Obesity and the Labor Market:
A Fresh Look at the Weight Penalty

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February 2014

DISCUSSION PAPER SERIES

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Forschungsinstitut
zur Zukunft der Arbeit
Institute for the Study
of Labor

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ABSTRACT

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This paper applies semiparametric regression models to shed light on the relationship between body weight and labor market outcomes in Germany. We find conclusive evidence that these relationships are poorly described by linear or quadratic OLS specifications, which have been the main approaches in previous studies. Women's wages and employment probabilities do not follow a linear relationship and are highest at a body weight far below the clinical threshold of obesity. This indicates that looks, rather than health, is the driving force behind the adverse labor market outcomes to which overweight women are subject. Further support is lent to this notion by the fact that wage penalties for overweight and obese women are only observable in white-collar occupations. On the other hand, bigger appears to be better in the case of men, for whom employment prospects increase with weight, albeit with diminishing returns. However, underweight men in blue-collar jobs earn lower wages because they lack the muscular strength required in such occupations.

JEL Classification: J31, J71, C14

Keywords: obesity, wages, employment, semiparametric regression, gender differences

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1 Introduction

The more you weigh, the less you make. A negative association between body weight and wages is well established in the labor economics literature. It has been observed in the United States (Averett and Korenman, 1996; Cawley, 2004; Conley and Glauber, 2006, among others), as well as in European countries such as Denmark (Greve, 2008), England (Morris, 2006), Finland (Johansson, Backerman, Kiiskinen, and Helivaara, 2009), France (Paraponaris, Saliba, and Ventelou, 2005), Germany (Cawley, Grabka, and Dean, 2005), Sweden (Lundborg, Nystedt, and Rooth, 2010), and even in Taiwan (Tao, 2008).

Higher weight is not only associated with drawbacks for those in employment, but also for those searching for a job. Chubby job seekers have considerably lower chances of initially finding a job than their slimmer, equally qualified peers (Lindeboom, Lundborg, and van der Klaauw, 2010; Garcia and Quintana-Domeque, 2006, among others) and certain jobs are not even open to overweight applicants (Cawley and Maclean, 2012). Obese unemployed are forced to spend more time on welfare (Cawley and Danziger, 2005). In addition, being overweight has adverse effects on those who already face obstacles in the job market. For instance, heavy women tend to be more prone to adverse labor market outcomes than overweight men (Mocan and Tekin, 2011). There is also evidence that they have less success in their transition back to employment, despite putting in more effort and having lower reservation wages (Caliendo and Lee, 2013).

Despite a plethora of research on the relationship between body weight and labor market outcomes, such studies usually do not consider heterogeneous and non-linear effects. Most studies simply apply linear or dummy variable regressions of wages on body weight. Recent studies by Gregory and Ruhm (2011) for the US and a European cross-country analysis by Hildebrand and Van Kerm (2010) indicate functional form errors in these specifications. Consequently, past studies most likely failed to uncover the true association between wages and body weight; moreover, they also did not account for heterogeneity across different occupational categories. Based on data from the German Socio-Economic Panel, our study remedies these issues in two ways. First, we apply a semiparametric model that allows for a flexible functional form. Second, we divide our sample into blue-collar and white-collar workers, distinguishing between occupations in which physical attractiveness is productivity-enhancing and those where it is not. To the best of our knowledge, we are also the first to apply a semiparametric model to gain insights on the relationship between

employment and body weight.

Our results indicate looks-based discrimination against women in terms of lower wages, albeit only in white-collar jobs. Even women of normal weight are subject to wage penalties, and thus it might be misleading to refer to this effect as an "obesity penalty". Our analysis also suggests that what at first glance appears to be looks-based discrimination against underweight men more likely results from a lack of fitness and strength, which tend to be of particular importance in blue-collar jobs. Our results are robust to the inclusion of controls for muscle strength and to the use of alternative measures of body composition, namely fat-free mass and body fat. They also hold when we further stratify our sample by job type. Altogether, we find a level of heterogeneity, which partly confirms the findings of previous studies, but also shows them in a different complexion.

We also find that the employment probability peaks for women way before the clinical threshold of obesity is reached. On the other hand, a parametric probit model would have suggested continuously declining employment probabilities in body weight. For men, we find that the propensity for employment peaks at a body weight that is actually quite close to the obesity threshold.

The remainder of the paper is organized as follows. Section 2 describes the data used and presents first descriptive evidence on the outcomes of interest. In Section 3, we discuss our methodological approach before presenting the results in Section 4. Finally, Section 5 concludes and provides an outlook for further research.

2   Data

We use data from the German Socio-Economic Panel (GSOEP) as the basis for our analysis. The GSOEP is an annual panel survey that follows around 22,000 individuals from 12,000 different households across Germany. Each wave draws a representative sample of the overall German population. Our sample consists of the 2002, 2004, 2006, and 2008 waves of the survey, during which information on both body weight and height was obtained from all participants. From this information, we construct each respondent's Body Mass Index (BMI) as the main explanatory variable of our study. BMI is the most commonly used measure of obesity (see Burkhauser and Cawley, 2008, for a discussion of the merits and demerits of using this measure). It is defined as an adult's weight in kilograms divided by the square of his or her height in meters. The World Health Organization

(WHO) deems individuals with a BMI between 20 and 25 as having a healthy "normal" weight. Individuals with a BMI higher than 30 are classified as obese, while those with a BMI between 25 and 30 are rated as overweight (WHO, 2000). Obesity and, to a lesser degree, being overweight, is significantly associated with poor health and higher mortality in general (Allison, Fontaine, Manson, Stevens, and VanItallie, 1999), and diabetes, high cholesterol, and high blood pressure in particular (Mokdad, Ford, Bowman, Dietz, Bales, and Marks, 2003). Obesity is also one of the main causes for rising health care costs (Cawley and Meyerhoefer, 2012).

Height and weight are self-reported in the GSOEP. Previous studies, e.g. Cawley (2004), tried to correct potential reporting error by applying a method developed by Bound, Brown, and Mathiowetz (2001), which relies on measured weight and height of participants of the National Health and Nutrition Examination Survey (NHANES III). We refrain from adjusting our BMI measure since we have no such benchmark study available for Germany, and the merits of this method are not beyond doubt (Han, Norton, and Stearns, 2009). However, we drop respondents reporting implausible weight or height, as well as those for whom height or weight were imputed. We also drop persons with severe disabilities from our analysis.

The dependent variable in our wage specification is the hourly wage rate, which is constructed from the reported weekly earnings and hours of work. We also adjust wages from different waves for inflation. Respondents who claim to have hourly wages that exceed €300 or lie below €2 are not considered in our analysis. Naturally, we only observe wages for respondents who are in employment. Due to this selection issue, our results should be interpreted as lower bound estimates. Moreoever, we focus on the prime-age employment body and therefore exclude pensioners, military personnel, and respondents who are currently attending school or college, or undertake an apprenticeship or traineeship. We only include employees who work at least 20 hours per week in our wage regression. As indicated above, bodyweight might also affect a person's employment prospects and thus the ability to earn positive wages in the first place. Therefore, we also run a regression of employment on bodyweight. Our dependent variable is a dummy that adopts a value of 1 if a person is employed or self-employed, and works at least 1 hour per week, and zero otherwise.

INSERT TABLE 1 ABOUT HERE

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In order to avoid data issues pertaining to retirement and schooling, we limit our analysis to persons between the ages of 20 and 60. We pool data from different waves, but only use the most recent observation for each respondent. Our final sample comprises 8,770 men and 9,229 women.

The average BMI in our sample is 24.45 for women and 26.13 for men (see Table 1). Almost 60 percent of the men in our sample are either overweight or obese, compared to a little more than one-third of women. Our descriptive statistics do not show any considerable differences between overweight and normal weight women in terms of either hourly wage rate or employment prospects.

For overweight men, hourly wages are on average around 80 euro cents higher than for average weight men. 87 percent of men with a BMI higher than 25 are in employment, as opposed to 76 percent of men with a BMI smaller than 25. Moreoever, overweight and obese respondents on average rate their own health worse than normal weight respondents. Of course, such simple mean comparisons fail to take the effect of other observable variables into account. For instance, obesity is more prevalent in older workers, who also tend to be less healthy and have more lifetime work experience. Our regressions, both parametric and nonparametric, take this into account, yielding coefficients that have the familiar ceteris paribus interpretation.

Throughout our empirical analysis, we control for educational attainment, parental education, marital status, country of origin, the number of children in the household and their age, as well as work experience and its square. This is important as obesity has been shown to be associated with socio-economic factors that might also affect wages (Baum and Ruhm, 2009; Strulik, 2014). We also include dummies for different age categories, a respondent's region of residence, and the wave to which an observation pertains. Controls for whether a person works in a white- or blue-collar job, and has supervision duties or holds a higher management position are also included, as is a set of dummies indicating the self-reported health status. We also created measures of personality traits such as openness, extraversion, neuroticism, agreeableness, reciprocity, self-esteem, and impulsivity. Most of these measures turned out to be neither jointly nor individually significant and were therefore not used for our analysis.

