

# **Employment and Economic Independence of Single Mothers**

## **Summary**

### **Authors (in order of Authorship)**

ZHOU, Yanfei

Vice Senior Researcher, Japan Institute for Labour Policy and Training

MCKENZIE, Colin

Professor, Department of Economics, Keio University

MA, Xinxin

Assistant Fellow, Japan Institute for Labour Policy and Training

OISHI, Akiko

Professor, Faculty of Law and Economics, Chiba University

ABE, Aya

Director, National Institute of Population and Social Security Research

### **Other Research Panel Members (positions as of November 2011)**

UMEZAWA, Shinichi

Research Director, Japan Institute for Labour Policy and Training

RAYMO, James

Professor, Department of Sociology, University of Wisconsin-Madison

### **1. Research Period**

Fiscal 2010-2011

### **2. Objectives of research**

This report builds mainly on a secondary analysis of questionnaire surveys to comprehensively consider conditions and requirements for single-mother households' economic independence.

Single mothers, mainly non-regular employees, fail to escape poverty even by working

hard, and tend to fall into chronic poverty. There are many obstacles to single-mother households' economic independence. Hence, this report attempts to answer the following three questions: (1) What are the differences between single-mother households that have achieved economic independence and those that have failed to do so? (2) How should single mothers select jobs and invest in education in order to achieve economic independence? (3) What support is desirable for encouraging single-mother households to achieve economic independence?

### **3. Overview of analyses**

Through a comparison between single-mother households that have achieved economic independence and those that have failed to do so (Chapters 2, 4-5 and 8), we found that single mothers with higher human capital (including junior college or higher education, social experience, expertise and qualifications) or higher physical capital (including young and healthy conditions) have a greater capacity to work and can achieve economic independence more easily. Among single mothers who have the same capacity to work, those with less child-raising burdens can become economically independent more easily. In order to promote single-mother households' economic independence, therefore, it is indispensable to provide support for improving single mothers' capacity to work and for reducing their child-raising burdens.

What support measures should be taken to improve single mothers' capacity to work? This report attempts to discuss working capacity improvement measures from various angles, including vocational training, obtaining professional qualifications, building career ladders for regular employment, and higher job-matching efficiency (Chapters 3-9). Empirical studies in these chapters found that single mothers who have nursing and other professional qualifications (Chapters 3, 4 and 8), those who have been regular employees throughout their work careers (Chapter 5), and those who have used government vocational development support (Chapter 9) have higher working capacity than their counterparts on average. Expanding such government support is expected to help improve more single mothers' working capacity and make a step forward for their economic independence.

Nevertheless, there are some constraints on improving single mothers' work income for their economic independence. For example, there are many single mothers who cannot undergo vocational training for obtaining professional qualifications due to higher ages, lower education careers or diseases. Many single mothers, particularly those with younger children, hope to spend more time on raising their children and refrain from seeking fulltime or regular jobs (Chapter 4). Single mothers feature less housework and sleep time and more working time than other women (Chapter 11). It is not realistic for them to pursue their economic independence at

further cost to their leisure time.

Therefore, single mothers may have to pursue economic independence based on the work-life balance rather than work-based economic independence. In order to realize economic independence based on the work-life balance, divorced fathers must strictly pay child support and the government must provide single-mother households with economic support through social security (including childcare allowances) and other tax-based income transfers. The administrative sector should more strongly urge divorced fathers to pay child support (Chapter 10) and should be more cautious about discussing cuts in childcare allowances (Chapters 2 and 5).

Each chapter is summarized below:

**“Chapter 2: Present Economic Situation and Its Determinants” (by Zhou)**

Chapter 2 compiles the situations of working single mothers and their economic difficulties lying behind this report’s analysis and demonstrates defining factors for the economic independence of single-mother households.

While Japan boasts a surprisingly high employment rate for single mothers, more than 80% of them earn less than 3 million yen in annual income. Single-mother households’ equivalent income (income adjusted to indicate living standards of household members) is less than half of the average for all households. More than half of single-mother households feel heavily impoverished. The economic environment for single-mother households is severe.

Even in this severe environment, only less than 5% of single-mother households depend fully on welfare. Most single mothers are working while receiving childcare allowances in pursuit of economic independence.

An analysis of the characteristics of economically independent single-mother households found that mothers with relatively higher working capacity as indicated by education records, social experience, health conditions, employment patterns, and other factors are more likely to be economically independent. It also found that greater child-raising burdens represented by higher numbers of children and lower ages of youngest children impede single-mother households’ economic independence. Another finding was that the economic independence of single-mother households does not necessarily increase in proportion to the number of years they remain as single-mother households.

