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# Working More for Less: Part-time Penalties Across the Working Hours Distribution

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School of Business & Economics  
Discussion Paper

Economics

2023/5

# Working More for Less: Part-time Penalties Across the Working Hours Distribution<sup>\*</sup>

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## Abstract

We use German administrative and survey data to investigate the heterogeneity of part-time penalties in hourly wages and growth rates. Exploiting tax reforms for identification, we find substantial heterogeneity in part-time wage penalties from  $-28.3\%$  to  $-7.2\%$  compared to full-time. The heterogeneity in wage growth penalties is less pronounced. Both penalties do not decrease linearly with additional working hours. More weekly working hours might result in a higher hourly wage penalty. The shape of the penalties is driven by workers with non-demanding tasks and professions where working around 30 weekly hours is uncommon, and relatively many females work.

*Keywords:* part-time employment, wage dynamics, female labor supply

*JEL:* J16, J24, J31

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## 1. Introduction

Women still bear the majority of the career costs of having children. The main contributor of these career costs is the reduction in working hours after having children (Kleven, Landais, Posch, Steinhauer, & Zweimüller, 2019).<sup>1</sup> Policies aiming to mitigate these gender differences typically incentivize women to increase their working hours and men to reduce theirs. In addition, labor unions and several political parties have increased their lobbying for a four-day work week in the US, UK, and Germany. Previous literature has documented part-time penalties for a uniform part-time indicator and for very few ( $\leq 16$ ) weekly working hours. However, wage penalties for working large part-time hours equivalent to a four-day work week have not been investigated.

We close this research gap by providing evidence on part-time penalties for large part-time hours. We report these penalties for wage levels and growth rates. Furthermore, we answer the research question as to how hourly wage penalties vary with different working hours choices. We leverage administrative earnings data and rich survey data to construct a high-quality panel of hourly wages for females in Germany. To isolate the hourly wage penalties from self-selection into different working hours, we utilize numerous German tax and transfer system reforms. We find that part-time penalties vary substantially across different working hours categories and, on average, do not decrease linearly with more weekly working hours.

Our analysis uses survey data from the German National Educational Panel Study linked to administrative earnings data from the German Federal Employment Agency. The administrative data includes precise daily earnings, reducing the measurement error typically found in survey data. The survey data provides weekly working hours for all earning spells. The linked data allows us to create a yearly panel data set with precise information on hourly wages, detailed occupational and industry characteristics, and rich socioeconomic background data (e.g., educational attainment and family background).

To consistently estimate hourly wage penalties, we follow Blundell, Duncan, and Meghir (1998) and Aaronson and French (2004) by exploiting German tax and transfer system changes from 1975 to 2017. While such changes do not directly affect gross earnings, they impact net income levels and thus the incentive to work more or fewer hours. By comparing the reactions of different groups with respect to these changes, we

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<sup>1</sup>Throughout the OECD, 17.9% of mothers with at least one child aged 0–14 work part-time (OECD, 2021). See, e.g., Bick, Brüggemann, Fuchs-Schündeln, and Paule-Paludkiewicz (2019) and Goldin (2014) for discussions of recent developments. See also Blau and Kahn (2017) regarding the relationship between part-time work and the gender wage gap.

can identify penalties for several working hours categories. We focus on three part-time categories, each accounting for about one-third of the overall part-time share in our data: 16 hours or less, between 16 and 24 hours, and between 24 and 34 hours.<sup>2</sup>

Our estimates of the part-time penalty in hourly wages show substantial heterogeneity, which a uniform treatment of all part-time hours does not capture. Our estimated penalties for the three categories range from  $-7.2\%$  to  $-28.3\%$ . A comparable uniform part-time indicator does not capture this heterogeneity and lies between  $-13.7\%$  and  $-18.3\%$  across different specifications. We confirm a previous result in the literature that working below 16 hours a week comes with the highest penalties. A novel finding is that on average, working between 24 and 34 hours comes with a higher hourly wage penalty than working between 16 and 24 hours. Thus, the hourly wage penalty does not decrease monotonically with higher working hours.

We also estimate part-time penalties in annual wage growth rates. Working below 16 hours a week has the largest penalties, with 2.4-percentage-point lower growth compared to full-time (3.33% average growth). Penalties for working about 20 hours and between 24 and 34 hours are comparable and lie between 1.5 and 1.8 percentage points. Again, higher working hours do not necessarily reduce the penalty in wage growth.

To understand the drivers of our findings, we estimate our penalties for multiple subgroups. We find that penalties for large part-time are greater than for medium part-time for the following subgroups: for occupations with non-demanding tasks, for occupations with a low share of large part-time workers, and occupations with a high share of female workers. A potential explanation for our findings is that the incorporation of high part-time hours in the work flow is especially costly in certain occupations/industries. In addition, employers might have higher wage setting power for these occupations. B. Hirsch, Lentge, and Schnabel (2022) show that the collective bargaining agreement coverage is low for the respective skill levels in Germany.

Our results inform current policy debates about a more balanced division of the career costs of children among partners. These results suggest that both partners working 30 hours a week would have a far lower household income compared to partners who work 40 and 20 hours a week, respectively. Furthermore, the wage growth is significantly reduced for households with an equal split compared to households with an unequal split.

Our research also adds to a more recent discussion about a reduction of the typical work week to four days (Schor et al., 2022). COVID-19 revealed strong preferences for

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<sup>2</sup>For the US, there is similar heterogeneity in part-time hours, with the majority working between 21 and 34 hours (see e.g., Weeden, Cha, & Bucca, 2016).

men to work fewer than 40 hours a week.<sup>3</sup> Policy makers have recently shown support for such a reduction in working hours. In the US (118th US Congress, 2023) and UK (UK HC, 2022), legislative proposals have been made to reduce standard weekly working hours to 32 hours a week. Additionally, unions in Germany (IG Metall) and England (Trades Union Congress) are openly demanding a four-day work week. We provide novel estimates on hourly wages and wage growth for this working hours category.

The remainder of the paper is structured as follows. Section 2 covers the related literature. We discuss the construction of our sample in section 3. Section 4 delineates our empirical strategy to estimate part-time penalties. Sections 5 and 6 present the effects of part-time work on hourly wage levels and wage growth rates, respectively. In section 7, we relate our findings to common explanations for part-time penalties. Finally, section 8 concludes.

## 2. Related literature

The analysis of part-time penalties is an active research area that has yielded a large set of estimates for various countries. With early work dating back to Jones and Long (1979), hourly wage penalties of up to  $-25\%$  have been documented for part-time compared to full-time work.<sup>4</sup> However, many of these studies find that penalties diminish after controlling for wage level differences across occupations and industries (e.g., Bardasi & Gornick, 2008; Jepsen et al., 2005; Preston & Yu, 2015), job and firm characteristics (Mumford & Smith, 2009), and contract types (Fernández-Kranz & Rodríguez-Planas, 2011). These results highlight that segregation in jobs and firms plays a significant role with part-time workers often employed in low-paying occupations. We show that this segregation is most pronounced when working 16 hours or less.

In addition to the effects on hourly wages, part-time work has been shown to substantially affect wage growth trajectories (e.g., Connolly & Gregory, 2010; Fouarge & Muffels, 2009). Working part-time can lead to smaller wage growth, a prominent feature in structural life cycle employment models. For example, Blundell, Costa Dias, Meghir, and Shaw (2016) estimate that part-time work contributes about one-eighth of full-time

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<sup>3</sup>In 2021, Unispace (2021) reported that 64% of European workers were reluctant to return to full-time work after the pandemic. The vast majority of those stated that work-life balance is their major concern. A decline in yearly working hours after the pandemic is also evident in the US (Lee, Park, & Shin, 2023). The average decline is driven by full-time working men adjusting their hours downwards.

<sup>4</sup>See, e.g., Preston and Yu (2015) for Australia; Mumford and Smith (2009) for the UK; Jepsen, O'Dorchai, Plasman, and Rycx (2005) for Belgium; Fernández-Kranz and Rodríguez-Planas (2011) for Spain; and Bardasi and Gornick (2008) for the US, UK, Germany, and Italy. Sweden is a notable exception, where Bardasi and Gornick (2008) find a small part-time premium. For an extensive overview of different estimates, see table 1 in Schrenker (2020).

human capital growth for the UK, while Schneider (2019) finds a 50% difference for Germany. We complement the literature by showing that wage growth penalties are still substantial when working nearly full-time.

*Correcting for endogeneity issues.* There are various threats to identify the causal impact of working part-time on hourly wages. Three approaches are commonly found in the literature to address this issue: individual fixed effects, the simultaneous estimation of hours and wage equations, and Heckman selection correction models.

For panel data sets, individual fixed effects can eliminate potential omitted variable bias driven by time-constant unobserved heterogeneity. These models identify the penalty only from individuals observed working different hours at various points in time. Typical estimates of this approach range from a  $-10\%$  to  $-12\%$  part-time penalty for Spain (Fernández-Kranz & Rodríguez-Planas, 2011) and the UK (Connolly & Gregory, 2008) and a negligible penalty for the US (B. T. Hirsch, 2005) to a small part-time premium for Australia (Booth & Wood, 2008).

The two other approaches rely on exclusion restrictions for identification, in some cases in addition to individual fixed effects. The second approach jointly estimates labor supply choices and wage equations. Estimations using this approach have exploited institutional labor market regulations such as social security limits (e.g., Aaronson & French, 2004; Paul, 2016) or family composition/household characteristics (e.g., Wolf, 2002) to separate the working hours decision from the wage equation. The results are comparable to the fixed effects approach, with penalties of up to  $-9\%$  for Germany and no significant penalties for the US.

The third approach uses corrections in the spirit of Heckman selection models (Heckman, 1979). This approach has been prevalent in the literature (see, e.g., Bardasi & Gornick, 2008; Ermisch & Wright, 1993; Hardoy & Schøne, 2006; Manning & Petrongolo, 2008; Matteazzi, Pailhé, & Solaz, 2014; Schrenker, 2020). Such applications start by estimating the probability of working in a specific working hours category. The obtained inverse Mills ratios are then used as control functions and plugged into separate wage equations for each working hours category.<sup>5</sup> To break the endogeneity, most of this work relies on the presence and age of children and marital status as exclusion restrictions. The results indicate that positive selection into full-time is an critical driver of part-time penalties (Mulligan & Rubinstein, 2008). As there is an ongoing discus-

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<sup>5</sup>We use the term ‘control functions’ throughout this paper, as introduced and defined in Heckman and Robb (1985, 1986).

sion on the credibility of such exclusion restrictions and the reliability of the estimates (Fernández-Kranz & Rodríguez-Planas, 2011; Manning & Petrongolo, 2008), we also rely on changes in the tax and transfer system.

Exploiting variations in tax and transfer system over time, Costa Dias, Joyce, and Parodi (2020) and Eisenhauer, Haan, Ilieva, Schrenker, and Weizsäcker (2020) set up similar control function approaches, but estimate two staggered selection equations: one for selection into employment and another for selection into working full-time instead of part-time. By including the inverse Mills ratios from both selection equations in a single wage model, the authors can directly identify the causal effects of working part-time on wages. As exclusion restrictions, they leverage variation in the tax code which affects the incentive to work part- or full-time.<sup>6</sup> Focusing on wage growth rates, both studies find that working part-time results in substantially lower wage trajectories (Costa Dias et al., 2020; Eisenhauer et al., 2020). In this paper, we build on their work and construct control functions for four different working hours categories and being in employment.

*Non-homogeneous part-time penalties.* While significant literature exists on part-time penalties, only a few studies focus on heterogeneity in part-time penalties. Notable exceptions include Gallego Granados (2019) and Goldin (2014). Gallego Granados (2019) studies heterogeneity in part-time wages across the wage distribution and finds sizeable and persistent penalties for the lowest wage quartile but not for higher quartiles. This finding aligns with ours: jobs with non-demanding tasks have higher hourly penalties, particularly when working about four days a week. Goldin (2014) documents that firms disproportionately penalize few weekly working hours. We also confirm this finding.

Two other closely related examples relying on survey data are Wolf (2002) and Paul (2016). Wolf (2002) finds a large penalty for part-time jobs with low hours per week ( $< 20$ h) but not for working 20 hours a week or more. Similarly, Paul (2016) documents hourly wage penalties for working below 15 hours a week but not for 16 to 34 hours and negative wage growth effects for both categories. Instead of solely relying on survey data to calculate hourly wages, we use administrative data on earnings and survey data on working hours. With this data, we estimate the causal effects of working in one of three part-time categories on hourly wages and wage growth compared to working full-time. This approach includes estimates on the causal effects of working hours affiliated with a four-day work week.

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<sup>6</sup>Extensive literature exploits changes in the tax code to estimate behavioral responses in taxable income (see e.g., Kleven & Schultz, 2014).



### 3. Data and descriptives

To investigate the scope of part-time penalties, we use administrative data from the German Federal Employment Agency’s Integrated Employment Biographies (IEB) and survey data from the German National Educational Panel Study (NEPS).<sup>7</sup> The IEB data contains precise information on employment spells, including daily earnings. As working hours are irrelevant for the German social security system, this data only contains a coarse part-time indicator.<sup>8</sup> We use information on working hours (partly retrospective) provided in the linked NEPS data. The NEPS is a representative survey covering adults born between 1944 and 1986 who live in private households. It contains working hours information across the complete set of employment spells of all individuals. In addition, it includes a broad set of socioeconomic variables, such as family status and education. Details regarding the combination of the two data sources can be found in Appendix A.

For our final sample, we focus on women aged 20 to 54 observed between 1975 and 2017 who are not in education. The administrative earnings data is not available for soldiers, self-employed persons, and civil servants. Therefore, we also exclude these groups from our survey data. As very few German men work part-time, we follow previous literature and limit our analysis to women (see e.g. Gallego Granados, 2019; Paul, 2016; Schrenker, 2020; Wolf, 2002). Since we estimate models with individual fixed effects, we only include women with at least two observations. Furthermore, we apply the weights provided by NEPS throughout our analysis to account for their sampling procedure. All reported monetary values are converted to 2022 prices using the Consumer Price Index.<sup>9</sup>

Our selection results in 74,497 annual wage observations from 5,606 women. For our investigation of wage growth rates, the sample is smaller ( $N = 60,299$ ), as we require at

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<sup>7</sup>This study uses survey data from the National Educational Panel Study (NEPS): Starting Cohort Adults (SC6) linked to administrative data from the IAB (NEPS-SC6-ADIAB 7518). From 2008 to 2013, NEPS data was collected as part of the Framework Program for the Promotion of Empirical Educational Research funded by the German Federal Ministry of Education and Research (BMBF). As of 2014, NEPS has been carried out by the Leibniz Institute for Educational Trajectories (LIfBi) at the University of Bamberg in cooperation with a nationwide network. Source: FDZ-LIfBi - Forschungsdatenzentrum des Leibniz-Institut für Bildungsverläufe (2019). See Blossfeld, H.-P., H.-G. Roßbach and J. von Maurice, eds. (2011) for an introduction to the NEPS. Access to the IEB data was provided via onsite use at the Research Data Centre (FDZ) of the German Federal Employment Agency (BA) at the Institute for Employment Research (IAB) and subsequently by remote data access. Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020). See Bachbauer and Wolf (2020) for a detailed description.

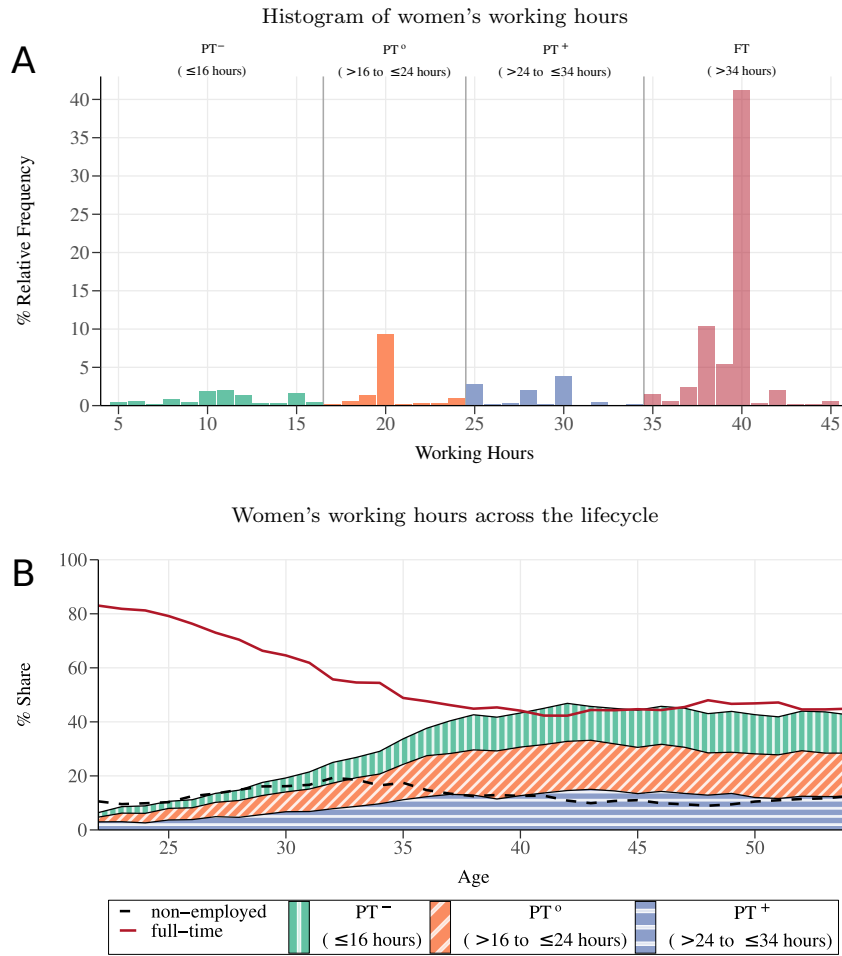
<sup>8</sup>For Germany, a country with a high prevalence of part-time work, no publicly available administrative data set exists that includes working hours and wages. An exemption is Dustmann, Lindner, Schönberg, Umkehrer, and vom Berge (2022), who construct a six-year panel from publicly unavailable source data of the Federal Employment Agency’s Statistics Department that features working hours and earnings.

