

# Extent and Effects of Employees in Germany Forgoing Vacation Time

by Daniel D. Schnitzlein

Around 37 percent of those in paid full-time employment in Germany did not claim their full vacation entitlement last year. The number of vacation days actually taken by each employee was on average three days less than the full entitlement. This equates to around twelve percent of the overall volume of vacation entitlement not being used. This figure is corroborated by data from the German Socio-Economic Panel Study (SOEP) collected by DIW Berlin together with the survey institute TNS Infratest Sozialforschung.

It has been found that younger employees use less of their vacation than older ones. Moreover, employees working for smaller companies and persons who have joined a company more recently in particular do not take their full vacation entitlement. Not taking vacation is linked to short-term increases in income. There is, however, also evidence that it affects quality of life.

The collective pay agreement in the West German iron and steel industry of January 1979 laid the foundations for extending vacation entitlement of persons in full-time employment to 30 working days. Since January 1982, this regulation has applied to all age groups in the industry.<sup>1</sup> Now, 30 years after the full implementation of the new vacation regulation, the negotiated six weeks' vacation entitlement is no longer an exception,<sup>2</sup> but the norm for almost all persons in paid employment in Germany covered by collective agreements.<sup>3</sup> What is now taken for granted by employees in Germany—six weeks of paid vacation, plus six to ten public holidays per year<sup>4</sup>—is the exception rather than the rule in international standards. Consequently, at regular intervals, we see headlines such as “Germans Take Eight Weeks Off”<sup>5</sup> and it results in Germans being called “world champion vacationers” or their country an “amusement park.” Yet, although the actual vacation entitlement of German employees is high compared to international standards, it does not necessarily follow that this entitlement is also in fact used.<sup>6</sup>

In order to answer the question to what extent employees in Germany take their vacation entitlement, as part

<sup>1</sup> See Section 14, Manteltarifvertrag für die Arbeiter, Angestellten und Auszubildenden, Eisen- und Stahlindustrie Nordrhein-Westfalen (collective agreement for blue and white-collar workers and trainees in the iron and steel industry in North Rhine-Westphalia) of 6 January 1979.

<sup>2</sup> For most employees, the number of days of paid vacation is regulated according to industry in the relevant collective agreements and it is 30 days for most industries. See Table 3.3 in: Statistisches Taschenbuch Tarifpolitik 2011, Düsseldorf: WSI-Tarifarchiv, 2011.

<sup>3</sup> In accordance with the German Federal Vacation Act, each employee working five days a week is entitled to 20 working days of annual leave. This is the equivalent of four working weeks' vacation. However, this stipulation is only a minimum requirement.

<sup>4</sup> The exact number of statutory public holidays is both calendar based and varies between different regions.

<sup>5</sup> IW-dienst, no. 43 (October 27, 2011), 6.

<sup>6</sup> The employer is also free to grant employees more vacation. Conversely, the employee normally decides whether to actually use the vacation entitlement.

Table 1

**Paid Vacation by Employment Form**

	1999	2004	2009
<b>A: Average paid vacation by employment form (in days)</b>			
Full-time employees	29.1	29.0	29.0
Part-time employees	24.9	23.8	25.0
Trainees, apprentices	25.8	26.1	25.8
<b>Total</b>	<b>28.2</b>	<b>27.8</b>	<b>28.0</b>
<b>B: Share of employees with no paid vacation in percent</b>			
Full-time employees	1.0	1.0	0.9
Part-time employees	11.4	11.9	9.0
Trainees, apprentices	2.7	2.7	2.6
<b>Total</b>	<b>2.9</b>	<b>3.2</b>	<b>2.7</b>

Statistics on persons in paid employment for the years 1999, 2004, and 2009. The self-employed, freelancers, teachers, and those in marginal or irregular employment are not included. Data are weighted for each year using extrapolation factors.

Source: SOEPv27, calculations by DIW Berlin.