3 Methodology

Our main tool of analysis is a generalized additive model (GAM) that allows for a semi-parametric estimation of a regression model of the following form:

$$Y_i = X_i\beta + f(BMI_i) + \epsilon_i \tag{1}$$

where Y_i is the log of hourly wages of person i in our wage regression and an employment status dummy in our analysis of employment prospects. Our explanatory variable of interest, BMI_i, enters the model in a non-parametric fashion, whereas we assume a linear, parametric functional form for our control variables. This provides for a more flexible functional form that allows us to accommodate effect patterns that cannot be observed by simple linear regressions, even if they include quadratic or cubic terms.

Estimation is based on the backfitting algorithm described by Hastie and Tibshirani (1990) and explained in detail in Keele (2008). This approach involves an iterative process, based on partial residuals. We use $\hat{\beta}_0 = \bar{Y}$ and $\hat{f}_j = X_j$ for all j, as starting values, which are collected in matrix $\mathbf{S_j}$. In a first step, partial residuals are obtained for each variable using these starting values. For instance, $\hat{e}_p^{X_1}$ is obtained as $\hat{e}_p^{X_1} = Y_j - \sum_{j=2}^{k} S_j - \bar{Y}$. In a second step, each partial residual is regressed on the corresponding X-column. That is $\hat{e}_p^{X_1}$ is regressed on X_1, $\hat{e}_p^{X_2}$ is regressed on X_2, etc.. The resulting coefficients are used to update matrix $\mathbf{S_j}$, before the iteration starts over with step one. The procedure is repeated until the model converges in terms of infinitesimally small changes in the residual sum of squares. In a linear parametric setting the coefficients obtained using this iterative process will be the usual least squares estimates. In a semiparametric setting, the regression in step two is fitted using a smoother. More precisely, we use penalized cubic regression splines to smooth the estimated residuals on the BMI variable.

The smoothing parameter, which determines the number of knots, is chosen via generalized cross-validation (GCV). Loader (1999) points out that such automated smoothing, whereby the analysts do not have any control over the selection of the smoothing parameter, can lead to overfitting in some instances. Accordingly, he suggests adjusting the smoothing parameter using visual analysis. For our study, this turns out not to be necessary, given that overfitting is not an issue. To show this, we included a graph where we manually chose the bandwidth by rounding the bandwidth parameter yielded by GCV

up to its closest integer, alongside the graph yielded by GCV (see Figures 1 and 2). The differences between regressions with automated (GCV) bandwith selection and manual – some might argue – arbitrary bandwidth selection are negligible. Neither approach yielded patterns with large spikes or other irregularities. If anything, the GCV algorithm leads to slightly more conservative estimates of the relationship between wages and BMI. For the employment models that have a binary dependent variable, the same backfitting algorithm can be used in the context of an iterated, reweighed least squares regression, as outlined in Wood (2006).[1]

A methodological concern that is often mentioned in the context of our research question is variable endogeneity. Both potential reverse causality and omitted relevant variables might bias our estimates. The most common strategy to deal with this problem is an instrumental variable regression. In this respect, a genetic predisposition (Norton and Han, 2008; Cawley, Han, and Norton, 2011) or the weight of family members (Brunello and D'Hombres, 2007, among others) is often used as an instrument. Proponents of this strategy cite an adoption study by Grilo and Poguegeile (1991) that appears to show no correlation between a common household environment and household members' BMI. However, considering that family members share a common socio-economic environment, the validity of such an instrument is not beyond doubt. Given the focus of our paper on bias caused by a misspecification of the functional form, we therefore deliberately refrain from applying the instrumental variable technique. Consequently, the results of this paper should not be interpreted as fully causal effects.

4 Empirical Results

Our empirical analysis consists of the following steps. In order to render our work comparable to others, we first run an OLS regression of log hourly wages on BMI. However, unlike many previous studies, we do not stop at this point. Instead, in a second step, we apply a semiparametric model to investigate whether the linear functional form masks important details about the relationship of interest. Third, we combine the semiparametric setup with stratification techniques in order to better isolate the channel through which bodyweight affects wages. Furthermore, we also subject our results to several robustness

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[1]The estimations were conducted using the mgcv package in R, which also calculates bias-adjusted variance-covariance matrices from which confidence bands can be derived.

checks. Finally, we also apply a semiparametric model to gain a better understanding about the relationship between bodyweight and employment.

4.1 Bodyweight and Wages - Parametric Model Results

A regular, parametric OLS regression model of women's log-wages on the BMI variable indicates that a 1 point increase in BMI is associated with a decrease in wages of around 0.6 percent (see column (1) of Panel A in Table 2). This effect is highly significant and robust to the inclusion of controls for health and a standard-set of socio-economic variables. In a specification in which BMI enters the regression equation both linearly and quadratically, neither coefficient is statistically significant. At first glance, all signs point to a linear relationship between BMI and hourly wages of about the same magnitude as has been found in other countries.[2]

<div align="center">Insert Table 2 about here</div>

Our OLS-findings for men are also very much in line with previous studies, which usually arrive at the result that men are not subject to any weight penalties or premiums in the labor market (Baum and Ford, 2004, among others). The BMI coefficient in our linear OLS specification is not statistically significant (see Panel B in Table 2), while the coefficients in our quadratic specification are barely statistically significant (p-values< 0.1).

4.2 Bodyweight and Wages - Semiparametric Model Results

It initially appears that, similar to the findings for other countries, women in Germany are subject to an obesity wage penalty, whereas men are not. However, our semiparametric model of the form of equation (1) shows that a linear functional form fails to uncover important details.

<div align="center">Insert Tables 3 and 4 about here</div>

First, note that the coefficients for the control variables are as expected (see Tables 3 and 4). For instance, college graduates earn higher wages, and log wages increase in age up to a point, while bad health is associated with adverse labor market outcomes. Naturally,

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[2]To the best of our knowledge, Cawley, Grabka, and Dean (2005) have conducted the only nationally representative study on the relationship between physical characteristics and earnings in Germany. However, they did not analyse the effect of body weight on hourly wages or employment.

we cannot report any coefficients for our main explanatory variable, BMI, as it enters the model nonparametrically.

Therefore, it should be interpreted graphically, using Figure 1 for women and Figure 2 for men. Our model indicates that women's wages peak at a BMI of around 21.5, and steadily decrease for higher body weight. This early peak is not consistent with the notion of an obesity wage penalty due to health constraints. In fact, there appears to be no penalty for obesity, but rather a wage premium for slim women. The size of these effects is also not negligible. The wage gap between the peak and the region where the relationship starts to level out amounts to around 12 percent. This effect cannot be attributed to health effects, given that we control for self-reported health. All this suggests that physical appearance is the driving force behind our results, as female slimness is generally deemed as attractive (Stearns, 2002).

Insert Figure 1 about here

For men, a regular OLS model also fails to uncover important details. Figure 2 provides evidence for wage penalties against men who are deemed too light. Wages then peak on a plateau that ranges from around BMI=23 well into a BMI range in which individuals are considered overweight or even obese. At first glance, one might suspect that men are simply held to different beauty standards. Obesity is not punished in terms of lower wages, but rather underweight men are. In fact, even men in the lower bounds of the normal weight range are subject to wage penalties. Such a result is consistent with previous findings, and is commonly referred to as the "portly banker" effect (Cawley, 2004), i.e. the notion that higher weight might reflect power and authority. Consequently, underweight men might lack such an aura. This explains wage differences of 7-8 percent between underweight men and those with BMIs within the forementioned plateau range.

Insert Figure 2 about here

Moreoever, the likelihhod ratio tests for the specifications for both men and women suggest that our semiparametric regressions differ significantly from parametric linear or quadratic setups (see p-values in bottom row of Table 2). Accordingly, it required the flexibel functional form of our semiparametric model to uncover the true relationship between hourly wages and bodyweight.

4.3 Bodyweight and Wages - Stratification Results

The previous section has already hinted that physical attractiveness is the main channel through which bodyweight affects female wages. We find further support for this hypothesis by stratifying our sample by occupational type. Looks tend to be more important in white-collar occupations, within which employees interact with customers and coworkers more frequently. There is some evidence that good looks might be an asset in such circumstances (Hamermesh and Parker, 2005, among others). On the other hand, beauty is presumably less important in blue-collar occupations.

Our results suggest that the previously described pattern more-or-less holds for women in white-collar occupations (see bottom left of Figure 1), but not for women in blue-collar jobs. That is, wages for women in white-collar occupations peak at a BMI of about 22 and subsequently decrease in body weight. The semiparametric specification statistically significantly differs from both a linear and quadratic specification (see p-values for the LR-Test in the bottom row of Panel A in Table 2), which consequently fail to detect the same pattern.

For women in blue-collar jobs, the semiparametric results resemble the results of a linear regression model. In fact, our backfitting algorithm suggests a linear fit. Even if we manually force some non-linearity on the regression, the resulting line has little curvature (see bottom right of Figure 1). A likelihood ratio test also fails to reject the hypothesis that the parametric and semiparametric model come to the same result at any reasonable significance level. That is, higher bodyweight is strictly negatively associated with wages in blue-collar jobs.[3]

Stratification by occupational category also provides further insights regarding the apparent wage penalty against slender men. We find that there is essentially no effect of body weight on the wages of men in white-collar occupations. The semiparametric regression line in the bottom left graph in Figure 2 is somewhat bumpy, although the corresponding confidence intervals are sufficiently large to fit a horizontal line through them. A likelihood ratio test confirms that the semiparametric specification does not add much value compared to linear OLS (p-value=0.079). However, body weight very much appears to affect the wages of men in blue-collar occupations (see bottom right graph of

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[3]The coefficients for the control variables are reported separately for women in white- and blue-collar jobs in columns (2) and (3) of Table 3.

