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Labour Market Policy and its Effects on Subjective Well-Being and Employment Stability in Europe

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CONTENT

LIST OF ARTICLES

A) Wulfgramm, Melike. 2011. Can Activating Labour Market Policy offset the Detrimental Life Satisfaction Effect of Unemployment? *Socio-Economic Review* 9 (3): 477-501.

B) Wulfgramm, Melike. 2011. Subjektive Auswirkungen aktivierender Arbeitsmarktpolitik: Ein-Euro-Jobs als sozialintegrative Maßnahme? *Zeitschrift für Sozialreform - Journal of Social Policy Reform* 57 (2): 175-197.

C) Wulfgramm, Melike. 2014. Life Satisfaction Effects of Unemployment in Europe: The Moderating Influence of Labour Market Policy. *Journal of European Social Policy* forthcoming.

D) Wulfgramm, Melike, and Lukas Fervers. 2013. Unemployment and Subsequent Employment Stability: Does Labour Market Policy Matter? Unpublished manuscript. Previous version published as *IZA Discussion Paper* 7193, Bonn.

1 SYNOPSIS

1.1 Introduction

Unemployment has evolved to be one of the most pressing problems for policy makers in present days, with governments struggling to design programmes that inhibit its spread and persistence while at the same time cushion its detrimental effects. The political salience of combating unemployment and minimizing its social and individual costs has been high since the oil crises in the 1970s and has jumped again with the recent financial crisis translating into a labour market crisis in most advanced democracies. At the macro-level, societies with high unemployment experience a massive waste of human capital (Lindvall 2010: 11) that exerts an upward pressure on welfare state expenditure as well as social and political problems that are connected to the social exclusion of the (long-term) unemployed.

Individually, job loss and, in particular, prolonged periods of unemployment have persistently been found to cause not only financial losses, but also considerable drops in the subjective well-being of the people affected (e.g. Clark and Oswald, 1994; Kieselbach, 1994; Winkelmann and Winkelmann, 1998; Van Praag and Ferrer-i-Carbonell, 2002; Carroll, 2007; Khattab and Fenton, 2009). Employment fulfils important psychosocial functions that go beyond the pecuniary effect of income, and the position in the labour market is a strong determinant of the social status of individuals and their inclusion into society. Furthermore, considerable scarring effects can be found with respect to the career prospects and the quality of jobs of the formerly unemployed (e.g. Gangl 2006; Ruhm 1991; Arulampalam, 2001). Thus, the current risk to become unemployed is to a large extent determined by past unemployment experiences (Nordlund 2013: 115) and the lack of access to stable jobs often leads to a "negative spiral of social exclusion" (Esping-Andersen 2009: 23).

While these well-being as well as scarring effects of unemployment are empirically well-proven, the moderating influence of labour market policy remains unclear and underresearched. Evaluations of both active and passive labour market policy tend to focus on the incidence and timing of exit from unemployment, often showing disincentive effects especially with respect to generous cash transfers (e.g. Caliendo et al. 2013). As described in **section 2**, discussions about these disincentive effects have led to a shift from passive towards active and activating labour market policy in Europe.

This dissertation aims to shed light on the effect of labour market policy on outcomes that have been largely ignored in the policy evaluation literature, namely the subjective well-

being and social exclusion of the unemployed as well as the reemployment stability of the formerly unemployed. In specific, I analyse the outcomes of unemployment benefit generosity as well as active labour market policy (ALMP). I argue that labour market policy is able to mediate the negative effect of unemployment on subjective indicators during the unemployment spell as well as on the quality of reemployment after leaving unemployment. The specific mechanisms behind these moderating effects and the resulting hypotheses are explained in **section 3**.

The theoretical argumentation is tested with microeconometric as well as multi-level methods that account for hierarchical data structures. Next to country-specific analyses of German ALMP programmes, this thesis studies the effects of labour market policy across Europe, so that both German as well as larger European datasets are analysed. **Section 4** gives an overview over the research design, methodology, and data used in the four articles that constitute the core of this thesis. These four articles are introduced in detail in **section 5**. Given the major labour market policy reforms across Europe in the last decades, understanding their moderating effects is of major importance for both the scientific discourse as well as for policy makers. To underline this importance, **section 6** concludes with a summary of the results of this thesis and their policy implications.

1.2 Institutional Background

1.2.1 The 'Activation Turn' in European Labour Market Policy

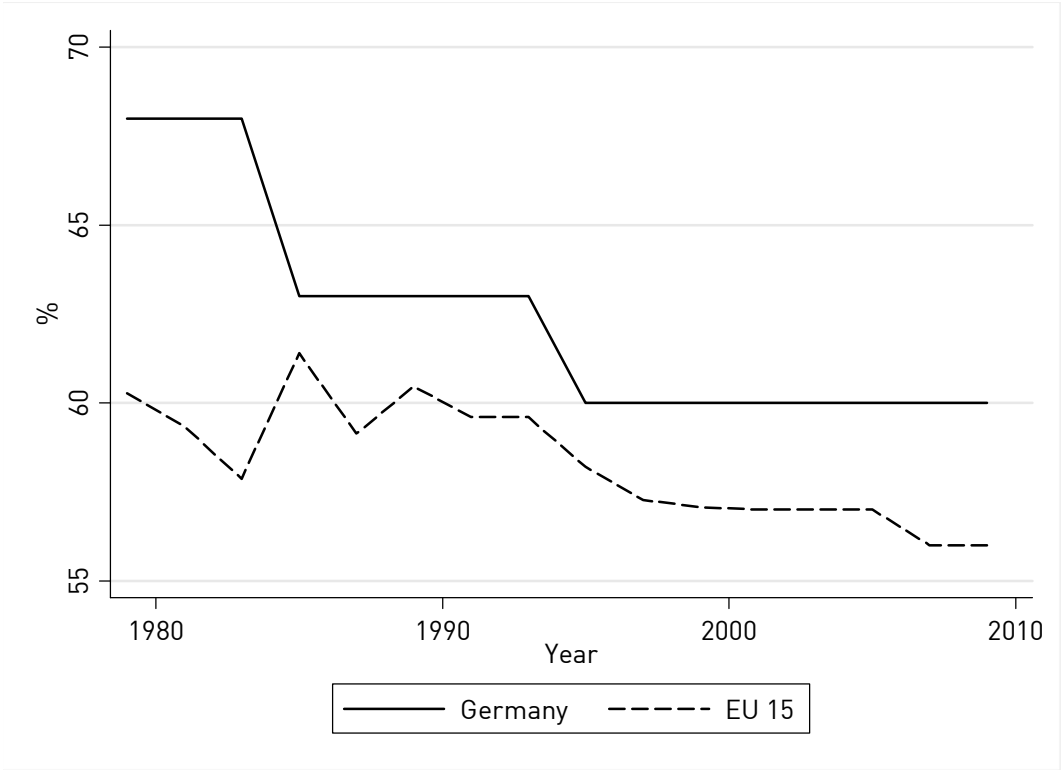
After a short interlude of nearly full employment in the post-World War II period, unemployment has evolved to be one of the most pressing social, economic and political problems of modern market economies, constituting "a profoundly distressing experience that produces considerable individual costs and important political consequences" (Anderson 2009: 343). Next to macroeconomic fluctuations and rigid employment protection legislation, passive welfare state policies that focus on the compensation of individual income losses have been accused of being responsible for this increase and especially persistence of unemployment. In many microeconometric analyses, generous unemployment benefits have indeed been shown to raise the reservation wage of the unemployed, so that they become more selective with respect to available job offers and the duration of unemployment increases (e.g. Katz and Meyer 1990; Tatsiramos 2009).

As a consequence of this rising criticism in passive transfers, many European labour markets have experienced an 'activation turn' from the 1990s onwards (Bonoli and Natali 2012: 301 ff.; Bonoli 2010; Kenworthy 2010: 435 ff.) that consists of a shift from passive towards active labour market policy as well as explicit linkages between benefit receipt and behavioural requirements towards benefit recipients (Fromm & Sproß 2008: 10). European policy makers implemented restrictive policies with respect to unconditional unemployment benefits: "Eligibility criteria have been tightened, benefit levels have been reduced, benefits have been made conditional on employment, and the duration of receipt has been shortened" (Kenworthy 2010: 438). The general downward trend in the development of net replacement rates of unemployment benefits in Europe in general as well in Germany in specific can be seen in figure 1.1. While there is no clear pattern in replacement rates in the EU 15 countries in the 1980s , benefits are clearly becoming less generous throughout the 1990s and the 2000s.

Within the last two decades, ALMP has gained in importance as a means to foster fast reintegration into the labour market and social inclusion (Kenworthy 2010: 437). Figure 1.2 reflects this trend of rising ALMP expenditure especially in the 1990s, with many countries expanding on training measures, job search assistance and employment subsidies to increase the skill level and facilitate quicker matching of supply and demand in the labour market (Eichhorst 2009). To be clear, the idea of ALMP is by no means a recent one and spending

patterns across time are not uniform between countries (cf. Hemerijck 2013: 258 ff.). However, the shift towards an expansion of measures that are directly linked to cash transfers as part of the activating welfare state can be seen in most European welfare states.

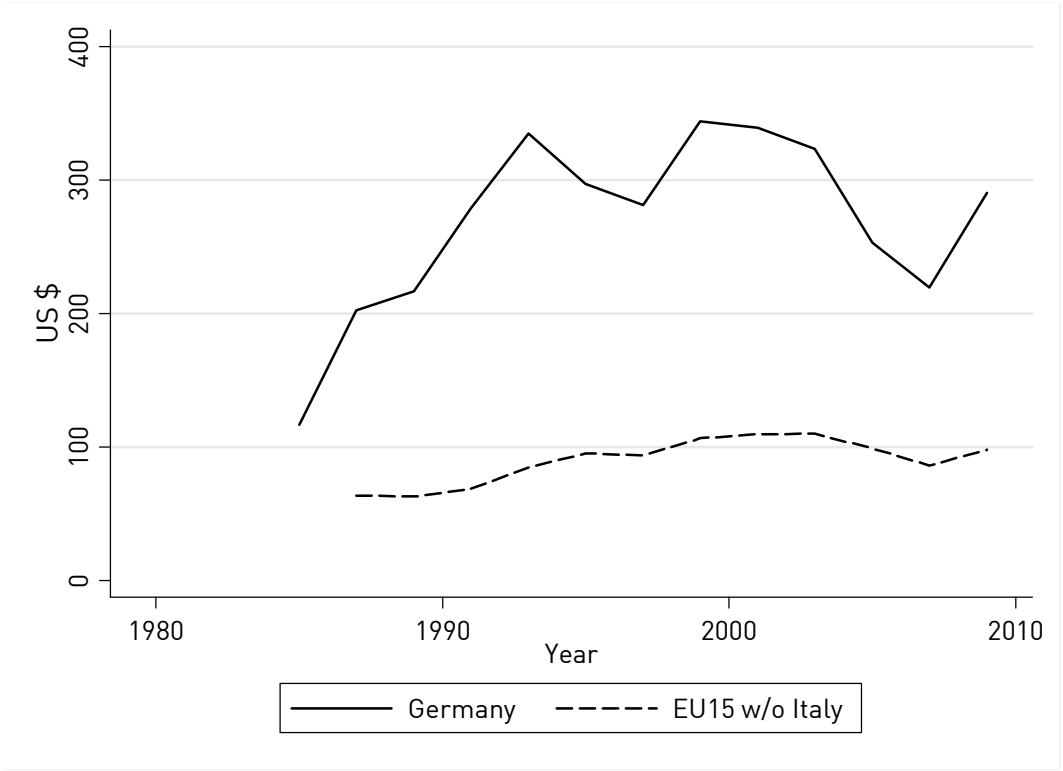
Figure 1.1: Net replacement rates of unemployment benefits



Note: Net unemployment replacement rate for an average production worker, single person
Source: Own depiction of data from Van Vliet & Caminada (2012)

In the public and scientific discourse, the costs and benefits of these reforms have mainly been judged with regard to their effect on the exit rate from unemployment. However, labour market policy may affect the unemployed both during and after the unemployment spell in ways that go beyond this focus on the duration of unemployment and the incidence of reemployment.

Figure 1.2: ALMP expenditure



Note: ALMP expenditure per head, at constant prices (2000) and constant PPPs (2000), in US $
Source: Own depiction of data from the OECD, National Accounts database.

1.2.2 Case Study Germany: Hartz Reforms and the Introduction of One-Euro-Jobs

The German welfare state has conventionally been described as the epitome of the conservative welfare state regime type (Esping-Andersen, 1990). Accordingly, German social policy has traditionally been aimed at securing the status of predominantly male employees in case of earnings loss. Concerning labour market policy, this conservative welfare state regime has translated into a focus on rather generous passive unemployment benefits that are narrowly tied to previous wages for an indefinite amount of time. Diverging from this stereotypical conservative policy path, recent German labour market policy trends are consistent with the European paradigm shift towards activation that has been described above. The most far-reaching as well as controversial reform packages of the last decades are indisputably the so called Hartz Reforms that have been implemented between 2003 and 2005 (see Hassel & Schiller 2010). In addition to several policy measures that are aimed at increasing the flexibility of the labour market through the deregulation of atypical

employment contracts, public attention has mainly focussed on the decoupling of long-term unemployment benefits from previous earnings through the introduction of the so-called unemployment benefit II (*Arbeitslosengeld II*). Furthermore, the receipt of unemployment benefits has been made more conditional on the fulfilment of behavioural expectations by the unemployed concerning job search effort as well the participation in active labour market policy measures (Huber et al. 2009).

Replacing former work creation schemes, so-called One-Euro-Jobs (official name: *Arbeitsgelegenheiten in der der Mehraufwandsvariante*) have quickly evolved to be the largest German active labour market policy measure after their introduction in 2005 (Hohmeyer & Jozwiak 2009). One-Euro-Jobs are especially tailored to long-term unemployed with low reemployment chances and have thus been introduced as a measure of last resort. Participants are supposed to work in activities of public interest, while the jobs should be of additional nature in the sense of not substituting regular employment. Participants receive a remuneration of one to two Euro per hour worked (Hohmeyer & Wolff 2007: 8), explaining the commonly used name of the programme. Given their exclusive focus on unemployment benefit II recipients, this policy measure is especially suited for the analysis of this dissertation, since unemployment benefit II receipt is associated with especially low values of subjective inclusion in society, status and well-being. While the fast reintegration into regular employment is the main aim of German active labour market policy, One-Euro-Jobs are also aimed at fostering reintegration into society (BA 2011: 2; Bellmann et al. 2006: 202) through the provision of social contacts, a daily routine and externally generated tasks (Hohmeyer & Wolff, 2007: 8). Thus, they are directly aimed at fulfilling the psychosocial functions of work that Jahoda (1982) has identified the unemployed to be deprived of in her deprivation theory. Articles of this thesis (Wulfgramm 2011a, Wulfgramm 2011b) have been the first quantitative research to analyse whether One-Euro-Jobs succeed in reaching these aims.

1.3 Theory and Hypotheses

1.3.1 The Effect of Labour Market Policy on Subjective Well-Being and Social Inclusion

The design and generosity of the welfare state shapes the everyday lives of virtually all citizens of advanced democracies, either by obliging them to finance the system through taxes and contributions or by offering cash transfers as well as services. In the case of unemployed individuals, this statement holds even more, since their financial situation is to a large extent determined by the rules and generosity of unemployment benefits. Furthermore, their daily routines are shaped by contacts with Public Employment Services as well as participation in ALMP measures such as training or work creation schemes. In this thesis I argue that these different aspects of labour market policy can moderate the negative subjective well-being as well as social inclusion effects of unemployment. While both active as well as passive labour market policy is expected to moderate the effects of unemployment, the mechanisms differ between policy instruments, as they touch upon different functions of employment that the unemployed are deprived of.

Broadly speaking, the functions of employment for the individual can be divided into pecuniary and nonpecuniary aspects. The core nonpecuniary aspects have first been described by Marie Jahoda on the grounds of the Marienthal study in the 1930s. In her deprivation theory, Jahoda (1982: 59) argues that the unemployed are deprived of five essential experience categories of paid work: (1) imposition of a time structure, (2) social contacts, (3) participation in a collective purpose, (4) status and identity and (5) required regular activity. In line with this theory, the social exclusion literature (e.g. Pierson 2013; Gallie & Paugam 2000; Hammer 2003; Room 1995) describes unemployment to be a major factor in the disintegration of ties between individuals and society. The direct pecuniary aspects of employment and unemployment respectively are rather obvious at first sight, since the loss of income that tends to result from unemployment impairs the resources of the household. In economic terms, this cut in resources weakens the ability to purchase goods that yield utility, so that a negative effect on subjective well-being can be expected. However, even this pecuniary function has an indirect nonpecuniary aspect, since income is a source of social status in society that is not directly tied to spending.

The generosity of passive labour market policy is expected to moderate the effect of unemployment upon subjective well-being through a resource mechanism as well as a

nonpecuniary mechanism. As described above, the resource mechanism is rather straightforward, since unemployment benefits enable the unemployed to consume goods that yield utility. The second mechanism is a more political one, and needs to be understood in terms of empowerment and legitimation potentials of social policy (see e.g. Campbell 2003). The risk of unemployment to be highly stigmatic should rise if the unemployed face restrictive unemployment benefits and a higher reliance on means-tested social assistance benefits (Gallie & Paugam 2000: 4). Thus, status and identity, both important determinants of social inclusion and life satisfaction, are expected to be positively influenced by the generosity of unemployment benefits. Both the pecuniary and non-pecuniary aspects of passive labour market policy are assumed to moderate the negative well-being effect of unemployment. *Hypothesis 1* thus expects unemployed in a country with generous passive labour market policy to experience a smaller drop in well-being than unemployed in countries with meagre benefits and short benefit duration.

As described above, labour market policy does not only affect the financial resources of the unemployed, as their daily routines are increasingly shaped by job search assistance, training programmes, work creation schemes and other ALMP measures. These ALMP programmes have the potential to fulfil important psychosocial functions of work. As many training and work-creation schemes involve working and learning in teams, social contacts are likely to be increased, breaking the social isolation of the (long-term) unemployed at least temporarily. Feelings of connectedness to the wider community may also be fostered by fulfilling tasks that are beneficial to society. In this dissertation, I test whether ALMP measures are able to moderate the effect of unemployment on perceived social exclusion (*Hypothesis 2*). Closely connected to the perception of social inclusion, participation in ALMP measures may also alter the social status of the unemployed (*Hypothesis 3*). Especially if participation is voluntary, unemployed that take part in ALMP programmes show their willingness to comply with the work ethos that is prevalent in advanced Western societies (Nonnemacher 2009) and may therefore improve their social status. By fulfilling several psychosocial functions of work, ALMP programmes are expected to improve the subjective well-being of the unemployed (*Hypothesis 4*).

1.3.2 The Effect of Labour Market Policy on Reemployment Stability

Hypotheses 1-4 aim at the effect of labour market policy during unemployment. Yet the moderating policy effects are unlikely to be limited to on-going spells, but may well reach

out into future employment trajectories of the formerly unemployed. Given the rise in disrupted and highly volatile employment histories, focussing on long-term reintegration is increasingly important. Therefore, it is tested whether ALMP and unemployment benefit systems affect the employment stability of the previously unemployed as an indicator of successful reintegration into the labour market. While both ALMP and unemployment benefit generosity are expected to influence the reemployment stability positively, the underlying theoretical mechanisms of the positive connections are of different nature. While monetary transfers affect the incentives involved in the job search process, ALMP programmes are involved in the direct matching process and aim at fostering the skills of the unemployed.

Search Theory suggests that generous unemployment benefits entail disincentive effects. By compensating for the decrease in income in case of job-loss, unemployment benefits are assumed to increase the reservation wages and thus selectivity with respect to job offers (Katz and Meyer 1990).

While comparative studies show no uniform pattern between unemployment benefits and unemployment rate (Sjöberg 2010: 430), microeconomic evidence strongly suggests that the duration of unemployment is positively affected by generous unemployment benefits (van Ours and Vodopievic 2006; Caliendo et al. 2013; Tatsiramos 2009). However, this undesirable effect should be partly offset by the desirable effect unemployment benefits may exert on the quality of reemployment by acting as a human capital preserver (Nordlund 2013: 116). If benefits provide the opportunity to search for better jobs that match the personal skill profile, it can be expected that unemployment benefit generosity improves the reemployment stability of the formerly unemployed (*Hypothesis 5*). As a result, countries with high unemployment benefit generosity are expected to provide more sustainable reintegration into the labour market. To sum up, unemployment benefits are expected to increase unemployment duration and reemployment stability simultaneously due to their effect on the search behaviour of the unemployed.

Furthermore, ALMP schemes are expected to foster reemployment stability (*Hypothesis 6*) by improving the efficiency of the matching process between employers and job-seekers as well as by improving the skill profile of the unemployed. Counselling services by the Public Employment Services (PES) are directly aimed at removing information deficits between employers and job-seekers. In presence of more comprehensive information about available jobs and job candidates, the quality of the job-matching-process can be assumed to be higher, thus improving post-unemployment employment outcomes. Better matching should lead to more satisfactory and productive work relationships which improves employment

stability. Rather than taking the skill profile of candidates as given, training programmes aim at refreshing skills that have become obsolete due to skill-biased technological innovations and help employees to keep up with the rising skill demands of a knowledge-based economy (Armingeon 2003: 153). By improving the skill level, they are supposed to increase the productivity of the unemployed thus leading to higher demand of employers for these workers. Therefore, training programmes can be expected to improve labour market outcomes.

1.4 Research Design, Methodology & Data

The methodological approach to test *Hypotheses 1-6* regarding the moderating effect of labour market policy on different socioeconomic outcomes is listed in table 1.1. Active labour market policy and unemployment benefits are operationalized at different levels of data aggregation, while the outcome variables are always measured at the micro-level. However, the different hypotheses and operationalizations require different micro-level data sets. In specific, micro-level data from the PASS (Panel Arbeitsmarkt und Soziale Sicherung), the ESS (European Social Survey) and the EU-SILC (European Survey on Income and Living Conditions) are analysed. The PASS dataset contains individual panel data on participation in German ALMP measures, allowing the identification of treatment effects within Germany. The analysis focusses on the effect of participation in the German ALMP measure One-Euro-Jobs. In contrast, the ESS and the EU-SILC span a far larger European country sample and thus enable comparative research that allows to analyse the effects of differences in labour market policies between countries. The major advantage of the EU-SILC longitudinal dataset is monthly information on the employment status of individuals for a period of up to 48 months. Thus, employment and unemployment durations can be analysed and compared across 27 European countries. Furthermore, information on unemployment benefit receipt is included in EU-SILC. However, the number of questions in the survey is rather limited, so that comparative information regarding the subjective well-being of the unemployed is taken from the ESS.

While the ESS has the virtue of comparative information on a large variety of variables across countries, the dataset consists of repeated cross-sectional surveys rather than an actual panel design. Also, treatment effects of labour market policy on the micro-level cannot be identified. It can thus be seen that a comprehensive testing of the hypothesis requires the analysis of all three micro-datasets. To test the moderating effects of labour market policy between and within countries, the EU-SILC and the ESS are merged with macro-data on labour market policy and socioeconomic control variables from the OECD and Eurostat at the country level. ALMP is operationalized as Expenditure on ALMP per unemployed as a % of GDP per capita, while unemployment benefit generosity is operationalized by calculating an indicator that takes both average net replacement rates as well as the maximum duration of unemployment benefits into account.

The general method in this dissertation is multivariate regression analysis, with the specific method depending both on the respective research question as well as the data

structure and operationalization (see table 1.1). Given both panel data at the individual level as well as cross-national datasets, the methodological approach needs to deal with different kinds of hierarchical data structures. In the case of the PASS, observations are clustered within individuals, allowing to control for unobserved heterogeneity by including individual fixed effects into the estimation strategy. The comparison to pooled OLS or ordered probit estimation gives an indication on selection effects with respect to participation in ALMP programmes. In the analysis of the ESS and EU-SILC datasets, the individual-level data is clustered within countries, again violating the assumption of independent observations. The analysis needs to account for the fact that the error terms are likely to be related within countries. Thus, both multilevel estimation techniques as well as fixed effects estimations with clustered standard errors at the country level are applied to analyse the ESS dataset. To test the effect of ALMP and unemployment benefit generosity on reemployment stability in the EU-SILC dataset, discrete time survival models with shared frailty specification at both the individual and the country level are estimated.

Table 1.1: Research Design, Methodology and Data

Policy	Operationalization of Policy	Outcome & Hypothesis	Country Sample	Dataset(s)	Method	Effect/Result*
ALMP	Participation in German „One-Euro-Job"; Treatment effects	Life satisfaction of Participants, H4	Germany	Micro: PASS (Panel Arbeitsmarkt und Soziale Sicherung), 2 waves	OLS, Ordered Probit, Fixed Effects Estimation, Conditional Logit	+, especially if tasks are perceived to match personal skills and to increase job chances
		Social Inclusion of Participants, H2	Germany	Micro: PASS (Panel Arbeitsmarkt und Soziale Sicherung), 2 waves	OLS, Fixed Effects Estimation	+
		Social Status/position of Participants, H3	Germany	Micro: PASS (Panel Arbeitsmarkt und Soziale Sicherung), 2 waves	OLS, Fixed Effects Estimation	%
	Expenditure on ALMP per unemployed as a % of gdp per capita; Cross-level Interaction Effects	Life Satisfaction of the Unemployed, H4	21 European Countries	Micro: ESS (European Social Survey), 4 waves; Macro: OECD/Eurostat	Multilevel Models, Fixed Effects with clustered standard errors	+/%, depending on model specification
		Reemployment Stability of formerly Unemployed, H6	27 European Countries	Micro: EU-SILC (European Survey on Income and Living Conditions), 4 waves; Macro: OECD/Eurostat	discrete time survival analysis with shared frailty specification	+
Unemployment Benefits	Unemployment benefit generosity = average net replacement rate*duration; Cross-level Interaction Effects	Life Satisfaction of the Unemployed, H1	21 European Countries	Micro: ESS, 4 waves; Macro: OECD/Eurostat	Multilevel Models, Fixed Effects with clustered standard errors	+
	Unemployment benefit generosity = average net replacement rate*duration; Cross-level Effects	Reemployment Stability of formerly Unemployed, H5	27 European Countries	Micro: EU-SILC, 4 waves; Macro: OECD/Eurostat	discrete time survival analysis with shared frailty specification	+, especially in Western Europe
	Unemployment Benefit Receipt; Treatment Effects	Reemployment Stability of formerly Unemployed, H5	27 European Countries	Micro: EU-SILC, 4 waves	discrete time survival analysis with shared frailty specification	+

*Legend: + positive effect, - negative effect, % no (robust) effect

1.5 Contribution of Articles to the Thesis

This thesis consists of four articles that are published (2), accepted (1) or submitted (1) to peer-reviewed scientific journals in the field of social policy. While all papers are concerned with the impact of labour market policy on individuals that experience or have recently experienced unemployment, the specific research question, hypotheses, data and methodology differs between contributions as presented below.

1.5.1 Article A

Wulfgramm, Melike. 2011. Can Activating Labour Market Policy offset the Detrimental Life Satisfaction Effect of Unemployment? *Socio-Economic Review* 9 (3): 477-501.

Research Question & Hypothesis

The detrimental life satisfaction effect of unemployment has consistently been found across time, countries and research designs (e.g. Diener et al. 1999; Clark et al. 2008; Khattab & Fenton 2009; Oesch & Lipps 2013), representing one of the most robust findings in social science research. Even after income and other socioeconomic characteristics are controlled for, the employment status remains an important determinant of happiness (Winkelmann & Winkelmann 1998), pointing to non-pecuniary functions of work. But what effect does labour market policy have? Can the psychosocial functions of work be fulfilled by activation measures, offsetting the detrimental life satisfaction effect of unemployment? This article tests the effect of ALMP measures on life satisfaction of the unemployed (Hypothesis 4). In specific, this hypothesis is tested by analysing the treatment effect of participation in the biggest German active labour market policy measure One-Euro-Jobs. Furthermore, this article sheds light on the mechanisms between participation in ALMP measures and their well-being effect.

Previous Research

Strandh (2001) expanded the deprivation theory of Jahoda (1982) to argue that active labour market policy measures can affect the life satisfaction of the unemployed positively by fulfilling the psychosocial functions of regular employment. In accordance with this

argumentation, prior studies that test the effect of British and Swedish training and work creation schemes on well-being have indeed found participants in these schemes to report higher values of subjective well-being than openly unemployed (Donovan et al. 1986; Korpi 1997; Andersen 2008), although effect heterogeneity regarding different activation measures has partly been found (Strandh 2001). Research concerning the effect of German labour market policy on life satisfaction is far scarcer (with the exception of Knabe & Rätzel 2007) and does not offer empirical evidence concerning the effect of the activation measures that have been introduced with the Hartz reforms. The only study that addresses the well-being effects of the recent German activation strategy on life satisfaction (Koch et al. 2005) simply assumes that participation in the newly created work creation schemes should have similar positive effects as regular employment, relying on Layard's (2004) statement on the greater importance of having any job at all rather than the actual content and working conditions within the actual job taken.

Empirical Strategy

The empirical analysis of this paper directly aims at identifying connections between individual programme participation in an ALMP measure and subjective well-being. Therefore, all observations are measured at the micro-level, analysing panel data of the 'Panel Arbeitsmarkt und Soziale Sicherung' (PASS). Using different multivariate estimation techniques, both cross-sectional differences between individuals in different employment statuses as well as changes within individuals across time are analysed. In particular, the cross-sectional estimation methods consist of Ordinary Least Square (OLS) models as well as ordered probit estimations to account for the ordinal nature of the dependent variable. To control for unobserved time-invariant heterogeneity between individuals that might be correlated to observed characteristics, fixed effects models are estimated. As a further robustness test that covers both unobserved heterogeneity between individuals as well as the ordinality of the life satisfaction variable, conditional logit models are included.

Results

The employment status is shown to be a very strong predictor of life satisfaction scores in Germany, with unemployment being connected to particularly low values: among the list of possible employment statuses, only being unable to work due to chronicle illness or handicap is associated with a stronger decline in life satisfaction. However, active labour market policy intervenes in the connection between unemployment and subjective well-being.

This paper shows that the biggest German activation programme One-Euro-Job is connected to a level of life satisfaction that is significantly higher than the one of respective openly unemployed welfare benefit recipients. This effect is especially strong if participants perceive the measure to match their personal skills and to increase their future employment chances, but vanishes if participants perceive it as degrading. However, satisfaction scores of participants do not match the level of the regularly employed. In contrast to these pronounced differences in cross-sectional analyses, longitudinal models show similar effects but are less statistically robust, pointing to interesting selection biases. More satisfied unemployed tend to be selected or self-select themselves into the work creation scheme.

1.5.2 Article B

Wulfgramm, Melike. 2011. Subjektive Auswirkungen aktivierender Arbeitsmarktpolitik: Ein-Euro-Jobs als sozialintegrative Maßnahme? *Zeitschrift für Sozialreform - Journal of Social Policy Reform* 57 (2): 175-197.