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Full-time employees have around 29 days of paid vacation on average.

of the population survey Socio-Economic Panel Study (SOEP), in the years 2000, 2005, and 2010, DIW Berlin, in cooperation with TNS Infratest, asked participants in the study detailed questions about their annual leave in the previous year (Box 1). As part of this report, detailed information about vacation entitlement and taking paid vacation in the relevant previous year is evaluated, that is, for the years 1999, 2004, and 2009.<sup>7</sup>

**Vacation Entitlement Reported by Employees below Collective Agreement Average**

The group of all persons in paid employment reported a vacation entitlement of only around 28 days for the year 2009. Approximately three percent of all employees reported they had not had any vacation entitlement at all. For full-time employees, the average vacation entitlement was around 29 days in all three years. Since employees whose employment relationship did not begin until after January 1 have only pro rata entitlement to annual leave, their actual average vacation is somewhat lower than the average entitlement of 30 days according to the collective agreement (Section A in Table 1). Although the same legal provisions and collective labor agreement

<sup>7</sup> For a previous analysis of vacation taken by employees in Germany, see Saborowski, C., J. Schupp, and G.G. Wagner, „Urlaub in Deutschland: Erwerbstätige nutzen ihren Urlaubsanspruch oftmals nicht aus,“ Wochenbericht des DIW Berlin, no. 15/(2004): 171–176.

regulations formally apply to part-time employees as to full-time employees, the lower vacation entitlement of around 25 days in 1999 and 2009 and just under 24 days in 2004 can be explained by the fact that part-time employees often not only have reduced working hours, but also work fewer days per week.<sup>8</sup> This then leads to a proportional reduction of the vacation entitlement. Apprentices report approximately 26 days vacation entitlement. Although in most cases they are employed full-time, in many collective agreements the vacation entitlement varies according to age and is normally lower for younger people than for other employees.

As is to be expected, no major shifts in vacation entitlement in the last ten years are evident from the survey data. The lack of vacation entitlement is more common among part-time than full-time employees. While around one percent of those working full-time report having no vacation entitlement at all, the corresponding figure for part-time employees was around eleven percent for 1999 and nine percent for 2009.

<sup>8</sup> It should also be taken into account that marginally employed or temporary workers often have no entitlement to paid vacation.

Table 2

**Vacation Taken by Employment Form**

	1999	2004	2009
<b>A: Number of days of vacation taken</b>			
Full-time employees	25.9	25.7	25.9
Part-time employees	21.6	20.7	22.1
Trainees, apprentices	19.1	19.0	19.6
<b>Total</b>	<b>24.8</b>	<b>24.3</b>	<b>24.8</b>
<b>B: Average number of unused vacation days</b>			
Full-time employees	3.2	3.3	3.1
Part-time employees	3.2	3.0	3.0
Trainees, apprentices	6.8	7.1	6.2
<b>Total</b>	<b>3.4</b>	<b>3.5</b>	<b>3.2</b>
<b>C: Share of employees with unused vacation days in percent</b>			
Full-time employees	33.6	36.5	36.8
Part-time employees	28.7	31.2	31.6
Trainees, apprentices	44.8	50.5	45.6
<b>Total</b>	<b>33.4</b>	<b>36.3</b>	<b>36.2</b>

Statistics on persons in paid employment for the years 1999, 2004, and 2009. The self-employed, freelancers, teachers, and those in marginal or irregular employment are not included. Data are weighted for each year using extrapolation factors.

Source: SOEPv27, calculations by DIW Berlin.

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Full-time and part-time employees have about three days of unused vacation per year on average.

Box 1

**Questions on Paid Vacation in the Previous Year**

As part of the longitudinal German Socio-Economic Panel Study (SOEP), in cooperation with the survey TNS Infratest Sozialforschung, DIW Berlin has collected data on the social and economic situation of private households for West Germany since 1984 and for East Germany since 1990. Currently, over 20,000 adults in over 11,000 households are surveyed annually.<sup>1</sup> Next to a set of core questions that are repeated every year, a number of additional questions on selected topics are included each year. Within this framework, questions on vacation entitlement and use of this were asked in 2000, 2005, und 2010. The responses to these questions form the basis for the present analysis. The relevant selected questions are as follows:

**2000:<sup>2</sup>**

- How many days of vacation did you take last year? Count work days only. If you don't know the exact number, please estimate!
- Possible answers: number of days/Haven't taken any vacation time
- How many vacation days can you take according to your contract?
- Possible answers: number of days/I have no contractually specified vacation time

**1** Wagner, G.G., J. Göbel, P. Krause, R. Pischner, and I. Sieber, "Das Sozio-oekonomische Panel (SOEP): Multidisziplinäres Haushaltspanel und Kohortenstudie für Deutschland – Eine Einführung (für neue Datennutzer) mit einem Ausblick (für erfahrene Anwender)," AStA Wirtschafts- und Sozialstatistisches Archiv, no. 2, 2008.