**“Chapter 3: Effects of Employment Patterns on Poverty for Single-mother Households” (by Ma and McKenzie)**

Targeting single and married mothers, Chapter 3 used 2004–2009 Keio University household panel surveys to empirically analyze (1) effects that employment pattern differences

exert on the probability of temporary poverty (one-term poverty) or chronic poverty (three-term consecutive poverty), (2) decisive factors for selecting employment patterns, and (3) wage structure by employment pattern. Major conclusions follow.

First, the temporary poverty and working poor problems are more remarkable for single mothers. Specifically, (1) the probability of temporary poverty for single mothers is 55.0–55.4% higher than for married mothers. (2) Among single mothers, the probability of temporary poverty is 3.9–20.1% higher for non-regular employees than for regular employees, and 2.3–9.8% higher for non-working single mothers than for regular employees. Among married mothers, the probability of temporary poverty is 5.9–7.2% higher for non-regular employees than for regular employees and 5.8–7.4% higher for non-working married mothers than for regular employees.

Second, the facts that single mothers are more likely to plunge into chronic poverty and that the chronic poverty rate for non-regular employees among single mothers is higher were revealed. Specifically, (1) the probability of chronic poverty is 47.8% higher for single mothers than for married mothers, and (2) among single mothers, the probability of chronic poverty is 15.9% higher (statistically significant at the 10% level) for non-regular employees than for regular employees. Among married mothers, the probability of chronic poverty is 0.9% higher for non-regular employees than for regular employees and 0.5% higher for non-working married mothers than for regular employees.

Third, it was confirmed that single mothers are more likely to become regular or non-regular employees than married mothers as long as other conditions are the same. Two factors for single mothers' selection of employment patterns were indicated: (1) healthier people are more likely to become regular or non-regular employers (compared with non-working people) than less healthy people, and (2) childcare is an impediment to single mothers' getting regular or non-regular jobs.

Fourth, wage gaps between single and married mothers are not statistically significant as long as other conditions including human capital are the same. But there seems to be some problems for single mothers in this regard; for example, single mothers tend to get lower-wage jobs than married mothers, and wages for single mothers fail to rise in line with advancing age or human capital growth.

#### **“Chapter 4: Why Do Single Mothers Shy Away from Regular Jobs” (by Zhou)**

Chapter 4 used JILPT questionnaire surveys in 2005, 2006 and 2007 to analyze single mothers' getting regular jobs. The author paid attention to the fact that the majority of single mothers do not hope to get regular jobs. As hypotheses for reasons for single mothers to give up on regular jobs for the immediate future at least, the “qualification or capability shortage

hypothesis,” the “childcare constraint hypothesis” and the “non-work income hypothesis” were proposed. An empirical analysis found that all these hypotheses are explanatory to some extent.

Specific findings include the following: (1) Single mothers with less school education, at higher ages, separated from parents, or earning higher non-work income are less likely to hope for regular jobs. (2) Single mothers with youngest children aged 15 or older are more likely to hope for regular jobs, while those with youngest children aged between 6 and 14 are less likely. (3) Single mothers hope for regular jobs more strongly than women in general or married women even if other conditions are the same. This kind of gap is greater for single mothers with youngest children aged 3 or older.

The author also analyzed differences between single mothers hoping for regular jobs who eventually assumed such jobs and those who failed to do so. The analysis found that those with more school education or those who started their working career as a regular employee are more likely to get regular jobs. It also found that professional qualifications for nurses, assistant nurses, cooks, nursing care workers and bookkeepers can increase the probability of single mothers' getting regular jobs.

#### **“Chapter 5: Effects of Women’s Previous Work Experience on Present Poverty and Loss of Safety Net” (by Oishi)**

Chapter 5 used individual data from the JIL 2001 and JILPT 2007 surveys to analyze how regular or non-regular job experience at each stage of past life course and at present affect single-mother households' poverty or loss of social insurance at present. Major findings follow.

First, even if past work experience and individual or household attributes are controlled, single mothers who use employment support measures of public agencies or obtain professional qualifications are more likely to get regular jobs, and present regular employment can contribute to avoiding poverty risks. While the Project Subsidizing Training of Highly Specialized Skills has significantly raised the probability of single mothers getting regular jobs, the Project Providing Allowance for Education and Training for Self-Support has indicated no significant impact. An analysis in 2001 indicates that professional qualifications obtained by women before becoming single mothers have no significant impact on the probability of them getting regular jobs after becoming single mothers.

