

## Labor Market Outcomes of Mobile Couples: Who Gains, who Loses ?

### Evidence on Germany

Natascha Nisic  
(natascha.nisic (at) soz.unibe.ch)

Institute of Sociology  
University of Berne

## Mobility and Partnership as Research Topic

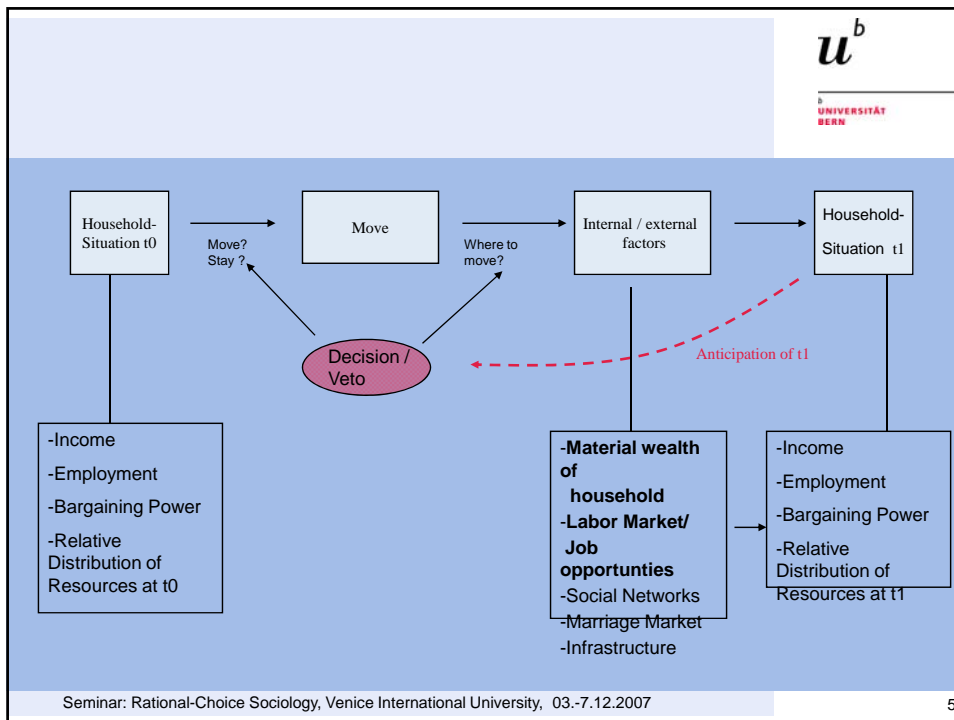
- ❖ Empirical Relevance
  - geographical mobility leads to social mobility
  
- ❖ Theoretical Relevance
  - intra-household processes
  - Gaining insight in interaction and decision-making in households

## Household Mobility and Labor Market I Theory

- ❖ New home economics (Mincer 1976)
  - Maximizing Household-Utility/HH Life-Income by migration
  - Compensation of individual disadvantages through internal redistribution
  
- ❖ Implications of the Mincer-Model
  - Migration leads to increase of household income
  - In general lower moving disposition of couples
  - Individual disadvantages for married women („tied mover“)
  
- ❖ Criticism of new home economics
  - Consensual model of the family: Problematical notion of common utility-function and of income-pooling: No engagement with distribution of commodities

## Household Mobility and Labor Market I Theory

- ❖ Bargaining Theory: Assumptions and Implications (Ott 1992)
  - Assumption of individual utility functions
  - Intra-family resource allocation and distribution of gains as result of internal negotiation
    - Importance of bargaining power of the partners
    - Inter-temporal dependency of allocation decisions may lead to a shift in bargaining power
  - Problems of Trust and Cooperation: Suboptimal allocation-decisions
  
  - In general: move only when no significant deterioration in individual bargaining power



**u<sup>b</sup>**  
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## Research Question

❖ What are the monetary outcomes of a move?

- on household level
- on individual level

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## Empirical Findings on Labour Market Success of Spatially Mobile Couples

- ❖ Earlier Studies (1970-1990)
  - Men: Positive effects on labor market success and career
  - Women: in general negative effects on
    - employment (Long 1974; Lichter 1983; Spitze 1984; Shihadeh 1991)
    - income and hourly wages (Sandell 1977; Mincer 1978; Maxwell 1988)
    - hours worked (Sandell 1977; Spitze 1984)
  - But meanwhile: Changes at the Macro-level /methodological Problems
- ❖ More recent Studies (1990- Now)
  - Inconsistent findings
  - Lower or negative effects on household income (Jacobsen & Levin 1997)
  - Positive or no effects for men (Rabe 2006; Cooke 2003; Jacobsen & Levin 2000; Jürges 1998)
  - Positive, negative or no effects for women (Rabe 2006; Böheim & Taylor 2000; Fielding und Halford 1993)

## Dataset and Method

- ❖ Data-Basis: Waves 1992 –2005 of SOEP (German Socio-Economic Panel) (Wagner et al. 2007)
- ❖ Only Couples in common household
  - Age 18-65
  - Unit of Analysis: a) Households b) Individuals in specific partnerships
- ❖ „pooled“ dataset
  - (N=114680 person-years; N= 20219 persons)
  - Software: Panelwhiz (Haisken-DeNew and Hahn 1996)
- ❖ Method: Panel Fixed Effects
- Allowing for unobserved heterogeneity

## Variables

- ❖ Household Move = („Household moved for job related reasons“; SOEP: „Umzug aus beruflichen Gründen“)
  - N=871 (0,76%)
  
