

Timing of Maternity and Career Costs in Japan

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This paper studies timing of first birth in Japan and examines the link between delayed maternity and the indirect cost of children, namely woman's career costs. It is argued that 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 to the labour market is substantially below the rate applicable to continued employment. It is likely that this wage penalty discourages women to have children. I examine this hypothesis by focusing on the possession of an occupational certificate or a license (*shikaku*), which qualifies the holder to work as a specialist in her field. A larger part of the skill of woman with such a certificate is so-called *general* skill, which she can also use in a different firm, rather than *firm-specific* skill. Women who possess an occupational certificate would therefore face a smaller wage penalty at re-entrance, which decreases the indirect cost of having children.

The empirical analyses in this paper are carried out using the Japanese Panel Survey of Consumers (JPSC) 1993-97. I find that mother's hourly wage on average drops by 23-26% at re-entry compared to continuous employment. However, a woman who holds an occupational certificate avoids one third of this wage drop. Further, for high-educated women, those with an occupational certificate have higher conditional probability of having children than those without (the hazard rate rises by 30%). In sum, the estimation results are in line with the theoretical predictions.