Women's Labour Force Exit: the Role of her Partner's Socio-Economic Position

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Abstract

Using the longitudinal data of the Socio-Economic Panel (SOEP) we studied the effect of both partners' education and occupational status on women's likelihood to exit the labour market and to enter housewife status. The event-history analyses show that the woman's own educational and occupational position are much more important determinants of labour market exit than her partner's characteristics. While higher educated and higher status women are less likely to become housewives, the partner's occupational status has a small positive effect on a woman's likelihood to become a housewife. We illustrate that considering the combined effect of both partners' statuses as well as relative status differences is essential to assess the role of partner effects on female labour market exits.

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JEL classification: D10, J12, J24, Z13

Introduction

There has been limited research effort in unravelling how the household context affects people's employment outcomes. Social stratification research has often highlighted that people's labour market outcomes are affected by the social status of their family of origin. Much less examined is the question to what extent people's employment outcomes are influenced by social status combinations in the family context in adult life. The aim of this paper is to investigate how the educational and occupational status of both partners in a couple influences women's transitions out of the labour market to housewife status in Germany. Being a conservative welfare state, Germany has traditionally been characterized by a male breadwinner model, in which women were responsible for child-rearing and housework. In the last decade, policies have been implemented to encourage female labour market participation, including the increased provision of childcare and early years education as well as the introduction of a shorter parental leave scheme (Elterngeld) (Haan & Wrohlich, 2011; Spiess & Wrohlich, 2008). In general, female employment participation has risen in Germany, but the number of transitions into and out of employment over the life course of women has also risen over cohorts (Grunow, 2006; Grunow, Hofmeister, & Buchholz, 2006). Hence, research efforts focussing on the determinants of labour market exits for women will improve our understanding of the people affected and inequalities therein. Alongside the rise in female labour force participation, there has been a change towards more assortative mating , with a trend towards partnerships being formed between people with similar educational level and social position (Blossfeld & Timm, 2003; Grave & Schmidt, 2012). In this context, it is especially relevant to examine how the partner's socio-economic position affects female employment transitions and how this works out across partnership constellations with varying levels of status differences between the partners. We contribute to the existing research in this field by examining the effect of the combination of partners' statuses and by investigating whether the partner's status has a different effect according to whether the woman's own socio-economic position is high or low. In what follows we provide a brief outline of theories and previous research about partner effects on female employment, and conclude this section with our research

questions. The analysis, based on discrete event history analyses of the Socio-Economic Panel (SOEP) shows the importance of women's own socio-economic position in relation to the position of the partner.

Partner effects on female employment

For the effect of the partner's occupational and educational status on women's employment, there are several theories leading to divergent expectations. The income effect and New Household Economy lead to the expectation that a higher status partner increases the likelihood of a woman to become a housewife, while social capital theory leads to the opposite expectation. Firstly, the income effect in economics refers to the expectation that the higher the income people have at their disposal outside of their labour market participation, the less likely they are going to engage in employment. From this perspective, a partner's income may be used to buy free time or housework time (England, Gornick, & Shafer, 2012). Hence, we would expect that the higher the partner's occupational position (and thus, the higher his income) the more likely the wife will exit the labour market. Secondly, New Household Economy argues that status differences between partners affect people's labour supply (Becker, 1991). Partners in a couple tend to specialize, which means that the partner with the smallest earning potential in the labour market will focus on housework. Hence, we would expect that the larger the comparative status disadvantage is for the wife, the more likely she will make the transition to housewife. And indeed, previous research examining the role of the partner's position has shown that in several countries, including Germany, the labour supply of women is lower when the husband's educational level, occupational status or earnings are higher, while controlling for women's own resources (Bernardi, 1999; Bernasco, de Graaf, & Ultee, 1998; Blossfeld, Drobnic, & Rohwer, 2001; Verbakel & de Graaf, 2008; Verbakel & de Graaf, 2009).

