

## **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 become a housewife. The event-history analyses show that women partnered with high status men were more likely to exit the labour force than women with lower status partners. Yet, stronger than the effects of the partner’s resources is the deterring effect of a woman’s own education and occupation. Hence, both partners’ resources work in different directions. 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.

*JEL classification: D10, J12, J24, Z13*

### **1. 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

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\* We gratefully acknowledge funding by the Institutional Strategy of the University of Tübingen (Deutsche Forschungsgemeinschaft, ZUK 63), as well as able student assistance from Merle Klose and Kerstin Stockmayer.

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 alongside this rise the number of transitions into and out of employment over the lifecourse of women has also increased over cohorts (Grunow, 2006; Grunow et al., 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 in partnership formation, with a trend for partnerships to be formed between people who are similar in terms of 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. The section is concluded with the 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 next to the position of the partner.

## 2. 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 et al., 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 for several countries, including Germany, that 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 et al., 1998; Blossfeld et al., 2001; Verbakel/de Graaf, 2008; Verbakel/de Graaf, 2009). Thirdly, contrary to the income argument and New Household Economy, social capital theory would predict a positive relationship between husband's resources and woman's labour market outcomes. Because specific labour market positions require specific skills and knowledge, the partner's occupational position can be seen as a form of social capital, whereby the partner's labour market position provides resources that can be used to enhance labour market success (Lin et al., 1981). Higher educated partners and partners 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 support for women's labour supply, it has gained 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 et al., 2013) and on occupational prestige scores (Bernasco et al., 1998; Verbakel/de Graaf, 2009).

Although numerous previous studies investigate the effects of both partners' resources on women's labour market participation and/or occupational success, it remains unsure whether partner effects play out differently for women with either high or low own socio-economic position. 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 high personal ISEI status. The reasons therefore 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 needs to be assessed in combination with the woman's own socio-economic position. So far, this issue has not been examined often and furthermore, previous research provides mixed evidence. For example, whereas Verbakel (2010) found that the interaction between partners' statuses was not significant for determining woman's working time in the Netherlands, Brynin/Schupp (2000) found interaction effects to be important for wages in Germany (2000).

The most recent study in Germany examining partner effects on female employment is based on data on monthly employment changes until 1991 (Blossfeld et al., 2001). In the current study, we analyze data with a longer time-series 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 whether these effects play out differently for women with either high or low own socio-economic position.

### 3. 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 become a housewife, 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 various information on for example the individual's employment and family biography for more than 20,000 respondents living in private households in Germany (Wagner et al., 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 women is aged 25 to 40, excluded students and furthermore, restrict our sample to West Germany only. Furthermore, we excluded 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 derived the respondent's main activity status and created both partner's employment status. Whereas for the husband's employment status we only use a dummy variable distinguishing between employed and unemployed men, women's employment status comprise 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, 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:

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

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 exiting the labour market. 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) which are already 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 are already living together for a longer time are much more vulnerable towards possible partner effects. To check for robustness we re-run our models while excluding left-censored cases. Although effects are slightly smaller when excluding left-censored cases, results are more or less identical. As outlined, those small differences may result from systematically excluding couples which already will last for a longer time. Because results are robust and furthermore, since 42% of our sample are left-censored cases, we finally decided to include left-censored cases in our sample. Defining our risksets in that way yields to 198,768 person-month observations and 1,464 events for labour market exit for 3,541 women.

#### 4. 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, women do have a lower likelihood to exit the labour market the higher their educational level and the higher their occupational position, suggesting higher opportunity costs for exiting the labour market. 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 young children are present. As for the partner's resources, the results in Model 2 show that a woman's likelihood to become a housewife increases with the partner's occupational position and decreases if the partner is unemployed. The effect of the partner's educational level is not statistically significant. This may be due to the fact that the effect of education is already captured by the occupational position, which may serve as a better determinant for the effects we wish to uncover. These results are in line with the income argument as well as the New

Household Economy. The effect of woman's own ISEI and the partner's ISEI work in different directions. Hence, women with a high ISEI who are partnered with a man with high ISEI will experience a positive effect on becoming a housewife from 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 less strong 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. So despite the high status of their partner, women in homogamous high level partnerships do not face a large 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, it is not one of the partners' occupational or educational position which matters most, but rather the combination of both partner's position and the person's comparative (dis)advantage. 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 namely 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 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 become significant, this does not seem to be the case. This is in line with both the income argument as well as the New Household Economy. Based on the income argument, women stay in the labour market to compensate for the income losses of their unemployed partner. From the perspective of the New Household Economy, a wom-

an with an unemployed partner clearly has the comparative advantage in the market, regardless of her own occupational position or educational level.