Research Question & Hypotheses

Next to macroeconomic problems as well as individual financial losses, unemployment triggers social consequences both at the individual and societal level. On the individual level, unemployment is connected to a drastic decline in social status, exclusion from society as well as very low scores of subjective well-being. Such processes of social marginalization of the unemployed may undermine the social cohesion of an entire society. Politically, such marginalization may lead to the exit from democratic participation or polarization of political attitudes towards radical ideas (Faas 2010). To countervail such detrimental effects of unemployment on individuals, societies and democracy, activating labour market policy aims at the reintegration of the unemployed into society. This holds even more for measures that are directly targeted at unemployed with multidimensional placement barriers. In specific, the German work creation scheme One-Euro-Jobs are targeted at hard-to-place long-term unemployed and, next to the major objective of reemployment, aim at fostering integration into society. This article analyses whether the participation in active labour market policy measures affects the subjective perception of status (Hypothesis 3), inclusion into society (Hypothesis 2) and subjective well-being (Hypothesis 4) of the unemployed. While being closely intertwined, these subjective indicators capture different

dimensions of the relationship between an individual and society: While life satisfaction focuses on the individual without explicitly referring to society, social status refers to the position of an individual in society while the social inclusion concept discusses the interaction between individual and society.

Previous Research

There is ample research on the effects of unemployment on the three subjective outcome measures social inclusion (e.g. Gallie & Paugam 2000; Hammer 2003; Room 1995; Castel 2008), social status (e.g. Singh-Manoux et al. 2003; Jahoda 1982) and subjective well-being (e.g. Oesch & Lipps 2013; Winkelmann & Winkelmann 1998; Clark & Oswald 1994; Khattab & Fenton). Virtually all studies available find these effects to be negative, often calling for politicians to find remedies for this highly destructive phenomenon. However, evaluations of active labour market policy measures tend to concentrate on objective labour market outcomes (see e.g. Kenworthy 2010; Card et al. 2010). The scarce literature on subjective outcomes of ALMP shows that life satisfaction can indeed be positively affected (Strandh 2001; Andersen 2008). In qualitative interviews, participants in German work creation schemes also report the temporal overcoming of social isolation (Schröder 2009: 15). Studies regarding the social status of ALMP programme participants are entirely missing.

Empirical strategy

The effect of ALMP on the subjective indicators discussed above is tested by using data on programme participation in One-Euro-Jobs from the PASS dataset. In total, 27,946 individuals are included in the sample, with 569 respondents participating in One-Euro-Jobs at the time of the interview. To control for unobserved time-invariant heterogeneity between individuals that might be related to programme participation, fixed effects models are estimated in addition to the pooled OLS estimations.

Results

Unemployment and dependence on means-tested welfare benefits (unemployment benefit II) is connected to strong feelings of social exclusion, meagre social status and low life satisfaction. However, participation in active labour market policy programmes can partly offset these negative consequences of unemployment. Whereas participants in the German activation scheme One-Euro-Jobs report to be significantly more integrated into society than the openly unemployed, participation does not alter the low social status of the interviewed

welfare benefit recipients. Interestingly, these results do not change substantially if time-invariant heterogeneity between individuals is controlled for in the fixed effects models. In fact, the effect of participation in One-Euro-Jobs on perceived inclusion into society fully matches the effect of regular employment. Thus, the results show that the work creation scheme indeed succeeds in fulfilling its reintegrative function. The low social status provides a plausible explanation for the fact that the life satisfaction of participants lags behind the life satisfaction of regularly employed even if pecuniary and other socio-economic characteristics are controlled for.

1.5.3 Article C

Wulfgramm, Melike. 2014. Life Satisfaction Effects of Unemployment in Europe: The Moderating Influence of Labour Market Policy. *Journal of European Social Policy* forthcoming. Accepted in November 2013.

Research Question & Hypotheses

Public policy shapes the lives of individuals, and even more so if they depend on state support. But to what extent can subjective well-being differences of European unemployed be traced back to the national design and generosity of labour market policy? This paper applies multilevel estimation techniques to survey data from 21 European countries to identify the moderating effect of unemployment benefit generosity and active labour market policy on life satisfaction of the unemployed. While the detrimental effect of unemployment is undisputed among virtually all scholars that ever analysed the relationship, the question on the intervening factors on the strength of this relationship remains open. Regarding labour market policy, both unemployment benefits (Hypothesis 1) as well as ALMP measures (Hypothesis 4) are assumed to moderate the effect of unemployment on subjective well-being. I argue that unemployment benefits may intervene both through a pecuniary and a non-pecuniary mechanism. By alleviating financial hardship, unemployment benefits allow the consumption of goods and services that yield utility. Furthermore, unemployment benefits may reflect the social status of the unemployed and the stigma that is attached to unemployment by society and politicians. ALMP programmes can substitute the psychosocial functions of paid employment such as regular activity, social contacts or the feeling of performing a job that is useful for society, all of which are likely to increase life satisfaction.

Previous Research

Several scholars have called for the governments to include well-being considerations in their policy design (Layard 2011; Carroll 2007; Clark & Oswald 1994; Sen 1997). To enable labour market policy-makers to base their decisions on such reflections, the subjective well-being effects of both passive and active labour market policy need to be understood first. However, there are no comparative studies that systematically analyse the pattern of the severity of the well-being effect of unemployment between countries with respect to active labour market policy. However, micro-level studies (Wulfgramm 2011 a; Wulfgramm 2011 b; Andersen 2008; Strandh 2001) point towards a positive relationship between participation in ALMP programmes and subjective well-being. For unemployment benefit generosity, cross-country analyses in Europe or cross-state research in the United States reach contradictory conclusions. Ochsen and Welsch (2012) find quite strong effects of unemployment benefit generosity on the subjective well-being of the unemployed in 10 European countries between 1975 and 2002, while Di Tella et al. (2003) and Gallie and Russel (1998) find no connection and Helliwell and Huang (2011) even show that the negative well-being effect is stronger in US states with high unemployment benefit replacement rates.

Empirical Strategy

Microdata from 4 waves of the European Social Survey (ESS) is merged with information about socioeconomic conditions and labour market policy at the country level for 21 European countries for up to 4 time periods. Individuals (level 1) are clustered in country-waves (level 2) which are further nested in countries (level 3). This nested data structure requires estimation techniques that take the intra-cluster correlation into account. Therefore, multilevel models as well as fixed effects models with clustered standard errors are estimated in this paper. To test the moderating effect of labour market policy on the life satisfaction effect of unemployment, cross-level interaction effects between unemployment at the individual level and benefit generosity as well as ALMP spending at the country-wave level are estimated.

Results

While unemployment has strong negative life satisfaction effects all over Europe, the size of this negative effect differs greatly between European countries as well as within countries over time and is closely associated with differences and changes in labour market

policy. The generosity of passive labour market policy moderates the well-being effect to a surprisingly large extent: The adverse effect of unemployment is almost doubled in a country with meagre unemployment benefits. This moderating effect can be explained both by a resource as well as a non-pecuniary mechanism, since the moderating influence of benefit generosity remains strong even if household income is controlled for. In contrast, the positive moderating effect of active labour market policy is less robust across model specifications. As countries with generous unemployment benefit systems also tend to invest more into ALMP programmes, it is difficult to disentangle the specific effect of ALMP if both active and passive policies are included in the analysis.

1.5.4 Article D

Wulfgramm, Melike, and Lukas Fervers. 2013. Unemployment and Subsequent Employment Stability: Does Labour Market Policy Matter? Unpublished manuscript. Previous version published as IZA Discussion Paper 7193, Bonn.

Research Question & Hypotheses

As a reaction to high and persistent unemployment, European labour market reforms have aimed at fostering quick reintegration of the unemployed into the labour market. Unemployment benefit generosity has been reduced (Kenworthy 2010: 438) to alleviate disincentive effects while ALMP spending has been expanded in many countries. At the same time, recent decades have shown an increase in unstable employment histories (Barbieri, 2008; Kalleberg, 2009), with many formerly unemployed that find a job switching back into episodes of unemployment and inactivity after a short interlude. Yet, differences in reemployment stability between countries have not been systematically linked to labour market policy. This paper analyses the effect of unemployment insurance generosity (Hypothesis 6) and active labour market policy (Hypothesis 5) on reemployment stability in Europe to close this gap. We focus on reemployment spells after unemployment since labour market policy is mostly targeted at them. Furthermore, scarring effects make the formerly unemployed particularly vulnerable to repeated job loss.

Previous Research

There is no comparative research that systematically links differences in reemployment stability between countries to labour market policy. Furthermore, the vast majority of labour market policy evaluations tends to focus on unemployment duration or exit from unemployment as outcome variables, while employment stability or other indicators for job match quality are far less analysed. One of the most well-confirmed findings in microeconometric labour market research is the disincentive effect of generous unemployment benefits, i.e. unemployment benefits lead to longer spells of unemployment and exit rates jump shortly before benefit expiry (e.g. van Ours & Vodopievic 2006; Caliendo et al. 2013; Tatsiramos 2009). With respect to post-unemployment outcomes such as wages or reemployment stability, the results are rather mixed. While positive effects can be found in some studies (e.g. Ehrenberg & Oaxaca 1976; Gangl 2002; Caliendo et al. 2013; Centeno & Novo 2009; Lauringson 2012; Tatsiramos 2009), other authors cannot find sufficient evidence for such a relationship (e.g. Portugal & Addison; Card et al. 2007; van Ours & Vodopievic 2008). ALMP programme evaluations have shown positive long-term effects of programme participation on employment stability (Lechner et al. 2007; Lechner et al. 2011; Crépon et al. 2012; Munch & Skipper), but also for post-unemployment wages and the likelihood of getting a regular contract (Caliendo et al. 2008; Cavaco et al. 2004; Rodriguez-Planas & Benus 2010; Card et al. 2010). However, these relationships have only been tested within countries; whether labour market policy can explain differences in reemployment stability between countries has not been answered until now.

Empirical Strategy

Using EU-SILC and OECD data, we conduct discrete time survival analyses with shared frailty specification to identify policy effects at the micro and macro level, using a two-stage research design. We draw an unemployment inflow sample from the EU-SILC data for 27 European countries. The panel structure of the EU-SILC longitudinal dataset offers information on the monthly employment status for up to 48 months. The first stage of the research process tests whether unemployment benefit receipt is connected to longer reemployment duration at the individual level after controlling for individual characteristics and especially previous employment history. As benefit receipt differs tremendously between countries and individual characteristics are controlled for, a large part of the variation is due to differences in labour market policy. The second stage combines multilevel modelling with event history estimation techniques to explain differences in the reemployment duration

between countries with contextual policy indicators. Thus, we merge information on active labour market policy, unemployment benefit generosity as well as contextual control variables at the country level to the micro-data and estimate their effect on reemployment duration at the individual level.

Results

This paper shows that reemployment stability is strongly associated with labour market policy, both at the individual and the country level. Our results show that unemployment benefit receipt is associated with longer reemployment duration at the individual level, even after length of previous unemployment, longer-term employment history and individual characteristics are controlled for. Furthermore, countries with more generous unemployment insurance and higher ALMP spending show a more sustainable reintegration record of previously unemployed workers. These results point to a policy trade-off between the well-confirmed disincentive and locking-in effect of unemployment benefits and ALMP programmes on the one hand, and their positive effect on reemployment stability on the other hand.

1.6 Conclusion

Labour market policy shapes the lives of European unemployed to a non-negligible extent. Recent decades have shown a trend from mainly passive labour market policy in the form of rather unconditional unemployment benefits towards active and activating policy measures. In the everyday lives of European unemployed, this means that their daily routine is often interluded by contacts with the PES as well as participation in training programmes and work creation schemes. Furthermore, the generosity of unemployment benefit schemes to a large part determines the financial situation of the unemployed. While a general activation turn has been taking place, the extent to which the unemployed are involved in ALMP measures and the generosity of unemployment benefits differs considerably between European countries.

This thesis has analysed the way both passive as well as active labour market policy affects the lives of the unemployed during their unemployment spell with respect to psychosocial factors as well as their future employment stability once they exited unemployment. In a nutshell, it has been shown that both differences between individuals within countries as well as between-country differences are associated with labour market policy. To be more specific, multilevel models show that countries with high investments into active labour market policy show far more stable reemployment patterns. This can be explained by more efficient matching processes in the case of intense counselling services by the PES. Furthermore, skill enhancement due to training schemes leads to more sustainable reintegration into the labour market. Regarding differences in life satisfaction between countries, the effect of ALMP is positive but less robust. However, the case study on the German work creation scheme One-Euro-Jobs shows that participants are significantly more satisfied with their lives than openly unemployed welfare benefit recipients. Given the targeting of this programme towards hard-to-place long-term unemployed, the reintegration into society and the substitution of psychosocial functions of work is an essential aim. This dissertation has shown that participation in One-Euro-Jobs can help substantially in fostering the participants' feeling of inclusion into society. In fact, fixed effects estimations even show that the change in subjective social inclusion between openly unemployed and One-Euro-Job participants is just as large as the change between openly unemployed and employed respondents. This finding is in line with the majority of participants reporting to have increased social contacts through the work creation measure. However, the social status of

participants remains low, as the reputation of publicly created employment or training opportunities does not match the reputation of regular employment.

Regarding passive labour market policy, i.e. unemployment benefit generosity, positive effects show both with respect to life satisfaction during unemployment as well as reemployment stability once the unemployment spell has finished. Benefit generosity clearly mediates the negative effect of unemployment on subjective well-being: countries with rather generous benefit systems show differences between unemployed and employed individuals that are only half the size of the respective differences in rather ungenerous countries. This effect holds even after household income has been controlled for, implying that even the receipt of unemployment benefits is connected to non-pecuniary effects. Furthermore, unemployment benefits are connected to longer reemployment spells. Rather generous benefits allow the unemployed to search for jobs that match their skill profile and that offer better employment prospects. The positive connection between unemployment benefits and reemployment stability shows both at the micro level as well as between countries, with an especially strong association in Western Europe.

In general, this thesis has shown that the exclusive focus on quick reemployment in many labour market policy evaluations disregards important positive psychosocial effects during unemployment as well as longer term implications regarding more sustainable employment. Critics might argue that the aim of fast reintegration into the labour market already covers a concern for the well-being of the unemployed, since life satisfaction rises sharply upon return into employment. However, macroeconomic fluctuations such as the recent global financial crisis that impact the labour market heavily will continue to affect advanced societies and a comprehensive social policy thus requires both policies that activate people to return to the labour market as well as policies that secure social inclusion and well-being (see also Gallie 2009: 129 f.; Esping-Andersen 2009: 45; Hemerijck 2013). Furthermore, this thesis has shown that providing the unemployed with the financial means to search for suitable jobs that match their skills and helping them improve their employability through ALMP fosters the sustainability of labour market reintegration, showing the importance of a balance between active and passive labour market policies.

1.7 Declaration on Own Contribution to Co-Authored Article

Article:
Wulfgramm, Melike, and Lukas Fervers. 2013. Unemployment and Subsequent Employment Stability: Does Labour Market Policy Matter? Unpublished manuscript. Previous version published as IZA Discussion Paper 7193, Bonn.

The development of the paper in terms of idea, data management, model specification and estimation as well as the actual writing process has been done together, so that both authors contributed to the article in equal shares.

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2 ARTICLE A

Wulfgramm, Melike. 2011. Can Activating Labour Market Policy offset the Detrimental Life Satisfaction Effect of Unemployment? *Socio-Economic Review* 9 (3): 477-501.

2.1 Introduction

Unemployment has evolved to be one of the major problems of modern society, with governments struggling to design programmes that deal with the mass phenomenon of joblessness. Individually, job loss and in particular prolonged periods of unemployment have persistently been found to cause not only financial losses but also considerable drops in the life satisfaction of the affected people (e.g. Winkelmann & Winkelmann 1998; Clark & Oswald 1994; Gerlach & Stephan 1996; Khattab & Fenton 2009; Kieselbach 1994; Van Praag & Ferrer-i-Carbonell 2002; Carroll 2007). Unfulfilled psychosocial functions of work (Jahoda 1982) and a sense of lost control over one's life course (Fryer 1986) have been argued to cause this deterioration in the well-being of the unemployed. To ease the detrimental effects of unemployment, governments have developed active and activating labour market policy (LMP) programmes designed to foster the reintegration of the unemployed into the labour market and society. Yet while the large drop in life satisfaction due to unemployment prompted the call for governments to alleviate the negative effect (Carroll 2007; Clark & Oswald 1994), evaluations of LMP measures tend to exclusively concentrate on more tangible outcomes such as the reemployment rate.

The limited research focus is surprising, as several studies have found evidence for a positive correlation between subjective well-being and reemployment (see Vansteenkiste et al. 2004; Waters & Moore 2002), since 'a lowered subjective well-being may lead to discouragement, an inability to acquire new skills, or unsatisfactory performance at job interviews' (Korpi 1997: 127). Additionally, the number of scholars that demand happiness and well-being[1] be taken as the real measure of welfare is ever increasing (e.g. Easterlin 1974; Ng 1997; Oswald 1997). For instance, Oswald criticizes the limited focus on GDP growth and recommends that governments record and monitor happiness more closely, as 'economic performance is not intrinsically interesting. […] Economic things matter only in so far as they make people happier' (Oswald 1997: 1815).

[1] Following Easterlin (2001, p. 465), I will use the terms happiness, well-being and life satisfaction interchangeably.

While prior studies in Sweden and Great Britain have indeed found positive effects of certain active LMP measures on the well-being of their participants (Andersen 2008; Strandh 2001; Korpi 1997; Donovan et al. 1986), research on German LMP has largely neglected its impact on well-being. In particular, the life satisfaction effects of the new set of activation measures introduced in 2005 with the Hartz-reforms have not been estimated. Therefore, I conduct an empirical analysis on the influence of the largest German activating LMP measure 'One-Euro-Jobs' upon the reported life satisfaction of welfare recipients. This workfare programme should be able to fulfil several of the positive psychosocial functions of work, as the activities performed by participants resemble regular employment in several aspects (e.g. structured day, social contacts, skill use). On the other hand, publicly created work opportunities do not offer a high social status or great financial freedom. Furthermore, welfare recipients can be forced to participate through the threat of benefit cuts, conveying a sense of lost control over their life course. Thus, the life satisfaction effect of the activation programme is ambiguous if merely discussed theoretically and needs to be tested empirically. Data from two waves of the new panel study "Labour Market and Social Security" (**PASS**, *Panel Arbeitsmarkt und soziale Sicherung*) renders cross-sectional as well as longitudinal regression analysis possible. Furthermore, evaluations of participants with respect to psychosocial aspects of One-Euro-Jobs offer insights into the causal paths between LMP measures and life satisfaction that have largely been ignored in previous studies.

The paper is structured as follows: After the literature review on the relationship between unemployment, labour market policy and life satisfaction, the article proceeds with an overview about the paradigm shift towards activating LMP in general, and the German Hartz reforms in particular. The characteristics of One-Euro-Jobs are analysed with respect to their potential psychosocial functions and the core hypotheses are derived from this analysis. Afterwards, the methodology that accounts for ordinality and the panel structure as well as the data set are described, followed by the regression results and their discussion. Finally, the conclusion completes the paper.

2.2 Unemployment, Labour Market Policy & Life Satisfaction

It is widely agreed on among scholars across disciplines that unemployment is negatively correlated with well-being (e.g. Carroll 2007; Clark & Oswald 1994; Gerlach & Stephan 1996; Khattab & Fenton 2009; Kieselbach 1994; Van Praag & Ferrer-i-Carbonell 2002; Diener et al. 1999). The detrimental effect of unemployment upon life satisfaction has been found to exist across countries, age groups and gender, but Noll and Weick (2010: 82) argue it to be especially strong in Germany in comparison to other European societies. While Clark *et al*. (2008) find full adaptation after events such as marriage and birth of a child, the unemployed stay unhappy without returning to a certain base-line level. Whereas the drop in (mental) health connected to unemployment is primarily driven by selection biases, pointing to a strong reverse causality (Böckerman & Ilmakunnas 2009; Salm 2009; Björklund 1985), its negative satisfaction effects tend to be extremely robust even in longitudinal analyses. But what exactly is it that makes us unhappy when we lose our job or do not even succeed in finding one in the first place? While income losses bear explanatory power, the non-pecuniary effects of unemployment are shown to be far more damaging than the pecuniary effects (Winkelmann & Winkelmann 1998). While the unemployed have more time for leisure activities, they enjoy similar activities less than the employed, so that the 'time-composition effect' is countervailed by a 'saddening effect' (Knabe et al. 2010). Chekola (2007: 234) describes the relationship between work and happiness to be paradoxical: Generally, work is regarded to be burdensome, which is why microeconomic theory regards leisure to be a valuable good whereas labour is merely supplied to earn wages (cf. Franz 2003; Carol 2005: 3-4). – Yet if people become unemployed, their life satisfaction is found to drop to a far larger extent than their income loss would suggest.

This non-pecuniary effect of unemployment has been explained by Jahoda's deprivation theory that lists five essential psychosocial functions or experience categories within work that the unemployed are deprived of: (1) imposition of a time structure, (2) social contacts, (3) participation in a collective purpose, (4) status and identity and (5) required regular activity (Jahoda 1982: 59). While employed people worry about the quality *within* the experience categories of work, the unemployed struggle to find substitutes in other areas of life, generally causing very low well-being among the unemployed.

In contrast to Jahoda, Fryer (1986) points to agency and control as explanatory factors in the link between work and subjective well-being. An individual is seen as a proactive rather than reactive being, so that well-being does not only depend on the fulfilment of needs, but

also on a person's autonomy in their fulfilment. Unemployment, then, prevents the individual from being economically self-sufficient and restricts the control over the own life course.

Strandh (2001) expanded the theoretical framework of Jahoda and Fryer to argue that government training and occupational schemes can potentially fulfil the psychosocial functions of regular employment. In his empirical analysis using Swedish data, he found effect heterogeneity depending on the specific measure taken, though. Korpi (1997) does not further differentiate between specific programmes and finds significantly positive effects on the subjective well-being of young Swedish unemployed. Similarly, British current and past government training schemes have been found to affect the reported well-being of the unemployed positively (Andersen 2008; Donovan et al. 1986).

The empirical evidence on the happiness effect of German active LMP programmes is far scarcer and does not offer empirical evidence concerning the recently introduced activation measures. Although Knabe and Rätzel (2007) found traditional job creation schemes (*Arbeitsbeschaffungsmaßnahmen)* to only mitigate the detrimental effect of unemployment upon happiness and not fully substitute regular employment and Huber et al. (2010) found no significant effects of German welfare-to-work programmes on health outcomes as contrasted to positive effects of regular employment, the only German study addressing the impact of the new German activation strategy on life satisfaction merely *assumes* that participation in a workfare programme has similar beneficial effects on life satisfaction as having a regular low wage job (Koch et al. 2005). This assumption relies on Layard's (2004) statement on the greater importance of having *any job at all* compared to the *type of job*. However, Koch *et al*. also point to the possibility that workfare programmes might have a different effect upon self-esteem, prestige and, thus, life satisfaction than regular employment (Koch et al. 2005: 431).

2.3 Activation: Institutional Background & Concepts

Several European countries have recently implemented welfare reforms focussing on activating LMP. The essential idea of the new activation paradigm is the explicit linkage of welfare benefits to behavioural expectations towards the benefit recipients: If individuals who are able to work claim means-tested welfare benefits, they have to prove their willingness to work through active job search and the acceptance of jobs with rather unfavourable conditions (Fromm & Sproß 2008: 10). On the side of the government, activating LMP programmes offering training as well as work experience shall integrate participants into the labour market and society. Should the unemployed not comply with the search or participation requirements, benefit cuts can be imposed. The closely related workfare concept is mainly used to describe undesirable policies (Loedemel & Trickey 2000: 3-4) and activation may include educational programmes that are not part of a workfare scheme. Still there is no clear-cut distinction between workfare and activation; rather, activation takes on a workfare character if the coercive aspect dominates the enabling aspect of an activation scheme (Dingeldey 2007). Thus, the terms active LMP, activating LMP and workfare can refer to the same policy while stressing different aspects.

2.3.1 The Hartz Reforms: From Status Maintenance to Activation

In line with the general paradigm shift towards activation, the German welfare system has recently faced radical reforms. Traditionally, German LMP has aimed at status maintenance, with unemployment benefits linked to former earnings. For several decades, both passive and active LMP served as a convenient and 'socially acceptable' way for employers to adjust their workforce to dynamic global markets and sustain high productivity by discarding unproductive workers (Eichhorst et al. 2010: 67). Compared to more recent approaches, active LMP programmes used to be characterized by long duration, voluntary participation and relatively generous compensation.

Traditional welfare patterns faced increasingly harsh critique in the 1990s, and the paradigm shift from status maintenance to activation showed in gradual changes of the welfare system. Finally, between 2003 and 2005 the German welfare state underwent far-reaching reforms that followed recommendations of the 'Commission for Modern Labour

Market Services', composed of four legislative packages called Hartz I through IV.[2] One of the major goals is to activate the unemployed by enforcing the principle of 'rights and duties' (*Fördern und Fordern*; Jacobi & Kluve 2007: 50), which combines enabling active LMP measures with coercive sanctions in the benefit system. The benefit system was completely restructured in 2005, following the completion of Hartz IV: Unemployment insurance (*Arbeitslosengeld)* was converted into Unemployment Benefit I (UB I, *Arbeitslosengeld I*), while the formerly separate unemployment assistance (*Arbeitslosenhilfe*) and social assistance (*Sozialhilfe)* were merged into Unemployment Benefit II (UB II, *Arbeitslosengeld II*). After one year of UB I receipt, the unemployed receive the means-tested UB II that is no longer linked to former earnings.

Since the reforms, UB II recipients face rather restrictive behavioural expectations: The unemployed welfare recipients are expected to accept any available job and LMP measure to prevent sanctions (Huber et al. 2009: 5). The long-term unemployed receiving UB II lose their former scope of social protection and 'can be subject to pure workfare' (Dingeldey 2007: 832). Due to these coercive workfare elements and the departure from status maintenance rights, the Hartz reforms were, and still are, widely perceived as extremely harsh and socially inacceptable. In fact, great explanatory power for the electoral defeat of the red-green coalition between the Social Democrats and the Green Party in 2005 has been assigned to the introduction of the Hartz legislation (Eichhorst & Sesselmeier 2006: 16).

2.3.2 One-Euro-Jobs

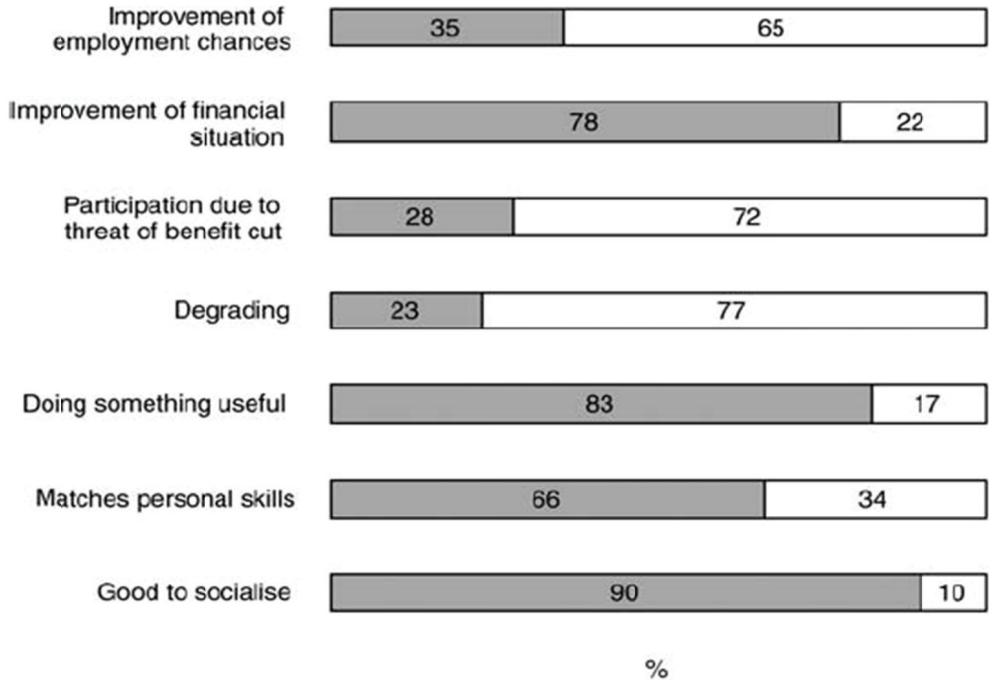
Next to the benefit system, active and activating LMP measures have been reformed considerably with the Hartz legislation.[3] Since 2005, 'One-Euro-Jobs' (officially called *Arbeitsgelegenheiten in der Mehraufwandsvariante*)[4] make up 95 per cent of all public work opportunities (Hohmeyer & Jozwiak 2009: 601) and have largely replaced traditional job creation schemes (*Arbeitsbeschaffungsmaßnahmen)*. The number of participants has consistently exceeded 600,000 annually and average duration ranges between three to nine months (Huber et al. 2009: 8). This section describes the design of the activation measure and analyses whether it fulfils the psychosocial functions of work as described by Jahoda (1982) and how it may affect the sense of control of participants as described by Fryer (1986). Figure

[2] named after the commission's director Peter Hartz
[3] See Huber et al. (2009) for a description of the whole set of German activation measures.
[4] The respective legislation is regulated in paragraph 16(3) of Social Code II (*§ 16(3) SGB II*). Although the term 'One-Euro-Job' sounds somewhat colloquial, it is widely used in scientific literature and general media.

2.1 shows how participants evaluate One-Euro-Jobs, touching upon psychosocial functions and control aspects. Table 2.1 compares these functions and control aspects of One-Euro-Jobs to those of regular employment and open unemployment in order to develop hypotheses regarding their effect on life satisfaction.

One-Euro-Jobs have been designed to fulfil a variety of goals and are based on 'mixed motive decisions' (Bellmann et al. 2006: 4). The ultimate objective is to reintegrate hard-to-place UB II recipients into the regular labour market and to end their welfare dependency. To reach this aim, the employability of participants shall be fostered by refreshing basic labour market skills. Indeed, two thirds of the respondents perceive the skill requirements to match their personal skills. However, results of previous studies do not point to a thorough improvement in reemployment chances and the welfare dependency situation of participants (Huber et al. 2009; Hohmeyer & Wolff 2007). Particularly in the short-run, locking-in effects can be observed. Accordingly, only one third of respondents in the PASS survey perceive their employment chances to have improved.

Figure 2.1: One-Euro-Job Evaluation by Participants



Notes: 'Rather' and 'fully' (dis)agree merged; only valid answers; N=547–551.
Source: Author's calculations from PASS.

A further goal of One-Euro-Jobs is the prevention of social detachment through the provision of social contacts, daily routine and externally generated tasks (Hohmeyer & Wolff 2007: 8). 90 per cent of participants agree with the statement that the programme offers the opportunity for social contacts. Furthermore, the tasks carried out within this measure are supposed to be of public utility and the vast majority of the participants (83 per cent) indeed reports performing useful activities. However, One-Euro-Jobs shall also be additional to activities that are performed by public or private enterprises, so that the positive well-being effect of participation in a collective purpose should be somewhat confined when compared to regular employment.

Table 2.1: Expected Life Satisfaction Implications of One-Euro-Jobs

Sense of control/ psychosocial function*:	One-Euro-Jobs compared to regular employment		One-Euro-Jobs compared to open unemployment	
	Description	Expected Life Satisfaction Implication	Description	Expected Life Satisfaction Implication
Control of economic matters	Welfare dependency	-	Compensation in addition to UB II	+
Control of the life course	Accepted for lack of regular employment and/or threat of benefit cuts	-	1. (Perceived) employment chances generally not improved	=
			2. Perceived Workfare Character (Threat of Benefit Cut)	-
Participation in collective purpose	Probably lower (Additionality condition)	-/?	Activity of public utility	+
Time structure	Similar	=	Structured day	+
Regular activity	Similar	=	Increase	+
Opportunity for interpersonal contact	Similar	=	Higher	+
Valued social position & identity	Stigma attached	-	Questionable	?
Opportunity for skill use	Probably lower	-/?	Increase	+
Hypothesized change in life satisfaction	Lower	-	Contradictory, but probably higher	+?

