

Submission to the 16th International German Socio-Economic Panel User Conference (SOEP2026)

Title:

Searching for mechanisms of cumulative advantage: Accumulated labor market insecurity and recovery from health shocks in later working life

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Abstract:

This paper conceptualizes the ability to recover after a sudden deterioration in health as a distinct and policy-relevant dimension of health. Moving beyond a focus on the long-term health trajectories or the onset of illness, I examine post-shock recovery within cumulative advantage and disadvantage framework. From this perspective, the socially differentiated capacity to recover from health shock may be a mechanism that contributes to diverging health trajectories.

The study investigates whether exposure to affective job insecurity and unemployment during the decade preceding a health shock shapes the probability of recovery. Using longitudinal data from the German Socio-Economic Panel (SOEP), I follow individuals who experienced a marked health worsening between ages 55 and 65. I define health worsening as a deterioration in the top decile of within-person changes in the SF-12 physical and mental health scales. Recovery is defined as a return to, or substantial improvement toward, pre-shock health levels within a two-year observation window. To reduce selection bias, I match respondents on their propensity to experience job insecurity and unemployment.

Preliminary findings reveal clear socioeconomic gradients in recovery. Individuals with higher education and better pre-event health show a higher probability of recovery. In contrast, prior exposure to unemployment and job insecurity is related to lower recovery chances, although estimates remain sensitive to model specification. Panel attrition following a health shock is substantial, but does not vary systematically by initial health status or education. Sensitivity analyses address attrition through inverse probability weighting and imputation, and alternative definitions of health worsening based on transitions to poor self-rated health and the onset of health limitations yield similar patterns.

Overall, the findings show that recovery after a health shock is socially patterned. Unequal exposure to labor market insecurity may operate as a mechanism of cumulative disadvantage, shaping not only the risk of health decline but also the capacity to regain health in later life.