10th Anniversary International
German Socio-Economic Panel User Conference

Berlin, June 28-29, 2012

Book of Abstracts
Program of the SOEP 2012 10th International German Socio-Economic Panel User Conference

Thursday, June 28, 2012 (Hertie School of Governance, HSoG and DIW Berlin)

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<td>Welcome Address and Special Plenary Session I in Memory of Joachim R. Frick (Forum HSoG)</td>
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<td>Welcome: Nicolas Zimmer (Senate of Berlin) and Jürgen Schupp (SOEP at DIW Berlin)</td>
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<td>• Richard V. Burkhauser, Markus Hahn, Roger Wilkins &amp; Dean R. Lillard: &quot;Does the Income Share of the Top 1 Percent Predict Self-Reported Health of the 99 Percent? Evidence from Four Countries&quot;</td>
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<td>• Ursina Kuhn &amp; Markus M. Grabka: &quot;The evolution of income inequality in Germany and Switzerland since the turn of the millennium&quot;</td>
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<td>Shelly Lundberg (University of California and University of Bergen): &quot;Personality and Educational Inequality&quot;</td>
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## Thursday, June 28, 2012 (Hertie School of Governance, HSoG and DIW Berlin)

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Chair: **Wolfgang Lauterbach** (University of Potsdam) |
| **Parallel S2** | **Well-Being and Life Satisfaction** (Schumpeter Hall, DIW)  
Chair: **Bruce Headey** (University of Melbourne) |
| **Parallel S3** | **Labour Market I** (Forum, HSoG)  
Chair: **Jochen Kluve** (HU Berlin and RWI Essen) |
| **Parallel S4** | **Residential Mobility & Miscellaneous** (Eleanor Dulles Room, DIW)  
Chair: **Silke Anger** (SOEP at DIW Berlin) |
| **Parallel S5** | **Fertility, Parental Leave & Maternal (Re-)Employment I** (Friedensburg Room, DIW)  
Chair: **Heike Trappe** (University of Rostock) |

### Sources of growing labour market inequalities among low-skilled men in Western Germany
Johannes Giesecke, Jan Paul Heisig, Heike Solga

### Working time, working time mismatch, and well-being of couples: Are there spill-overs?
Guido Heineck, Christoph Wunder

### The Making of a Good Woman: Motherhood, Leave Entitlements and Women's Work Attachment
Markus Gangl, Andrea Ziefle

### How Far Do Children Move? Spatial Distances After Leaving the Parental Home
Thomas Leopold, Ferdinand Geißler, Sebastian Pink

### A Couple-Perspective on Fertility Outcomes: Do Relative Resources Matter for First and Second Births?
Natalie Nitsche

### Educational Choice and Risk Aversion: How Important Is Structural vs. Individual Risk Aversion?
Vanessa Hartlaub, Thorsten Schneider

### Flexibilisation without Hesitation? Temporary Contracts and Workers' Satisfaction
Adrian Chadi, Clemens Hetschko

### The Ins and Outs of German Unemployment
Matthias S. Hertweck, Oliver Sigrist

### A new approach to estimate the precuniary return to geographic mobility
Fabian Kratz, Josef Brüderl

### Bleak Prospects? How Air Pollution affects Life Satisfaction in Germany
Maik Schmitt

### Differential employment prospects among atypical employees: Effects of type of contract or worker preference?
Jan Brülle

### Long-distance moves and labour market outcomes of dual-earner couples in the UK and Germany
Philipp Lersch

### Perceived Economic Uncertainty and Fertility – Evidence from a Labor Market Reform
Barbara Hofmann, Katrin Hohmeyer

### Social Inequalities in Continuing Vocational Training
Alexander Yendell

### Fertility decisions and children opportunity costs: A panel study for Germany
Denis Beninger
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<td>An economic valuation of natural land areas in Germany</td>
<td>Angela Kopmann, Katrin Rehdanz</td>
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<td>Trade Union Membership and Sickness Absence: Evidence from a Sick Pay Reform</td>
<td>Markus Pannenberg, Laszlo Goerke</td>
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<td>Long-distance spatial mobility in Germany. A comparison between ethnic minorities and native Germans</td>
<td>Belit Şaka</td>
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<td>Gender differences in further training participation: The role of individuals, households and firms</td>
<td>Claudia Burgard</td>
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<td>The Welfare State as Stress-Buffer? Job Loss and Psychological Well-Being in Four Countries</td>
<td>Chris Reece, Kristen Harknett</td>
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<td>Bridge Unemployment in Germany: Response in Labour Supply to an Increased Early Retirement Age</td>
<td>Michael Kind, Matthias Giesecke</td>
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<td>Family background, informal networks and the decision to provide for old age: A siblings approach</td>
<td>Bettina Lamla</td>
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<td>A new Color in the Picture – The Impact of Educational Fields on Fertility in Western Germany</td>
<td>Anja Oppermann</td>
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<td>Panel Conditioning and Subjective Well-Being: Evidence from International Panel Data and Repeated Cross-Sections</td>
<td>Bert Van Landeghem</td>
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<td>Does Temporary Employment Mitigate the Scar Effects of Unemployment? A Cross-Country Comparison based on British, German and Swiss Panel Data</td>
<td>Michael Gebel</td>
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<td>The Role of Survey Methodology in the Reporting of Satisfaction – An Investigation of Interview-Specific Effects in the SOEP</td>
<td>Adrian Chadi</td>
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<td>Time is Money – The Influence of Parenthood Timing on Wages</td>
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<td>Ingrid Tucci</td>
<td>Alexandra Spitz-Oener</td>
<td>Olaf Groh-Samberg</td>
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<td>Higher and Higher? Performance Pay and Wage Inequality in Germany</td>
<td>Factor Shares and Income Inequality – Empirical Evidence from Germany 2002-2008</td>
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<tr>
<td><strong>Authors:</strong></td>
<td>Gerard J. van den Berg, Michele A. Weynandt</td>
<td>Katrin Sommerfeld</td>
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<td>Dean R. Lillard, Anna Manzoni, (tbc)</td>
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<td>Migrant in-work poverty. How much does discrimination explain?</td>
<td>He’s a chip off the old block – The persistency of occupational choices among generations</td>
<td>The impact of parental leave policy on child rearing and employment behaviour: the case of Germany</td>
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<td>Hans-Jürgen Andreß, Romana Careja, Joscha Dick, Marco Giesselmann</td>
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<td>Ingo E. Isphording, Sebastian Otten</td>
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<td>Is occupational mobility in Germany hampered by the dual vocational system? Results of an Anglo-German comparison</td>
<td>Thomas Rhein, Parvati Trübswetter, Natascha Nisic</td>
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<td>A feasible basic income scheme for Germany</td>
<td>Maximilian Sommer</td>
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<td>Parenthood and subsequent employment: Changes in mothers’ and fathers’ labor participation across cohorts</td>
<td>Laura Romeu Gordo, Julia Simonson, Nadiya Kelle, Clemens Tesch-Römer</td>
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<td>Chair: Jürgen Schupp (SOEP at DIW Berlin)</td>
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<td>Parallel S11 Political and Social Participation (Room 1.06, WGL)</td>
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<td>Educational and Ethnic Inequalities in Preterm Birth</td>
<td>Carolyn Stolberg, Sten Becker</td>
<td>The influence of income and wealth on the individual party preference in Germany</td>
<td>Cohort Size Effects on the German Wage Distribution</td>
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<td>Mathias Klein</td>
<td>Sarah Okoampah</td>
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<td>Mine Hancioğlu</td>
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<td>Rethinking the Relative Income Hypothesis</td>
<td>Cristina Blanco-Pérez</td>
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<td>Changes in the patterns of poverty duration in Germany: relieve of poverty or new poverty traps?</td>
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<td>Mine Hancioğlu</td>
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<td>In absolute or relative terms? How framing prices affects the consumer price sensitivity of health plan choice</td>
<td>Hendrik Schmitz, Nicolas R. Ziebarth</td>
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Thursday, June 28, 2012 (Hertie School of Governance, HSoG and DIW Berlin)
Sources of growing labour market inequalities among low-skilled men in Western Germany

Johannes Giesecke, University of Bamberg
Jan Paul Heisig, Social Science Research Center Berlin (WZB)
Heike Solga, Social Science Research Center Berlin (WZB)

Abstract:

In recent years, the labour market prospects of unskilled workers have deteriorated in most advanced economies. Germany is no exception. While many studies document increasing income and labour market inequalities between educational groups, inequality trends within educational groups have received far less attention. Recent findings suggest substantial inequality growth among low-skilled Western German men – but so far these changes are neither well documented nor well understood.

We use the German Socio-Economic Panel 1984-2008 to identify the sources of this apparent “polarization” among unskilled men. We start by confirming that earnings inequality among low-skilled men has grown substantially (measured as earnings over a given three-year period in order to minimize effects of short-term fluctuations). Drawing on economic and sociological theories, we then discuss potential explanations for the rise in inequality within the low-skilled group. We gauge their empirical content by estimating counterfactual wage distributions and regressions of (a) the risk of chronic non-employment and (b) the log hourly wage of individuals who are employed at the time of interview.

Our results can be summarized as follows: Compositional changes with respect to basic socio-demographic characteristics (age, health, migration background) have made a small, but noticeable contribution to inequality growth. Perhaps surprisingly, we find only small effects of changes in economic structure, most importantly declining employment in manufacturing and in large firms. Institutional changes in labour market and social policy play a role, though their total net impact is hard to assess. The clearest result of our analysis is that the “scar effects” of unemployment have grown, both in terms of re-employment chances and in terms of post-unemployment wages. This suggests that differentials between labour market insiders and outsiders are an important force behind rising inequality – an interpretation which is also supported by the finding that wage differentials by employer tenure have increased.
Educational Choice and Risk Aversion: 
How Important Is Structural vs. Individual Risk Aversion?

Thorsten Schneider, Universität Leipzig 
Vanessa Hartlaub, National Education Panel Study (NEPS), University of Bamberg

Abstract:
According to sociological theories on educational choice, risk aversion is the main driving force for class-specific educational decisions. Families from upper social classes have to opt for the academically most demanding, long-lasting courses to avoid an intergenerational status loss. Families from lower social classes by contrast, tend instead to opt for shorter tracks to reduce the risk of failing in a long-lasting and costly education and, as a consequence, entering the labor market without a degree. This argument is deeply rooted in the social structure. Yet, the importance of individual risk preferences for educational choice has been neglected in sociology of education.

We discuss these different forms of risk in the context of social inequalities in educational decision-making and demonstrate how they influence the intentions for further education of students attending the most demanding, academically orientated secondary school type in Germany. According to our argument, children from upper social classes are structurally almost compelled to opt for the academically most demanding educational courses, virtually without having a choice in the matter. In contrast, working class children do have to make an active decision and, thus, individual risk aversion comes into play for these students.