Figure 2). In fact, the underweight penalty that we observe for the full sample appears to be mainly driven by blue-collar workers. Additional weight is associated with steep increases in the hourly wage rate within the normal weight range. Wages peak at a BMI of around 24, and subsequently level out. A likelihood ratio test indicates that the true pattern is better picked up by a semiparametric regression than a quadratic specification (p-value=0.012), which predicts a wage peak at BMI=30.15.

Put differently, body weight does not affect the wages of men in white-collar jobs, although it affects the wages of men in blue-collar occupations in the form of the afore-mentioned underweight penalty. In fact, even men at the lower bound of the normal weight category are subject to small wage penalties. This suggests that fitness and strength (and not different beauty standards) might be the driving forces behind this relationship. After all, such traits rarely matter in white-collar occupations. On the other hand, a higher BMI might well reflect more muscle mass, which tends to be productivity raising in blue-collar occupations. This story would be consistent with the results of Wada and Tekin (2010), who do not distinguish between blue- and white-collar jobs but have found that larger muscle mass is positively associated with male wages.

4.4 Bodyweight and Wages - Robustness Checks

Applying a semiparametric model and stratification techniques have provided us with a fresh look at the weight penalty. Our analysis suggests that bodyweight affects wages for women through good looks, which are generally associated with low bodyweight and are particularly valuable in white-collar occupations. Underweight and low weight men are subject to slimness penalties in blue-collar jobs, presumably because their stature does not provide them with the required strength in such occupations. We put these findings to three distinct robustness checks.

4.4.1 Grip Strength

In order to test our hypothesis of a fitness premium for men in blue-collar occupations, we include a measure of grip strength into our semiparametric regression model. Respondents in the GSOEP were asked to squeeze a bar as hard as they could with one hand. The exercise was repeated for both hands and the maximum pressure exerted was recorded as a respondent's handgrip strength. This grip strength has been shown as a valid predictor

not just of health and mortality risks in general, but also of overall muscular strength (Gale, Martyn, Cooper, and Sayer, 2007; Metter, Talbot, Schrager, and Conwit, 2002). When we include this measure into our semiparametric regression model for blue-collar workers, we find that BMI and wages are no longer correlated with each other. In particular, the underweight penalty disappears, which is what we would expect, given that a lower BMI should no longer reflect a lack of strength or fitness after controlling for muscle strength. However, the results of this specification should be interpreted with caution as grip strength per-se turns out not to be a significant predictor of wages. Moreover, the grip strength control was only available for a subsample (n = 492) that might no longer be representative for the overall (blue-collar) population (see column (4) of Table 4).[4]

4.4.2 Occupational Categories

As a second robustness check, we explicitly classify jobs into occupations in which physical attractiveness might be productivity-enhancing, thus potentially explaining the wage premium for low BMI women. For this purpose, we use code from the Dictionary of Occupational Titles (DOT), which assigns each occupation a code that contains information on the typical relationship with other people in that job. A job can primarily involve either "mentoring" (e.g. a reverend), "negotiating" (e.g. a manager), "instructing" (e.g. a professor), "supervising" (e.g. a ship officer), "diverting" (e.g. a performing artist), "persuading" (e.g. a salesman), "serving" (e.g. a waiter), "speaking, signaling" (e.g. an engineer) or "taking instructions, helping" (e.g. a construction worker). All jobs that fall into a DOT category other than the last-mentioned are categorized as jobs whereby appearance might be productivity-enhancing.[5] We run separate semiparametric regressions for employees in both job categories. The results are virtually identical to those from our white-collar / blue-collar stratification (see Figure 3). This is unsurprising given that looks are deemed productivity-enhancing in around 77 percent of white-collar jobs.

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[4]We observe a statistically significant positive effect of the grip strength measure on the wages of women in blue-collar jobs. However, the sample size (n=143) is too small to consider this conclusive evidence (see column (4) of Table 3). For both men and women in white-collar jobs, the result of the grip test is not found to be associated with wages.

[5]We also run a specification where occupations that mainly involve "speaking, signaling" were also excluded from this category, with the results being qualitatively the same.

4.4.3 Fat Free Mass and Body Fat

As a final robustness check, we follow an approach pioneered by Wada and Tekin (2010) and construct two more explicit measures of body composition: fat free mass (FFM) and body fat (BF). Wada and Tekin (2010) accessed the NHANES III survey, which gathered exact measures of both FFM and BF using bioelectrical impedance analysis. They subsequently regressesd these outcomes on respondent information concerning age, weight, and height, as well as polynomails of these measures. It turned out that these variables are very good predictors of both FFM and BF, and thus proxies for FFM and BF can also be constructed for other data sets using the coefficients reported by Wada and Tekin (2010) in their study.[6]

While BF mainly consists of fat tissues, FFM is often referred to as "lean mass" and mostly comprises muscle and bone. Therefore, a larger FFM therefore reflects strength and physical fitness. Given our society's beauty standards, higher BF is likely to be deemed physically unattractive, especially for women (Stearns, 2002). This allows us to put the hypotheses of a wage premium for slim – and on average more attractive – women and a wage penalty against slim – and on average weaker – men to an additional test.

We use FFM and BF as main explanatory variables instead of BMI, and rerun the wage equation. Column 1 of Panels A and B, respectively, in Table 5, indicates that our OLS results for the overall samples of women and men have the expected signs, and are consistent with Wada and Tekin's (2010) results. A 1kg increase in FFM is associated with an hourly wage increase of around 0.7 percent for women (men: 0.5 percent), while a 1kg increase in BF is associated with a decrease in hourly wages of around 0.6 percent (men: 0.7 percent). We also run the wage regressions separately for different types of occupations, controlling for respondent health and other standard socio-economic controls. For women in white-collar occupations, only BF is a significant (negative) predictor of wages. For women in blue-collar jobs, FFM also plays a role (see column (4) of Panel A in Table 5). Again, this is consistent with our hypothesis that women in white-collar jobs are subject to looks-based discrimination. However, it should be noted that the inclusion of a control for whether the person is in a managerial position renders the BF coefficient insignificant.[7]

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[6]For a thorough discussion of this approach, see Wada and Tekin (2010).

[7]This could be interpreted as evidence for coworker or supervisor discrimination. We find that women with higher BF are indeed less likely to be in a position with managerial responsibilities. While a deeper

For men, the results of this exercise are also consistent with our expectation of a fitness premium. In blue-collar occupations, a larger FFM is positively and significantly associated with higher wages (see column 4 in Panel B of Table 5), whereas higher BF does not have adverse effects. More surprisingly, such a positive, albeit much weaker (p-value=0.073), relationship between wages and FFM can also be found for men in white-collar occupations (see column 3 of Panel B in Table 5).

<center>Insert Figure 4 about here</center>

Note that a semiparametric model does not yield any improvements over the linear specification: in virtually all panels of Figure 4, the backfitting algorith chooses either a linear specification or a very low bandwith. Hence, a linear, parametric specification, such as OLS, is appropriate in this setting.

Overall, this application of Wada and Tekin's (2010) approach should be treated with some caution. After all, we use estimates from a US study to construct our measures for a somewhat different population. In particular the FFM proxy might be a little too large. The average male FFM in our sample was 74, compared to 63 in Wada and Tekin's (2010) study.[8] Nevertheless, this robustness test yields some interesting results that appear to be consistent with our two main findings, namely that looks drive the results for women, while it is physical strength that matters most for men.

4.5 Bodyweight and Employment: Parametric vs. Semiparametric Models

The semiparametric estimation technique of our GAM is also applied to the categorical outcome, which is employment. The dependent variable in this estimation is a dummy that adopts a value of 1 if a person is either self-employed or working for an employer, and zero otherwise. It should be noted that generalized linear models (GLMs) such as probit or logit models are still linear and parametric in their functional form. Only the application of the link function, such as the normal cumulative distribution in a probit model, induces some degree of non-linearity.

<center>Insert Table 6 about here</center>

investigation of this issue is beyond the scope of this paper, the aforementioned results are available from the authors on request.

[8]No such differences exist for women and the BF proxy.

<center>14</center>

As would be expected, coefficients for the control variables are very similar in size across our GLMs and GAM (see Table 6), although the GAM, for which the coefficients are displayed in columns (3) and (7) of Table 6, tends to somewhat inflate the standard errors. However, our results suggest that the linear functional form assumptions mask important relationships between the dependent variable and our main explanatory variable of interest. A regular probit model, whose marginal effects are provided by column (1) of Table 6, would have suggested that the employment probability for women continuously declines with increased weight (see bottom graph of Figure 3). However, our GAM suggests that the pattern observed for wages also applies to employment probabilities to some degree. The probability of being in employment is highest for women with a BMI of around 23.5, and then decreases in additional body weight. Accordingly, similar to wages, employment propensity peaks way before the clinical threshold of obesity. A likelihood ratio test suggests that the non-parametric model significantly improves the fit (p-value<0.01) compared to probit models with linear or quadratic BMI parameters (see bottom row of Table 6 for the exact p-values). Note that it is best practice to use the untransformed scale (top panel in Figure 5) for visual analysis. Applying the link function can lead to distortions in the form of linearity (Keele, 2008). This also appears to be somewhat true in our case. When we transform our predictions into odds-ratios (see middle panel in Figure 5), the confidence intervals decisively increase, although pronounced differences remain between the GAM and the GLM results.