Note: *The control aspects follow Fryer's agency theory (1986), while the psychosocial functions are part of Jahoda's deprivation theory (1982).

In addition to regular welfare benefits, One-Euro-Job participants receive an average hourly remuneration of €1.25 (Hohmeyer & Wolff 2007: 8). Although the payment should only compensate for additional expenses such as travel costs, the survey shows that most participants (78 per cent) report their financial situation to have improved. However, One-Euro-Jobs have no significant effect on future welfare dependency (Huber et al. 2009; Hohmeyer & Wolff 2007), so that an improvement in the sense of control over the financial situation appears to be temporary. Furthermore, it is explicitly stressed that the compensation is not a wage, and, thus, the programme is not equivalent to regular employment (Bundesagentur für Arbeit 2009: 6). In contrast to traditional job creation schemes that renewed the eligibility for unemployment insurance benefits, One-Euro-Job participants continue to receive the less generous UB II during and after the participation period.

A contrasting purpose to the social integrative functions above is the usage of work opportunities as a willingness-to-work test. The threat of activation and work requirements may prevent the abuse of the welfare system (Bellmann et al. 2006: 5) and provide incentives to the unemployed to increase their search efforts. Indeed, one out of four respondents participates in the scheme due to the threat of benefit cuts. This coercive workfare element of One-Euro-Jobs should have a negative impact on the life satisfaction of participants, as the sense of control over the own life course is restricted. Finally, there should be an adverse effect of One-Euro-Jobs on status and identity compared to regular employment, due to the severe stigma attached. However, when compared to open unemployment, the status and identity effect remains unclear: 23 per cent of respondents feel degraded by the activation measure, while 77 per cent disagree with this statement. Although table 2.1 and the discussion above do not reveal a clear-cut picture regarding the life satisfaction effect of One-Euro-Jobs, the following two hypotheses emerge:

Hypothesis 1: Participants in activating LMP measures (One-Euro-Jobs) are less satisfied with their lives than individuals in regular employment.

Hypothesis 2: Participation in activating LMP measures (One-Euro-Jobs) raises the life satisfaction of unemployed welfare recipients.

2.4 Methodology and Model Specification

The hypotheses are tested by estimating regression models with different levels of restrictiveness, depending on the assumption of an ordinal vs. cardinal nature of the endogenous variable and the inclusion of individual fixed effects. In the pooled OLS specification, the assumed relationship between life satisfaction and its explanatory variables is:

$$LS_{it} = \beta_0 + \beta_1 E_{it} + \beta_2 A_{it} + \beta_3 \ln Y_{it} + \beta_4 X_{it} + e_{it} \quad (1)$$

where the endogenous variable 'reported life satisfaction' *LS* of individual *i* at the interview point *t* is a linear function of the vector of variables on his or her labour market status E_{it}, participation in an activation programme A_{it}, the natural logarithm of household income $\ln Y_{it}$ and other socio-demographic and personal characteristics X_{it}. The constant is denoted by β_0 while e_{it} stands for the randomly distributed error term.

Vector *E* contains dummy variables differentiating between the labour market statuses working, unemployed, pensioner, homemaker, parental leave, military or civil service, student, pupil and incapacitated for work. Also, dummies for long-term unemployment (≥ twelve months) and UB II receipt are included. *A* refers to the main explanatory variable of interest, that is, current participation in a One-Euro-Job. Also, variables for previous One-Euro-Job participation and other current active LMP measures (excluding One-Euro-Jobs) are included. *lnY* refers to the natural logarithm of the household income adjusted for household size with the modified OECD equivalence scale. Finally, vector *X* subsumes information on personal and socio-demographic characteristics of the respondents, with the following dummy variables: male, married, unmarried partner inside the household, partner outside the household, close friends outside the household, duty to care for friends or relatives, being seriously ill or disabled, and living in East Germany (including Berlin). Moreover, I control for age, age squared and years of formal education. Finally, several dummy variables for missing values are included in the estimation process but are not displayed.

The specification with individual fixed effects accounts for unobserved time-invariant heterogeneity between individuals and interpersonal effect comparability is improved. Variables that are either time-constant, strongly correlated with time (age) or have very low transition rates are excluded from the fixed effects specification. Due to low transition rates,

nonparticipating employment statuses have been summarized into one variable. α_i is a person specific constant and the error term u_{it} is again assumed to be randomly distributed, so that the individual fixed effects model specification is

$$LS_{it} = \alpha_i + \beta_1 E_{it} + \beta_2 A_{it} + \beta_3 \ln Y_{it} + \beta_4 X_{it} + u_{it} \quad (2)$$

Within the economics of happiness literature, reported life satisfaction is often treated as an ordinal variable, while many psychologists and other scholars treat it as cardinal (Ferrer-i-Carbonell & Frijters 2004: 641). The assumption of ordinality is closely connected to the notion that utility cannot be directly measured. In maximum likelihood models (e.g. Ordered Probit or Conditional Logit), reported life satisfaction *LS* is therefore used as a substitute for the actual underlying metaphysical concept of utility or welfare *LS** (Ferrer-i-Carbonell & Frijters 2004; Boes & Winkelmann 2006; Verbeek 2008). Reported life satisfaction *LS* takes on value k if the latent variable *LS** lies between the cut-off points λ_k and λ_{k+1}:

$$LS_{it} = k \Leftrightarrow \lambda_k \leq LS_{it}^* < \lambda_{k+1} \quad (3)$$

While it accounts for the specific characteristics of a latent underlying variable (ordinality), the Ordered Probit estimation has the disadvantage of a less intuitive interpretability compared to OLS coefficients.

As a final, most restrictive model, a conditional logit model as suggested by Ferrer-i-Carbonell and Frijters (2004) is implemented. In this approach, the dependent variable is dichotomized, taking the value 1 if life satisfaction of an individual in the respective wave is higher than in the other wave. The panel needs to be completely balanced and only respondents that show variance in the dependent variable between waves are kept. The advantage of this model is that the potential ordinality of life satisfaction measures is accounted for while individual fixed effects can be included into the logistic model. Furthermore, robust standard errors are estimated. Obvious disadvantages are (1) loss of information because large changes of satisfaction are treated equally to small ones and (2) the considerable drop in case numbers. The estimation is done with robust standard errors to account for the interdependency of observations from the same individual.

2.5 Data: Panel 'Labour Market and Social Security'

The dataset used in this study is compiled of observations from the German panel study "Labour Market and Social Security" (*Panel Arbeitsmarkt und Soziale Sicherung*, PASS).[5] My dependent variable is based on the following question:

"How satisfied are you currently with your life in general? '0' means that you are 'completely dissatisfied', '10' means that you are 'completely satisfied'. The numbers '1' through '9' allow you to grade your assessment."

The first two waves of PASS that were conducted in 2006/7 and 2007/8 are included in the analysis. Excluding respondents below the age of 16 and above the age of 64, a total of 27,946 respondents are included in my analysis, with 8,822 respondents who gave interviews in both waves. Across the two waves, 569 respondents reported to be currently participating in a One-Euro-Job.

To facilitate labour market policy research, households receiving UB II as well as low income households are proportionally overrepresented in the PASS dataset. In order to calculate representative descriptive statistics, I partially correct for the biased sample using two different weights in this paper: Population weights as well as UB II weights (referring to households receiving UB II at the sampling date). For the estimation of the regression models, I refrain from using weights as I include the information that has mainly been used for the stratification of the sample as control variables.[6] Table 2.2 provides a general overview about the composition of the dataset by showing unweighted and population-weighted means and frequencies. In particular the comparison of characteristics that are generally viewed as undesirable shows the deliberately biased sampling design. For example, the average OECD equivalized household income in the sample is 1082 Euro per month, while it rises to 1476 if population weights are applied.

[5] For details on the PASS-design see Christoph et al. (2008).

[6] For instance, by including household income as an independent variable I can circumvent the bias that exists due to the disproportionately high number of low income households. For an in-depth discussion of the application of sampling weights in regression analyses see Winship and Radbill (1994) or DuMouchel and Duncan (1983).

Table 2.2: Descriptive Statistics

Variable	Unweighted data		Population weighted data
	N*	Mean**	Mean**
Life satisfaction	27,946	6.40	7.19
Current One-Euro-Job	**569**	**0.02**	**0.004**
Working	9,851	0.35	0.54
Unemployed	8,777	0.33	0.10
Pensioner/early retirement	1,168	0.04	0.06
Homemaker	2,197	0.08	0.09
Parental leave	681	0.02	0.02
Military service/civil service	51	0.00	0.00
Apprenticeship/academic studies	1,745	0.06	0.05
Pupil	1,513	0.05	0.07
Ill/incapacitated/disabled (as employment status)	115	0.00	0.00
Miscellaneous/missing employment status	1,359	0.05	0.06
One-Euro-Job within last 6 months (excl. current spells)	661	0.02	0.004
One-Euro-Job 7 to 12 months ago (excl. current spells)	1,020	0.04	0.007
Other current active LMP measure	635	0.02	0.006
Long-term unemployed (≥1 year)	7,214	0.26	0.06
UB II recipient (household)	11,828	0.42	0.09
Male	12,809	0.46	0.50
Age	27,735	39.86	40.40
New federal states (incl. Berlin)	7,954	0.28	0.21
Household income (modified OECD equivalence scaled)	27,347	1082.20	1476.11
Years of formal education	26,829	11.70	12.10
Children (1=yes)	17,316	0.62	0.64
Children: missing values	1,800	0.06	0.06
Married	12,040	0.43	0.65
Unmarried partner inside household	2,609	0.09	0.04
Unmarried partner outside household	3,291	0.12	0.08
Close friends/relatives outside the household	26,027	0.93	0.96
Duty to care for friends/relatives	2,056	0.07	0.06
Disabled	3,484	0.12	0.11
Other severe health impairments	5,755	0.21	0.15

Notes: *For dummy variables, N refers to the case that X=1; **For dummy variables, the mean shows the proportion of observations in which X=1.

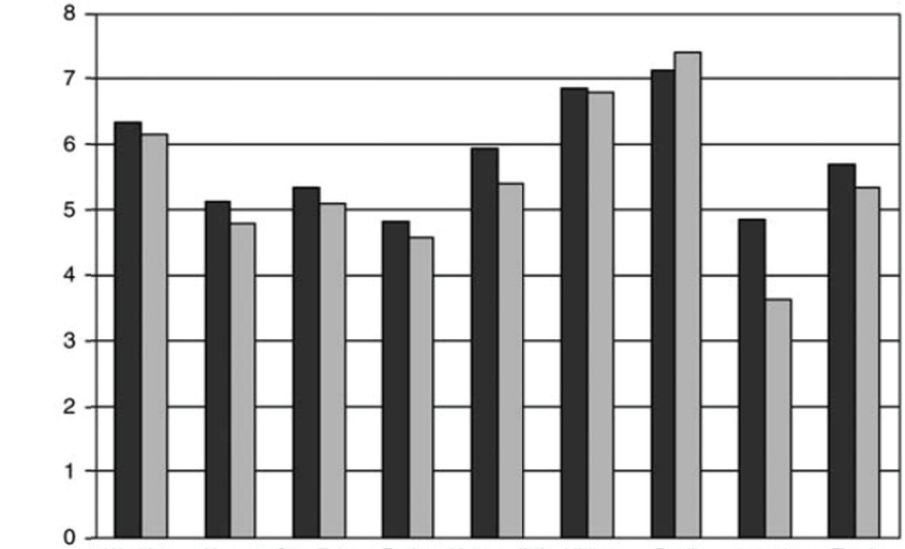
Source: Author's calculations from PASS.

2.5.1 Life Satisfaction and Employment Status: Descriptive Statistics

In the German population, the mean life satisfaction is 7.25 for women and 7.13 for men. However, life satisfaction differs far more drastically between employment statuses than

between the sexes. In line with previous research, working respondents report a far higher average life satisfaction than the unemployed (7.5/7.4 vs. 5.7/5.4 for women/men). Among the nonparticipants, individuals in education, in military or civil service and on parental leave are happier than those that are either incapacitated for work or in early retirement. While there are only marginal differences between the sexes for most employment statuses, being a homemaker seems to be far less satisfying for men than for women (5.1 vs. 7.2.; accordingly, the number of househusbands in the sample is only 99 compared to 2,095 housewives). Even though the level of satisfaction is generally far lower in households receiving UB II (5.7/5.3 for women/men) than in the total population, the happiness-pattern for the employment status

Figure 2.2: Mean Life Satisfaction of Current UB II Recipients by Employment Status and Gender



	Working	Unem-ployed	**One-Euro-job**	Retire-ment	Housewife/-man	Higher education	Pupil	Incapa-citated	Total
Women	6,33	5,12	**5,33**	4,83	5,95	6,87	7,14	4,86	5,69
Men	6,16	4,78	**5,10**	4,57	5,40	6,81	7,40	3,64	5,34

Note: UB II weights applied.
Source: Author's calculations from PASS.

appears to be similar: The least satisfied UB II recipients are those that are incapacitated for work, unemployed or in early retirement while those individuals that are attending formal education or are in regular employment are considerably more satisfied with their lives (see figure 2.2). One-Euro-Job participants report a higher life satisfaction than their openly unemployed counterparts. For women, the difference amounts to 0.21 points while the equivalent value for men is 0.32 points. However, when compared to welfare recipients that

are working (households can receive UB II in addition to wages), One-Euro-Job participants are far less satisfied[7].

[7] These differences are all significant at the 1% level in a one-sided t test, except for the difference between the life satisfaction of women in One-Euro-Jobs as compared to unemployed women, which is significant at the 5% level (w/o weights)

2.6 Regression Results & Interpretation

Table 2.3 shows the regression results for the determinants of life satisfaction. The basic OLS regression and the Ordered Probit model show essentially the same influences of the exogenous variables, both in significance and direction. However, there are considerable differences between these two cross-sectional models and the longitudinal specifications. If individual fixed effects are added, many coefficients shrink in magnitude and lose their statistical and explanatory significance, especially in the conditional logit model. This phenomenon is caused by selection biases as well as lags and leads of events, and also through information loss as well as a drop in case numbers. While it is very desirable to eliminate the selection bias by including the individual fixed effects, the effect of an event may be underestimated due to effects of lags and leads. This noise is especially high in my dataset, as it contains only two survey waves. Therefore, it is informative to study the results of both the cross-sectional and the panel estimation results.

2.6.1 The Impact of Activating Labour Market Policy and Employment Status upon Happiness

As shown in table 2.3, life satisfaction is strongly influenced by the employment status of respondents. Except for being incapacitated for work, all other statuses are connected to significantly higher well-being than open unemployment, confirming the detrimental effect of unemployment upon happiness. Indeed, regular employment largely improves the life satisfaction of individuals even when income is controlled for, so that the results point to a large non-pecuniary effect of work upon well-being compared to unemployment. The impact on happiness becomes smaller in magnitude if individual fixed effects are added to the econometric model (with the coefficient shrinking from 0.74 to 0.36 in OLS), yet the effect is still positive. Furthermore, the long-term unemployed are even less happy with their lives than the average unemployed.

The cross-sectional regression results clearly support ***Hypothesis 1***[8]: Life satisfaction of One-Euro-Job participants does not match the level of regularly employed respondents even if income, welfare receipt and personal characteristics are controlled for. The coefficient

[8] Longitudinal models have not been estimated, as the case number of transitions between regular employment and One-Euro-Jobs is only 18.

of One-Euro-Job participation as compared to regular employment is -0.42 in the simple OLS model and is highly significant in both the OLS and the Ordered Probit model at the 1% level (not shown in table 2.3). Apparently, the non-pecuniary benefits of regular employment cannot be fully substituted by One-Euro-Job participation.

In contrast to the comparison with regular employment, there is a positive effect of One-Euro-Job participation upon life satisfaction as compared to unemployed welfare recipients to be found in the data. In the OLS cross-sectional analysis, One-Euro-Jobs are associated with a satisfaction level that is 0.32 points higher compared to open unemployment, significant at the 1 % level. If individual fixed effects are added, the effect becomes smaller and the t-value drops considerably. The zero hypothesis of no effect of One-Euro-Jobs on life satisfaction can only be rejected at the 10 % level (P>t=0.066). In the most restrictive conditional logit model, the respective coefficient also points to a positive satisfaction effect, but -just like the effect of disability and nonparticipation- is not significant anymore. These differences between the cross-sectional and longitudinal models are of special interest, as they point to a selection bias: happier welfare recipients appear to be selected, or are self-selecting, into One-Euro-Jobs. The information loss through the dichotomization of the dependent variable and the drop in case numbers (to 184 transitions between unemployment and One-Euro-Jobs) may further cause the differences between models.

Table 2.3: Determinants of Life Satisfaction

	OLS	Ordered probit	OLS fixed effects	Conditional logit
Current employment status (ref.: unemployed):				
One-Euro-Job	0.32 (4.0)***	0.16 (3.5)***	0.19 (1.8)*	0.15 (1.1)
Working	0.74 (14.9)***	0.39 (14.3)***	0.36 (4.9)***	0.37 (3.8)***
Pensioner/early retirement	0.31 (4.2)***	0.16 (3.9)***		
Homemaker	0.58 (9.5)***	0.33 (9.9)***		
Parental leave	0.62 (7.3)***	0.35 (7.5)***		
Military service/civil service	1.35 (5.1)***	0.76 (5.2)***		
Higher education	0.87 (13.2)***	0.48 (13.2)***		
Pupil	0.86 (8.3)***	0.46 (8.1)***		
Ill/incapacitated/disabled	-0.77 (4.3)***	-0.38 (3.8)***		
Nonparticipant (sum of 7 statuses above)			0.21 (2.8)***	0.11 (1.6)
Unemployment-related variables:				
One-Euro-Job within last 6 months (excl. current spells)	-0.07 (0.7)	-0.04 (0.7)	-0.02 (0.1)	0.03 (0.8)
One-Euro-Job 7 to 12 months ago (excl. current spells)	-0.11 (1.4)	-0.05 (1.1)	0.14 (1.5)	0.17 (1.3)
Current active LMP measure (excl. One-Euro-Job)	0.18 (2.3)**	0.08 (2.0)*	0.29 (2.9)***	0.26 (2.0)**
Long-term unemployed (>1 year)	-0.17 (3.5)***	-0.07 (2.7)***	-0.14 (2.1)**	-0.17 (1.8)*
UB II receipt (household)	-0.56 (17.9)***	-0.31 (18.1)***	-0.29 (5.0)***	-0.42 (5.2)***
Controls:				
Male	-0.20 (8.3)***	-0.11 (8.4)***		
Age	-0.13 (17.8)***	-0.07 (18.1)***		
Age^2	0.001 (16.7)***	0.001 (17.1)***		
New federal states (incl. Berlin)	-0.34 (13.4)***	-0.20 (14.2)***		
Ln(Household income (modified OECD equivalence scaled))	0.33 (19.7)***	0.18 (19.6)***	0.08 (3.3)***	0.06 (1.8)*
Years of formal education	0.06 (13.4)***	0.03 (12.9)***	0.00 (0.1)	-0.01 (0.6)
Children (1=yes)	-0.01 (0.3)	-0.01 (0.6)	0.24 (2.7)***	0.26 (2.2)**
Close friends/relatives outside the household	0.72 (16.3)***	0.36 (14.4)***	0.20 (3.0)***	0.15 (1.7)*
Regular care of friends/relatives	-0.13 (3.0)***	-0.07 (3.0)***	0.07 (0.9)	0.10 (1.0)
Disabled (officially registered)	-0.38 (9.4)***	-0.20 (9.0)***	-0.20 (2.0)**	-0.20 (1.5)
Other severe health impairments	-0.70 (23.8)***	-0.37 (22.6)***	-0.36 (7.4)***	-0.33 (5.0)***
Married	0.64 (20.9)***	0.35 (20.6)***	0.35 (2.8)***	0.32 (1.9)*
Constant	5.30 (28.7)***		5.35 (17.0)***	

Notes: Absolute t-values (OLS) or z-values (Ordered Probit, Conditional Logit) in parentheses; R-square for OLS fixed effects: within/between/overall; * P<0.1; ** P<0.05; ***P<0.01. Source: Author's calculations from PASS.

The central result of this paper supports ***Hypothesis 2***: Welfare recipients that are currently participating in One-Euro-Jobs report a higher life satisfaction level than openly unemployed welfare recipients. However, the positive effect is smaller and less robust after individual fixed effects are accounted for.

An aspect that needs to be considered is that activation measures might have different happiness effects on different groups of labour market participants. Therefore, I generated interaction terms of current One-Euro-Jobs with gender, age, region and education categories (not shown in table 2.3). However, none of the coefficients of the interaction terms have proven to be significantly different from zero according to generous statistical criteria ($P<0.1$). Even though statistically insignificant, an age above 50 years and high education tend to decrease somewhat the positive effect of One-Euro-Jobs upon life satisfaction.

The dataset includes information on further LMP programmes that appear to influence life satisfaction positively as well. However, case numbers per measure are small and the aggregated variable includes extremely different programmes, so that a more detailed discussion of these effects is left to future research. Furthermore, the results show that previous One-Euro-Jobs within the last six or twelve months have no sustainable effect on the happiness level of their participants.

2.6.2 Decomposing the Causal Relationship between Activation Measures and Life Satisfaction

While it has been argued that psychosocial functions of work are fulfilled by active LMP measures, life satisfaction effects have not been decomposed with respect to these aspects before. To approach these causal paths, I analyse whether evaluations of different aspects of One-Euro-Jobs have explanatory value for life satisfaction. As these questions have only been posed to programme participants, it can be observed how different individual experiences within the programme are connected to different satisfaction effects, while it cannot be measured how the fulfilment of psychosocial functions varies with changes in the employment status. Still, this analysis offers insights into the causal mechanisms between activation measures and life satisfaction and thus constitutes an important vantage point for future research.

Table 2.4: Psychosocial Functions of One-Euro-Jobs and Life Satisfaction

Endogenous Variable: Life Satisfaction; OLS regression

Current One-Euro-Job (ref.: unemployed)	0.42 (4.7)***	0.33 (3.5)***	0.15 (1.5)	0.006 (0.1)	0.09 (0. 6)	0.15 (0.9)	0.16 (0.8)
Degrading	-0.46 (2.5)**						
Participation due to Threat of Benefit Cuts		-0.02 (0.1)					
Increases Employment Chances			0.51 (3.1)***				
Matches Personal Skills				0.49 (3.1)***			
Improves Financial Situation					0.31 (1.8)*		
Doing Something Useful						0.21 (1.1)	
Good to Socialize							0.16 (0.7)

Notes: Dependent variable: Life Satisfaction; OLS regression; N=27 946; "Rather agree" and "fully agree" combined into the value 1 of dummy variables; Absolute t-values in parentheses; * P<0.1; ** P<0.05; ***P<0.01; Control variables as in cross-sectional OLS regression in table 2.3.

Source: Author's calculations from PASS.

Indeed, there are differences in reported life satisfaction between those participants that experience their programme participation positively with respect to certain aspects and those who experience it rather negatively.[9] As table 2.4 suggests, the largest difference in the happiness effect of One-Euro-Jobs can be found between those participants that perceive their employment chances to have increased by the work opportunity and those that do not see this improvement. Also, only participants that perform activities matching their personal skills benefit in terms of life satisfaction, pointing to the importance of enabling aspects of the activation measure. With respect to workfare features, the results show that a currently degrading job is far more detrimental than an initial reluctance to participate that can be assumed if someone entered the scheme 'due to the threat of benefit cuts'.

[9] Differences in the answers may reflect actual differences in the experiences made by participants – for instance because they have performed different jobs – or subjective perceptions. It is possible that some respondents tend to apply a certain optimism to the answering of any evaluative questions while others do not. Answering habits, then, might be mistaken for causal mechanisms. To discard of this noise, I tested whether the coefficients of the evaluative questions would decrease in magnitude or significance if the variable 'satisfaction with health' is included in the regression analysis; this variable might pick up similar positive answering moods and attitudes. However, the coefficients of the evaluative aspects were virtually unaffected by this control variable, which supports the connection between experiences within the LMP programme and life satisfaction effects.

At a first glance, the regression results may partly seem to contradict the descriptive statistics in figure 2.1. For instance, 90 per cent of the participants report that One-Euro-Jobs are "good to socialize", yet the respective variable is not significant as a determinant of life satisfaction. However, it seems perfectly plausible that the psychosocial function of social contacts is met, yet there are other functions (for instance skill match and reemployment chances) that turn out to be more important in the determination of the life satisfaction effect of activation measures.

2.6.3 Miscellaneous Determinants of Life Satisfaction

An important factor that influences the life satisfaction of respondents is whether their household depends on means-tested welfare receipt (UB II). The large explanatory value of UB II receipt points to psychological and social circumstances that are not fully covered in the employment status and the income variables. Psychologically, it makes a large difference whether one earns one's living independently or depends on state-support. Also, it might make a difference whether benefits are rights-based insurance payments or tied to a means-test. Part of the large negative well-being effect is certainly due to the stigma attached to UB II receipt, causing identity and pride to suffer.

Furthermore, there is a strong positive effect of household income in the cross-sectional analysis that remains significant if individual effects are accounted for in the estimation. Obviously, the employment status as well as welfare receipt are correlated to income and to each other, so that the coefficients of these variables are mutually cushioning to a certain extent. Also, it could be argued that individual income is more important than household income as a determinant of life satisfaction. All models have been tested without income variables and with individual rather than household income. While the coefficient of regular employment ranges between 0.66 with both household and individual income and 0.85 without any income variables in the OLS model, significance levels or signs are unaffected in all specifications. Household income shows higher explanatory value than individual market income, most likely because the former includes welfare payments that constitute a large share of total income in the sample. Further control variables are listed in table 2.3, but are not explicitly discussed.

2.7 Conclusion

This paper has shown that the activating LMP scheme under study cannot fully substitute for regular employment in terms of life satisfaction. As the analysis revealed, One-Euro-Job participants belong to the least satisfied individuals in Germany. However, participation in the scheme is connected to a significantly higher level of life satisfaction than being an openly unemployed welfare recipient. Thus, the results of this paper demonstrate that activating LMP can at least alleviate the detrimental life satisfaction effect of unemployment to a certain extent. While the differences in life satisfaction are highly significant in the cross-sectional models, effects are less robust once individual fixed effects are added. Due to information loss, this holds especially true if a conditional logit model is estimated. While the positive coefficient still points to an alleviating effect as compared to open unemployment, selection biases appear to amplify the cross-sectional differences in life satisfaction.

As welfare dependency and income are controlled for, the difference in satisfaction scores between the different employment statuses can largely be explained by non-pecuniary factors. Indeed, descriptive statistics depicting evaluations of participants suggest that One-Euro-Jobs are able to partially substitute for the psychosocial functions of work (see figure 2.1). In particular the vast majority of respondents agrees that the psychosocial functions of having social contacts and pursuing a useful collective purpose are served by the activation programme. Also, two thirds of the respondents feel that the activity performed matches their personal skills. However, the evaluations also provide explanations for the fact that participants are less satisfied than regularly employed counterparts. One quarter of the respondents feels degraded by the job they perform and a number of participants entered the scheme to avoid benefit cuts, pointing to the workfare character of One-Euro-Jobs. Connecting these psychosocial functions to satisfaction effects in regression analyses, the following pattern shows: While those participants that perceive the measure to match their personal skills and increase their reemployment chances show especially high satisfaction scores, degradation and low future reemployment chances affect the sense of control over one's life course negatively and inhibit satisfaction scores of activating LMP measure participants from matching the scores of respective regular employees.

The conclusions that can be drawn from the results of this paper strongly depend on the judgement one makes about the voluntariness of unemployment. This judgement, then, is closely linked to the desirability of a positive well-being effect of activating LMP measures.

Essentially, voluntary unemployment is the underlying thought of One-Euro-Jobs as a willingness-to-work test and workfare in general. If unemployment is seen to be voluntary, one way of creating incentives for people to accept regular employment is to make their unemployment situation less comfortable through the compulsory participation in workfare measures. Following a pure workfare approach, my results might lead to a call for even stricter and less attractive features of activating LMP measures.

However, the detrimental effect of unemployment and welfare dependency on the life satisfaction of individuals strongly supports the notion of a largely involuntary nature of unemployment. It is unlikely that the average unemployed chooses to be unemployed if this status causes such low satisfaction levels. With persisting mass unemployment and the recent economic crisis that has aggravated this labour market situation, the alleviation of the detrimental effects of unemployment is indispensable for any government that wants to support the disadvantaged in society. Next to being an end in itself, a positive well-being effect of activation policies can have a reintegrative function: selection effects for reemployment have been found to exist with respect to well-being, such that low satisfaction and self-esteem are connected to low reemployment chances. For One-Euro-Jobs, potential improvements in the design with respect to the average life satisfaction effect appear to be twofold: Firstly the skill match between jobs and participants should be further improved, and secondly measures should be set-up in a way that fosters the self-esteem of participants rather than being degrading. To be clear: reemployment and independence from welfare benefits remain and should remain the major goals of activating labour market policy. However, subjective well-being of the unemployed and participants of activating LMP measures should be an important issue for any policy maker or researcher concerned about welfare beyond purely pecuniary aspects.

2.8 References

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3 ARTICLE B

Wulfgramm, Melike. 2011. Subjektive Auswirkungen aktivierender Arbeitsmarktpolitik: Ein-Euro-Jobs als sozialintegrative Maßnahme? *Zeitschrift für Sozialreform - Journal of Social Policy Reform* 57 (2): 175-197.

3.1 Einleitung

Arbeitslosigkeit hat sich zu einem der Hauptprobleme unserer Zeit entwickelt. Sie führt zu finanziellen Problemen der Betroffenen, belastet den Staatshaushalt und über Lohnnebenkosten und ungenutztes Potenzial auch die Volkswirtschaft insgesamt. Neben diesen pekuniären Folgen der Arbeitslosigkeit lassen sich allerdings auch schädliche nichtpekuniäre Auswirkungen auf Individuen und die Gesellschaft feststellen (klassisch: Jahoda & Zeisel 1933). So finden gesellschaftliche Ausgrenzungsprozesse statt und der soziale Status sowie das Selbstwertgefühl der Arbeitslosen leiden. Außerdem kommt es zu einer vielfach dokumentierten, gravierenden Senkung der Lebenszufriedenheit, die sich allein mit dem einhergehenden Einkommensverlust nicht erklären lässt.

Doch inwiefern können arbeitsmarktpolitische Maßnahmen den negativen psychosozialen Folgen der Arbeitslosigkeit entgegenwirken? Beeinflussen Aktivierungsprogramme subjektive Größen wie die gesellschaftliche Teilhabe, den sozialen Status und die Lebenszufriedenheit der Teilnehmer? Und wie fügt sich die Beantwortung dieser Fragen in die Gesamtbewertung von arbeitsmarktpolitischen Maßnahmen ein?