**2** For the full English version of the individual questionnaire for 2000, see [http://www.diw.de/documents/dokumentenarchiv/17/diw\\_01.c.38991.de/fr\\_personen\\_e.409829.pdf](http://www.diw.de/documents/dokumentenarchiv/17/diw_01.c.38991.de/fr_personen_e.409829.pdf).

**2005/2010:<sup>3</sup>**

- How many paid vacation days do you receive per year?
- Possible answers: number of days/I don't get any paid vacation
- How many days of paid vacation did you take last year? If you don't know exactly, please estimate!
- Possible answers: number of days/I didn't get any paid vacation

The unused vacation days are calculated in the report as the difference between the specified vacation entitlement and the reported number of vacation days actually taken. If this difference is greater than zero, full vacation entitlement has not been used.

Only data of persons in paid employment are evaluated in the analyses because in contrast to the self-employed and freelancers, they have a clearly defined vacation entitlement. Also, data of teachers were not considered in the analyses, since for this group we cannot rule out frequent misinterpretations of vacation entitlement or vacation time and school holidays. Moreover, teachers are not free to choose when they take vacations but are tied to the school holidays.

**3** For the full English version of the individual questionnaire for 2005, see [http://www.diw.de/documents/dokumentenarchiv/17/diw\\_01.c.42702.de/personen\\_en\\_2005.pdf](http://www.diw.de/documents/dokumentenarchiv/17/diw_01.c.42702.de/personen_en_2005.pdf). For the full English version of the individual questionnaire for 2010, see [http://www.diw.de/documents/dokumentenarchiv/17/diw\\_01.c.369775.de/soepfrabo\\_personen\\_2010\\_en.pdf](http://www.diw.de/documents/dokumentenarchiv/17/diw_01.c.369775.de/soepfrabo_personen_2010_en.pdf).

**Full Vacation Entitlement Not Used**

Patterns of taking vacation also remained largely constant over the period observed at 25 days for all paid employees in 2009. Extrapolated figures show that around twelve percent of employees' overall vacation entitlement was not used.<sup>9</sup>

**9** Saborowski et al., „Urlaub in Deutschland" report that seven percent of the overall vacation entitlement for 1999 was not used. The difference in these figures is essentially explained by a stronger focus on those in paid employment (not including teachers) in the present report.

Those in full-time employment take just under 26 days of vacation on average. Part-time employees fluctuate between just under 21 and 22 days of vacation, while apprentices take approximately 19 days of vacation on average in all three years (Section A in Table 2). Looking at the balance of vacation entitlement and vacation actually taken, it can be seen that full-time and part-time employees have just over three unused days of vacation on average per year, while apprentices have seven days of unused vacation on average by the end of the year (Section B in Table 2). Accordingly, at 45 to 50 percent, the share of apprentices with a positive balance of vaca-

Table 3

**Number of Days of Paid Vacation and Days Taken by Profession**

	1999		2004		2009	
	Paid vacation	Unused days	Paid vacation	Unused days	Paid vacation	Unused days
Industrial/technical apprentices	26.1	7.0	26.3	7.7	25.0	6.2
Commercial trainees	25.7	6.7	26.8	6.9	27.2	6.3
Unpaid trainees, interns	20.2	3.6	14.2	5.3	(18.7)	(4.6)
Unskilled workers	23.4	4.1	22.7	3.4	25.3	5.9
Semi-skilled workers	27.6	3.7	27.9	3.3	26.8	2.5
Trained and skilled workers	28.5	2.6	28.3	3.0	28.2	3.1
Supervisors and team leaders	29.3	3.4	29.4	3.2	29.1	3.2
Master craftsmen, site managers	28.4	3.9	28.4	5.2	26.8	3.6
Industrial master craftsmen and factory supervisors	29.1	4.0	29.9	1.8	30.8	1.8
Salaried employees without qualifications	24.9	3.0	23.8	2.7	23.4	4.0
Salaried employees in low-qualified positions	28.1	3.5	27.1	3.0	27.7	2.9
Salaried employees in qualified positions	28.8	2.9	28.4	2.9	28.7	2.5
Salaried employees in highly qualified positions, managers	29.6	3.3	29.3	4.0	29.0	3.4
Salaried employees with extensive management responsibilities	30.4	7.5	27.5	5.2	28.7	4.6
Civil servants in the sub-clerical or clerical service class	29.6	2.7	29.6	2.3	29.0	2.1
Civil servants in the executive or administrative class	29.8	2.3	30.1	2.9	30.2	3.4
Senior civil servants	30.9	1.6	30.7	3.6	32.0	5.2

Statistics on persons in paid employment for the years 1999, 2004, and 2009. The self-employed, freelancers, teachers, and those in marginal or irregular employment are not included. Data are weighted for each year using extrapolation factors. Values in brackets are based on fewer than 30 observations. Source: SOEPv27, calculations by DIW Berlin.