<sup>9</sup>Organization for Economic Co-operation and Development, Consumer Price Index of All Items in Germany [DEUCPIALLMINMEI], retrieved from FRED, Federal Reserve Bank of St. Louis.

least four consecutive wage observations in our fixed effects models. The reason is that we exclude the first year after an individual switches their working hours category (2.6% of observations). This allows us to separate wage growth penalties from hourly wage penalties. Additionally, we observe 9,630 person years in unemployment, which we use in the selection equation for employment.

Panel A of figure 1 presents a histogram of the contracted hours in our sample.

Figure 1: Working hours distribution



Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week. Sample: women aged 20 to 54, not in education from 1975–2017. Figure 1B starts at age 22 in accordance with data protection guidelines.

While a concentration of the 38- and 40-hour weeks can be observed, the histogram exposes substantial heterogeneity in part-time hours. We organize our data into the

following four categories: working 16 hours per week at most (small part-time, denoted by  $PT^-$ ), working more than 16 hours and 24 hours at most (medium part-time, denoted by  $PT^o$ ), working more than 24 hours and 34 hours at most (large part-time, denoted by  $PT^+$ ), and working more than 34 hours (full time, denoted by  $FT$ ).<sup>10</sup>

Table 1 reports the observations for each category and means for wages and wage growth rates. Rows two and three split the sample into full-time and part-time categories. Rows four to six split the part-time observations into our three categories. The table indicates that the large part-time category has a lower wage and wage growth than the medium part-time category.

Working part-time is an important choice over the full working lifecycle. Panel B of figure 1 shows that each part-time category makes up about a third of all part-time choices. The share of women working part-time does not substantially decrease with age. Thus, working part-time does not appear to be a temporary choice for most women.

Women in our sample earn an average hourly wage of €12.73 and experience an average wage growth rate of 2.78%, as shown in the summary statistics in Appendix-table B.3. The average age of 36.07 corresponds well to the midpoint of our age range 20–54, and about half of the observations have children. We follow Costa Dias et al. (2020) and generate controls to capture individual traits that drive productivity and labor supply choices. These controls consist of median splits of two principal components from the following covariates: an indicator for working at age 18, indicators for college education of the mother and the father, the number of siblings, the number of older siblings, and an indicator capturing whether they were living with both parents at age 15.

In addition to individual characteristics, we investigate the role of different job characteristics in part-time wage penalties. To do so, we construct ten additional measures, whose prevalence across the four working hours choices is presented in Appendix-table C.4.

The first measure captures the task composition of occupations. We use the occupational task classification into analytic non-routine, interactive non-routine, cognitive routine, manual routine, and manual non-routine based on Spitz-Oener (2006) and provided for IEB data by Dengler, Matthes, and Paulus (2014). We label occupations as ‘demanding tasks’ if more than one-third of their typical tasks can be classified as analytic

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<sup>10</sup>In a robustness check, we organize working hours according to a one-dimensional clustering algorithm (see Appendix A for more details). Our main results are confirmed by this robustness check (see Appendix-tables H.32 and H.33).

Table 1: Hours categorization and sample characteristics

Symbol	Weekly hours	Obs. wage levels	Mean wage (in €)	Obs. wage growth	Mean wage growth (in %)
FT	$\geq 35\text{h}$	48,978	13.37	41,344	3.33
PT	$\leq 34\text{h}$	25,519	11.49	18,955	1.57
PT <sup>-</sup>	$\leq 16\text{h}$	7,315	9.32	5,166	1.23
PT <sup>o</sup>	$> 16\text{h to } \leq 24\text{h}$	10,101	12.92	7,697	1.82
PT <sup>+</sup>	$> 24\text{h to } \leq 34\text{h}$	8,103	11.84	6,092	1.58

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* Hours categorization is based on contracted working hours per week. Sample: women aged 20 to 54, not in education from 1975 – 2017.

non-routine. Table C.4 reports that ‘demanding tasks’ are the least prevalent in PT<sup>-</sup>, with 12.38% of PT<sup>-</sup> workers facing demanding tasks at their job. We complement this measure with a variable focusing on the skill level required for the respective position. If the occupational code submitted by the employer indicates that specialist or expert skills are necessary, such occupations are coded as ‘demanding know-how’ occupations.

At the occupation and industry level, we introduce an additional measure to understand the prevalence of large part-time hours compared to medium part-time hours. The first measure is constructed based on the 3-digit occupational code. For each occupation, we calculate the share  $\frac{\text{PT}^+}{\text{PT}^o + \text{PT}^+}$ . If this share is above the median of 50.75% across all occupations, we label an occupation as a ‘common PT<sup>+</sup> occupation’. Of all female large part-time workers, 33.03% have an occupation where large part-time hours are more common. For our industry-based measure, we use the 3-digit industry code instead of the occupational code to construct the analogous indicator ‘common PT<sup>+</sup> industry’. The corresponding median across all industries is 48.50%. Using this measure, almost half of all female PT<sup>+</sup> workers are in an industry where large part-time is more common.

We also include two measures regarding the share of male workers within an occupation or industry. For both levels, we compute the median share of male workers across occupations and industries in a broader sample including men and women. If the share of male workers in an occupation is above the median across all occupations (64.7%), we label it as a ‘male occupation.’ We construct a similar measure based on the median value across industries (62.6%). The shares reported in table C.4 show that full-time women work more often in male occupations and industries than part-time women. There is minimal heterogeneity across the three part-time categories regarding this measure.

Another dimension highlighted in the literature concerns fixed-term vs. permanent contracts. Table C.4 shows that 15.42% of part-time workers and 11.31% of full-time workers have a fixed-term contract.

Finally, firm size might be important for the size of the part-time penalty. We construct different firm size indicators by using the number of all part- and full-time employees within a given firm. A firm is classified as small if it has fewer than 5 employees, medium if it has between 10 and 50 employees, and large if it has at least 200 employees.

#### 4. Empirical strategy

To estimate how working part-time impacts wages, our starting point is the regression model in equation (1):

$$y_{it} = \alpha + \beta_1 \text{PT}_{it}^- + \beta_2 \text{PT}_{it}^o + \beta_3 \text{PT}_{it}^+ + \mathbf{X}_{it}\boldsymbol{\gamma} + \delta_t + \varepsilon_{it}. \quad (1)$$

We use two different dependent variables  $y_{it}$  for a woman  $i$  in tax year  $t$ . First, we use the logarithm of the wage rate  $\log(w_{it})$  to estimate part-time penalties in wage levels. Second, we use the growth rate of hourly wages in log points  $\Delta \log(w_{it}) = \log(w_{it+1}) - \log(w_{it})$  to estimate part-time penalties in wage growth.

$\text{PT}_{it}^-$ ,  $\text{PT}_{it}^o$ , and  $\text{PT}_{it}^+$  are the part-time indicators, as defined in the previous section. To ease the comparison to the previous literature, we estimate (1) using only a uniform part-time indicator ( $\text{PT}_{it}$ ) instead of the three separate indicators.  $\text{PT}_{it}$  corresponds to working less than or equal to 34 hours per week.

$\mathbf{X}_{it}$  contains common controls in wage regressions: third-order polynomials in age, part-time and full-time experience, a dummy for a college degree, a dummy for residing in West Germany, a dummy for non-German citizenship, tenure, and 2-digit occupation and industry fixed effects.<sup>11</sup>  $\delta_t$  captures a full set of year fixed effects. The coefficients of interest are  $\beta_1$ ,  $\beta_2$ , and  $\beta_3$ , as they measure the respective part-time wage differences compared to full-time employment.

For our fixed effects specifications, we adjust (1) by replacing the constant  $\alpha$  with individual specific  $\alpha_i$ 's.

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<sup>11</sup>For occupations, we use 14 occupational segments based on the German Classification of Occupations 2010 (Matthes, Meinken, & Neuhauser, 2015), and for industries, we use 13 categories based on the NACE Rev. 2 classification (with the following aggregations: D+E, G+H, K+L, M+N, P+Q, and R+S+T).

#### 4.1. Accounting for endogeneity

There are multiple threats to consistently identify  $\beta_1$ ,  $\beta_2$ , and  $\beta_3$ , including simultaneity issues, sample selection, and macroeconomic shocks. The simultaneity issue arises as labor supply can affect wages, and wages can affect labor supply. Furthermore, wage shock components may only die out slowly, making  $\varepsilon_{it}$  serially correlated. The classic sample selection issue arises as individuals with different unobservable factors, including wage shocks, select into different working hours categories or employment itself. Finally, macroeconomic shocks affecting overall labor demand require some type of variation between individuals.

To account for these issues, we follow Costa Dias et al. (2020), who build on the strategy of Blundell et al. (1998). Blundell et al. (1998) are interested in estimating labor supply elasticities. They derive a grouping estimator, which exploits tax and transfer system reforms to estimate the causal labor supply response to a change in the net hourly wage. Costa Dias et al. (2020) investigate the relationship of how labor supply and experience influence wages. In this paper, we focus on how working hours impact hourly wages.

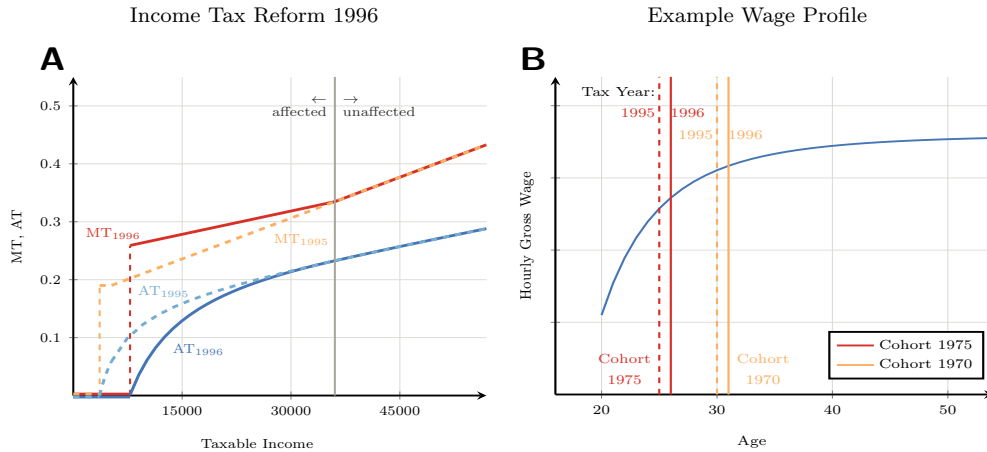
While a detailed discussion of our empirical approach can be found in Appendix D, we describe the general procedure here. First, we generate variables that capture the impact caused by changes in the tax and transfer system on the net incomes of our chosen working hours categories. We use these generated variables in the first stage of our control function approach to generate inverse Mills ratios. In total, we estimate four selection equations: non-employment vs. employment, working 24 hours or fewer vs. working more than 24 hours, working  $PT^-$  vs. working  $PT^o$ , and working  $PT^+$  vs. working FT. We augment our regression models of (1) with the obtained inverse Mills ratios.

The causal interpretation of our estimates relies on how we capture the influence of the tax and transfer system on the incomes of the different working hours categories. We construct this variable in the following manner. First, we predict hourly wages using a regression on full sets of time and age dummies interacted with a dummy for having a university degree. The predicted wages ensure that we separate the exogenous tax variation from other potential endogenous sources of variation. Second, we use the predicted hourly wages to compute the gross earnings for our four working hours categories and non-employment. Then, we apply the tax and transfer system from the

respective tax year to obtain net incomes.<sup>12</sup> Finally, we regress these net incomes on family demographics. The residuals of this last regression only capture the variation in net incomes due to changes in the tax and transfer system. We use these residuals in combination with standard instruments, including dummies for motherhood and for various ages of the youngest child in the first stage of our control function approach.

When only considering two groups (e.g., two different cohorts with the same education) and two tax years, our approach relates to the difference-in-differences estimator. Consider two cohorts born in 1970 and 1975 that face the 1996 German income tax reform.<sup>13</sup> The 1996 tax reform provides optimal variation as it is the result of a German supreme court ruling, which was exogenous with respect to the German economy. The supreme court ruled that the tax allowance must be at least as high as the subsistence level (see Bundesverfassungsgericht, 1992). The reform only affected incomes below a certain threshold, as seen in panel A of figure 2.

Figure 2: Identification strategy



*Notes:* Panel A: Average tax rates (AT) in 1995 are denoted by a dashed blue line and a solid blue line in 1996. The marginal tax rates (MT) in 1995 are denoted by a yellow line and a red line in 1996. Incomes above €36,043.53 are not affected by the reform. All values are expressed in 2022 Euros. Panel B: Blue line: stylized wages after controlling for confounding factors.

On average, the two cohorts are at different points in their working careers when the

<sup>12</sup>Following Costa Dias et al. (2020), we set any potential spousal income to zero to avoid contamination from correlation with spouses' income.

<sup>13</sup>In contrast to most other countries, the German income tax tariff does not have fixed marginal tax rates for each tax bracket. Marginal tax rates typically increase linearly within a bracket. This feature of the German tax tariff makes it ideally suited for our identification strategy, as it introduces differences in work incentives within each tax bracket and between tax brackets. Tariffs with fixed marginal tax rates typically only offer differences in work incentives between tax brackets.

tax reform in 1996 was introduced. Due to experience in terms of working years, the average hourly wage rate of the 1970 cohort is higher than the 1975 cohort. Panel B of figure 2 illustrates this idea.

As the reform disproportionately affects lower incomes, it has a different impact on the two cohorts. To be more precise, the reform reduces the average tax rate of cohort 1975 more strongly than of cohort 1970 for most part-time hour categories. In addition to experience, we exploit possible cohort effects and changes in the return to education for identification.

The tax reforms only impact net incomes and do not directly influence gross wages. The underlying identifying assumption is that the average differences in wages between these groups given labor supply and our other controls can be described by a group, time, and composition effect, all of which are assumed to be constant over time (see Blundell et al., 1998).

Due to a small sample size, as we only consider two groups and two tax years, we use more cohorts and a longer time span in our estimation.<sup>14</sup>

Figure 3 illustrates differences in average tax rates for selected examples, particularly how tax reforms provide heterogeneous incentives to work different hours for different groups. The orange line in panel A reports the difference in the average tax rate between earning an hourly wage of €8 and €12 (in 2022 prices), conditional on working regular part-time. Looking at the orange and dark red line, the 1996 reform affected the incentives to work FT and PT<sup>o</sup> differently. Earning €12 an hour increased the average tax rate for working FT by nearly 5 percentage points compared to earning €8. In contrast, the difference in the average tax rate decreased by almost 10 percentage points for working PT<sup>o</sup>.

Panel B of figure 3 illustrates the difference in average tax rates between hourly wages of €12 and €16, panel C of €16 and €20. Again, the largest changes are introduced by the reform in 1996. However, other tax years also provide variation in the incentives to work in the different working hours categories. These differences are at the core of our estimation strategy.

## 5. Part-time penalties in wage levels

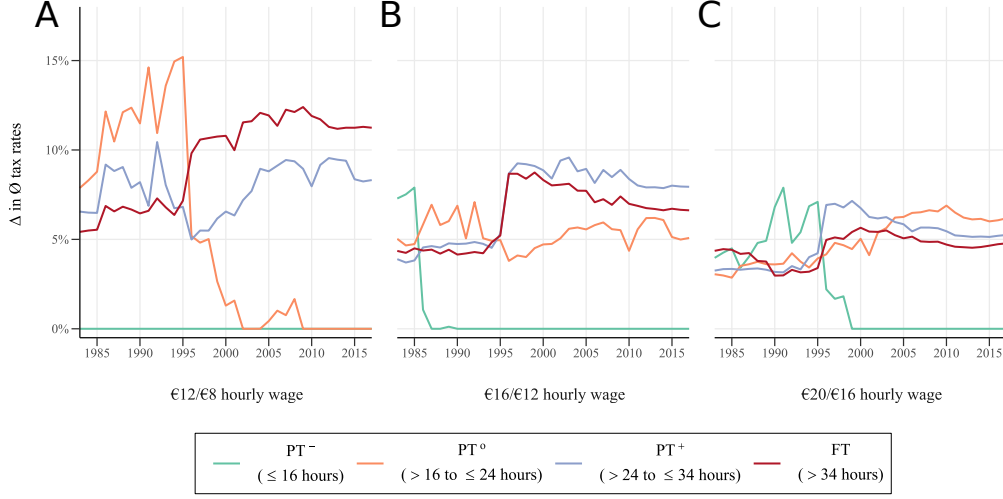
Our selection-corrected specifications account for the relevant sources of endogeneity. To show that our findings are not driven by time-invariant unobserved heterogeneity, we

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<sup>14</sup>We confirm our main results by only using a sample from the years around the 1996 reform (1994 - 1998). Appendixtable G.9 displays the results of this robustness check.