Das letzte Jahrzehnt war durch einschneidende Reformen in der deutschen Arbeitsmarktpolitik geprägt, allen voran die Einführung der Hartz-Gesetzgebung 2003 bis 2005. Auf dem Gebiet der aktiven Arbeitsmarktpolitik im SGB II Bereich hat sich seit den Hartz-Reformen die Aktivierungsmaßnahme *Ein-Euro-Jobs*[10] zum dominierenden Programm entwickelt. Zusätzlich zum Hauptziel der Eingliederung in den regulären Arbeitsmarkt „dient [die öffentlich geförderte Beschäftigung nach dem SGB II] insbesondere dazu, (…) die „soziale" Integration zu fördern" (Bundesagentur für Arbeit 2011: 2). Neben diesen am Prinzip des Förderns orientierten Zielen umfasst die Maßnahme allerdings auch am Prinzip des Forderns orientierte Workfare-Elemente; so werden Ein-Euro-Jobs als Arbeitsbereitschaftstest eingesetzt und die Weigerung zur Teilnahme kann

[10] Offiziell *Arbeitsgelegenheit in der Mehraufwandsvariante* genannt, hat sich der Begriff *Ein-Euro-Jobs* in Medien und Wissenschaft weitgehend durchgesetzt.

mit Leistungskürzungen sanktioniert werden. Diese Gleichzeitigkeit von teilweise in Konkurrenz zueinander stehenden Prinzipien ist Ausdruck der politischen *mixed motive decisions*, die der Maßnahme zu Grunde liegen (Bellmann et al. 2006: 202).

Während festgestellt wurde, dass die objektiv messbaren Ziele der Wiederbeschäftigung und der Unabhängigkeit von Sozialleistungen zumeist verfehlt werden (Huber et al. 2009; Hohmeyer & Wolff 2007), sind die subjektiven Auswirkungen von Ein-Euro-Jobs noch weitgehend unerforscht. Dies kann teilweise auf die Vagheit und Widersprüchlichkeit der sozialintegrativen Zielformulierung, aber auch auf die allgemeinen methodischen Herausforderungen bei der Messung von subjektiven Wirkungen zurückgeführt werden. Allerdings wird gerade aufgrund der angestrebten Zielgruppenorientierung auf sehr arbeitsmarktferne Langzeitarbeitslose die einseitige Fokussierung auf objektive Eingliederungseffekte in den regulären Arbeitsmarkt der mehrdimensionalen Zielformulierung der Maßnahme nicht gerecht.

Diese Studie strebt eine Ausweitung der Bewertungsbasis von Aktivierungsmaßnahmen auf subjektive Auswirkungen an. Um sich der sozialintegrativen Zielbewertung zu nähern, wird der Einfluss von Ein-Euro-Jobs auf die subjektiv empfundene gesellschaftliche Teilhabe, den sozialen Status und die Lebenszufriedenheit der Maßnahmeteilnehmer anhand der Befragungsdaten des *Panel Arbeitsmarkt und soziale Sicherung* (PASS) empirisch analysiert. So werden im folgenden Abschnitt der Paradigmenwechsel hin zur aktivierenden Arbeitsmarktpolitik im Allgemeinen und die Hartz-Reformen und Ein-Euro-Jobs im Besonderen diskutiert (Abschnitt 2). Darauf folgt eine Literaturübersicht des bisherigen Forschungsstands zu subjektiven Auswirkungen des Erwerbsstatus und arbeitsmarktpolitischer Maßnahmen (Abschnitt 3). Hierbei werden die Konzepte der Lebenszufriedenheit, der gesellschaftlichen Teilhabe und des sozialen Status erläutert und Hypothesen für die empirische Überprüfung entwickelt. Nach einer ersten deskriptiven Sichtung der Daten und der Vorstellung der Methoden (Abschnitt 4) werden die Ergebnisse der Querschnitts- und Längsschnittregressionen berichtet und diskutiert (Abschnitt 5). Schließlich bildet das Fazit (Abschnitt 6) den Abschluss dieses Artikels.

3.2 Aktivierung: Institutioneller Hintergrund und Konzepte

Aktivierung gehört zu den zentralen Entwicklungen der Arbeitsmarkt- und Sozialreformen der letzten Jahre (Kenworthy 2010: 435). Die grundlegende Idee des neuen Paradigmas der Aktivierung ist die explizite Verknüpfung von Sozialleistungen mit Erwartungen an das Verhalten der Leistungsempfänger: Wer arbeitsfähig ist und bedarfsgeprüfte Sozialleistungen beansprucht, muss seine Bereitschaft zur Arbeit durch aktive Stellensuche und die Aufnahme einer Erwerbstätigkeit oder geförderter Beschäftigung auch zu ungünstigen Bedingungen unter Beweis stellen (Fromm & Sproß 2008: 10). Als Gegenleistung fördert die Regierung aktivierende Arbeitsmarktprogramme, um die Teilnehmer in den Arbeitsmarkt und die Gesellschaft zu integrieren. Sollte der erwerbslose Sozialleistungsempfänger die Bedingungen hinsichtlich Suche und Teilnahme nicht erfüllen, können Leistungen gekürzt werden. Das mit dem Aktivierungsbegriff eng verwandte Workfare-Konzept wird hauptsächlich dazu verwendet, diesen Zwangscharakter von arbeitsmarkpolitischen Maßnahmen hervor zu heben (Loedemel & Trickey 2000: 3-4). Aktivierung kann zusätzlich Bildungskomponenten umfassen, die in Workfare-Programmen nicht vorgesehen sind. Dennoch gibt es keine eindeutig definierte Unterscheidung zwischen Workfare und Aktivierung; eine Aktivierungsmaßnahme nimmt vielmehr Workfare-Charakter an, wenn Zwang bzw. Fordern den Aspekt des Förderns überschattet (Dingeldey 2007). Somit können sich die Begriffe aktivierende Arbeitsmarktpolitik und Workfare auf dieselbe Maßnahme beziehen, dabei aber unterschiedliche Aspekte betonen.

3.2.1 Die Hartz-Reformen: Paradigmenwechsel von Status-Erhalt zu Aktivierung

Im Zuge des OECD-weiten Paradigmenwechsels hin zu aktivierender Arbeitsmarktpolitik wurden auch die sozialen Sicherungssysteme in Deutschland im letzten Jahrzehnt weitreichenden Reformen unterzogen. Traditionell hatte die deutsche Arbeitsmarktpolitik den Statuserhalt zum Ziel, sodass neben dem zeitlich begrenzten Arbeitslosengeld auch die unbegrenzte Arbeitslosenhilfe an das frühere Lohneinkommen gekoppelt war. Zudem bot passive wie aktive Arbeitsmarktpolitik eine bequeme und ‚sozialverträgliche' Möglichkeit für Arbeitgeber, ihre Arbeitnehmerschaft dynamischen globalen Märkten anzupassen und durch die Entlassung unproduktiver Beschäftigter eine

hohe Produktivität zu sichern (Eichhorst et al. 2010: 67). Im Vergleich zur heutigen Situation waren Programme aktiver Arbeitsmarktpolitik von langer Dauer, auf freiwilliger Basis und mit großzügigen finanziellen Vorteilen verbunden.

Mit der Zusammenlegung von Arbeitslosenhilfe und Sozialhilfe zum bedarfsgeprüften Arbeitslosengeld II (ALG II) im Zuge der Hartz-Reformen ist die neue Maxime des ‚Fördern und Fordern' in Kraft getreten (Jacobi & Kluve 2007: 50). Seither unterliegen ALG II Empfänger erheblichen Restriktionen: Die Leistungsempfänger müssen jegliche verfügbare Arbeit und arbeitsmarktpolitische Maßnahme annehmen, um Sanktionen zu vermeiden (Huber et al. 2009: 5). Langzeitarbeitslose ALG II Empfänger verlieren ihre frühere Bandbreite an sozialer Sicherung und können „reiner Workfare" (Dingeldey 2007: 832) unterliegen. Aufgrund dieser Zwangselemente und der Abkehr vom Rechtsanspruch auf Statuserhalt wurden und werden die Hartz-Reformen nach wie vor vielfach als sozial inakzeptabel angesehen (vgl. Eichhorst & Sesselmeier 2006).

3.2.2 Ein-Euro-Jobs

Mit den Hartz-Reformen wurde nicht nur die passive Arbeitsmarktpolitik strukturell verändert, sondern auch ein neues Paket an aktiven bzw. aktivierenden arbeitsmarktpolitischen Maßnahmen eingeführt (vgl. Huber et al. 2009). Hierbei stellen die so genannten Ein-Euro-Jobs (offiziell ‚Arbeitsgelegenheiten in der Mehraufwandsvariante', § 16d SGB II) die größte Einzelmaßnahme dar. Sie macht mit ca. 600.000 bis 800.000 Teilnehmern pro Jahr inzwischen 95 Prozent aller Arbeitsgelegenheiten im SGB-II Bereich aus und hat damit die traditionellen Arbeitsbeschaffungsmaßnahmen weitgehend verdrängt (Hohmeyer & Jozwiak 2009: 601). Inhaltlich sollen die Arbeiten, die im Rahmen der Maßnahme verrichtet werden, dem Allgemeinwohl dienen. Die Ein-Euro-Job Teilnehmer verbringen durchschnittlich drei bis sechs Monate in der Arbeitsgelegenheit und erhalten als Ausgleich für entstehende Mehrkosten zwischen einem und zwei Euro pro Stunde. Bei dieser Aufwandsentschädigung handelt es sich formell ausdrücklich nicht um ein Arbeitsentgelt, sodass kein reguläres Arbeitsverhältnis besteht. Im Gegensatz zu früheren Teilnehmern von sozialversicherungspflichtigen Arbeitsbeschaffungsmaßnahmen, erlangen Ein-Euro-Job Teilnehmer daher keine Anwartschaften auf Leistungen der Arbeitslosenversicherung. In gewissem Widerspruch steht diese Regelung zu der Behandlung der Arbeitsgelegenheiten bei der Erstellung der Arbeitslosenstatistik, in der

Ein-Euro-Job Teilnehmer nicht erfasst werden. Angesichts der hohen Teilnehmerzahlen der Maßnahme wurde deshalb in den Medien mehrfach der Verdacht auf eine politisch motivierte „Korrektur“ der Statistik thematisiert.

Seit ihrer Einführung ist die Maßnahme auch aus anderen Gründen Objekt kontroverser Debatten. Obwohl Ein-Euro-Jobs einem Zusätzlichkeitsgebot unterliegen, durch das die Verdrängung regulärer Beschäftigung unterbunden werden soll, wurden in einem internen Bericht des Bundesrechnungshofs aus dem Jahr 2010 nicht-intendierte Verdrängungseffekte regulärer Arbeit sowie die mangelnden Eingliederungserfolge kritisiert. Während Hohendanner (2009) zwar keine signifikanten innerbetrieblichen Substitutionseffekte feststellen konnte, lässt sich dieser Verdrängungsvorwurf gesamtwirtschaftlich weder bestätigen noch widerlegen. Dass durch die Maßnahme das Ziel, „die Chance zur Integration in den regulären Arbeitsmarkt zu erhöhen“ (Bundesagentur für Arbeit 2011: 2), für den Großteil der Teilnehmer nicht messbar erreicht wird, ist dagegen schon mehrfach festgestellt worden (Huber et al. 2009; Hohmeyer & Wolff 2007).

Neben dem Hauptziel der Integration in den regulären Arbeitsmarkt zielen die Maßnahmen auch darauf ab, die soziale Integration zu fördern bzw. Desintegration zu verhindern (Bundesagentur für Arbeit 2011: 2; Bellmann et al. 2006: 202). Dieses Ziel bezieht sich im SGB II Bereich allgemein vor allem auf arbeitsmarktferne Erwerbslose: „Diejenigen Leistungsberechtigten, die nicht unmittelbar in Erwerbstätigkeit vermittelt werden können, sollen Leistungen erhalten, die die Aufnahme einer Erwerbstätigkeit ermöglichen, ihre Beschäftigungsfähigkeit verbessern und soziale Teilhabe sichern“ (Bundesministerium für Arbeit und Soziales 2011: 3). Ein-Euro-Jobs bieten sich als Forschungsgegenstand dieser Untersuchung auch deswegen an, da sie nur im SGB II Bereich Anwendung finden: wie unter anderem diese Studie zeigt, berichten arbeitslose ALG II Empfänger überproportional häufig von unterdurchschnittlicher Lebenszufriedenheit, sozialer Ausgrenzung und niedrigem sozialen Status.

3.3 Subjektive Auswirkungen von Erwerbsstatus und arbeitsmarktpolitischen Maßnahmen

Die sozialintegrativen Zielformulierungen des Bundesministeriums für Soziales und der Bundesagentur für Arbeit entbehren einer konkreten Definition und Interpretation, sodass die empirische Überprüfung dieser Ziele relativ umfangreichen Auslegungsspielräumen unterliegt. Um eine gewisse Breite an subjektiven Auswirkungen von Erwerbsstatus und arbeitsmarktpolitischen Maßnahmen abzudecken, werden hier drei Indikatoren untersucht. Gesellschaftliche Teilhabe, sozialer Status und Lebenszufriedenheit sind eng miteinander verknüpfte Konzepte, die allerdings verschiedene Aspekte der subjektiven Selbsteinschätzung des Individuums in der Gesellschaft widerspiegeln. So bezieht sich Teilhabe auf die Interaktion mit der Gesellschaft, Status auf die relative Position innerhalb der Gesellschaft und Lebenszufriedenheit auf das Wohlbefinden des Individuums an sich. Da es sich bei Lebenszufriedenheit um eine globale Einschätzung des eigenen Lebens handelt, lässt sich diskutieren, ob Teilhabe und Status als Unterdimensionen von Lebenszufriedenheit anzusehen sind oder für sich als eigenständige Konzepte stehen. Sowohl Teilhabe als auch der gesellschaftliche Status haben einen starken Einfluss auf die Lebenszufriedenheit und können somit als Kanäle, über die Arbeit und Arbeitslosigkeit die Lebenszufriedenheit verändern, verstanden werden. Die Aussagekraft der Konzepte beschränkt sich allerdings nicht auf diesen Zusammenhang.

Durch die Multidimensionalität der vorgestellten Konzepte, insbesondere des Teilhabekonzepts, unterliegt die hier durchgeführte quantitative Auswertung gewissen Grenzen.[11] So konzentriert sich dieser Beitrag auf individuell empfundene Effekte, statt beispielsweise Teilhabe über Verhaltensindikatoren (z.B. aktive Mitgliedschaft in Vereinen oder Parteien, Wahrnehmung kultureller Angebote etc.) zu messen. Es wird explizit nicht angestrebt, solch objektive Überprüfungen sozialintegrativer Ziele zu ersetzen, sondern diese um die subjektive Dimension psychosozialer Auswirkungen zu ergänzen. Dieses Vorgehen wird methodisch dadurch angreifbar, dass Befragte eigene Vorstellungen der zu Grunde liegenden Konzepte anwenden und gemessene Effekte somit teilweise auf verschiedene Interpretationen und Gewichtung anstatt auf tatsächliche Unterschiede in Erfahrungen und Charakteristika zurück zu führen sein könnten. Diesem Einwand wird mit

[11] Im Rahmen des hier verwendeten PASS-Panels befindet sich ein umfassenderes Fragemodul zu gesellschaftlicher Teilhabe in der Entwicklungsphase und wird voraussichtlich 2013 zur detaillierteren Analyse der verschiedenen Dimensionen sozialer und politischer Teilhabe bereit stehen.

der im Methodenteil näher beschriebenen Anwendung von personenspezifischen fixen Effekten in der Regressionsanalyse begegnet. Inhaltlich lässt gerade die Abkopplung von objektiven Indikatoren erst zu, dass das individuelle Erleben der eigenen Lebenssituation Beachtung findet.

3.3.1 Lebenszufriedenheit

Im Rahmen der Glücks- und Zufriedenheitsforschung wird gefordert, neben objektiven Messgrößen wie dem Bruttosozialprodukt auch subjektive Indikatoren wie die Lebenszufriedenheit in politische Entscheidungen zur Gestaltung sowie Evaluation von Regierungsprogrammen einzubeziehen (vgl. Carroll 2007; Ng 1997; Easterlin 1974; Oswald 1997; Easterlin 2001). Angelehnt an das ökonomische Prinzip der Nutzenoptimierung schreibt Oswald (1997: 1815) sogar: „economic performance is not intrinsically interesting. […] Economic things matter only insofar as they make people happier".

Neben relativem Einkommen und Gesundheit stellt sich der Erwerbsstatus als Hauptdeterminant von Lebenszufriedenheit dar. So ist es inzwischen Konsens unter Wissenschaftlern verschiedenster Fachrichtungen, dass Arbeitslosigkeit negativ mit subjektivem Wohlbefinden korreliert ist (z.B. Carroll 2007; Clark & Oswald 1994; Clark et al. 2008; Gerlach & Stephan 1996; Khattab & Fenton 2009; Kieselbach 1994; Diener et al. 1999). Der negative Lebenszufriedenheitseffekt ist unabhängig von Land, Alter und Geschlecht nachgewiesen worden. Laut Noll und Weick (2010: 82) ist er jedoch in Deutschland im Vergleich zu anderen europäischen Gesellschaften besonders stark ausgeprägt. Im Gegensatz zu anderen Ereignissen wie etwa dem Verlust des Partners, konnten Clark et al. (2008) entgegen der *base line theory* keinen Gewöhnungseffekt an den Zustand der Arbeitslosigkeit feststellen.

Aber was genau führt zu dieser Unzufriedenheit, wenn Personen ihre Arbeitsstelle dauerhaft verlieren? Der Verlust des Einkommens ist zwar eine weitverbreitete Erklärung, doch erweisen sich die nicht-monetären Folgen der Arbeitslosigkeit als weitaus schädlicher (Winkelmann & Winkelmann 1998). Jahodas Deprivationstheorie erklärt diesen nicht-monetären Effekt von Arbeitslosigkeit mit fünf grundlegenden psychosozialen Funktionen von Arbeit bzw. Erfahrungskategorien, die Arbeitslose entbehren: (1) Auferlegung eines Zeitplans, (2) soziale Kontakte, (3) Teilhabe an kollektiven Zielsetzungen, (4) Status und Identität, sowie (5) Verpflichtung zu regelmäßiger Aktivität (Jahoda 1982: 59). Während

bei Beschäftigten die Qualität innerhalb der Erfahrungskategorien der Arbeit Ausschlag gebend ist, entbehren Arbeitslose diese Kategorien in ihrer Gesamtheit und können ihre Funktionen in anderen Lebensbereichen nur ungenügend ersetzen.

Anders als Jahoda betrachtet Fryer (1986) *agency* und Kontrolle als erklärende Faktoren im Zusammenhang von Arbeit und subjektivem Wohlbefinden. Wohlbefinden hängt demnach nicht nur von der Befriedigung von Bedürfnissen ab, sondern auch von der persönlichen Autonomie bei dieser Befriedigung. Arbeitslosigkeit verursacht die wirtschaftliche Abhängigkeit vom Staat oder Familienangehörigen und behindert somit die Kontrolle über das eigene Leben.

Strandh (2001) erweitert den theoretischen Rahmen von Jahoda und Fryer und argumentiert, dass staatliche Trainings- und Beschäftigungsmaßnahmen unter Umständen die psychosozialen Funktionen regulärer Beschäftigung erfüllen können. In seiner empirischen Analyse mit schwedischen Daten findet er abhängig von der untersuchten Maßnahme jedoch Effekt-Heterogenität. Korpi (1997) unterscheidet hingegen nicht zwischen einzelnen Programmen und ermittelt signifikante positive Auswirkungen auf das subjektive Wohlbefinden von jungen Arbeitslosen in Schweden. In ähnlicher Manier erweisen sich aktuelle und frühere Trainingsmaßnahmen in Großbritannien als förderlich für das Wohlbefinden der Arbeitslosen (Andersen 2008; Donovan et al. 1986).

Empirische Belege für einen Zufriedenheitseffekt aktiver Arbeitsmarktprogramme in Deutschland sind noch weitaus spärlicher, vor allem in Bezug auf die mit den Hartz-Reformen eingeführten Maßnahmen. Knabe und Rätzel (2007) zeigen, dass traditionelle Arbeitsbeschaffungsmaßnahmen die negativen Auswirkungen von Arbeitslosigkeit auf die Lebenszufriedenheit lediglich abmildern und reguläre Beschäftigung nicht vollends ersetzen. Huber et al. (2010) können weiter – im Vergleich zu den positiven Auswirkungen regulärer Beschäftigung – keine signifikanten Folgen deutscher Aktivierungsmaßnahmen auf die Gesundheit der Teilnehmer ausmachen. Trotz dieser Ergebnisse stützt sich die einzige bisher veröffentlichte Studie zur Bedeutung der neuen deutschen Aktivierungsstrategie für die Lebenszufriedenheit lediglich auf die *Vermutung*, dass die Teilnahme an einem Workfare-Programm ähnlich vorteilhafte Auswirkungen auf die Lebenszufriedenheit hat wie eine gering bezahlte, reguläre Beschäftigung (Koch et al. 2005). Die in dieser Studie zu testende Hypothese zum Einfluss von Ein-Euro-Jobs auf die Lebenszufriedenheit lautet:

Hypothese (1): Die Teilnahme an Ein-Euro-Jobs hat einen positiven Einfluss auf die Lebenszufriedenheit von arbeitslosen ALG II Empfängern.

3.3.2 Gesellschaftliche Teilhabe

Leisering beschreibt Teilhabegerechtigkeit als eines der vier Paradigmen sozialer Gerechtigkeit im deutschen sozialpolitischen Diskurs, wobei „der Begriff Teilhabe zurück zur allgemeinen Wertidee des Sozialstaats, Inklusion, [führt]“ (2004: 55). Während Teilhabe allerdings zunehmend als Legitimationsgrundlage für sozialpolitische Reformen herangezogen wird, ist der Begriff von „Offenheit und zum Teil Vagheit“, sowie Multireferentialität (Leisering 2004: 48) geprägt, sodass zunächst eine genauere Begriffbestimmung nötig ist. Als Ansatzpunkt dieser Begriffsbestimmung dient hier Castel (2008), der ausgehend von der teilhabenden gesellschaftlichen Mitte die Zonen der Prekarität, der Fürsorge und der sozialen Ausgrenzung bzw. Entkopplung (*désaffiliation*) unterscheidet. Diese Zonen bestimmen sich bei Castel maßgeblich über den Erwerbsstatus der betreffenden Personen, wobei sich die Zone der gesellschaftlichen Mitte auf regulär Beschäftigte mit gesichertem Einkommen und stabilen Zukunftsperspektiven bezieht. Neben dieser primären Teilhabe lässt sich in vielen Ländern ein Trend zur prekären Arbeitsmarktinklusion durch teilweise vom Staat aufgestockte Niedriglohnbeschäftigung (Konle-Seidl & Eichhorst 2008: 30) feststellen. Am unteren Ende des Kontinuums zwischen Inklusion und verfestigter Exklusion positionieren sich entsprechend Langzeitarbeitslose, bzw. im deutschen Fall besonders arbeitslose Hartz-IV Empfänger.

Neben dem Erwerbsstatus umfasst das Konzept der Teilhabe auch andere Bereiche des Lebens wie die Organisation in formellen und informellen Netzwerken, die sich stark auf die durch den Einzelnen empfundene Teilhabe bzw. Ausgrenzung auswirken. So bezieht sich Teilhabe neben materieller Ausstattung auf „*non-class-issues* wie soziale Anerkennung und Identität, Rechte, *agency* und Partizipation“ (Leisering 2004: 54). Demensprechend differenziert Bartelheimer (2007: 7) zwischen Teilhabe über Erwerbsarbeit, Teilhabe in informellen sozialen Nahbeziehungen, Teilhabe durch Rechte und kultureller Teilhabe.

Qualitative Studien zeigen, dass sich Hartz-IV Empfänger oft in mehreren dieser Dimensionen der Teilhabe eingeschränkt fühlen. Koch et al. (2009: 265) erläutern beispielsweise, dass Bezieher von ALG II ihre finanziellen Ressourcen als unzureichend empfinden und sich tendenziell aus dem sozialen Leben zurückzuziehen.

Doch wie fügen sich Maßnahmen der aktiven Arbeitsmarktpolitik in diese mehrdimensionalen Inklusions- bzw. Exklusionsprozesse ein? Proklamierte Ziele von Aktivierungsmaßnahmen sind – neben der Integration in den regulären Arbeitsmarkt – die soziale Isolation der Betroffenen zu durchbrechen und gesellschaftliche Teilhabe zu sichern

(Schröder 2009: 15). Hierdurch wird versucht, zumindest eine so genannte „sekundäre Teilhabe“ (Bartelheimer 2007: 24) an der Erwerbsgesellschaft zu ermöglichen. In der Tat berichten Teilnehmer einer qualitativen Befragung zu den Erfahrungen mit Arbeitsgelegenheiten (zumeist Ein-Euro-Jobs) von der temporären Überwindung sozialer Isolation (Schröder 2009). Quantitative Auswertungen zu den Veränderungen der (empfundenen) gesellschaftlichen Teilhabe von Ein-Euro-Job Teilnehmern stehen dagegen noch aus.

Als zu testende Hypothese ergibt sich für diese Studie:

Hypothese (2): Die Teilnahme an Ein-Euro-Jobs hat einen positiven Einfluss auf die gesellschaftliche Teilhabe von arbeitslosen ALG II Empfängern.

Der Multidimensionalität des Teilhabebegriffs wird in dieser Studie nur indirekt, nämlich über die Offenheit der Frage, die der zu testenden Variable zu Grunde liegt, Rechnung getragen[12]. Die Befragten gewichten dabei unbewusst selbst, welche Aspekte des Lebens sie in Bezug auf gesellschaftliche Teilhabe und Zugehörigkeit als ausschlaggebend erachten. Ob aktivierende Arbeitsmarktpolitik beispielsweise auch eine politische Integrationswirkung entfaltet, die sich etwa in der Wahlbeteiligung oder Interessenartikulation äußert, sollte dagegen in der zukünftigen Forschung Beachtung finden.

3.3.3 Sozialer Status

Als eine der psychosozialen Funktionen von Arbeit nennt Jahoda (1982) sozialen Status und Identitätsstiftung. Status ist hier nicht allein als Synonym für einen gewissen neutralen Beschäftigungs*zustand* zu verstehen, sondern auch als subjektiv erfahrene Position in der Gesellschaft und das damit verbundene gesellschaftliche Ansehen. Allgemeiner betrachtet wird der soziale Status maßgeblich durch die sozioökonomischen Kriterien des Einkommens, der Bildung und der Beschäftigung sowie des Berufs (Singh-Manoux et al. 2003: 1331), aber auch durch den Familienstand (Hollingshead 1975: 1) bestimmt. Bezogen auf Arbeit besteht wiederum ein indirekter Einfluss auf den sozialen Status durch die finanziellen Mittel, die eine Erwerbstätigkeit erwirtschaftet. Neben diesem indirekten Einfluss kann aber auch von einem direkten Einfluss von Beschäftigung auf Ansehen und Position ausgegangen werden. Während die genaue Zusammensetzung dieses

[12] Für die genaue Formulierung der Interviewfrage siehe Teil 4.1.

nichtpekuniären Einflusses empirisch kaum nachweisbar ist, lässt sich ein Zusammenhang mit dem vorherrschenden Arbeitsethos für die Hypothesenbildung herstellen. So stellt Nonnemacher (2009) die starke Gültigkeit einer Erwerbsarbeitsnorm fest: in Deutschland ist demnach die Ansicht stark verbreitet, dass eine normative Verpflichtung bestünde, den eigenen Lebensunterhalt über Erwerbsarbeit zu bestreiten (Nonnemacher 2009: 193). Im Umkehrschluss ist anzunehmen, dass sich dieses Arbeitsethos negativ auf den gesellschaftlichen Status von Arbeitslosen auswirkt. Weitere nichtpekuniäre Aspekte von Arbeit, die sich potentiell positiv auf den sozialen Status auswirken, sind unter anderem die Anwendung individueller Fähigkeiten und das Mitwirken beim Erreichen kollektiver Zielsetzungen.

In Bezug auf aktivierende arbeitsmarktpolitische Maßnahmen wie Ein-Euro-Jobs ergibt sich die Frage, ob der subjektiv empfundene soziale Status von Arbeitslosen durch ihre Maßnahmeteilnahme gestärkt wird. Hierfür spricht, dass Arbeitslose durch die Teilnahme an Ein-Euro-Jobs die Bereitschaft zur Arbeit signalisieren und somit, wenn auch nicht durch reguläre Erwerbsarbeit, zumindest teilweise ihre moralische Beschäftigungsverpflichtung erfüllen. Laut Gesetzestext soll es sich bei Ein-Euro-Jobs außerdem um gesellschaftlich sinnvolle Arbeiten handeln. Werden die Maßnahmeninhalte diesem Anspruch gerecht, so lässt auch dieser Aspekt einen positiven Einfluss auf den sozialen Status der Teilnehmer vermuten, da sie der Gesellschaft gewissermaßen einen Gegenwert für die bezogenen Sozialleistungen bieten.

Aus diesen Überlegungen ergibt sich:

Hypothese (3): Die Teilnahme an Ein-Euro-Jobs hat einen positiven Einfluss auf den (subjektiv empfundenen) sozialen Status von arbeitslosen ALG II Empfängern.

3.4 Daten & Methoden

3.4.1 Datensatz: Panel Arbeitsmarkt und Soziale Sicherung

Der empirischen Analyse dieser Studie liegen die Befragungsdaten der ersten beiden Wellen des *Panel Arbeitsmarkt und Soziale Sicherung* (PASS) aus den Jahren 2006/7 und 2007/8 zugrunde. Um die Arbeitsmarktforschung vor allem im SGB II Bereich zu erleichtern, wurden 53,4% der Personeninterviews in dem hier verwendeten Datensatz mit Personen, die zur Stichprobenziehung[13] in einem Haushalt mit ALG-II Bezug lebten, geführt. Auch in der restlichen Bevölkerungsstichprobe wurde ein bewusst disproportionales, nämlich ein 4:2:1 nach Status geschichtetes Erhebungsdesign eingesetzt, sodass die niedrigste Statusgruppe eine vier Mal so hohe Ziehungswahrscheinlichkeit wie die höchste Statusgruppe aufweist (für Details siehe Gebhardt et al. 2009). Die Personendaten sind jeweils aus der Haushaltsbefragung des Haushaltsvorstands und den Personeninterviews der einzelnen Haushaltsmitglieder zusammengestellt. In dieser Studie werden nach Ausschluss der Befragten unter 16 und über 64 Jahren (3415 Interviews) eine Gesamtzahl von 28.026 Interviews analysiert, und zwar 16.979 in Welle 1 und 11.050 in Welle 2, wobei sich aufgrund der Panelmortalität die durchgehende Masse auf 8.820 Personen beläuft. Die relativ hohe Panelmortalität ist teilweise dem Fokus auf Sozialleistungsempfänger geschuldet: so liegt die Wiederbefragungsrate der Personen aus der ALG II Stichprobe um mehr als ein Drittel unter der Wiederbefragungsrate der Bevölkerungsstichprobe (48% gegenüber 65,2%) (Gebhardt et al. 2009: 21), die wie oben erwähnt ebenfalls schon überproportional viele Haushalte mit niedrigem Status umfasst.

