Who is targeted by One-Euro-Jobs?

A selectivity analysis

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Content

Abstract

In 2005 major reforms of the means-tested unemployment benefit system were implemented in Germany. One element of the reforms was to activate benefit recipients by a workfare programme, the so-called One-Euro-Job programme. More than 600,000 benefit recipients entered this programme in the year 2005. This paper investigates for a sample of means-tested unemployment benefit recipients the selection into One-Euro-Jobs with the help of binomial probit models. As there is a substantial gender effect, we estimate the selection equations for men and women in East and West Germany separately.

Women have a lower probability to participate if they have a child under the age of three, whereas this makes no difference for men. Then, we find that young adults below 25 begin a One-Euro-Job with a higher probability than other age groups. Moreover, special target groups as individuals with migration background are not promoted with One-Euro-Jobs. They participate with a lower probability than Germans without migration background. Overall, we can conclude that a concentration on defined target groups cannot be observed.

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1. Introduction

In recent years major reforms of the labour market (the so-called Hartz reforms) have been introduced in Germany with the scope of reducing the persistent high unemployment rates.

The reforms embark on a new strategy: instead of only financing unemployment they aim at activating unemployed individuals.[1] On the one hand, the reform makes higher demands on unemployed persons to search for a job. On the other hand, there are more possibilities of promoting unemployed individuals. One way of activating them are activation policies such as public employment programmes, e.g. workfare programmes as One-Euro-Jobs. One-Euro-Jobs have been introduced in 2005 and have been widely used since then. In 2006, more than 700,000 unemployed persons started a One-Euro-Job.

One element of the reform was the merger of former unemployment and social assistance to the new unemployment benefit II (UB II) which was introduced to bring more persons in contact to the labour market and activate also those who are rather distant to the labour market. This group of unemployed is also targeted by One-Euro-Jobs which are supposed to be used as a kind of last resort.

On the other hand, One-Euro-Jobs can be used as a work test in order to test whether unemployed individuals are available to job placement and/or willing to work.

This paper investigates how these different goals of the programme are reflected in the programme assignment and its selectivity.

According to Heckman and Smith (2004) it is important to know about selectivity to a programme for three reasons. First, it can give us useful information on programme operations. E.g., are One-Euro-Jobs actually used as work tests or are they rather used as a kind of last resort for persons particularly hard to place? Second, we can learn about inequality. Do specific groups, such as women or foreigners have the same chance (or “risk”) of participating as others? Third, knowledge on selectivity gives us important implications for the adequate evaluation strategy used in measuring the effects of the programme on participants’ employment outcome.

In this paper we deal with the following questions:

- What determines an individual’s participation probability? Which groups of unemployed are more or less likely to participate in a One-Euro-Job?
- Are persons with specific problems on the labour market targeted by the programme?
- How can we explain the low participation probabilities of women in West Germany?

The paper is organised as follows: chapter two displays the institutional framework of the recent reforms and of One-Euro-Jobs, while chapter three summarises previous findings on participation structures and selectivity of public employment programmes. In chapter four the theoretical framework and hypotheses are derived. The method and data that we used are described in chapter five. This is followed by the results in chapter six and a summary and a conclusion in chapter seven.

[1] A comprehensive description of changes in labour market policies by the Hartz reforms can be found in Jacobi and Kluve (2007).

2. Institutional framework

In January 2005 the last step of the Hartz reforms came into force in Germany and Social Code II was introduced.[2] One main point of the reform was the consolidation of the former unemployment assistance and social assistance for employable needy persons to unemployment benefit II ("Arbeitslosengeld II"). The reforms aimed at integrating more individuals into the labour market. This particularly concerns persons who were serviced by the social assistance office before and who have not been working for a long period and thus are rather distant to the labour market.

On the one hand, the reform challenges the efforts of unemployed persons with regard to search for employment in the direction that e.g. unemployment benefits can be cut if efforts are too low. On the other hand, the reform provides more opportunities of assisting unemployed persons towards employment take-up.

One option of promoting and challenging unemployed persons are public employment programmes.

