

# Young Workers trajectories in Germany and Spain

## Some elements of comparison (based on the capabilities approach)

(QUIT)

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# 1. Purpose

- To realise the potential of comparative re-analysis of national studies within CAPRIGHT WP3
- To compare effects of public intervention on trajectories with unemployment spells in Spain and Germany under a CA perspective:
  - How do social protection and / or labour market policy measures modify the capability set?
  - Do they act as a conversion factor or as a resource increasing the real set of options for employment (work?), training, voice?

# State of work in progress (1)

- Vantage point
  - two “national” teams with different research designs on trajectories
- Point of entry for comparative work
  - Choice of unemployment and unemployment-targeted intervention
- Roadmap for common conceptual framework
  - Categories for interventions by social protection system and employment service (resource regime)
  - Model for “dynamic capabilities” – life courses as multi-dimensional, self-referential (“path dependent”) capability sets

# State of work in progress (2)

- Roadmap for comparative re-analysis of data
  - Both teams have clustered trajectories from longitudinal quantitative data
  - Both teams use biographical narratives
    - » QUIT: biographical interviews
    - » SOFI: reconstruction of individual cases from GSOEP panel data (cf. Singer et al. 1998)

# Data and research design (1)

- Restrictions of EU-SILC for analysing trajectories
  - Longitudinal data for Spain: 2004 – 2007
  - Longitudinal data for Germany: 2005, 2006
  - Short time spans fit for analysis of transitions but not of life spans and sequences
- “National” panel data with longer observation periods as quantitative database
- Differences in panels *and* research designs limit possibilities for comparative re-analysis

# Data and research design (2)

- Similarities of “national” panel datasets PaP and GSOEP
  - Items on household / family (e.g. income, parenthood) and individuals
  - Items on employment/work, training, unemployment and inactivity
  - Monthly (calendar) and yearly panel observations
- Differences in research design
  - Catalan career paths clustered by annual observations on working life: employment, unemployment, training, inactivity of persons aged 25 – 65. Historical time: 2001-2006. Method: clustering by a selection of variables
  - German career paths clustered by monthly calendar data on working life and personal life of persons aged 17 – 30 (young adults). Historical time: 1985 – 2006. Method: clustering by optimal matching

## 4. Analysis of the clusters

- Variables used (2001-2006):
  - Presence of inactivity, unemployment, fixed term contracts, and non-formal training.
  - Transitions with unemployment, change in contract and change in education level.
- Clusters as paths (884 cases).
  - Linear
  - Professional
  - Female discontinuity
  - Precarious
  - Chronic temporality

- Ages and cohorts
  - 25-29: Continuous 29,3%, discontinuous 71,7%
  - 30-34: Continuous 38,7%, discontinuous 61,3%
  - 25-65: Continuous 61.6%, discontinuous 38,4%
- Unemployment in the clusters
  - 14.25 % experienced unemployment, 9.7 % just in one period.
  - Unemployment in period: Precarious (34,4%), F. Disc (27%), Ch. Temp (10%), Linear (5.85%), Professional (7%). Only Precarious more than two times.

- Unemployment in the clusters (cont...)
  - Transitions from unemployment (2001) to employment (2006):
    - a. To employment in 25-29 and 30-34; to other situations other age groups.
    - b. To employment F. Disc., Precarious and Ch. Temp (less).
- Unemployment benefit
  - Linear, Professional and Ch.temp signif. correlation with benefit.
  - Unemployed employed next two waves signif. correlation with benefit

# Logistical regression

Dependent variable: Unemployed employed next two waves (2001-2006). N=115

Independent variables	Model 1***	Model 2***	Model 3***	Model 4***
<b>Unemployment benefit T, T+1</b>	1,196***	0,904*	0,881*	,902*
<b>Age</b>	-0,001	-0,004	-0,003	-,003
<b>Gender (Man=1 Ref)</b>	-0,392	-0,121	-0,105	-,130
<b>Education level (Primary=1 ref)</b>				
<b>Secondary</b>	-0,573	-0,793	-0,857	-,795
<b>FP1/Middle</b>	-2,002**	-2,240**	-2,246**	-2,239
<b>FP2/Superior</b>	-0,184	-0,070	-0,087	-,063
<b>University degree 1</b>	-0,684	-0,978	-0,964	-,970
<b>University degree 2</b>	0,379	0,089	0,087	,097
<b>Paths (Linear=1 ref)</b>				
<b>Professional</b>	...	,149	,164	,145
<b>Female discontinuity</b>	...	-1,915**	-1,913**	-1,922**
<b>Precarious</b>	...	-,807	-,826	-,811
<b>Ch. temp</b>	...	,536	,140	,538
<b>Non-formal training individual DE</b>	...	...	20,466	
<b>Non-formal training firm DE</b>	...	...	18,866	
<b>Non-formal training occupational DE</b>	...	...	18,866	
<b>Increase education level A to E</b>	...	...	,002	-,056
<b>Constant</b>	0,630	1,543	1,547	1,550
<b>R2</b>	0,244	0,323	0,338	0,323