Insgesamt gibt es in beiden Wellen zusammen 569 aktuelle Ein-Euro-Job Teilnahmen, sodass die Fallzahl der untersuchten exogenen Variable aussagekräftige Regressionsanalysen sowohl mit Querschnitts- als auch mit Längsschnittverfahren erlaubt. Neben der Frage nach der Art der Maßnahme, ob es sich also um einen Ein-Euro-Job handelt, wird auch nach Charakteristika der Beschäftigung und des Betriebs gefragt. So wird beispielsweise der Wirtschaftszweig des Betriebes angegeben. Leider sind die Fallzahlen pro Kategorie bei diesen Beschreibungen recht niedrig und von fehlenden Werten geprägt, sodass auf eine detailliertere Betrachtung etwa nach Einsatzgebieten der Teilnehmer in dieser Studie verzichtet wird. Auch der wünschenswerte Vergleich

[13] Besonders bei den in Welle 1 gezogenen und in Welle 2 wiederbefragten Haushalten ist der ALG-II Bezug zum Befragungszeitpunkt nicht mehr zwingend gegeben.

verschiedener Aktivierungsprogramme kann aufgrund der Datenlage nicht geleistet werden. So werden andere arbeitsmarktpolitische Maßnahmen zwar als Kontrollvariable in der Analyse berücksichtigt. Die niedrigen Fallzahlen der einzelnen Programme sowie Probleme in der Datenerhebung vor allem in der ersten Welle des PASS lassen allerdings keine programmspezifischen Aussagen zu.

Die entsprechenden Fragen (1) zur Lebenszufriedenheit, (2) der sozialen Teilhabe und (3) dem sozialen Status wurden wie folgt gestellt:

(1) Wie zufrieden sind Sie gegenwärtig, alles in allem, mit Ihrem Leben? 0 bedeutet, dass Sie ‚ganz und gar unzufrieden' sind, 10 bedeutet, Sie sind ‚ganz und gar zufrieden'.

(2) Man kann das Gefühl haben, am gesellschaftlichen Leben teilzuhaben und dazuzugehören oder sich eher ausgeschlossen fühlen. Wie ist das bei Ihnen? Inwieweit fühlen Sie sich eher dazugehörig oder eher ausgeschlossen? Verwenden Sie zur Einstufung bitte die Zahlen von 1 bis 10. 1 bedeutet, dass Sie sich vom gesellschaftlichen Leben ausgeschlossen fühlen, 10 bedeutet, dass Sie sich dazugehörig fühlen.

(3) In unserer Gesellschaft gibt es Bevölkerungsgruppen, die eher oben stehen und solche, die eher unten stehen. Wo würden Sie sich selbst mit den Zahlen von 1 bis 10 einordnen? 1 bedeutet, dass man ganz unten steht, 10 bedeutet, dass man ganz oben steht. (Gebhardt et al. 2009, Bd. III: 44,45,58; eigene Nummerierung)

Durch die abweichende Skalierung der Lebenszufriedenheitsfrage (0-10 statt 1-10) ist beim Vergleich der verschiedenen Indikatoren eine gewisse Vorsicht geboten. So ergibt sich bei einer Skalierung mit gleichem Maximalwert und kleinerem Minimalwert *ceteris paribus* ein niedrigerer Mittelwert. Des Weiteren kann bei einer Variable mit elf statt zehn Ausprägungen bei einem gleich großen Wertschritt von einer etwas geringeren Veränderung in der latenten Variable ausgegangen werden.

Um durch die oben beschriebene Disproportionalität der Stichprobenziehung bei den deskriptiven Statistiken keine ungewollte Verzerrung zu erhalten, werden Gewichte mit der reziproken Ziehungswahrscheinlichkeit angewandt, wobei teilweise auf die Population der ALG II Bezieher und teilweise auf die Gesamtbevölkerung hochgerechnet wird. Bei den Regressionsverfahren wird auf eine Gewichtung verzichtet, da dieser Selektionsbias durch entsprechende Kontrollvariablen ausgeglichen wird. So wurde beispielsweise der

Tabelle 3.1: Deskriptive Statistiken

Variable	Ungewichtete Daten		Daten mit Bevölkerungsgewichten
	N*	Arithm. Mittel**	Arithm. Mittel**
Lebenszufriedenheit	27.946	6,40	7,19
Soziale Teilhabe (Selbsteinschätzung)	27.816	6,90	7,71
Sozialer Status (Selbsteinschätzung)	27.611	5,39	6,10
Aktueller Ein-Euro-Job	**569**	**0,02**	**0,004**
Erwerbstätig	9.851	0,35	0,54
Arbeitslos	8.777	0,33	0,10
Rentner/Pensionär/im Vorruhestand	1.168	0,04	0,06
Hausfrau/Hausmann	2.197	0,08	0,09
In Mutterschutz/Elternzeit	681	0,02	0,02
Wehr-/Zivildienst/FSJ	51	0,00	0,00
Ausbildung/Lehre/Studium	1.745	0,06	0,05
Schüler	1.513	0,05	0,07
Krank/erwerbsunfähig/behindert	115	0,00	0,00
Sonstiges/fehlender Erwerbsstatus	1.359	0,05	0,06
Ein-Euro-Job im letzten halben Jahr (exkl. aktuelle)	661	0,02	0,004
Ein-Euro-Job vor 6-12 Monaten	1.020	0,04	0,007
Sonstige arbeitsmarktpolitische Maßnahme	635	0,02	0,006
Langzeitarbeitslos (≥1 Jahr)	7.214	0,26	0,06
ALG II Empfänger (auf Haushaltsebene)	11.828	0,42	0,09
Männlich	12.809	0,46	0,50
Alter	27.735	39,86	40,40
Neue Bundesländer (inkl. Berlin)	7.954	0,28	0,21
Haushaltseinkommen (äquivalenzskaliert)	27.347	1082,20	1476,11
Schul- und Berufsbildung in Jahren	26.829	11,70	12,10
Kinder (Dummy)	17.316	0,62	0,64
Verheiratet	12.040	0,43	0,65
Unverheiratete/r Partner/in im HH	2.609	0,09	0,04
Feste/r Partner/in außerhalb des HH	3.291	0,12	0,08
Enge Freunde/Verwandte außerhalb des HH	26.027	0,93	0,96
Amtlich festgestellte Behinderung	3.484	0,12	0,11
Sonstige schwere gesundheitliche Einschränkungen	5.755	0,21	0,15

Anmerkungen: *Bei Dummy-Variablen bezieht sich N auf die Anzahl Fälle, in denen Ereignis 1 eintritt; **Bei Dummy-Variablen bezieht sich das arithmetische Mittel auf den Anteil der Fälle, in denen Ereignis 1 eintritt.

Quelle: Eigene Berechnungen mit dem PASS-Datensatz.

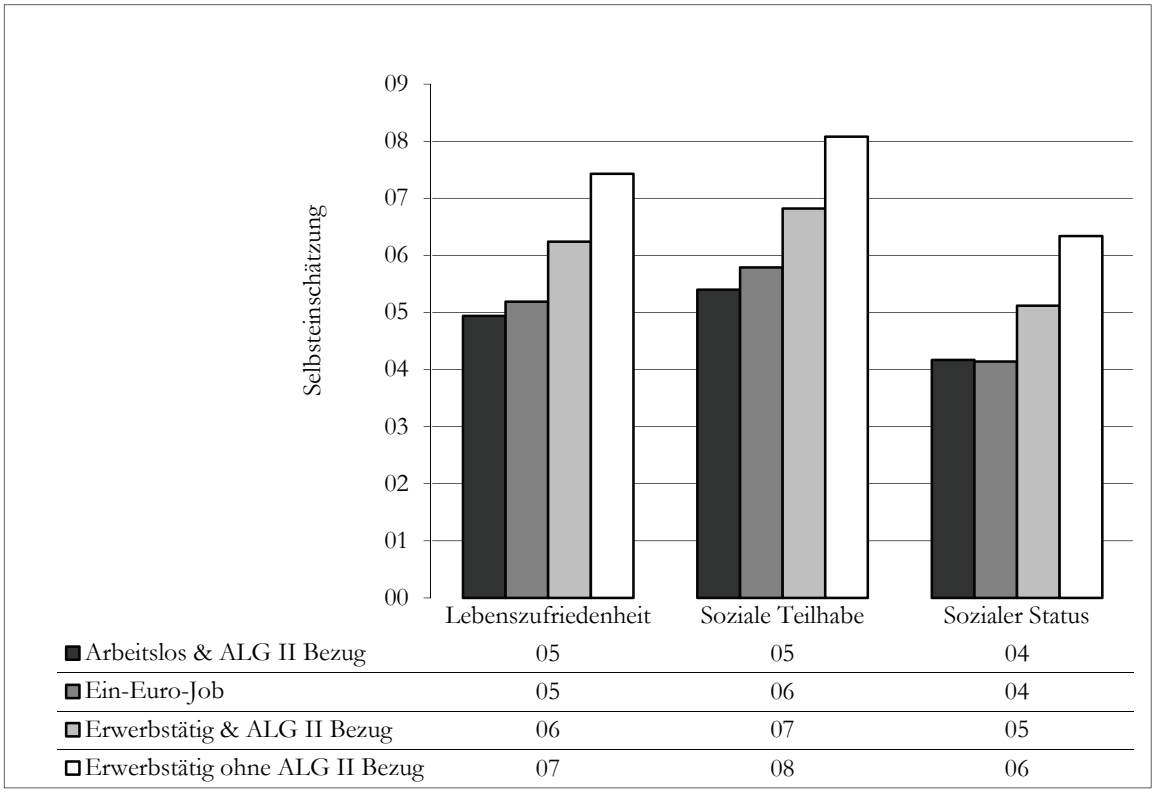
überproportionalen Ziehungswahrscheinlichkeit von Personen mit niedrigem Einkommen dadurch begegnet, dass Einkommen als exogene Variable in die Regressionsgleichung aufgenommen wurde[14]. In Tabelle 3.1 zeigt sich das Stichprobendesign vor allem in den überproportional vertretenen unerwünschten Charakteristika: so liegt beispielsweise das durchschnittliche bedarfsgewichtete Haushaltseinkommen in der Stichprobe bei 1.082 Euro, verglichen mit 1.476 Euro bei einer Hochrechnung auf die Gesamtbevölkerung mit Hilfe der entsprechenden Gewichte.

3.4.2 Deskriptive Statistiken zu Lebenszufriedenheit, Teilhabe und Status

Abbildung 3.1 zeigt die durchschnittlichen Werte von Lebenszufriedenheit, sozialer Teilhabe und sozialem Status nach Erwerbsstatus und ALG II Bezug. Es zeigt sich deutlich, dass sich Transferempfänger in allen Kategorien der Selbsteinschätzung von den regulär Erwerbstätigen ohne ALG II Bezug unterscheiden, und dabei jeweils deutlich niedrigere Werte angeben. Andererseits unterscheiden sich aber auch Transferempfänger untereinander: so genannte Aufstocker, also arbeitende ALG II Bezieher, weisen in allen subjektiven Messkonzepten die mit Abstand höchsten Werte auf. Vergleicht man die mutmaßlich ‚schwächste' Gruppe mit der ‚stärksten' Arbeitsmarktgruppe, so fällt auf, dass die Angaben bei der Einschätzung zur sozialen Teilhabe am stärksten abweichen (2,7 Teilhabepunkte vs. 2,1 Statuspunkte): arbeitslose ALG II Empfänger fühlen sich verglichen mit Erwerbstätigen ohne Transferbezug von der Gesellschaft stark ausgegrenzt. Das Gefühl sozialer Ausgrenzung scheint allerdings von aktivierender Arbeitsmarktpolitik auch am stärksten abgemildert zu werden: es zeigt sich ein Anstieg der subjektiven sozialen Teilhabe bei Ein-Euro-Job Teilnehmern im Gegensatz zur arbeitslosen Referenzkategorie. Einen ebenfalls positiven Einfluss scheint die Maßnahme auf die Lebenszufriedenheit der Teilnehmer zu nehmen. Im Hinblick auf den sozialen Status lassen sich dagegen kaum Unterschiede zwischen Ein-Euro-Job Teilnehmern und offen arbeitslosen Transferempfängern feststellen.

[14] Siehe Winship/Radbill (1994) und DuMouchel/Duncan (1983) für eine ausführlichere Diskussion über die Verwendung von Gewichten in Regressionsanalysen.

Abbildung 3.1: Lebenszufriedenheit, soziale Teilhabe und sozialer Status nach Arbeitsmarktstatus



Arbeitslos & ALG II Bezug	05	05	04
Ein-Euro-Job	05	06	04
Erwerbstätig & ALG II Bezug	06	07	05
Erwerbstätig ohne ALG II Bezug	07	08	06

Anmerkungen: Kategorie ‚Erwerbstätig ohne ALG II Bezug' wurde mit Bevölkerungsgewichten, die anderen Kategorien mit ALG II Gewichten geschätzt. Lebenszufriedenheit wurde auf einer 0-10 Skala, Status und Teilhabe auf einer 1-10 Skala erhoben.
Quelle: Eigene Berechnungen mit dem PASS-Datensatz.

3.4.3 Methoden und Modellspezifikationen

Die Kernhypothesen dieser Studie werden mit Hilfe von Regressionsanalysen sowohl im Querschnitt als auch im Längsschnitt getestet. Hierbei wird für die Querschnittsanalyse ein Kleinstquadrat-Modell (OLS) verwendet. Als Robustheitscheck für den OLS-Schätzer dient ein Ordered Probit Modell. Um die Effekte im Längschnitt zu analysieren, wird ein OLS Modell mit individuellen fixen Effekten berechnet.

Um den Einfluss von Ein-Euro-Jobs auf die jeweils subjektiv empfundene Lebenszufriedenheit, die soziale Teilhabe und den sozialen Status ihrer Teilnehmer zu untersuchen, wird folgendes OLS-Modell geschätzt (hier als Beispiel für die Lebenszufriedenheit modelliert):

$$LS_{it} = \beta_0 + \beta_1 E_{it} + \beta_2 A_{it} + \beta_3 \ln Y_{it} + \beta_4 X_{it} + e_{it} \qquad (1)$$

Hierbei wird die Lebenszufriedenheit *LS* von Person *i* zum Zeitpunkt *t* als lineare Funktion des Vektors der Variablen zum Erwerbsstatus E_{it}, der Teilnahme in einer arbeitsmarktpolitischen Maßnahme A_{it}, dem Logarithmus des nach der neuen OECD Äquivalenzskala bedarfsgewichteten Haushaltseinkommen $\ln Y_{it}$ und weiteren sozioökonomischen Kontrollvariablen X_{it} modelliert. β_0 und e_{it} sind entsprechend die allgemeine Konstante und die zufallsverteilten Residuen. In der Ergebnistabelle 3.2 werden die einzelnen unabhängigen Variablen im Detail aufgeführt.

In der Glücksforschung hat sich gezeigt, dass selbst umfassende Modelle im Querschnitt nicht alle Bestimmungsfaktoren der individuellen Lebenszufriedenheit erklären können, sondern dass es starke personenspezifische Unterschiede in der Grundzufriedenheit gibt. Im Aufbau ähnelt die Spezifikation mit individuellen fixen Effekten dem oben skizzierten OLS Modell (1), allerdings wird die allgemeine Konstante β_0 durch eine personenspezifische Konstante β_i ersetzt. Durch diese Veränderung können allerdings ausschließlich die Effekte von Variablen geschätzt werden, die über eine gewisse Varianz über die verschiedenen Beobachtungen einer Person hinweg verfügen. Unveränderliche Charakteristika wie das Geschlecht oder Variablen mit zu geringer Veränderungshäufigkeit werden deshalb nicht in die Modellspezifikation aufgenommen.

Das Ordered Probit Modell berücksichtigt im Gegensatz zu den OLS Regressionen die ordinalskalierte abhängige Variable und geht somit nicht von einem normalverteilten Fehlerterm aus (siehe Ferrer-i-Carbonell & Frijters 2004; Boes & Winkelmann 2006; Verbeek 2008 für ausgiebigere ökonometrische Erläuterungen). Die Modellspezifikation entspricht weitgehend dem Querschitts-OLS Modell, die Koeffizienten bieten allerdings nicht dessen einfache Interpretierbarkeit, sodass vor allem Vorzeichen und Signifikanzniveau von Interesse sind.

3.5 Ergebnisse und Diskussion

Tabelle 3.2 zeigt die Ergebnisse der Regressionsanalysen im Querschnitt sowie im Längsschnitt. Die Ergebnisse der Ordered Probit Schätzung werden aus Platzgründen nicht abgebildet, da sich sowohl Vorzeichen als auch Signifikanzniveaus weitgehend mit den Ergebnissen der OLS Regression im Querschnitt decken.[15] Die Ergebnisse der Längsschnittregressionen weichen dagegen teilweise deutlich von den Ergebnissen der Querschnittsanalysen ab. Bei vielen unabhängigen Variablen schrumpft durch die Kontrolle der individuellen fixen Effekte der Koeffizient, was auf unerklärte, personenspezifische Einflussfaktoren hinweist, die mit den unabhängigen Variablen korreliert sind. Andererseits können gerade in einem Datensatz mit nur zwei Befragungswellen *lags* und *leads*[16] die Ergebnisse in der Längsschnittanalyse stärker beeinträchtigen als dies in einer längeren Zeitreihe der Fall wäre. Insofern ist sowohl der Blick auf die Längsschnitt- als auch auf die Querschnittsergebnisse von Interesse.

3.5.1 Subjektive Auswirkungen von Ein-Euro-Jobs

Der Vergleich der verschiedenen Erwerbsgruppen im Hinblick auf die subjektiven Messgrößen in Abbildung 3.1 bestätigt sich in hohem Maße in den durch Kontrollvariablen ergänzten Regressionsanalysen in Tabelle 3.2. Allgemein kann beobachtet werden, dass der Erwerbsstatus einer Person eine hohe Erklärungskraft für ihre Zufriedenheit, ihr Teilhabegefühl sowie ihre empfundene Stellung in der Gesellschaft hat. Reguläre Beschäftigung zeigt erwartungsgemäß jeweils deutlich positive Effekte im Vergleich zu Arbeitslosigkeit. Allerdings liegt dieser Effekt in seiner Höhe deutlich unter dem Bruttounterschied ohne Kontrollvariablen in Abbildung 3.1. Dies ist wenig überraschend, da starke Korrelationen zwischen Erwerbsstatus und Transferbezug, Haushaltseinkommen und sogar auf den ersten Blick unabhängige Faktoren wie dem Beziehungsstatus bestehen. Der Koeffizient des Erwerbstätigkeits-Dummies darf also lediglich als direkter, nicht-monetärer

[15] Zwei Koeffizienten verlieren etwas an statistischer Aussagekraft: Der Einfluss von Erwerbsunfähigkeit auf soziale Teilhabe erfüllt nur noch das 5% Signifikanzniveau und der Einfluss von sonstigen Aktivierungsmaßnahmen auf die Lebenszufriedenheit kann nur noch bei einem Signifikanzniveau von 10% festgestellt werden.

[16] *Lags* bezeichnen Verzögerungen von Effekten, während *leads* Wirkungs-Vorwegnahmen beschreiben. So wäre etwa zu erwarten, dass zukünftige Arbeitslosigkeit sich bereits auf die aktuelle Lebenszufriedenheit auswirkt (*lead)*, wenn sich beispielsweise wirtschaftliche Probleme des Unternehmens abzeichnen oder eine befristete Stelle ohne Aussicht auf Vertragsverlängerung ausläuft.

Einfluss interpretiert werden, während sich Erwerbstätigkeit zusätzlich über viele indirekte Effekte positiv auf Zufriedenheit, Teilhabe und Status auswirkt und außerdem ein positiver Selektionseffekt für reguläre Beschäftigung besteht.

Ein-Euro-Job Teilnehmer entsprechen in ihren sonstigen Charakteristika zu einem hohen Grad der Referenzgruppe der arbeitslosen ALG II Empfänger. Dies spiegelt sich in der weitgehenden Übereinstimmung der Effekte in Tabelle 3.2 mit den deskriptiven Statistiken in Abbildung 3.1 wider. Zumindest in der Querschnittsanalyse unterscheiden sich die durch Kontrollvariablen bereinigten Ergebnisse kaum von den Bruttoergebnissen. Der positive Einfluss der Aktivierungsmaßnahme auf die soziale Teilhabe stellt sich als robuster Effekt dar, der auch nach Einbezug der individuellen fixen Effekte hochsignifikant bleibt. Besonders bemerkenswert ist hierbei, dass sich der Teilhabeeffekt von Ein-Euro-Jobs in der Längsschnittanalyse mit einem Koeffizienten von 0.40 nicht signifikant von dem Effekt regulärer Erwerbsarbeit unterscheidet.[17] So bestätigt sich Hypothese 2: Ein-Euro-Job Teilnehmer fühlen sich weniger gesellschaftlich ausgegrenzt als offen arbeitslose ALG II Empfänger. Es zeigt sich also, dass das politische Ziel von Ein-Euro-Jobs, die soziale Isolation abzumildern, von der Maßnahme zumindest temporär erfüllt wird.

Im Gegensatz zum Effekt gesellschaftlicher Teilhabe kann hinsichtlich des sozialen Status bei Maßnahmeteilnehmern kein signifikanter Unterschied oder Effekt gegenüber den offen arbeitslosen Transferempfängern festgestellt werden. Dies ist insofern verwunderlich, als dass ein – impliziter oder expliziter – Vorwurf der Ablehnung der normativen Verpflichtung zur Arbeit gegenüber Ein-Euro-Job Teilnehmern kaum haltbar ist, sodass zumindest eine gewisse Aufwertung ihres Status zu erwarten wäre. So führt beispielsweise bei so genannten Aufstockern, also Erwerbstätigen mit ALG II Bezug, die Erwerbstätigkeit zu einer deutlich höheren sozialen Position. Dieser Unterschied zwischen Aufstockern und Ein-Euro-Job Teilnehmern besteht, obwohl sich beide Gruppen in einer ähnlichen finanziellen Lage befinden und auf die Unterstützung des Staates angewiesen sind. Da Ein-Euro-Jobs keinen feststellbaren Einfluss auf die soziale Position haben, wird Hypothese 3 von der empirischen Auswertung also nicht gestützt.

Die Ergebnisse der Regressionsanalyse mit Lebenszufriedenheit als endogener Variable präsentieren sich als Fortführung von Jahodas Theorie der latenten Funktionen von Arbeit, die zumindest teilweise auch von arbeitsmarktpolitischen Maßnahmen erfüllt werden. Im Querschnitt zeigen sich Ein-Euro-Job Teilnehmer allgemein signifikant

[17] Entfernt man alle Kontrollvariablen aus der Analyse, wächst zwar der Koeffizient der Erwerbstätigkeit im Verhältnis zu Ein-Euro-Jobs (0,54 vs. 0,35), doch dieser Unterschied ist selbst bei einem Signifikanzniveau von 10% nicht signifikant.

zufriedener mit ihrem Leben als offen arbeitslose ALG II Empfänger. Allerdings zeigt sich bei Einbezug der individuellen fixen Effekte eine Abnahme des Koeffizienten sowohl in Ausprägung als auch in statistischer Signifikanz. Dies lässt vermuten, dass eine Selbst- oder Fremdselektion der bereits zufriedeneren (und damit evtl. auch motivierteren) Transferempfänger in Ein-Euro-Jobs stattfindet, und somit der eigentliche Effekt in der Querschnittsanalyse überschätzt wird. Trotz dieses Selektionseffekts bleibt auch in der Längsschnittanalyse ein positiver Effekt von Ein-Euro-Jobs auf die Lebenszufriedenheit bestehen, der sich zwischen dem Effekt der sozialen Teilhabe und dem subjektiven gesellschaftlichen Status einordnet. Hypothese 1 wird also von der empirischen Auswertung gestützt.

Schließlich muss festgestellt werden, dass die positiven Auswirkungen der Aktivierungsmaßnahme lediglich vorübergehend zu bestehen scheinen; innerhalb des letzten halben bzw. ganzen Jahr beendete Ein-Euro-Jobs haben keine bleibende Wirkung auf die Selbsteinschätzung der Teilnehmer.

Tabelle 3.2: Determinanten von Lebenszufriedenheit, sozialer Teilhabe und sozialem Status

Abhängige Variable	**Lebenszufriedenheit**		**Soziale Teilhabe**		**Sozialer Status**	
	OLS	OLS Fixed Effects	OLS	OLS Fixed Effects	OLS	OLS Fixed Effects
Aktueller Erwerbsstatus (Ref. arbeitslos)						
Aktueller Ein-Euro-Job	**0,32 (4,0)*** **	**0,19 (1,8)***	**0,37 (3,9)*** **	**0,40 (3,2)*** **	**0,03 (0,5)**	**0,08 (0,8)**
Erwerbstätig	0,74 (14,9)***	0,35 (4,9)***	0,86 (14,9)***	0,34 (3,9)***	0,59 (13,0)***	0,24 (3,5)***
Rentner/Pensionär/im Vorruhestand	0,31 (4,2)***		0,30 (3,3)***		0,28 (4,1)***	
Hausfrau/Hausmann	0,58 (9,4)***		0,43 (6,1)***		0,41 (7,3)***	
In Mutterschutz/Elternzeit	0,62 (7,4)***		0,35 (3,5)***		0,30 (3,9)***	
Wehr-/Zivildienst/FSJ	1,35 (5,1)***		1,07 (3,5)***		0,86 (3,5)***	
Ausbildung/Lehre/Studium	0,87 (13,2)***		0,86 (11,2)***		0,52 (8,6)***	
Schüler	0,85 (8,3)***		0,78 (6,5)***		0,63 (6,6)***	
Krank/erwerbsunfähig/behindert	-0,76 (4,3)***		-0,59 (2,8)***		-0,51 (3,2)***	
Nicht aktiv am Arbeitsmarkt		0,21 (2,8)***		0,16 (1,8)*		0,13 (1,8)*
Ein-Euro-Job im letzten halben Jahr (exkl. aktuelle Teilnahmen)	-0,06 (0,7)	-0,01 (0,1)	-0,05 (0,5)	-0,07 (0,5)	-0,08 (0,9)	-0,18 (1,6)
Ein-Euro-Job vor 6-12 Monaten	-0,11 (1,4)	0,13 (1,4)	-0,13 (1,5)	0,19 (1,6)	-0,12 (1,7)*	0,08 (0,9)
Langzeitarbeitslos (≥1 Jahr)	-0,17 (3,5)***	-0,15 (2,1)**	-0,24 (4,2)***	-0,13 (1,5)	-0,11 (2,5)**	-0,05 (0,8)
ALG II Empfänger (Haushalt)	-0,56(17,9)***	-0,29 (5,0)***	-0,71(19,5)***	-0,29 (4,0)***	-0,68(23,9)***	-0,26 (4,6)***
Haushaltseinkommen (ln; äquivalenzskaliert)	0,33 (19,7)***	0,08 (3,3)***	0,31 (15,9)***	0,09 (3,0)***	0,29 (19,4)***	0,10 (4,5)***
Konstante	5,30 (28,7)***	5,40 (17,2)***	4,76 (22,1)***	5,40 (14,2)***	3,68(21,7)***	5,40 (14,2)***
R-Quadrat	0,30	0,031/0,22/0,22	0,24	0,019/0,18/0,17	0,26	0,016/0,21/0,21
N	27.946	17.594	27.816	17.594	27.611	17.594
F	245,8	7,46	186,3	4,5	206,3	3,9

Anmerkungen: * P<0,1; ** P<0,05; ***P<0,01; Absolute t-Werte in Klammern; R-Quadrat für OLS mit individuellen fixen Effekten: innerhalb der Gruppen/zwischen den Gruppen/gesamt; Kontrollvariablen: männlich, Alter, Alter^2, neue Bundesländer, Schul- und Berufsbildung in Jahren, Kinder, enge Freunde/Verwandte außerhalb des Haushalts, amtlich festgestellte Behinderung, sonstige schwerwiegende Krankheit, verheiratet, unverheiratete/r Partner/in im HH, feste/r Partner/in außerhalb des Haushalts, sonstige aktuelle arbeitsmarktpolitische Maßnahme.
Quelle: Eigene Berechnungen mit dem PASS-Datensatz.

3.5.2 Sonstige arbeitsmarktbezogene Determinanten von Lebenszufriedenheit, Teilhabe und Status

Neben dem Erwerbsstatus an sich zeigen auch andere Arbeitsmarktvariablen subjektive Auswirkungen. Als besonders starke Determinanten aller subjektiven Selbsteinschätzungen zeigen sich das äquivalenzskalierte Haushaltseinkommen und der Bezug von ALG II. Das Haushaltseinkommen ist besonders für die Stellung in der Gesellschaft, aber auch für die soziale Teilhabe und die Lebenszufriedenheit ein ausschlaggebender Faktor. Wie bei vielen Variablen sinken bei einer Panelregression mit fixen Effekten zwar die Koeffizienten, sie bleiben aber hochsignifikant und positiv. Dass ALG II zusätzlich zu der rein finanziellen Einschränkung als nicht-monetärer negativer Einflussfaktor heraussticht, erklärt sich unter anderem über den starken Stigmatisierungsgrad von bedarfsgeprüften Sozialleistungen. So mag insbesondere für den Statusverlust ausschlaggebend sein, dass es sich bei Arbeitslosengeld II nicht um eine durch Beiträge finanzierte Versicherungsleistung, sondern um eine „unverdiente“, vorleistungsfreie Fürsorgeleistung handelt. Für die empfundene Teilhabe, den Status und das subjektive Wohlbefinden kann also nicht nur der Erwerbsstatus und die materielle Situation an sich, sondern auch der stigmatisierende Autonomieverlust durch die Abhängigkeit vom Staat eine wichtige Erklärungsgröße sein. Bei bedarfsgeprüften Sozialleistungen wie dem ALG II scheint dieser von Fryer (1986) beschriebene Kontrollverlust besonders stark ausgeprägt zu sein.

3.6 Fazit

Die empirische Auswertung des PASS-Datenasatzes bestätigt, dass Arbeitslosigkeit einen deutlich negativen Effekt auf die Lebenszufriedenheit und den sozialen Status der Betroffenen hat. Außerdem zeigen sich signifikante gesellschaftliche Ausgrenzungstendenzen; so äußern Arbeitslose das Gefühl, weniger an der Gesellschaft teilzuhaben als die arbeitende Kontrollgruppe. Neben diesen Auswirkungen des Erwerbsstatus ist auch ALG II Bezug mit erheblichen negativen Effekten auf Status, Teilhabe und Lebenszufriedenheit verbunden. Insgesamt kann festgestellt werden, dass arbeitslose ALG II Empfänger zu den unzufriedensten Deutschen gehören, sich gesellschaftlich ausgegrenzt fühlen und einen sehr niedrigen sozialen Status angeben.

Die zentrale Frage dieser Studie lautete, inwiefern diesen negativen psychosozialen Auswirkungen von Arbeitslosigkeit, und vor allem von Langzeitarbeitslosigkeit mit ALG II Bezug, durch die Teilnahme an Ein-Euro-Jobs entgegen gewirkt werden kann. Wie sich gezeigt hat, können Ein-Euro-Jobs die psychosozialen Funktionen von Arbeit zumindest teilweise erfüllen. Vor allem das Gefühl der sozialen Teilhabe bzw. der Zugehörigkeit wird signifikant gestärkt. Hieraus kann geschlossen werden, dass Ein-Euro-Jobs ihren sozialintegrativen Zielen laut der subjektiven Selbsteinschätzung der Teilnehmer zumindest teilweise gerecht werden. Im Gegensatz zu dieser positiven psychosozialen Wirkung der Aktivierungsmaßnahme wurde empirisch kein Effekt auf die Selbsteinschätzung zum sozialen Status festgestellt. Insgesamt ergibt sich für Ein-Euro-Jobs ein Lebenszufriedenheitseffekt, der sich zwar von dem der offen arbeitslosen ALG II Empfängern signifikant positiv unterscheidet, allerdings die Lebenszufriedenheit von regulär Beschäftigten nicht annähernd erreicht.