Three similar types of public employment programmes exist within the Social Code II ("SGB II"): First, there are the traditional job creation schemes (JCS "Arbeitsbeschaffungsmaßnahmen") that had already been part of the law of employment promotion ("Arbeitsförderungsgesetz") in 1969. Second, two types of job opportunities have been introduced in 2005: Contributory job opportunities with wage ("Arbeitsgelegenheiten in der Entgeltvariante") and job opportunities with an allowance to unemployment benefits for additional expenses ("Arbeitsgelegenheiten in der Mehraufwandsvariante"), also known as One-Euro-Jobs.[3] More than 95% of job opportunities are One-Euro-Jobs, hence we concentrate on this programme. Table 1 shows that more than 600,000 unemployed persons in 2005 and more than 700,000 in 2006 started a One-Euro-Job.

Table 1: Entries into One-Euro-Jobs since introduction in 2005, source: Statistics of the Federal Employment Agency, calculations from the Data Ware House[4]

	2005	2006	2007 (Jan.-Jul.)
Total	603,771	704,477	398,939
East Germany	287,872	297,979	155,509
% of women	44.9	44.6	44.3
West Germany	315,899	406,498	243,430
% of women	34.2	35.0	35.9

One-Euro-Jobs are targeted on increasing the employability of long-term unemployed persons and enhancing their chances of finding regular employment (Bundesagentur für

[2] A number of recent reforms are based on proposals of a commission, led by Peter Hartz, head of the personnel executive committee of Volkswagen. Many of the labour market reform elements proposed by this commission in the year 2002 were not entirely new, but were discussed already for quite some time.

[3] Table 2 in the Appendix gives a list of characteristics of these three public employment programmes.

[4] The statistics on inflow and stocks exclude the 69 districts in which only local authorities are in charge of administering the unemployment benefit II.

Arbeit 2005). Furthermore, they aim at integrating unemployed persons socially by providing them with a task and a daily routine. Moreover, public employment can be seen as a contribution to the provision of public goods of the needy person receiving unemployment benefits. They are also used as means of testing an unemployed person's willingness to work.

Jobs carried out within One-Euro-Jobs have to be additional and of public interest as job creation schemes. Participants receive an allowance of one to two Euros per hour additional to unemployment benefits II. Organisations receive a lump sum covering the allowance and further costs (e.g. working clothes and training of participants) of carrying out One-Euro-Jobs. One-Euro-Jobs are not liable to social security. The duration is typically up to six months and they should be carried out in part-time (up to 30 hours per week) to make sure that participants are still able to apply for regular jobs. On average, weekly hours have been 28.9 in West and 27.7 in East Germany for the first six month in 2005 (Wolff / Hohmeyer 2006).

One-Euro-Jobs are designed for employable needy persons between 15 and 64 years. They are subordinate to regular employment, vocational training and other active labour market programmes. This implies that persons with specific difficulties to find regular employment should participate more likely in One-Euro-Jobs than those who have better chances of finding a job. One example for those particularly hard to place are persons with long (cumulated) periods of unemployment or those, whose last regular employment is long ago. Also those who have neither worked nor been registered unemployed are far from the regular labour market. Moreover, the Federal Employment Agency defined special target groups for One-Euro-Jobs within the Social Code II compendium (Bundesagentur für Arbeit 2006a). These are young adults, unemployed individuals with placement barriers, persons with migration background and older unemployed persons.

3. Selectivity of public employment programmes in Germany

Since Social Code II has just been introduced in 2005, very little research on the probability of recipients of unemployment benefits II to take part in active labour market programmes has been done.

So far, no multivariate analysis on the participation probability exists for public employment programmes for means-tested benefit recipients. Recently, some descriptive research on the structure of participants (inflow) of public employment programmes has been published (Bernhard et al. 2006, Heinemann et al. 2006, Hohmeyer et al. 2006, Wolff / Hohmeyer 2006). These studies identify potential target groups for public employment programmes on the basis of the stock of unemployed persons and the guidelines of the Federal Employment Agency and analyse in how far these target groups participate in the programmes.

The two types of job opportunities appear to be very similar concerning their structure of participants: young persons under the age of 25 start disproportionally often a job opportunity. This fact can be traced back to the legal requirement that young persons have to be placed immediately to a job, to vocational training or to a job opportunity. Older unemployed persons take up a job opportunity less often compared to their share in the

unemployed individuals. An exception are East German unemployed persons who are older than 57 years, who participate more often in job opportunities with expenses compared to their share in the stock of unemployed. This can be explained with the special promotion of this age group since July 2005 when a special One-Euro-Job programme for this age group has been introduced. Women in West Germany start less often one of these programmes while East German women start them proportionally compared to their share in the unemployment stock. Women without vocational training participate even less often while men without vocational training participate proportionally compared to their share in the unemployment stock. Overall, no concentration on target groups can be observed with the exception of young unemployed people.