Second, the 2007 analysis failed to indicate a tendency observed in the 2001 analysis, that as time passes after women become single mothers, their poverty risks decline. The 2007 analysis showed that as time passes after women become single mothers, they become more likely to assume regular jobs. If employment is controlled, however, the passage of time after women become single mothers does not necessarily reduce their poverty risks, according to the 2007 analysis. The 2007 analysis also failed to indicate another tendency observed in the 2001

analysis, that as time passes after women become single mothers, they become more likely to participate in pension plans. This means that the tendency where the passage of time works to prevent single mothers from losing a safety net has not been observed in recent years.

Third, the provision of child support has significantly reduced poverty risks.

Fourth, an analysis after adjustment for income gaps between different household sizes indicates that a larger number of children leads to significantly greater poverty risks.

Fifth, women's initial jobs have exerted no significant impact on single mothers' work patterns. Meanwhile, regular initial jobs for women can significantly help them avoid poverty risks after they become single mothers.

### **“Chapter 6: Case Studies of Single Mothers Struggling for Jobs and Independence” (by Zhou)**

Single mothers' roads to economic independence are not smooth. Methods for and paths to economic independence differ from person to person. In Chapter 6, the author introduces five single mothers' struggles for jobs and economic independence in an attempt to provide hints for how to achieve economic independence.

Case 1: Road for taking advantage of professional qualifications for achieving independence

Case 2: Using a trade union's organizational power to become a regular employee

Case 3: Taking advantage of cheerfulness and persistence to get a regular administrative job

Case 4: Utilizing free training sessions to get a regular administrative job

Case 5: Working at home to achieve independence

The four mothers other than the Case 1 mother receive childcare allowances. In fact, most single-mother households fail to obtain sufficient income from work alone and have no choice but to depend on childcare allowances. Self-support efforts, motivation and many other conditions must be satisfied for single mothers to achieve complete economic independence with income from work alone. The administrative sector is required to improve the work environment to satisfy these conditions.

### **“Chapter 7: Local Government Supports for Job Seekers” (by Zhou)**

Chapter 7 overviewed central and local government support for helping single mothers find jobs. Specifically, it discussed the details, roles and expected effects of three categories of support measures: (1) “Job opportunity expansion measures” including employment development subsidies, (2) “Vocational capacity development measures” including advanced subsidizing training of highly skills specialized skills, and (3) job search support measures

including the Project Establishing Support Program for Self-Reliance of Mother-child Families.

Most job opportunity expansion measures are replacement-type demand stimuli. These measures are designed to change methods to distribute shares of what can be thought of as a pie representing overall job offers to increase shares for single mothers, with the pie size remaining unchanged. Job opportunities for single mothers could increase at the same rate as those for other job seekers (mainly married women) decline.

Job search support measures are designed (1) to reduce job seekers' job search costs, (2) to shorten job-seeking periods of time, and (3) to improve the job-matching probability. The problem is that it is difficult to measure the effects of these policy measures. For example, 61.7% of those subject to the Project Establishing Support Program for Self-Reliance of Mother-child Families in FY2009 found jobs, of which 38.8% were full-time jobs. These data cannot be used to decide whether the program's effects are low or high, because the data cannot be compared with those for single mothers who did not use the program.

The vocational capacity development measures can be expected to enhance single mothers' labor productivity to increase income for single-mother households and bring about spillover effects, including higher national economic growth potential and the creation of jobs. As single mothers face a lack of information, meaning that they don't know where and how they should undergo vocational training, and liquidity constraints, meaning that they cannot raise funds for training, the central government's vocational capacity development measures play a key role.

### **“Chapter 8: Vocational Capacity Development Policy and Single Mothers' Job Search—Effects of Acquiring Professional Qualifications” (by Ma)**

In Chapter 8, the author conducted an empirical analysis on the acquisition of professional qualifications and single mothers' job search, using individual data from two questionnaire surveys of single mothers (in 2001 and 2007). Major analysis results and their policy implications are as follows.

First, single mothers' possession of professional qualifications generally and clearly tends to have positive effects on their employment. It was confirmed that a group of single mothers with nursing, teaching, or bookkeeping qualifications is more likely to get jobs than a group without such professional qualifications.

Second, different qualifications exert different effects on wages. A group of single mothers with nursing (2001), cooking, (2001) or barber/beautician (2007) qualifications tended to receive higher wages than a group without professional qualifications.

But the analysis found that a group of single mothers with home helper (2007) or personal computer (2007) qualifications receives lower wages than a group without such

qualifications. This may be because most single mothers with these qualifications take on non-regular jobs, which can only provide lower wages.