<center>Insert Figure 5 about here</center>

For men, the differences between the GAM and a quadratic GLM specification are less obvious. The likelihood ratio test provides only weak evidence for an improvement in fit by a GAM (p-value=0.052). Therefore, we conclude that the quadratic GLM model, whose coefficients are displayed in column (6) of Table 6, has the appropriate functional form. Very much like the GAM (see top graph in Figure 5), it suggests that bodyweight is positively associated with employment probabilities, albeit diminishingly so, with a peak is reached close to the obesity threshold. On the other hand, a regular GLM model, would have predicted employment prospects to steadily increase in body weight (see bottom graph of Figure 5 and coefficients in column (1) of Table 6).

It is noteworthy how much the results for employment resemble those for wages: both women's wages (in particular in white-collar jobs) and employment probabilities peak

<center>15</center>

markedly before the obesity threshold, while both wages (in particular in blue-collar jobs) and employment probabilities are lower for men in the lower weight regions. This suggests that bodyweight affects employment and wages through the same channels, namely looks (for women) and strength (for men).

We also conducted a robustness check using the measures for fat free mass (FFM) and body fat (BF), as introduced in the previous section, instead of BMI in the employment equation (see columns (4) and (8) of Table 6). Similar to the wage equation, our cross validation algorithm suggests a linear function form. Hence, a parametric, regular probit model appears to be appropriate when these measures are used. Such a regression produces the result that (at the population means) an extra kg of BF is associated with a 0.35 percent lower employment probability for women, whereas no such effect is found for men. On the other hand, an extra kg of FFM is associated with 0.23 percent higher employment probabilities for men, and has no effect on women's employment prospects. This reflects further evidence in favor of our finding that the effect of bodyweight on wages and employment operates through the same mechanism: there is a looks-based "slimness premium" for women, and strength-based "slimness penalty" for men.

5   Conlcusion and Discussion

Our semiparametric regression model allows us to uncover wage and employment effects of bodyweight that are not observable through linear or dummy variable regressions. Virtually all previous studies (Conley and Glauber, 2006; Atella, Pace, and Vuri, 2008, just to mention a few) on this issue have stressed the importance of an "obesity penalty" (Averett and Korenman, 1996) for women's labor market outcomes. On the other hand, our approach, suggests that this notion is missing the point; we find that a "slimness premium" exists, rather than an obesity penalty. This is more than a subtle difference for several reasons. First, we can rule out health and health benefits (Bhattacharya and Bundorf, 2009) as the main reasons for an impact of bodyweight on wages, given that women's wages peak at BMI levels that cannot possibly reflect health constraints. Second, our findings indicate that women with BMIs that are most consistent with societal standards of physical attractiveness earn the highest wages. By combining semiparametric regression with stratification techniques, we manage to further qualify this finding. In particular, we uncover that the slimness premium is only prevalent in occupations where looks are

likely to be productivity-enhancing such as white-collar jobs. While these findings support Hamermesh and Biddle (1994) in that beauty matters in the labor market, our results stand in contrast with their finding of across the board employer discrimination.

Our results for men suggest that strength rather than looks is the driving force. Our flexible functional form reveals that the wage premium for overweight men found in some previous studies (Cawley, Grabka, and Dean, 2005, among others), masks what is really an "underweight penalty". Again, this is more than a subtle difference. For instance, Cawley (2004) and McLean and Moon (1980) were indicative of a "portly banker" effect, i.e. higher body weight reflecting power and authority, which consequently enhance wages in all occupations. On the other hand, our study suggests that male body weight only matters in blue-collar occupations. In such jobs, a low body mass index tends to reflect a lack of muscular strength, causing lower wages.

We are the first to apply a generalized additive model (GAM) to uncover non-linear effects of body mass on employment prospects. While a regular, quadratic probit model appears to do a good job of capturing non-linearity for men, a semiparametric approach adds significant value in the employment regression for women. Here, we also find that female labor prospects peak at BMI values far below the levels that define overweight or even obesity. This finding casts further doubt on the notion of obesity's adverse effects on labor market outcomes via the health channel. As for men, the exact opposite is true, i.e. job prospects increase with body weight, albeit with decreasing returns, indicating that in this case bigger is indeed better.

There are some other, important lessons to be learned from our study. First, somewhat unconventional channels through which obesity can affect labor market outcomes should receive further attention, particular the role of muscle strength. If possible, innovative measures, such as the grip strength test should be used. To the best of our knowledge, Lundborg, Nystedt, and Rooth (2010) is the only study to have done so. Second, our analysis suggests that effect-heterogeneity greatly matters. After all, we find very distinct effects for men and women, as well as persons in white- and blue-collar jobs. Sample stratification techniques are therefore advisable. Finally, it is highly recommended to use flexible functional forms as provided by generalized additive models. Recent software implementations of the underlying algorithms into R and SAS should ease the use of these models. At the very least, researchers should allow for non-linearity using polynomials in

a regular OLS-setting. Otherwise, they might fail to uncover complex relationships that are common in labor and health economics.

Future research should strive to better understand how exactly the wage premium for slim women operates.[9] For instance, a dataset with more detailed information on a person's work place environment might help to single out occupations in which slimness might be particularly productivity-enhancing, as well as whether customer or coworker discrimination are more important. In the same vein, the effects of obesity on occupational sorting should receive more attention. Another, related avenue of future research pertains to employer provided incentives for healthier body weight as recently pioneered by Cawley and Price (2013).

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[9]Dragone and Savorelli (2012) provide a theoretical model that could serve as a starting point.

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Tables and Figures

Table 1: Descriptive Statistics - Sample Means

	Women			Men		
	Full Sample	BMI<25	BMI>25	Full Sample	BMI<25	BMI>25
BMI	24.445	21.679	29.269	26.132	22.822	28.623
	(4.646)	(1.938)	(4.008)	(3.983)	(1.649)	(3.362)
Weight in kg	67.765	60.552	80.341	84.243	74.001	91.951
	(13.188)	(6.837)	(12.116)	(14.119)	(7.694)	(12.901)
Height in cm	166.531	167.0481	165.628	179.474	179.954	179.113
	(6.279)	(6.221)	(6.279)	(6.999)	(6.971)	(6.999)
Obese	0.118			0.144		
	(0.323)			(0.351)		
Overweight	0.246			0.426		
	(0.431)			(0.495)		
Underweight	.037			0.006		
	(0.190)			(0.078)		
Hourly Wage in Euros	11.402	11.492	11.251	14.093	13.593	14.407
	(8.734)	(8.465)	(9.169)	(11.426)	(11.937)	(11.084)
Employed	0.708	0.707	0.709	0.825	0.761	0.873
	(0.455)	(0.455)	(0.454)	(0.38)	(0.426)	(0.334)
Age	40.169	38.448	43.169	39.942	36.487	42.543
	(10.555)	(10.646)	(9.69)	(10.642)	(11.079)	(9.508)
Number of Kids in Household	0.649	0.667	0.619	0.621	0.552	0.673
	(0.929)	(0.930)	(0.928)	(0.936)	(0.905)	(0.955)
Number of Kids Younger than 16	0.405	0.416	0.384	0.378	0.341	0.405
	(0.491)	(0.493)	(0.486)	(0.485)	(0.474)	(0.491)
Married	0.604	0.555	0.690	0.566	0.429	0.669
	(0.489)	(0.497)	(0.462)	(0.496)	(0.495)	(0.471)
German	0.921	0.927	0.910	0.924	0.933	0.917
	(0.27)	(0.261)	(0.286)	(0.265)	(0.25)	(0.276)
3rd Tier School Degree	0.211	0.176	0.271	0.264	0.227	0.292
	(0.408)	(0.381)	(0.444)	(0.441)	(0.419)	(0.455)
1st Tier School Degree	0.313	0.363	0.227	0.339	0.395	0.297
	(0.464)	(0.481)	(0.419)	(0.473)	(0.489)	(0.457)
College Degree	0.211	0.228	0.181	0.238	0.243	0.233
	(0.408)	(0.42)	(0.385)	(0.426)	(0.429)	(0.423)
Good Health	0.486	0.521	0.424	0.496	0.527	0.472
	(0.500)	(0.500)	(0.494)	(0.5)	(0.499)	(0.499)
Satisfactory Health	0.292	0.254	0.358	0.286	0.227	0.331
	(0.455)	(0.435)	(0.480)	(0.452)	(0.419)	(0.471)
Poor Health	0.114	0.091	0.152	0.097	0.077	0.112
	(0.317)	(0.288)	(0.36)	(0.296)	(0.267)	(0.315)
Experience	8.165	7.321	9.637	8.644	6.922	9.940
	(7.889)	(7.504)	(8.317)	(9.040)	(8.222)	(9.406)
White Collar	0.469	0.483	0.444	0.346	0.333	0.356
	(0.499)	(0.500)	(0.497)	(0.476)	(0.471)	(0.479)
Higher Management	0.079	0.084	0.070	0.181	0.178	0.184
	(0.269)	(0.277)	(0.255)	(0.385)	(0.382)	(0.387)
Number of Observations	9,229	5,865	3,364	8,770	3,766	5,004

Notes: Standard errors in parentheses. We also have information on the state in which each respondent lives as well as the survey year each respondent was interviewed in. Data Source: GSOEP 2008, 2006, 2004, and 2002.