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The higher the occupational status, the higher the vacation entitlement normally is.

tion entitlement and vacation days is significantly greater than in the other two groups. As regards full-time employees, 37 percent of respondents have unused vacation days from 2009.

**Vacation Entitlement Increases with Occupational Status**

Both entitlement to leave and the number of days actually taken vary with occupational status. For instance, an unskilled worker has a vacation entitlement of 25.3 days in 2009, while a supervisor has a vacation entitlement of 29.1 days (Table 3). The highest vacation entitlement in all three observation years is recorded by senior civil servants with around 31 days in 1999 and 2004,

and 32 days in 2009.<sup>10</sup> Those who have the lowest entitlement to vacation throughout are trainees and interns with around 19 days in 2009. Since interns in particular frequently only have short-term employment relationships, they often have no vacation entitlement at all. Overall, it can be seen for all years that a higher occupational status is also linked to a higher entitlement to annual leave (Table 3). Regarding the number of unused vacation days, the correlation is no longer clear, however, and there are no distinct patterns related to specific occupations (Table 3).

**Younger Employees or Those New to a Company Most Likely Not to Take Vacation**

Table 4 shows a breakdown—according to different socio-demographic characteristics—of the number of days of unused vacation that can either be carried over to the next year or expire. There are clear differences between the various age groups. While 15 to 24-year-olds have the highest rate of unused vacation days, the oldest employees (group aged 55 or over) have the fewest days of unused vacation (Table 4). These findings are confirmed by the high number of unused days of vacation in the group of apprentices. A possible explanation for this behavior is that younger people in particular see their presence at work as an investment in their human capital and consequently take less vacation than older employees.<sup>11</sup> Clear differences can also be seen for the various categories of length of service with the company (Table 4).<sup>12</sup> Those who have been with a company for less than six months have the highest number of days of unused vacation. This is not surprising since many companies do not allow vacation to be taken during the probationary period. For employees with up to a year of service with the company, the level of unused leave is still similar. Here, too, it may be assumed that employees see their

<sup>10</sup> This may be, inter alia, because they are entitled to additional paid leave as well as their vacation entitlement.

<sup>11</sup> For an investment decision to be made, the costs of the investment must be weighed up against the gains. In this case, the costs consist of forgoing a day of vacation, while the gains are a higher income in the future. Since the gains from the human capital investment depend on the number of years still to be worked, the overall gains from the investment are higher for younger people than for older employees. For a similar mechanism with regard to unpaid additional work/overtime, see Pannenberg, M., „Long-Term Effects of Unpaid Overtime: Evidence for West-Germany,“ *Scottish Journal of Political Economy*, no. 52 (2) (2005): 177-193.

<sup>12</sup> Respondents are asked about length of service with a company at the time of interview, while questions about annual leave refer to the previous year. Therefore, it cannot be ruled out that individual respondents who have been with a company for less than one year are reporting unused vacation days from their previous employment. However, over half of the interviews take place in the first quarter of a year. (See TNS Infratest Sozialforschung, „SOEP 2010 – Methodenbericht zum Befragungsjahr 2010 (Welle 27) des Sozio-oekonomischen Panels,“ SOEP Survey Papers, no. 75, series B. (2011) DIW Berlin.

Table 4

**Number of Unused Vacation Days According to Socio-Demographic Characteristics**

	1999	2004	2009
<b>Sex</b>			
Men	3.4	3.7	3.3
Women	3.4	3.1	3.2
<b>Age</b>			
15 to 24	5.7	6.1	5.5
25 to 34	4.0	4.2	4.0
35 to 44	3.0	3.0	2.9
45 to 54	2.8	2.9	2.6
over 55	2.4	2.5	2.6
<b>Children in household</b>			
no	3.3	3.4	3.2
yes	3.6	3.5	3.4
<b>Length of service with company</b>			
Up to 6 months	11.0	11.8	13.4
6 to 12 months	9.3	12.4	9.8
1 to 2 years	3.2	3.3	2.6
2 to 5 years	2.0	2.4	2.5
Over 5 years	2.0	2.2	1.9
<b>Company size</b>			
Less than 20 employees	4.6	4.5	4.0
20 to 200 employees	3.7	3.9	3.8
200 to 2,000 employees	2.7	2.3	2.5
Over 2,000 employees	2.3	2.7	2.6

Statistics on persons in paid employment for the years 1999, 2004, and 2009. The self-employed, freelancers, teachers, and those in marginal or irregular employment are not included. Data are weighted for each year using extrapolation factors.  
Source: SOEPv27, calculations by DIW Berlin.

