

# The Effect of Having Children on Wages in the Early Career of Higher Education Graduates

## BACKGROUND

### Background

Situation in Germany:

- Getting ahead with children is difficult for women
- Higher wages for men with children

Aim of this poster:

- Show relation between wages and parenthood for male and female graduates

### Questioning

- How does having children influence the income of higher education graduates during the first years after graduation?
- Is there any difference between men and women?

### Theoretical Explanations

- **Human capital** (Mincer/Polachek 1974): Lower income due to job timeouts
- **Career attitudes** (Marini et al. 1996): Different career attitudes between the sexes
- **Signaling** (Spence 1973): Employers take motherhood as a sign of low career aspirations

## DATA AND METHODS

### Bavarian Graduate Panel (BAP)

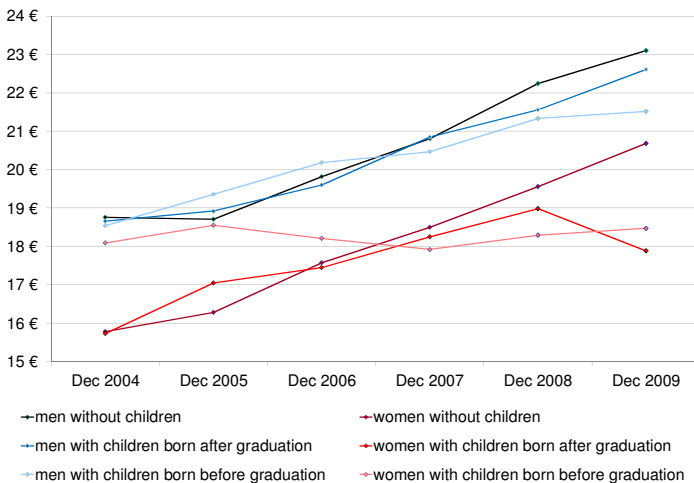
- Total population survey of higher education graduates who received their degree at one of the state-run Bavarian universities or universities of applied sciences during a given year
- 3 panel waves: about 1, 5 and 10 years upon graduation
- Information on characteristics of study
- Retrospective information about all jobs since graduation

### Methods

- Here: 2<sup>nd</sup> wave of the 2004 graduates survey used
- Artificial panel data from retrospective information with 6 measurement times: December 2004 to December 2009
- Self-employed and 400 €-jobbers excluded
- n = 2,408
- Wage definition: gross hourly wages incl. bonuses
- Fixed effects regression on log wages

## FIRST RESULTS

- Mean gross hourly wages by sex and parenthood



- Wage development during the first 5 years upon graduation in log hourly wages, fixed-effects-models

	Model 1 (all graduates)	Model 2 (men only)	Model 3 (women only)
Constant	2.7859***	2.8503***	2.7009***
Years since graduation	.0432***	.0408***	.0464***
<b>Having a child</b>	<b>-.0315***</b>	<b>-.0167</b>	<b>-.0573**</b>
Overall F-Test	23.16***	25.18***	19.18***
R <sup>2</sup> within	0.199	0.214	0.187
n	1761	950	811

\*\*\* p < .001, \*\* p < .01

- Model 1: Having children seems to lower wages in general
- Model 2: Having children does not change wages for men significantly
- Model 3: Having children reduces wages for women by nearly 6 %

## CONCLUSION AND PERSPECTIVES

### Conclusion

- The influence of having children on wages is different for men and women
- Findings are in line with human capital theory and signaling
- Career attitudes approach needs further insights

### Perspectives

- Further tests of the theoretical approaches by
  - including more variables in the existing models
  - considering other types of regression models
- Introduction of other theoretical explanations

## LITERATURE