

Child and Elderly Care by Unemployed Persons in Germany

London, September 2012

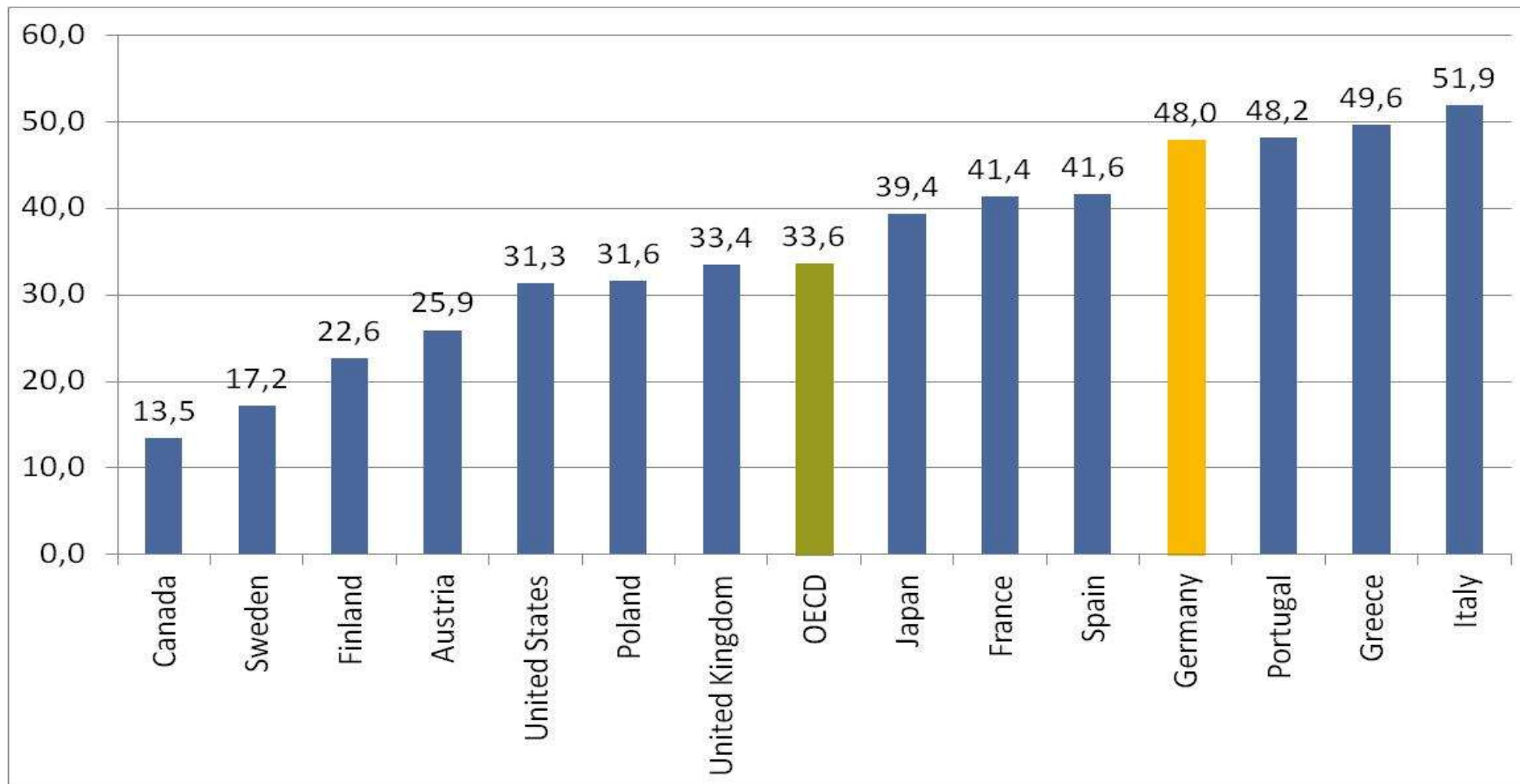
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Structure of Talk

- Motivation
- Related literature
- Data
- (First) Empirical results
- Summary and outlook

Share of long-term unemployed (2011)

(% of total unemployment)



Source: OECD

Motivation

- Long-term unemployed persons (=welfare recipients) in Germany have a low probability for reintegration into the labor market.
→ How can this finding be explained?
- An important part of the literature focuses on individual and household characteristics.

