

How Are Skills Valued in the Labor Market and Related to Gender Inequality? - A Comparison of Labor Market Structure in Terms of Gender, Education, Skills, and Occupation.

SUZUKI Kyoko

To what extent is an investment in skills effective in reducing the gender wage gap in Japan? Recent studies have shown that diverse factors such as occupation and skills contribute to the gender wage gap. In this paper, I estimate the relative size of the impact of gender, credentials, skills, and occupation on wages, considering different pathways, and compare the structure of the labor market in the U.K. and Japan. I distinguish between credentials and skills and focus on the functions of these factors in the labor market. The data used in the study are the Programme for the International Assessment of Adult Competencies (PIAAC) by OECD, and the moderated mediation model is employed. The results are presented as follows: first, occupation has a strong relationship with wages in the U.K., whereas gender has a strong direct effect on wages in Japan. Gender also has a significant effect on wages through human capital and occupation in Japan; second, in the U.K., having an occupation requiring high skills reduces the gender wage gap, while no such effects can be observed in Japan; third, in Japan, having high skills increases the probability of attaining an occupation requiring high skills and increasing wages, specifically if it is accompanied with university degrees. However, without university degrees, having high skills has little effect on occupational attainment and no effect on wages. This indicates that the skills are not properly evaluated and linked to occupation and wages in the Japanese labor market, which suggests that investment in human capital may have a limited effect on improving wages. Institutional reform of the labor market such as enhancing the linkage between skills and wages is essential to reduce the gender wage gap in Japan.

Keyword: gender, skills, wage gap, human resources, labor market