Figure 3: Illustration of historical differences in average tax rates



*Source:* Our own computations based on an extended version of the tax code provided by Bick et al. (2019).

*Notes:* Calculations are based on simulated gross and net wages for selected hourly wage rates and different weekly working hours. Weekly net wages are simulated for a single mother with a three-year-old child. All wages are expressed in 2022 prices. For illustration purposes, negative average tax rates are set to zero before calculating differences in average tax rates by hourly wages.

also report results for all models augmented with individual fixed effects. For our fixed-effects specification, the identification relies on within-individual variation in working hours, i.e., on individuals observed working in different working hours categories across time.<sup>15</sup>

### 5.1. Main results on wage levels

In figure 4, we present estimated part-time penalties in hourly wage levels. We distinguish between estimates without individual fixed effects (panel A) and with individual fixed effects (panel B). To ease the comparison with the existing literature, we also report results for a general part-time indicator (left-most estimates). To highlight the relevance of each hour category, we include a histogram of the share of female workers in each hour category with respect to all female part-time workers. The respective axis is on the right in each graph.

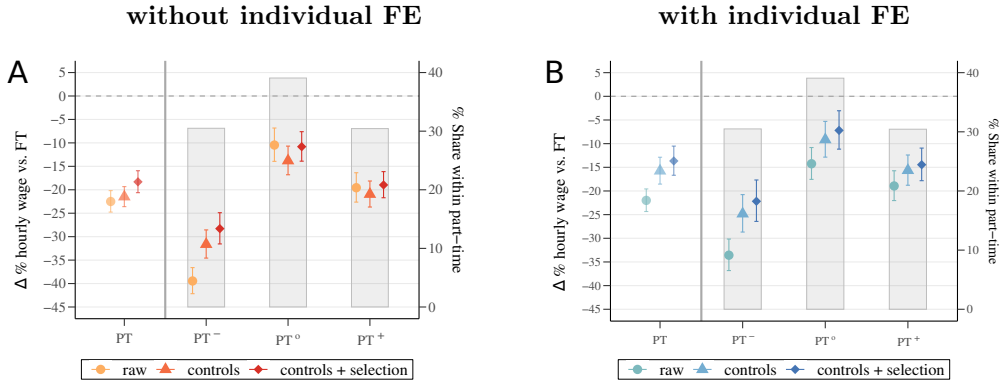
We report three estimates for the overall part-time indicator and for each part-time

<sup>15</sup>In the main text, we provide graphical illustrations of our empirical results. The corresponding regression tables can be found in Appendix G.

category: a raw estimate for which we only control for year fixed effects, our conditional-on-observables model (1), and its selection-corrected version.<sup>16</sup>

We find significant part-time penalties ranging from  $-22.5\%$  without controls to  $-18.31\%$  with a broad set of controls and selection correction for the uniform part-time indicator. At an average full-time wage of  $\text{€}13.37$ , these penalties translate into  $-\text{€}3.01$  to  $-\text{€}2.45$  lower hourly wages for part-time work.

Figure 4: Part-time penalties in wage levels



Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Details on model specifications: *raw*: only controlling for year fixed effects; *controls*: controlling for observables (see section 4); *controls + selection* additionally control for selection effects. Whiskers indicate 95% confidence intervals. Bars indicate the share of female workers in the respective part-time category relative to all female part-time workers within the estimation sample. See Appendix-tables G.7 and G.8 for underlying values. Sample: women aged 20 to 54, not in education from 1975–2017.

The penalties for our three working hours categories reveal substantial heterogeneity in part-time wage penalties. Working small part-time hours (PT<sup>-</sup>) carries a selection-corrected penalty of  $-28.29\%$  which is almost three times the size of the smallest penalty that we find. For medium part-time hours (PT<sup>°</sup>), we estimate a comparatively low selection-corrected penalty of  $-10.81\%$ . Working large part-time hours (PT<sup>+</sup>) implies a penalty of  $-18.97\%$ . Therefore, we find a hump-shaped pattern in wage penalties across part-time hours choices.

Panel B of figure 4 reveals a similar pattern when also controlling for individual fixed effects but with a level shift upwards (i.e., closer to zero). The selection-corrected specification of a uniform part-time indicator now carries a  $-13.66\%$  penalty for part-time work. Working very few hours in PT<sup>-</sup> carries the largest penalty of  $-22.18\%$ ,

<sup>16</sup>We compute the exact effects for our part-time dummies as  $\exp(\beta) - 1$ . We adjust upper and lower bounds of 95%-confidence bands in the same manner.

while we find the lowest wage penalty of  $-7.2\%$  for  $PT^\circ$ . As in the specification without individual fixed effects, large part-time hours  $PT^+$  carries a higher penalty of  $-14.45\%$ .

Our estimates for the uniform part-time indicator are slightly higher than those previously reported for Germany. However, our penalties based on the fixed effects approach are close to those reported by Bardasi and Gornick (2008), who estimate penalties about  $8\%$ . We also confirm earlier findings that short weekly working hours have particularly large wage penalties (cf., Goldin, 2014; Wolf, 2002).

Furthermore, we find evidence of a selection effect due to other factors besides occupation and industries. For both approaches, the parameters for the inverse Mills ratios are jointly significantly different from zero (see Appendix-tables G.7 and G.8). On average, workers with lower hourly wages seem to select into part-time, even after controlling for occupation and industry.

The documented hump-shaped pattern in hourly wage penalties over working hours implies a severe penalty for working four days a week. For confirmation, we test the hypothesis that the wage penalty for working  $PT^+$  is equal to or lower than the penalty for working  $PT^\circ$ . We reject this hypothesis at all conventional significance levels based on a one-sided  $\chi^2$ -test (see Appendix-tables G.7 and G.8). We conclude that more working hours do not always lead to lower hourly wage penalties on average.

As pointed out earlier, the German tax reform of 1996 provides significant exogenous variation for our identification approach. Therefore, we re-estimate our selection-corrected specification only for the period of 1994-1998. Appendix-table G.9 displays the results of this robustness check.<sup>17</sup> While the overall penalty for working  $PT$  is estimated to be lower compared to the entire sample, the result of a significantly larger penalty for working  $PT^+$  holds. Working  $PT^+$  comes with a large and significant wage penalty compared to working full-time. Again, we statistically reject the hypothesis that the wage penalty for working  $PT^+$  is equal to or lower than the penalty of working  $PT^\circ$ .

## 5.2. Heterogeneity in part-time penalties in wage levels

We analyze part-time penalties in hourly wage levels for selected subgroups to examine the nature of the observed hump-shaped pattern. We do so by interacting our part-time indicators with indicators for different job characteristics (see section 3). Within each panel of figure 5, the comparison group is always full-time work within the characterized

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<sup>17</sup>We refrain from estimating fixed effects models in this robustness check, as the time span is too short for a reliable identification of wage penalties based on within-individual variation in working hours.

subgroup. The background histogram highlights the relevance of each hour category and each subgroup with respect to all female part-time workers.

Panels A and B of figure 5 report the part-time penalty estimates for occupations with demanding (i.e., high share of analytic non-routine tasks) or non-demanding tasks. We find statistically significant part-time penalties for both types. In both specifications, the overall part-time penalties and the penalties for working  $PT^-$  and  $PT^\circ$  do not vary considerably by task composition. However, we find sizable differences in part-time penalties by job tasks when working  $PT^+$ . For occupations with a high share of demanding tasks, the difference in wage penalties between working  $PT^\circ$  and  $PT^+$  is negligible. For occupations with a high share of non-demanding tasks, the wage penalty for working  $PT^+$  is significantly larger than for working  $PT^\circ$ . Thus, we find the hump-shaped pattern of the part-time penalties only for jobs characterized by non-demanding tasks. We find a similar pattern for our complementary measure of the occupational skill level requirement (see panels A and B of Appendix-figure F.3).

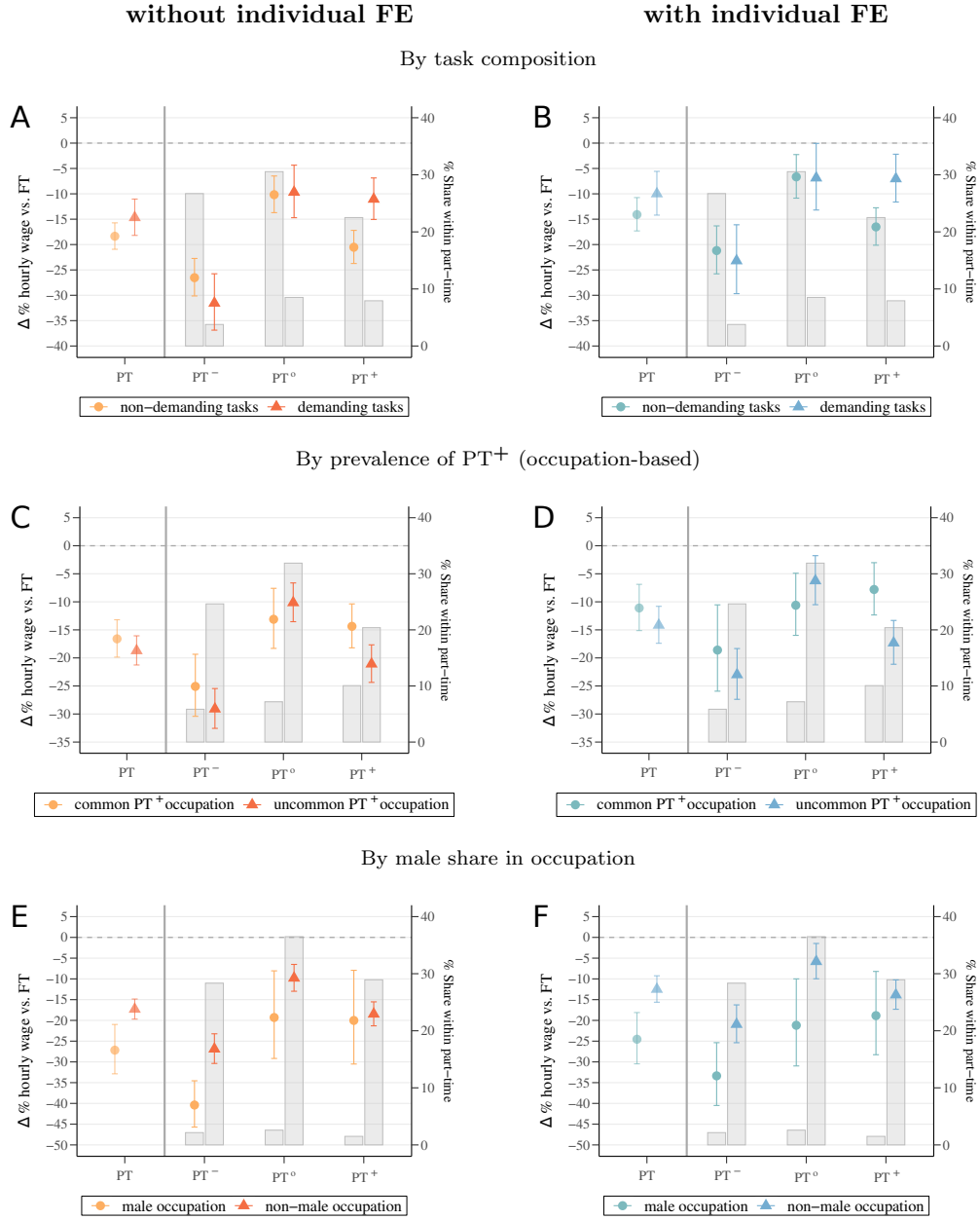
In panels C and D of figure 5, we report results for occupations in which working  $PT^+$  is more or less common. The estimates show that in occupations where  $PT^+$  is more common, part-time penalties for  $PT^+$  are not significantly higher than for  $PT^\circ$ . The opposite holds for occupations where  $PT^+$  is a relatively uncommon working hours choice. These occupations are the drivers of the hump-shaped pattern, with  $PT^+$  carrying a significantly higher penalty than  $PT^\circ$ . We find a similar pattern for the industry-level perspective (see panels C and D of Appendix-figure F.3).

Panels E and F of figure 5 report part-time penalties for occupations with a relatively high share of male workers (male occupations) and occupations with a relatively low share of male workers (non-male occupations). The wage penalties for the overall part-time indicator and for working  $PT^-$  and  $PT^\circ$  are less severe in non-male occupations. While the penalties for  $PT^\circ$  and  $PT^+$  are almost identical for male occupations, we find the hump-shaped pattern in non-male occupations. We find a similar pattern for the industry-level perspective (see Appendix-table G.15).

We also examine differences in part-time wage level penalties with respect to fixed-term contracts and firm size (see panels E, F, G and H of Appendix-figure F.3), as previous literature has shown that these factors can be critical drivers. Both factors do not show discernible differences in explaining the hump-shaped pattern.

In summary, we find the humped-shaped pattern of part-time wage level penalties in occupations with non-demanding tasks, where  $PT^+$  is uncommon and where the share of female workers is relatively high. The histograms in each panel show that most female

Figure 5: Part-time penalties in wage levels for subgroups



Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘demanding tasks’: at least one-third of the tasks are analytic non-routine; ‘common PT<sup>+</sup> occupation’: share  $\frac{PT^+}{PT^0+PT^+}$  in occupation is above its median value across all occupations; ‘male occupation’: share of men in occupation is above its median value across all occupations. All models control for year fixed effects, observables, and selection effects (see section 4). Whiskers indicate 95% confidence intervals. Bars indicate the share of female workers in the respective part-time category and subgroup relative to all female part-time workers within the estimation sample. See Appendix-tables G.10, G.12, and G.14 for underlying values. Sample: women aged 20 to 54, not in education from 1975–2017.

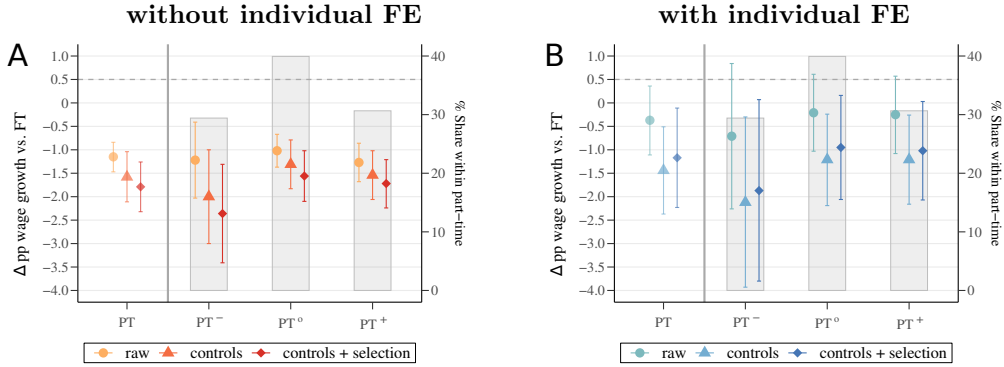
part-time workers work in these types of occupations. Thus, the higher penalties for working large part-time hours are relevant for most female part-time workers.

## 6. Part-time penalties in wage growth

### 6.1. Main results on wage growth

Working reduced hours might not only impact current wages, but also future wages. Figure 6 is similarly structured as figure 4. It reports part-time penalties in annual wage growth rates measured in percentage point differences for a uniform part-time indicator and for each part-time category in relation to full-time work.

Figure 6: Part-time penalties in annual wage growth



Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Details on model specifications: *raw*: only controlling for year fixed effects; *controls*: controlling for observables (see section 4); *controls + selection* additionally control for selection effects. Whiskers indicate 95% confidence intervals. Bars indicate the share of female workers in the respective part-time category relative to all female part-time workers within the estimation sample. See Appendix-tables G.20 and G.21 for underlying values. Sample: women aged 20 to 54, not in education from 1975–2017.

For our specification without individual fixed effects, we find that part-time work on average implies a significant  $-1.15$  to  $-1.79$  percentage point decrease in annual wage growth rate compared to full-time work. This decrease translates into a  $-35\%$  to  $-54\%$  penalty compared to the average full-time wage growth rate of  $3.33\%$ .

Focusing on the selection-corrected results, the point estimates of the wage growth penalty are heterogeneous across our part-time hour categories. We find the largest wage growth penalty of  $-2.36$  pp for working  $PT^-$ , which amounts to a  $-71\%$  penalty compared to full-time work.  $PT^0$  and  $PT^+$  carry penalties of  $-1.56$  pp ( $-47\%$  vs. FT) and  $-1.72$  pp ( $-52\%$  vs. FT) respectively. However, differences between these estimates are not statistically significant. The specification with individual fixed effects

corroborates these findings but again with a small level shift upwards. A severe and significant growth penalty is present for large part-time hours in the selection-corrected specifications with and without individual fixed effects.

Including controls increases the point estimates for the penalties, implying that with respect to wage growth, there is some positive selection on observables into part-time. One explanation for this difference is an effect similar to a regression-to-the-mean effect: if individuals who receive a negative wage shock choose to work reduced hours but still profit from a general wage increase for everyone, their wage growth rate is higher than for higher-wage earners. Stated differently, these workers have greater potential for wage growth due to being at a lower wage level. Because these differences are not statistically significant, we do not investigate these selections further.

For wage growth penalties, we do not detect the humped-shaped pattern from the wage level analysis. However, we also do not find evidence for a decrease of the wage growth penalty for larger part-time hours. Wage growth penalties are comparable for  $PT^{\circ}$  and  $PT^{+}$  workers.

