Group, 47th Simposio de la Asociación Española de Economía, and the 2023 annual meeting of the Society of Economics of the Household for their useful suggestions. I acknowledge financial support from the Maria de Maeztu Unit of Excellence CEMFI MDM-2016-0684, funded by MCIN/AEI/10.13039/501100011033, and CEMFI.