The Employment of Young Mothers after Birth – Recent Developments and their Determinants in East and West Germany

March 2009

Barbara Hanel and Regina T. Riphahn

University of Erlangen-Nürnberg

We apply Mikrozensus data for the period 1995 to 2006 to investigate the labor force participation behavior of women in the first years after giving birth.

In the considered time period women could take advantage of parental leave periods which protected the employment of those employed prior to the birth for up to three years after giving birth. We investigate whether this regulation affects employment behavior after birth by estimating discrete time duration models of the re-entry to employment at different points in time. If parental leave affects employment behavior we expect to see a jump in reemployment rates 36 months after child birth. Our dependent variable distinguishes between different states of labor market involvement, such as full time work, part time employment, and other employment opportunities such as minor or irregular employment.

We are interested in describing behavioral differences for women who reside in different regions (e.g. East vs. West Germany, city vs. rural area) and who differ in their human capital as measured by formal schooling. We pay attention to the number of children in the household already prior to the considered birth, to their age structure, to the incidence of additional births over time, as well as to the labor market attachment and (potential) earnings of partners.

This study complements a literature which focused on wage effects of employment interruptions after giving birth (e.g. Schönberg and Ludsteck 2007, IZA DP 2699, Beblo, Bender and Wolf, 2006, IAB DP 13/2006). Our objective is to establish stylized facts on female employment behavior in a variety of circumstances which can then be explained in an analysis based on panel data (e.g. the Mikrozensus Panel). At the same time the analysis is a first step to an investigation of behavioral changes incentivized through the recent reform of parents' money (Elterngeld) in 2007. We expect to see substantial behavioral changes after the reform and will extend our analysis to cover mothers affected by the reform as soon as the Mikrozensus data become available. Previous analyses based on data of the German Socioeconomic Panel (GSOEP) indicate that female labor force participation plans indeed adjusted to changed institutions.¹

First results indicate substantial changes in young mothers' employment behavior over time, where East German women appear to converge to West German behavior patterns.

Correspondence:
Barbara Hanel and Regina T. Riphahn
FB Wirtschaftswissenschaften
Universität Erlangen-Nürnberg
Lange Gasse 20
90403 Nürnberg
Email: barbara.hanel@wiso.uni-erlangen.de and regina.riphahn@wiso.uni-erlangen.de