## 6.2. *Heterogeneity in part-time penalties in wage growth*

We analyze part-time penalties in annual wage growth rates measured in percentage point differences for selected subgroups in figure 7. The left-out category in each panel is full-time work within the characterized subgroup.

Panels A and B of figure 7 report wage growth penalties by task composition. Our point estimates indicate that the growth penalty for occupations with demanding tasks decreases with higher working hours. For occupations with non-demanding tasks, the point estimates suggest that the growth penalty of working  $PT^{+}$  is not less than the growth penalty of working  $PT^{\circ}$ . Both differences between the two categories are not statistically significant. For our complementary measure of the occupational skill level requirement, we find that  $PT^{\circ}$  and  $PT^{+}$  carry similar growth penalties for demanding and non-demanding occupations (see panels A and B of Appendix-figure F.4).<sup>18</sup>

In panels C and D, we report results for occupations in which working  $PT^{+}$  is more or less common. For growth penalties, this distinction seems to be of minor importance. Differences between the part-time categories are very similar for occupations where  $PT^{+}$  is a more common working hours choice and where  $PT^{+}$  is relatively uncommon. This

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<sup>18</sup>This is in line with earlier findings for the US by Gladden and Taber (2009), who do not find a strong relationship between wage growth and workers' skill levels.

finding is corroborated by the industry-level perspective (see panels C and D of Appendix-figure F.4).

Panels E and F of figure 7 show differences between male occupations (i.e., occupations with a relatively high share of male workers) and non-male occupations. In male occupations, the point estimates indicate that growth penalties decrease with more weekly working hours. For non-male occupations, the growth penalties for working  $PT^{\circ}$  and  $PT^{+}$  are very similar. Again, differences between medium and large part-time hours penalties are not statistically significant. We find similar results for the industry-level perspective (see Appendix-figure G.27).

For our specifications without fixed effects, we find that nearly all wage growth penalties are statistically different from zero. For our fixed effects specifications, we find various growth penalties for which the point estimates are above zero, including  $PT^{\circ}$  in demanding occupations and in common  $PT^{+}$  occupation and  $PT^{+}$  in demanding occupations (tasked-based measure) and male occupations. These positive penalties are not statistically significant.

In Appendix-figure F.4, we report results for more subgroups. None of these results are particularly notable. We do not find any significant differences in wage growth penalties between working  $PT^{\circ}$  and  $PT^{+}$  in any of our subgroup analyses.

## 7. Potential mechanisms

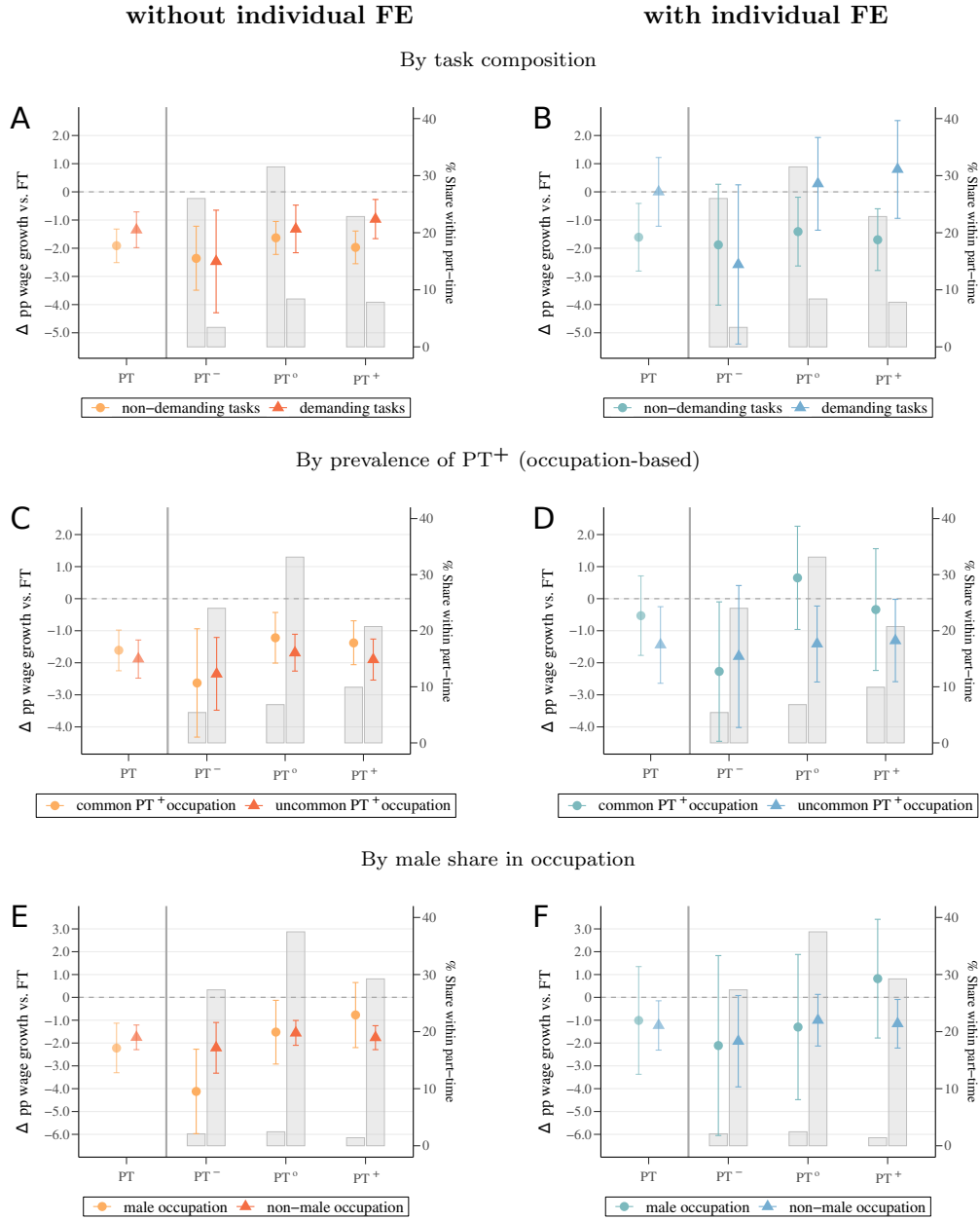
To understand how policy makers could reduce part-time penalties, it is critical to understand the underlying mechanisms. The following section discusses how our findings relate to mechanisms in the literature.

*Differences in firms' cost functions.* The four cost types discussed most often in the literature are i) recruitment and training costs (see Barron, Black, & Loewenstein, 1987; Montgomery, 1988), ii) setup costs (see Barzel, 1973), iii) individual capital costs per worker (see Manning & Petrongolo, 2008), and iv) coordination and communication costs (see Goldin, 2014).

First, recruitment and training costs can produce higher costs per working hour as they are fixed by worker. Second, setup costs can have similar effects as they are classified as fixed by work day. These cost types can rationalize why firms pay lower wages to part-time workers and especially to those with very low working hours ( $PT^{-}$ ). However, the non-decreasing penalties in wage levels from  $PT^{\circ}$  to  $PT^{+}$  stand in contrast to these explanations.



Figure 7: Part-time penalties in annual wage growth for subgroups



Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4. ‘demanding tasks’: at least one-third of the tasks are analytic non-routine; ‘common  $PT^+$  occupation’: share  $PT^+/(PT^0 + PT^+)$  in occupation is above its median value across all occupations; ‘male occupation’: the share of men in occupation is above its median value across all occupations. All models control for year fixed effects, observables, and selection effects (see section 4). Whiskers indicate 95% confidence intervals. Bars indicate the share of female workers in the respective part-time category and subgroup relative to all female part-time workers within the estimation sample. See Appendix-tables G.22, G.24 and G.26 for underlying values. Sample: women aged 20 to 54, not in education from 1975–2017.

The third and the fourth cost types are better suited to explain our hump-shaped penalties. Individual capital costs can depend on the number of workers in each part-time category. For example, an office space could be used by two  $PT^o$  workers, but only one  $PT^+$  worker on a given day.

Lastly, we would expect coordination and communication cost to generally decrease monotonically with higher working hours, as coordination and communication typically become easier with a higher availability of workers. However, the hump-shaped pattern can be explained by differences in firms' part-time cost functions across occupations and industries by the prevalence of  $PT^+$ . It might be especially difficult to incorporate  $PT^+$  workers into the workflows when only very few individuals are working  $PT^+$ . For those employees who work in  $PT^+$ , the high coordination costs are passed onto them via lower hourly wages. Through this lens, our measures of the prevalence of  $PT^+$  could be interpreted as proxies for the scalability of tasks between  $PT^o$  and  $PT^+$ .

*Slower human capital accumulation.* Blundell et al. (2016) and Adda, Dustmann, and Stevens (2017) find substantially lower human capital accumulation and wage growth rates when working less than full-time.

Our results in section 6 are generally in line with this finding. Part-time jobs with very few working hours yield especially low wage growth rates. For  $PT^o$  and  $PT^+$  in occupations with demanding tasks or where  $PT^+$  is common, we find that the penalties decrease with higher working hours. However, we also show that sizeable penalties still exist for many part-time jobs with working hours close to full-time.

This finding highlights that not all part-time jobs with high working hours can be regarded as close substitutes to full-time work. Human capital accumulation may be a nonlinear function of hours worked. In addition to human capital, other factors unrelated to the working hours choice influence wage growth penalties. Furthermore, the documented differences across job characteristics illustrate that human capital accumulation is not necessarily a similar process across occupations.

*Differences in task content.* Another potential mechanism is connected to within-occupation differences in task content. If part-time workers are more likely to carry out less demanding (and therefore less profitable) tasks than full-time workers, such a difference could rationalize part-time wage penalties (Black & Spitz-Oener, 2010). While our results differentiated by task composition highlight that the part-time penalties in hourly wages are concentrated in non-demanding occupations, we cannot investigate the task composition at the within-occupation level. This is due to the fact that we do not have

task classifications at the individual level, as we rely on categorizing the occupational codes.

*Skill mismatch.* An additional explanation for lower part-time wages is that workers switch to occupations they have not been trained for when reducing their working hours (Connolly & Gregory, 2010). The resulting job-skill mismatch may drive lower wages for part-time workers. Our findings related to large penalties for workers in non-demanding occupations are consistent with this mechanism, as these are likely the occupations to which workers downgrade. However, the hump shape we document can only be explained if high part-time workers downgrade more frequently compared to regular part-time workers. The data used for our estimation does not include any measure as to whether individuals are downgrading. Therefore, we use a comparable sample from the German Socio-Economic Panel (SOEP) (2022) to investigate if the share of workers with a skill-mismatch is higher in  $PT^+$  than in  $PT^o$ . The skill mismatch in  $PT^o$  is about 45%, and 42.5% for  $PT^+$ . Therefore, we conclude that the skill mismatch does not explain our pattern in part-time penalties.<sup>19</sup>

*Other explanations.* Another explanation for our hump-shaped pattern is that employers might have higher bargaining power than workers who prefer working  $PT^+$ . The higher bargaining power might come from a greater flexibility in wage setting for firms in the lower wage quartile and in occupations and industries with low-demanding jobs. Recent literature (B. Hirsch et al., 2022) has shown that the collective bargaining agreement coverage is considerably lower for the respective expertise and skill levels, especially for low paying jobs in Germany. The low collective bargaining agreement coverage for low-paying jobs is also in line with the finding by Gallego Granados (2019), who documents the largest penalties for the lowest wage quartile.

As the hump shape is especially prevalent in jobs where  $PT^+$  is uncommon, we find the explanation of employers' higher bargaining power in combination with higher adjustment costs for uncommon working hours categories most convincing.

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<sup>19</sup>To identify an occupational skill mismatch in the SOEP, we rely on self-reported answers to the following question: 'Does this job correspond to the occupation for which you were trained?' We stipulate a skill mismatch for all negative answers to this question and for all women who 'have not been trained for a particular occupation'. We use all survey waves from 1984 to 2020. To ensure comparability with our main sample, we only consider females between the ages of 20 and 54 who are not in education or training. We also exclude self-employed women and public servants, as these occupations are not included in the IEB data. The sample includes 121,139 person-year observation from 22,636 women.

## 8. Conclusion

In this paper, we build a long-run panel of hourly wages of German women by linking social security data on earnings and survey data on hours. This high-quality data set allows us to investigate the scope and heterogeneity of part-time penalties in wage levels and growth rates. By allowing for heterogeneity of these penalties across different part-time working hours choices, we shed light on the effects of these choices on the career paths of women. To account for selection into specific working hours, we follow a strategy proposed by Costa Dias et al. (2020). Specifically, we leverage variation in the incentive to work different hours induced by reforms to the tax and transfer system.

For wage levels, we find significant selection-corrected part-time penalties and document substantial heterogeneity across different part-time hour choices. Working part-time with low hours ( $\leq 16$ h) implies the largest penalties, but we also find that working large part-time hours ( $> 24$  to  $\leq 34$ h) can carry higher penalties than medium part-time ( $> 16$  to  $\leq 24$ h). This is especially evident for occupations and industries where such high hours are an uncommon choice, where fewer skills are necessary, and where the share of male employees is relatively low.

For wage growth rates, we report large selection-corrected part-time penalties. The fact that sizable penalties exist for high part-time hours suggests that part-time jobs with near full-time weekly hours are not close substitutes to full-time jobs.

Putting these findings into context, our results show that treating part-time as a uniform working hours choice, such as 20 hours per week, overlooks substantial heterogeneity. To illustrate the implications of our findings, we provide back-of-the-envelope calculations by comparing the gross incomes of three couples: A, B, C. For couple A, the male partner works 40 hours, while the female partner works 20 hours a week. Each partner in couples B and C works 30 hours a week. For couple B, we assume that the male partner receives the part-time penalties we estimated, while the male partner in couple C does not receive any part-time penalties.<sup>20</sup>

Using our overall point-estimates, couple B has a 12.35% lower household income than couple A. Couple C has a 4.95% lower household income than couple A. Due to the lower growth rates, these differences grow over time. After five years, B's total income is 13.92%, and C's total income is 5.35% lower. After ten years, B's total income is 15.55%, and C's total income 5.76% lower. This comparison shows that a more

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<sup>20</sup>We use the point estimates from our fixed effects specifications (see Appendix-tables G.8 and G.21), as these are the most conservative.

balanced distribution of work and family-care responsibilities within couples may lead to sizeable financial disadvantages. This conclusion also holds true if our findings cannot be extrapolated to male part-time workers.

Consequently, if policy makers want to achieve a more equal distribution of the career costs of having children among parents, it might not be sufficient to relax possible constraints for the labor supply of the mother. It is also necessary to financially incentive fathers to reduce their working hours, especially at the lower end of the wage distribution. As our results show that penalties for working large part-time hours are especially high for occupations and industries where these working hours are uncommon, the first generations may have to bear especially high penalties. As more mothers and fathers start working four days a week, it is less likely that these severe penalties will persist.

Our study also informs the current debate on introducing the four-day week as a new working standard. While supporters of this policy often demand that weekly wages remain unchanged alongside the work time reduction, our findings related to lower wage growth for large part-time hours provide some caution. Large part-time workers might face persistently lower wage growth compared to full-time workers. Reducing their work time might not initially affect their wages, but lower wage growth could translate into sizeable wage level penalties in the long run. If policy makers want to establish large part-time work as a close substitute to full-time work, they will need to address the causes of lower wage growth of part-time workers. Therefore, understanding the underlying mechanisms better is a viable avenue for future research.

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## Appendix

### Appendix A. Matching IEB and NEPS

Our combination of the two data sources is limited to individuals who consent to their data being matched. Such a match can be established for 73.63% of all NEPS participants. While the NEPS data contains spells over the entire life cycle of participants, the IEB data only contains spells relevant for the social security system (i.e., no self-employment or public employment). To limit mismatching, we use the part-time indicator in the IEB data as a guide. However, this part-time indicator has several drawbacks.

First, there was a structural break in the reporting procedure regarding the part-time indicator in 2011. Fitzenberger and Seidlitz (2020) have investigated the effects of this break and propose a correction method that we implement.

Second, the part-time indicator is not relevant for the German social security system, as no benefits are dependent on working hours. As a result, the indicator is not reported for a significant number of observations and its overall quality might not be particularly accurate (Fitzenberger & Seidlitz, 2020). The primary issue is that employers typically reuse notifications from the prior year and only change the earnings data to the new values.

For our framework, this issue especially impacts women changing from part- to full-time. As the initial choice of part-time typically occurs after a career interruption, a new and correct notification is filled out. A later switch to full-time typically comes after working part-time in the previous year. In such cases, an outdated notification might be used as a template without changing the part-time/full-time status while still including correct wage values. As table A.1 shows, the largest mismatch between our two data sources comes from self-indicated full-time working women labeled as part-time working in the IEB data.