Thirdly, contrary to the income argument and New Household Economy, social capital theory predicts a positive relationship between husband's resources and woman's labour market outcomes. Since specific labour market positions require specific skills and knowledge, the partner's occupational

position can be seen as a form of social capital, in which labour market success is enhanced by the partner's position (Lin, Vaughn, & Ensel, 1981). Higher educated people and people with favourable labour market positions might help their partners with career skills or transfer their positive attitude towards employment to their partner. Although social capital theory has not gained much empirical support for women's labour supply, it has gained empirical support when it comes to occupational success among the employed: The partner's social status has been found to have a positive effect on upward mobility chances (Robert & Bukodi, 2002; Verbakel & de Graaf, 2008), the likelihood to get promoted to a top position (Bröckel, Busch, & Golsch, 2013) and on occupational prestige scores (Bernasco et al., 1998; Verbakel & de Graaf, 2009).

For female labour market participation, we expect that mainly the income effect and the theory of New Household Economy will play a role. We formulate the following two hypotheses:

H1. According to the income effect, we would expect that the higher the partner's occupational position (and thus, the higher his income) the more likely the wife will exit the labour market.

H2. According to the New Household Economy Theory, we would expect that the higher the comparative status disadvantage of women, the more likely she will make the transition to housewife status. While numerous previous studies investigate the effects of both partners' resources on women's labour market participation and/or occupational success, the question of whether partner effects play out differently for women with either high or low own socio-economic position remains unanswered. We could namely hypothesize that having a higher status partner than themselves may provide a weaker incentive to leave the labour market for women with a higher personal ISEI status. The reasons for this could be twofold. Firstly, higher status women in general are more likely to be employed, given the higher opportunity cost for not working (England et al., 2012). Secondly, people from the higher social strata have been found to have more gender egalitarian attitudes and a less traditional division of labour (Kalmijn & Kraaykamp, 2007). Thus, the effect of the partner's resources should be assessed separately for women with different socio-economic positions. So far, this issue has only rarely been examined, and f the existing research provides mixed evidence. For example,

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whereas Verbakel (2010) found that the interaction between partners' statuses was not significant for determining woman's working time in the Netherlands, Brynin and Schupp (2000) found interaction effects to be important for wages in Germany (2000). We test the following hypothesis:

H3. The higher the educational and occupational position of the woman, the less likely her labour force exit is influenced by the characteristics of her partner.

The most recent study in Germany examining partner effects on female employment is based on data showing monthly employment changes until 1991 (Blossfeld et al., 2001). In the current study, we analyze data with data until 2011. Furthermore, we will examine the combined effect of both partners' positions and relative status differences between the partners, as well as answer the question of whether these effects play out differently for women with either high or low own socio-economic positions.

Data and Method

To investigate the effect of both partners' education and occupational status on women's likelihood to exit the labour market and to enter to housewife status, we use the longitudinal data (1984-2011) of the German Socio-economic Panel (SOEP). The SOEP is one of the most long-lasting representative panel studies, collecting information on for example the individual's employment and family biography for more than 20,000 respondents living in private households in Germany (Wagner, Frick, & Schupp, 2007). Because all sample household members above the age of 16 are interviewed, we are able to match couples' information and therefore are able to study women's labour market transition depending on the partner's resources over a long time span. We focus on married and cohabitating couples in which the woman is aged 25 to 40, exclude students and restrict our sample to West Germany only. Furthermore, we exclude couples in which the male partner is inactive (e.g., retired) which reduced our sample by 2.8 %.

Based on the monthly employment spell data, we derive the respondent's main activity status and create both partners' employment statuses. Whereas for the husband's employment status we only

use a dummy variable distinguishing between employed and unemployed men, women's employment status comprises five categories: full-time employed, part-time employed, unemployed, maternity leave and housework. Regarding both partner's educational level we differentiate three levels: low (CASMIN 1 a-c), medium (CASMIN 2 a-d) and high (CASMIN 3 a-b). Since we do not expect the educational level to change very much over the time period studied, the variable educational level represents the highest level ever mentioned, and hence is treated as time-constant. Occupational status is based on the International Socio-Economic Index of occupational status (Ganzeboom & Treiman, 1996). Depending on the individual's employment status, occupational status is either based on information of current job (employed) or the most recent job (currently not employed). In case of missing information on ISEI, we either used information on the most recent or on the first job.