For our empirical analyses, we rely on data from the youth questionnaire of the German Socio-Economic Panel Study (SOEP) collected in the years 2003 to 2010, and estimate multinomial logit models. Our empirical findings underline the importance of the structural risk aversion. Students with a higher social background are not only less sensitive to their school performance, but individual risk aversion is also completely irrelevant to their educational plans. The opposite applies to students with a lower social background: the more risk-averse they are, the more likely they are to opt for a double qualification rather than just a purely academic university degree course.
Social Inequalities in Continuing Vocational Training

Alexander Yendell, University of Münster

Abstract:

Who participates in continuing vocational training and who does not? This central question in research on continuing vocational training gains in significance the more the importance of lifelong learning is postulated. On the basis of the SOEP data collection periods of 1989, 1993, 2000, 2004 and 2008, I will describe participation in continuing vocational training in Germany, and explain this participation according to theories derived from the sociology and economics of education. In the first, descriptive part of the paper, I will answer the following questions:

1. On the macro-social level: How has the participation rate changed since 1989? What kind of institutions are engaged in financing continuing vocational training? Has the role of state financing changed?

2. On the micro-social level: What are the aims of people who participate in continuing vocational training? Do the older age groups participate less in continuing vocational training than the younger age groups? How are occupational indicators, such as professional and employment status, related to participation in continuing vocational training? Are women less involved in continuing vocational training than men? Does the need for childcare have a negative effect on participation in continuing vocational training? Do people with migration backgrounds participate less in continuing vocational training?

3. On the meso-level: How is the industrial sector linked to continuing vocational training? Is there a correlation between milieu and participation in continuing vocational training, as is often assumed? How high is the rate of continuing vocational training within different sectors of the labour market? Is the rate in knowledge-intensive sectors higher than in non-knowledge-intensive sectors?

In the final, multivariate part of the analysis, I shall describe the factors which significantly influence participation in continuing vocational training (in different sectors of the labour market and in different industrial sectors). To avoid misinterpretations, I consider measurement errors as well as complex relations between the independent indicators, and therefore present structural equation models with simple causal structures.
The returns to education for opportunity entrepreneurs, necessity entrepreneurs and regular employees

Frank Fossen, Freie Universität Berlin, DIW Berlin and IZA Bonn
Tobias Büttner, Technische Universität Berlin

Abstract:

Do entrepreneurs in Europe really have lower returns to education than regular employees? Prior literature for Europe suggests this puzzling finding, whereas in the US, entrepreneurs are reported to have higher returns (see the survey by van der Sluis et al., 2008). In this paper, we show that the picture changes when distinguishing between opportunity entrepreneurs, who are pulled into entrepreneurship because of favorable prospects, and necessity entrepreneurs, who are pushed into self-employed because they do not find regular employment. Based on the German Socio-Economic Panel, we estimate the returns to education for opportunity and necessity entrepreneurs and for employees controlling for non-random selection into the three groups and using an IV approach suggested by Block et al. (2010). We find that the returns to education are slightly higher for opportunity entrepreneurs than for employees, but significantly lower for necessity entrepreneurs. When pooling opportunity and necessity entrepreneurs, the misleading picture of lower returns to education for entrepreneurs than for employees found in other European countries can be replicated for Germany. The distinction between the two types of entrepreneurs, which was not made in the prior literature, is thus crucial. The heterogeneity explains the difference in average entrepreneurial returns to education between Europe and the US, as the higher unemployment rates in Europe increase the share of necessity entrepreneurs in the total of entrepreneurs and thus reduce average returns. Our results are robust to alternative definitions of opportunity and necessity entrepreneurs and to various specification choices. The findings imply that public or private investment in education does not lose any of its importance in an emerging entrepreneurial society (Audretsch, 2007).
Gender differences in further training participation: The role of individuals, households and firms

Claudia Burgard, RWI Essen

Abstract:

To cope with the challenges of the ongoing structural, technological and demographic change, further training is an appropriate instrument which is reflected by the fact that lifelong learning is a highly discussed policy issue. A well-directed policy has to go beyond solely increasing overall participation rates since the determinants of training differ between persons. It is crucial to know details about training participation behavior of different subgroups of employees, such as males and females. It is of further importance whether they are treated differently by employers in order to assure them of the opportunity to perform well in a changing economy. Using the SOEP, this paper investigates two types of further training, self-initiated and employer-initiated training, for a sample of couples. Self-initiated training is considered a decision within households rather than purely individual. Therefore, in addition to standard training determinants, information on one’s own and partner’s time use and on partner’s personal background and his job are included. A particular focus is on gender differences. The results show that there are hardly any gender differences regarding the correlation of training determinants and the probability of participation in self-initiated training. This finding suggests that, when it comes to courses that individuals mostly decide themselves to participate in, the factors influencing that decision do not differ significantly between the sexes. Regarding employer-initiated training, however, the correlations of e.g. time use variables and training probability differ significantly by gender: Women’s training probability is correlated with the time use of their partner while this is not true for men which supports traditional gender role behavior. A decomposition analysis suggests that the converse gender gaps in self-initiated (higher among women) and employer-initiated training (higher among men) can both be explained by observable characteristics. In the case of employer-provided training, the findings support the important contribution of own and partner’s time use variables to explaining the gap.
A New Color in the Picture

The Role of Educational Fields on Fertility in Western Germany

Anja Oppermann, University of Cologne

Abstract:

The extensive research on the impact of educational attainment on fertility behavior has been expanded to a new dimension. According to these recent findings, not only the level, but also the field of education has to be taken into account. The field of education determines a great deal of labor market options and influences the opportunities to combine employment and family life.

The question this paper aims to answer is: How does the educational field influence the transition to a first child of women and men in Western Germany?

The German Socio Economic Panel (1984-2010) provides the data. Discrete Time Event History models are applied to examine the impact of the field of education on the transition to a first child, looking at the time after graduation till a first child is born. Educational fields are grouped according to their most salient characteristic with regard to the share of women, the occupational specificity, the share of public sector employment and the share of part-time employment among people educated in the field. The models take the educational level into account and control for marital status, episodes of educational enrollment as well as migration background.

The results show that educational fields matter for the transition to a first birth only for women. For men the results do not show a significant impact of educational fields on the transition rates to a first child. However, they point at the importance of the educational level for the probability of men to become fathers. High transition rates are found among women educated in female-dominated fields as well as male-dominated fields. The finding of low transition rates among women educated in public-sector fields come as a surprise as they, given the high workplace security in the public sector, were expected to be among the women with high transition rates.
Working time, working time mismatch, and well-being of couples: Are there spillovers?

Guido Heineck, University of Bamberg, IZA Bonn
Christoph Wunder, University of Erlangen-Nuremberg

Abstract:

We analyze how well-being is related to working time and working time mismatch. In particular, we provide first evidence on spillovers from the partner’s working time mismatch. We pay particular attention to families with children because working time constraints are more severe for work-life balancing requirements if children’s needs have to be taken into account on top. Self-reported measures of life satisfaction are used as an empirical approximation of true well-being. The econometric model is connected to a simple labor supply model.

The following results emerge from our analysis. First, our evidence indicates a gender-specific role of work preferences: women (men) with strong work preferences have a significantly reduced (increased) life satisfaction. Second, well-being is generally lower among workers with working time mismatch. Third, there is evidence for spillovers from the partner’s working time mismatch. However, spillovers become insignificant once we control for the partner’s well-being. This suggests that well-being is contagious, and spillovers are due to interdependent utilities. Finally, our results show that females experience the highest life satisfaction when their partner is working full-time hours. Male well-being sharply declines when the partner works more than 40 weekly hours.
Flexibilisation without Hesitation?  
Temporary Contracts and Workers’ Satisfaction

Adrian Chadi, University of Münster  
Clemens Hetschko, Freie Universität Berlin

Abstract:

Labour market flexibilisation has long been considered a key policy tool for increasing employment. However, sceptics argue that workers suffer from labour market flexibilisation. While empirically investigating the psychological costs of temporary contracts, we question this argument for one flexibilisation instrument. We test whether temporary contracts are associated with different well-being outcomes and identify those workers who suffer the most. Furthermore, we include the “flexicurity” idea into our analysis. As a policy advice, this concept assumes that labour market flexibilisation is acceptable for workers when it is accompanied by employment security.

Most of the research on well-being consequences of fixed-term contracts does not lead to clear results. A comprehensive review of this literature reveals a need for theoretical and methodological clarification. We argue that in contrast to these studies, important aspects such as the honeymoon-hangover effect, the role of job characteristics and personality traits have to be considered. By taking these factors into account and using several opportunities of the German Socio-Economic Panel, our empirical strategy enables us to shed valuable new light on job satisfaction in fixed-term contracts.

The empirical results confirm a negative role of temporary contracts depending on personal characteristics: Fixed-term contracts are associated with psychological costs especially for those workers who are most likely to experience unemployment (low skilled workers), suffering most strongly from unemployment (men) or miss financial and emotional stabilizers (singles). With regard to compensatory effects through employment security, our results confirm that the negative impact of fixed-term contracts is significantly weaker when it is easier to find an alternative job. However, there is no full compensation for all of the analysed groups. Altogether, our analysis contributes a new approach and new insights concerning the research on well-being in temporary and “flexicure” jobs.
Bleak Prospects
How Air Pollution affects Life Satisfaction in Germany

Maike Schmitt, Technische Universität Darmstadt

Abstract:

This paper analyses the relation between air quality and subjective well-being in Germany. Data on life satisfaction from the GSOEP and information of pollution in terms of carbon monoxide, nitrogen dioxide and ozone from the German Environmental Federal Office is connected on the county level from 1998 to 2008. The study extends previous research using current pollution on the day of the interview instead of yearly averages to describe current life satisfaction. Additionally, the microeconometric happiness function is estimated using a conditional fixed effects approach which considers individual time invariant effects. Carbon monoxide has a significant negative impact on life satisfaction. The estimated influence of nitrogen dioxide as well as ozone pollution is not significant. It was not observed that chronic ill people's live satisfaction is befalled by a stronger decrease when current air pollution increases. Using the marginal rate of substitution between income and air pollution, it is calculated that an increase of one \( \mu g/m^3 \) carbon monoxide pollution has to be compensated by an increase of 1.42\( € \) monthly net household income to hold an average individual's life satisfaction constant.
An economic valuation of natural land areas in Germany

Angela Kopmann, Kiel Institute for the World Economy (IfW)
Katrin Rehdanz, Christian-Albrechts University of Kiel and
Kiel Institute for the World Economy

Abstract:

Resources and services generated on natural land areas such as food provisioning, climate regulation and recreational services are essential for the well-being of mankind in multiple ways. Ensuring a sustainable use of natural resources and in particular land is hence of high importance to society. Population growth and increasing economic activity, however, compromise natural systems and thus threaten the provisioning of these goods and services. Climate change is an additional reason for concern.