In der Argumentationslogik des Workfare-Ansatzes und der entsprechenden Verwendung von Aktivierungsmaßnahmen als Arbeitswilligkeitstest ist ein gewisser Zwangscharakter durchaus gewollt. Wird die Freiwilligkeit der Arbeitslosigkeit zumindest implizit angenommen, so mögen relativ unangenehme arbeitsmarktpolitische Programme als sinnvolle Maßnahmen der Anreizschaffung für die reguläre Beschäftigungsaufnahme gewertet werden. Die Ergebnisse dieser Studie weisen allerdings auf eine weitverbreitete Unfreiwilligkeit der Arbeitslosigkeit hin. So erscheint es höchst unwahrscheinlich, dass ein großer Teil der Arbeitslosen sich freiwillig für ihre Situation entscheidet, wenn diese Situation mit solch starken Lebenszufriedenheits- und Statusverlusten sowie gesellschaftlicher Ausgrenzung verbunden ist. Legt man folglich die Annahme der

Unfreiwilligkeit der Arbeitslosigkeit und der Abhängigkeit von bedarfsgeprüften Sozialleistungen zugrunde, so ergeben sich zwei Gründe, die die Erfüllung psychosozialer Funktionen durch Aktivierungsmaßnahmen nötig werden lassen.

Der erste Grund liegt in der humanitären Überlegung, dass der Sozialstaat nicht nur für die Abdeckung der physischen Grundbedürfnisse der sozial schwachen Bürger, sondern auch für deren gesellschaftliche Inklusion und psychosozialen Bedürfnisse Rechnung trägt. So nennen das Bundesministerium für Arbeit und Soziales und die Bundesagentur für Arbeit die Förderung der sozialen Teilhabe zumindest für schwer vermittelbare Erwerblose als Ziel im SGB II Bereich. Dieser Ansatz findet sich auch in der eingangs erwähnten Forderung, subjektive Messgrößen wie die Lebenszufriedenheit der Bevölkerung bzw. der betroffenen Gruppen in politische Entscheidungen einzubeziehen. Ein pragmatischerer Grund liegt in der nachgewiesenen Verbindung zwischen subjektivem Wohlbefinden und den Wiederbeschäftigungschancen von Arbeitslosen (Vansteenkiste et al. 2004; Waters & Moore 2002), denn ein verringertes Selbstwertgefühl führt beispielsweise in Bewerbungssituationen zu geringeren Einstellungschancen (Korpi 1997: 127) und wird so zu einer sich selbst erfüllenden Prophezeiung. Aktivierungsprogramme sollten aus diesen Gründen so konzipiert werden, dass sie sowohl objektive als auch subjektive Zielvorgaben berücksichtigen.

Eine Gesamtbewertung der hier untersuchten Ein-Euro-Jobs setzt eine politische Gewichtung der verschiedenen Ziele der Aktivierungsmaßnahme sowie weitere Erkenntnisse über Verdrängungseffekte voraus. Die Auswertung der subjektiven Messgrößen in diesem Artikel zeigt allerdings, dass die psychosozialen Funktionen von Arbeit teilweise von aktivierenden arbeitsmarktpolischen Maßnahmen erfüllt werden können. So können Ein-Euro-Jobs für arbeitslose Sozialleistungsempfänger eine vorübergehende Linderung der schädlichen sozialen Lage Arbeitslosigkeit bewirken und Ausgrenzungsprozesse abschwächen. Gerade bei schwer vermittelbaren Langzeitarbeitslosen mit sehr geringen Beschäftigungschancen bekräftigen die hier festgestellten gesellschaftlichen Integrationsfunktionen und die Erhöhung der Lebenszufriedenheit auch bei nicht unmittelbar nachweisbarer Veränderung der Beschäftigungschancen die Legitimität von Aktivierungsmaßnahmen.

Bei arbeitsmarktnäheren Teilnehmern wiegen die ausbleibende Verbesserung der Beschäftigungschancen und drohende Verdrängungseffekte weit schwerer, zumal die Maßnahme abgesehen von den negativen fiskalpolitischen Effekten auch in ihren sozialintegrativen Eigenschaften deutlich hinter regulärer Arbeit zurück bleibt. Eine

Anwendung auf breite Zielgruppen der Bundesagentur für Arbeit, wie sie die hohen Teilnehmerzahlen in den vergangenen Jahren vermuten lassen, kann daher trotz der in dieser Studie gefundenen positiven Effekte nicht befürwortet werden. Die Ende 2010 in den Medien erschienene Ankündigung der Bundesagentur für Arbeit,[18] die Zahl der Ein-Euro-Jobs in Zukunft stark zu reduzieren, ist daher als begrüßenswert einzustufen.

Aufgrund der eingeschränkten Datenlage kann dieser Artikel nur die Effekte von einer ausgewählten arbeitsmarktpolitischen Aktivierungsmaßnahme im Vergleich zu offener Arbeitslosigkeit und regulärer Beschäftigung testen. Als Desiderat für zukünftige Studien bleibt deshalb der Vergleich verschiedener Programme zu nennen, sodass eine detailliertere Evaluation verschiedener Maßnahmecharakteristika möglich wird.

[18] Siehe Die Welt vom 28.02.2010: „Bundesagentur will künftig Ein-Euro-Jobs begrenzen“ (download unter http://www.welt.de/politik/deutschland/article11855333/Bundesagentur-will-kuenftig-Ein-Euro-Jobs-begrenzen.html; letzter Zugriff: 18. März 2011).

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4 ARTICLE C

Wulfgramm, Melike. 2014. Life Satisfaction Effects of Unemployment in Europe: The Moderating Influence of Labour Market Policy. *Journal of European Social Policy* forthcoming.

4.1 Introduction

Public policy shapes various aspects of our lives, and this statement holds even more for groups whose everyday life depends heavily on state support. Indisputably, the life of the unemployed is affected more by welfare state design than the life of average employees, with labour market policy having the largest impact. The level of unemployment benefits largely determines the financial situation of the unemployed. Furthermore, strict eligibility rules and short benefit durations may translate into dependence on means-tested social assistance benefits or family transfers and an increased risk that unemployment be stigmatic (Gallie & Paugam 2000: 4). In addition to these monetary transfers that affect the unemployed, active labour market policy (ALMP) plays an increasingly important role in most European countries. But how do these different kinds of labour market policy affect the subjective well-being of the unemployed?

Policy evaluations have analysed the effects of both active and passive labour market policy intensely, but this research is narrowly focussed on objective outcomes such as employment, unemployment and wages. The effect of labour market policy on subjective well-being has only recently gained attention (Helliwell & Huang 2011; Ochsen & Welsch 2012; Di Tella et al. 2003), despite the vast literature proving the harmful life satisfaction effects of unemployment. Especially comparative research covering both active and passive labour market policies has been entirely missing up until this paper. Given that many scholars demand that subjective well-being substitute or complement pecuniary indicators in the measurement of social welfare (e.g. Layard 2011; Easterlin 1974; Ng 1997; Oswald 1997), this lack of policy evaluation comes as a surprise. For policymakers, the well-being of the unemployed matters for two distinct reasons: Firstly, the drop and consequently low level of subjective well-being among the unemployed are likely to affect job search behaviour. While Mavridis (2010; see also Clark 2003) finds individuals who suffer from larger drops in life satisfaction after job loss to have shorter unemployment durations, Anderson (2009: 348; see also Waters & Moore 2002; Korpi 1997) argues that low life satisfaction may translate into

"discouragement, lower levels of skill acquisition, inferior performance in job interviews, and eventually a lower probability of job offers and successful job searches". Secondly, improving the well-being of the socially disadvantaged in society is a core task of the welfare state. Accordingly, the EU has stressed the importance of social cohesion and inclusion in their growth strategy for the coming decade, *Europe 2020*[19].

This paper improves our understanding of the effects of labour market policy by jointly analysing the moderating effects of active as well as passive labour market policies on subjective well-being across a large European country sample. Furthermore, multilevel as well as panel data methods are applied to check whether the effect of changes in policies within countries differs from cross-sectional results. Survey data from four waves of the European Social Survey (ESS) is assembled for 21 European countries to be able to analyse and control for individual characteristics of respondents. This micro data is merged with macro-level data concerning labour market policy indicators. It is tested whether the design and generosity of the welfare state interacts with the effect of unemployment on life satisfaction. Specifically, the paper focuses on the question whether unemployment benefit generosity and a country's commitment to ALMP mitigate the life satisfaction effect of unemployment. The empirical analysis shows that generous passive labour market policy moderates the negative life satisfaction effect of unemployment to an impressive extent, while the positive effects of ALMP turn out to be less robust. These relationships can be found both within countries over time as well as between countries in a cross-sectional analysis. I argue that the generosity of unemployment benefits affects life satisfaction of the unemployed through two mechanisms: In addition to an obvious resource mechanism, labour market policy also affects life satisfaction through a non-pecuniary mechanism that is linked to stigmatization and the position of the unemployed in society.

The paper is structured as follows: First the recent developments of European labour market policy are portrayed. The following section provides an overview of the effect of unemployment on well-being, with a special focus on the intervening effect of labour market policy. After the description of methodology and data with the depiction of descriptive statistics, the results of the multivariate analyses are presented and discussed. Finally, the conclusion completes the paper.

[19] See http://ec.europa.eu/social/main.jsp?catId=751&langId=en, last access 13/11/13.

4.2 Labour Market Policy, Unemployment & Life Satisfaction

4.2.1 The 'Activation Turn' in European Labour Market Policy

As a reaction to recurrent waves of mass unemployment and the disturbing expansion of long-term unemployment in Europe, criticism concerning inflexible labour markets and discouraging welfare state design has risen since the 1990s. Generous unemployment insurance schemes have been accused of raising the reservation wage of the unemployed and thus disincentivising job search and employment. Even though cross-national comparisons analysing the connection between unemployment benefits and national unemployment rates are rather contradictory in their findings (cf. Sjöberg et al. 2010: 429-430), the positive effect of unemployment benefit generosity on unemployment duration is indeed one of the most evident findings in the microeconometric literature (cf. Tatsiramos & Van Ours 2012). European policy makers have reformed their labour market policy design heavily over the past decades, with activation becoming a central component of modern welfare states. Broadly speaking, this 'activation turn' is composed of at least two components: Firstly, active labour market policy has gained in importance, with many countries expanding on training measures, job search assistance and employment subsidies. Secondly, reforms have tended to be restrictive concerning passive labour market policy: "Eligibility criteria have been tightened, benefit levels have been reduced, benefits have been made conditional on employment, and the duration of receipt has been shortened" (Kenworthy 2010: 438). Furthermore, different tiers of unemployment benefits have been homogenized in order to avoid disincentive effects of high replacement rates (Clasen & Clegg 2011: 7). While the specific pattern of policy change differs quite considerably between European welfare states, it is fair to speak of a general shift from passive towards active (and activating) labour market policy.

The effects of this policy shift have been analysed with respect to outcomes such as employment, unemployment and income, with micro-level studies being somewhat more optimistic than macro-level evaluations (Bonoli 2010: 450). This discrepancy between micro-level and macro-level analyses might well be due to substitution effects between participants and non-participants of e.g. training schemes, yet proving these effects is methodologically more than challenging.

4.2.2 Well-Being Effects of Unemployment and the Intervening Effect of Labour Market Policy

Evaluations of labour market policies generally ignore the fact that unemployment is connected to more than strictly financial consequences, although the multidimensional "negative effects are cumulative, and they act individually and jointly to undermine and subvert personal and social life" (Sen 1997: 160). The psychosocial effects of unemployment were first described by Jahoda et al. (1933). In her deprivation theory, Jahoda (1982: 59) argues that the unemployed are deprived of five essential experience categories of work: (1) imposition of a time structure, (2) social contacts, (3) participation in a collective purpose, (4) status and identity and (5) required regular activity. Accordingly, the disintegration of social networks that comprise ties between individuals and society is a core aspect in the social exclusion literature with respect to unemployment (e.g. Gallie & Paugam 2000; Hammer 2003; Room 1995). Furthermore, Fryer (1986) stresses the importance of agency and control in the connection between unemployment and well-being, as unemployment prevents the individual from being economically self-sufficient and restricts control over the own life course.

As suggested by these psychosocial factors, a detrimental life satisfaction effect of unemployment has consistently been found across countries, time and research designs (e.g. Winkelmann & Winkelmann 1998; Clark & Oswald 1994; Gerlach & Stephan 1996; Khattab & Fenton 2009; Van Praag & Ferrer-i-Carbonell 2002; Carroll 2007). Even after controlling for income, time-consistent personality traits and other socioeconomic preconditions, the lack of paid employment causes a considerable drop in the well-being of affected individuals. Furthermore, financial hardship amongst the unemployed is connected to high psychological distress (Gallie & Russell 1998: 269), so that both non-pecuniary and pecuniary factors cause life satisfaction to fall.

Several scholars have called for governments to take well-being effects into account in their policy design (e.g. Layard 2011; Carroll 2007; Clark & Oswald 1994; Sen 1997). To do so, the intervening effect of policies needs to be understood first. Yet the extensive literature on well-being effects of unemployment on the one hand and labour market policy evaluation on the other hand has largely ignored the call to connect both research areas. The few studies that analyse the intervening effect of labour market policy reach contradictory conclusions. Di Tella et al. (2003) find a positive effect of unemployment benefit replacement rates on average life satisfaction in twelve European nations between 1975 and 1992, while they do

not find evidence for an interaction effect between benefit generosity and individual unemployment. These results are in line with the findings of Gallie and Russell (1998). Helliwell and Huang (2011) even show a slightly negative interaction effect of unemployment benefit replacement rates and unemployment in US states. They explain this counterintuitive result with potential endogeneity in policy making: States in which unemployment is perceived to be especially harsh may be more generous in their benefits. In contrast to these results, Ochsen and Welsch (2012) find quite pronounced effects of labour market institutions such as employment protection legislation on the life satisfaction of average citizens and a particularly strong effect of benefit generosity on the unemployed in ten European countries between 1975 and 2002, accounting both for levels as well as duration of unemployment benefits. In general, the effect of unemployment benefit generosity on subjective well-being seems to be larger in studies that analyse European data rather than US data and use a more comprehensive measure of generosity than merely average replacement rates, covering additional features such as the duration of benefit entitlement. However, most studies only focus on the effect of replacement rates and disregard ALMP whatsoever.

The hypotheses in this paper expect labour market policy to have a considerable impact on the well-being of the unemployed, as their living standards are highly dependent on state support. I argue that generosity of passive labour market policy may affect the unemployed through two mechanisms. The first mechanism is strictly tied to the resource dimension of financial hardship, that is, generous unemployment benefits enable the unemployed to consume goods that yield utility. The second factor is closely connected to the statement that policymakers implicitly or explicitly make about the status and identity of the unemployed in society by implementing a certain labour market policy. For instance, low generosity of insurance-based unemployment benefits and a higher reliance on means-tested social assistance benefits increase the risk that unemployment will be stigmatic (Gallie & Paugam 2000: 4). Also, short durations and higher conditionality of benefits can be expected to be connected to high levels of psychological stress that go beyond the lack of financial resources that it might imply.

I expect both the pecuniary and the non-pecuniary aspects of passive labour market policy to lead to a moderating effect of unemployment benefit generosity on the life satisfaction of the unemployed. *Hypothesis 1* thus expects unemployed in a country with generous passive labour market policy to experience a smaller drop in well-being than unemployed in countries with meagre benefits and short benefit duration.

The influence of labour market policy on the lives of the unemployed is not limited to monetary transfers, though. The everyday lives of European unemployed are shaped by job search assistance, training measures, work creation schemes and other ALMP measures that are likely to have an impact on well-being. Micro-level studies in Sweden, Germany and the UK have indeed pointed towards an increase in the well-being of unemployed who are currently participating in certain active labour market schemes (Wulfgramm 2011; Andersen 2008; Strandh 2001). Moreover, Anderson (2009) conducted a multi-level analysis on the impact of ALMP on social ties in Europe and shows that labour market outsiders in countries with higher spending on ALMP tend to have a higher sense of social inclusion and report more frequent social interaction. However, there are no comparative studies on the effect of ALMP on life satisfaction.

Applying Jahoda's deprivation theory to ALMP measures I argue that government training and occupational schemes can fulfil certain psychosocial functions of work and should thus have a positive effect on the life satisfaction of the unemployed. ALMP schemes offer opportunities for social contacts, are subject to a clear time structure and may even convey the feeling of participating in a useful collective purpose. Moreover, skill acquisition should enhance the feeling of control over one's life. It should be kept in mind that not all ALMP spending is alike in its design and intentions, though. For instance, work creation schemes can have a strong enforcing character (Dingeldey 2007) and participation may not be voluntary.

Hypothesis 2 expects ALMP to have a positive moderating effect on the life satisfaction of unemployment. The two core hypotheses of this paper will be tested by applying multi-level and panel methods to survey data as well as macro-level data, as described in the following sections.

4.3 Methodology and Model Specification

As data is sampled from both the micro- and the macro-level for 4 time periods, the regression analysis needs to account for the specificity of such a clustered design. In a nested data structure, that is, individual survey responses (level 1) are nested within country-waves (level 2) which are nested in countries (level 3), the influence of the contextual variables would be greatly biased towards high significance levels if the analysis treats all lower-level observations as independent (cf. Hox 2010: 3). To avoid spuriously significant results, the biased error terms need to be adjusted for the dependence of lower-level observations within clusters. Both multilevel models and fixed effects estimations with clustered standard errors are applied in this study. While the first technique allows to exploit differences between countries, the latter concentrates on within-country variations of policies and policy responses.

Multilevel models adjust biased standard errors by introducing random intercepts into the empirical analysis. This accounts for the high intra-cluster correlation (ICC=0.13 in the null-model) in life satisfaction of respondents from the same country. Therefore, the models tested in this paper have the following general design:

$$LS_{ijt} = \alpha_0 + \alpha_t W_t + ß_{p0} X_{pijt} + ß_{0q} Z_{qjt} + ß_{pq} Z_{qjt} X_{pijt} + \mu_j + \mu_{jt} + \varepsilon_{ijt}.$$

The endogenous variable life satisfaction LS of individual i in country j and wave t is a function of the vector of p level 1 explanatory variables X_{pijt} as well as q level 2 explanatory variables Z_{qjt}. Furthermore, cross-level interaction effects[20] of specific policy indicators with individual unemployment $ß_{pq} Z_{qjt} X_{pijt}$ are inserted into the model specifications. The error term is split into three error components: μ_j picks up the level 3 error term at the country level, μ_{jt} is the level 2 country-wave error component while ε_{ijt} is the level 1 error term that applies to each respondent individually. α_0 represents the general constant, while $\alpha_t W_t$ controls for wave-specific time trends.

The main level 1 variable of interest is current unemployment of the respondent, as compared to employment, retirement, military or civil service, housework, being permanently sick or disabled and being a student as the main activity during the last 7 days. In addition, vector X consists of control variables at the individual level. These include gender, living with

[20] Also see Brambor et al. (2006) for a more elaborated description of multiplicative interaction models.

a partner, subjective health[21], age, age squared, years of formal education and household income[22]. Vector *Z* contains macro variables concerning social and labour market policy. As the main exogenous variables, unemployment benefit generosity and expenditure on active labour market policy per unemployed as a percentage of GDP per capita are analysed. In addition, control variables at the country-wave level are included in the models. These level 2 control variables are the natural logarithm of GDP per capita, public social expenditure as a percentage of GDP as well as the unemployment rate. As the research question and core hypotheses suggest, two interaction effects are of special interest for this paper. Firstly, the moderating influence of passive labour market policy on the life satisfaction effect of unemployment is tested with the interaction term unemployment*unemployment benefit generosity. The second moderating influence of interest is the interaction term unemployment*ALMP expenditure per unemployed as a percentage of GDP.

As this paper relies on comparisons in life satisfaction responses across countries, criticism may arise concerning cultural or linguistic biases in the answering of well-being surveys. Despite studies that have suggested these general concerns to be exaggerated by comparing life satisfaction evaluations of hypothetical situations between countries (Bolle & Kemp 2009), it might still be argued that life satisfaction differences are mainly driven by country-specific constant characteristics, and that these characteristics are correlated to policy differences between countries. This might lead to endogeneity problems. Therefore, models that include country-fixed effects are estimated, with clustered standard errors at the country level. Thus, changes in the severity of the life satisfaction effect of unemployment can be traced back to policy changes within countries across time.

It should be noted that most of the variance occurs between countries rather than within countries, though. This becomes especially obvious in the benefit generosity indicator, with an average within-country standard deviation of 2 as compared to an overall standard deviation of 19.1 (see table 4.2). However, models with country fixed effects may serve as a robustness test: If the moderating effect of labour market policy shows both between as well as within countries, the empirical evidence is quite strong. One further concern might be the argument that the life satisfaction scale from 0-10 is actually an ordinal representation of an underlying latent variable, implying an ordered logistic or probit estimation. However, this

[21] It is debatable whether subjective health should be included in life satisfaction estimations, as problems of endogeneity may arise. However excluding health imposes a serious omitted variable bias. Models excluding subjective health (available from the author) do not show substantially different results in any of the interaction effects, though.

[22] It has been checked that all other coefficients of interest are virtually unaffected if income is inserted as 12 categorical dummies rather than as a cardinal variable (available from the author).

concern has been proven to be mainly of a theoretical nature with few empirical implications (Ferrer-i-Carbonell and Frijters 2004), while it inhibits the intuitive interpretation of coefficients, especially in case of interaction effects (Ai & Norton 2003). In line with the findings of Ferrer-i-Carbonell and Frijters (2004), I refrain from treating the dependent variable as being ordinal.

4.4 Data: Merging Macro-Data with the European Social Survey

To test the hypotheses in the multi-level framework of this paper, both micro-level and macro-level data are merged. Table 4.1 summarizes the main features of the micro-level dataset as well as macro-level control variables, while table 4.2 shows descriptive statistics of the explanatory macro-level variables by country. On the micro-level, survey data from the European Social Survey (ESS) covers the dependent variable life satisfaction as well as exogenous variables that provide information about individual characteristics of respondents.

The data for this study is compiled of the first four waves of the survey for a total of 21 countries, with 16 to 20 countries that are included in the integrated dataset per wave: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland and UK. The respective interview periods of waves 1-4 are 2002/2003, 2004/2005, 2006/2007 and 2008/2009. As the research questions aim at analysing the effect of unemployment and labour market policy on the unemployed, the focus is limited to respondents of working age. Therefore, only respondents aged 15 to 64 remain in the dataset. Given this selection of cases, between 863 and 2309 respondents per country and wave are included, yielding a total of 107,973 level 1 observations.To measure the dependent variable in this paper, i.e. life satisfaction, the following question was asked in the respective local language:

"All things considered, how satisfied are you with your life as a whole nowadays? Please answer using this card, where 0 means extremely dissatisfied and 10 means extremely satisfied."

Merging data from different waves of the ESS poses problems concerning the availability of micro-level variables. While most questions of interest have been asked identically in all waves of the ESS, the measurement of household income differs between waves. In wave 1-3, the income variable codes all countries according to the same 12 income categories. In contrast, the income variable in wave 4 is based on country-specific income deciles. Thus, while wave 1-3 give information about the absolute income, wave 4 gives information on the relative income. An integration of both income measures would be highly misleading, so that no income variable can be inserted into models that use the full data sample.

Table 4.1: Descriptive statistics

Variable	N	Mean	Standard Deviation
Level 1 variables:			
Life Satisfaction	107,973	7.07	2.17
Main activity, last 7 days:			
Paid work	67,381	0.63	
Unemployed	6,358	0.06	
Retired	7,708	0.07	
Housework, child rearing	10,544	0.10	
Education	11,533	0.11	
Community or military service	159	0.00	
Permanently sick or disabled	2,869	0.03	
Age	107,973	40.50	13.71
Age squared	107,973	1828.57	1110.32
Living with spouse/partner	66,966	0.62	
Subjective health (1= very bad – 5= very good)	107,973	3.93	0.85
Years of full-time education	107,973	12.71	3.77
Male	51,750	0.48	
Household income (1-12)	60,794	6.81	2.50
Level 2 variables:			
Unemployment benefit generosity indicator	72	27.82	19.05
ALMP expenditure per unemployed, % of gdp per capita	72	26.93	20.70
PLMP expenditure per unemployed, % of gdp per capita	72	37.50	26.30
Gdp per capita, constant prices in US $ (2000), ppp	72	26598.29	8779.04
Social expenditure as % of gdp	72	24.86	4.80
Unemployment rate	72	7.08	3.52

Notes: N refers to the number of nonmissising cases on the respective level, with the exception of dummy variables, where N refers to the cases in which X=1. For dummy variables, the mean shows the proportion of observations in which X=1.

On the macro-level, aggregated country data covering economic conditions and welfare state as well as labour market policy indicators are assembled. To measure the intensity of active labour market policy that the unemployed encounter, expenditure on ALMP per unemployed expressed as a percentage of GDP per capita is calculated from OECD-data. The operationalization of the generosity of unemployment benefit systems is more ambiguous. Most studies simply use the average net replacement rate of short-term unemployment benefits. However, these replacement rates by the OECD do not account for other relevant aspects, that is, how long these benefits are paid and under what conditions. In

fact, countries differ even more in the duration of unemployment benefits than in their level. Therefore, Hasselpflug (2005) and Allard (2005) argue that indicators for the duration and the conditionality of unemployment benefits should be added to construct a so-called 'net reservation wage'. As the inclusion of conditionality hardly changes the generosity indicator as specified below (correlation coefficient of 0.97) and data availability on conditionality is limited, models are estimated without the inclusion of a conditionality adjustment[23].

Net replacement rates for unemployed persons (up to one year of unemployment) are taken from the OECD (2010). The replacement rates were averaged over the three family types and three income levels provided. To account for the duration of unemployment benefits, an indicator that ranges between 0 (no benefit) and 100 (unlimited duration or duration longer than 48 months) is inserted into the equation. Information was taken from the OECD 'Benefits and Wages' country specific files[24]. Replacement rates and duration are available for a rather large country sample and thus the main variable to measure benefit generosity is

*Unemployment benefit generosity indicator = net replacement rate*duration.*

The indicator theoretically ranges between 0 (no benefits) and 100 (full income replacement for at least 48 months).

As a further operationalization of unemployment benefit generosity, OECD expenditure data on unemployment benefits per unemployed as a percentage of GDP per capita is used. In contrast to the unemployment benefit generosity indicator, this operationalization also accounts for the coverage of unemployment benefits, including realized conditionality and eligibility criteria. From simple correlations with this passive labour market policy (PLMP) expenditure indicator, it becomes obvious that replacement levels miss important aspects of the generosity of unemployment benefit systems: Average net replacement rates only show a correlation coefficient of 0.28, while the unemployment benefit generosity that accounts for the duration of benefits correlates with the PLMP expenditure data by 0.68. Table 4.2 shows descriptive statistics for all labour market policy variables by country. In addition to the labour market policy indicators, total social expenditure as a percentage of GDP as well as the unemployment rate (ILO) and GDP per

[23] Models including Allards so-called `net reservation wage‘ are available from the author.
[24] Download: http://www.oecd.org/els/soc/benefitsandwagescountryspecificinformation.htm. Since the duration of benefits can vary with the age and employment record of the recipient, the recipient was assumed to be a 40 year old worker with an uninterrupted employment record. This is based on the practice by the OECD (e.g. 2007: 17-22).

capita (in US $, constant prices adjusted for purchasing power parity, OECD) were added as control variables at the macro level.

Table 4.2: Labour market policy by country

Country	Level 1	Level 2	Average net replacement rate	Benefit duration*	Benefit generosity		ALMP expenditure		PLMP expenditure	
	N	N	Mean	Mean	Mean	SD	Mean	SD	Mean	SD
AT	5671	3	64.6	20	13.1	0.1	28.2	2.3	61.2	2.7
BE	5698	4	61.7	100	61.7	0.7	32.9	5.7	65.8	5.1
CH	4669	3	80.0	22	17.2	7.7	32.2	3.5	41.1	7.0
CZ	4648	3	65.1	13	8.1	0.1	7.1	2.8	7.6	1.4
DE	8842	4	73.6	25	18.4	0.3	22.4	5.7	40.0	10.9
DK	4830	4	73.4	100	73.4	1.0	70.1	8.8	85.6	11.9
EE	2390	2	62.6	25	15.7	0.1	2.4	0.02	4.9	4.9
ES	5811	4	69.1	50	34.5	0.1	15.5	2.4	31.3	2.8
FI	6428	4	70.2	48	33.7	1.1	22.2	3.1	44.2	1.9
FR	5720	4	74.6	48	35.7	0.2	26.0	2.8	39.5	4.0
GB	6533	4	52.2	13	6.5	0.2	13.3	4.5	8.5	1.3
HU	4787	4	61.5	19	11.5	1.6	12.7	6.0	13.3	2.1
IE	5986	4	48.8	31	15.2	1.2	31.0	7.2	41.5	2.3
IT	1174	1	61.3	13	7.7	.	19.0	.	21.4	.
LU	2461	2	84.2	25	21.0	0.1	22.5	3.0	36.5	10.6
NL	6197	4	72.5	48	41.7	11.7	75.9	28.4	97.0	22.7
NO	4671	3	69.2	67	46.2	10.1	33.5	1.0	32.3	4.5
PL	5979	4	58.9	25	14.7	0.6	7.9	6.7	11.9	0.9
PT	5603	4	84.3	51	43.0	1.3	17.8	4.6	31.0	4.8
SE	6156	4	70.3	29	20.5	1.3	40.4	12.4	29.0	11.5
SK	3719	3	67.7	13	8.5	0.5	4.3	1.5	6.0	5.6
Total	107973	72	67.8	40	27.8	19.1	26.9	20.7	37.5	26.3

*In % of 48 months; for durations>48 months, the indicator is set equal to 100.

4.5 Regression Results & Interpretation

The empirical analysis shows that national labour market policy has a major moderating influence on the effect of unemployment on life satisfaction. In line with all previous literature, unemployment has a negative effect on life satisfaction in all countries in the sample. On average, unemployment decreases life satisfaction by more than a full point on the 0-10 scale even after controlling for other personal characteristics (model 1). However, active and passive labour market policy play a non-negligible role in determining the severity of this effect.

Table 4.3 and table 4.4 report the regression results for the determinants of life satisfaction with the focus on labour market policy effects. Models (2) to (4) in table 4.3 show the interaction effects of unemployment with ALMP expenditure and unemployment benefit generosity for the full data sample using random intercept models (MLM), while table 4.4 shows alternative model specifications and fixed effects estimations as robustness tests.

The inclusion of all four waves yields a fair amount of level 2 information concerning macro-level labour market policy, i.e. the macro-level number of observations is 72. However, using survey data from ESS round 4 inhibits the insertion of an income variable, as the survey question on household income deviates too drastically from former waves. As income has been shown to have a considerable influence on life satisfaction, results in table 4.3 might be accused of suffering from a serious omitted variable bias, especially in the interplay with benefit generosity. Therefore, models (6a) and (9) show the results of virtually the same model specification as model (2), but include the household income of respondents. Model (6b) replicates model (2) using the limited sample of model (6a) to provide direct comparability of models with and without the income variable. As a result of dropping data from ESS round 4, the number of level 2 observations shrinks to 51. Next to pragmatic considerations of sample size and the prevention of an omitted variable bias, the comparison between models with and without household income variable may also offer additional information regarding the content of a moderating effect of passive labour market policy.