Table 2: OLS Regression Results: BMI and (Log) Wages

Panel A: Women

	(1)	(2)	(3)	(4)	(5)	(6)
	Full Sample		White-Collar		Blue-Collar	
BMI	-0.006***	0.001	-0.005***	0.008	-0.008**	-0.023
	(0.001)	(0.011)	(0.002)	(0.012)	(0.003)	(0.024)
BMI Squared		-0.000		-0.000		0.000
		(0.000)		(0.000)		(0.000)
Observations	4,117	4,117	3,386	3,386	731	731
R-squared	0.298	0.298	0.264	0.264	0.206	0.207
Controls for Health	Yes	Yes	Yes	Yes	Yes	Yes
Controls Higher Management	No	No	Yes	Yes	N/A	N/A
p-Value LR Test	0.032	0.013	0.031	0.018	0.492	0.500

Panel B: Men

	(1)	(2)	(3)	(4)	(5)	(6)
	Full Sample		White-Collar		Blue-Collar	
BMI	0.001	0.018*	0.000	0.010	0.002	0.024*
	(0.001)	(0.010)	(0.002)	(0.014)	(0.002)	(0.014)
BMI Squared		-0.000*		-0.000		-0.000
		(0.000)		(0.000)		(0.000)
Observations	5,373	5,373	2,851	2,851	2,522	2,522
R-squared	0.441	0.441	0.440	0.440	0.237	0.238
Controls for Health	Yes	Yes	Yes	Yes	Yes	Yes
Controls Higher Management	No	No	Yes	Yes	N/A	N/A
p-Value LR Test	0.007	0.009	0.079	0.026	0.010	0.012

Notes: Standard errors in parentheses
$***/**/*$ indicate significance at the 1%/5%/10%-level.
We also control for educational attainment, age, marital status, immigrant status, experience and its square, the number of children in the household and their age. Regional dummies are also included, so are dummies for the survey wave.

Table 3: Semiparametric Regression Results for (Log) Wages - Women

	(1) Baseline	(2) White Collar	(3) Blue Collar	(4) Grip Strength[c]
Age 20-29[a]	-0.387***	-0.378***	-0.231***	-0.234
	(0.027)	(0.029)	(0.062)	(0.157)
Age 30-39[a]	-0.131***	-0.142***	-0.052	-0.152
	(0.022)	(0.023)	(0.052)	(0.114)
Age 40-49[a]	-0.016	-0.017	-0.025	-0.032
	(0.018)	(0.020)	(0.038)	(0.084)
Number of Kids in Household	-0.015	-0.026	-0.036	-0.028
	(0.019)	(0.022)	(0.040)	(0.111)
Number of Kids Younger than 16	-0.025	0.007	-0.072	-0.023
	(0.031)	(0.034)	(0.062)	(0.155)
Married	-0.019	-0.030	0.069*	0.041
	(0.017)	(0.019)	(0.041)	(0.099)
Separated	-0.055	-0.101**	0.191**	0.127
	(0.040)	(0.044)	(0.080)	(0.235)
Divorced	-0.010	-0.195	0.067	0.023
	(0.024)	(0.026)	(0.053)	(0.134)
German	0.018	0.048	-0.016	-0.012
	(0.028)	(0.036)	(0.045)	(0.091)
3rd Tier School Degree[b]	-0.099***	-0.105***	-0.081**	-0.140*
	(0.018)	(0.201)	(0.035)	(0.084)
1st Tier School Degree[b]	0.126***	0.096***	0.045	-0.173
	(0.018)	(0.018)	(0.068)	(0.141)
Other School Degree[b]	-0.084***	-0.098****	-0.025	-0.104
	(0.030)	(0.038)	(0.051)	(0.105)
College Degree	0.209***	0.125***	0.067	0.163
	(0.018)	(0.020)	(0.075)	(0.127)
Other Tertiary Degree	-0.005	-0.005	0.025	-0.018
	(0.014)	(0.015)	(0.037)	(0.084)
Experience	-0.008***	-0.007***	-0.005	0.015
	(0.002)	(0.002)	(0.006)	(0.013)
Experience Squared	0.000*	0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Good Health	-0.020	0.002	-0.071	-0.037
	(0.021)	(0.023)	(0.058)	(0.164)
Satisfactory Health	-0.055**	-0.048**	-0.024	0.036
	(0.023)	(0.024)	(0.058)	(0.168)
Poor Health	-0.075***	-0.053*	-0.059	0.018
	(0.027)	(0.030)	(0.065)	(0.181)
White Collar Occupation	0.267***			
	(0.018)			
Higher Management		0.241***		
		(0.020)		
Grip Strength				0.001*
				(0.001)
Regional Dummies	Yes	Yes	Yes	Yes
Year Dummies	Yes	Yes	Yes	Yes
Observations	4,117	3,386	731	143
Adjusted R-squared	0.294	0.259	0.176	0.185
p-Value LR Test	0.032	0.031	0.492	0.194

Notes: Standard errors in parentheses

$***/**/*$ indicate significance at the 1%/5%/10%-level.

[a] Reference Group is between 50 and 60 Years Old

[b] Reference Group are those with a highschool degree that does not directly qualify for university entrance ("Realschulabschluss")

[c] These are the results for blue-collar workers for whom the grip strength measure was available.

Table 4: Semiparametric Regression Results for (Log) Wages - Men

	(1) Baseline	(2) White Collar	(3) Blue Collar	(4) Grip Strength[c]
Age 20-29[a]	-0.411***	-0.500***	-0.277***	-0.438***
	(0.024)	(0.034)	(0.032)	(0.075)
Age 30-39[a]	-0.204***	-0.238***	-0.102***	-0.214***
	(0.018)	(0.024)	(0.025)	(0.060)
Age 40-49[a]	-0.071***	-0.085***	-0.028	-0.113**
	(0.016)	(0.021)	(0.022)	(0.050)
Number of Kids in Household	0.030***	0.035**	0.014	0.041
	(0.011)	(0.015)	(0.014)	(0.034)
Number of Kids Younger than 16 5	0.004	-0.002	-0.016	-0.020
	(0.021)	(0.030)	(0.027)	(0.068)
Married	0.110***	0.106***	0.103***	0.114**
	(0.016)	(0.022)	(0.022)	(0.051)
Separated	0.070*	0.087*	-0.032	-0.003
	(0.037)	(0.049)	(0.054)	(0.168)
Divorced	0.062***	0.108***	0.031	0.060
	(0.024)	(0.034)	(0.030)	(0.071)
German	0.032	0.042	0.007	0.106*
	(0.020)	(0.038)	(0.023)	(0.054)
3rd Tier School Degree[b]	-0.056***	-0.066***	-0.038**	-0.051
	(0.014)	(0.022)	(0.017)	(0.042)
1st Tier School Degree[b]	0.079***	0.059***	-0.030	0.052
	(0.017)	(0.020)	(0.037)	(0.088)
Other School Degree[b]	-0.149***	-0.088*	-0.108***	-0.151**
	(0.024)	(0.048)	(0.027)	(0.063)
College Degree	0.254***	0.129***	-0.076*	-0.019
	(0.017)	(0.021)	(0.046)	(0.107)
Other Tertiary Degree	0.028**	0.023	0.021	-0.002
	(0.013)	(0.017)	(0.018)	(0.046)
Experience	-0.010***	-0.007***	-0.013***	-0.021***
	(0.002)	(0.002)	(0.002)	(0.007)
Experience Squared	0.000**	0.000	0.000***	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Good Health	-0.017	-0.032	-0.004	-0.051
	(0.018)	(0.023)	(0.026)	(0.061)
Satisfactory Health	-0.036*	-0.039	-0.020	-0.031
	(0.020)	(0.026)	(0.028)	(0.061)
Poor Health	-0.099***	-0.112***	-0.058*	-0.047
	(0.025)	(0.033)	(0.034)	(0.082)
White Collar Occupation	0.200***			
	(0.013)			
Higher Management		0.285***		
		(0.018)		
Grip Strength				0.001
				(0.001)
Regional Dummies	Yes	Yes	Yes	Yes
Year Dummies	Yes	Yes	Yes	Yes
Observations	5,373	2,851	2,522	489
Adjusted R-squared	0.439	0.435	0.231	0.241
p-Value LR Rest	0.007	0.079	0.010	n/a

Notes: Standard errors in parentheses.
***/ **/ * indicate significance at the 1%/5%/10%-level.
[a] Reference Group is between 50 and 60 Years Old.
[b] Reference Group are those with a highschool degree that does not directly qualify for university entrance ("Realschulabschluss").
[c] These are the results for blue-collar workers for whom the grip strength measure was available.