To judge the match quality of our two data sources, table A.1 contrasts the categorized NEPS hours data with the binary IEB part-time indicator. The high degree of overlap between the NEPS and the IEB classification (67.97% for part-time, 91.63% for full-time) illustrates the viability of our spell matching procedure. We take a conservative approach and keep those observations for which the IEB data and the NEPS data agree in terms of part-time and full-time status (cells in bold in table A.1).<sup>21</sup>

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<sup>21</sup>In a robustness check, we also keep observations classified as FT in the NEPS data and as PT in

Table A.1: Comparison of working hours in NEPS and IEB data

NEPS data	IEB data		Total
	PT indicator	FT indicator	
PT <sup>-</sup>	<b>7,374</b>	664	8,038
≤ 16h	<b>8.08%</b>	0.73%	8.80%
PT <sup>o</sup>	<b>10,146</b>	1,477	11,623
> 16h to ≤ 24h	<b>11.11%</b>	1.62%	12.73%
PT <sup>+</sup>	<b>8,126</b>	2,343	10,469
> 24h to ≤ 34h	<b>8.90%</b>	2.57%	11.47%
FT	12,084	<b>49,091</b>	61,175
≥ 35h	13.23%	<b>53.77%</b>	67.00%
Total	37,730	53,575	91,305
	41.32%	58.68%	100.00%

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* NEPS data categorization is based on contracted working hours per week, IEB data are indicators directly reported by employers. Sample: women aged 20 to 54, not in education from 1975–2017. Only cells in bold are used for empirical analysis.

To check the sensitivity of our results with respect to our hour categorization, we redefine our working hours categories using a one-dimensional clustering algorithm based on Hartigan (1975) and implemented in Stata by Cox (2007). The algorithm chooses the limits of our four working hours brackets (three part-time, one full-time) to minimize the sum of the within-cluster sums of squared deviations from cluster means. Table A.2 shows how employing this algorithm changes our working hours categories. The outcome of the clustering procedure yields a similar categorization. Yet, there are some working hours with non-negligible mass in the working hours distribution (see panel A of figure 1) that change categories. Following the clustering algorithm, working 15 hours is upgraded to PT<sup>o</sup> and working 24 hours is upgraded to PT<sup>+</sup>. Appendix-tables H.32 and H.33 confirm our main findings with this alternative hours categorization. The wage-level penalties for working PT<sup>o</sup> and PT<sup>+</sup> are more similar compared to our categorization. However, the difference in point estimates is still statistically significant in the specification without individual fixed effects. When including individual fixed effects, the difference is marginally insignificant at the 10% level. Using the alternative

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the IEB data, as there is no clear hours threshold for the classification into part- and full-time. While this likely increases measurement error in our large part-time indicator, our main results are confirmed (see Appendix-tables H.34 and H.35)

hours categorization, we also find a humped-shaped pattern in wage growth penalties with significantly larger growth penalties for working  $PT^+$  compared to working  $PT^\circ$ .

Table A.2: Hour categories of alternative categorization

Hours cat.	Main categories	Alternative categories
FT	$\geq 35h$	$\geq 34h$
PT	$\leq 34h$	$\leq 33.5h$
$PT^-$	$\leq 16h$	$\leq 14.5h$
$PT^\circ$	$> 16h$ to $\leq 24h$	$> 14.5h$ to $\leq 23.6h$
$PT^+$	$> 24h$ to $\leq 34h$	$> 23.6h$ to $\leq 33.5h$

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* Hours categorization is based on contracted working hours per week. Sample: women aged 20 to 54, not in education from 1975–2017.

A further issue is that the IEB earnings data is top censored at the social security contribution limit, which approximately concerns the top ten percent of earnings. Although we primarily focus on wage differentials, we apply the imputation method proposed by Card, Heining, and Kline (2015) and provided for our sample by Schmucker, Ganzer, Stegmaier, and Wolter (2018), which leverages information on firm-specific earning levels to impute the censored values. After the imputation, we cleanse our data from potential outliers and exclude all person-year observations with an hourly wage above the 99th percentile of the full-time hourly wage distribution. For our wage growth sample, we exclude all person-year observations used for calculating all annual wage growth rates if at least one of these observations has an hourly wage above the 99th percentile of the full-time hourly wage distribution. We repeat this procedure from 1994-1996 when estimating the model for the 1996 German tax reform.

## Appendix B. Additional descriptives and summary statistics

Table B.3: Summary statistics

	mean	sd
hourly wage	12.73	5.30
wage growth <sup>†</sup>	2.78%	0.12
contracted hours	32.84	10.40
age	36.07	9.69
college	25.26%	
West Germany	84.60%	
Non-German nationality	6.69%	
FT experience	7.18	6.77
PT experience	2.41	4.28
tenure	4.99	5.65
married	53.54%	
mother	52.75%	
age of oldest child	7.51	8.93
age of youngest child	3.73	5.68
number of children 0-3	0.10	0.34
number of children 0-6	0.20	0.50
number of children 7-14	0.32	0.65
number of children 15-18	0.17	0.45
number of children 19-25	0.25	0.58
family background PC 1	-0.0768	1.21
family background PC 2	0.0514	1.18
individuals	5,606	
individuals x years	74,497	

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* Sample: women aged 20 to 54, not in education from 1975–2017.

†: smaller subsample ( $N = 60,299$ ) of individuals with repeated wage observations (cond. on repeated observations not changing the hours bracket)

## Appendix C. Job characteristics across working hours choices

Table C.4: Job characteristics across working hours choices

% share of ...	FT	PT	PT <sup>-</sup>	PT <sup>o</sup>	PT <sup>+</sup>
demanding tasks	24.55	20.22	12.38	21.79	26.05
demanding know-how	16.81	13.32	8.69	13.38	17.90
common PT <sup>+</sup> occupation	28.29	23.08	19.19	18.37	33.03
common PT <sup>+</sup> industry	37.99	39.09	41.56	29.02	49.55
male occupation	13.98	6.23	7.06	6.60	4.94
male industry	23.93	13.13	13.40	12.97	13.05
fixed-term contract	11.31	15.42	13.59	16.25	16.05
firm size: small (< 5)	7.74	13.62	20.25	10.53	10.95
firm size: medium (10 – 50)	20.68	25.86	26.96	23.19	28.19
firm size: large (> 200)	39.25	27.14	20.35	32.99	26.42

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* All values in percentages. Hours categorization is based on contracted working hours per week (see table 1). Details on subgroup categorization: ‘*demanding tasks*’: at least one-third of the tasks in an occupation is classified as analytic non-routine; ‘*demanding know-how*’: specialist or expert skill level necessary for a job; ‘*common PT<sup>+</sup> occupation*’ or ‘*industry*’: share  $\frac{PT^+}{PT^o + PT^+}$  in an occupation/industry is above its median value across all occupations/industries. ‘*male occupation*’ or ‘*industry*’: share of men in an occupation/industry is above its median value across all occupations/industries. ‘*firm size*’: based on the total number of employees within a given firm. Sample: women aged 20 to 54, not in education from 1975–2017.

## Appendix D. Empirical strategy

*Extended control function approach.* Following Costa Dias et al. (2020), we implement our estimator as an extended control function approach.

To do so, we first regress female wages on full sets of time and age dummies interacted with an indicator for having a university degree.

Based on the estimated coefficients, we predict female wages and calculate gross household income for each working hours category. Using predicted wages allows us to separate the exogenous variation induced by the tax reforms from potentially endogenous variation in observed wages.

Next, we apply the tax and transfer code to calculate disposable household income for each working hours category for every tax year between 1983 and 2017. We build on the detailed tax code implementation from Bick et al. (2019), which captures all year-over-year changes in the German tax and transfer system. As Carrillo-Tudela, Launov, and Robin (2021) point out, variation in welfare benefits contributes to the variation in the incentive to work different hours. Thus, we add changes in second-tier unemployment benefits to our tax model.<sup>22</sup> Finally, we regress our simulated disposable income on a set of family demographics to net out any aggregate effects. An overview of these steps is provided in Appendix-figure D.1.

This procedure leaves us with a set of residuals that captures how tax and transfer system reforms have affected the disposable household income for different working hours categories.

*Selection into employment.* Given these exclusion restrictions, we start by constructing a control function for employment, i.e., a Heckman selection correction model. The probability of being employed is given by

$$\Pr(\text{employment}_{it} = 1 | \cdot) = \Phi(\alpha^e + \mathbf{Z}_{it}^e \beta^e + \tilde{\mathbf{X}}_{it} \gamma^e), \quad (\text{D.1})$$

where  $\Phi(\cdot)$  denotes the cumulative distribution function of the standard normal distribution.

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<sup>22</sup>Our implementation covers variation in the tax code for the last 35 years of the sample, i.e., between 1983 and 2017 (93% of observations). Accordingly, the variation in our main exclusion restriction is limited to this time frame.



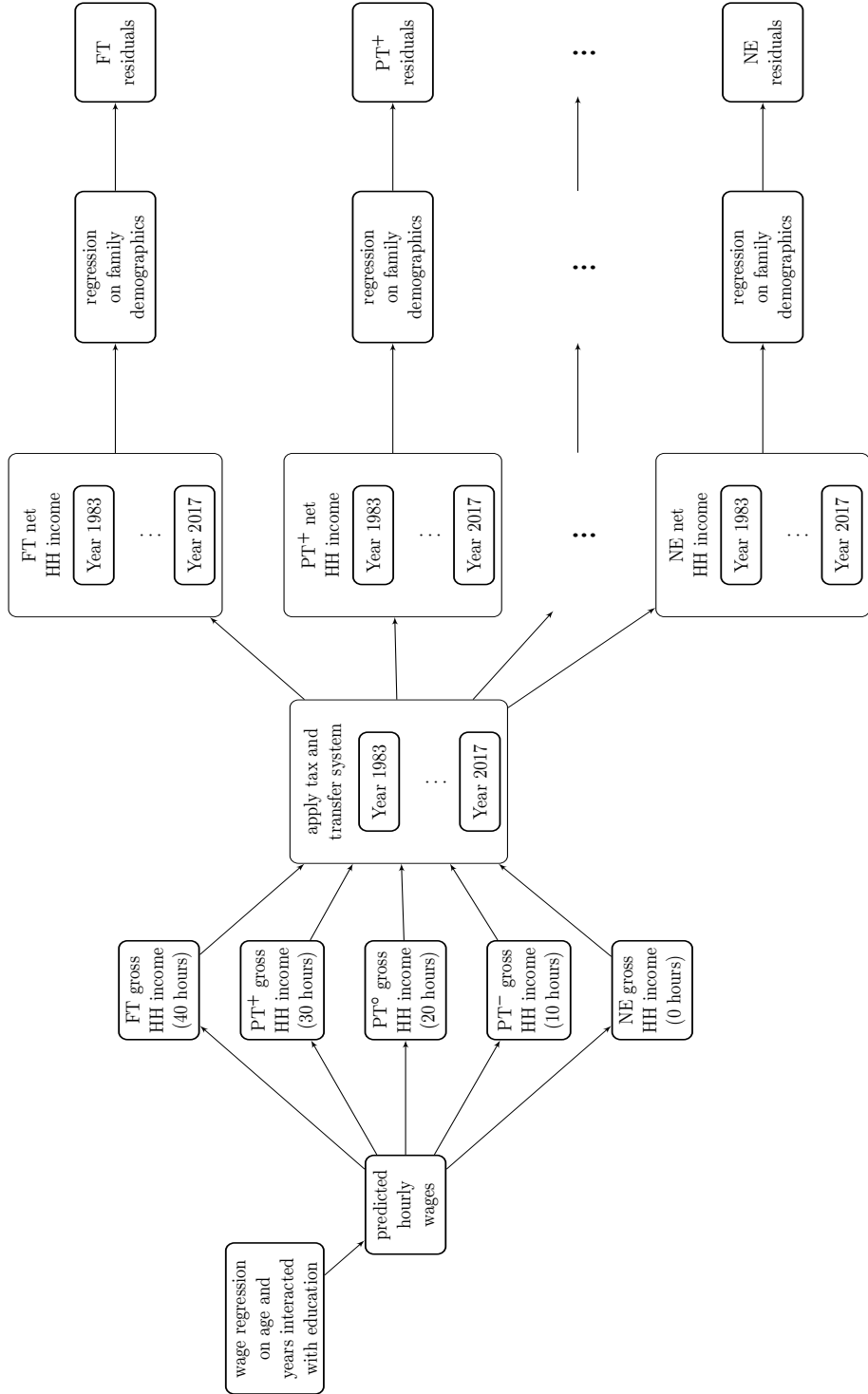


Figure D.1: Construction of the main exclusion restrictions

*Notes:* Our own illustration of the steps described in section 4.1, constructing residuals that capture variation in the incentives to work different hours. The regressions on family demographics regress net income of the respective working hours category on a constant, a maternity indicator, and the number of children in the following age brackets: 0–6, 7–14, 15–18, and 19–25. This implementation follows Costa Dias et al. (2020).

$\mathbf{Z}_{it}^e$  includes the residualized simulated disposable income when not working. As additional exclusion restrictions for the decision to participate in the labor market, we include a maternity indicator and the number of children aged 0–3 in  $\mathbf{Z}_{it}^e$ .<sup>23</sup>  $\tilde{\mathbf{X}}_{it}$  contains a number of control variables, namely a third-order polynomial in age, indicators for college degree, non-German citizenship, marital status, motherhood, and whether the household resides in former West Germany. Furthermore, we include a second-order polynomial of the two family background measures described in section 3 and a full set of time dummies. After estimating specification (D.1), we obtain the corresponding inverse Mills ratio ( $\lambda^e$ ) and use it as a control function for the selection into employment.

*Selection into different hour brackets.* To account for the selection into the different working hours categories, we introduce two additional selection layers and the variable  $\ell$ , which denotes the weekly working hours. Figure D.1 provides an overview of these three stages.

Second, we estimate the probability of working more than 24 hours ( $\text{PT}^\circ$ ) with our sample of working women using the following setup:

$$\Pr(\ell_{it} > 24 | \cdot) = \Phi\left(\alpha^h + \mathbf{Z}_{it}^h \beta^h + \tilde{\mathbf{X}}_{it} \gamma^h + \eta^h \lambda_{it}^e\right) \quad \text{if } \ell_{it} > 0. \quad (\text{D.2})$$

The exclusion restriction vector  $\mathbf{Z}_{it}^h$  contains two components that capture the variation in the tax and transfer system: the residualized simulated disposable income from working *low* hours (mean of  $\text{PT}^-$  and  $\text{PT}^\circ$ ) and the increment in residualized simulated disposable income between working more than the regular part-time (mean of  $\text{PT}^+$  and  $\text{FT}$ ).<sup>24</sup> Furthermore, we include a maternity indicator and the number of children in the following age brackets: 0–6, 7–14, 15–18, and 19–25 in  $\mathbf{Z}_{it}^h$ .  $\tilde{\mathbf{X}}_{it}$  and  $\lambda^e$  are defined analogous to (D.1). From the estimation of (D.2), we construct two inverse Mills ratios: first, the inverse Mills ratio of selecting into working *high* hours ( $\lambda^h$ ) and second, the inverse Mills ratio of selecting into working *low* hours ( $\lambda^l$ ).

With these inverse Mills ratios, we proceed to the final selection stage of figure D.1. We estimate the probabilities of working  $\text{PT}^\circ$  ( $> 16$  to  $\leq 24$ h) instead of  $\text{PT}^-$  ( $\leq 16$ h)

<sup>23</sup>Employment protection, i.e., the right of employees to return to their pre-birth jobs, lasts until the child to whom the employment interruption is related turns three for the majority of our sample time span (from 1992). Note that Blundell et al. (1998) and Costa Dias et al. (2020) include socioeconomic variables as additional instruments in their first-stage estimations.

<sup>24</sup>We use the following representative working hours for the simulation of incomes:  $\text{PT}^- = 10$  hours,  $\text{PT}^\circ = 20$  hours,  $\text{PT}^+ = 30$  hours,  $\text{FT} = 40$  hours.