Footnote: B coef. \*p<.1, \*\*p<.05,\*\*\*p<.01



## 4. Biographical data

- Interviews to representatives of quantitative data (27)
- Unemployment in the interviews
  - Important presence in Precarious, less presence in Ch. Temporality.
  - Interesting in linear-precarious, precarious-linear dynamics.
  - Differences in employment context quantitative-qualitative data.

- Unemployment as a key point
  - Unemployment in the whole trajectory
  - Unemployment clear change the path: Economic crisis, employers' strategies.
  - Unemployment doesn't change the path: End of open ended-contracts, workers decision (economic context and gender)
  - Different uses of unemployment benefit:
    - a. Occupational training
    - b. Other training
    - c. Out of market period (family, personal time)

## 6. Institutional settings

- Contextual elements
  - Social protection system developed in a period of economic crisis.
  - High tendency to reduce amount and duration in high unemployment periods (1984, 1994).
  - Individual monitoring and compulsory training and job acceptance: Activation compromise (*decretazo* 2002). General strike.
  - What is the actual situation?



- Protection to unemployment
  - Unemployment benefit:
    - a. Minimum 1 year contributed=4 months, maximum for at least 66 months=24 months.
    - b. First 6 months (60% mean of last 6 months), next 6 (70%), after 12 (60%)
  - Unemployment allowance: No right to benefit and no incomes. Special collectives. 75% of SMI (674 euros) for 6 months with exceptions.
  - Occupational training: management by public services but offered by different institutions who select participants according to profiles.

# 6. Effects of the interventions

- The paths/clusters as explicative variables.
  - Logistical regression shows that the effect of the benefit is affected by clusters except in Female discontinuity.
  - Importance of the paths as representations of inequalities by gender, age, education level,... and also elements from the labour market.
  - Importance of the gender inequality in older and young women.



- Role of training and education.
  - Low period of unemployment and also occupational training makes no possible an analysis on temporal effect.
  - We can just identify profiles of people, employed in the first wave and unemployed in the last wave that tends to increase education level and pursuing individual non-formal training. Period of low unemployment
  - Interviews show very different ways to us the unemployment period and benefit as moments to pursuing training.



- Final reflexions on CA.
  - Effects of unemployment benefit and path in the period (2001-2006) on employment options.
  - Contextual and structural resources/ conversion factors?
  - Qualitative information shows different ways of using the benefit, linked to the weakness of welfare system in other fields.
  - Factors structuring labour market are central in increasing or reducing capabilities, as well as family models and subordinated position of the women in the labour market.
  - This elements lost weight in continuous paths.

# Career paths in GSOEP analysis

- Persons aged 17 to 30 in GSOEP
  - prospective monthly observations for two (one) cohort(s) born 1968-1971, 1973-1976
  - retrospective annual observations for five cohorts born 1930 – 1976 (not included in comparative project)
- Cohorts 1968-76 (covering time from 1985 to 2006)
  - simple states, e.g.
    - » in parental household etc.
  - combined (multidimensional) states, e.g.
    - » in parental household / single / without child, in education
- Sequences, optimal matching, clustering

# States / life domains in the data

## States defined in GSOEP (monthly)

Family formation

single / married

Parenthood

without child / with child

Household formation

parental / independent household

Status in working life

education / training

employment / inactivity

unemployment

domestic work / parental leave

other

# Analysis of clusters (1)

**Selected states as share of observation period\*, in percent by region, sex, cohort**

	Women			Men		
	West		East**	West		East**
	1968-1971	1973-1976	1973-1976	1968-1971	1973-1976	1973-1976
N	136	90	37	171	79	31
Parental household, not married, no child, unemployed	0,6	3,9	2,2	1,2	3,4	4,5
Own household, not married, no child, unemployed	0,2	3,3	2,0	0,3	0,5	3,4
Own household, not married, child, unemployed	0,4	1,7	4,6	0,0	0,2	1,8