Table 5: OLS Regression Results: Fat Free Mass, Body Fat, and (Log) Wages

Panel A: Women

	(1)	(2)	(3)	(4)
	Full Sample	White-Collar		Blue-Collar
Fat Free Mass (in kg)	0.0065*	0.0043	0.0011	0.0175**
	(0.0033)	(0.0037)	(0.0036)	(0.0075)
Body Fat (in kg)	-0.0061***	-0.0047**	-0.0029	-0.0126***
	(0.0020)	(0.0022)	(0.0021)	(0.0044)
Observations	4,117	3,386	3,386	731
R-squared	0.298	0.231	0.264	0.210
Controls for Health	Yes	Yes	Yes	Yes
Controls Higher Management	No	No	Yes	N/A
P-Value Log-Likelihood Test	0.018	0.027	0.017	0.770

Panel B: Men

	(1)	(2)	(3)	(4)
	Full Sample	White-Collar		Blue-Collar
Fat Free Mass (in kg)	0.0053***	0.0052***	0.0034*	0.0041**
	(0.0014)	(0.0020)	(0.0019)	(0.0018)
Body Fat (in kg)	-0.0072***	-0.0075**	-0.0048	-0.0049
	(0.0023)	(0.0033)	(0.0032)	(0.0031)
Observations	5,373	2,851	2,851	2,522
R-squared	0.443	0.389	0.440	0.239
Controls for Health	Yes	Yes	Yes	Yes
Controls Higher Management	No	No	Yes	N/A
p-Value LR Test	0.004	0.053	0.108	0.013

Notes: Standard errors in parentheses
$***/**/*$ indicate significance at the 1%/5%/10%-level.
We also control for educational attainment, age, marital status, immigrant status, experience and its square, the number of children in the household and their age. Regional dummies are also included, so are dummies for the survey wave.

Table 6: Probit Model Results for Employment Probability (Marginal Effects at the Means)

|	Women				Men			
	(1)	(2)	(3)[a]	(4)	(5)	(6)	(7)[a]	(8)
BMI	-0.004***	0.020***			0.003***	0.023***		
	(0.001)	(0.007)			(0.001)	(0.004)		
BMI Squared		-0.0004***				-0.0004***		
		(0.0001)				(0.0001)		
Fat Free Mass (in kg)				0.003				0.002***
				(0.0026)				(0.0008)
Body Fat (in kg)				-0.004**				-0.002
				(0.001)				(0.0001)
Age 20-29[b]	-0.327***	-0.321***	-0.264***	-0.331***	-0.420***	-0.416***	-0.290	-0.432***
	(0.024)	(0.024)	(0.082)	(0.024)	(0.030)	(0.030)	(0.220)	(0.031)
Age 30-39[b]	-0.006	-0.003	-0.003	-0.010	-0.102***	-0.103***	-0.096	-0.109***
	(0.018)	(0.018)	(0.017)	(0.018)	(0.019)	(0.019)	(0.075)	(0.019)
Age 40-49[b]	0.071***	0.073***	0.068***	0.069***	-0.021	-0.021	-0.023	-0.023*
	(0.014)	(0.014)	(0.026)	(0.015)	(0.013)	(0.013)	(0.024)	(0.013)
Kids in Household	-0.101***	-0.101***	-0.092***	-0.101***	-0.020***	-0.020***	-0.021	-0.019***
	(0.010)	(0.010)	(0.030)	(0.010))	(0.007)	(0.007)	(0.018))	(0.007)
Kids Younger than 16	-0.023	-0.023	-0.021	-0.024	-0.005	-0.005	-0.005	-0.007
	(0.019)	(0.019)	(0.018)	(0.019)	(0.013)	(0.013)	(0.017)	(0.013)
Married	-0.011	-0.014	-0.014	-0.011	0.130***	0.126***	0.128	0.130***
	(0.015)	(0.015)	(0.016)	(0.015)	(0.012)	(0.012)	(0.099)	(0.012)
Separated	0.019	0.022	0.019	0.019	0.048***	0.046***	0.061	0.048***
	(0.033)	(0.033)	(0.033)	(0.033)	(0.015)	(0.016)	(0.054)	(0.015)
Divorced	0.030	0.029	0.025	0.031	0.040***	0.039***	0.049	0.040***
	(0.021)	(0.021)	(0.021)	(0.021)	(0.010)	(0.010)	(0.041)	(0.010)
German	0.114***	0.114***	0.096***	0.114***	0.021	0.021	0.022	0.014
	(0.021)	(0.021)	(0.034)	(0.022)	(0.014)	(0.014)	(0.024)	(0.014)
3rd Tier School Degree[c]	-0.056***	-0.056***	-0.049**	-0.056***	-0.006	-0.007	-0.008	-0.006
	(0.014)	(0.014)	(0.019)	(0.014)	(0.009)	(0.009)	(0.013)	(0.009)
1st Tier School Degree[c]	-0.070***	-0.069***	-0.062***	-0.070***	-0.070***	-0.078***	-0.078***	-0.079***
	(0.014)	(0.014)	(0.022)	(0.014)	(0.011)	(0.011)	(0.060)	(0.011)
Other School Degree[c]	-0.072***	-0.072***	-0.062**	-0.072***	-0.048**	-0.046**	-0.045	-0.044**
	(0.023)	(0.023)	(0.028)	(0.023)	(0.019)	(0.019)	(0.040)	(0.019)
College Degree	0.151***	0.151***	0.153***	0.151***	0.101***	0.099***	0.137	0.099***
	(0.012)	(0.012)	(0.049)	(0.012)	(0.007)	(0.007)	(0.105)	(0.007)
Other Tertiary Degree	0.104***	0.104***	0.100***	0.104***	0.047***	0.045***	0.055	0.046***
	(0.010)	(0.010)	(0.033)	(0.010)	(0.007)	(0.007)	(0.044)	(0.007)
Experience	-0.011***	-0.011***	-0.010***	-0.011***	-0.009***	-0.009***	-0.009	-0.009***
	(0.002)	(0.002)	(0.004)	(0.002)	(0.001)	(0.001)	(0.007)	(0.001)
Experience Squared	0.000***	0.000***	0.000**	0.000***	-0.000*	-0.000*	-0.000	-0.000*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Health Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Regional Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	9,229	9,229	9,229	9,229	8,770	8,770	8,770	8,770
Psuedo R-squared	0.125	0.126	0.148	0.125	0.271	0.273	0.260	0.272
Log Likelihood	-4879.63	-4873.28	-4868.00	-4880.12	-2968.17	-2955.31	-2953.00	-2961.94
p-Value LR-Test	0.000	0.003	0.000	0.000	0.000	0.052	0.000	0.000

