

Higher Minimum Wage, Stagnant Income? The Case of Women's Work Hours in Japan*

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April, 2025

Abstract

The margin of adjustment in work hours has received relatively less attention in the minimum wage literature, despite its potentially significant implications for distributional consequence. By applying the frequency distribution approach to a quasi-exogenous policy event in Japan, we find that a minimum wage increase reduced long-hour jobs while increasing short-hour jobs disproportionately among women. While the minimum wage had a positive compression effect on the wage distribution for women, its impact on their income inequality was much smaller. This reduced effect was driven by substantial reductions in work hours among women with annual incomes near institutional thresholds set by tax and social benefit provisions. The minimum wage, together with these income-based cutoffs, led women in Japan to work shorter hours.

Keywords: minimum wage, work hours, inequality, benefit cliffs, spousal tax deduction.

JEL Classification: J20; J31; J38; K31.

*This study is conducted as a part of the Project "Firm Dynamics, Industry, and Macroeconomy" undertaken at the Research Institute of Economy, Trade and Industry (RIETI). The authors are grateful to Takero Doi, Christian Dustmann, Marco Francesconi, Marco Gonzalez-Navarro, Kaoru Hosono, Hiroaki Kaido, Hiroyuki Kasahara, Daiji Kawaguchi, Shinnosuke Kikuchi, Toru Kitagawa, Ayako Kondo, Hyejin Ku, Yoshiyuki Nakazono, Kensuke Teshima, Ken Yamada, as well as the seminar participants at AASLE 2024, Kyoto Summer Workshop on Applied Economics 2024, RIETI Seminars, Doshisha University, Yokohama City University, Japan Tax Association, and Hitotsubashi University for their helpful comments. Akie Nakajima and Sachiko Higo provided excellent assistances. We acknowledge research grants from Japan Society for the Promotion of Science (Grant-in-Aid for Scientific Research #22H00858 and #23K01383). The analysis based on the Basic Survey on Wage Structure (BSWS) was conducted following an agreement approved by the Japanese Ministry of Health, Labour, and Welfare (MHLW). The previous version of this study was circulated under the title "Minimum Wage and Inequality among Women in Japan."

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