

Child and Elderly Care by Unemployed Persons in Germany

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Abstract

Over the last years unemployment figures in Germany have been falling. However, the share of long-term unemployed persons has remained among the highest within the group of industrialized countries. In 2010, slightly over 47 % of all unemployed persons in Germany have been jobless for 12 months and over while the respective share was only 32 % within the OECD countries. Focusing on the dynamics of short- and long-term unemployment in Germany, it seems that long-term unemployed persons only have a relatively low probability for reintegration into the labor market.

How can these findings be explained? There is a huge literature on the causes and consequences of long-term unemployment as Machin (1999) points out in his overview article. Thereby, almost all industrialized countries show a negative duration dependence of unemployment, i.e. the outflow rate declines with the duration of unemployment. Apart from the duration dependence argument there is another strand of literature which focuses explicitly on individual and household characteristics. The educational background, the age and working experience of the unemployed and the familial situation are considered in these studies. In particular, official statistics indicate that 12.2% of all welfare recipients according to Social Code Book II in Germany in 2010 are single mothers, whereas the share in the population adds up to 3.3% only. With regard to long-term care, official statistics do not provide any information about informal care obligations of the long-term unemployed. However, these informal activities may be important with respect to successful labor market reintegration.

In order to fill these gaps, we use four available waves of the panel study “labour market and social security” (PASS) for the period 2006/2007 to 2009/2010. This representative data set does not only contain detailed information on characteristics of the individual and of the households receiving welfare benefits but also provides

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background information on informal work at home of these persons. In addition, this panel study also permits to draw inferences on the situation of the entire population in Germany. In a first step, we compare and contrast long-term unemployed persons involved in child and/or elderly care with those not engaged in informal work at home. We are interested in the question whether and to what extent do individual and household characteristics differ between these groups. For instance, are long-term unemployed individuals performing child/elderly care at home better or less qualified than those not engaged at all? Are there differences in unemployment durations between these two groups? In a second step, we compute transition probabilities for long-term unemployed persons taking into account the length of unemployment as well as individual and household characteristics, especially informal child and elderly care obligations.