

Lost in Paradise?

Teacher labor market incentives and teacher human capital

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Abstract

This paper investigates teacher human capital and teacher occupational self-selection on the basis of personality, economic preferences and health. We make use of factor analysis to estimate and compare distributions of cognitive skills, personality traits, health outcomes and economic preferences between teachers and other university graduates. Moreover, we exploit the natural experiment of German reunification to test whether generous West German teacher labor market conditions induce individuals with particular personality traits, preferences or health to self-select into the teacher occupation.

Our findings indicate that with respect to other university graduates, teachers are more open and more likely to engage in novel situation. However, they are also more risk averse and less stable individuals and more likely to suffer from mental health problems.

Exploiting the fact that the relative job attractiveness of being a teacher was exogenously reassigned in 1990 for teachers of the former GDR, our findings suggest that generous teacher labor market conditions attract females with a lower locus of control and more risk averse and less mentally healthy males.

Moreover, using a different sample of youths, we confirm that non-pecuniary factors are highly important for teacher supply. Females aspire to work as teachers because they look for a good work-life balance, while job independence is largely irrelevant to them. Males on the other hand are particularly interested in a gregarious job, which allows them to help and support others. Male and female teacher aspirants are neither looking for good career prospects, nor do they derive utility from having an interesting job.

JEL Classification: I10, I21, J24.

PsycINFO Classification: 2223, 3120.

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