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Older employees have the lowest number of unused vacation days, and younger employees the highest.

presence at the company as an investment in company-specific human capital and by forgoing vacation want to send a message to their superiors that they are particularly highly motivated.

**The Bigger the Company, the More Likely It Is That Vacation Is Taken**

Other differences are clear for the various categories of company size. For instance, the level of leave taken increases in all three years in proportion to company size. On the one hand, this may be due to the fact that employees working for small companies identify more strongly with their company and consequently take less vacation. In addition, it is more problematic to organize vacation cover in small companies. Therefore, it is also

Table 5

**Model of Vacation Days Taken**

	Number of vacation days taken	
	OLS	Fixed effects regression
Number of days of paid vacation		
Coefficient	0.73	0.69
Significance	0.00***	0.00***

Only the coefficient of the variable "number of days of paid vacation" is shown. In the models, we also controlled for days of absence due to illness in the previous year, gender, age, education, marital status, children in the household, nationality, income position, number of hours worked, career change in the previous year, length of service with company, region, occupation, company size, employment status, regional unemployment rate (federal state) and industry. Individual fixed effects are also controlled for in the fixed effects model. The self-employed, freelancers, teachers and those in marginal or irregular employment are not included in the sample.

\*\*\* significant at the 1 percent level; \*\* significant at the 5 percent level; \* significant at the 10 percent level.

Source: SOEPv27, calculations by DIW Berlin.

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If paid vacation is increased by one day, only 0.69 percent of this is also actually taken on average.

possible that employees forgo their vacation so as not to jeopardize company operations.<sup>13</sup>

The information provided by respondents allows us to estimate a statistical model of vacation days taken. This regression model shows that an increase in the vacation entitlement by one extra day corresponds to an average increase of 0.73 days of vacation actually taken (column 1 in Table 5). Here, the effects of the socio-demographic characteristics of the respondents and the company attributes are already excluded. Using a fixed effects model (Box 2), it is also possible to deduct the effect of unobserved time-invariant characteristics such as gender, age, or education of employees (column 2 in Table 5). In this specification, an increase in the vacation entitlement by one extra day only leads to a further 0.69 days of leave taken.

**Effects of Unused Vacation Days on Satisfaction, Absenteeism, and Salary**

The findings show that a large percentage of employees do not use their full entitlement of annual leave. Overall, the share of unused days of vacation entitlement is also significantly large at twelve percent. Although individual respondents are not asked directly about their motives for forgoing vacation in the SOEP, it is possible to use the existing data to examine the effects on re-

13 See Saborowski et al., „Urlaub in Deutschland.“

## Box 2

**Fixed Effects Model**

In econometric models, particularly if these are based on cross-sectional data (data for only one observation per unit of analysis), the problem frequently arises that it is not possible to observe important characteristics of the analytical units (for example, individuals). In many contexts, it may happen that these unobserved characteristics distort the estimated effects of the observable characteristics.

A classic example from labor economics is that the effect of schooling on the current income is estimated. One unobserved characteristic of respondents is general intelligence, independent of knowledge gained at school. It may be assumed that respondents' general intelligence correlates positively with their income and their level of schooling. If a model is now estimated without taking into account this factor, the real effect of schooling is overestimated, since this also includes components of the effects of intelligence independent of schooling in this example. In the present report, a non-observable factor is respondents' work ethics ("motivation at work"), which most probably affects earnings, for instance.

A possible methodological solution to this problem is to use longitudinal data (repeat surveys of the same units, here: individuals) such as the German Socio-Economic Panel Study (SOEP). Fixed effects models can be estimated using these datasets.<sup>1</sup> The advantage of these models is that information is available for several observation times for the same unit. Within the framework of this model, it is possible to control for time-invariant unobserved characteristics of respondents, that is, the effects of unobserved characteristics that do not change over time ("fixed effects"). The general work ethics as a form of personality trait may be a fixed effect. Although the effects of these characteristics cannot be directly identified, the effects of the observable characteristics can be estimated without bias, since the invariable fixed effects for several observation times of an analytical unit can be controlled for by taking into consideration the temporary differences of the dependent variables. The fixed effects are averaged out.