Furthermore, models (7)-(9) insert country fixed effects with clustered standard errors at the country level to check whether changes in policies over time within countries have similar effects as cross-country differences in policy designs. Finally, model (5) changes the operationalisation of unemployment benefit generosity analysing the effect of PLMP expenditure and its interaction with unemployment.

4.5.1 The Moderating Effect of Unemployment Benefit Generosity

Results show that the severity of the life satisfaction effect of unemployment depends greatly on the generosity of the unemployment benefit system in a country. *Hypothesis 1* that predicts a positive moderating influence of unemployment benefit generosity on the effect of unemployment on life satisfaction is strongly supported. The coefficient for the interaction term between unemployment and benefit generosity ranges between 0.013 and 0.015 in all model specifications. This effect is significant at the 0.1 % level in all random intercept specifications and proves to be robust in the longitudinal fixed effects specifications at the 5 % or even 1 % significance level (model 7 and 9). As a further robustness test, the same models have been estimated for each wave of the European Social Survey separately. The results prove to be robust across individual waves: In a specification corresponding to model (4), the interaction effect between unemployment and benefit generosity was positive and significant at least at the 5 % level in each ESS round (not shown, but available from the author).

To be clear: Respondents living in a country with high replacement rates and long benefit receipt are still experiencing a remarkable drop in their subjective well-being in case of job loss. However, the loss of life satisfaction is not nearly as dramatic as it is for an unemployed individual living in a country with low unemployment benefit generosity. For instance, a person becoming unemployed in a country with a benefit generosity indicator of one standard deviation above the mean experiences a drop in life satisfaction of -0.81 points on the 0-10 scale. Given the same personal characteristics, a respective respondent in a rather ungenerous country in terms of unemployment benefits (unemployment benefit generosity indicator of one standard deviation below the mean) faces a considerably larger drop in life satisfaction of -1.35[25].

In model (5), benefit generosity is operationalized by expenditure data for passive labour market policy per unemployed. The positive and significant interaction effect with unemployment confirms the moderating effect of monetary transfers on the life satisfaction drop associated with unemployment. However, the social rights approach of the unemployment benefit generosity indicator appears to be even more influential than the expenditure data as suggested by the somewhat lower z-value.

As mentioned above, the comparison between models that control for household income and models that lack an income variable can be a first step in understanding the

[25] Average marginal effects of unemployment at benefit generosity indicator = 8.77 / 46.87.

mechanisms of a moderating effect of labour market policy. If labour market policy lost its influence once income was controlled for, the moderating effect of benefit generosity would have to be interpreted in a strict resource framework. An interaction effect that is unaffected by the inclusion of the income variable, however, suggests that passive labour market policy may affect life satisfaction of the unemployed through mechanisms that are not strictly pecuniary. Without knowing the exact composition of the moderating effect, the estimation results in models (6a) and (9) suggest that, next to the resource dimension, labour market policy affects the unemployed in a non-pecuniary way. The unemployed in a country with rather encompassing unemployment benefits may suffer from a less severe stigmatisation and thus loss of self-confidence and life satisfaction than unemployed in a country with extremely low generosity scores. This argument is in line with previous research that hints towards negative psychosocial effects of means-tested social assistance benefit receipt compared to unemployment insurance benefits in Germany (Wulfgramm 2011: 495).

4.5.2 The Moderating Effect of Active Labour Market Policy

The moderating effect of active labour market policy with respect to unemployment and life satisfaction appears less robust than the effect of passive labour market policy. If an interaction effect of unemployment*active labour market expenditure per unemployed is added to the model specification, a moderating effect of active labour market policy shows (model 3) and proves to be robust in a fixed effects estimation (model 8). These results suggest that the life satisfaction effect of unemployment in a country with low activation effort (one standard deviation below the mean) is -1.26, while it is only -0.97 in a more generous country. However, the addition of the interaction effect of unemployment*benefit generosity offsets this positive interaction effect. ALMP expenditure and benefit generosity have a correlation coefficient of 0.54, which explains the difference between models. In general, countries with a generous unemployment insurance system tend to invest more into ALMP, possibly to offset the disincentive effects of unemployment benefits. Consequently, it is hard to disentangle the effects of the two kinds of labour market policy. If passive labour market policy is controlled for, active labour market policy loses its significance in the determination of life satisfaction of the unemployed. Hence, despite positive interaction effects, *Hypothesis 2* cannot be confirmed robustly.

Table 4.3: Labour market policy and life satisfaction

Dependent variable: Life satisfaction (0-10)	(1)		(2)		(3)		(4)	
Level 1 variables:								
Main activity (ref.: paid work)								
Unemployed	-1.14***	(45.3)	-1.50***	(33.5)	-1.30***	(30.6)	-1.48***	(31.1)
Retired	-0.004	(0.2)	-0.005	(0.2)	-0.006	(0.2)	-0.005	(0.2)
Housework, child rearing	-0.05*	(2.4)	-0.05*	(2.4)	-0.05*	(2.4)	-0.05*	(2.4)
Education	0.17***	(6.5)	0.17***	(6.5)	0.17***	(6.5)	0.17***	(6.5)
Community or military service	-0.03	(0.2)	-0.03	(0.2)	-0.03	(0.2)	-0.03	(0.2)
Permanently sick or disabled	-0.33***	(8.5)	-0.33***	(8.5)	-0.33***	(8.5)	-0.33***	(8.5)
Health (ref.: very bad):								
Bad	1.13***	(16.2)	1.14***	(16.2)	1.13***	(16.2)	1.14***	(16.2)
Fair	2.03***	(30.4)	2.04***	(30.5)	2.03***	(30.4)	2.04***	(30.5)
Good	2.72***	(40.7)	2.73***	(40.7)	2.72***	(40.7)	2.73***	(40.7)
Very good	3.25***	(48.0)	3.25***	(48.1)	3.25***	(48.1)	3.25***	(48.1)
Years of full-time education	0.03***	(16.1)	0.03***	(16.0)	0.03***	(16.0)	0.03***	(16.0)
Male	-0.11***	(9.1)	-0.11***	(8.9)	-0.11***	(9.1)	-0.11***	(8.9)
Age	-0.10***	(30.0)	-0.10***	(29.9)	-0.10***	(30.0)	-0.10***	(29.9)
Age squared	0.001***	(29.3)	0.001***	(29.2)	0.001***	(29.3)	0.001***	(29.2)
Living with spouse/partner	0.63***	(46.4)	0.64***	(46.5)	0.64***	(46.5)	0.63***	(46.5)
Level 2 variables:								
ALMP expenditure			0.00	(0.1)	-0.00	(0.0)	0.00	(0.1)
Unemployment benefit generosity			0.006*	(2.1)	0.007*	(2.2)	0.006*	(2.1)
Ln gdp per capita			0.82**	(3.1)	0.83**	(3.1)	0.82**	(3.1)
Social expenditure			-0.02	(1.4)	-0.02	(1.5)	-0.02	(1.4)
Unemployment rate			-0.06***	(6.3)	-0.06***	(6.1)	-0.06***	(6.3)
Interaction Effects (L1*L2): Unemployment*								
Unemployment benefit generosity			0.013***	(9.6)			0.014***	(8.5)
ALMP expenditure					0.007***	(4.6)	0.002	(0.9)
Constant	5.8***	(33.3)	-1.8	(0.7)	-1.9	(0.7)	-1.8	(0.7)
Method	MLM		MLM		MLM		MLM	
N level 1	107973		107973		107973		107973	
N level 2	72		72		72		72	
N level 3	21		21		21		21	

Notes: Absolute z-values in parentheses; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$; MLM: Multilevel Model; Random intercept specification; observations clustered at the country-wave and country level; maximum likelihood estimation.

Table 4.4: Labour market policy and life satisfaction, robustness checks

Dependent variable: Life satisfaction (1-10)	(5)		(6a)		(6b)		(7)		(8)		(9)	
Level 1 variables:												
Main activity (ref.: paid work)												
Unemployed	-1.30***	(28.7)	-1.37***	(23.1)	-1.54***	(26.0)	-1.51***	(8.4)	-1.31***	(8.7)	-1.39+++	(8.1)
Household Income (1-12)			0.11***	(26.3)							0.11***	(7.4)
Level 2 variables:												
ALMP expenditure	-0.00	(0.0)	-0.002	(1.4)	-0.002	(1.2)	-0.001	(1.1)	-0.001	(1.2)	-0.003*	(2.6)
PLMP expenditure	0.001	(0.2)										
Unemployment benefit generosity			0.008*	(2.1)	0.005	(1.5)	0.005**	(2.9)	0.005**	(3.0)	0.008**	(3.6)
Ln gdp per capita	0.88**	(3.1)	0.48	(1.5)	0.85**	(2.6)	0.23	(0.3)	0.25	(0.3)	0.59	(0.7)
Social Expenditure	-0.01	(0.9)	-0.01	(0.7)	-0.002	(0.1)	-0.02	(1.3)	-0.02	(1.3)	-0.01	(0.8)
Unemployment rate	-0.06***	(5.9)	-0.09***	(6.4)	-0.08***	(6.4)	-0.07***	(5.8)	-0.07***	(5.6)	-0.09***	(6.6)
Interaction effects (L1*L2): Unemployment*												
Unemployment benefit generosity			0.015***	(8.3)	0.015***	(8.5)	0.014**	(3.3)			0.015*	(2.4)
ALMP expenditure									0.006**	(3.0)	0.001	(0.2)
PLMP expenditure	0.005***	(4.1)										
Constant	-2.35	(0.8)	1.01	(0.3)	-2.3	(0.7)	4.43	(0.6)	4.21	(0.6)	0.1	(0.0)
Method	**MLM**		**MLM**		**MLM**		**Country FE +clustered SE**		**Country FE +clustered SE**		**Country FE +clustered SE**	
N level 1	107973		60794		60794		107973		107973		60794	
N level 2	72		51		51		72		72		51	
N level 3	21		20		20		21		21		20	

Notes: Absolute t/z-values in parentheses; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$; Level 1 control variables as in model 1; MLM specification as in table 4.3.

The control variables on the micro-level behave in a rather predictable fashion and are in line with most happiness literature. Among the main occupations, being a student sticks out as having a more positive effect than working, while being permanently sick or disabled is associated with a significantly lower level of life satisfaction. For age, the well-known u-curve emerges, with the lowest level of life satisfaction at the age of 42 years. Moreover, being educated and healthy as well as living with a partner increases life satisfaction, while being male affects well-being negatively.

The comparison of the positive impact of the income variable on the micro-level and the level of GDP in the between-country estimation of the MLM specification with the non-existent influence of changes in national wealth of a country as estimated in the fixed effects model complies very well with the Easterlin paradox (cf. Easterlin 2001): While earning and owning more than others satisfies individuals, economic development does not alter the average life satisfaction within a country once a certain threshold is reached.

While the large negative impact of the unemployment rate conforms to general expectations and previous research on contextual effects of unemployment (e.g. Faas 2010), the effects of the three welfare state variables are less intuitive. Both coefficients of ALMP expenditure as well as social expenditure show slightly negative tendencies, while unemployment benefit generosity has a somewhat positive effect on life satisfaction. Significance levels remain rather modest and tend to be highly sensitive to the model specification, though.

4.6 Conclusion

European welfare states differ widely in their approaches to alleviate the situation of the unemployed, yet the general trend of the past two decades has shown an 'activation turn' in European labour market policy. This paradigm shift has led to an increasingly high commitment towards active labour market policy, while unemployment benefits tend to have developed in a rather restrictive fashion with respect to their level, duration and conditionality. Both these enabling and enforcing elements of labour market activation are supposed to increase the reemployment of the unemployed. Yet such changes in public policies generally entail more than just the objective labour market effects. I argue that the lives of individuals that are highly dependent on welfare state support are affected by public policies in ways that go beyond the economic effects that are generally studied in policy analyses. When it comes to life satisfaction effects, little is known about the interaction between adverse life events such as unemployment and the welfare state pillars that are supposed to cover these risks.

As the life of the unemployed is largely framed by national design and generosity of unemployment benefits as well as active labour market policy, the core hypotheses predicted positive moderating effects of generous labour market policies on life satisfaction of the unemployed. Indeed, this paper has shown that the well-being of the unemployed is to a surprisingly large extent determined by labour market policy. The effect of unemployment on life satisfaction differs considerably between European countries as well as within countries over time and depends strongly on the generosity of unemployment benefits. Restrictive benefit systems with short benefit durations and low benefit levels increase the psychosocial burden of unemployment and are thus connected to a far larger drop in life satisfaction than the respective negative effect of unemployment in countries with rather generous passive labour market policy. It is shown that this effect remains strong even after the individual income of respondents is controlled for. Therefore I argue that this moderating effect of unemployment benefit generosity acts through both a resource and a non-pecuniary mechanism, where the latter is due to the fact that labour market policy may contribute to the stigmatization of unemployment.

Conclusions regarding the moderating effect of ALMP need to be somewhat more careful. The positive moderating effect shows strongly both between and within countries, but this connection disappears once unemployment benefit generosity is controlled for. As countries with generous monetary transfers also tend to invest strongly in ALMP,

disentangling the differential effects of labour market policy proves to be difficult. A further cause for the unstable link may be the simplified assumption that ALMP always has an enabling character, while different types of active measures may actually have very different well-being implications. The aggregation of ALMP spending may thus blur the effect of specific policies. Future research should therefore investigate whether the type of ALMP efforts affects the well-being of the unemployed. Furthermore, more light should be shed on the interplay between active and passive labour market policy in the determination of the life satisfaction effect of unemployment.

A final word needs to be said about the importance of incorporating well-being effects into the evaluation of labour market policy. It might be argued that a focus on the effect of labour market policy on reemployment already covers well-being aspects, as reemployment has been shown to be connected to a sharp rise in life satisfaction. While the reintegration into paid employment is most certainly the major aim of activation, this kind of argumentation ignores the reality of European labour markets with unemployment rates of up to 20 per cent. As long as activation fails to combat unemployment successfully, a concern for the quality of life of the unemployed touches upon the core function of the welfare state, i.e. inclusion and support of the worst-off.

4.7 References

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5 ARTICLE D

Wulfgramm, Melike, and Lukas Fervers. 2013. Unemployment and Subsequent Employment Stability: Does Labour Market Policy Matter? Unpublished manuscript. Previous version published as IZA Discussion Paper 7193, Bonn.

5.1 Introduction

Faced with the challenge of high and persistent unemployment, European policy-makers have been searching for labour market policies that promote quicker reintegration of the unemployed. As a result, two kinds of labour market reforms have been introduced over the last years. On the one hand, income support for the unemployed has become less generous through lower benefit levels, shorter benefit durations and stricter eligibility criteria. These policy measures aim at increasing the exit from unemployment by reducing the well-confirmed disincentive effect of unemployment benefits (Katz and Meyer, 1990). On the other hand, the focus has been shifted towards activating policy instruments which are designed to increase employment incentives and facilitate quicker matching of supply and demand in the labour market (Dingeldey, 2007; Eichhorst et al., 2009; Kenworthy, 2010). In the public and scientific discourse, the costs and benefits of these reforms have mainly been judged with regard to their effect on the exit rate from unemployment.

Despite the importance of shortening unemployment duration, this exclusive focus neglects the effect of labour market policy on other important social and economic outcomes such as inequality and in-work poverty (Lohmann, 2009) or subjective job satisfaction (Esser and Olsen, 2012). In this paper, we focus at another essential aspect of the labour market: the sustainability of reintegration, i.e. the post-unemployment employment stability. The importance of stable reemployment is twofold. From an economic point of view, labour market reforms that shorten unemployment duration but worsen reemployment duration might result in an exhausting zero-sum game. From the perspective of the individual, reemployment stability is crucial for job satisfaction and perceived and actual social security (Erlinghagen, 2008). In this paper, we thus argue that labour market policy evaluation requires a more comprehensive perspective which considers the long-run effect on reemployment stability, since it is likely to be shaped by passive as well as active labour market policies. In particular, we present empirical evidence for two hypotheses. First, the design of unemployment insurance is expected to matter. If generous unemployment benefits are available, the

unemployed do not suffer from severe income losses. While this might lead to longer unemployment duration, it also enables the unemployed to take more time to search for jobs that better match their personal skills thus improving post-unemployment job match quality and employment stability (Burdett, 1979; Gangl, 2006; Sjöberg et al., 2010; Morel et al., 2012). Second, active labour market policy (ALMP) programmes intend to foster reemployment stability. On the one hand, training programmes aim at improving the skill level of the unemployed with a view to enhancing their chances of finding high quality jobs. On the other hand, counselling services tackle information deficits in the labour market, which can be assumed to improve the matching process. Up to now, these effects have been rarely studied at the European level. Using longitudinal EU-SILC and OECD data, we aim to fill this gap by conducting comparative micro and multilevel survival analyses in order to test the hypotheses that generous unemployment benefits and ALMP spending promote reemployment stability.

This paper is organized as follows: In section 2, we elaborate on the theoretically expected effects of labour market policy and put forward our related hypotheses. Moreover, we summarize the results of previous microeconometric research in this field. Afterwards, we outline our research design. This includes a detailed discussion of our variables, model specification and estimation technique. In section 4, we present the results of our econometric analysis. Finally, we present our theoretical conclusions and discuss implications for future policy-making.

5.2 Labour Market Policy & Reemployment Stability

5.2.1 Theoretical Framework

Both active as well as passive labour market policies can be expected to influence reemployment stability. While it is the main purpose of the unemployment insurance to compensate income losses in case of unemployment, it is also likely to affect (post-unemployment) employment outcomes. The underlying mechanism of this effect lies in the influence unemployment benefits exert on the search behaviour of the unemployed. In the absence of generous unemployment benefits, the unemployed suffer from severe income losses. This creates strong incentives to accept any available job offer, irrespective of its type and quality. To put it the other way around: In presence of generous unemployment benefits, the unemployed will be more selective with regard to available job offers (Katz and Meyer, 1990). This affects the labour market in two ways.

On the one hand, it can be expected to lead to prolonged unemployment. This is referred to as the disincentive effect of unemployment benefits and has been well confirmed by a huge body of microeconometric literature (e.g. van Ours and Vodopievic, 2008; Tatsiramos, 2009; Caliendo et al., 2012). On the other hand, it has been argued that this effect on the search behaviour improves post-unemployment job match quality, e.g. reemployment stability. This argument is based on the idea of Burdett (1979) who claimed that unemployment benefits provide a search subsidy: Given sufficient income support in case of unemployment, the unemployed can take more time to search for jobs that match their personal skill profile. Due to substantial information deficits in the labour market, i.e. incomplete information about available job offers, it seems to be convincing to argue that longer search times might be required in order to find the best available job offer (Gangl, 2006; Sjöberg et al., 2010; Morel et al., 2012). Therefore, it can be expected that generous unemployment benefits improve reemployment stability. Due to the detrimental effects of long-term unemployment, it should be considered that this argument rather applies to short- and medium-term unemployed workers. To sum up, unemployment benefits are expected to increase unemployment duration and reemployment stability simultaneously due to their effect on the search behaviour of the unemployed.

While the effect of passive labour market policy on reemployment stability rather is a side effect, ALMP programmes are directly aimed at fostering employment prospects of the participants. With regard to reemployment stability, there are two kinds of programmes which

are of particular interest. First, training programmes aim at refreshing skills that have become obsolete due to skill-biased technological innovations and help employees to keep up with the rising skill demands of a knowledge-based economy (Armingeon, 2003: 153). By improving the skill level, they are supposed to increase the productivity of the unemployed thus leading to higher demand of employers for these workers. Therefore, training programmes can be expected to improve labour market outcomes. The second relevant programme type are counselling services provided by the Public Employment Services (PES). While the theoretical argument with regard to training programmes is very obvious, the effect of PES is more subtle for two reasons. First of all, PES are a means of tackling information deficits in the labour market. In presence of more comprehensive information about available jobs (job candidates), the quality of the job-matching-process can be assumed to be higher thus improving post-unemployment employment outcomes. Secondly, PES positively affect reemployment stability via an interaction effect with other programmes. When the consultants of the work agencies have more intensive contact with the unemployed, they can design suitable and individualized combinations of different ALMP measures (Card et al., 2010). Therefore, PES also foster reemployment stability as they increase the effectiveness of ALMP programmes as a whole.

All in all, we argue that generous unemployment benefits and ALMP programmes improve reemployment stability.

5.2.2 Previous Research

Up to now, the effect of unemployment insurance generosity on post-unemployment employment outcomes has mainly been limited to micro data analyses from single countries. In short, previous studies have examined whether differences in employment outcomes of reemployed workers can be explained by differences in the income support during their last unemployment spell. In this context, post-unemployment wages, employment stability and type of contract have been taken into account. While all quoted studies have detected a negative effect of unemployment benefit generosity on the exit rate from unemployment, the results concerning post-unemployment employment outcomes are rather mixed. Due to a lack of sufficient micro data in European countries, the analysis has for a long time been restricted to U.S. and Canadian data. Among others, Ehrenberg and Oaxaca (1976) and Belzil (2001) detected a weakly positive effect on wages and employment stability, respectively. More

recently, data improvements in European countries encouraged the extension of the country sample. While the positive effect has been confirmed by Gangl (2002), Caliendo et al. (2012), Centeno and Novo (2009), and Lauringson (2012), neither Portugal and Addison (2008), Card et al. (2007) nor van Ours and Vodopievic (2008) can find a significantly positive effect. Using data from the European Community Household Panel (ECPH), Tatsiramos (2009) has analysed the effect of unemployment benefits in eight European countries. Once again, it is reported that the overall effect of unemployment benefits is positive. At the same time, the construction of country-specific sub-samples shows that this effect cannot be found in all countries. Even though eight countries are included in the sample, the differences between countries are not explicitly tested empirically. In this regard, this paper is the first attempt to explain post-unemployment employment stability by national labour market policy indicators.

Similar to the analysis of unemployment benefit generosity, the effect of ALMP programmes has mainly been tested by microeconometric evaluations. The effect is again measured by post-unemployment wages, the type of contract and the probability of being employed in the future. Despite the existence of a huge body of empirical evaluations, it is still difficult to draw a final conclusion. The results differ with respect to the selected countries, programme types and subsamples, while there are often no convincing theoretical arguments that explain these differences. Nevertheless, there are two main conclusions that can be drawn. First of all, training programmes tend to have a negative effect on the employment probability in the short run, but it turns out to be positive in the long run. On the one hand, this approves the existence of a locking-in effect, which causes the negative short-run effect. On the other hand, this evidence confirms that training programmes indeed lead to better post-unemployment employment stability in the long run. Secondly, job search assistance has a positive effect, too, which can already be found after a shorter period of time.

Positive long-run effects of ALMP programmes on the employment stability have (among others) been detected for West Germany (Lechner et al., 2011), France (Crépon et al., 2012) and Denmark (Munch and Skipper, 2008). The results concerning post-unemployment wages are very similar. In the long run, a positive effect has been found in Sweden (Larsson, 2003), Norway (Raaum et al., 2002) and Romania (Rodriguez-Planas and Benus, 2010). The type of contract is used comparatively rarely as dependent variable. Nevertheless, ALMP measures also tend to have a positive effect on the likelihood to get a regular contract (Caliendo et al., 2008). Finally, Krug (2009) studies the effect of in-work benefits but cannot confirm a positive effect on employment stability. The validity of this literature review is confirmed by a meta-analysis provided by Card et al. (2010). Broadly speaking, they confirm

the finding that job search assistance has a positive effect in the short run, while training programmes only have a positive effect in the long run, which then turns out to be even stronger than the effect of job search assistance. All in all, these findings support the assumption of a positive effect of ALMP programmes on post-unemployment employment stability.

5.3 Research Design & Data

We follow a two-stage research design to study the impacts of labour market policy on post-unemployment employment stability, using discrete-time multivariate duration models with shared frailty specification. The first stage focusses on the micro-level and thus investigates the connections between individual unemployment benefit receipt and the duration of post-unemployment employment spells. The advantage of this microeconometric approach lies in the high number of observations and the explicit identification of individuals that are directly affected by the policy under study. In the second stage, we analyse whether differences in national labour market policies can explain differences in the post-unemployment employment stability between countries. This results in a nested data structure as the employment stability continues to be measured at the micro level. In order to take this data structure into account, we perform multi-level survival analyses. In particular, we test whether unemployment benefit generosity and the intensity of ALMP are systematically related to post-unemployment employment stability. This multilevel analysis complements microeconometric analyses by overcoming two methodological difficulties. On the one hand, the policy effect indicated by micro variables can result from non-random selection into the relevant policy measure. On the other hand, positive policy effects at the micro level are overestimated when higher employment rates are caused by substitution effects rather than real treatment effects. All in all, this research design allows for a more comprehensive and robust analysis of the assumed policy effects.

5.3.1 Data & Descriptive Statistics

Our dataset is characterised by a multi-level structure, merging individual data on employment status and socioeconomic characteristics of respondents with information on national labour market policies and macroeconomic conditions at the country level. Table 5.A.1 in the Appendix shows descriptive statistics for both macro as well as micro level variables.

At the micro-level, we use four waves of the European Survey on Income and Living Conditions (EU-SILC), covering the years 2005-2008 in a longitudinal survey design. In total, there are observations from Norway, Iceland and all EU-27 countries except for Germany and Malta. To model the length of reemployment spells, i.e. our dependent variable, we rely on

retrospective monthly information about the employment status of the respondents.[26] In order to identify reemployment spells and to control for the duration of previous unemployment length, we construct an unemployment-inflow-outflow sample. Furthermore, we exclude all spells that end in inactivity because we do not have sufficient information about the reason for the exit from the labour force. Hence, we restrict our sample to spell sequences that can take two forms:

a) Unemployment inflow – employment – unemployment
b) Unemployment inflow – employment (right-censored).

In total, our final sample includes 20,039 reemployment spells, of which (a) 8,315 end in unemployment and (b) 11,724 are right-censored.

The main independent micro-level variable of interest is a binary indicator on unemployment benefit receipt during the unemployment spell prior to reemployment. Benefit receipt is given on a yearly rather than monthly base and we do not have information about the potential expiry date of benefits. If the information for a spell differs between years, we rely on the data of the last year, as it should affect the exit to employment the most. Cases with more than one unemployment spell per year with benefit receipt require more complex decision rules. We exploit information of adjacent years for overlapping spells where possible while keeping the coding as conservative as possible. Since eight out of the 27 countries do not offer information on benefit receipt in EU-SILC, we have information on prior unemployment benefit receipt for 13,448 reemployment spells. As Table 5.1 shows, the share of respondents that receive unemployment benefits differs strongly between countries: It ranges between 5.2 % in Bulgaria to 81.2 % in Austria. These cross-national differences may be due to differences in the composition of the unemployed between countries with regard to socioeconomic and employment history variables. At the same time, the magnitude of the differences suggests that labour market policy also plays a major role in the determination of benefit receipt.

Micro-level socioeconomic control variables are age, marital status, educational level, gender and subjective health. Furthermore, we include two variables that are directly representing previous employment histories. Firstly, we control for the duration of the previous unemployment spells. As we limit our sample to post-unemployment-inflow employment spells, we are able to identify the full-length of the unemployment spell without

[26] In this context, it should be noted that we refer to employment stability rather than job stability.

problems of censoring or truncation. Secondly, we include the employment ratio to account for the labour market history of the respondents, since unemployment has been found to worsen long-term employment outcomes (Luijkx and Maarten, 2009). The employment ratio gives the ratio of time in employment as a share of total time since first entry into employment.

Table 5.1: Unemployment benefit recipients by country

Country	Prior Benefit Receipt		Total	Country	Prior Benefit Receipt		Total
	N	%	N		N	%	N
Austria	437	81.2	538	Lithuania	46	11.6	398
Belgium	238	68.2	349	Luxemburg	220	41.1	535
Bulgaria	29	5.2	555	Latvia	105	30.7	421
Cyprus	205	36.0	570	Poland	303	17.0	1781
Czech Republic	610	61.8	987	Portugal	92	22.8	403
Estonia	55	14.9	370	Romania	12	14.6	82
France	601	61.6	975	Slovenia	268	32.9	814
Greece	143	22.2	644	Spain	770	37.5	2053
Ireland	105	30.7	342	Sweden	146	51.2	285
Italy	603	44.8	1346	**Total**	**4988**	**37,1**	**13448**

Note: Reemployment spells by country and prior benefit receipt, unweighted data.
Source: Own calculations from EU-SILC 2004-2008.

Macro-data was extracted from Eurostat as well as the OECD, depending on data availability in the respective data source. The main macro-variables of interest are unemployment benefit generosity as well as intensity of active labour market policy (ALMP). Intensity of ALMP is operationalized by the spending on ALMP per unemployed as a percentage of GDP per capita. In contrast to most other studies, we use the indicator per unemployed rather than simply calculating expenditure as a percentage of GDP. The aggregate spending indicator is strongly influenced by the unemployment rate, i.e. high (low) aggregate spending often results from high (low) unemployment but does not necessarily reflect the amount of money that is available per unemployed. Therefore, our procedure gives a more reliable indicator for the intensity of ALMP. Furthermore, we make use of disaggregated ALMP spending data since ALMP is a highly aggregated category. As our theoretical argument explicitly refers to training measures and PES, we calculate corresponding spending indicators for these two subcategories. To measure unemployment benefit generosity, we rely on benefit replacement rates as well as benefit duration. In line

with most other studies that measure benefit generosity, average net replacement rates are calculated as the mean of replacement rates for three income categories and six family types by the OECD. Since the generosity of unemployment benefits also depends on benefit duration, we weight the net replacement rate by a duration indicator which ranges from 0 (no benefits) to 1 (48 months or longer)[27]:

*Unemployment benefit generosity = net replacement rate*duration.*

In order to control for the macroeconomic structure of the different countries, we use indicators that cover both long-term economic development as well as short-term business cycle fluctuations that are likely to affect employment stability. GDP per capita (in 1000s of US $, constant 2000 prices, ppp) gives a rough measure for the overall level of economic development. Unemployment rate change is inserted into the analysis to account for short-term business cycle fluctuations. The effect of economic upswings and downturns on the stability of post-unemployment employment is theoretically ambiguous, though. While the probability of dismissals is higher in downturns, the probability of being hired falls, resulting in more selective hiring. Therefore, a positive selection bias is likely to increase the job match quality. Whether this selection effect or the generally adverse business environment dominates the effect on employment stability therefore remains an empirical question. Finally, we include the OECD overall employment protection legislation (EPL) indicator in the analysis to account for policy induced differences in labour market dynamics. Restrictive EPL may lead to longer unemployment and employment spells due to increased costs of hiring and firing.