To investigate the impact of partner resources on women's likelihood to exit the labour market, we apply a discrete-time event history model which is specified as followed:

$$log\left(\frac{P_t}{1-P_t}\right) = \alpha + \beta_1 * X_{i(t-1)} + \beta_2 * Y_i + D_{i(t-1)} \qquad (1)$$

The log odds coefficients indicate a woman's likelihood to exit the labour market in the following month given that she is at risk of doing so. Women are in the riskset if they are full-time or part-time employed, unemployed or on maternity leave. Vector X represents all time-varying variables: both partners' ISEI and employment status, the number of children in the household in different age groups and women's age. Vector Y refers to the educational level of both partners, which is treated as time-constant. Finally, the duration the woman is in the riskset is measured by variable D. We distinguish six categories: 0-6 months, 7-12 months, 13-24 months, 25-48 months, more than 48 months and a category for left-censored cases, for whom we do not know the start date of being in the riskset. We decided to include left-censored cases for the following reason: excluding left-censored cases also means to systematically exclude those couples (a) who are living together for a longer time or (b) in which the woman is employed for a long time. However, one may assume that couples who have been living together for a longer time are more subject to possible partner effects. To check for robustness, we re-ran our models without the left-censored cases. Although the effects were slightly

smaller when excluding left-censored cases, the results were more or less identical. As outlined, those small differences may result from systematically excluding people in longer-term partnerships. Because the results were robust and furthermore, since 42 % of our sample are left-censored cases, we decided to include left-censored cases in our analysis, using a dummy variable indicating left-censoring. Defining our riskset in this way yields to 198,768 person-month observations and 1,464 events of labour market exit for 3,541 women.

Results

Table 1 shows the results obtained from the discrete event history model as specified above. Model 1 represents the effects of a woman's own resources on her likelihood to exit the labour market. As expected, higher educational levels and occupational positions decrease a woman's likelihood of exiting the labor market, suggesting higher opportunity costs for doing so. In line with that are also the findings showing a higher likelihood for leaving the labour market among part-time employed or unemployed women and women on maternity leave. Furthermore, women are more likely to exit the labour market if they are married and if they have young children. As for the partner's resources, the results in Model 2 show that a woman's likelihood to become a housewife increases slightly with the partner's occupational position and decreases if the partner is unemployed.

These results are in line with the income argument as well as the New Household Economy, but the effects are rather weak and the effect of the partner's educational level is not statistically significant. The finding that women with unemployed partners are more likely to remain employed is in line with both the income argument as well as the New Household Economy. Women who are employed have a comparative advantage in the labour market, and hence it is not surprising that these women remain employed, to compensate for the income losses of their unemployed partner.

The effect of the woman's own ISEI and the partner's ISEI work in different directions. Therefore, women with a high ISEI who are partnered with a man with high ISEI will experience a positive effect

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on becoming a housewife due to their partner but a deterring effect through their own status. The eventual likelihood of exiting the labour market will depend on which effect is stronger, her own position or her partner's. In our models, the effect of the partner characteristics are clearly weaker than the effect of the woman's own position.

Figure 1 illustrates on the basis of predicted probabilities how the likelihood of leaving the labour force works out for women in different types of partnership constellations according to levels of assortative mating. Several ISEI levels were selected, with the ISEI 85 standing for professions such as dentist or lawyer, ISEI 50 for lab technician and several office jobs for instance, and ISEI 25 stands for labourer. The lowest likelihood for leaving the labour market is predicted for women who have a higher status than their partner, as well as for women in homogamous partnership with high ISEI. Despite the high status of their partner, therefore, women in homogamous high level partnerships do not face a high probability of becoming a housewife, which is due to the effect of their own ISEI. Women in heterogamous partnerships with a higher status man as well as women in homogamous partnerships at a low ISEI-level have the highest predicted probability of becoming a housewife. As argued by the New Household Economy, the person's comparative (dis)advantage is an important element. But what is clear from the Figure is also that the main differentiation is to be found between women with higher and lower ISEI status of their own. In Model 3 we added an interaction term between woman's ISEI and the partner's ISEI to check whether the impact of the partner's status varies with the woman's occupational status. We could hypothesize that a higher status partner may provide a stronger incentive to leave the labour market for women with a low personal ISEI status. People from the higher social strata have namely been found to have more gender egalitarian attitudes and a less traditional division of labour (Kalmijn & Kraaykamp, 2007). As indicated by the insignificant interaction effect, the effect of partner's ISEI does not differ according to ISEI status of the woman. The differential effect for woman of higher ISEI is entirely explained by the effect of her own ISEI, but even at high ISEI levels women experience a somewhat stronger push out of the labour market if their partner has a higher status rather than the same or a lower status. By adding the

