

Abstract for “The Social Context of Labour Market Success”

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There has been much work in recent years suggesting that well-being depends on income in a comparative way. We extend this work on relative utility functions to promotions in the labour market. In particular, we consider the social context of promotions, by relating one's own promotion experience to that of salient others in the reference group. We use SOEP data to show that both labour income changes and promotion probabilities are evaluated relative to one's partner. Changes in labour income are also relative to others who are in the same reference group (defined by age, sex and year).