

Abstract

We are currently carrying out a panel survey contained personality data to examine if personality is a major example to explain the unobservable individual heterogeneity. When previous studies using panel data concluded the unobservable individual heterogeneity might affect wage change, they practically did not assert what exactly it is. In psychology field, some kinds of personality do affect wage change. Analysis of this study will explore the exact relationship between personality and the unobservable individual heterogeneity using two Japanese panel data. Results show that personality traits show it is a part of unobservable individual heterogeneity.