Child/elderly care and unemployment in Germany:

- Share of single mothers among long-term unemployed is four times higher than within the corresponding population.
- Half of all persons in need of care are (officially) supported by relatives/friends. However, little is known about this group.

Related (German) literature

Elderly Care

- Labor force participation of employed household members (women).
- Unemployment of care givers not considered.

Child Care

- Labor force participation of single mothers and/or married women.
- Child care represents a barrier for the integration into the labor market.

→ Our contribution to the literature: focusing on child and elderly care among long-term unemployed (=welfare recipients)

Research questions

1. Are long-term unemployed persons more engaged in child and/or elderly care compared to the general population?
2. How are child and/or elderly care related to socio-demographic characteristics of the welfare recipients?
3. Do care obligations hinder the transition from long-term unemployment into employment?

Data

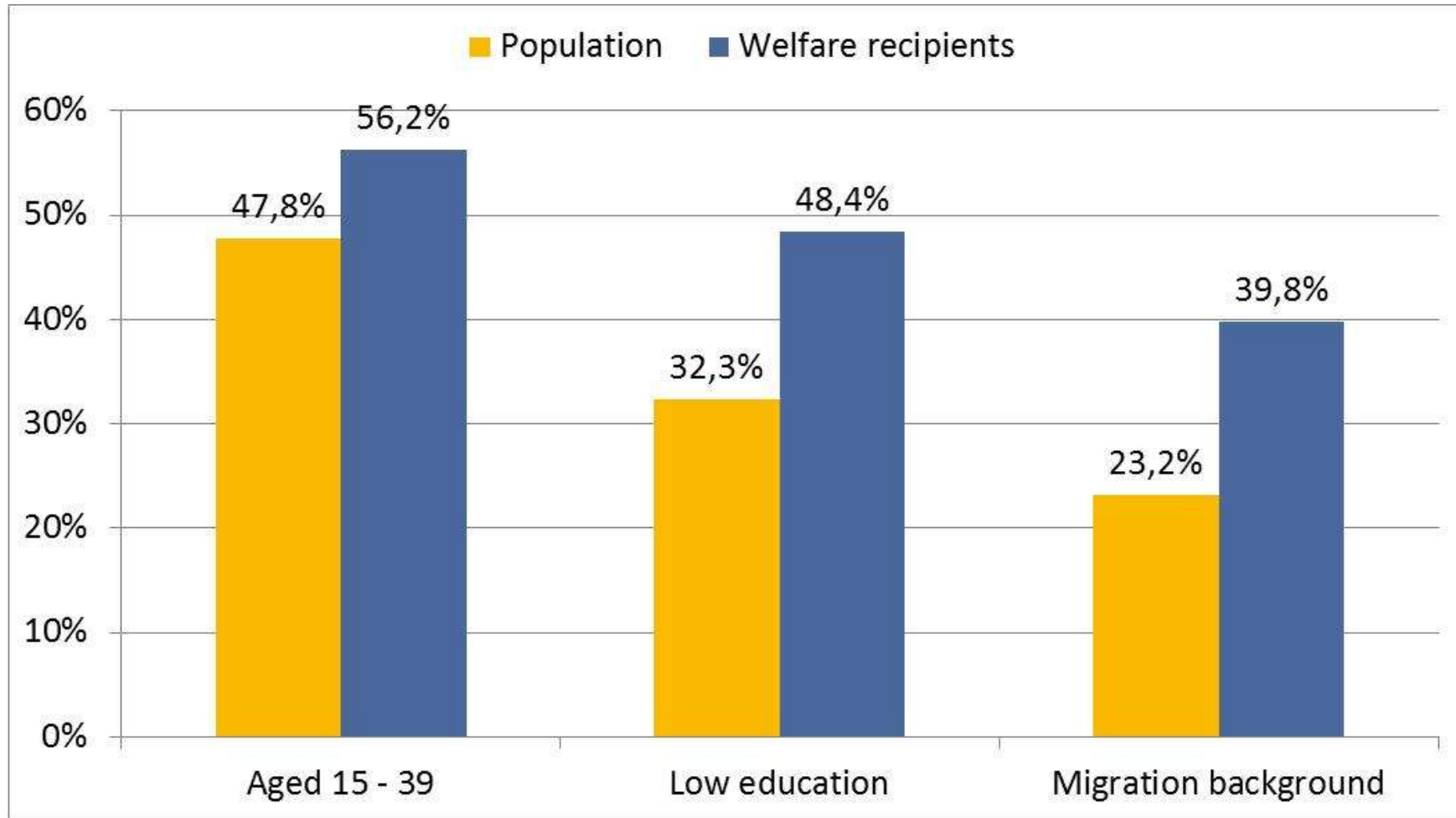
- Using a novel data set for Germany:
PASS = Panel Study Labour Market and Social Security
(in German: **P**anel **A**rbeitsmarkt und **S**oziale **S**icherung)
- Focus on labour market and welfare state in Germany, in particular recipients of benefits in accordance with the German Social Code Book II (~ long-term unemployed persons).
- Detailed information on socio-demographic, employment-related and benefit-related characteristics.
- Annual household survey, currently from 2006/07 to 2009/10
- approx. 11,800 persons in 7,800 households