- ❖ Dependent variables
  - Yearly gross household labour income (deflated), t0-t4
  - Yearly gross individual labour income (deflated), t0-t4
  - (0 included due to selectivity)

## Effects of Migration on Household income

### Panel fixed effects regression (two-way)

	(0)	(1)	(2)	(3)	(4)
Yearly household labor income, gross	yearly labour income (t0)	yearly labour income (t1)	yearly labour income (t2)	yearly labour income (t3)	yearly labour income (t4)
Move	-2946.029***	-285.341	1336.428*	1782.799**	4098.139***
_cons	31872.450***	31836.097***	31830.309***	31831.537***	31833.749***
rho	0.8348	0.8347	0.8347	0.8347	0.8347
r2_w	0.0407	0.0404	0.0405	0.0405	0.0408
r2_b	0.1041	0.1054	0.1053	0.1053	0.1054
N	98128	98128	98128	98128	98128

$p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ ;

robust standard errors adjusted for clusters; period dummies included;

## Effects on labour income Men

### Panel fixed effects regression

	(0)	(1)	(2)	(3)	(4)
Men's yearly labour income, gross	labour income (t0)	labour income (t1)	labour income (t2)	labour income (t3)	labour income (t4)
<b>move</b>	<b>-1529.941*</b>	<b>-1016.708</b>	<b>336.836</b>	<b>654.030</b>	<b>2621.761***</b>
<b>_cons</b>	<b>23808.193***</b>	<b>23793.050***</b>	<b>23786.253***</b>	<b>23786.036***</b>	<b>23785.909***</b>
rho	0.8476	0.8476	0.8476	0.8476	0.8476
r2_w	0.0358	0.0357	0.0357	0.0357	0.0360
r2_b	0.0983	0.0989	0.0990	0.0990	0.0996
N	45969	45969	45969	45969	45969
N_clust	8348	8348	8348	8348	8348

$p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ ;  
robust standard errors adjusted for clusters; period dummies included;

Source: SOEP 1992-2005; own calculations

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## Effects on labour income: women

### Panel fixed effects regression

	(0)	(1)	(2)	(3)	(4)
Women's yearly labour income, gross	labour income (t0)	labour income (t1)	labour income (t2)	labour income (t3)	labour income (t4)
<b>move</b>	<b>3.327</b>	<b>977.165*</b>	<b>803.460*</b>	<b>708.025</b>	<b>673.660</b>
<b>_cons</b>	<b>11105.256***</b>	<b>11095.082***</b>	<b>11100.208***</b>	<b>11100.329***</b>	<b>11103.265***</b>
r2_w	0.0240	0.0241	0.0241	0.0241	0.0240
r2_b	0.0460	0.0462	0.0461	0.0463	0.0460
N	52159	52159	52159	52159	52159
N_clust	9329	9329	9329	9329	9329

$p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ ;  
robust standard errors adjusted for clusters; period dummies included;

Source: SOEP 1992-2005; own calculations

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## Women's Labour Income by employment status before move

### Panel fixed effects

Women's labour income by employment status t-1	(1) labour income (t0)	(2) labour income (t1)	(3) labour income (t2)	(4) labour income (t3)
Move (employed t-1)	<b>-162.566</b>	<b>373.632</b>	<b>1267.839*</b>	<b>588.544</b>
Move (full time t-1)	<b>-655.231</b>	<b>684.885</b>	<b>1552.706*</b>	<b>753.157</b>
Move (not employed t-1)	<b>-87.149</b>	<b>1457.753</b>	<b>-319.975</b>	<b>-980.685</b>

$p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ ;  
robust standard errors adjusted for clusters; period dummies included;

Source: SOEP 1992-2005; own  
calculations

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## Relative income

Women	Relative income t-1 (Std. Dev.)	Relative income t+1 (Std. Dev)
non-mover	<b>0.33</b> (0.3182)	<b>0.34</b> (0.3254)
mover	<b>0.33</b> (0.3064)	<b>0.38</b> (0.3389)
non-mover (full-time)	<b>0.53</b> (0.2506)	<b>0.56</b> (0.2388)
Mover (full-time)	<b>0.49</b> (0.2592)	<b>0.58</b> (0.2586)

### Panel fixed effects regression

Women's relative income	(t1)
move	<b>.02 *</b>
_cons	<b>0.334***</b>

$p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ ;  
robust standard errors adjusted for clusters; period dummies included;

Source: SOEP 1992-2005; own  
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## Conclusion

- ❖ Household level
  - low gains in income
    - non-material utility gains
    - prevention of economic disadvantages
    - realizing gains through alternative forms of mobility: commuting
    - regional differences are too small to outweigh costs: mobility is integral part of labour demands in special professions (academicians, manager)
- ❖ Individual level
  - Men: hardly any effects; but long-run positive effects
  - Women: No evidence for deterioration of labour market situation
    - non-employed women gain in the short run (movement in direction of economic growth)
    - employed women can even take advantages in the long run
    - Improvement of household situation is closely linked to improvement of woman's economic situation

## Notes on data and data retrieval

- ❖ The data used in this publication were made available to me by the German Socio-Economic Panel Study (SOEP) at the German Institute for Economic Research (DIW), Berlin.
- ❖ The data used in this presentation was extracted using the Add-On Package PanelWhiz for Stata®. PanelWhiz (<http://www.PanelWhiz.eu>) was written by Dr. John P. Haisken-DeNew ([john@PanelWhiz.eu](mailto:john@PanelWhiz.eu)). See Haisken-DeNew and Hahn (2006) for details. The PanelWhiz generated Do file to retrieve the data used here is available from me upon request. Any data or computational errors in this paper are my own.



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