interaction effect between partner's unemployment and woman's educational level and occupational level, in the last model (model 4) we then test whether the partner's unemployment has a different impact on the woman's likelihood to exit the labour market depending on the woman's own educational and occupational position. Since none of the interaction effects are significant, this does not seem to be the case.

Conclusion

Using the longitudinal data of the German Socio-Economic Panel Study (1984-2011) and applying discrete event-history models, we investigated the impact of both partners' educational and occupational status on women's transitions to housewife status.

Overall, we found that the relevance of the partner's position for women's labour force exit is limited. There is some evidence that women partnered with high status men were more likely to exit the labour force than women with lower status partners, but the effects were rather weak. Much stronger than the effects of the partner's resources is the positive effect of a woman's own education and occupation on her labour market attachment. The findings seem therefore to suggest that, women with a high individual occupational status and educational level face an opportunity cost to not working which is more substantial than the partner effect. Our study finds more limited partner effects than the study by Blossfeld, Drobnic and Rohwer (2001) using the same data but only until 2001. This seems to suggest that there might be a trend towards a reduced relevance of partner effects and more independence of the female employment career. Further research should examine these effects across cohorts.

Our study also showed the relevance of the partnership constellation when examining the role of the partner. The negative partner effect is largely offset for women in high status homogamous partnerships, while women in male heterogamous partnerships and low status homogamous relationships experience a substantially larger probability of becoming a housewife. The New Household Economy theory emphasizes the importance of the relative position between partners,

while the income effect focuses on the absolute levels. We have shown that both dimensions need to be taken into account with a strong relevance of the level of the absolute level of the woman's own educational and occupational position.

There are also repercussions of this study for inequality between women and across households. Since the socio-economic position of the woman is a main determinant of her likelihood to leave the labour market, we can conclude that strides towards gender equality in labour market participation have affected women unevenly, leading to inequalities at the intersection of gender and class position. At the same time, while we find that the higher status of her partner reduces a woman's likelihood to participate in the labour market, this effect is not strong enough to offset household-level social class inequalities between couples. While women in homogamous high status couples have a rather low likelihood to become housewives, women in homogamous low status couples face among the highest likelihoods to leave the labour force.

A remaining question relates to the reasons for the different employment outcomes between women with different educational and occupational positions. Two factors explain the effect of the woman's human capital: (1) the higher opportunity costs these women face, and (2) the more gender egalitarian attitudes these women have. In the first case, inequalities between couples then would result from differences between women in the opportunity costs; in the latter case they would result from differences in socially internalized egalitarian gender roles, which highly affect social behavior. In order to unravel this issue, future research should include indicators for gender attitudes.

Table 1: Discrete time logit model for female labour market exit to housewife status

	Model 1	Model 2	Model 3	Model 4
Woman's characteristics				
Education woman *(ref. low)*				
Medium	-0.308***	-0.341***	0.338***	-0.339***
High	-0.309*	-0.388**	-0.401**	-0.401**
ISEI woman	-0.010***	-0.011***	-0.014 *	-0.011***
Partner characteristics				
Education partner *(ref. low)*				
Medium		-0.025	-0.023	-0.025
High		0.014	0.010	0.013
ISEI partner		0.004+	0.002	0.004+
Partner unemployed		-0.270+	-0.272+	-0.197
Interaction effects				
ISEI women* ISEI partner			0.000	
Education women*Unemployed partner				
Medium*Unemployed partner				0.164
High*Unemployed partner				0.257
ISEI women*Unemployed partner				0.004
Employment status *(ref. full-time)*				
part-time, minor employed, minijob	1.004***	0.969***	0.970***	0.968***
Unemployed	2.296***	2.335***	2.336***	2.336***
Maternity leave	2.230***	2.205***	2.206***	2.205***
no. of children in HH age 0-4	0.212***	0.216***	0.214***	0.216***
no. of children in HH age 5-10	0.210***	0.219***	0.219***	0.219***
no. of children in HH age 11-15	0.007	0.027	0.026	0.027
no. of children in HH age 16-18	0.055	0.088	0.086	0.086
Duration of being in riskset (ref 0-6 months)				
7-12 months	0.177+	0.184+	0.183+	0.184+
13-24 months	0.041	0.035	0.034	0.034
25-48 months	-0.263*	-0.278*	-0.278*	-0.279*
>48 months	0.834***	-0.851***	-0.851***	-0.852***
Left-censored	-0.443***	-0.463***	-0.464***	-0.465***
married couple	0.844***	0.794***	0.793***	0.794***
Age	0.136	0.116	0.116	0.116
age squared	-0.002	-0.002	-0.002	-0.002
Constant	-8.722***	-8.363***	-8.253***	-8.369***
Aic	15688.088	15672.587	15674.326	15678.140
Bic	15892.085	15927.585	15939.523	15963.737

