The Effect of Teenage Employment on Character Skills and Occupational Choice Strategies

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Abstract:

This study examines the effect of employment on character skills and occupational choice strategies of teenagers. For this analysis I combine two strands of literature. The first strand observes the effect of high school employment on later economic success. The literature finds varying results depending on how the treatment is defined. Studies who use a continuous variable, e.g. number of working hours per week, find a positive effect of employment that becomes negative if a critical number of working hours per week is exceeded. Oettinger (1999), Tyler (2003) and DeSimone (2006) proved empirically that the reason for the negative effect is that time-consuming jobs result in reduced academic learning and declining academic performance which is an important determinant of the further education path and later occupational choice. While the negative effect is well researched, the reasons for the positive effect is still unclear. The literature argues that early employment enhances skills and transfers valuable knowledge that (i) improves the school to work transition and (ii) will be rewarded directly on the labor market. However, this relationship has not been proven empirically. To fill this lack I consider a second strand of literature that documents the importance of character skills for later economic success. Van Eijck and DeGraaf (2004) and Heckman et al. (2006) confirms that character skills determines the probability of high school graduation, job performance and wages.

The analysis uses data from the SOEP that includes detailed information on the socio-economic status and personality of an individual. Further, data from the Time Use Survey is used that contains detailed information on daily time use. The analysis is restricted to secondary school students. To identify cp effects I combine propensity score matching with regression to get doubly robust estimators.

My main findings are as follows. I find a positive selection into early employment. School students with a part-time job have highly educated and higher-income parents who were less non-employed in the past. Further, the share of school students with a migration background is higher for the "never had a part-time job" group. Considering the daily time use, a part-time job leads to reduced time spending with media use, lazing around, sports and peer activities. Working during the school year increases the internal locus of control that is positively correlated with self-confidence. Additionally, I find that early employment leads to a more active way to find a future job and reduces the importance of parents’ advices as well as postponing the decision. The results are robust to including family fixed effects.