He’s a chip off the old block – The persistency of occupational choices among generations*

Bodo Knoll
Nadine Riedel
Eva Schlenker
Universität Hohenheim

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Abstract:
This paper analyzes the determinants of people’s occupational choices in Germany as little research has been devoted to occupational choice though determinants of occupational choice become more and more important in aging societies and globalized markets. One important research question asks if children choose a job in the same (or in a similar) industry as their parents. If so, can the effect be attributed to the children’s genetic endowment, or do job choices of succeeding generations coincide with children model themselves on their parents? Using data from the German Socio-Economic Panel, we estimate conditional and nested logit models to test if a high persistency of occupational choices between successive generations – especially between fathers and children – exists. On the basis of the classification of the Federal Employment Office we have reclassified the occupations into six and thirteen groups respectively for our analysis. In order to isolate genetic and educational effects, we split our sample into two subsamples according to fathers’ presence during childhood. We assume that fathers who have not lived in the same household for at least 8 years during childhood up to 16 have no effect on children’s socialization. We compare this subsample to people who have lived in the same household as their fathers for most time in their childhood. We find a large and highly significant positive effect of fathers’ occupation for the subsample of individuals growing up with their fathers which differs largely between occupational groups. This effect becomes insignificant for people who have spent at least half their childhoods without their fathers. A t-test shows that the effect differs significantly in the two subsamples. Genetic factors, therefore, seem not to be the driven force behind the low intergenerational mobility in the labour market.

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*Corresponding author: Eva Schlenker, email: eva.schlenker@uni-hohenheim.de