To govern a more sustainable use of land in the future, analyses are required that provide economic estimates of the costs and benefits of land conversion and human activities inducing ecosystem services loss. However, economic analyses require information on prices of goods and services. Such information is unavailable for most ecosystem services, i.e. for those which are not traded on markets. To obtain this information, economic approaches to valuing non-market environmental goods can be applied.

The objective of this paper is to contribute to the environmental valuation literature by providing a comprehensive assessment of the economic value of land cover in Germany using two different approaches; the subjective well-being approach and the hedonic pricing approach. The empirical analysis is based on socio-economic information of the SOEP and detailed land cover information for more than 9000 municipalities provided by the IÖR covering the period 2006 to 2010. Multilevel regressions of life-satisfaction and housing rents on amongst others land cover information (including urban, cultivated, natural and protected areas) are conducted. The analysis accounts for several important issues such as time-invariant factors using panel estimation techniques, endogeneity of income and land cover information and spatial relationships of land cover. From the estimated relationships the (implicit) marginal willingness to pay (MWTP) estimates for the different categories of land areas are derived. A comparison with estimated values from the environmental valuation literature and its implications is provided.
The Welfare State as Stress-Buffer?
Job Loss and Psychological Well-Being in Four Countries

Chris Reece, University of Pennsylvania
Kristen Harknett, University of Pennsylvania

Abstract:

Following the introduction of the “Stress Process Model” by Pearlin et al. (1981), sociologists of mental health have produced a compelling body of literature elaborating the mechanisms by which stressful life events affect psychological health. Chief among these stressful events is job loss, which has proven a powerful determinant of psychological well-being across numerous investigations. However, to our knowledge, researchers have yet to ask whether the psychological impact of job loss varies across national contexts. Might generous welfare states function to buffer the stress of unemployment? Is it possible that generous benefits make unemployment too comfortable, reducing the incentive to return to work? In this study, we utilize the CNEF – a unique cross-national, longitudinal dataset – to address these questions. We conduct parallel longitudinal analyses for Germany, the U.K., Switzerland, and South Korea, examining the psychological impact of job loss in each country. For the German case, we conduct separate analyses before and after the implementation of welfare reforms in 2005, when long-term unemployment benefits were cut in half. We hypothesize that where state support for the unemployed is relatively strong, the psychological impact of job loss is lower, as newly unemployed individuals experience less economic insecurity. Our preliminary results do not support our hypotheses; the psychological cost of job loss appears remarkably consistent across countries. We conclude that unemployment is highly stressful regardless of state generosity.
Panel Conditioning and Subjective Well-Being: Evidence from International Panel Data and Repeated Cross-Sections

Bert Van Landeghem, Maastricht University, ROA

Abstract:

Using data from three European countries, this paper aims to systematically investigate whether or not subjective well-being data are subject to panel conditioning or a panel effect, i.e. whether answers on subjective well-being questions depend on whether or not one has participated in the panel before. The comparison between refreshment subsamples with experienced respondents within the same panel study, as well as the comparison of time trends derived from panel data and repeated cross-sections within the same country, suggest a substantial panel effect. The analysis proposes a way to take into account panel attrition in cases where the attrition rate is substantial, and an attempt is made to estimate how the panel effect builds up over different interviews. Self-reported well-being data seem to gain increasing attention in the world of both academics as well as policy makers, and the awareness of a potential panel effect is important to interpret results (e.g. in the current debate on trends in life satisfaction over time). The results might encourage further research in panel conditioning for other important data in economics gathered through household surveys.
The Making of a Good Woman: 
Motherhood, Leave Entitlements and Women’s Work Attachment

Markus Gangl, Goethe-Universität Frankfurt am Main  
Andrea Ziefle, Goethe-Universität Frankfurt am Main

Abstract:

The paper addresses the relationship between family policy and women’s attachment to the labor market. Drawing on survey data from the German Socio-Economic Panel (GSOEP), we exploit a series of policy changes since the mid-1980s in Germany that extended the length of statutory parental leave entitlements from 6 months to 3 years following childbirth. Using a set of difference-in-differences (DiD) and instrumental variables (IV) estimators, we obtain consistent empirical evidence that increasing generosity of leave entitlements led to a decline in mothers’ work commitment. The impact of policy change is evident among both West and East German mothers, and has been especially pronounced for the 1992 reform that expanded leave entitlements from 18 to 36 months following childbirth. We also probe some potential mechanisms underlying the observed policy impact. We find strong evidence for role exposure effects via prolonged duration of child-related employment interruptions, notably among women working prior to childbirth. Processes of norm setting also seem to be relevant as changes in work commitment are observed among both mothers entitled to parental leave and mothers without any leave entitlements. We obtain very limited evidence for the view that preference adaptation would be largely temporary and dissipate with child age.
The Ins and Outs of German Unemployment

Matthias S. Hertweck, University of Konstanz
Oliver Siegrist, University of Basel

Abstract:

This paper analyzes the driving forces behind the German unemployment rate. For instance, an increase in the unemployment rate may be due to an increase in job separation (inflows), a decline in job finding (outflows), or both. In addition, labor force participation choices can affect the unemployment rate via changes in the labor force.

We quantify the relative importance of these channels using the modified factor analysis developed by Smith (2011). Accordingly, changes in the current unemployment rate are first decomposed into changes in the steady-state unemployment rate and past changes in the actual unemployment rate. Second, changes in the steady-state unemployment rate are decomposed into changes in inflows and outflows. This method explicitly accounts for (i) sluggish adjustment dynamics caused by low labor market transition rates and (ii) transitions between employment, unemployment, and inactivity.

We use German SOEP (2011) calendar data from 1983-2009 based on annual retrospective interviews. This dataset provides detailed information on each individual’s labor market status at monthly frequency. Our sample is restricted to West-German residents aged 16 to 65. The data treatment procedure controls for recall error/seam bias (as suggested by Jürges 2007) and margin error effects (Fujita & Ramey 2009).

Our model explains more than 80% of all changes in the unemployment rate, of which 60% are due to changes in the inflow rate and 40% are due to changes in the outflow rate. At business cycle frequencies, the positive co-movement between the unemployment rate and the inflow rate is clearly stronger than the negative co-movement with the outflow rate. Furthermore, we find that about 75% of the changes in the unemployment rate are caused by direct flows between employment and unemployment, while 25% are caused by indirect flows via inactivity. These indirect flows via inactivity seem particularly relevant for females and foreigners.
Differential employment prospects among atypical employees: Effects of type of contract or worker preference?

Jan Brülle, Goethe-Universität Frankfurt am Main

Abstract:

The paper analyses transitions between atypical and regular employment, focusing on the effects of different types of atypical employment on the transition probability to full-time and long-term employment. Theoretically, differences by type of contract are to be expected due to the specific functions of types of employment contracts for employers. Fixed-term contracts are often used for prolonged screening of new employees and can therefore be considered as ports of entry in internal labor markets. On the other hand marginal employment offers employees only limited opportunities to improve their personal human capital resources and is expected to scarcely lead into full-time employment.

The predictions are tested through a series of discrete-time duration models fit to data from the German Socio-Economic Panel, and controlling for the effects of employer characteristics, employee resources, working time preferences, family situation as well as individual random effects. The empirical results confirm the importance of the type of work contract. Fixed-term employment shows the highest transition probabilities to regular employment, compared to agency work and regular part-time employment, while marginal employment yields the lowest chances for upward mobility. These effects can neither be explained by differences in observed characteristics nor by preferences for shorter working-hours of part-time employees. The empirical analysis also explores differential effects of type of contract by industry.

The positive results for type of contract effects underscore the importance of employer interests and work organization for employment careers. They are especially relevant in the context of Germany’s highly segmented labor market.
Trade Union Membership and Sickness Absence: Evidence from a Sick Pay Reform

Laszlo Goerke, IAAEG - UniversitäT Trier, IZA, Bonn and CESifo, Munich
Markus Pannenberg, University of Applied Sciences Bielefeld, DIW Berlin and IZA Bonn

Abstract:

In this paper, we investigate the hypothesis that individual trade union membership raises absenteeism. We focus on Germany because we can exploit a quasi-natural experiment which generates exogenous variations in sick pay and, therefore, the costs of being absent. In particular, we investigate the effects of a reduction in the statutory replacement rate determining sick pay from 100% of wages to 80% in 1996, using data from the German Socio-Economic Panel (SOEP). Since some employees were not affected by the reform, we use a difference-in-differences (DD) approach with treatment heterogeneity to estimate the causal effect of the cut in sick pay. We find that (1) union members are absent more often than non-members, (2) the cut in sick pay raised the proportion of members who were not absent in a given year by more than the proportion of non-members, (3) union members exhibit longer periods of absence, (4) the cut in sick pay had a significantly negative impact on the duration of absence for treated union members and (5) the causal effect of the reform shrinks when one moves up in the distribution of days of sickness-related absence. We supplement our main specifications with a set of robustness tests which strengthen our conclusions. Thus, our evidence contributes to another explanation of why workers belong to a trade union and pay membership fees, given that many of the benefits of unionism, such as higher wages, are akin to public goods in Germany. Furthermore, the study is – to our knowledge – the first to (1) use a quasi-natural experiment to determine the impact of individual union membership on absence behaviour, and (2) establish such a relationship with regard to Germany.
Bridge Unemployment in Germany: 
Response in Labour Supply to an Increased Early Retirement Age

**Matthias Giesecke**, Ruhr Graduate School in Economics, Universität Duisburg-Essen  
**Michael Kind**, Ruhr Graduate School in Economics, Ruhr-Universität Bochum (RUB)

Abstract:
This study examines an increase in the early retirement age from age 60 to 63 for the group of older unemployed workers in Germany. As consequence of this policy reform, the time to retirement is increased from the perspective of recently unemployed individuals and therefore serves as a source of exogenous variation. We estimate continuous time hazard models for individuals at risk of leaving the state unemployment into employment or early retirement. As a result we find a positive impact of an increase of the time to retirement on the reemployment probability, while the probability to retire early through exemption clauses is negatively affected. Thus the reform sets the right incentives and is able to reduce old age unemployment.
Does Temporary Employment Mitigate the Scar Effects of Unemployment? A Cross-Country Comparison Based on British, German and Swiss Panel Data

Michael Gebel, University of Mannheim

Abstract:

Previous research has shown that unemployment represents a scarring event in the individual life course. This paper investigates the potential integrative power of temporary jobs for unemployed workers. On the one hand, temporary jobs serve as a “stepping stone” and give the unemployed the chance of gathering experience, contacts and signalling their employability. On the other hand, temporary jobs might represent “dead ends” inducing cycles of insecure precarious positions. Thus, it might be better to reject temporary job offers. In this respect, studies on unemployment scarring promoted the beneficial role of welfare state support allowing unemployed to search longer for better jobs instead of directly accepting low-quality temporary jobs. However, whether the “stepping stone” or the “dead end” finally dominates remains an empirical question and it should depend on the institutional and economic context.