Population vs. welfare recipients: Differences not only in care obligations...

	Population aged 15-65		Welfare recipients aged 15-65	
Total number / share	46.57 Mill.	100%	5.54 Mill.	100%
No care obligations	24.58 Mill.	52.8%	3.10 Mill.	56.0%
Child care	15.83 Mill.	34.0%	1.47 Mill.	26.5%
Elderly care	6.16 Mill.	13.2%	0.97 Mill.	17.5%

Source: IAB-PASS data, own calculations.

... but also in socio-demographic characteristics



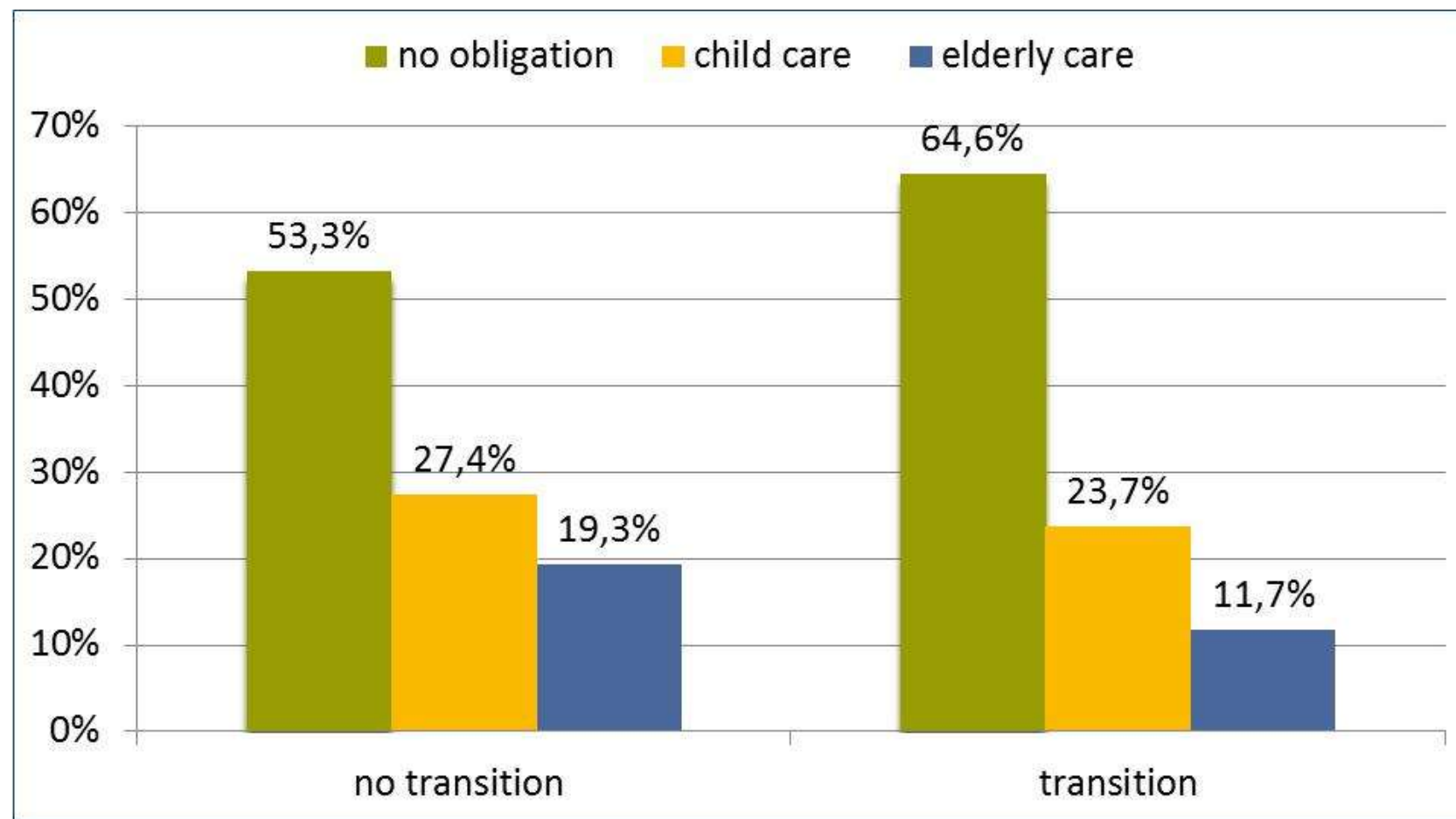
Source: IAB-PASS data, own calculations.

Welfare recipients: Who is involved in child and elderly care?

- Women more engaged in child care (67%), men more involved in elderly care (55%).
 - Among all female welfare recipients: 38% child care, 16% elderly care
 - Among all male welfare recipients: 16% child care, 19% elderly care.
- Care is a domain of young welfare recipients
 - Among all young (15-39) welfare recipients: 38% child care, 20% elderly care.
 - Among all old (40-65) welfare recipients: 12% child care, 14% elderly care.

Source: IAB-PASS data, own calculations.

