

Work-life balance and the gender differences in self-employment income during the start-up stage in Japan

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Abstract:

This paper investigates the determinants of becoming self-employed and the income level of self-employment, using anonymous micro data of Japanese employment statistics conducted in 1992, 1997, and 2002. Previous empirical studies on self-employment income and the income gap between the self-employed and the employees concentrate on the effect of human capital, especially of formal education. Relatively few studies investigate gender income difference among the self-employed as compared to the employees, considering the effect of household structure. We argue that working mothers with pre-school children tend to prefer self-employment to paid employment for higher flexibility of work and better work-life balance. Further, we predict that such working mothers in self-employment obtain lower income than their male counterpart and female workers without pre-school children. Empirical results mostly support our hypotheses and are also consistent with the results of major previous studies in the USA. Finally, comparing the results of different cohorts, we find no significant differences in the impact of gender and childcare on self-employment income despite major institutional changes.

Keywords: self-employment, income, start-up, female labor, childcare, Japan

JEL classification codes: J13, J16, L26, M13