

Explaining Age and Gender Differences in Employment Rates: A Labor Supply Side Perspective

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Abstract

This paper takes a labor supply perspective (neoclassical labor supply, job search) to explain the lower employment rates of older workers and women. The basic rationale is that workers choose non-employed if their reservation wages are larger than the offered wages. Whereas the offered wages depend on workers' productivity and firms' decisions, reservation wages are largely determined by workers' endowments and preferences for leisure. To shed some empirical light on this issue, we use German survey data to analyze age and gender differences in reservation and entry wages, preferred and actual working hours, and satisfaction with leisure and work.

Keywords: Age; Family gap; Gender; Job search; Labor supply; Reservation wages

JEL classification: J14, J22, J64