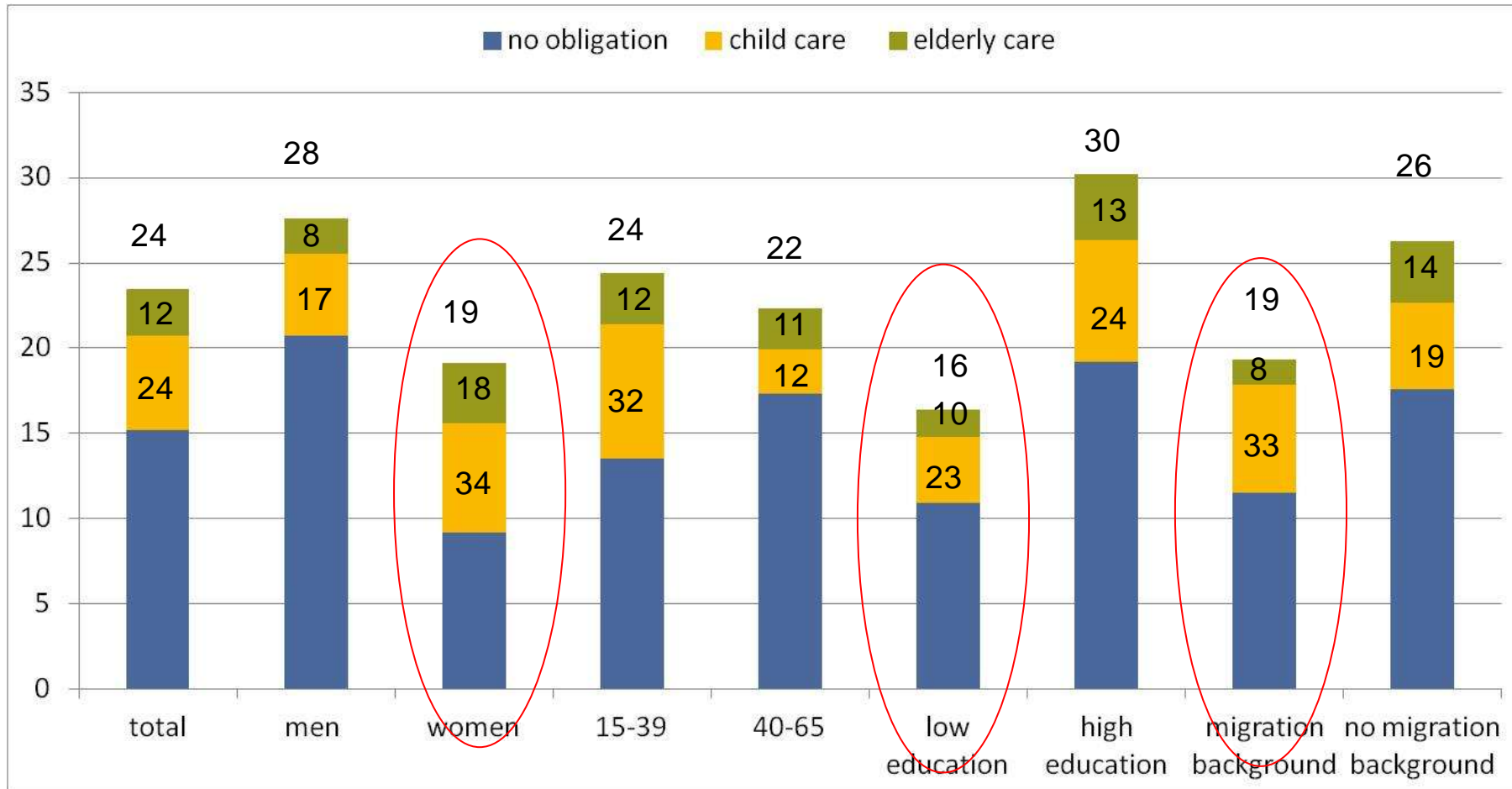
Care as a barrier for the transition to employment



Source: IAB-PASS Data, own calculations

Transition from unemployment to employment (in%)

(Within columns: extent of care (in %) among unemployed persons)



Source: IAB-PASS Data, own calculations

Summary and outlook

- Long-term unemployed disproportionately engaged in elderly care, but not in child care (compared to the population)
- Within the group of welfare recipients:
 - women more engaged in child care, men more involved in elderly care
 - care is a domain of the young.
- Care represents a barrier for labor-market transition, especially for women, low educated persons and individuals with a migration background.
- Outlook

Computation of transition probabilities for welfare recipients taking into account the length of unemployment as well as individual/household characteristics.

