

Abstract

This study compares the effects of business cycles on the employment status of both men and women in Australia and Japan. We particularly focus on the influence of economic growth rates in the past, when an individual first entered the job market, on employment status in the present. We use longitudinal data from two surveys, the Household, Income and Labour Dynamics in Australia (HILDA) Survey (for Australia) and the Keio Household Panel Survey (KHPS) (for Japan). We adopt an econometric method, the correlated random-effect model, to analyse the survey data from both countries, selecting explanatory variables that are as similar as possible. The estimation results reveal that significant effects from the business cycle around the year of job market entry on employment status in later years are observed only in the KHPS data. That is, the 'scarring effect' problem, of entering a job market in a recessionary period, is more serious in Japan than in Australia. Clarification for this difference between the two countries is left to future research.