

Illusive Improvement: Gender Wage Gap and Sample Selection in Japan

Yuki Onozuka*

Department of Economics, Hitotsubashi University

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Abstract

This paper examined sample-selection-corrected changes in female-male wage ratios from 1992 to 2002 in Japan. The observed gender wage ratio for all workers increased by more than 5 percentage points, but the heterogeneous changes in female participation rates across education groups imply an influence of sample selection. I applied Machado-Mata decompositions with sample selection adjustment to micro data from Employment Status Survey, and found that the selection-corrected changes in the wage ratios were 2-3.6 percentage points at the means. For 30s, the observed wage ratio changed from 53.7% in 1992 to 61.4% in 2002, but this 7.7-percentage-points improvement shrank to 2 percentage points after selection correction. Decompositions of effects of selection changes implied that modern women in their 30s with high-earning characteristics tend to remain at work, especially at upper deciles of a wage distribution. Changes in their marriage behavior and the spread of childcare leave may relate to this implication.

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*onozuka.yuki[at]gmail.com