5.3.2 Discrete-time multivariate duration models with shared frailty specification

Due to the nature of our dependent variable, we estimate duration models that deal with censored data. In specific, we estimate multivariate discrete time models with shared frailty specification. Although the underlying process of surviving or exiting out of an employment spell is continuous as such, we treat time as discrete as the spell length is

[27] Since the duration of benefits can and does vary with the age or employment record of the recipient, the recipient was assumed to be a 40 year old worker with a long and uninterrupted employment record. This is based on the practice by the OECD (e.g. 2007: 17-22).

observed in monthly intervals and the incidence rate is thus rather high (see Jenkins, 2005). To estimate the impact of b_{ijkl}, i.e. the benefit indicator for prior unemployment benefit receipt characteristics for spell *i* of individual *j* in country *k* in year *l*, and the vector of the micro-level control covariates X_{ijkl}, one can fit a logistic regression model of the form

$$\text{logit}[h_{ijkl}(t)] = \log\left[\frac{h_{ijkl}(t)}{1-h_{ijkl}(t)}\right] = \alpha(t) + \beta_1 X_{ijkl} + \beta_2 b_{ijkl} + u_{jk} \qquad (1).$$

$h_{ijkl}(t)$ is the discrete hazard function of the interval-censored employment spells, i.e. the conditional probability of exit into unemployment in the interval *t* given survival until (*t-1*). $\alpha(t)$ is the function of time and represents the baseline hazard in case all covariates take on the value zero. In our case, we model the functional form of the duration dependence by grouping the monthly intervals into 6 larger intervals D_1- D_6, and thus choose a piecewise constant baseline hazard. This model hence treats the baseline hazard to be rather constant within but differ between the following intervals: 1-3, 4-6, 7-9, 10-12, 13-24 and >24 months. We chose this specification of the duration dependence after inspecting the coefficients of the 48 monthly intervals.

As our dataset contains information about the employment records for up to 48 months per respondent, it contains multiple reemployment spells for many individuals. Being thus a typical case of a hierarchical data structure, we expect and indeed find unobserved individual-specific factors that are constant across episodes and may thus affect the hazard of exiting into unemployment in all employment spells of one person. Furthermore, unobserved heterogeneity has implications for the duration dependence which often faces a severe negativity bias due to a selection process that excludes high-frailty individuals in an early stage of the data sample. To control for unobserved heterogeneity, we estimate frailty models that assume shared frailty for spells of the same respondent in the first stage of our empirical analysis. Thus, we include an individual-specific random error term u_{jk} into the micro models to account for unobserved heterogeneity. Finally, we include country-specific effects in order to test whether our micro-level analysis is robust to the inclusion of these country dummies. Moreover, they allow us to identify country-clusters that offer more sustainable post-unemployment labour market reintegration that cannot be explained by the composition of individuals under observation.

In the second stage, we investigate whether differences in the generosity and design of labour market policy between countries are related to the overall stability of reemployment. In addition to the micro-level covariates, the estimation entails the inclusion of the vector of macro-level policy as well as economic variables Z_{kl} that is shared among all spells within a country in a given year. In these models, we refrain from inserting country-fixed effects. The restriction to within variance at the country level would lead to highly inefficient estimation since the variation of our independent variables over time is limited and our time span is rather short. Instead of using country fixed-effects, we control for unobserved heterogeneity between individuals of different countries by modelling the shared frailty specification at the country level. This model thus accounts for a hierarchical data structure in which the employment spells are nested within countries, so that the error terms of spells within countries are not treated as being independent. Hence, the estimated logit regression turns into

$$\text{logit}[h_{ijkl}(t)] = \alpha(t) + \beta_1 X_{ijkl} + \lambda Z_{kl} + u_k \qquad (2),$$

where u_k is the random effect at the country level that represents the shared frailty specification.

For the sake of robustness, we double-check our results in a continuous-time framework by estimating a log-logistic model with gamma-distributed shared frailty specification (see Appendix Table 5.A.2). We use a log-logistic distribution as the assumption of strictly increasing or declining hazard rates might fail. In fact, the non-linearity of the time dependence is confirmed in the discrete-time models. This approves the validity of our argument that parametric models which assume a strictly increasing/declining hazard are not appropriate in this context. As a further robustness check, we restrict our sample to the first spell of every individual, in order to avoid overrepresentation of individuals with rather discontinuous employment histories (see Appendix 5.A.2). Finally, we construct age and gender-specific subsamples for men and women, young workers, prime age workers and older workers (see Appendix, Table 5.A.3)

5.4 Results and Discussion

The empirical analysis shows that labour market policy exerts a non-negligible influence on the employment stability of the formerly unemployed. Both differences in employment duration between individuals within countries as well as differences in the aggregated reintegration performance between countries are connected to the policy indicators at the respective level. While section 4.1 focusses on the impact of individual unemployment benefit receipt on differences between individuals, section 4.2 presents the effects of national labour market policy indicators on cross-country variation in post-unemployment employment stability. All tables present the results as odds ratios, i.e. values smaller (bigger) than 1 imply a longer (shorter) employment duration. Further robustness checks are shown in Table 5.A.2 in the Appendix. These robustness checks indicate that the results are not sensitive to the estimation technique or the construction of sub-samples.

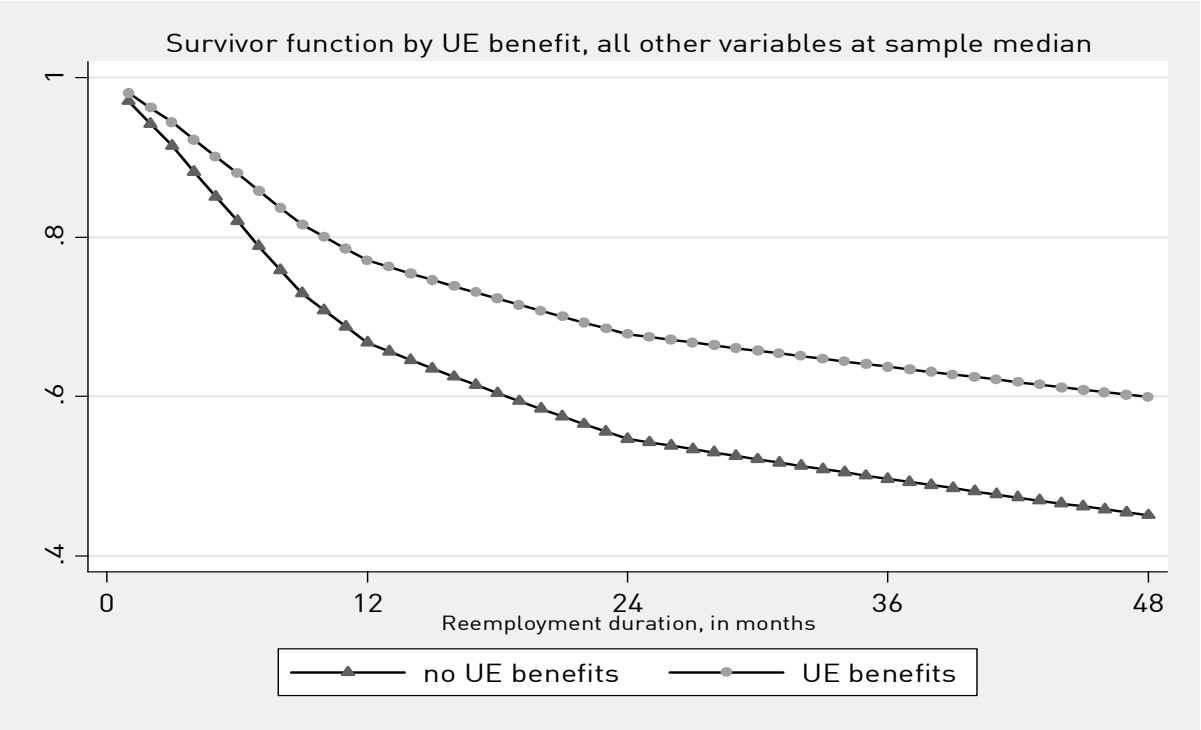
5.4.1 Unemployment Benefit Receipt and Individual Reemployment Stability

Model 1 in Table 5.2 presents the results of the microeconometric analysis that concentrates on the effect of unemployment benefit receipt as well as socioeconomic characteristics on the employment hazard (exit into unemployment). The empirical results show that benefit receipt turns out to have a strong and negative effect on the employment hazard in both models, which is significant at the 0.1 % level. This effect proofs to be robust to the change of the estimation technique and the controlling for country-specific effects (see Model 2 as well as Table 5.A.2 in the Appendix). The substantial strength of the effect is indicated by the odds ratios of the benefit receipt variable, which is 0.64 in Model 1 and 0.65 in Model 2. Figure 5.1 shows the impact of unemployment benefits by simulating the survivor functions of two representative individuals that merely differ in their benefit receipt.

Controlling for other characteristics as well as their employment history, individuals who did not receive unemployment benefits have a substantially higher risk of exiting into unemployment again, which endorses the argument that unemployment benefits support the sustainability of labour market reintegration. As can be seen in the graphical illustration, the survival rates diverge strongly within the first 12 months after re-entry into employment. After 12 months, 33 % of non-recipients are predicted to have fallen back into unemployment,

compared to only 23 % of recipients of unemployment benefits that have the same characteristics. Although failure rates decelerate somewhat, the divergence continues within the second year of reemployment. After 24 months, a substantial difference between the survival rates has been achieved which then remains constant until the end of the observation period. Thus, unemployment benefit receipt mainly affects the hazard rates within the first months of reemployment, but has long-term consequences for the absolute survival rates.

Figure 5.1: Prediction Survivor Function Model 1



Simulation for the following characteristics: Age=35; male; medium education; good health; employment ratio=0.8; not married; 4 months of previous unemployment.

Further socioeconomic control variables tend to confirm the theoretical expectation that individuals with higher human capital endowments have better chances to stay (re)employed. The reintegration proofs to be more stable for individuals who have a higher education, are in a better state of health and have experienced shorter cumulated non-employment duration since their first entry into the labour market. This positive effect of the employment ratio confirms the scarring effect of unemployment that has been found in other studies. While the reemployment appears to be less stable for older workers, gender and marital status do not have a clear linear effect. Furthermore, we find a positive effect of previous unemployment duration on subsequent employment stability. This finding is particularly important from a methodological point of view. Previous research (e.g. Belzil,

2001) has found that unemployment duration and reemployment stability are negatively correlated due to unobserved factors which simultaneously reduce unemployment and increase employment stability. The positive correlation between unemployment stability and employment duration indicates that these unobserved factors do not play a major role in our sample. The difference to previous research can be explained by the strong underrepresentation of long-term unemployed people that can be assumed to be endowed with these unobserved characteristics. Concerns about the endogeneity of our benefit indicator, i.e. a potential correlation with these unobserved factors that might lead to biased estimations, are thus weakened by the positive effect of the previous unemployment duration on employment stability. All in all, these empirical findings support the argument that the search-subsidy character of unemployment benefits may improve the post-unemployment employment outcomes.

5.4.2 National Labour Market Policy and Cross-Country Differences in Reemployment Stability

Next to serving as a robustness test for the micro-effects, including country dummies also constitutes the first step towards the analysis of national differences in employment stability. Model 4 can be interpreted as a basic descriptive cross-country comparison, which ignores differences in the socioeconomic composition of the reemployed workers. The inclusion of micro-level variables in Model 3 controls for compositional effects and can thus be interpreted as real country specific effects that have to be explained by macro variables. A comparison of both models shows that the results are rather similar, but differ for some countries. For example, the coefficient of UK changes from 0.8 (z-value 1.7) in Model 4 to 1.5 (2.3) in Model 3, implying compositional effects. With and without the inclusion of micro variables, significant country specific effects can be observed. Surprisingly, countries which are usually found to belong to one cluster in comparative research, e.g. the Scandinavian, Continental-European or Anglo-Saxon cluster (Esping-Andersen 1990), show very inconsistent results. For instance, Denmark turns out to reach the most sustainable reintegration of all countries, while Sweden is one of the countries with the least stable

Table 5.2: Determinants of reemployment stability, micro-level

	(1)		(2)		(3)		(4)	
Micro-Variables:								
UE benefits	0.64***	(11.2)	0.65***	(10.0)				
UE length	0.99**	(3.0)	0.99**	(2.7)	0.98***	(6.7)		
Empl. ratio	0.38***	(13.7)	0.36***	(14.4)	0.36***	(17.4)		
Female	1.07	(1.9)	1.05	(1.3)	1.09**	(2.7)		
Education:								
medium	0.66***	(8.0)	0.79***	(4.3)	0.82***	(4.2)		
high	0.50***	(10.2)	0.53***	(9.1)	0.53***	(10.7)		
Health:								
medium	1.19***	(3.7)	1.27***	(4.9)	1.24***	(5.6)		
bad	1.44***	(4.3)	1.58***	(5.4)	1.48***	(5.7)		
age	1.01***	(5.2)	1.01***	(5.4)	1.01***	(7.7)		
Married	0.93	(1.7)	0.95	(1.3)	0.94	(1.9)		
Country (Reference = Portugal):								
AU			0.78	(1.7)	1.00	(0.0)	0.85	(1.4)
BE			0.89	(0.7)	1.03	(0.2)	0.74*	(2.2)
BG			0.54***	(4.4)	0.55***	(4.5)	0.63***	(3.7)
CY			0.88	(0.9)	1.07	(0.6)	0.87	(1.2)
CZ			0.37***	(7.2)	0.40***	(7.4)	0.34***	(9.1)
DK					0.40***	(3.7)	0.34***	(4.5)
EE			0.59***	(3.4)	0.56***	(3.7)	0.61***	(3.4)
FI					1.35*	(2.2)	1.46**	(3.1)
FR			0.88	(1.1)	0.93	(0.7)	0.77*	(2.4)
GR			1.28*	(2.0)	1.56***	(3.7)	1.21	(1.7)
HU					1.29*	(2.1)	0.83	(1.7)
IS					0.71	(1.1)	0.58*	(2.3)
IE			0.92	(0.5)	1.09	(0.6)	1.03	(0.2)
IT			0.90	(0.9)	1.24*	(2.0)	1.15	(1.4)
LV			0.65**	(2.9)	0.69**	(2.7)	0.70**	(2.7)
LT			0.76	(1.9)	0.79	(1.7)	0.78	(1.9)
LU			0.76*	(2.0)	0.79	(1.9)	0.67**	(3.2)
NL					1.11	(0.7)	1.00	(0.0)
NO					0.99	(0.0)	0.71	(2.0)
PL			0.84	(1.6)	0.83	(1.7)	0.79*	(2.3)
RO			0.53*	(2.4)	0.47**	(2.8)	0.55*	(2.3)
SK					0.36***	(6.9)	0.31***	(8.7)
SI			0.52***	(3.7)	0.53***	(3.8)	0.55***	(5.0)
ES			1.17	(1.4)	1.32**	(2.6)	1.17	(1.6)
SE			1.71***	(3.4)	1.48**	(2.8)	1.39*	(2.5)
UK					1.50*	(2.3)	0.81	(1.7)
N	131325		131325		177859		201923	
N countries	19		19		27		27	

Odds ratios; Absolute *z* statistics in parentheses; discrete time logit model, duration dependence modelled as piecewise constant, shared frailty at the individual level; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

reintegration. While the familiar country clusters cannot be observed, the analysis reveals that reemployment appears to be much more sustainable in Central and Eastern European (CEE) countries. Bulgaria, the Czech Republic, Estonia, Romania, Slovakia and Slovenia have odds ratios lower than 0.6 in both models, which is not reached by any Western European country except for Denmark. Systematic differences in the macroeconomic and macropolitical structure of Western and CEE countries remain to influence the results even after the inclusion of economic indicators. Therefore, we include a dummy variable for CEE countries in the macro-micro estimations or restrict the analysis to Western European countries.

The macro-micro models in Table 5.3 combine the micro variables (except for benefit receipt), macro level LMP indicators and all macroeconomic control variables. Generally speaking, the macro variables tend to be less significant than the micro variables, which is mainly due to the far lower number of observations (21 countries for up to 4 years compared to more than 12,000 individual spells). With regard to the LMP variables, the direction of the coefficients is consistent with our theoretical expectations. Model 5 shows that the reemployment duration of previously unemployed is significantly longer in countries with higher levels of aggregated ALMP spending. The odds ratio is 0.16 and the coefficient is significant at the 0.1 % level. Given the somewhat complex interpretation of odds ratios in case of variables that are not dichotomous, Figure 5.2 shows a simulation that predicts the survival functions of two hypothetical persons with all individual characteristics at the sample median.

While it is assumed that all macro control variables are identical for both individuals, one individual is assumed to live in a country with high ALMP spending (one standard deviation above the mean) while the other lives in a country with low ALMP spending (one standard deviation below the mean). Model 5 predicts that the chances to have re-entered unemployment within the first 12 months after reemployment are 64 % in the low-ALMP country compared to only 45 % in the high-ALMP country. As our theoretical argument explicitly refers to the effect of PES and training programmes, we have estimated the effect of the corresponding subindicators in Models 8 and 9. Both disaggregated ALMP indicators have a significant negative impact on the employment hazard at the 1 % level, meaning more stable reemployment. Counselling services and training programmes provided and/or financed by employment agencies proof to be an effective means of improving post-unemployment employment stability. This supports the argument that ALMP programmes raise the skill level of the workforce and tackle information deficits.

Table 5.3: Determinants of reemployment stability, macro and micro level

	(5)		(6)		(7)		(8)		(9)	
Micro-Variables:										
UE length	0.98***	(7.6)	0.98***	(7.7)	0.98***	(7.1)	0.98***	(7.7)	0.98***	(7.6)
Empl. ratio	0.44***	(16.1)	0.44***	(16.2)	0.45***	(13.1)	0.44***	(16.2)	0.44***	(16.1)
Female	1.11***	(3.7)	1.11***	(3.7)	1.17***	(5.2)	1.10***	(3.7)	1.11***	(3.7)
Education: medium	0.86***	(3.7)	0.86***	(3.7)	0.87**	(3.1)	0.86***	(3.7)	0.86***	(3.7)
high	0.61***	(9.5)	0.61***	(9.6)	0.62***	(8.4)	0.61***	(9.5)	0.61***	(9.6)
Health: medium	1.17***	(4.4)	1.17***	(4.4)	1.13**	(2.9)	1.17***	(4.4)	1.17***	(4.4)
bad	1.34***	(4.7)	1.34***	(4.7)	1.26**	(2.9)	1.34***	(4.7)	1.34***	(4.7)
Age	1.01***	(8.3)	1.01***	(8.2)	1.01***	(6.5)	1.01***	(8.3)	1.01***	(8.2)
Married	0.97	(1.1)	0.97	(1.0)	0.98	(0.6)	0.97	(1.1)	0.97	(1.1)
Macro-Variables:										
PLMP			0.57	(1.4)	0.50**	(3.1)				
ALMP	0.16***	(4.0)								
Training									0.018**	(3.3)
PES							0.0090**	(2.9)		
EPL	1.04	(0.3)	1.14	(1.2)	1.05	(0.8)	1.00	(0.0)	1.14	(1.0)
UE rate change	0.95***	(3.6)	0.96*	(2.5)	0.96*	(2.3)	0.96**	(2.7)	0.96**	(2.9)
GDP/capita	0.98**	(2.9)	0.97***	(3.9)	0.98***	(4.1)	0.97***	(3.3)	0.97***	(3.5)
CEE	0.29***	(5.9)	0.32***	(5.5)			0.34***	(5.3)	0.30***	(5.5)
N	143930		143930		95511		143930		143930	
N countries	21		21		15		21		21	

Odds ratios; Absolute *z* statistics in parentheses; Discrete time logit model, duration dependence modelled as piecewise constant, shared frailty at the country level; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

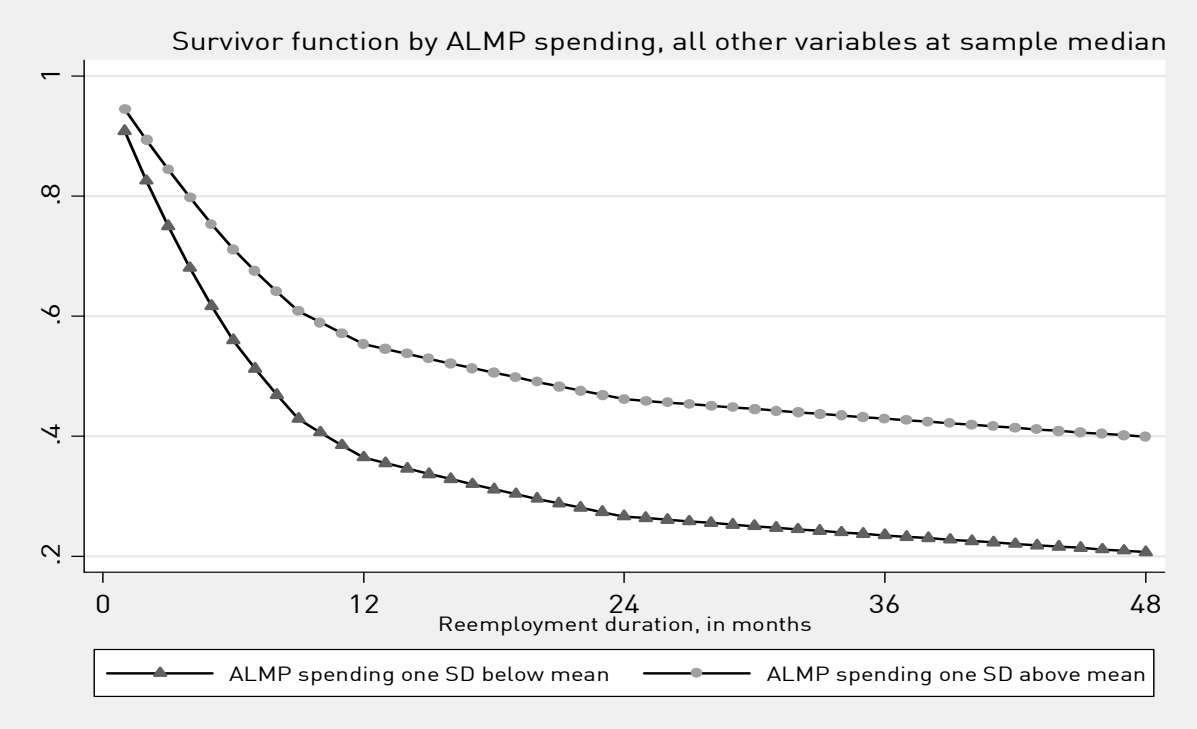
The effect of unemployment benefit generosity is estimated in Models 6 and 7. The odds ratio in Model 6 is 0.57, indicating a negative effect on the employment hazard, while the reported z-value (1.4) shows that the effect is rather insignificant. As the CEE countries have proven to be structurally different from Western Europe, Model 7 replicates the analysis for Western European labour markets only[28]. The direction of the effect is in line with Model 6, showing more stable reemployment in countries with more generous unemployment benefits. In Western Europe, this effect is significant at the 1 % level. The influence of the PLMP variable thus proves somewhat less robust than the theoretical expectations predict. However, while conventional levels of significance are not met in all models, the direction of the effect is homogenous across model specifications and in line with our hypothesis. Summarizing the results from the micro as well as the macro-micro analysis, the evidence

[28] The same subsample has also been analysed with respect to ALMP. As shown in the appendix, the effect of ALMP spending is not sensitive to the country sample.

strongly suggests a positive connection between unemployment benefits and subsequent reemployment duration. The empirical analysis in this paper supports the argument that generous unemployment benefits may act as a search subsidy that improves the job match quality of the reemployed.

Among the macro-level control variables, especially GDP per capita and the CEE variable proof to be connected to reemployment duration. As expected, the CEE dummy is below 1 and is highly significant at the 0.1 % level in all models. This confirms our argument that there are genuine differences between Central Eastern and Western European countries which cannot be captured by our macro variables. A higher GDP per capita is positively related to the reintegration performance of countries as well. In contrast, the effect of unemployment rate changes appears to be countercyclical, suggesting that those people that are actually hired in economic downturns exhibit better job match quality. Finally, the EPL indicator proves to be insignificant in all models, dismissing the institutional restrictions as a substantial determinant of reemployment stability in our analysis.

Figure 5.2: Prediction Survivor Function Model 5



Simulation for the following characteristics: Age=34; male; medium education; good health; employment ratio=0.8; not married; 4 months of previous unemployment; gdp per capita=24.7 thousand US $; unemployment rate change= -0.6; EPL=1.96; CEE=0.

5.5 Summary/Conclusion

Empirical observations reveal that European labour markets have undergone remarkable structural changes during the last years. Decreasing tenure rates and growing job insecurity have given rise to a higher incidence of interrupted employment histories which are characterized by alternating periods of employment, inactivity and unemployment (Barbieri, 2008; Kalleberg, 2009). Under these circumstances, the importance of stable labour market reintegration is constantly increasing since unstable employment and multiple job changes have been found to worsen future employment outcomes (Fuller, 2008). This paper shows that reemployment stability is to a large degree influenced by labour market policy in two ways. On the one hand, generous income support for the unemployed promotes reemployment stability. Recipients of unemployment benefits achieve substantially more stable reemployment than their counterparts who do not receive unemployment benefits. At the same time, countries which are characterized by more generous unemployment insurance tend to reach more stable reemployment. This confirms the argument that unemployment benefits act as a search subsidy thus improving job-match quality. On the other hand, reemployment stability appears to be higher when countries spend more on training programmes and counselling services provided by the PES. Once again, these results provide an empirical confirmation for our argument that ALMP programmes foster reemployment stability via skill level increases and information deficit reductions. Methodologically, the analysis has been based on the comparison of individuals as well as a comparison of labour market policy indicators at the macro level. In this regard, this paper makes an innovative contribution to the scientific discussion as it analyses the effect of labour market policy on reemployment stability at the micro and the macro level for the first time.

At the same time, this paper reaches beyond the purely academic debate due to its substantial policy implications. As mentioned in the introduction, recent activating labour market reforms in Europe have focussed on shortening unemployment duration. Given the high and persistent unemployment in many European countries, there is no doubt that this has to be a major concern of policy-makers. Nevertheless, this exclusive focus turns out to be short-sighted as it ignores the long-run effect of labour market policy on the stability of labour market reintegration. When the gains of shorter unemployment duration induced by benefit reductions and workfare policies are paid for by unstable reemployment and higher risk of future unemployment, labour market reforms can result in an exhausting zero-sum game.

Finding the right balance between policies that shorten unemployment duration and those that increase reemployment stability as well as searching for policies that simultaneously fulfil both aims will remain major challenges for European policy makers during the next years and decades. In this context, future labour market research should support policy makers in finding efficient and innovative policy tools by addressing open research questions such as the interplay of active and passive labour market policies.

5.6 Appendix: Descriptive Statistics & Robustness Checks

Table 5.A.1: Descriptive statistics

		Total		No prior benefits	Prior benefits
Variable	N	Mean	Standard Deviation	Mean	Mean
Micro-Variables:					
Prior unemployment benefit receipt	13,448	0.37			
Female	20,055	0.49		0.46	0.52
Married	20,049	0.43		0.39	0.52
Health: Good	19,168	0.77		0.77	0.79
Fair	19,168	0.19		0.19	0.18
Bad	19,168	0.04		0.05	0.04
Education: Low	19,896	0.11		0.13	0.11
Medium	19,896	0.71		0.68	0.71
High	19,896	0.18		0.19	0.18
Age	20,055	35.43	11.54	33.35	36.91
Employment ratio	17,780	0.72	0.26	0.67	0.78
Unemployment length	20,055	5.18	4.83	5.57	5.42
Macro-Variables:					
PLMP	98	0.24	0.17		
ALMP*	99	0.20	0.15		
Training*	99	0.06	0.05		
PES*	99	0.05	0.04		
GDP per capita**	102	24.97	11.47		
Unemployment rate	100	6.78	2.64		
Unemployment rate change	100	-0.57	1.1		
EPL	75	2.08	0.69		

* Expenditure per unemployed, % of gdp per capita. **Constant prices in 1000 US $ (2000), ppp; N refers to the number of nonmissising cases on the respective level. For dummy variables, the mean shows the proportion of observations in which X=1. Sources: Own calculations from EU-SILC, OECD.

Table 5.A.2 Robustness checks

	(10) c		(11) d		(12) d		(13) d	
Micro-Variables:								
UE benefits	1.59***	(13.1)	0.69***	(8.0)				
UE length	1.00	(0.4)	0.99**	(2.8)	0.99***	(4.5)	0.98***	(7.1)
Empl. ratio	2.41***	(14.0)	0.44***	(10.1)	0.44***	(14.1)	0.46***	(13.1)
Female	0.93*	(2.0)	1.06	(1.6)				
Education:								
medium	1.35***	(6.3)	0.65***	(7.5)	0.84***	(3.5)	0.87**	(3.0)
high	1.67***	(8.4)	0.50***	(9.3)	0.60***	(8.3)	0.62***	(8.3)
Health:								
medium	0.85***	(3.9)	1.18**	(3.3)	1.20***	(4.4)	1.13**	(2.9)
bad	0.77***	(3.4)	1.48***	(4.3)	1.41***	(4.7)	1.26**	(2.9)
Age	0.99***	(3.7)	1.01***	(4.7)	1.01***	(5.8)	1.01***	(6.5)
Married	1.04	(1.1)	0.93	(1.7)	0.96	(1.2)	0.98	(0.6)
Macro-Variables:								
ALMP					0.12***	(4.0)	0.36**	(3.2)
EPL					0.95	(0.4)	0.95	(0.8)
UE rate change					0.93***	(3.8)	0.95**	(3.1)
GDP/capita					0.97**	(2.9)	0.99**	(2.9)
CEE					0.22***	(6.0)		
N	12225		112354		117699		95511	
N countries	19		19		21		15	

Exponentiated coefficients; Absolute *z* statistics in parentheses; c=continuous, logl, gamma shared frailty, values above 1 indicate longer employment duration; d=discrete time, duration dependence modeled as piecewise constant, shared frailty, values above 1 indicate shorter employment duration; In models 11 and 12, we have excluded multiple spells, in model 13, we have excluded CEE countries, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 5.A.3: Subsamples by sex and age

	(14) men		(15) women		(16) Age < 25		(17) Age 25-49		(18) Age ≥ 50	
UE benefits	0.57***	(9.7)	0.72***	(5.9)	0.62***	(4.5)	0.61***	(10.1)	0.80*	(2.3)
UE length	0.99	(1.3)	0.99**	(2.8)	0.99	(1.1)	0.98**	(3.2)	1.00	(0.0)
Empl. ratio	0.36***	(10.1)	0.41***	(9.2)	0.41***	(7.4)	0.37***	(10.5)	0.28***	(5.3)
Female					1.19*	(2.1)	1.07	(1.5)	0.88	(1.3)
Education:										
medium	0.68***	(5.7)	0.61***	(6.0)	0.56***	(4.0)	0.70***	(5.2)	0.60***	(5.1)
high	0.46***	(7.7)	0.49***	(7.2)	0.36***	(5.4)	0.55***	(7.0)	0.46***	(4.0)
Health:										
medium	1.28***	(3.8)	1.09	(1.2)	1.20	(1.3)	1.16*	(2.5)	1.30**	(2.6)
bad	1.53***	(3.7)	1.32*	(2.2)	2.24**	(2.7)	1.43**	(3.2)	1.39*	(2.2)
Age	1.02***	(6.2)	1.00	(1.1)	1.00	(0.2)	1.01***	(3.5)	1.03*	(2.2)
Married	0.81***	(3.5)	1.07	(1.1)	1.20	(1.2)	0.92	(1.7)	0.86	(1.5)
N	68499		62826		28732		85827		16766	

Exponentiated coefficients; Absolute *z* statistics in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

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6 URHEBERRECHTLICHE ERKLÄRUNG

Hiermit versichere ich, dass ich die vorliegende Arbeit selbstständig verfasst und keine als die angegebenen Quellen und Hilfsmittel verwendet habe. Bei Kooperation mit anderen Wissenschaftlern habe ich die Art der Zusammenarbeit in Abschnitt 1.7 deutlich gemacht. Alle Stellen, die ich wörtlich oder sinngemäß aus anderen Werken entnommen habe, habe ich unter Angabe der Quellen als solche kenntlich gemacht.

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Bremen, den 28.01.2014