<sup>1</sup> For details of the method used, see Baltagi, B.H., *Econometric Analysis of Panel Data*. 3rd ed. Chichester: John Wiley and Sons, 2011.

spondents of not making full use of vacation entitlement (Table 6).

For the groups who did not take their full vacation entitlement in the previous year, no significant differences can be seen (value in the significance column, indicating the statistical error probability, in Table 6 is less than 0.1) in their life satisfaction or job satisfaction (lines 1 and 2 in Table 6). A clear significantly negative effect on the level of satisfaction with leisure time and thus a loss of subjective well-being is evident, however (line 4 in Table 6). This proves that not taking vacation days is a matter of an individual optimization phenomenon, whereby money and career are exchanged against leisure time.

### **Taking Less Leave: Bad for Health, Good for Income**

Since the main aim of a vacation is for the employee to relax and regenerate his or her capacity to work, possible effects on the individual's health are examined. For

instance, those who did not use their annual vacation in the previous year also record significantly more absences (line 5 in Table 6). The direction of the effect is not clear, however. On the one hand, it is possible that not taking vacation has a negative impact on health and this leads to a higher number of absences from work. On the other hand, it may also be due to an employee suffering from prolonged illness, which in turn leads both to a higher number of absences and—as a result of these absences—to not taking full vacation entitlement. The data can, however, also be used to show that even with statistical control for the state of health, not taking all leave in the previous year has a robust negative effect on employees' subjective satisfaction with their own health (line 3 in Table 6).<sup>14</sup> However, a positive effect can also be seen: those who did not take all their vacation in the previous year earned 0.39 euros per hour more in the following year, compared to those who did take their vacation (line 6 in Table 6). This supports the explanation that forgoing vacation may be seen as a human capital

<sup>14</sup> The number of days of absence in the previous year has already been controlled for in this model.

Table 6

**Effects of Not Taking Vacation**

Findings from the Fixed Effects Regressions

	Vacation not Taken in the Previous Year	
	Coefficient	Significance
Life satisfaction	-0.05	0.12
Job satisfaction	-0.01	0.85
Health satisfaction	-0.06	0.09*
Leisure time satisfaction	-0.14	0.00***
Absence (in days)	5.82	0.00***
Hourly wage <sup>1</sup>	0.39	0.03**

Only the coefficient of the variable "vacation not taken last year" is shown. In the models, we also controlled for days of absence due to illness in the previous year, gender, age, education, marital status, children in the household, nationality, income position, number of hours worked, career change in the previous year, length of service with company, region, occupation, company size, employment status, regional unemployment rate (federal state), industry, and individual fixed effects. Exceptions: the number of days of absence is not controlled for in the model used to explain absenteeism and the income position is not controlled for in the model used to explain hourly earnings. The self-employed, free-lancers, teachers and those in marginal or irregular employment are not included in the sample.

\*\*\* significant at the 1 percent level; \*\* significant at the 5 percent level; \* significant at the 10 percent level.

<sup>1</sup> Only those with hourly earnings of over 3.5 euros (at 2010 levels) are taken into account in the income regression.

Source: SOEPv27; calculations by DIW Berlin.

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Not taking annual leave has a negative effect on the quality of life, but a positive effect on hourly earnings.

investment. For the purposes of classifying the size of this effect, it is possible to make a comparison with the average gross hourly earnings of the respondents. For the group examined here, this was 14.1 euros in 2010. Thus, 0.39 euros corresponds to 2.8 percent of the average hourly earnings.<sup>15</sup>

**Conclusion**

Analyses of the SOEP survey data confirm the generally high vacation entitlement of German employees. At the same time, it has been found that up to 37 percent of people in full-time employment do not take their full annual leave. Particularly younger people, employees in smaller companies, and those who have joined a company more recently do not use their full vacation entitlement. The consequences of not making full use of leave are, on the one hand, a significant deterioration of satisfaction with leisure time and health, combined with an increase in absences from work due to illness

and, on the other hand, a significant salary increase. The findings lead us to conclude that even if not taking vacation in the short term is linked to better career prospects and higher earnings, it also has the effect of impairing quality of life.

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<sup>15</sup> Here, too, the effects of the socio-demographic characteristics of the respondents, company attributes, and time-invariant characteristics of the respondents (for example, work ethics, skills) are already controlled for in all models (see note below Table 6).



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