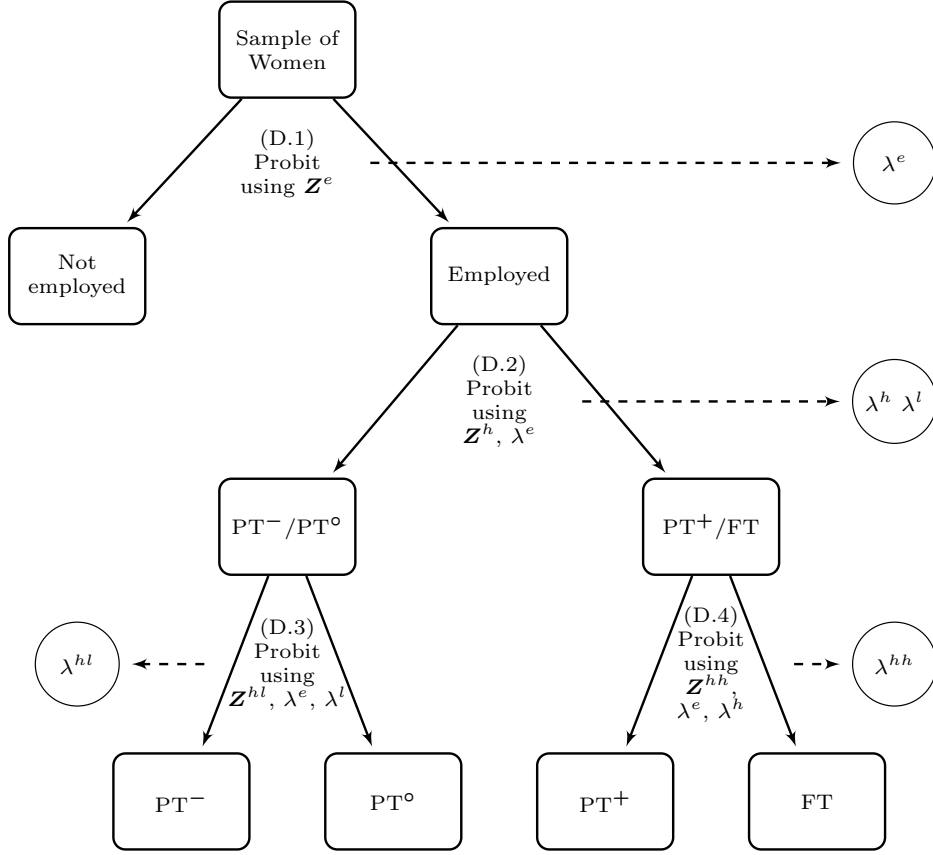


Figure D.1: Illustration of the selection equations for different hour brackets

*Notes:* Our own illustration of equations (D.1), (D.2), (D.3), and (D.4).  $\lambda^e$ ,  $\lambda^l$ ,  $\lambda^h$ ,  $\lambda^{hl}$ , and  $\lambda^{hh}$  denote the corresponding inverse Mills ratios obtained after estimating the respective Probit models.

and to work FT ( $> 34h$ ) instead of  $PT^+$  ( $> 24$  to  $\leq 34h$ ), as presented below:

$$\Pr(PT_{it}^o = 1 | \cdot) = \Phi \left( \alpha^{hl} + \mathbf{Z}_{it}^{hl} \beta^{hl} + \tilde{\mathbf{X}}_{it} \gamma^{hl} + \eta^{hl} \lambda_{it}^e + \eta^{hl} \lambda_{it}^l \right) \quad \text{if } \ell_{it} \leq 24 \quad (D.3)$$

$$\Pr(FT_{it} = 1 | \cdot) = \Phi \left( \alpha^{hh} + \mathbf{Z}_{it}^{hh} \beta^{hh} + \tilde{\mathbf{X}}_{it} \gamma^{hh} + \eta^{hh} \lambda_{it}^e + \eta^{hh} \lambda_{it}^h \right) \quad \text{if } \ell_{it} > 24. \quad (D.4)$$

Analogous to (D.2), we use simulated disposable income for the working hours choices in question to construct our main exclusion restrictions:  $\mathbf{Z}_{it}^{hl}$  contains i) residualized simulated disposable income from working  $PT^-$ , and ii) the increment in residualized simulated disposable income between working  $PT^-$  and  $PT^o$ .  $\mathbf{Z}_{it}^{hh}$  contains i) residualized simulated disposable income from working  $PT^+$ , and ii) the increment in residualized

simulated disposable income between working  $PT^+$  and FT. We also include a maternity indicator, the age of the youngest and oldest child and the number of children in the following age brackets: 0–6, 7–14, 15–18, and 19–25 in our exclusion restriction vectors  $\mathbf{Z}_{it}^{hl}$  and  $\mathbf{Z}_{it}^{hh}$ .  $\tilde{\mathbf{X}}_{it}$  represents the set of covariates as used in all selection equations, while  $\lambda^e$ ,  $\lambda^h$ , and  $\lambda^l$  are the inverse Mills ratios as described above, included as control functions to capture the respective selection mechanisms.

The estimation of (D.2), (D.3), and (D.4) provides us with four additional control functions that capture the selection into our four working hours choices. We augment specification (1) with four of the five computed inverse Mills ratios to estimate the part-time penalties for different working hours choices:  $\beta_1$ ,  $\beta_2$ , and  $\beta_3$ . The control function augmented version of (1) becomes:

$$y_{it} = \alpha + \beta_1 PT_{it}^- + \beta_2 PT_{it}^o + \beta_3 PT_{it}^+ + \mathbf{X}_{it}\boldsymbol{\gamma} + \boldsymbol{\delta}_t + \phi^e \lambda_{it}^e + \phi^l \lambda_{it}^l + \phi^{hl} \lambda_{it}^{hl} + \phi^{hh} \lambda_{it}^{hh} + \varepsilon_{it}, \quad (D.5)$$

where  $\lambda^e$ ,  $\lambda^l$ ,  $\lambda^{hl}$ , and  $\lambda^{hh}$  are the inverse Mills ratios obtained after estimating equations (D.1), (D.2), (D.3), and (D.4) respectively. For the regressions with wage growth as the dependent variable, we also include  $\phi^{e1} \lambda_{it+1}^e$  to account for the selection into working in the following year.

*Selection into full-time vs. uniform part-time.* For our estimates regarding a uniform part-time indicator, we construct a second control function to account for the endogeneity of the choice to work full-time vs. part-time in general ( $\leq 34h$ ) by estimating the following model:

$$\Pr(FT_{it} = 1 | \cdot) = \Phi \left( \alpha^{ft} + \mathbf{Z}_{it}^{ft} \boldsymbol{\beta}^{ft} + \tilde{\mathbf{X}}_{it} \boldsymbol{\gamma}^{ft} + \eta^{ft} \lambda_{it}^e \right) \quad \text{if } \ell_{it} > 0. \quad (D.6)$$

$\mathbf{Z}_{it}^{ft}$  contains two components based on the reform-induced variation in the tax and transfer system: The residualized simulated disposable income from working part-time (20h) and the increment in residualized simulated disposable income between working part-time and working full-time (40h). These two components summarize the effects of changes in the tax and transfer system on the incentives to work part- or full-time. Additionally, we include a set of exclusion restrictions in  $\mathbf{Z}_{it}^{ft}$  related to time constraints: a maternity indicator, the age of the youngest and oldest child, and the number of children in the following age brackets: 0–6, 7–14, 15–18, and 19–25. In  $\tilde{\mathbf{X}}_{it}$  we include the same set of covariates as before, capturing age, education, region, citizenship, and

marital status. By including the inverse Mills ratio  $\lambda^e$ , we account for the selection into employment.

Next, we construct the inverse Mills ratio for the selection into working full-time using the estimation results from equation (D.6). This leaves us with two constructed regressors:  $\lambda^e$  for the selection into employment and  $\lambda^{ft}$  for the selection into working full-time. A full representation of both selection steps is provided in Appendix-figure D.2.

The control function augmented version of (1) with only a uniform part-time indicator becomes:

$$y_{it} = \alpha + \beta \text{PT}_{it} + \mathbf{X}_{it}\boldsymbol{\gamma} + \delta_t + \phi^e \lambda_{it}^e + \phi^{ft} \lambda_{it}^{ft} + \varepsilon_{it}. \quad (\text{D.7})$$

For the regressions with wage growth as the dependent variable, we also include  $\phi^{e1} \lambda_{it+1}^e$  to account for the selection into working in the following period.

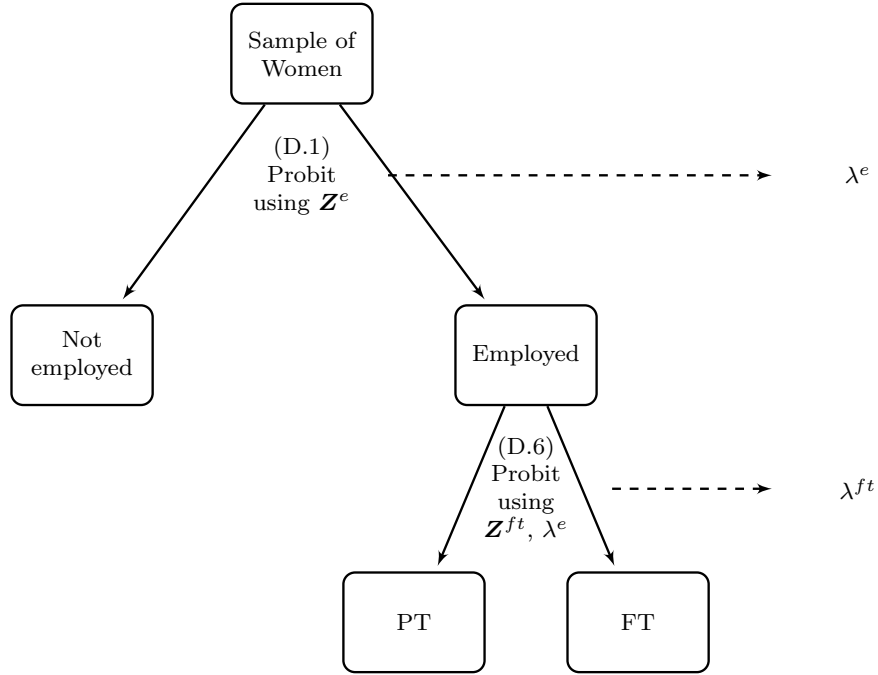


Figure D.2: Illustration of selection equations for uniform part-time vs. full-time

*Notes:* Our own illustration of equations (D.1), and (D.6),  $\lambda^e$  and  $\lambda^{ft}$  denote the corresponding inverse Mills ratios obtained after estimating the respective Probit models.

*First stage results.* The results of the first stage regressions from section 4.1 are presented in Appendix-tables E.5 and E.6. They show that the exclusion restrictions based on simulated disposable income have a significant effect on the decision to participate in

the labor market and on hours worked for nearly all categories we investigate. The exception is the decision to work  $PT^-$  instead of  $PT^o$ , for which the variation in simulated disposable incomes alone does not have sufficient explanatory power. One reason for this exception might be that lower yearly earnings are not significantly affected by the tax and transfer system. In this selection equation, the family composition based exclusion restrictions, i.e., the presence, number, and age of children, play a more pivotal role. These more commonly used exclusion restrictions also seem to be valuable additions for the remaining four first-stage regressions. At the bottom of each table, we present joint tests of only the income-based exclusion restrictions and the full set of exclusion restrictions. The full set is jointly statistically significant in each of the five specifications, with the chi-square values comparable to those of Costa Dias et al. (2020).

## Appendix E. First stage results

Table E.5: First stage selection equations - employment and part-time

	employment	PT
simulated net income (not working)	−0.00002*** (0.00001)	
simulated net income (PT)		0.00013*** (0.00002)
simulated net income (FT-PT)		0.00019*** (0.00003)
mother	−0.28967*** (0.06284)	−0.51568*** (0.08988)
married	0.19588*** (0.04283)	−0.43625*** (0.05105)
age of youngest child		−0.0137*** (0.00285)
age of oldest child		−0.00279 (0.00551)
number of children 0-3	−0.64632*** (0.03326)	
number of children 0-6		−0.56386*** (0.05012)
number of children 7-14		−0.3921*** (0.03842)
number of children 15-18		−0.11975*** (0.04518)
number of children 19-25		0.00349 (0.05419)
college	0.25959*** (0.04222)	−0.38834*** (0.08112)
non-German nationality	−0.15751 (0.09802)	0.05593 (0.12527)
West Germany	0.61837*** (0.05222)	−0.38893*** (0.06965)
age controls	✓	✓
family background PCs	✓	✓
time FE	✓	✓
$\chi^2$ -test on income excl. restrictions	9.88	72.26
p-value	0.0017	0.000
$\chi^2$ -test on all excl. restrictions	804.94	648.33
p-value	0.000	0.000
N	84,127	74,497

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* Probit models with dependent variables as listed in column headers. Employment is a dummy variable for working. PT denotes working  $\leq 34$  hours per week, and FT denotes working  $> 34$  hours. Simulated net incomes (residualized) as described in section 4.1. Robust standard errors clustered at the individual level in parentheses. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table E.6: First stage selection equations - multiple part-time hours choices

	$\mathbb{1}\{PT^- \text{ or } PT^o\}$	$PT^-$	$PT^+$
simulated net income: $\text{mean}(PT^-, PT^o)$	0.00011*** (0.00002)		
sim. net inc.: $\text{mean}(PT^+, FT) - \text{mean}(PT^-, PT^o)$	0.0002*** (0.00003)		
simulated net income: $PT^-$		0.00002 (0.00003)	
simulated net income: $PT^o - PT^-$		-0.00001 (0.00004)	
simulated net income: $PT^+$			0.00012** (0.00006)
simulated net income: $FT - PT^+$			0.00012 (0.00008)
mother	-0.51506*** (0.07039)	0.34275** (0.17084)	-0.60612** (0.27045)
married	-0.42986*** (0.05098)	-0.15444 (0.10902)	-0.36442* (0.18562)
age of youngest child		-0.0036 (0.00454)	-0.01175*** (0.00374)
age of oldest child		0.00676 (0.01124)	-0.00106 (0.00626)
number of children 0-6	-0.5269*** (0.04684)	-0.12031 (0.11246)	-0.41772** (0.19449)
number of children 7-14	-0.36976*** (0.03428)	-0.07488 (0.09947)	-0.34349** (0.13475)
number of children 15-18	-0.18122*** (0.03765)	-0.03981 (0.08846)	-0.10504 (0.07761)
number of children 19-25	-0.01003 (0.04543)	-0.15425* (0.09099)	0.0066 (0.06118)
college	-0.32324*** (0.08983)	0.03221 (0.10155)	-0.27357* (0.16391)
non-German nationality	-0.04599 (0.12708)	-0.31129 (0.19275)	0.12316 (0.14474)
West Germany	-0.58442*** (0.07196)	-0.06319 (0.15034)	-0.18959 (0.25315)
age controls	✓	✓	✓
family background PCs	✓	✓	✓
time FE	✓	✓	✓
$\chi^2$ -test on income excl. restrictions	48.64	0.55	4.17
p-value	0.000	0.7601	0.1243
$\chi^2$ -test on all excl. restrictions	554.45	18.17	23.71
p-value	0.000	0.0333	0.0048
N	74,497	17,416	57,081

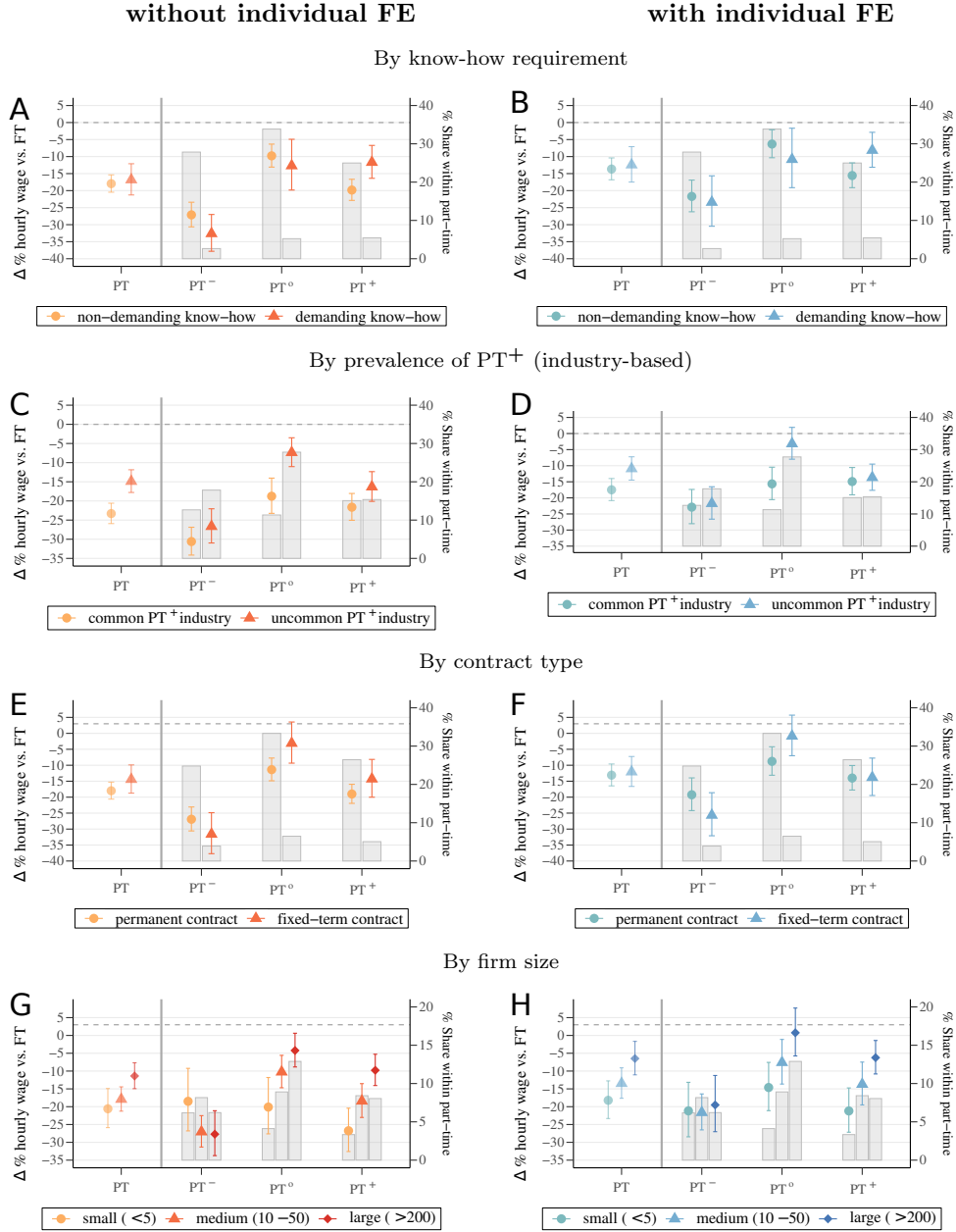
Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Probit models with dependent variables as listed in column headers. Hours categorization is based on contracted working hours per week (see table 1). Simulated net incomes (residualized) as described in section 4.1. Robust standard errors clustered at the individual level in parentheses. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975 – 2017.



