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/Polacheck 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: 2nd 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

<table>
<thead>
<tr>
<th></th>
<th>Model 1 (all graduates)</th>
<th>Model 2 (men only)</th>
<th>Model 3 (women only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>2.7859***</td>
<td>2.8503***</td>
<td>2.7009***</td>
</tr>
<tr>
<td>Years since graduation</td>
<td>.0432***</td>
<td>.0408***</td>
<td>.0464***</td>
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<tr>
<td>Having a child</td>
<td>-.0315***</td>
<td>-.0167</td>
<td>-.0573**</td>
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<tr>
<td>Overall F-Test</td>
<td>23.16***</td>
<td>25.18***</td>
<td>19.18***</td>
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<tr>
<td>R² within</td>
<td>0.199</td>
<td>0.214</td>
<td>0.187</td>
</tr>
<tr>
<td>n</td>
<td>1761</td>
<td>950</td>
<td>811</td>
</tr>
</tbody>
</table>

Mean gross hourly wages by sex and parenthood:
- Men without children
- Women without children
- Men with children born after graduation
- Women with children born after graduation
- Men with children born before graduation
- Women with children born before graduation

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