Notes: Standard errors in parentheses
∗∗∗/∗∗/∗ indicate significance at the 1%/5%/10%-level.
[a] Semi-Parametric Model, i.e. BMI enters non-parametrically
[b] Reference Group is between 50 and 60 Years Old
[c] Reference Group are those with a highschool degree that does not directly qualify for university entrance ("Realschulabschluss")
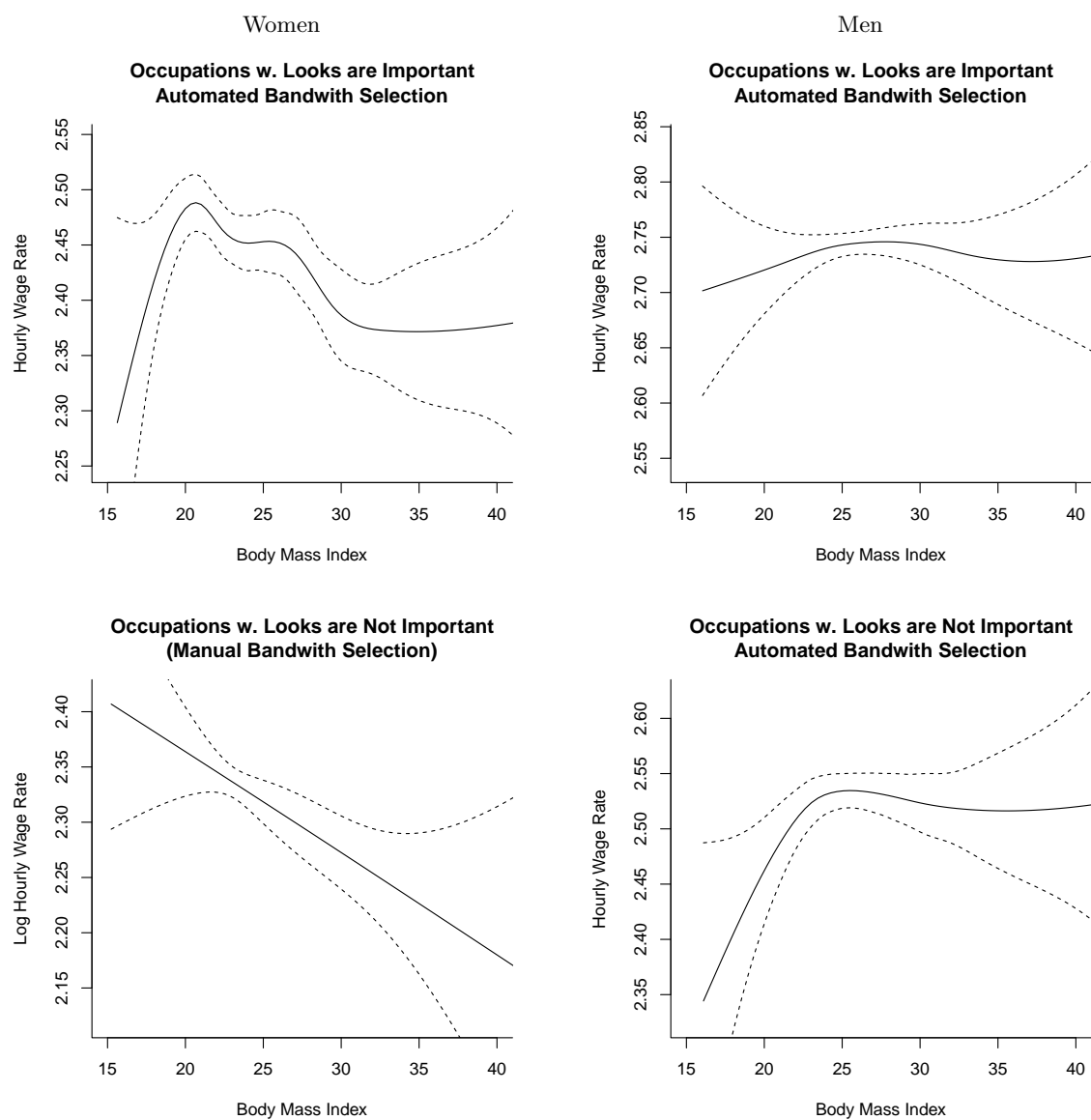
Figure 1: BMI and Log Wages - Women
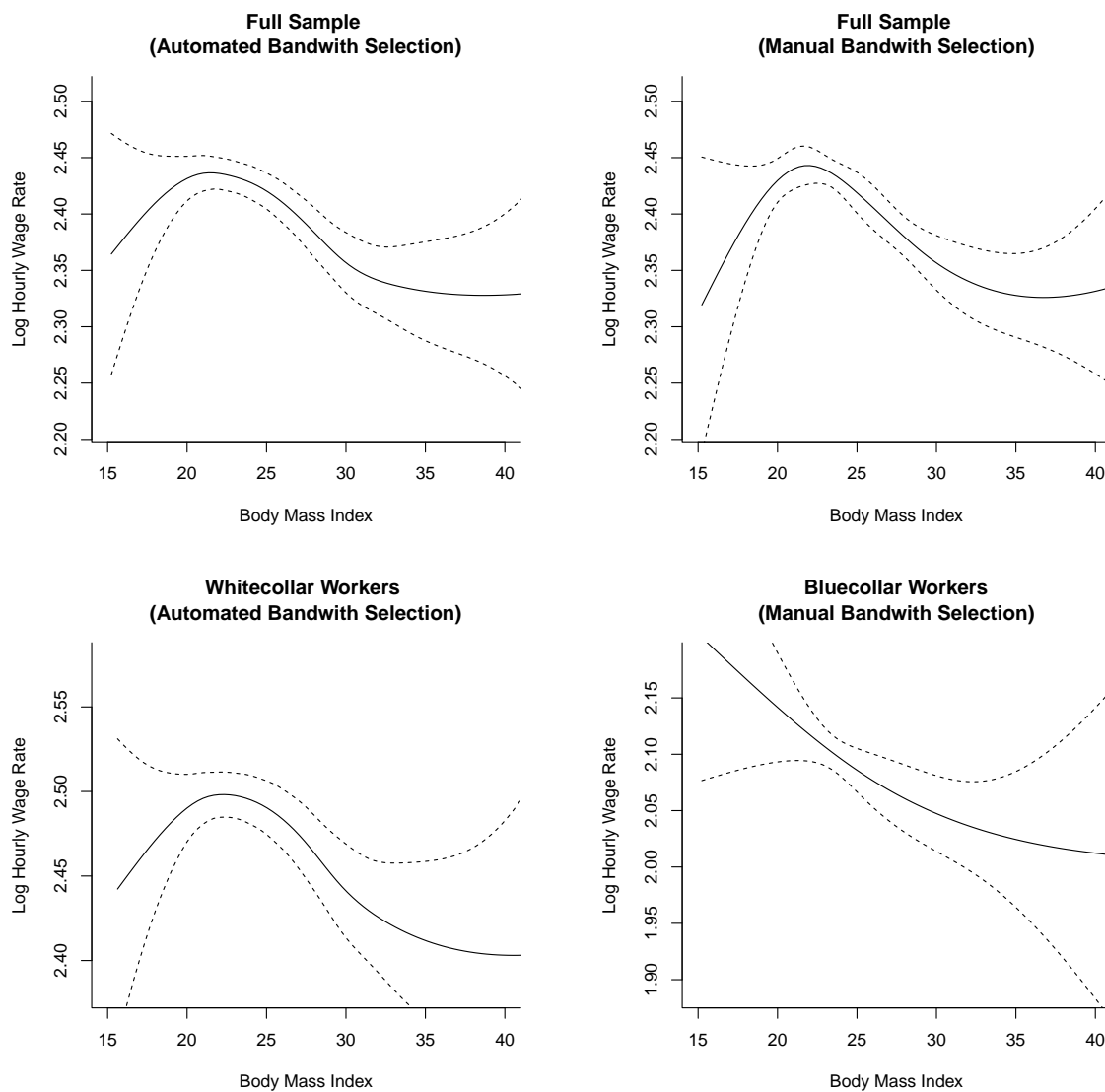
Notes: Graphs display the results of a semiparametric regression of log hourly wages on body mass index and a full set of control variables.

Solid line shows the effect of BMI on log hourly wages, and has the familiar ceteris paribus interpretation. Dashed lines are 95 percent confidence bands. Lines were shifted up by the average wage rate in the respective samples. Smoothing parameters were obtained using the automated cross-validation algorithm implemented in R's mgcv library.
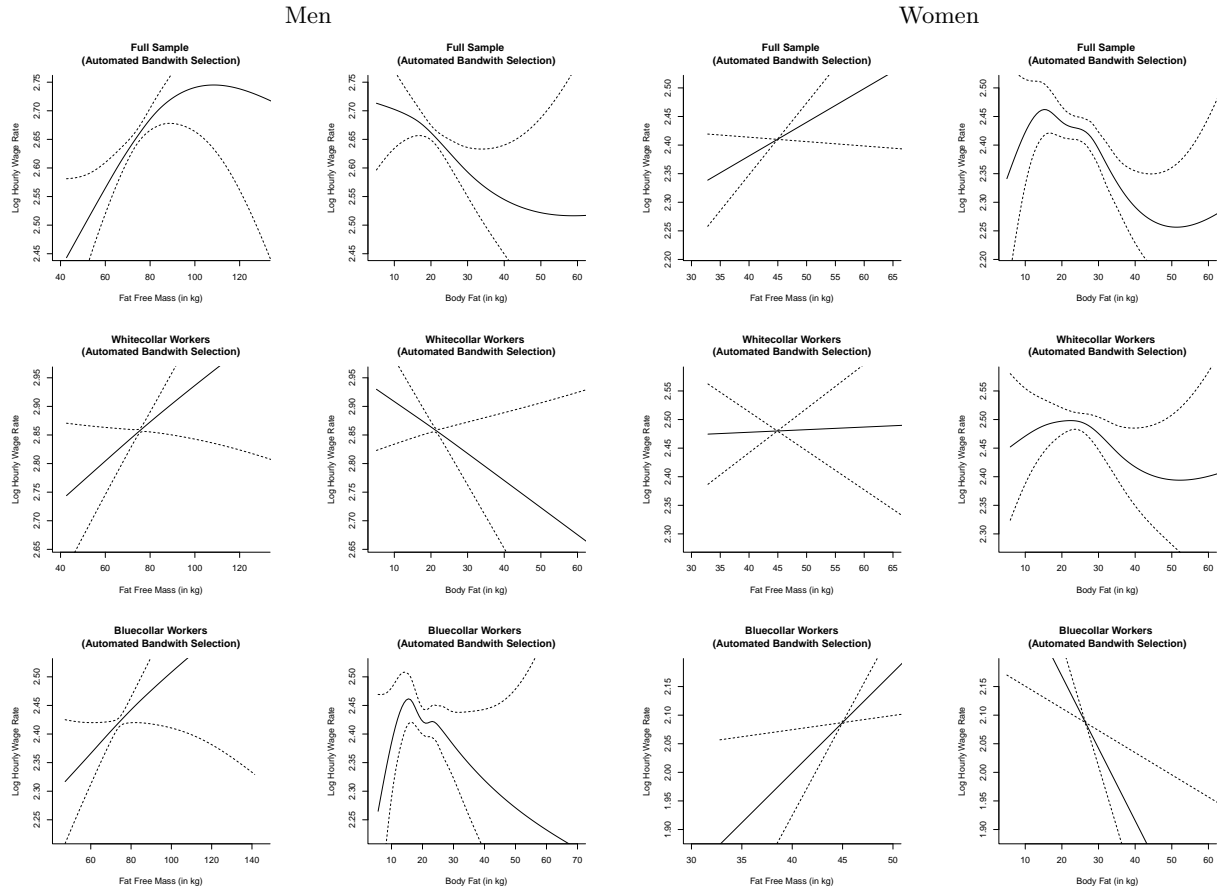
Figure 2: BMI and Log Wages - Men
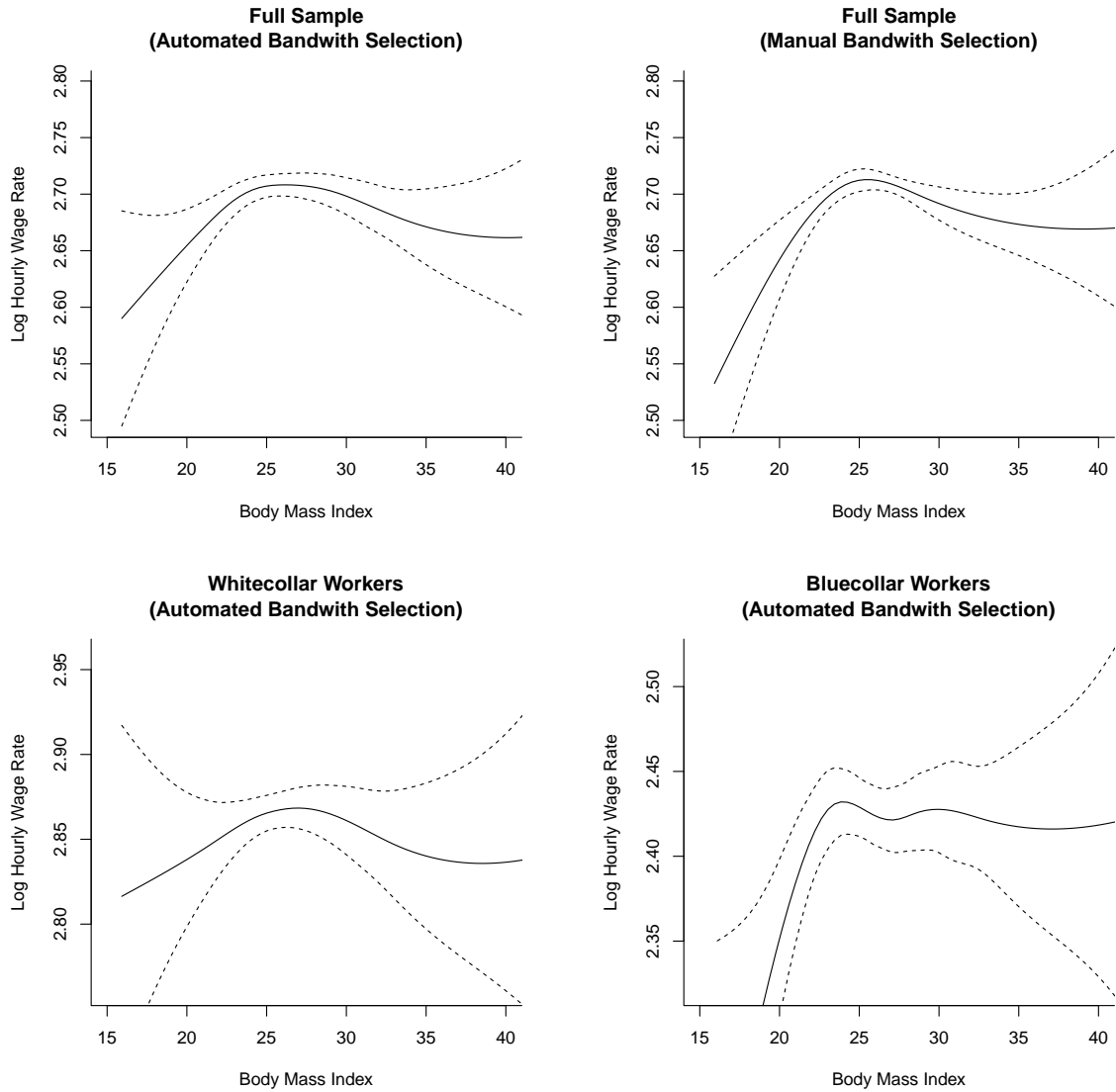
Notes: Graphs display the results of a semiparametric regression of log hourly wages on body mass index and a full set of control variables.