*Table 1*  
**Discrete Time Logit Model for  
 Female Labour Market Exit to Housewife Status**

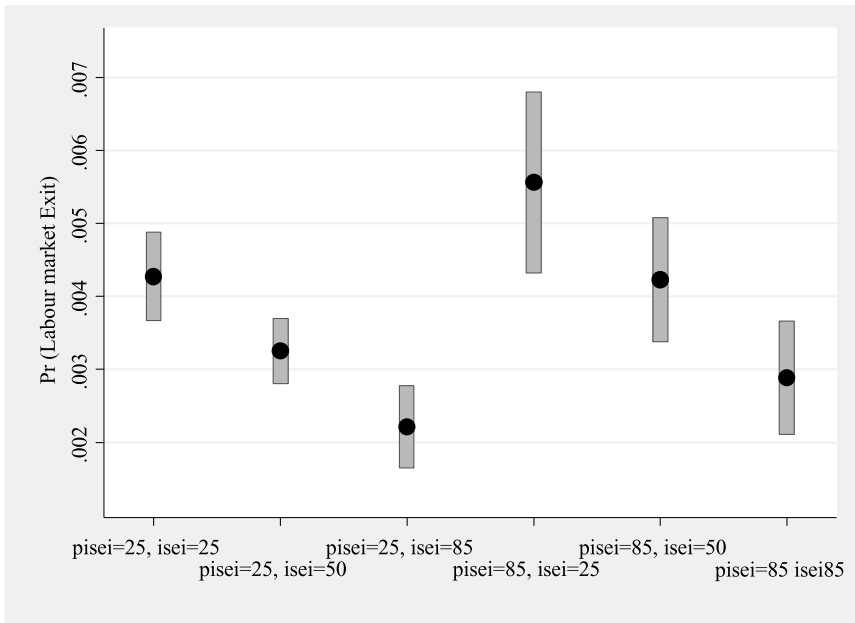
	Model 1	Model 2	Model 3	Model 4
<b>Woman's characteristics</b>				
<b>Education women (ref. low)</b>				
Medium	-0.308 ***	-0.341 ***	0.338 ***	-0.339 ***
High	-0.309 *	-0.388 **	-0.401 **	-0.401 **
<b>ISEI women</b>	-0.010 ***	-0.011 ***	-0.014 *	-0.011 ***
<b>Partner characteristics</b>				
<b>Education partner (ref. low)</b>				
Medium		-0.025	-0.023	-0.025
High		0.014	0.010	0.013
<b>ISEI partner</b>		0.004 +	0.002	0.004 +
<b>Partner unemployed</b>		-0.270 +	-0.272 +	-0.197
<b>Interaction effects</b>				
<b>ISEI women* ISEI partner</b>			0.000	
<b>Education women*Unemployed partner</b>				
Medium*Unemployed partner				0.164
High*Unemployed partner				0.257
<b>ISEI women*Unemployed partner</b>				0.004
<b>Employment status (ref. full-time)</b>				
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 ***
<b>No. of children in HH age 0–4</b>	0.212 ***	0.216 ***	0.214 ***	0.216 ***
<b>No. of children in HH age 5–10</b>	0.210 ***	0.219 ***	0.219 ***	0.219 ***
<b>No. of children in HH age 11–15</b>	0.007	0.027	0.026	0.027
<b>No. of children in HH age 16–18</b>	0.055	0.088	0.086	0.086
<b>Duration of being in riskset (ref 0–6 months)</b>				
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 ***

*Table continued next page*

Table 1 continued

	Model 1	Model 2	Model 3	Model 4
<b>married couple</b>	0.844 ***	0.794 ***	0.793 ***	0.794 ***
<b>Age</b>	0.136	0.116	0.116	0.116
<b>age squared</b>	-0.002	-0.002	-0.002	-0.002
<b>Constant</b>	-8.722 ***	-8.363 ***	-8.253 ***	-8.369 ***
<b>Aic</b>	15688.088	15672.587	15674.326	15678.140
<b>Bic</b>	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.



Note: pisei = partner's ISEI score, isei = woman's ISEI score. 95% confidence intervals are given. Probabilities calculated on the basis of Model 2, while keeping all other covariates at their mean value.

Figure 1: Predicted Probabilities for Female Labour Market Exit by Partner's ISEI and own ISEI



## 5. 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.

We found that women partnered with high status men were more likely to exit the labour force than women with lower status partners. Yet, 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. Hence, next to the deterring effect of having a higher status partner, the findings seem to suggest that women with a high individual occupational status face an opportunity cost to not working which is more substantial than the partner effect. Hence, when assessing partner effects on female employment, we need to be aware that it is the specific partnership constellation which will determine any specific outcome for a woman. 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 focus on the absolute levels. We have shown that both dimensions need to be taken into account. Since the social status 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 not evenly affected all women, leading to inequalities at the intersection of gender and class position. At the same time, while we find that the higher status of the 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. Given the fact that people from the higher social strata show more gender egalitarian attitudes and a less traditional division of labour (Kalmijn/Kraaykamp, 2007), one now may argue that a woman's educational level serves as a proxy for egalitarian gender roles and her attitudes towards the (traditional) division of labour. The effect of the woman's human capital can be explained by two factors: (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.

Further research furthermore should examine repercussions for inequalities between households as well as examine these effects with other labour market outcomes.

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