Comparing the integrative power of temporary jobs in Germany, Great Britain and Switzerland should deliver insights into the mediating role of the institutional and economic context. While the liberal British welfare state with its flexible employment regime contrasts the conservative German welfare system and protected, occupationall-structured German labour market, Switzerland mixes liberal and conservative elements with a flexible, occupationall-structured labour market.

The analyses are based on the British Household Panel Study, the German Socio-Economic Panel and the Swiss Household Panel Survey for the period 1992–2010. Using an inflow sample of unemployed, the longitudinal data structure allows analyzing the long-term employment chances and scar effects of unemployment for those who take up a temporary job. Scar effects are measured in multiple ways based on income and occupation mobility data. In order to estimate "causal effects" a dynamic propensity score matching approach is used, which combines propensity-score matching techniques with event history analysis.
How Far Do Children Move?
Spatial Distances After Leaving the Parental Home

**Thomas Leopold**, University of Bamberg
**Ferdinand Geißler**, University of Bamberg
**Sebastian Pink**, University of Bamberg

Abstract:

This research used geocoded data from 11 waves (2000-2010) of the German Socio-economic Panel Study to investigate the spatial distances of young adults’ initial move-outs ($N = 2,113$) from their parents’ homes. Linear regression models predicted moving distances by factors at individual, family, household, and community level. Overall, home leavers moved across very small distances with a median value of less than 10 kilometers. Greater distances were found for well-educated and childless home leavers who moved out at relatively young ages from high-income households located in less-urbanized regions. In line with developmental models of migration, young adults stayed closer if the parental household was still located at their place of childhood. We conclude that considering the spatial distance of move-outs may advance our understanding of individual passages to adulthood and intergenerational relations across the life course.
A new approach to estimate the pecuniary return to geographic mobility

Fabian Kratz, Ludwig-Maximilians-Universität München
Josef Brüderl, Ludwig-Maximilians-Universität München

Abstract:

At the interface of economy, geography and sociology the presentation deals with wage effects of geographic mobility. Investigating pecuniary returns to geographic mobility, researchers have to tackle the problem that migrants assess greater innate ability and motivation. Empirical studies show that migrants are favorably self-selected with respect to human capital characteristics. To get rid of potential ability bias former studies used different approaches. On the one hand regressions, matching approaches and Heckman procedures are employed. These methods can deal with selection based on observables only. On the other hand IV-approaches are used, but the instruments employed mostly disenchant their quality after deeper investigation. Therefore several authors suggest the use of fixed-effects estimates to tackle potential ability bias. Using conventional fixed-effects models previous studies control for time constant unobserved heterogeneity only. This approach is valid if selection works on wage-levels. If selection does not work on wage-levels but on wage growth conventional fixed-effects models are biased because the parallel trend assumption does not hold. To tackle this issue, the authors suggest a more general model that allows for individual specific wage profiles. The empirical test draws on the German Socio Economic Panel Data (1991-2010) and compares estimates between conventional fixed-effects models and the more general fixed-effects-individual-slope-model. In that vein, the presentation delivers new insights about the role of selection bias when investigating the pecuniary returns to geographic mobility.
Long-distance moves and labour market outcomes of dual-earner couples in the UK and Germany

Philipp Lersch, Bremen International Graduate School of Social Sciences (BIGSS), University of Bremen

Abstract:

Chances are high that partners in dual-earner couples do not receive equal occupational returns from long-distance moves, because job opportunities are distributed heterogeneously in space. Which partners are more likely to receive relatively higher returns after moves? Recent research shows the stratification of returns by gender and highlights the importance of gender roles in mobility decisions. I extend past literature in two ways. First, I directly test for gender differences in matched pairs of women and men in dual-earner couples and account for the non-independence of both careers, while past research mostly examined partners separately. Second, I compare evidence from the United Kingdom and Germany to shed light on the effects of institutional and normative contexts. For my analysis, I draw longitudinal data from the British Household Panel Survey and the German Socio-Economic Panel Study (1991-2008). My results show that women in dual-earner couples are temporarily adversely affected in their careers by long-distance moves in the UK and West Germany after controlling for various characteristics of both partners. Women in East Germany are not affected by long-distance moves. Moves do not change wage rates significantly for women and men that stay in employment in both countries.
Long-distance spatial mobility in Germany.
A comparison between ethnic minorities and native Germans

Belit Şaka, Universität Duisburg-Essen

Abstract:

This paper examines the spatial mobility incentives and constrains of minorities of Turkish ancestry compared to natives between counties in Western Germany based on 10 waves (2000-2009) of the GSOEP. Given that ethnic groups systematically differ from natives in characteristics like risk aversion due to their international migration experience, it has been assumed that regarding internal migration they will be more mobile than natives as well (DaVanzo 1981). However, first descriptive findings have shown that Turkish people are twice as less likely than Germans to migrate. Accordingly, I address the question of to what extent these differences in spatial mobility behaviors of German and Turkish origin individuals are generated 1) by individual level characteristics, 2) by macro level regional economic characteristics and 3) by regional ties using multilevel-modeling techniques in a two-level design. The analysis shows that the differences to first generation Turkish people can be fully explained by individual level characteristics, whereas neither the individual level nor the contextual level characteristics hold for deep explanation for the differences to the 2nd generation of Turkish ancestry. Unemployment rate of the county does not have any effect on migration whereas the concentration of Turkish population, as a context level indicator of social capital, deters migration of Germans, and interestingly doesn’t affect the propensity to migrate of Turkish people in any direction.
Family background, informal networks and the decision to provide for old age: 
A siblings approach

Bettina Lamla, Munich Center for the Economics of Aging at the Max Planck Institute for Social Law and Social Policy, Munich

Abstract:

In order to encourage people to take out voluntary private pensions to supplement statutory provisions, Germany introduced the so-called Riester pensions. Existing evidence has not properly taken into account the search and decision costs related to Riester pensions, which might create entry barriers into the Riester market for certain groups. I use information on family background in order to give a reliable assessment of the determinants of Riester ownership and to capture the impact of information sharing within families. I find that family background significantly influences the likelihood of owning a Riester pension, in particular fathers’ education. Omission will give misleading results, especially regarding the importance of education and income. Contemporaneous as well as sequential correlations in Riester ownership between parents and their children as well as siblings are pronounced, even after controlling for other factors. While the former might be due to shared preferences, I take the latter as evidence for information sharing. Positive externalities help to overcome entry barriers in the Riester market by dispersing information on eligibility and the generosity of subsidies. Once a critical mass has been reached positive spillovers create a social multiplier which should result in dynamic demand for Riester contracts. The family as a source of information indeed seems to become less important with time.
The Role of Survey Methodology in the Reporting of Satisfaction

An Investigation of Interview-Specific Effects in the SOEP

Adrian Chadi, University of Münster

Abstract:

Empirical research that uses subjective data on individual satisfaction levels relies heavily on the validity of the information reported by survey participants. However, situation-specific factors, such as the atmosphere in which the interview takes place, may cause considerable differences in satisfaction responses. While some researchers have, in fact, discussed the role of survey factors and acknowledged that these aspects account for a significant portion of the variance in satisfaction measured, by and large, this issue has been ignored by most in the scientific community. Hence, researchers tend to assume — in most cases more implicitly than explicitly — that there is no systematic bias in the data collected on well-being. If this were a case of random variation, sufficiently large samples would indeed allow these effects to get averaged out. However, a closer look at this methodological issue reveals an urgent need for intensive research in this field.

By analysing satisfaction responses in one of the largest panel studies available, the German Socio-Economic Panel Study (SOEP), this study examines the role of interview-specific factors, such as the survey method used and the weekday on which the interview took place. The research objectives are to determine whether there are relevant differences in measured satisfaction levels, how these effects change depending on the specific satisfaction measure, and whether the consideration of interview-specific factors may even alter previously established conclusions regarding well-known and often-investigated determinants of individual satisfaction. Not only by presenting strong empirical evidence for the impact of survey factors on the measurement of satisfaction, but also by indicating potential bias problems, this study suggests that empirical research should consider interview-specific factors in order to avoid drawing inaccurate conclusions.
A Couple-Perspective on Fertility Outcomes: Do Relative Resources Matter for First and Second Births?

Natalie Nitsche, Yale University

Abstract:

McDonald (2000) has suggested that socio-economic gender equity within couples is a crucial component in shaping women’s fertility decisions. Empirically, however, little is known about how couple dynamics are influencing fertility outcomes. This paper examines if gender equity, measured as relative levels of income, education, work hours, and occupational status, affects the transition to first and second births in Germany and the US. While studies have investigated the effect of the gendered division of household labor on birth transitions, I argue that it is problematic as an indicator of intra-couple gender equity because other research has shown that the division of household labor is itself an outcome of relative resources in couples. Using the German Socio-Economic Panel (GSOEP) and the NLSY79 this paper will use event history and fixed-effects models to understand how relative resources, absolute resources, and their interaction affect the timing and likelihood of first and second births in couples in a comparison of Germany and the US.
Fertility decisions and children opportunity costs:  
A panel study for Germany

Denis Beninger, Berlin School of Economics and Law and University of Strasbourg

Abstract:

This paper investigates the dilemma between family and career faced by women due to the high opportunity costs of children, and the impact of “family friendly” public policies on both fertility and labour market participation in Germany. For this purpose, we propose an original lifecycle model with endogenous wages, fertility, female labour supply and child care decisions. We apply the model using the long panel structure of the German socio-economic panel. Finally, we simulate two policy reforms (introduction of a parental income, and complete subsidising of child care costs). The main result is that fertility would barely change in the long term. Female labour supply and wage would increase, though.
Perceived Economic Uncertainty and Fertility

Evidence from a Labor Market Reform

Barbara Hofmann, University of Mannheim
Katrin Hohmeyer, Institute for Employment Research (IAB)

Abstract:

Empirical evidence on the causal effect of perceived economic uncertainty (PEU) on fertility is sparse and results are ambiguous. To provide causal evidence on the effect of PEU on fertility, we exploit exogenous variation in PEU induced by the announcement of a major German unemployment benefit reform in an instrumental variable approach. Using data from the German Socio-Economic Panel, we estimate the effect of PEU on the probability of becoming pregnant in the next year. We found that PEU induced by the reform announcement reduced the probability of becoming pregnant of women aged between 26 and 44 years cohabiting with a male partner. Those couples who were most likely to be hit by the upcoming reform responded strongest: The effect was driven by women who did not work full-time and by couples who already had children. In contrast, younger women, full-time employed women and childless couples did not respond to the uncertainty shock by reducing fertility. Several sensitivity tests underlined the robustness of our findings.
Social Participation over the Life Course:
A Longitudinal Study of Work and Family Events

Jonas Radl, Universidad Nacional de Educación a Distancia, Madrid
Bram Lancee, Social Science Research Center Berlin (WZB) and University of Amsterdam

Abstract:

Social participation is a dynamic process that changes over the life course, while people fill different social roles as they age. Previous studies on social participation have looked at differences between age groups, but the great majority is based on cross-sectional data, with the inevitable limitations that go along with that. The first objective of this study is to provide a descriptive account of the dynamic nature of both informal and formal social participation processes using longitudinal data. The second contribution is to examine the effects of different life course events on the degree and forms of social participation. We study a wide range of life course events, both in the work and the family domain. The study draws on data from the German Socio-economic Panel (GSOEP) from 1985 to 2010. The analyses will be conducted estimating growth curve models in a hierarchical modeling setting.
The Impact of Social Support Networks on Maternal Employment:
A Comparison of Western German, Eastern German and Migrant Mothers

Mareike Wagner, Social Science Research Center Berlin (WZB)

Abstract:

Despite numerous advantages of a quick re-entry into the labor market, it is still common for German mothers to interrupt employment for several years after child birth. Lack of adequate child care is mentioned as the number one barrier to maternal employment. Given the shortages in (full-time) public child care in particular for the under-threes, this paper asks whether social support with child care and domestic chores by spouses, other relatives, friends and neighbors can relieve mothers from their responsibilities and home and thus facilitate their return to full-time or part-time positions within the first six years after birth.