\*Age from 17 to 30. One month = 0,64 percent, one year = 7,7 percent

\*\*No observations from East Germany for age group born between 1968 and 1971 due to sample design

Source of all figures: SOEP, 1985-2006, weighted

# Analysis of clusters (2)

**Transitions present at least once in observation period, in percent by cluster**

<b>Cluster</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Employment -> Unemployment	10,1	20,9	45,9	35,5	35,8	36,6
Unemployment -> Employment	17,6	25,0	53,6	33,9	39,3	[34,3]
Education/training -> Employment	[21,0]	[7,0]	-	-	19	-
Employment -> Education/training	[75,1]	38,9	42,2	47,9	41,8	7,5
Education/training -> Unemployment	27,1	11,4	26,4	24,4	22,1	24,8

# Analysis of clusters (3)

## Share of observation period of states including unemployment, in percent by clusters

Cluster	1	2	3	4	5	6
<b>Sum</b>	<b>2,6</b>	<b>1,5</b>	<b>3,7</b>	<b>6,9</b>	<b>5,3</b>	<b>9,5</b>
Parental household, not married, no child, unemployed	2,3	1,4	1,1	3,5	2,3	0,5
Own household, not married, no child, unemployed	0,3	0,0	2,4	3,3	0,2	0,6
Parental household, married, no child, unemployed	0,0	0,0	0,0	0,0	0,1	0,3
Own household, married, no child, unemployed	0,0	0,0	0,0	0,1	0,5	1,2
Own household, married, child, unemployed	0,0	0,1	0,0	0,0	1,0	2,3
Own household, not married, child, unemployed	0,0	0,0	0,2	0,0	1,2	4,6

# Analysis of clusters (4)

## Composition of clusters, in percent

Cluster	1	2	3	4	5	6	Total
N (absolute numbers)	100	110	66	83	132	54	545
Share	18,3	20,2	12,1	15,2	24,2	9,9	100
Men	60,2	72,4	49,8	45,3	39,6	[3,9]	47,1
Women	39,8	27,6	50,2	54,7	60,4	96,1	52,9
Distribution male population	26,3	23,3	12,7	18	18,8	0,9	100
Distribution female pop	15,4	7,9	11,3	19,4	25,5	20,5	100
<i>Education: Highest vocational degree until age of 30</i>							
No vocational degree	17,6	14,6	15,1	10	27,8	40,5	20,3
Professional training/ apprenticeship	19,3	83,8	83,9	73,8	68,7	59,5	62,6
University degree	63,1	1,6	0,9	16,2	3,4	0	17,1

# Analysis of clusters (5)

## Selected characteristics of employment trajectory, shares by clusters

Cluster	1	2	3	4	5	6	Total
Mean age at first permanent job	21,4	19,4	18,9	20,7	19,1	20,0	20,0
Share of observation period in part-time employment (%)	18,6	1,3	6,7	2,7	8,3	28,0	10,3
Share of observation period in full-time employment (%)	52,8	93,6	83,5	84,5	76,2	32,5	71,6
Share of time with fixed-term contract in total employment time (%)	51,6	18,1	21,7	26,0	28,8	41,0	31,6
Mean number of times that income increased by at least 10 percent during observation period	3,3	5,4	5,6	5,1	5,1	3,9	4,7
Mean number of times that income decreased by at least 10 percent during observation period	1,3	1,7	1,8	2,0	2,0	2,4	1,8

# German and Catalan clusters compared

- For strict comparison:
  - Catalan cases  $\leq 35$  years should be filtered
  - For German cases, annual information on fixed-term employment should be added
- Distinct female clusters in both datasets
- Distinction between linear and discontinuous clusters
  - PaP: high share of young workers in the clusters  
“Female precariousness”, “Precarious” and “Chronic temporality”
  - GSOEP: important share of young workers have linear trajectories

# Biographical data

- Detailed descriptive qualitative “biographies” out of quantitative dataset
- Sample selection
  - By cluster
    - » By gender, by branch (e.g. service), by incidence of unemployment episodes
  - Looking for two “most similar” and two “most contrasting” cases
- Analysis scheme yet to specify: functionings, capabilities and institutional interventions are possible