Note: + $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$
198,768 person-months; 3,541 women.
Controls for imputed cases not shown.

Figure 1: Predicted probabilities for female labour market exit by partner's ISEI and own ISEI
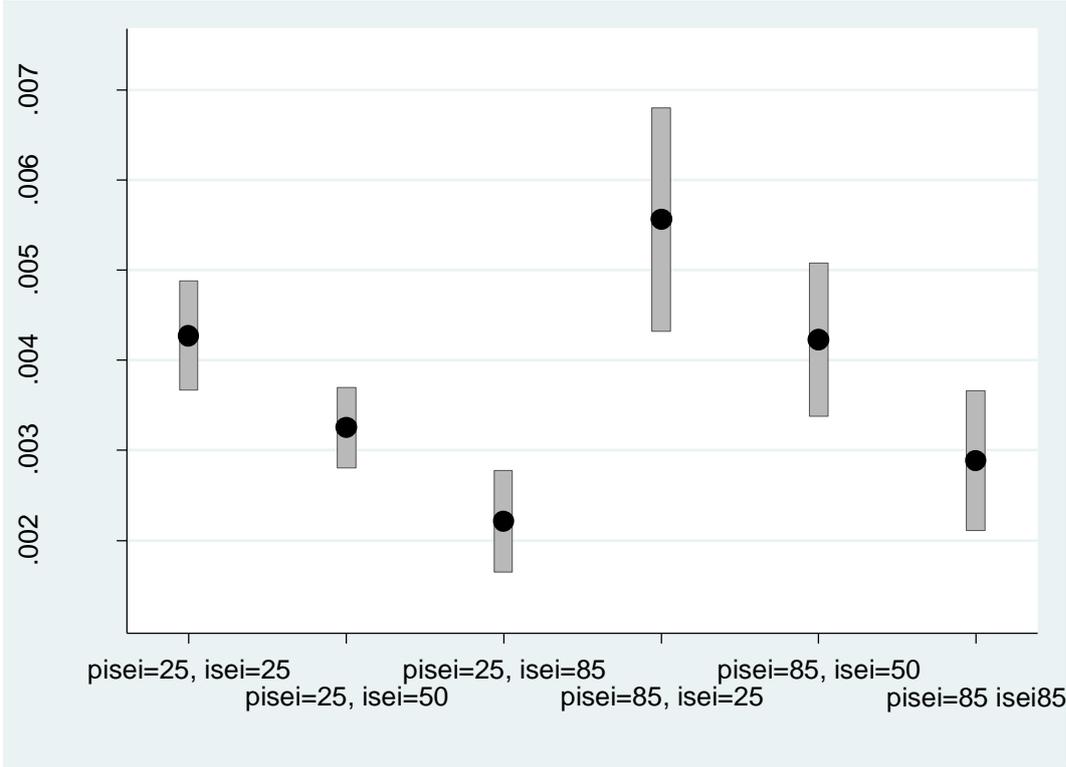
Note: pisei = partner's ISEI score, isei = woman's ISEI score. 95% confidence intervals are given.

Predicted probabilities calculated on the basis of Model 2, while keeping all other covariates at their mean value

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