Using SOEP data from 1992-2010 and event history methods for competing risks, I compare employment transitions of Western German, Eastern German and migrant mothers from southern and south-eastern Europe. The results indicate that Western German mothers have higher transition rates into both part-time and full-time employment if they have access to relatives living in the neighborhood. Having a spouse who regularly engages in housework encourages Western German mothers to work full-time. In contrast, access to social support networks does not affect employment transitions in eastern Germany where the availability of child care is a lot better and continuous female employment is a prevalent social norm. Migrant mothers hold the most traditional gender role values and have the lowest transition rates into employment of all three groups. For them, a partner who helps with domestic work, indicating a more gender-equal division of labor, increases the chance of entering full-time or part-time employment.
Time is Money

The Influence of Parenthood Timing on Wages

Michael Kind, Ruhr Graduate School in Economics, Ruhr-Universität Bochum (RUB)
Jan Kleibrink, Ruhr-Universität Bochum (RUB)

Abstract:

This paper studies the effect of parenthood timing on future wages. Using data from the German Socio-Economic Panel (SOEP), we employ an instrumental variable approach to identify the causal effect of delaying parenthood on wages of mothers and fathers. Consistent with previous studies, we provide evidence for a positive delaying effect on wages. We further study the underlying mechanisms of the wage premium, paying particular attention to the relationship between career stage and fertility timing. We find that delaying parenthood by one additional year during the career implies a wage premium of 7%.
Friday, June 29, 2012 (Headquarter of the Leibniz Association in Berlin, WGL)

Headquarter of the Leibniz Association in Berlin (view from the terrace)
Explaining Differences Between the Expected and Actual Duration Until Return Migration: Economic Changes and Behavioral Factors

Gerard J. van den Berg, University of Mannheim
Michèle A. Weynandt, University of Mannheim

Abstract:
This paper explores the difference between expectations and realizations in return migration. Nonparametric duration analysis is used to provide first evidence that people's intentions about their desire to return differ from their actual return action. Following this analysis, an estimation of a reduced form proportional hazard model allows an extraction of people's expectations and the comparison to their intentions to return. The analyses are based on the GSOEP, a survey panel data set consisting of 25 years of information. This data set contains both intentions and actual returns. The results lend support to the fact that people use simplifying heuristics when trying to forecast the future. People's return intentions indicate bunching in heaps of 5 years (e.g. intend to return in 5, 10, 15 years). Furthermore the estimates show that migrated individuals systematically underestimate the length of their stay in the receiving country and we discuss possible explanations for the difference between expectations and realizations in return migration. Understanding this difference is crucial for integration policies. If migrants systematically underestimate the duration of their stay, they will not put enough effort into their integration. Government interventions may help to improve the situation for migrants by emphasizing on integration as early as possible. It is important to understand these differences to avoid conflicts of integration between current inhabitants and migrants.
Moving to Move Up? Economic and occupational mobility of German migrants to the US

Dean R. Lillard, Cornell University and DIW Berlin
Anna Manzoni, North Carolina State University

Abstract:

We combine data from the US Current Population Surveys (CPS) and the German Socio-Economic Panel Study to investigate whether Germans work in higher status occupations and earn more when they migrate to the US than they would have achieved had they remained in Germany. Our innovative research design exploits CPS data that not only identify respondents’ country of birth but also the year they arrived in the US. These data allow us to model the selection bias inherent in studies of migration because we can exploit cohort-specific and time-varying “push/pull” factors that affect the probability a person migrates. Using instrumental variable methods, we estimate a standard model of migration in the first stage that is identified from time-varying measures of economic conditions in both the US and Germany. Our model posits that the probability of migration varies over different periods of a person’s life-course and allows the decision to migrate to occur as the result of a forward-looking process. Empirically we consider variation in conditions in three different periods of life – childhood (ages 0-15), young adulthood (16-21), and early-working years (22-30). The first stage identifies probability of migration for different birth cohorts of Germans. The second stage estimates whether migrants attain higher status occupations and earn more money (appropriately adjusted for exchange rates and purchasing power parity) than their counterparts in Germany who chose not to migrate. In the empirical analysis we also differentiate between Germans who migrated “involuntarily” (as children brought by parents) and Germans who migrated as adults. Our results allow us to decompose observed differences in occupational status and earnings of migrants and non-migrants into the part explained by selection effects and the part that is causal. As such our study extends the literature on international migration.
Migrant in-work poverty.
How much does discrimination explain?

Hans-Jürgen Andreß, University of Cologne
Romana Careja, University of Cologne
Joscha Dick, University of Cologne
Marco Giesselmann, SOEP at DIW Berlin

Abstract:

There have been several changes in German migration policies since the reunification. For example, the Introduction of the birthright citizenship in 2000 can be seen as a radical change in citizenship policies: from an ethno-cultural citizenship regime towards a more liberal one. The study aims to examine the impact of this change on the subjective (measured as perceived discrimination) and objective (measured as in work poverty) living conditions of immigrants in Germany. In addition, it is intended to clarify whether these changes impact differently immigrants of the first and second generation.

These questions will be answered by applying a fixed effect logit and a fixed effect linear model. While controlling for relevant individual and contextual variables, the effects of the survey years will provide information about the impact of changes in migration policies on the dependent variables. Interaction effects will display if differences between migrants of the first and second generation exist.

This study is seen as a first approach to understand the impact of legal environment on the living conditions of immigrants in Germany. The results can be a starting point of further research, but can also provide the basis for political discussions on integration and migration policies.
Linguistic Distance and the Language Fluency of Immigrants

**Ingo E. Isphording**, Ruhr Graduate School in Economics, Ruhr-Universität Bochum (RUB)
**Sebastian Otten**, Ruhr-Universität Bochum (RUB) and RWI Essen

**Abstract:**

We use a newly available measure of linguistic distance developed by the German Max Planck Institute for Evolutionary Anthropology to explain heterogeneity in language skills of immigrants. This measure is based on an automatical algorithm comparing pronunciation and vocabulary of language pairs. Using data from the German Socio-Economic Panel covering the period from 1997 to 2003, the linguistic distance measure is applied within a human capital framework of language acquisition. It is shown that linguistic distance is the most important determinant for host country language acquisition and that it explains a large fraction of language skill heterogeneity between immigrants. By lowering the efficiency and imposing higher costs of language learning, the probability of reporting good language skills is decreasing by increasing linguistic distance.
Surprisingly Absent!
On the Earnings Penalty of Second-Generation Immigrants in Germany

Chris Jürschik, Universität Leipzig

Abstract:

Whether or not immigrants are well integrated into the labor market in Germany has been the focus of an ongoing public discussion. While there has been a lot of research on the career paths of first-generation immigrants, official statistics do not offer a lot of insight when it comes to the one of the offspring of the first generation. This paper seeks to address this issue for the second generation of immigrants. Panel data from GSOEP are used to analyze possible labor market penalties beyond human capital for the second generation of immigrants to Germany. Estimating several regression models with different outcome measures, including earnings, risk of unemployment, and occupational choices, we find no significant disadvantage in this group when compared to those whose parents had already been born in Germany. Finding no such earnings penalty when the usual human capital variables are controlled for may come as a surprise against the background of recent public discussions concerning this issue. On the one hand the absence of measurable discrimination provides an optimistic view of the potential of immigration for solving the menacing shortage of skilled workers in Germany. On the other hand the question remains as to how the same level of human capital can be achieved among the offspring of immigrants.
Higher and Higher?
Performance Pay and Wage Inequality in Germany

Katrin Sommerfeld, Albert-Ludwigs-University of Freiburg

Abstract:

Performance pay is of growing importance as it applies to a rising share of employees. A parallel trend has been that of growing wage dispersion. From this the question evolves of how is the growing use of performance pay schemes related to the increase in wage inequality? German SOEP data for the years 1984 to 2009 confirm the large increase in the application of performance pay schemes. This growing use of variable pay schemes led to an upward shift of the wage structure by about one log point. However, it did not contribute to the growth in wage inequality. Wage inequality grew within the group of employees who receive performance pay, but even more so within the group who do not receive this. The results are in line with a hypothesis according to which skill-biased technological change (SBTC) changes the returns to skills and this translates into higher wage inequality by means of performance pay schemes. The empirical analysis employs sequential decompositions in a quantile regression framework.
Shall I help you my dear?
Examining variations in social support for career advancement within partnerships

Katrin Golsch, Bielefeld University
Andrea Zochert, Bielefeld University

Abstract:

Strong gender inequalities persist in the career advancement of highly qualified men and women. Women are still underrepresented in managerial positions in both the private and the public sector of the economy. Vertical and horizontal dimensions of segregation, gender role beliefs as well as the public provision of welfare services provide explanations of gender inequalities. Much less is known about the social mechanisms at the inner couple level, however. Following the notion of linked lives, the paper investigates the provision of social support for career advancement within partnerships and at various stages of the occupational careers and family cycles. Is there evidence to suggest that social support for a partner’s career is occupational career-specific? And are social networks for career advancement within partnerships systematically related to men’s and women’s occupations?

Using data from wave 23 (2006) of the German Socio-Economic Panel Study (SOEP) and considering highly qualified, homogenous dual-earner couples as units of analysis, the paper compares couples in different occupational fields and who work in occupations that are typical or atypical for their gender. In 2006 information about the persons who support advancement in career or educational training and fosters the progress has been collected for the first time.