Thank you for your attention

Silke Hamann

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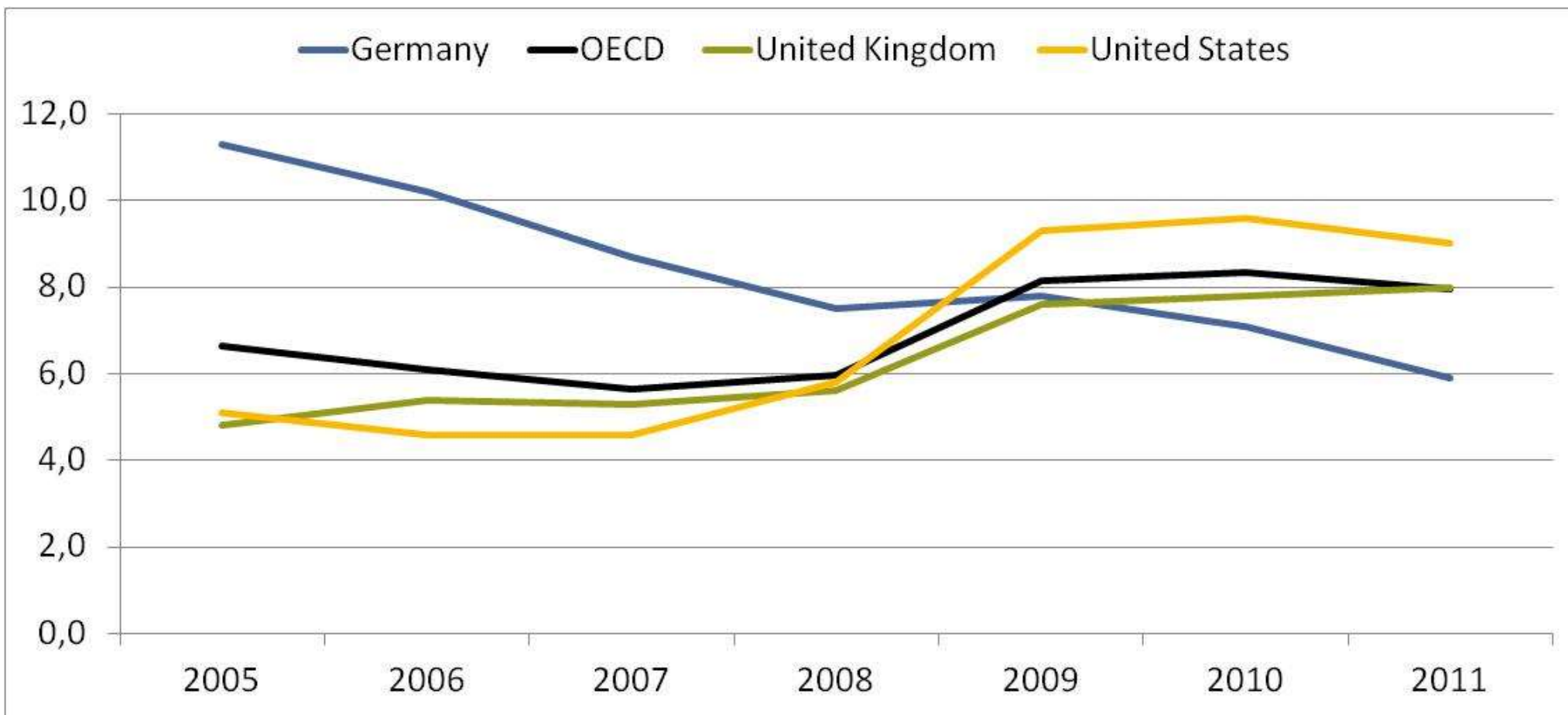
Theoretical background

1. Reciprocity between children and parents
Intergenerational and intertemporal transfers
2. Division of labor within the household
Specialization of household members: market-oriented employment vs. care obligations

