

Educational Dropout in Germany

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Abstract

The paper considers the determinants and consequences of educational dropout in Germany under the conditions of an increasingly knowledge-based economy. It uses data from the German Socio Economic Panel from 1984 to 2006. In addition to traditional determinants of educational achievement, a wide range of proxies for non-cognitive skills are considered. These include the Big Five personality traits, the Rotter's Locus of control scale, self-evaluations, social relations and leisure activities.

First results on the determinants of educational dropout indicate that non-cognitive skills reflected in activities such as sport, playing an instrument and being a school speaker have a positive effect on the completion of secondary school and vocational training. In the second part of the paper, the labor market outcome and the on average lower wages of educational dropouts are analyzed along a variety of dimensions, including non-cognitive skills, occupations and computer use. Professional computer use of educational dropout seems to act as an indicator of unmeasured ability to a greater extent than for other groups on the labor market.

Keywords: education, labor market participation, wages, non-cognitive skills, computer use

JEL-classification: J13, J24, J31

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