The empirical analysis controls for individual qualification, characteristics of career development and current job of both partners and relate these to each other. Family-related variables and regional differences are also taken into account. The results of the analysis, though cross-sectional, give some first insights into inner couple social support patterns. The paper also debates on some important flaws of the empirical analysis, reveals that further longitudinal data are required and expresses various suggestions for future research following the next data release in 2012.
Is occupational mobility in Germany hampered by the dual vocational system? 
Results of an Anglo-German comparison

Thomas Rhein, Institute for Employment Research (IAB)
Parvati Trübswetter, Institute for Employment Research (IAB)
Natascha Nisic, University of Erlangen-Nuremberg and IAB

Abstract:

The German dual vocational system has often been blamed as the main reason for low occupational mobility of workers, because it sorts young people too early into rigidly defined occupations, thus impeding mobility later in their life. And indeed, in occupations that are accessed mainly through the dual system, workers are less mobile, compared to low-skill-occupations or to occupations accessed mainly via academic education. However, there is an alternative explanation for this: Low mobility of those who underwent dual training may also be inherent in the kind of tasks they perform in their specific occupations. One explanation for this could be that these tasks require more occupation-specific human capital than tasks in other occupations, thus hampering occupational mobility.

In our paper, we try to discriminate between these two competing explanations: Is it really the specific German dual system that hampers occupational mobility and flexibility, or is it the inherent nature of certain tasks and occupations? For answering this question, we compare the mobility of workers in different occupations in Britain and Germany and its determinants, using a kind of multivariate difference-in difference analysis of the determinants of occupational mobility. Britain is used as a “benchmark” because in terms of standardization and rigidity, its vocational training system is diametrically opposed to the German system. The intuition behind our approach is as follows: If it’s really the dual system that matters, then we should expect that in Germany mobility is particularly low in occupations that are mainly accessed through dual training, compared to other occupations in Germany; and that in Britain, mobility in the same occupations is not lower – or at least not lower to the same extent as in Germany – compared to other occupations in Britain. Our analysis is based on GSOEP and the BHPS data for the years 1993-2009.
Factor Shares and Income Inequality
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Empirical Evidence from Germany 2002-2008

Martin Adler, University of Tübingen
Kai Daniel Schmid, Institut für Angewandte Wirtschaftsforschung e.V. (IAW Tübingen)

Abstract:

We examine the interplay between changes in the functional distribution of income and the
distribution of market income among households. We use micro data from the German Socio-
Economic Panel as well as macro data from the German Federal Statistical Office from 2002 to
2008. We categorize and evaluate the implications of changes in the functional distribution of
income upon the distribution of income among individuals on the basis of a simple theoretic
framework that links the degree of the concentration of income from asset flows among
individuals to the (structural) relationship between individuals’ levels of market income and their
respective income shares from asset flows. Our empirical analysis offers two insights: First, the
relative rise of income from asset flows reported by German National Accounting Statistics is
also evident in the micro data taken from the German Socio-Economic Panel. Second, rising
capital income shares are associated with an increasing concentration of market income.
Trends in the Intergenerational Transmission of Occupational Preferences, Segregation, and Wage Inequality – Empirical Evidence from Europe and the United States

Veronika V. Eberharter, Universität Innsbruck

Abstract:
The distribution of occupations is a constituting element of social stratification, and relates to macroeconomic and structural indicators of an economy, the institutional settings in the labor markets, individual choice and family background variables. According to the human capital approach women and men anticipate their life-style and work-life preferences, and opt for jobs and occupations that are compatible with their specializations. Less investment in human capital results in occupations with lower productivity, and lower wages (Becker 1964, Mincer and Polachek 1974, Becker 1981, Becker 1991, Hakim 2002). Additionally, the occupational preferences are influenced by family background variables, such as parental education, and family role models (Lentz and Laband 1983, Dunn and Holtz-Eakin 2000, Constant and Zimmermann 2003, Black et al. 2005). The intergenerational transmission of life style preferences (Solon 1999, Solon 2002, Fields et al. 2005, Blanden et al. 2005, Hertz 2005, Mazumdar 2005, Björklund et al. 2006) tend to preserve occupational segregation, gender inequalities of opportunities, and economic and social status. The political efforts to guarantee equal opportunities and gender equity in the work life, and the converging labor market behavior of women and men suggest a decreasing influence of family background variables on occupational choice (Harding 2005, Hellerstein and Sandler Morill 2011), a decreasing degree of occupational segregation (Jacobs 1989), and declining gender wage differentials (Altonji and Blank 1999, Commission of the European Communities 2007), and a decreasing effect of occupational sex segregation on gender wage differentials (Treiman and Hartmann 1981, Sorensen 1990). The paper advances the previous literature and addresses to cohort differences concerning the intergenerational transmission of occupational preferences and the implication for occupational segregation, and gender wage differentials in selected European countries and the United States. Based on longitudinal data providing nationally representative socioeconomic data of children and their parents the paper analyzes the evolution of the impact of family background on the individual occupational choice, and the explanatory power of occupational segregation to maintain gender wage differentials. To evaluate the influence of individual and family background characteristics on occupational choice we employ multinomial logit models. We decompose segregation indices (Duncan and Duncan 1955, Karmel and Maclachlan 1988) into a “pure” gender component and components attributable to e.g. the gender distribution of education, or employment status (Spriggs and Williams 1996). The gender wage differentials are quantified using regression techniques, and decomposed in a component within occupation stratification, and a “pure” occupational segregation component.
He's a chip off the old block

The persistency of occupational choices among generations

Bodo Knoll, University of Hohenheim
Nadine Riedel, University of Hohenheim
Eva Schlenker, University of Hohenheim

Abstract:

The purpose of this paper is to assess if parents exert an influence on the occupation choices of their children. Using data from the German Socioeconomic Panel (GSOEP), we find a high persistency of occupational decisions across fathers and children using nested and conditional logit models. To separate effects related to genetic factors (nature) and parental education or role models (nurture), we determine the persistency separately for children who grew up with their biological fathers and for those who did not. Our results suggest that especially nurture plays a decisive role in explaining the choice of one's occupation.
A feasible basic income scheme for Germany

Maximilian Sommer, Katholische Universität Eichstätt-Ingolstadt

Abstract:

Germany’s social security system and its income taxation suffers from intransparent and inefficient interdependencies between the two systems. Additionally, work incentives of the current unemployment benefits are reduced by high implicit marginal tax rates. Due to these inconsistencies there is an ongoing debate in politics and economics to replace the current regulations with an unconditional basic income scheme. In our paper we analyze the effects of substituting Germany’s means-tested benefits by a negative income tax (NIT). Using data from the 26th wave (2009) of the German Socio-Economic Panel (GSOEP) we study the reform’s impact on household labor supply, income inequality, and poverty. The study is conducted using a micro-economic model which simulates the German tax and social transfer system. Labor supply is modeled by a discrete choice approach following van Soest (1995) and van Soest/Das/Gong (2002). The effects of the NIT-scheme on labor supply are estimated by a multinominal logit model with translog utility functions. It can be shown that by applying adequate values to the relevant parameters, efficiency gains can be reconciled with widely accepted value statements on income distribution. Furthermore, as our proposal includes a universal basic income for families as well, child poverty is reduced considerably.
The role of part-time employment for mothers in Germany: Stepping Stone in the East, Dead End in the West?

Julia Simonson, Laura Romeu Gordo, Nadiya Kelle,
German Centre of Gerontology (DZA)

Abstract:

After childbirth many mothers in Germany restart working by means of part-time employment. This seems to be double edged. On the one hand, part-time work can be the first step towards full re-entry into the labor market; on the other hand it often implicates low-grade career opportunities and thereby entails the risk to be a dead-end for women’s careers.

In the present paper we explore part-time employment of mothers in Germany. First, we investigate what are the regional differences in part-time employment after childbirth and how these differences change with time. Second, we analyze whether part-time employment after childbirth leads to subsequent full-time employment concentrating in regional differences and changes with time.

For this purpose we examine employment histories of women from age 15 up to 45, based on the German Socio-Economic Panel (SOEP). To track changes over time we observe biographies of three different cohorts born in years 1936-45, 1946-55, and 1956-65. In order to answer the research questions we first track transitions from childbirth into part-time employment across cohorts, to identify changes in usage of part-time employment over time. Then, transitions from part-time to full-time work are to be followed up in order to see if part-time work after childbirth increasingly leads to subsequent full-time employment.

Our results show that West German mothers increasingly use part-time employment as an alternative to non-employment. For East German mothers we do not find a gain in usage of part time as an entry employment after childbirth. Regarding the role of part-time on subsequent employment we do not find significant changes over time but we do find important differences between East and West Germany. The transition rate from part-time into full-time employment is significantly higher for East German women than for West German women.

Overall we can conclude that part-time employment in East Germany is less used than in West Germany, and women who opt for part-time employment mostly use it as a stepping stone into full-time employment. On the other hand, in West Germany part-time employment after childbirth is usually prolonged. This might have negative consequences for the subsequent employment biographies.
The Effect of Education on Fertility: Evidence from a Compulsory Schooling Reform

Kamila Cygan-Rehm, University of Erlangen-Nuremberg
Miriam Mäder, University of Erlangen-Nuremberg

Abstract:

This study analyzes the effect of education on the number of children, childlessness, and the timing of births. We use exogenous variation from a mandatory reform of compulsory schooling in West Germany to deal with the endogeneity of schooling. In contrast to studies for other developed countries, we find a significant negative effect of education on fertility. This negative effect seems to operate mainly through a postponement of first births and through suppressed childbearing among women in their 30s. We attribute these findings to the particularly high opportunity costs of child-rearing in Germany.
The impact of parental leave policy on child rearing and employment behaviour: The case of Germany

Serafima Chirkova, University of Alicante

Abstract:

This paper studies the effects of policy changes induced by the German parental leave reform on child rearing and back-to-work behaviour. The German reform of 2006 increased parental benefits and shortened paid leave period. It was intended to stimulate fertility and decrease employment breaks related to the birth. To identify the effect of incentives I estimate the bivariate choice model following Laroque and Salanie (2008). The identification strategy relies on the variation in financial incentives induced by parental leave reform, variation in partner's labour income and other household characteristics such as marital status and spouses education. Regional variation allows to capture the availability of child care institutions. I estimate the simultaneous probit model of bivariate mother back-to-job and child care decisions using German Socio-Economic Panel Data (SOEP) for the period 2002-2009. The preliminary results show that policy has an insignificant negative effect on the employment breaks related to motherhood. However, among women with regular part-time job the probability to come back-to-work during the first-rearing year significantly decreases of 7-8 percentage points. The impact is amplified by 13-14 percentage points for mothers with second and third child. One of the possible explanations is that change in parental benefits allows to compensate wage losses from the part-time employment and reallocate time in favour of child care. The impact of the reform on the child-care decision is positive but insignificant. In the short run, the policy does not seem to produce significant effects on child-rearing behaviour. This might be related either to the traditional role of mother as the main child care provider or to the restricted supply of institutional child care. Further counterfactual exercises are still a work in progress.
Parenthood and subsequent employment: Changes in mothers’ and fathers’ labor participation across cohorts