Solid line shows the effect of BMI on log hourly wages, and has the familiar ceteris paribus interpretation. Dashed lines are 95 percent confidence bands. Lines were shifted up by the average wage rate in the respective samples. Smoothing parameters were obtained using the automated cross-validation algorithm implemented in R's mgcv library.

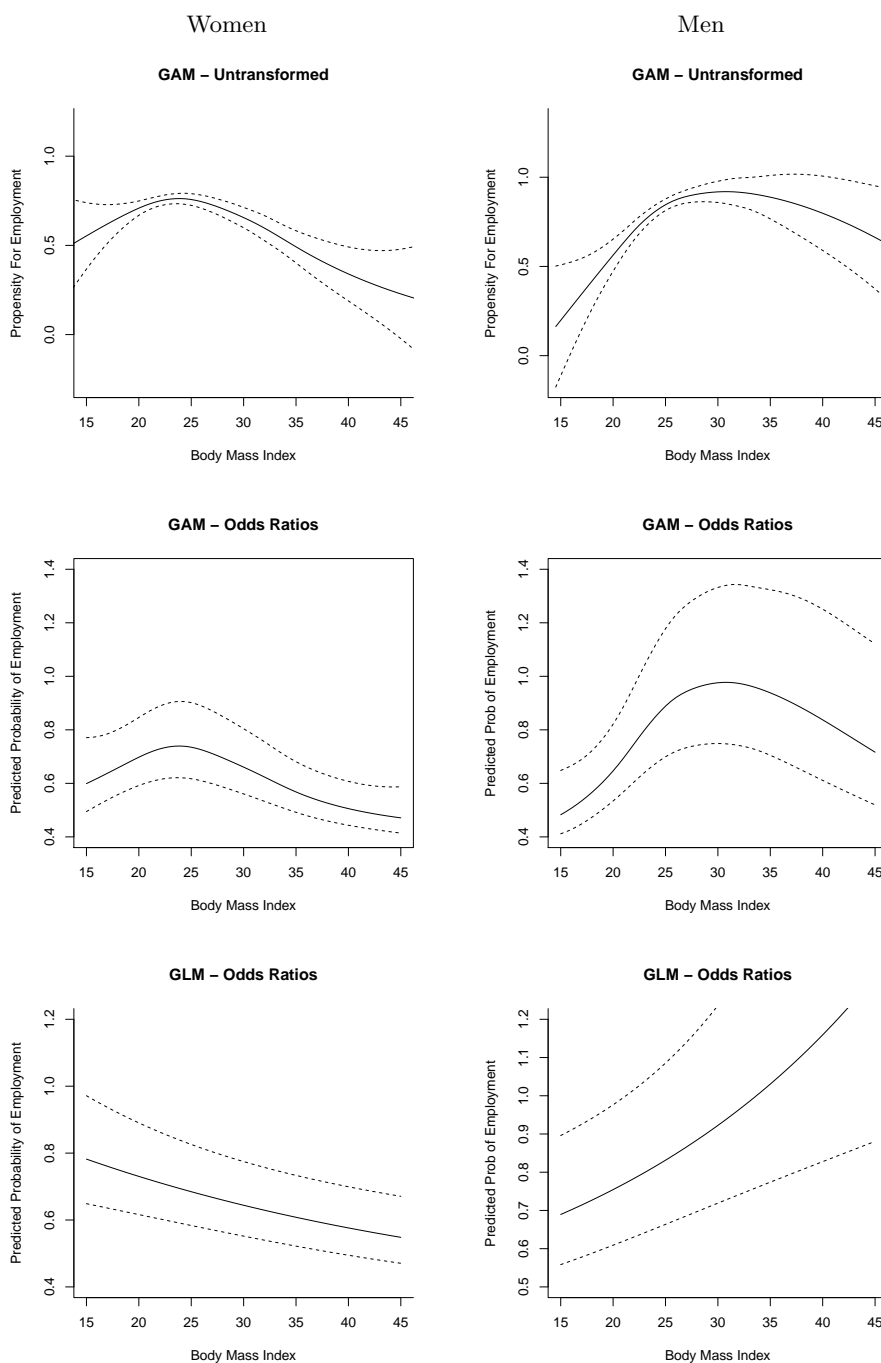Figure 3: BMI and Log Wages by Occupational Category

Women

Occupations w. Looks are Important
Automated Bandwith Selection

Occupations w. Looks are Not Important
(Manual Bandwith Selection)

Men

Occupations w. Looks are Important
Automated Bandwith Selection

Occupations w. Looks are Not Important
Automated Bandwith Selection

Notes: Graphs display the results of a semiparametric regression of log hourly wages on body mass index and a full set of control variables.

Solid line shows the effect of BMI on log hourly wages, and has the familiar ceteris paribus interpretation. Dashed lines are 95 percent confidence bands. Lines were shifted up by the average wage rate in the respective samples. Smoothing parameters were obtained using the automated cross-validation algorithm implemented in R's mgcv library.

Figure 4: Fat Free Mass, Body Fat and Wages

Men   Women

Notes: Graphs display the results of a semiparametric regression of log hourly wages on body mass index and a full set of control variables.

Solid lines shows the effect of fat free mass (FFM) and body fat (BF), respectively, on log hourly wages, and have the familiar ceteris paribus interpretation. Dashed lines are 95 percent confidence bands. Lines were shifted up by the average wage rate in the respective samples. Smoothing parameters were obtained using the automated cross-validation algorithm implemented in R's mgcv library.

Figure 5: BMI and Employment

Women

GAM – Untransformed

Men

GAM – Untransformed

GAM – Odds Ratios

GAM – Odds Ratios

GLM – Odds Ratios

GLM – Odds Ratios

Notes: Graphs display the results of a semiparametric regression of an employment dummy on body mass index and a full set of control variables.

Solid line shows the effect of BMI on employment probabilities, and has the familiar ceteris paribus interpretation. Dashed lines are 95 percent confidence bands. Lines were shifted up by the average employment rate in the respective samples. Upper panels plot our nonparametric results in untransformed form, which is advisable for a diagnosis of non-linearity. Middle panels apply the probit link function and show the odd's ratios for our nonparametric model. Lower panels display the odd's ratios for a regular, parametric probit model. Smoothing parameters were obtained using the automated cross-validation algorithm implemented in R's mgcv library.