## Appendix F. Additional graphical illustrations of results

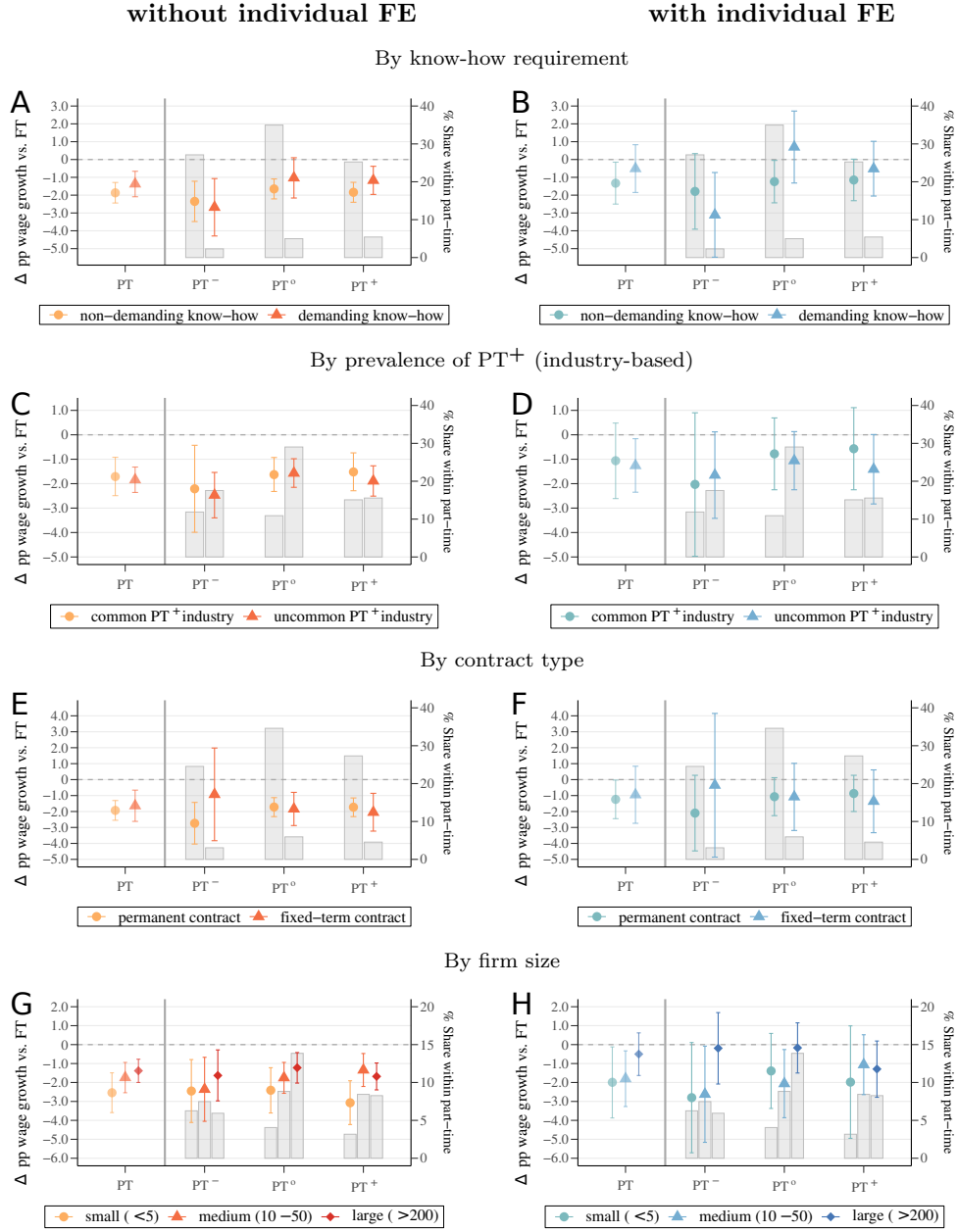
Figure F.3: Part-time penalties in wage levels for further subgroups



Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘demanding know-how’: specialist or expert skill level necessary for a job; ‘common PT<sup>+</sup> industry’: share  $\frac{PT^+}{PT^0+PT^+}$  in industry is above its median value across all industries; ‘firm size’: based on the total number of employees within a given firm. All models control for year fixed effects, observables, and selection effects (see section 4). Whiskers indicate 95% confidence intervals. Bars indicate the share of female workers in the respective part-time category and subgroup relative to all female part-time workers within the estimation sample. See Appendix-tables G.11, G.13, G.16, G.17, G.18 and G.19 for underlying values. Sample: women aged 20 to 54, not in education from 1975–2017.

Figure F.4: Part-time penalties in annual wage growth for further subgroups



Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: 'demanding know-how': specialist or expert skill level necessary for a job. 'common PT<sup>+</sup> industry': share  $\frac{PT^+}{PT^0+PT^+}$  in industry is above its median value across all industries. 'firm size': based on the total number of employees within a given firm. All models control for year fixed effects, observables, and selection effects (see section 4). Whiskers indicate 95% confidence intervals. Bars indicate the share of female workers in the respective part-time category and subgroup relative to all female part-time workers within the estimation sample. See Appendix-tables G.23, G.25, G.28, G.29, G.30 and G.31 for underlying values. Sample: women aged 20 to 54, not in education from 1975–2017.

## Appendix G. Results tables

Table G.7: Part-time penalties in wage levels

	dep.variable: log hourly wage $\log(w_{it})$ - mean in FT = 13.37 -					
	(1)	(2)	(3)	(4)	(5)	(6)
PT( $\leq 34$ h)	-0.2550*** (0.0151)		-0.2420*** (0.0139)		-0.2023*** (0.0146)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.5016*** (0.0234)		-0.3802*** (0.0224)		-0.3326*** (0.0237)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1104*** (0.0203)		-0.1485*** (0.0181)		-0.1144*** (0.0180)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.2177*** (0.0199)		-0.2351*** (0.0179)		-0.2103*** (0.0175)
controls	✗	✗	✓	✓	✓	✓
selection correction	✗	✗	✗	✗	✓	✓
indiv. FE	✗	✗	✗	✗	✗	✗
F-test control functions					55.88	43.10
p-value					0.000	0.000
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )						22.00
p-value						0.000
N	74,497	74,497	74,497	74,497	74,497	74,497

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.8: Part-time penalties in wage levels (fixed effects specifications)

	dep.variable: log hourly wage $\log(w_{it})$ - mean in FT = 13.37 -					
	(1)	(2)	(3)	(4)	(5)	(6)
PT( $\leq 34$ h)	-0.2484*** (0.0156)		-0.1715*** (0.0172)		-0.1468*** (0.0182)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.4091*** (0.0255)		-0.2854*** (0.0268)		-0.2507*** (0.0287)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1538*** (0.0200)		-0.0960*** (0.0212)		-0.0747*** (0.0223)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.2100*** (0.0198)		-0.1702*** (0.0193)		-0.1561*** (0.0205)
controls	✗	✗	✓	✓	✓	✓
selection correction	✗	✗	✗	✗	✓	✓
indiv. FE	✓	✓	✓	✓	✓	✓
F-test control functions					35.09	30.48
p-value					0.000	0.000
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )						12.46
p-value						0.000
N	74,497	74,497	74,497	74,497	74,497	74,497

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\*, and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.9: Part-time penalties in wage levels (1996 reform)

	dep.variable: log hourly wage $\log(w_{it})$ - mean in FT = 13.65 -	
	(1)	(2)
PT( $\leq 34h$ )	-0.0790*** (0.0226)	
PT <sup>-</sup> ( $\leq 16h$ )		0.0508 (0.0520)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0250 (0.0252)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.1858*** (0.0278)
controls	✓	✓
selection correction	✓	✓
indiv. FE	✗	✗
F-test control functions	24.01	26.22
p-value	0.000	0.000
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		33.64
p-value		0.000
N	10,127	10,127

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Estimation based on years 1994-1998 only. Hours categorization is based on contracted working hours per week (see table 1). All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.10: Part-time penalties in wage levels by task composition

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
non-demanding tasks x	- mean in FT = 12.45 -			
PT( $\leq 34h$ )	-0.2029*** (0.0163)		-0.1519*** (0.0195)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.3082*** (0.0256)		-0.2381*** (0.0306)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.1072*** (0.0205)		-0.0688*** (0.0235)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.2298*** (0.0209)		-0.1806*** (0.0226)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		23.72		19.10
p-value		0.000		0.000
demanding tasks x	- mean in FT = 16.19 -			
PT( $\leq 34h$ )	-0.1588*** (0.0214)		-0.1052*** (0.0244)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.3789*** (0.0414)		-0.2639*** (0.0450)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.1018*** (0.0292)		-0.0710** (0.0359)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.1171*** (0.0235)		-0.0728*** (0.0258)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.24		0.00
p-value		0.313		0.481
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	74,497	74,497	74,497	74,497

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘demanding tasks’: at least one-third of the tasks in occupation is classified as analytic non-routine. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.11: Part-time penalties in wage levels by know-how requirement

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
non-demanding know-how x	- mean in FT = 12.75 -			
PT( $\leq 34$ h)	-0.1979*** (0.0158)		-0.1469*** (0.0190)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.3163*** (0.0253)		-0.2446*** (0.0303)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1029*** (0.0191)		-0.0653*** (0.0224)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.2210*** (0.0197)		-0.1693*** (0.0220)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		27.56		17.98
p-value		0.000		0.000
demanding know-how x	- mean in FT = 16.41 -			
PT( $\leq 34$ h)	-0.1840*** (0.0281)		-0.1328*** (0.0303)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.3949*** (0.0408)		-0.2668*** (0.0493)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1357*** (0.0435)		-0.1146** (0.0499)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.1242*** (0.0279)		-0.0850*** (0.0285)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.07		0.40
p-value		0.608		0.734
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	74,497	74,497	74,497	74,497

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: 'demanding know-how': specialist or expert skill level necessary for a job. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.12: Part-time penalties in wage levels by prevalence of PT<sup>+</sup> (occupation-based)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
common PT <sup>+</sup> occupation x	- mean in FT = 13.50 -			
PT( $\leq 34$ h)	-0.1815*** (0.0204)		-0.1177*** (0.0237)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.2888*** (0.0376)		-0.2058*** (0.0481)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1406*** (0.0314)		-0.1122*** (0.0316)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.1552*** (0.0233)		-0.0812*** (0.0258)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.18		0.86
p-value		0.333		0.824
uncommon PT <sup>+</sup> occupation x	- mean in FT = 13.33 -			
PT( $\leq 34$ h)	-0.2071*** (0.0163)		-0.1527*** (0.0196)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.3439*** (0.0255)		-0.2612*** (0.0299)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1070*** (0.0196)		-0.0645*** (0.0238)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.2368*** (0.0216)		-0.1902*** (0.0241)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		30.47		23.72
p-value		0.000		0.000
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	74,358	74,358	74,356	74,356

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘common PT<sup>+</sup> occupation’: share  $\frac{PT^+}{PT^o + PT^+}$  in occupation is above its median value across all occupations. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details). *F*-test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975 – 2017.



Table G.13: Part-time penalties in wage levels by prevalence of  $PT^+$  (industry-based)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
common $PT^+$ industry x	- mean in FT = 12.99 -			
$PT(\leq 34h)$	-0.2652*** (0.0177)		-0.1922*** (0.0212)	
$PT^-(\leq 16h)$		-0.3653*** (0.0267)		-0.2598*** (0.0352)
$PT^o(> 16h \text{ to } \leq 24h)$		-0.2079*** (0.0289)		-0.1702*** (0.0305)
$PT^+(> 24h \text{ to } \leq 34h)$		-0.2437*** (0.0228)		-0.1616*** (0.0255)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		1.10		0.06
p-value		0.147		0.597
uncommon $PT^+$ industry x	- mean in FT = 13.60 -			
$PT(\leq 34h)$	-0.1611*** (0.0178)		-0.1157*** (0.0207)	
$PT^-(\leq 16h)$		-0.3099*** (0.0310)		-0.2451*** (0.0328)
$PT^o(> 16h \text{ to } \leq 24h)$		-0.0763*** (0.0207)		-0.0321 (0.0261)
$PT^+(> 24h \text{ to } \leq 34h)$		-0.1782*** (0.0237)		-0.1470*** (0.0241)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		14.67		17.39
p-value		0.000		0.000
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	73,991	73,991	73,988	73,988

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: '*common  $PT^+$  industry*': share  $\frac{PT^+}{PT^o+PT^+}$  in industry is above its median value across all industries. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.14: Part-time penalties in wage levels by share of males (occupation-based)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
male occupation x	- mean in FT = 13.48 -			
PT( $\leq 34h$ )	-0.3170*** (0.0416)		-0.2816*** (0.0417)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.5173*** (0.0477)		-0.4059*** (0.0578)
PT <sup>o</sup> ( $> 16h$ to $\leq 24h$ )		-0.2145*** (0.0665)		-0.2380*** (0.0677)
PT <sup>+</sup> ( $> 24h$ to $\leq 34h$ )		-0.2233*** (0.0718)		-0.2089*** (0.0629)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.01		0.12
p-value		0.461		0.636
non-male occupation x	- mean in FT = 13.35 -			
PT( $\leq 34h$ )	-0.1900*** (0.0149)		-0.1335*** (0.0186)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.3132*** (0.0249)		-0.2351*** (0.0294)
PT <sup>o</sup> ( $> 16h$ to $\leq 24h$ )		-0.1032*** (0.0183)		-0.0599*** (0.0230)
PT <sup>+</sup> ( $> 24h$ to $\leq 34h$ )		-0.2042*** (0.0181)		-0.1491*** (0.0210)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		22.56		13.84
p-value		0.000		0.000
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	74,497	74,497	74,497	74,497

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘male occupation’: share of men in occupation is above its median value across all occupations. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.15: Part-time penalties in wage levels by share of males (industry-based)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
male industry x	- mean in FT = 13.75 -			
PT( $\leq 34$ h)	-0.2433*** (0.0302)		-0.1786*** (0.0346)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.4385*** (0.0496)		-0.3539*** (0.0519)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1477*** (0.0448)		-0.0995** (0.0507)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.1867*** (0.0394)		-0.1009*** (0.0379)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.49		0.00
p-value		0.242		0.490
non-male industry x	- mean in FT = 13.25 -			
PT( $\leq 34$ h)	-0.1926*** (0.0155)		-0.1398*** (0.0193)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.3122*** (0.0252)		-0.2293*** (0.0300)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1059*** (0.0190)		-0.0682*** (0.0232)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.2105*** (0.0189)		-0.1627*** (0.0229)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		22.75		13.91
p-value		0.000		0.000
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	74,497	74,497	74,497	74,497

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: '*male industry*': share of men in industry is above its median value across all industries. Additional graphical illustration available on request. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.16: Part-time penalties in wage levels by contract type

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
permanent contract x	- mean in FT = 13.45 -			
PT( $\leq 34h$ )	-0.1983*** (0.0165)		-0.1404*** (0.0201)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.3136*** (0.0262)		-0.2138*** (0.0324)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.1208*** (0.0205)		-0.0919*** (0.0249)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.2108*** (0.0188)		-0.1509*** (0.0228)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		16.00		5.11
p-value		0.000		0.012
fixed-term contract x	- mean in FT = 12.53 -			
PT( $\leq 34h$ )	-0.1558*** (0.0263)		-0.1286*** (0.0272)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.3795*** (0.0478)		-0.2964*** (0.0462)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0316 (0.0339)		-0.0086 (0.0327)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.1542*** (0.0352)		-0.1487*** (0.0347)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		8.01		12.74
p-value		0.002		0.000
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	69,956	69,956	69,906	69,906

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.17: Part-time penalties in wage levels by firm size (small firm)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
firm size: small x	- mean in FT = 10.15 -			
PT( $\leq 34$ h)	-0.2304*** (0.0352)		-0.2010*** (0.0329)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.2044*** (0.0548)		-0.2379*** (0.0494)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.2245*** (0.0504)		-0.1579*** (0.0404)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.3113*** (0.0423)		-0.2382*** (0.0402)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		1.77		2.40
p-value		0.092		0.061
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	74,497	74,497	74,497	74,497

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘small’ firms have fewer than five employees. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.18: Part-time penalties in wage levels by firm size (medium firm)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
firm size: medium x	- mean in FT = 12.53 -			
PT( $\leq 34$ h)	-0.1974*** (0.0212)		-0.1446*** (0.0252)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.3154*** (0.0308)		-0.2437*** (0.0328)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1081*** (0.0258)		-0.0790** (0.0345)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.2035*** (0.0297)		-0.1473*** (0.0355)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		8.70		2.72
p-value		0.002		0.049
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	74,497	74,497	74,497	74,497

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘medium’ firms have at least 10 and at most 50 employees. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.19: Part-time penalties in wage levels by firm size (large firm)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
firm size: large x	- mean in FT = 14.98 -			
PT( $\leq 34$ h)	-0.1208*** (0.0209)		-0.0670*** (0.0256)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.3244*** (0.0444)		-0.2170*** (0.0499)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0432* (0.0252)		0.0074 (0.0340)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.1029*** (0.0248)		-0.0644** (0.0255)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		4.41		5.24
p-value		0.018		0.011
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	74,497	74,497	74,497	74,497

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: 'large' firms have more than 200 employees. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.20: Part-time penalties in annual wage growth

	dep.variable: wage growth $\Delta \log(w_{it})$ - mean in FT = 0.0333 -					
	(1)	(2)	(3)	(4)	(5)	(6)
PT( $\leq 34$ h)	-0.0115*** (0.0016)		-0.0158*** (0.0027)		-0.0179*** (0.0027)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0122*** (0.0041)		-0.0200*** (0.0051)		-0.0236*** (0.0053)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0102*** (0.0018)		-0.0131*** (0.0027)		-0.0156*** (0.0028)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0127*** (0.0021)		-0.0154*** (0.0027)		-0.0172*** (0.0026)
controls	✗	✗	✓	✓	✓	✓
selection correction	✗	✗	✗	✗	✓	✓
indiv. FE	✗	✗	✗	✗	✗	✗
F-test control functions					13.01	15.21
p-value					0.005	0.009
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )						0.37
p-value						0.272
N	60,299	60,299	60,299	60,299	60,299	60,299

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\*, and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.



