

LECTURE:

THE INDEPENDENT WOMEN - LOCUS OF CONTROL AND FEMALE LABOR FORCE PARTICIPATION

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While the majority of economic studies on female labor force participation rely on monetary incentives to explain the labor supply decision of women, the research on non-monetary and psychological factors is still relatively scarce. Based on earlier findings from labor economics, this paper focuses on the role of locus of control (LOC) in the explanation of a woman's participation decisions. LOC is a personality trait that measures an individual's belief about the causal relationship between one's own behavior and its consequences for life and is hence a crucial determinant of subjective expectations about monetary and non-monetary rewards for one's own efforts. In this paper, LOC is thus theoretically assumed to affect participation probabilities via differences in the relative importance and expected size of monetary and non-monetary incentives for market production. The implications of the theoretical idea are tested using German survey data from the SOEP in a reduced form approach, finding a strong indication of a significantly positive effect of an internal LOC on a woman's probability of being available for market production. LOC adds explanatory power in addition to commonly known traditional socio-economic determinants of participation. Additionally, the relationship is found to be strongly heterogeneous with respect to determinants of underlying monetary and non-monetary incentives such as family status, existence and age of children as well as cohort and region of living. These findings strongly support the hypothesis that internal women put a higher weight on social purpose and economic identity as non-monetary incentives to work and thus gain higher marginal utility from participation above and beyond monetary incentives.