Laura Romeu Gordo, Julia Simonson, Nadiya Kelle, and Clemens Tesch-Römer, German Centre of Gerontology (DZA)

Abstract:

In the literature there is plenty of evidence available on the effect of childbearing on female employment biographies. In the present paper we extend the analysis to men and show how parenthood affects employment biographies of men and women differently. The enhancement to existing literature is the life course perspective we provide by observing employment biographies from age 15 to 45. Moreover, we follow the historical dimension by monitoring different cohorts. For all three dimensions we then go on to consider regional differences between East and West Germany. We analyze the biographies of 10,933 men and women taken from the German Socio-Economic Panel (SOEP) using sequence analysis and multivariate regression. Our results show that the birth of their first child often marks a turning point in the employment of women, leading to considerably more episodes of part-time work or as a homemaker thereafter. In contrast, fathers’ employment biographies continue to be characterized mainly by full-time employment. Our multivariate analyses reveal that family-related factors such as the number of children or educational and employment experience are relevant to the duration of employment after first childbirth only for women and not for men. While the consequences of parenthood for men do not especially differ between East and West Germany, we observe significant regional differences for women, with West German mothers still experiencing much longer employment interruptions than their Eastern counterparts. However, in neither region is there any real convergence in the employment patterns of fathers and mothers after childbirth in any cohort.
Mother’s Education and Preterm Birth
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Health Inequality at the Beginning of Life

Carolyn Stolberg, Georg-August-Universität Göttingen
Sten Becker, Georg-August-Universität Göttingen

Abstract:

Newborn’s health strongly depends on social background characteristics. Particularly poor are the health chances of children from mothers with low education, who frequently deliver their babies too early (<37 gestational weeks). Being born premature, in turn, is associated both with lower postnatal survival rates and increased health risks in later life (WHO 2005). Though recent research is increasingly studying social conditions of early health, the role of mother’s (educational) resources on the pregnancy outcome is yet widely unknown.

In this paper, we examine the “missing” link between parent’s social position and preterm delivery. By following Pierre Bourdieu (1974), we make a theoretical and empirical contribution to our understanding of the emergence of social patterns in early childhood health. More specifically, we ask to what extent economic, social and cultural capital can be held responsible for the observed inequality relations. According to reproduction theory, we first and foremost expect health related knowledge, with its strong implications for mother’s health promoting behavior, to be of primary relevance for explaining inequalities in pregnancy outcomes.

For testing our hypothesis, we estimate multiple logistic regression models based on SOEP data from the newborn questionnaire 2003 to 2010 (“bioage03”). By making use of the data’s longitudinal nature, we are able to construct central variables on mother’s health related behavior during pregnancy (e.g. smoking and prenatal care). Furthermore, we control for medical factors and maternal health conditions that are expected to affect the pregnancy outcome. Our findings reveal the primary relevance of mother’s education and health behavior during pregnancy for explaining disparities in preterm birth. By contrast, economic and social capital exert only minor effects, what reflects the key role cultural capital plays for the social reproduction of health status. Finally, we observed significant effects of medical factors, such as multiple pregnancies and mother’s health conditions.
Single motherhood: A stage of life as a health risk factor?

A longitudinal analysis of physical and mental health among single mothers in Germany

Mine Hancioglu, Ruhr-Universität Bochum (RUB)

Abstract:

A longitudinal analysis of physical and mental health among single mothers in Germany Research has shown poorer health and higher prevalence in mental distress of single mothers compared with partnered mothers. The aim of this paper is to focus on single mothers’ health and to highlight heterogeneity among single mothers. Both, inter-individual and intra-individual variability of single mothers will be considered in this study. We will analyze therefore empirically determinants affecting health of single mothers and further, whether effects on health may change for an exposed single mother typology. The analysis is conducted using a large dataset from the German Socioeconomic Panel (GSOEP) for 1984-2010. GSOEP contains information necessary to identify single mothers. The retrospective data about household and individual characteristics complements the information useful for analyzing dynamics in the life course of single mothers. GSOEP also provides for the whole survey period subjective health measures like health satisfaction or self-rated health (SRH) and the SF-12, a generic health measure for physical and mental health (measured bi-yearly for 2002-2010). We will examine a single mother typology using explorative methods of optimal matching (OM) and cluster analyses. Multivariate analyses will be then conduct for the different single mother groups with the intention of enhancing explanatory power of the effects on single mothers’ health and health inequalities.
Rethinking the Relative Income Hypothesis

Cristina Blanco-Pérez, Universitat Autónoma des Barcelona

Abstract:

This paper focuses on the understanding of the effect of relative income on health. Traditionally, relative income was expected to have a negative association with individual health by means of negative psychological effects. However, the empirical evidence is not conclusive. In order to explain the results disparity in previous literature, I use new evidence regarding the effect of income comparisons within a reference group on well-being. Using German Socio-Economic Panel data (SOEP), I analyse whether income comparisons affect health through psychological well-being in different directions, depending whether the comparisons are "upwards" or "downwards", and not only through relative deprivation, as it was suggested initially. In addition, income endogeneity, due to omitted variables, have been tackled considering unobserved heterogeneity after a POLS transformation. The results show that relative income is more important for health than absolut income. The association between "upwards" comparisons and health is positive, being negative the effect of "downwards" comparisons.
In absolute or relative terms?
How framing prices affects the consumer price sensitivity of health plan choice

Hendrik Schmitz, RWI Essen
Nicolas R. Ziebarth, Cornell University, DIW Berlin and IZA Bonn

Abstract:

This paper provides field evidence on a) how price framing affects consumers’ decision to switch health insurance plans and b) how the price elasticity of demand for health insurance can be influenced by policymakers through simple regulatory efforts. In 2009, in order to foster competition among health insurance companies, German federal regulation required health insurances to express price differences between health plans in absolute Euro values rather than percentage point payroll tax differences.

We use German Socio-Economic Panel (SOEP) data from 1999-2010 and identify the sickness fund of each statutorily insured individual in the data. Together with information on the gross labor income and the contribution rate of the sickness fund at the day of the interview we calculate the employee’s share of the monthly health insurance contribution in Euro. The data set includes about 50,000 person-year observations from individuals in the statutory health insurance system. The average likelihood to switch sickness funds within a year is 5%. Introducing an add-on premium raises the switching probability by 6 percentage points – a strong effect regarding the low baseline probability to switch funds.

Comparing the effects of a 10 Euro increase in monthly insurance contributions before and after the reform yields the following results. Before the reform, a 10 Euro increase induced an increase in the switching probability by about 1 percentage point. After the reform, 10 Euro more lead to a jump in the switching probability by about 6 percentage points. Thus, expressing price differences in absolute rather than in relative terms led to a sixfold increase in the switching probability. The basic results are corroborated by a supporting analysis using aggregated data on membership numbers of sickness funds with and without an add-on-premium.
The influence of income and wealth on the individual Party preference in Germany

Mathias Klein, Universität Leipzig

Abstract:

What determines voting behavior and party preferences in democracies? Today, there is little doubt that the relationship between economic variables and voting behavior is quite strong. Downs (1957) and Key (1964) gave this relation a theoretical foundation, known as the economic voter hypothesis.

The first wave of studies that focused on the influence of economic conditions on electoral outcomes mainly used aggregate (macroeconomic) datasets and most of them gave empirical support for the economic voter hypothesis (Lewis-Beck/Stegmaier, 2000). However, triggered by the paper of Fiorina (1978) who pleaded for the use of microeconomic data to test individual voting decisions, the second wave of studies concentrates on individual datasets (see e.g. Krumpal/Vatter, 2008). Most of them took several control variables like, age, education, gender and refer to individual income as economic variable. Due to the poor database for individual wealth, there is only little literature about the influence of wealth on the political support. Therefore, the intention of the recent study is to show which additional impact individual wealth has on the party preference in Germany, if income is considered. Two different income and wealth measures are taken from the German Socio-Economic Panel for the year 2007. First, individual income and wealth and second, income and wealth per household person. As model a multinomial logit model is used.

The results are as follows: The model which refers to individual measures fit the data a little bit better than that of per household persons. As higher the economic welfare of the individual as higher the predicted difference between supporting CDU/CSU and supporting the SPD and vice versa. The effect of disenchantment with politics in East Germany outweighs the general positive income and wealth effect. The influence of income and wealth of sympathizing with the FDP is surprisingly only weak.
Issue Ownership and Electoral Change:  
A Longitudinal Perspective

Bram Lancee, Social Science Research Centre Berlin (WZB) and University of Amsterdam
Sergi Pardos Prado, Nuffield College, University of Oxford
Inaki Sagarzazu, University of Oxford

Abstract:

Issue ownership theory stipulates that citizens whose individual concerns are primed in a given context will favor the party with a better reputation of handling those concerns. Despite their centrality as one of the main causal mechanisms of the theory, media priming effects are rarely tested. In this paper, we assess the validity of the priming mechanism and the consequences for electoral change of individual concern over immigration using the German Socioeconomic Panel and media content analysis. Our results confirm the priming issue ownership effect among previous non-identifiers and supporters of the issue owner, but not among previous supporters of other parties.
Changing High Cultural Activities Over the Life Course in Germany

Bettina Isengard, University of Zurich

Abstract: Although lifestyles in general and high cultural activities in particular are relatively robust over the life course, they can be subjected to certain transformations over time. Next to age effects which are mostly close connected with changing consumption patterns of leisure activities like going to the opera or theatre for example, also cohort effects can stand behind these changes. While the first connection could be pointed out in numerous investigations, the relation between birth cohort and high cultural activities were examined only insufficiently so far. But also changing living conditions due to socio-economic reasons and family formation processes plays an important role. Using the longitudinal data set of the German Socio-Economic Panel Study (SOEP) the presentation regards changing patterns in high cultural consumption to close the research gap. To analyse the impact of age and cohort effects as well as changes of economic resources or family situation over time random effects models are estimated for a time period covering five years between 1990 and 2008. It can be observe that next to age and cohort also other changing living conditions influence the consumption of high cultural activities over time. Next to changes in the individual socio-economic situation due to labour market changes also particularly family events like changing household formations by marriage or birth affect the probability of high culture participation.
Cohort Size Effects on the German Wage Distribution

Sarah Okoampah, Ruhr-Universität Bochum (RUB)

Abstract:

Economic theory predicts a negative impact of cohort sizes on wages. Due to population aging young workers become relatively scarce in the German labor force. Under the assumption of imperfect substitutability of workers of different ages this should result in a relative decrease in older workers’ wages (e.g. Welch, 1979; Wright, 1991; Fertig et al., 2009). Consequently, changes in the age composition of the work force are expected to affect the steepness of individual age earnings profiles. Germany provides an eminent case study for analyses of the economic consequences of population ageing. During the past decades Germany experienced a remarkable decline in birth rates as well as an increase in life expectancy due to declining child and old-age mortality rates. According to the Federal Statistical Office (2006), Germany will soon have one of the highest shares of older people of all industrialized countries. This paper estimates the effect of cohort sizes on wages using data from the German Socio-Economic Panel and the German Federal Statistical Office. Cohort size effects are separated from period and age effects by including year and age fixed effects in the regressions. Cohort size effects are estimated at different points of the wage distribution using unconditional quantile regressions. The resulting coefficient estimates are insignificant for males and negative for females at the mean and the lower part of the wage distribution.
Wage trajectories of occupational changers 1993-2010
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A comparison between Germany and Great Britain

Parvati Trübswetter, Institute for Employment Research (IAB)
Natascha Nisic, University of Erlangen-Nuremberg and IAB

Abstract:

From a macro-level perspective occupational mobility is often seen as an indicator for the flexibility of labor markets and the capacity to adapt to structural economic change. From an individual perspective occupational changes provide the opportunity to switch to more attractive jobs offering better wages and employment prospects. On the other hand, however, switching occupation might also be associated with a loss of occupation-specific human capital and uncertainty about future work conditions. Deriving from human capital and search- and matching theory, the paper investigates short and long term effects of occupational change on individual wages in Germany and Great Britain – concentrating in particular on the wage dynamics between occupational stayers and movers across countries. By differentiating between voluntary and involuntary changers, we are also able to get more insight into the determinants and mechanisms driving occupational mobility in Germany and Great Britain. Moreover, we also focus on the role institutional settings play in explaining different effects of occupational shifts across the two countries. In particular we take into account institutional differences in the labor market, educational and welfare system. Our results indicate that in GB occupational mobility reflects a common path to career success and wage growth. While in Germany the interplay of high employment protection and the importance of educational credentials make occupational changes in general more difficult, there are also some surprising results regarding the wage effects of occupational mobility for some groups of workers. This gives some new (counterintuitive) evidence on the German occupational labor market. We discuss how the interplay of the different institutional mechanisms explain these results. The analysis is based on the waves 1993-2010 of the BHPS and the SOEP.
Changes in the Patterns of Poverty Duration in Germany: Relieve of Poverty or New Poverty Traps?

Iryna Kyzyma,
Bremen International Graduate School of Social Sciences (BIGSSS), University of Bremen

Abstract:

Despite the introduction of major social policy reforms, since the mid-1980s Germany has been experiencing a steady increase in poverty rates among general population. It gave a boost to a great number of studies trying to explain why it happened. By applying decomposition techniques they have been exploring what kind of changes in household structures and labor market conditions of households could have potentially contributed to the dramatic increase in poverty rates over the recent two decades. At the same time, the literature available in the field does not shed light on how poverty duration has been evolving over time as well as what kind of forces might be responsible for it.

Hence, this paper aims at exploring and explaining changes in the patterns of poverty duration in Germany over 1992-2010. To be more precise, the following set of questions will be addressed: (1) How the distribution of time spent by individuals in poverty evolved over 1992-2010? (2) Have the probabilities to exit (re-entry) poverty for spells with different durations changed over the period of interest and, if yes, how? (3) Do different subgroups of population experience different shifts in poverty duration? Which socio-economic and demographic characteristic of individuals and their households became more important determinants of poverty exits (re-entries) and which ones lost their significance with time? (5) What kind of social and economic policies introduced in 1992-2010 can be potentially responsible for the observed changes in the patterns of poverty duration?

The primary method used for the empirical part of the paper is discrete-time survival analysis based on the joint modeling of poverty entries and exits, controlling for unobserved heterogeneity and initial conditions problem. In order to capture changes in poverty duration over time and explore potential contribution of different forces to these changes a five-year moving window is created and used for the analysis. It permits to investigate when exactly a change occurred and what forces might be potentially responsible for it. In addition, we use microsimulation techniques in order to predict the total distribution of time spent in poverty over multiple spells for different sub-groups of the population. The data used for the analysis is derived from the German Socio-Economic Panel. To be more precise, the waves covering 1991-2010 are used with the purpose to incorporate information on both Western and Eastern parts of Germany into analysis.
The effect of public sector employment on wage distribution compression:
An analysis of the German private-public wage gap 1984 to 2010

Miriam Reuschel, University of Potsdam

Abstract:

The tasks of the public sector as an employer in a welfare state are twofold. First, the public sector has to provide services, which are regarded as indispensable for society. Here, the public sector competes for qualified staff with the private sector. In order to attract qualified personnel the public sector competes with a package, often comprised of lower remuneration accompanied by higher job security. Second, public sector employment may be used as a tool to support disadvantaged groups on the labor market. Especially, women and unqualified workers tend to get higher remuneration compared to an employment in the private sector. Consequently, for high skilled a negative and for low skilled or disadvantaged a positive public-private wage gap exists. Nevertheless, the question remains whether the existing wage gap and a shrinking public sector causes a rise or decline the overall inequality of the wage distribution in Germany. Recent findings show a rising inequality for high-income groups. This could in parts be explained by an increasing (negative) wage gap for higher wage deciles, and therefore, lower remuneration in the public sector might result in more pronounced wage inequality. On the other hand, public sector employment tends to compress the overall wage distribution. Hence, this may lead to a more equal distribution of wages. In our study we investigate the evolution of public-private wage gap and the equalizing role of public employment over the period 1984 to 2010 separately by gender and region. We calculate the private-public wage gap for the mean of each decile. To decompose the wage gap we estimate the potential private sector wages for public sector employees by least square regression and propensity score matching. We then calculate and decompose inequality measurements to investigate the role of the wage gap. Indeed, we find that the diminishing of public sector employment reduces its equalizing capabilities.
Trust pays

Ruben de Bliek, Erasmus University Rotterdam

Abstract:

It is believed that a society’s level of trust in strangers, also known as generalized or interpersonal trust, is an accurate reflection of the quality of civil society and of the success of its accompanying economy. Two unresolved issues remain. The first issue concerns the generalizability of previous results obtained using aggregated country or region-level data, when applied to a micro-economical level. The second pertains to the proposed form of the relationship between trust and economic performance, which has most often been regarded to be linear. Using the German Socio-Economic Panel (SOEP), we estimate a two wave (2003, 2008) panel regression and find that the level of trust in strangers, as measured by two statements relating to interpersonal trust, positively influences an individual’s economic performance, as measured by annual individual labor earnings. However, we also find significant evidence for diminishing marginal returns between trust and economic performance. We suggest that this latter result is a clear indication of the appropriateness for economic agents of adopting a "trust-but-verify" disposition, roughly equal to the average level of trust in the population, as to achieve the highest economic performance possible. To the best of our knowledge, this is the first time these conclusions have been claimed using micro-level multiple-wave data.
Adolescent Sports Participation, Social Skills and Attitudes, and the School-to-Work Transition

Benjamin Fuchs, University of Freiburg
Aderonke Osikominu, University of Freiburg

Abstract:

This paper investigates the hypothesis to which extent informal learning activities of youths during leisure contribute to shaping educational attainment as well as social and career aspirations. Specifically, we analyze the determinants of participating in sports during adolescence and the effects on educational attainment and youths' assessments of the determinants of social success and important future job characteristics. The detailed information in our representative panel data set taken from the German Socioeconomic Panel allows us to employ a flexible, matching based strategy to account for the self-selection of youths into sports. Our results suggest that participating in sports has a positive effect on educational attainment. It also influences youths' assessments of determinants of social success and important job characteristics. Being involved in sports increases the likelihood to rate good promotion possibilities and the possibility to interact with others or to help others as important job characteristics. Finally, participating in sports reduces the probability to consider unfair behaviors such as exploiting others and external circumstances such as family background and money as drivers of social success.
Measuring Infant Development. Concordance of Survey and Observational Measures

Malte Sandner, Leibniz Universität Hannover

Abstract:

In the last years the German Socio-Economic Panel Study (SOEP) has introduced mother-child questionnaires to learn more about infant development. Nevertheless, the reliability of self-reported scales and the relation to observational measures of infant development are unclear. This paper uses two strategies to analyze the performance of mothers’ self-reports about infant development. Firstly, it compares the distributions of these reports in the mother-child questionnaire I and II to that of mothers who participate in a home visiting project called “Pro Kind”. Secondly, the paper examines the congruence of infant development assessed through the temperament scales and the Vineland Adaptive Behavior Scale (VABS) used by the SOEP on the one hand and through the Bayley Scales of Infant Development and the “Sprachentwicklungstest für zweijährige Kinder” (SETK-2) on the other hand. “Pro Kind” only affiliates disadvantaged first time mothers. Therefore, SOEP samples of first time mothers and disadvantaged first time mothers are defined.

Results show that mothers in the SOEP sample rate infants better in the temperament scales and the VABS than “Pro Kind” mothers. However, the differences vanish if we compare “Pro Kind” mothers with the sample of the disadvantaged SOEP mothers. Additionally, we find significant correlations between VABS ratings and the Bayley Scale and SETK-2 scores ($r$ varies between 0.35 and 0.54). Not surprisingly, the temperament scales are just small but still significant correlated with the Bayley Scale scores. We find no evidence that concordance of self-rating is related to the degree of disadvantage.

We conclude that the temperament scales and VABS of the mother-child questionnaires are reliable when using the identical survey questions on different samples. Furthermore, we find that the VABS can be seen as valid proxy for broader infant development.
Perceived Control Facilitates Adjustment to Unemployment: Findings from the German Socio-Economic Panel Study (SOEP)

Frank J. Infurna, Humboldt University Berlin
Denis Gerstorf, Humboldt University Berlin
Nilam Ram, The Pennsylvania State University
Gert G. Wagner, DIW Berlin and Technische Universität Berlin
Jutta Heckhausen, University of California, Irvine

Abstract:

Perceived control is a general-purpose mechanism for adaptation and a resource people draw upon in the face of obstacles. Little is known, however, about how control itself changes with the experience of critical life events and what the antecedents, correlates, and consequences are. We use data from the German Socio-Economic Panel Study ($N = 413$, $M$ Age = 41, 48% women) and examine how perceived control changes with unemployment, explore the role of socio-demographic, well-being, and health factors in moderating such change, and investigate whether levels of control prior to and unemployment-related control change predict re-employment and welfare incidence later on. Results indicate that control remained, on average, relatively stable with unemployment, but there were sizeable between-person differences in such change. Women and participants with fewer years of education experienced stronger declines in control. In addition, steeper unemployment-related declines in control were associated with higher risk of remaining unemployed and low levels of control predicted depending on welfare in the years following unemployment. We discuss possible pathways by which control facilitates adjustment to unemployment and suggest routes for further more mechanism-oriented inquiry.
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Atrium, Headquarter of the Leibniz Association in Berlin (Closing Ceremony and Farewell Dinner)