

# State dependence in labour market transitions: A comparison between Australia and Japan

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*This paper compares the state dependence in employment, that is, the extent to which current employment status depends on that in the previous period, between Australia and Japan. We use longitudinal data from two surveys, the Household, Income and Labour Dynamics in Australia Survey and the Keio Household Panel Survey for Japan. We adopt econometric methods, in which initial values, unobserved heterogeneity, and the endogeneity of dependent variables are controlled for. We analyse longitudinal data from both countries, selecting explanatory variables that are as similar as possible. The estimation results reveal that state dependence, measured by the marginal effects of the lagged latent variables for employment, tends to be lower for Japan than for Australia. The marginal effects of the lagged latent variable for employment on a permanent basis were also lower for the data for Japan.*

JEL Classification Codes: C23, J21, J64