

Referee report on "The acceptance of earnings losses after voluntary mobility" by Stefan Schneck.

This empirical paper deals with the reasons for voluntary job mobility and it allows for the possibility that some individuals accept a lower wage if it is offset by better nonwage job characteristics. The author pays special attention to commuting time/costs and distinguishes between home owners and home renters. As such this is a very relevant issue that it did not receive a lot of attention in the empirical literature. As far as I can see the analysis is carried out in a correct manner. The empirical methods used are standard.

I have two major concerns and some minor ones:

- Are the job changes considered by the author really voluntary? The author tries to select a sample of voluntary job changers and a major determinant is whether workers terminated their labor relation on their own initiative. People facing a layoff in the near future and people with a short term contract might report a voluntary change while this is actually not true. As remarked by the author in a different setting, cognitive dissonance might be an important factor here. The fact that the variable 'Growth in unemployment rate' is very significant might be a signal that there is indeed still a substantial number of job movers who actually are forced to move. In the choice to make a voluntary job move, this factor should not play a role since individuals have the option to stay in their present job.
- Some explanatory variables appear to be endogenous. I acknowledge that this is a little bit of a cheap argument since in many empirical investigations (including my own) this argument can be brought forward. The author however does not pay any attention to it whereas in his investigation the job choice is explicitly determined not only by the wage. It is a combination of job characteristics (including the wage) that determines whether the individual changes jobs. As a result including job characteristics as explanatory variables is not sound from an econometric point of view. This problem will be hard to resolve, but at least it should be mentioned, it should be explained why the author does not do anything about it and it should be tested if possible. Including the previous wage as an explanatory variable is also not a good idea from this point of view.

Minor remarks:

- The number of voluntary job movers appears to be quite low. From other publication I know that the sample size of GSOEP is quite large. Even across a number of years the author identifies only 582 job movers. I would like to have more information on the number of job moves per year and a comparison with the sample size in order to rule out selectivity problems.
- To solve the problem of possible fixed and random effects I would have preferred to simply use one job move per person. The number of observations gained by allowing for multiple job moves is too small to justify basically ignoring panel data problems.
- I am quite surprised about the limited effect of age on the probability of accepting a worse paying job. Age is a key factor in mobility and one would expect that it is also important in the choice considered: young people, trying to make a career, are probably less likely to accept lower paying jobs, whereas those already having established a good position can afford to lose some money. Is this result due to multicollinearity (age and age²). Also being a renter might signal that you are young. Some additional analysis might shed some light on this issue.
- The author used 'subjective improvement in commuting' as an explanatory variable. Is it possible to use an objective measure (time saving, costs saving, smaller distance from home to work)?
- On page 20 the author considers the subjective worsening of wages with the calculated counterpart. A cross table would be helpful here. The fact that the subjective measure is such

a strong predictor is not very surprising. In fact it might really be very endogenous. This correlation can be quite high (and the higher the correlation the higher the likelihood of endogeneity), and a cross table would give the reader some idea.