Third, it was confirmed that single mothers with higher education levels are more likely to obtain professional qualifications. This indicates that single mothers with lower education levels are less likely to acquire professional qualifications. This may be because they are less ambitious to obtain professional qualifications and because certain education levels are required for obtaining professional qualifications.

### **“Chapter 9: To What Extent are Public Employment Supports Effective?” (by Zhou)**

Chapter 9 statistically verified the awareness, utilization and effects of three employment support programs for single mothers (the Project Subsidizing Training of Highly Specialized Skills, the Project Providing Allowance for Education and Training for Self-Support, and the Project Establishing Support Program for Self-Reliance of Mother-child Families. Used for the verification were individual data from the JILPT 2007 survey.

It was found that the awareness and utilization of the three programs were at lower levels at the time of the survey. Efforts to publicize these programs introduced in or after April 2003 might have been insufficient. In fact, 57.3% to 78.0% of respondents said they had not utilized these programs because they had not been aware of them. This indicates that publicizing these programs is a major challenge.

Less aware of these programs are single mothers who are older or less educated, or have greater childcare burdens, including a larger number of children. These mothers are also not very likely to utilize these programs (particularly, the Project Subsidizing Training of Highly Specialized Skills, the Project Providing Allowance for Education and Training for Self-Support).

Out of the three programs, the Project Subsidizing Training of Highly Specialized Skills was found to have positive effects on users' assumption of regular jobs. But no such effects were confirmed for either the Project Providing Allowance for Education and Training for Self-Support or Project Establishing Support Program for Self-Reliance of Mother-child Families.

### **“Chapter 10: Is There Any Recipe for Collecting Child Support Payments?” (by Zhou)**

Chapter 10 discussed problems, their causes, and their solutions regarding child support payments that are deeply involved in single-mother households' economic independence.

Two figures can represent severe actual conditions regarding child support payments: 19.0% and 42,000 yen. The percentage is the share for divorced single-mother households that received child support payments in 2006, and the latter figure is the average monthly child support payment. The biggest problems regarding child support payments are the extremely low



share of divorced single-mother households receiving child support payments and the child support payment slipping far below actual child support costs.

Three reasons are cited for the low share of child support payment receivers: (1) divorce practices centering on amicable divorces, (2) the absence of legal measures against failure to pay child support, and (3) single mothers' broken or hostile relations with divorced fathers. Measures to address these problems may include (1) measures to secure obligation documents, including a system for amicable divorce parties to submit written agreements on child support payments, (2) toughening penalties on failure to pay child support, (3) solving single mothers' broken or hostile relations with divorced fathers, and (4) creating third-party institutions to collect child support payments.

The author also statistically analyzed divorced fathers' economic conditions and individual attributes, and their effects on child support payments. As a result, the author found that while divorced fathers have worse economic conditions than ordinary households, around 80% of divorced fathers are capable of paying child support. Divorced fathers who fail to pay child support despite their sufficient payment capacity account for a substantial portion of divorced fathers who do not pay child support.

Single-mother households' probability of receiving child support payments tends to be higher in the case of higher-income fathers. But payment size is weakly related to fathers' income bracket. In lawyer-mediated divorce cases, divorced fathers' income brackets have a remarkable impact on decisions on the amount of child support, indicating that arbitrated and adjudicated divorces can bring about more favorable results for divorced mothers regarding child support payments than amicable divorces. It was also found that child support decisions based on simple tables tend to bring about lower payment sizes despite a greater probability of single-mother households receiving child support payments.

### **“Chapter 11: Time Poverty: Gender, Socio-economic Classes, and Gap in Free Time” (by Abe)**

Chapter 11 used the 2006 JILPT survey on employment and social participation to analyze factors that define free time. The following are findings from the analysis.

First, Japanese data indicate a remarkable gap between men and women with respect to free time. However, the most notable gap emerges mainly between child-raising women, and other women and men.

Next, the analysis, like earlier studies in the United States, indicates that free time is influenced by socio-economic class. Higher-income households are more likely to include women who have no free time, but fulltime employment can ease their free time shortage.

Finally, single mothers have less housework and sleep time, and longer working time,

than other women as long as the ages of youngest children and employment conditions are the same. Particularly, the factors of single mothers' reduced sleep time include raising children (aged between 6 and 19) and fulltime employment. Whether these single mothers can have a healthy amount of sleep is a matter of concern.

Furthermore, single mothers are more likely to believe they have no free time, even if the ages of youngest children and some other factors are controlled. But this effect becomes insignificant if the employment status is controlled. This apparently indicates that the effect stems from the fact that single mothers work more than other women.