Table G.21: Part-time penalties in annual wage growth (fixed effects specifications)

	dep.variable: wage growth $\Delta \log(w_{it})$ - mean in FT = 0.0333 -					
	(1)	(2)	(3)	(4)	(5)	(6)
PT( $\leq 34$ h)	-0.0037 (0.0038)		-0.0144*** (0.0048)		-0.0117** (0.0054)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0071 (0.0079)		-0.0212** (0.0092)		-0.0187* (0.0099)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0021 (0.0042)		-0.0121** (0.0050)		-0.0095* (0.0057)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0025 (0.0042)		-0.0121** (0.0048)		-0.0102* (0.0054)
controls	✗	✗	✓	✓	✓	✓
selection correction	✗	✗	✗	✗	✓	✓
indiv. FE	✓	✓	✓	✓	✓	✓
F-test control functions					7.32	12.59
p-value					0.062	0.027
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )						0.02
p-value						0.445
N	60,299	60,299	60,299	60,299	60,299	60,299

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* Hours categorization is based on contracted working hours per week (see table 1). All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details). *F*-test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.22: Part-time penalties in annual wage growth by task composition

	dep.variable: wage growth $\Delta \log(w_{it})$			
	(1)	(2)	(3)	(4)
non-demanding tasks x	- mean in FT = 0.0340 -			
PT( $\leq 34h$ )	-0.0191*** (0.0030)		-0.0161*** (0.0061)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.0236*** (0.0058)		-0.0188* (0.0109)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0163*** (0.0030)		-0.0141** (0.0062)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.0197*** (0.0030)		-0.0170*** (0.0056)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		1.23		0.30
p-value		0.133		0.293
demanding tasks x	- mean in FT = 0.0310 -			
PT( $\leq 34h$ )	-0.0135*** (0.0032)		-0.0000 (0.0062)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.0247*** (0.0093)		-0.0258* (0.0144)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0132*** (0.0043)		0.0029 (0.0084)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.0097*** (0.0036)		0.0080 (0.0089)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.56		0.25
p-value		0.774		0.692
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	60,299	60,299	60,299	60,299

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘demanding tasks’: at least one-third of the tasks in occupation is classified as analytic non-routine. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.23: Part-time penalties in annual wage growth by know-how requirement

	dep.variable: wage growth $\Delta \log(w_{it})$			
	(1)	(2)	(3)	(4)
non-demanding know-how x	- mean in FT = 0.0340 -			
PT( $\leq 34h$ )	-0.0187*** (0.0029)		-0.0133** (0.0060)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.0235*** (0.0058)		-0.0179* (0.0108)
PT <sup>o</sup> ( $> 16h$ to $\leq 24h$ )		-0.0165*** (0.0029)		-0.0124** (0.0061)
PT <sup>+</sup> ( $> 24h$ to $\leq 34h$ )		-0.0184*** (0.0029)		-0.0115* (0.0060)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.45		0.03
p-value		0.251		0.572
demanding know-how x	- mean in FT = 0.0295 -			
PT( $\leq 34h$ )	-0.0137*** (0.0036)		-0.0051 (0.0068)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.0268*** (0.0082)		-0.0311** (0.0121)
PT <sup>o</sup> ( $> 16h$ to $\leq 24h$ )		-0.0103* (0.0058)		0.0070 (0.0103)
PT <sup>+</sup> ( $> 24h$ to $\leq 34h$ )		-0.0117*** (0.0041)		-0.0052 (0.0078)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.05		1.12
p-value		0.409		0.145
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	60,299	60,299	60,299	60,299

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘demanding know-how’: specialist or expert skill level necessary for a job. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.24: Part-time penalties in annual wage growth by prevalence of  $PT^+$ 

	dep.variable: wage growth $\Delta \log(w_{it})$			
	(1)	(2)	(3)	(4)
common $PT^+$ occupation x	- mean in FT = 0.0308 -			
$PT(\leq 34h)$	-0.0161*** (0.0032)		-0.0053 (0.0063)	
$PT^-(\leq 16h)$		-0.0263*** (0.0086)		-0.0227** (0.0111)
$PT^o(> 16h \text{ to } \leq 24h)$		-0.0122*** (0.0040)		0.0065 (0.0082)
$PT^+(> 24h \text{ to } \leq 34h)$		-0.0138*** (0.0035)		-0.0034 (0.0097)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.13		0.90
p-value		0.358		0.170
uncommon $PT^+$ occupation x	- mean in FT = 0.0343 -			
$PT(\leq 34h)$	-0.0188*** (0.0030)		-0.0144** (0.0061)	
$PT^-(\leq 16h)$		-0.0235*** (0.0058)		-0.0180 (0.0113)
$PT^o(> 16h \text{ to } \leq 24h)$		-0.0169*** (0.0029)		-0.0141** (0.0061)
$PT^+(> 24h \text{ to } \leq 34h)$		-0.0190*** (0.0033)		-0.0131** (0.0066)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.44		0.03
p-value		0.256		0.566
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	60,184	60,184	60,183	60,183

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: ‘common  $PT^+$  occupation’: share  $\frac{PT^+}{PT^o+PT^+}$  in occupation is above its median value across all occupations. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.25: Part-time penalties in annual wage growth by prevalence of PT<sup>+</sup> (industry-based)

	dep.variable: wage growth $\Delta \log(w_{it})$			
	(1)	(2)	(3)	(4)
common PT <sup>+</sup> industry x	- mean in FT = 0.0326 -			
PT( $\leq 34$ h)	-0.0171*** (0.0040)		-0.0106 (0.0079)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0221** (0.0091)		-0.0203 (0.0150)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0163*** (0.0036)		-0.0078 (0.0075)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0152*** (0.0040)		-0.0057 (0.0086)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.05		0.06
p-value		0.591		0.600
uncommon PT <sup>+</sup> industry x	- mean in FT = 0.0337 -			
PT( $\leq 34$ h)	-0.0184*** (0.0026)		-0.0126** (0.0056)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0247*** (0.0048)		-0.0165* (0.0090)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0157*** (0.0030)		-0.0106* (0.0061)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0189*** (0.0032)		-0.0141* (0.0072)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		1.02		0.27
p-value		0.156		0.302
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	59,868	59,868	59,864	59,864

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: 'common PT<sup>+</sup> industry': share  $\frac{PT^+}{PT^o+PT^+}$  in industry is above its median value across all industries. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details). *F*-test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.26: Part-time penalties in annual wage growth by share of males (occupation-based)

	dep.variable: wage growth $\Delta \log(w_{it})$			
	(1)	(2)	(3)	(4)
male occupation x	- mean in FT = 0.0316 -			
PT( $\leq 34h$ )	-0.0222*** (0.0055)		-0.0101 (0.0121)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.0412*** (0.0094)		-0.0211 (0.0201)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0152** (0.0071)		-0.0130 (0.0162)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.0077 (0.0073)		0.0082 (0.0133)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.71		1.56
p-value		0.798		0.895
non-male occupation x	- mean in FT = 0.0336 -			
PT( $\leq 34h$ )	-0.0175*** (0.0028)		-0.0123** (0.0055)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.0221*** (0.0057)		-0.0192* (0.0102)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0156*** (0.0028)		-0.0100* (0.0058)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.0176*** (0.0027)		-0.0115** (0.0054)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.58		0.10
p-value		0.223		0.378
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	60,299	60,299	60,299	60,299

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Sub-group categorization is according to Appendix-table C.4: 'male occupation': share of men in occupation is above its median value across all occupations. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.27: Part-time penalties in annual wage growth by share of males (industry-based)

	dep.variable: wage growth $\Delta \log(w_{it})$			
	(1)	(2)	(3)	(4)
male industry x	- mean in FT = 0.0342 -			
PT( $\leq 34$ h)	-0.0104** (0.0052)		-0.0049 (0.0101)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0026 (0.0124)		0.0011 (0.0162)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0137** (0.0061)		-0.0002 (0.0118)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0161*** (0.0047)		-0.0216 (0.0152)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.12		1.61
p-value		0.361		0.102
non-male industry x	- mean in FT = 0.0330 -			
PT( $\leq 34$ h)	-0.0191*** (0.0028)		-0.0129** (0.0056)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0269*** (0.0057)		-0.0228** (0.0108)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0162*** (0.0028)		-0.0112* (0.0058)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0176*** (0.0029)		-0.0086 (0.0062)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.24		0.19
p-value		0.311		0.670
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	60,299	60,299	60,299	60,299

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Sub-group categorization is according to Appendix-table C.4: ‘male industry’: share of men in industry is above its median value across all industries. Additional graphical illustration available on request. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975 – 2017.

Table G.28: Part-time penalties in annual wage growth by contract type

	dep.variable: wage growth $\Delta \log(w_{it})$			
	(1)	(2)	(3)	(4)
permanent contract x	- mean in FT = 0.0331 -			
PT( $\leq 34$ h)	-0.0193*** (0.0032)		-0.0124** (0.0062)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0274*** (0.0066)		-0.0210* (0.0121)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0172*** (0.0030)		-0.0107* (0.0061)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0173*** (0.0030)		-0.0087 (0.0058)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.00		0.15
p-value		0.482		0.653
fixed-term contract x	- mean in FT = 0.0381 -			
PT( $\leq 34$ h)	-0.0164*** (0.0050)		-0.0095 (0.0091)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0093 (0.0148)		-0.0035 (0.0230)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0184*** (0.0053)		-0.0108 (0.0107)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0205*** (0.0060)		-0.0136 (0.0101)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.10		0.05
p-value		0.377		0.409
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	57,140	57,140	57,089	57,089

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that  $PT^+$  penalties are equal to or lower than  $PT^o$  penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.



Table G.29: Part-time penalties in annual wage growth by firm size (small firm)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
firm size: small x	- mean in FT = 0.0400 -			
PT( $\leq 34h$ )	-0.0254*** (0.0054)		-0.0199** (0.0096)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.0245*** (0.0085)		-0.0280* (0.0148)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0241*** (0.0061)		-0.0139 (0.0101)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.0307*** (0.0059)		-0.0198 (0.0152)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		1.14		0.15
p-value		0.142		0.348
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	60,299	60,299	60,299	60,299

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Subgroup categorization is according to Appendix-table C.4: 'small' firms have fewer than five employees. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.30: Part-time penalties in annual wage growth by firm size (medium firm)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
firm size: medium x	- mean in FT = 0.0322 -			
PT( $\leq 34$ h)	-0.0174*** (0.0041)		-0.0180** (0.0075)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0236*** (0.0086)		-0.0262** (0.0130)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0175*** (0.0042)		-0.0206** (0.0092)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0134*** (0.0044)		-0.0106 (0.0081)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.76		1.12
p-value		0.807		0.857
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	60,299	60,299	60,299	60,299

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Sub-group categorization is according to Appendix-table C.4: ‘medium’ firms have at least 10 and at most 50 employees. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table G.31: Part-time penalties in annual wage growth by firm size (large firm)

	dep.variable: log hourly wage $\log(w_{it})$			
	(1)	(2)	(3)	(4)
firm size: large x	- mean in FT = 0.0323 -			
PT( $\leq 34$ h)	-0.0138*** (0.0031)		-0.0050 (0.0057)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.0163** (0.0069)		-0.0019 (0.0096)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.0122*** (0.0041)		-0.0017 (0.0067)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.0168*** (0.0036)		-0.0129* (0.0076)
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		1.00		2.02
p-value		0.158		0.077
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
N	60,299	60,299	60,299	60,299

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Hours categorization is based on contracted working hours per week (see table 1). Sub-group categorization is according to Appendix-table C.4: 'large' firms have more than 200 employees. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details).  $F$ -test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

## Appendix H. Robustness checks

Table H.32: Part-time penalties in wage levels (alternative hours categorization)

	dep.variable: log hourly wage $\log(w_{it})$ - mean in FT = 13.37 -			
	(1)	(2)	(3)	(4)
PT( $\leq 34$ h)	-0.2020*** (0.0147)		-0.1473*** (0.0182)	
PT <sup>-</sup> ( $\leq 16$ h)		-0.2965*** (0.0267)		-0.2001*** (0.0321)
PT <sup>o</sup> (> 16h to $\leq 24$ h)		-0.1583*** (0.0181)		-0.1215*** (0.0228)
PT <sup>+</sup> (> 24h to $\leq 34$ h)		-0.2053*** (0.0177)		-0.1510*** (0.0203)
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
F-test control functions	55.79	47.40	34.96	32.43
p-value	0.000	0.000	0.000	0.000
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		4.97		1.51
p-value		0.013		0.109
N	74,451	74,451	74,451	74,451

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* Alternative working hours categorization is based on one-dimensional clustering minimizing the sum of the within-cluster sums of squared deviations from cluster means over four clusters (Cox, 2007) (for details see Appendix-table A.2). Hours categorization is based on contracted working hours per week. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details). *F*-test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\*, and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table H.33: Part-time penalties in annual wage growth (alternative hours categorization)

	dep.variable: log hourly wage $\log(w_{it})$ - mean in FT = 0.0333 -			
	(1)	(2)	(3)	(4)
PT( $\leq 34h$ )	-0.0179*** (0.0027)		-0.0117** (0.0054)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.0368*** (0.0060)		-0.0462*** (0.0114)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0113*** (0.0031)		0.0011 (0.0065)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.0178*** (0.0026)		-0.0119** (0.0052)
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
F-test control functions	13.19	17.64	7.39	12.88
p-value	0.004	0.003	0.060	0.024
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		4.67		5.11
p-value		0.015		0.012
N	60,254	60,254	60,254	60,254

Source: FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

Notes: Alternative working hours categorization is based on one-dimensional clustering minimizing the sum of the within-cluster sums of squared deviations from cluster means over four clusters (Cox, 2007) (for details see Appendix-table A.2). Hours categorization is based on contracted working hours per week. All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details). F-test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table H.34: Part-time penalties in wage levels (alternative sample)

	dep.variable: log hourly wage $\log(w_{it})$ - mean in FT = 13.40 -			
	(1)	(2)	(3)	(4)
PT( $\leq 34h$ )	-0.1584*** (0.0142)		-0.1100*** (0.0171)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.3125*** (0.0240)		-0.2337*** (0.0288)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0952*** (0.0180)		-0.0572*** (0.0220)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.1351*** (0.0165)		-0.0912*** (0.0182)
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
F-test control functions	63.08	45.45	46.99	35.70
p-value	0.000	0.000	0.000	0.000
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		3.84		2.40
p-value		0.025		0.060
N	76,853	76,853	76,853	76,853

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* The alternative sample includes observations for which the NEPS data reports full-time work and the IEB data reports part-time work (for details see Appendix-table A.1). Hours categorization is based on contracted working hours per week (see table 1). All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details). *F*-test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

Table H.35: Part-time penalties in annual wage growth (alternative sample)

	dep.variable: log hourly wage $\log(w_{it})$ - mean in FT = 0.0325 -			
	(1)	(2)	(3)	(4)
PT( $\leq 34h$ )	-0.0157*** (0.0024)		-0.0110** (0.0049)	
PT <sup>-</sup> ( $\leq 16h$ )		-0.0229*** (0.0053)		-0.0188* (0.0097)
PT <sup>o</sup> (> 16h to $\leq 24h$ )		-0.0150*** (0.0027)		-0.0097* (0.0055)
PT <sup>+</sup> (> 24h to $\leq 34h$ )		-0.0138*** (0.0023)		-0.0090** (0.0044)
controls	✓	✓	✓	✓
selection correction	✓	✓	✓	✓
indiv. FE	✗	✗	✓	✓
F-test control functions	11.78	14.87	7.99	13.23
p-value	0.008	0.011	0.046	0.021
$\chi^2$ -test ( $H_0 : PT^+ \geq PT^o$ )		0.25		0.03
p-value		0.693		0.562
N	62,290	62,290	62,290	62,290

*Source:* FDZ-IAB - Forschungsdatenzentrum der Bundesagentur für Arbeit am Institut für Arbeitsmarkt und Berufsforschung (2020).

*Notes:* The alternative sample includes observations for which the NEPS data reports full-time work and the IEB data reports part-time work (for details see Appendix-table A.1). Hours categorization is based on contracted working hours per week (see table 1). All models include year fixed effects, and controls include a broad set of individual controls incl. occupation, and industry fixed effects. Selection correction via the inclusion of control functions for the selection into working and the hours choice (see section 4 and Appendix D for details). *F*-test of control functions is a joint test of the inverse Mills ratios included to control for selection. One-sided  $\chi^2$ -test to test the null that PT<sup>+</sup> penalties are equal to or lower than PT<sup>o</sup> penalties. Robust standard errors clustered at the individual level in parentheses. Standard errors of selection-corrected estimates are based on 1,000 bootstrap replications. Significance at the 10%, 5%, and 1% level denoted by \*, \*\* and \*\*\*. Sample: women aged 20 to 54, not in education from 1975–2017.

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