

# **Empirical Essays on Different Aspects of Labor Economics**

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## **Abstract**

This dissertation analyses four different topics in labor economics. In the main introduction, a short summary of all results is given. This abstract gives a very short overview of all topics that are covered in this dissertation: Chapter 1 focuses on estimating the effect of an extension of maternity leave from 18 to 36 months on young women's participation in job-related training. It is shown that maternity leave extension negatively affects job-related training for young women, especially when focusing on employer-arranged training. In Chapter 2 the effect of a reduction of sick pay on absence and on health-related outcomes is evaluated. Results show that a reduction of sick pay reduced absence from work significantly, while there is no effect on subjective health indicators. In Chapter 3 the relationship between overweight and wages is estimated. Results indicate discrimination against overweight women, since they receive significantly lower wages than women of healthy weight. Chapter 4 studies maternal labor supply and how it is related to childhood overweight, especially when taking birth order and age differences between siblings into account. Findings indicate that childhood overweight is positively related to the amount of hours worked by the mother. Moreover, this relationship is more pronounced for only children, lastborns and children with large age differences to their siblings.

**Keywords: policy evaluation, discrimination, overweight**

## **Kurzzusammenfassung**

Diese Dissertation beschäftigt sich mit verschiedenen Aspekten der Arbeitsökonomik. In der Haupteinleitung werden die einzelnen Kapitel und die Ergebnisse kurz zusammengefasst. In dieser Kurzzusammenfassung wird ein Überblick über die einzelnen Kapitel und die darin enthaltenen Themen gegeben. In Kapitel 1 wird eine Reform zur Verlängerung des Erziehungsurlaubes im Hinblick auf mögliche negative Konsequenzen für junge Frauen am Arbeitsmarkt evaluiert. Es zeigt sich, dass durch die Verlängerung der Erziehungsurlaubszeiten junge Frauen signifikant weniger Weiterbildung bekommen, vor allem wenn es um Weiterbildung auf Betreiben des Arbeitgebers hin geht. Kapitel 2 evaluiert eine Reform zur Kürzung der Lohnfortzahlung im Krankheitsfall. Es zeigt sich, dass die gekürzte Lohnfortzahlung im Krankheitsfall die Fehlzeiten signifikant reduziert hat, während sie dabei keinen Einfluss auf das subjektive Gesundheitsempfinden gab. In Kapitel 3 geht es um den Zusammenhang zwischen Übergewicht und Löhnen. Die Ergebnisse zeigen einen signifikanten Zusammenhang zwischen Gewicht und Löhnen bei Frauen, wobei es diesen Zusammenhang bei Männern nicht zu geben scheint. Kapitel 4 beschäftigt sich mit dem Arbeitsangebot von Müttern und wie es mit Übergewicht bei den Kindern zusammenhängt. Es zeigt sich, dass Arbeitsstunden der Mutter positiv korreliert sind mit der Wahrscheinlichkeit, dass das Kind übergewichtig ist. Dieser Zusammenhang wird stärker bei Einzelkindern, Letztgeborenen und Kinder die eine große Altersdifferenz zu ihren Geschwistern haben.

**Schlagwörter: Politikevaluation, Diskriminierung, Übergewicht**

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## **Main Introduction**

This dissertation consists of four chapters that are separate empirical research projects supported by the German Research Foundation (DFG) as is part of the research initiative 'Flexibility in Heterogeneous Labour Markets'. The four chapters cover various aspects of empirical labor economics. While Chapter 1 and 2 are on policy evaluation of labor market reforms (both co-authored with Patrick Puhani) the remaining chapters study the economics of obesity, focusing on discrimination (Chapter 3) and maternal labor supply (Chapter 4). All research project focus on Germany and use German datasets; nevertheless, results are set in contrast with evidence from other countries in order to get an international perspective. In this introductory part, a short summary of all four chapters is given.

In Chapter 1, three representative individual-level datasets for West Germany are used to estimate the effect of an extension of maternity leave from 18 to 36 months on young women's participation in job-related training. Since only young women of childbearing age are affected by the reform, difference-in-differences identification strategies are used to identify a causal effect of the reform on young women's training participation. Results indicate that maternity leave extension negatively affects job-related training for young women - even if they do not have children - especially when the focus is on employer-arranged training. There is tentative evidence that young women partly compensated for this reduction in employer-arranged training by increasing training on their own initiative.

Chapter 2 evaluates the effects of a reduction in sick pay from 100 to 80% of the wage. Unlike previous literature, apart from absence from work, this study also considers effects on doctor/hospital visits and on subjective health indicators. Moreover, both switch-on and switch-off effects are estimated, because the reform was repealed two years later. Results show that the reform reduced the annual number of absent days by two days. Quantile regression reveals higher point estimates (both in absolute and relative terms) at higher quantiles, meaning that the reform predominantly reduced long durations of absence. In terms

of health, the reform reduced the average number of days spent in hospital by almost half a day, but there is no robust evidence for negative effects on health outcomes or perceived liquidity constraints.

Chapter 3 estimates the relationship between overweight and wages with a large German dataset and finds that lower wages for obese women are likely to be due to discrimination. Obese women earn 2.4 percent lower wages than women having a BMI in the recommended range, while women who are in the top 10 percent of the body mass index get 4.3 percent lower wages than thinner women. The focus of this chapter is on whether these differences in wages are due to reduced productivity of overweight women or due to discrimination against them. These two hypotheses are tested using four different subgroup designs: I test whether gender-composition of coworkers plays a role and if contact to customers or coworkers matters when it comes to wages of overweight women. Moreover, I divide the sample into employed and self-employed women and into young and older women to test which group faces lower wages when overweight. Results of these subgroup estimations clearly support the discrimination hypothesis.

In Chapter 4, the correlation between maternal employment and overweight children is analyzed. Using German Micro Census data, it is clearly shown that there exists a strong relationship between the mother's working activities and childhood overweight. Children of mothers in a fulltime employment have an up to 3.2 percentage points higher probability to be overweight. Moreover, it is found that birth order and age differences between siblings are significantly related to the probability of being overweight. Only children and lastborns have a higher probability to be overweight than firstborns or middleborns if the mother is working. Furthermore, the relationship between maternal employment and overweight children is stronger for children with large age difference to their siblings.