Related literature – international studies

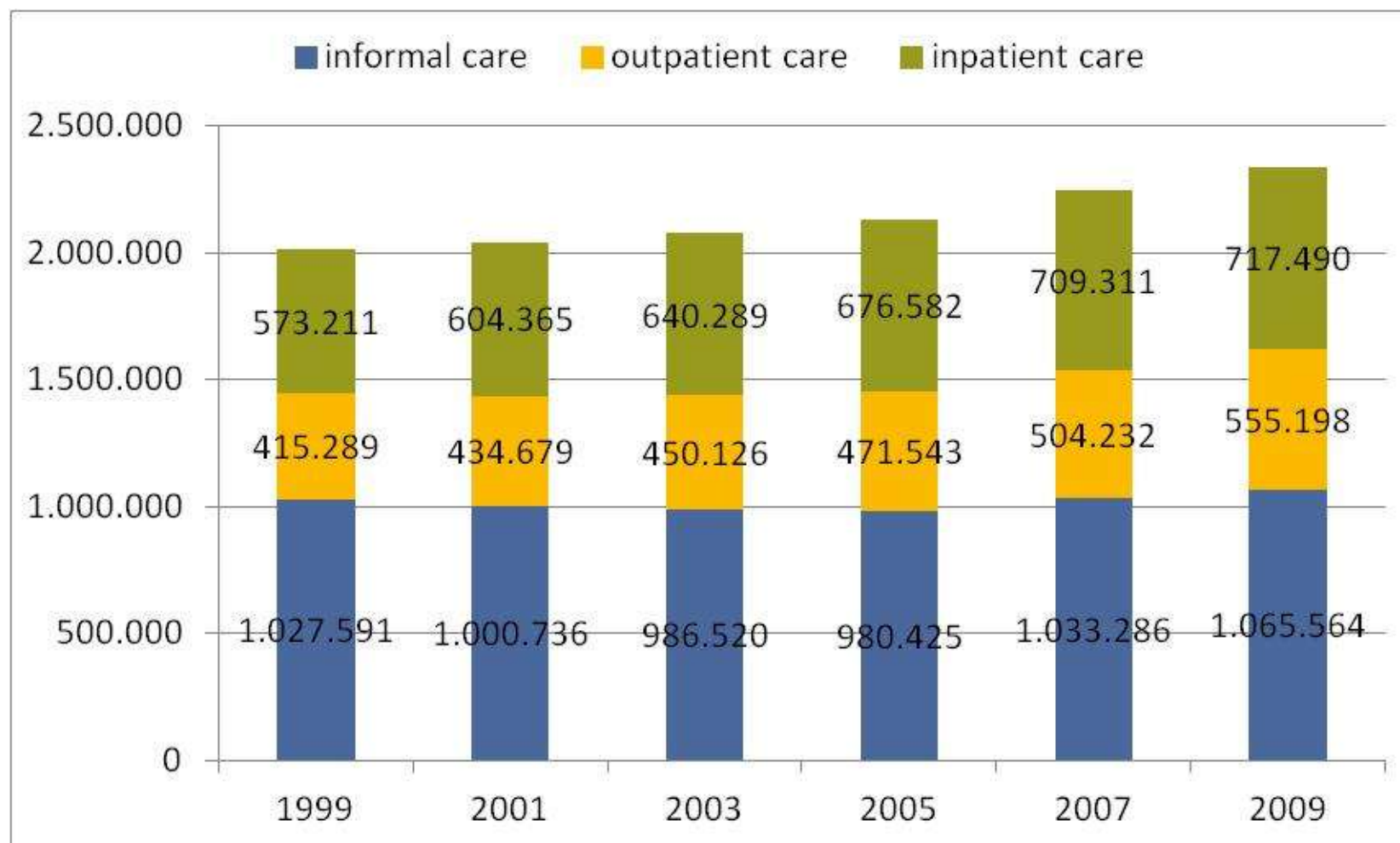
- Bosnang (2007): informal care from children as a substitute for formal care in Europe
- Leigh (2010): informal care and labor market participation in Australia
- Moscarola (2010): informal caregiving and women's work choices in the Netherlands
- Carmichael, Charles, Hulme (2010): employment participation and willingness to supply informal care in the UK.
- Michaud, Heitmueller, Nazarov (2010): dynamic analysis of informal care and employment in the UK.
- Jimenez-Martin, Prieto (2012): trade-off between formal and informal care in Spain

Development of unemployment rates in selected OECD countries (2005-2011)



Source: OECD

Persons in need of care by type of arrangement



Source: Federal Statistical Office of Germany