# CA applied to trajectories

- Trajectory as ‘informational base’
  - Trajectory consists of functionings from different life domains and points in time (“Cumulative functionings”)
  - No simple aggregation: shape of the trajectory analysed with life course criteria; viewpoint of the individual
  - Underlying capability space is part of the story
- Do clusters reflect capability differences?
  - Only if opportunity-freedom was constrained
- Dynamic interactions between capabilities and functionings

# Institutional setting (1)

- Education and training
  - Early selection for academic and vocational branches
  - Low mobility between educational branches, but vocational degrees increasingly permit subsequent admission to academic further education
  - Continuing expansion of qualification for higher education, leading partly to more enrollment at university (37 %), but partly also to increased competition for vocational training positions
  - In vocational training system, retrenchment of dual system (43,5 %), increasing importance of transition system: (39,7 %). Vocational schools: 16,8 % (percentages as shares of persons in vocational training system in 2006)
  - extension of public employment services into domain of training and even initial education

# Institutional setting (2)

## Policy before HARTZ-reforms

- Support
  1. Unemployment benefits (60/67 % of salary, finite (max. 12 months for persons under 45, up to 32 months if older), contribution based, Federal)
  2. unemployment assistance (50/57 % of salary, means-tested, infinite, tax based, Federal)
    - Bismarkian (status conservation)
  3. social assistance (socio-cultural minimum, means-tested, infinite, tax based, municipal)
- Measures and services: Emphasis on preservation of individual employability
  - High investment in active labour market policy: job-creation schemes, further vocational training
  - Uniform offer for short-term and long-term unemployed, at least theoretically
  - Limited activation
  - General placement services

# Institutional setting (3)

## Policy since HARTZ-reforms

- Support:
  - Unemployment benefit I (UB I, SGB III): earnings-related, limited duration, contribution-funded, Federal administration)
  - Unemployment benefit II (UB II, SGB II): socio-cultural minimum (359 €), means-tested (low allowable deduction; liability of household community), low protection of qualification and acquired status, severe sanctions for non-compliance possible; Federal+municipal administration with exceptions
  - Social allowance, means-tested, tax-funded, requires medical attestation for work-incapacity or age above 65 (if pension insufficient)

# Institutional setting (4)

- Measures and services: Emphasis on direct integration into the market
  - SGB III: counselling, integration agreements (stipulating services and obligations), sanctions. Wage-subsidy to employers (contributions); start-up subsidies (“Gründungszuschuss”), support for further vocational training,...
  - SGB II: counselling, integration agreements, sanctions. 1-Euro-Jobs, wage subsidies to employers (contributions and parts of salary), start-up subsidies (“Einstiegsgeld”, but no entitlement to), short training, further vocational training, job-creation schemes. Personal service agencies (possibly by private provider)
  - Labour market deregulation: facilitates temporary work, new exemptions from standard regulation concerning fixed-term employment and dismissal protection
- Special rules for unemployed aged < 25

# Analysing intervention effects

- Design
  - Multivariate analysis of effect of institutional interventions on transitions from unemployment to employment
  - Intended method: pooled logistic regression analysis, stepwise, separately by clusters
  - Comparison of coefficients of independent variables (interventions) on dependent variable (transition), depending on the case selection (cluster). Intervening variables taken into account. All data from GSOEP.
  - Limitation of data to period after year 2000, to facilitate comparability between the datasets and to reduce problem of time-variant independent information

# Analysing intervention effects

- Interventions as independent variables
  - Transfers: Unemployment benefit (I/II), transitional allowance, ‘Bafoeg’, allowances in re-training periods
  - Initial/further training measures: transition system, vocational further training
  - Job creation schemes (e.g. “1-EURO-Job”)
  - Job search strategies supported by institutions

# Analysing intervention effects

- Dependent variable:
  - Transition into employment
- Intervening variables
  - Perception of “capability for work”
    - » Active job search in recent time
    - » Evaluation of chance of finding comparable position again
  - Intervention supporting job search
    - » Intervention has contributed to finding a job
    - » Current job is supported by employment creation/subsidy scheme



# CA and intervention

- Institutional intervention plays on resources and/or conversion factors
- Evaluative criteria: Does it substantively extend the freedom of the target person?
  - Convertibility of support
  - Offer capabilities, not functionings
  - Quality of capabilities
  - Participatory process
- Can biographical data fill the gap between concept and observed functionings?

Thank you for listening