



Master Seminar in Empirical Labor Economics Summer term 2018

Topic descriptions:

1. Does it pay off for men to marry?

In many studies it was found that married men earn on average higher wages than unmarried men. However, it is not clear, why this differential arises. On the one hand, employers might prefer married men because they expect them to have better characteristics (for example, to be more reliable). On the other hand, high-wage earners might be more attractive on the marriage market.

Using OLS regressions, students estimate wage differences between married and unmarried men. Thereafter, Fixed Effects regressions are estimated to analyze how wages change if a person marries.

Chun, H., Injae, L. (2001), Why do married men earn more: Productivity or marriage selection? *Economic Inquiry* 39(2), 307-319.

2. The relationship between body weight and wages

There are several reasons why there may be a correlation between wages and body weight. Weight may be related to health and therefore to productivity which directly affects wages. On the other hand, there might be unobserved characteristics which determine both, body weight and wages. Furthermore, there might be discrimination with respect to body weight. Obese individuals might experience a wage penalty.

The seminar thesis applies OLS and Fixed Effects regressions to estimate the relationship between body weight and wages.

Baum & Ford (2004), The wage effects of obesity: A longitudinal study, *Health Economics* 13(9), 885-899.

Fachbereich 03
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3. The effect of locus of control on job search and the job finding rate

Locus of control is a psychological concept which describes the belief of an individual about the impact of own behavior on life outcomes. Individuals with an internal locus of control believe that life outcomes are mainly the results of own behavior while those individuals with an external locus of control think that life outcomes are mainly due to external factors such as luck.

Caliendo, Cobb-Clark and Uhlendorff (2015) used the IZA Evaluation Dataset and showed that locus of control has an impact on job search behavior of unemployed individuals. Unemployed workers with an internal locus of control have higher expected returns of job search and therefore put more efforts in job search.

In the seminar, students estimate OLS regressions for the number of job search methods used, for the reservation wage and LPM models for the probability of finding a job to assess if the results obtained by Caliendo et al. (2015) are also valid for the SOEP.

Caliendo, M., Cobb-Clark, D., Uhlendorff, A. (2015), Locus of Control and Job Search Strategies, *The Review of Economics and Statistics* 97(1), 88-103.

4. The gender reservation wage gap

It is a well-known fact that wages of women are on average lower than of men. The literature offers a large number of possible explanations, amongst others differences in characteristics (labor market experience, overtime work) and taste-based or statistical discrimination. Brown, Roberts and Taylor (2011) analyze the gender reservation wage gap, that is they do not look at working individuals but at not working individuals who are searching for a job. Their study shows that there is also a gender wage gap in reservation wages. They apply Oaxaca-Binder decompositions and highlight that the presence of children explains a large part of the observed gap, but that for a sample of individuals without children, the largest part of the reservation wage gap cannot be explained by observed variables. This result may be explained by perceived discrimination leading to lower wage aspirations of women. In the seminar thesis, students are expected to perform an Oaxaca-Binder decomposition of reservation wages using the German SOEP.

Brown, S., Roberts, J., Taylor, K. (2011), The gender reservation gap: Evidence from British panel data, *Economics Letters* 113, 88-91.

5. The impact of regional mobility of working individuals on life and job satisfaction

In a study using the British BHPS and the Australian HILDA dataset, Perales (2017) shows that decisions to move between regions of young individuals is consistent with theories assuming utility-maximizing behavior. His study shows that satisfaction increases after moving.

In the seminar thesis, students are expected to estimate Fixed Effects regressions for job and life satisfaction in order to test if this result also holds for Germany. Regressions are done for several subgroups (singles, partnered individuals, high educated, etc.). Note that unlike the BHPS and HILDA, the German SOEP unfortunately does not consistently have information on the reason of migration.

Perales, F. (2017), Dynamics of job satisfaction around internal migrations: a panel analysis of young people in Britain and Australia, *The Annals of Regional Science* 59(3), 577-601.

6. Mozart or Pelé. The effects of adolescents' participation in music and sports

Participation in music and sports is believed to have positive effects on child development. That is why on the one hand governments subsidize both activities and on the other hand parents want their children to engage in sports or music activities.

While a large part of the earlier literature has investigated the effect of either sports or music activities, Cabane, Hille and Lechner (2016) jointly model the effects of both. They use the SOEP and show that music activities have stronger positive effects on academic performance and academic ambition while sport activities improve subjective health.

In the seminar thesis, students apply OLS regressions of (1) doing sports vs doing music and (2) doing music or sports vs doing nothing on school grades, the probability of attending upper secondary education, the aim to enroll at university and on subjective health (as done in the paper). Note that Cabane et al. (2016) apply matching procedures, but students are only expected to run OLS models.

Cabane, C., Hille, A., Lechner, M. (2016), Mozart or Pelé? The effects of adolescents' participation in music and sports, *Labour Economics* 41, 90-103.

Timetable:

Date	Location	
Thursday, 19.04.2018 12.00 – 14.00	HS VII (ReWi Altbau)	Kick-Off (introduction, organizational issues, assigning topics)
Thursday, 03.05.2018 10.00 – 17.30 Friday, 04.05.2018 9.30 – 17.30	PC-Pool 00-275	Workshop: Introduction to the German Socio-economic Panel Study (participation compulsory) See http://www.statistics.economics.uni-mainz.de/483.php for further information
Monday, 11.06.2018 23.59		Deadline for submission of presentation slides and of a preliminary draft of the seminar paper to sekretariat.schank@uni-mainz.de
Thursday, 14.06.2018 08.00 – 18.00	HS VII (ReWi Altbau)	Presentations of seminar papers
Sunday, 24.06.2018 23.59		Deadline for submission of the final seminar thesis to sekretariat.schank@uni-mainz.de (the print-out can be submitted the next day at the Pedellloge in the ReWi 1 building)

Further information:

We will send before the first meeting an http-address where participants can state their preferences by ranking the topics from 1 (most preferred) to 6 (least preferred), but students can modify their preferences at the end of the introductory meeting. Topics will be assigned (according to the stated preferences) to groups of two or three students directly after the introductory meeting. Students within groups can work together and use a joint do-file in Stata. Group members should also present their results jointly. However, note that each person should write up her/his seminar thesis independently. The thesis should cover **not more than 12 pages** including tables and figures, but without references.

We will supply a student version of the German Socio Economic Panel (GSOEP), the data-set to be used for the analysis. Instructions on how to access the data will be provided in the first meeting. Note that we organize a two-day workshop on May 3rd and 4th, which is held by two staff members of the SOEP. They introduce the data-set and are happy to discuss any questions regarding the dataset and the documentation material. It is compulsory for seminar participants to attend this workshop.

The main task is to investigate the research topic, using Stata and based on the references above, and to write up the findings in the style of a research paper. Students should discuss (at a minimum) the outline of their paper with their supervisor.

Students need to submit an electronic version of their seminar thesis per e-mail to sekretariat.schank@uni-mainz.de, together with the literature cited in the thesis (except for the papers referenced above), a Stata log-file and a do-file which produces all results reported in the seminar thesis. Students should make sure that the do-file runs through before submission and should also appropriately comment in the do-file which table etc. is produced by which command.

Further formal requirements will be discussed during the introductory meeting. The slides from this introductory meeting will be downloadable from ILIAS. Participants are expected to follow all guidelines listed on the slides.

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