Job creation schemes are predominantly placed to older and long-term unemployed people in East Germany and to young persons in West Germany. From this descriptive point of view the structure of participants in job creation schemes has not substantially changed in the last years due to the implementation of job opportunities.

As job creation schemes have existed for quite a long time, more research on participation in this programme has been done than for job opportunities. However, this research is done for the group of unemployment insurance recipients and not for the special groups of needy long-term unemployed and social assistance recipients. The participation probability has been estimated in various evaluation studies (e.g. Caliendo at al. 2004, 2005a, 2005b; Caliendo, 2006). Because studies based on survey data allow only a rather cursory analysis because of the small sample sizes, only studies based on administrative datasets are considered in this short literature review. In various evaluation studies, Caliendo et al. (2004, 2005a, 2005b) analyse the participation probabilities of a sample of unemployed persons in January 2000 using binary logit models.

Participation prospects for men fall with age in West Germany while they rise in East Germany for both, men and women. This possibly can be explained with the fact that in East Germany job creation schemes were used as a relief for the labour market and as a bridge to retirement. Native German unemployed persons have a higher probability of participating than foreigners. In West Germany, married persons (especially women) have a lower probability of participation whereas in East Germany it is vice versa. The authors presume that this is due to the rather traditional division of labour between men and women in West Germany or due to the different labour market situation in both regions. Assumed that married women participate more likely if their husband is unemployed, this could be the reason for the regional difference considered that unemployment is higher in East Germany. However, the authors could not test this explanation with the data that was available to them.

The level of education has a positive impact for women on their probability to participate, while the effect for men is negative or zero. Work experience reduces the probability to participate. The duration of unemployment has a positive effect on the participation probability. Furthermore, there are some regional effects: while the participation probability in East Germany is higher if the labour market situation is worse, the participation probability of unemployed persons in West Germany rises if labour market prospects are good.

Besides these few German studies about the selection into public employment schemes, there is some international evidence on the selection into workfare programmes. Handler (2003) compares selectivity of workfare programmes in the US and in Western Europe. He

concludes that workfare participation is highly selective. He mostly ascribes this to service workers who prefer sending clients with better employment chances to a workfare programme (cream skimming).
Therefore, the multivariate selectivity analysis of One-Euro-Jobs in Germany is a new task as this is firstly a new programme, secondly, there is generally not much evidence and thirdly, we want to examine if the results can be queued in the international workfare literature.

4. Theoretical background

Public employment has the scope of activating unemployed individuals. On the one hand, public employment aims at raising the employability of participants and hereby enhancing their labour market chances. One-Euro-Jobs in particular have the goal of creating basic preconditions for participants to take up jobs. For example, participants should get used to regular work schedules. Hence, this is most likely effective for those UB II recipients who are hard to place. Furthermore, such One-Euro-Jobs can also be used as a work test. Is the unemployed willing to work or able to follow a regular work schedule? This reason for an assignment into a One-Euro-Job may also count for unemployed with placement barriers and on the other hand for persons where illegal employment (moonlighting) is assumed. Thus, the decision of which individuals are selected into the programme may also influence the effectiveness of public employment that is investigated by micro econometric studies. For these programme evaluation studies it is important to generate knowledge about the processes and mechanisms of placement into One-Euro-Jobs and the programme operation to apply a suitable evaluation strategy. This kind of research is a crucial part in identifying problems of the current labour market reforms and their actual implementation.

Heckman and Smith (2004) display the participation decision for a prototypical voluntary labour market programme as a process of five steps that all have to be passed through so that participation takes places. Theses fives steps are: 1. eligibility, 2. awareness, 3. application, 4. acceptance and 5. enrolment.
Transferring this concept to the typical situation of the selection into One-Euro-Jobs, one can derive four steps, which not always can clearly be disentangled. We have information on the participation decision from two different sources. First, we analysed legal requirements and documents of the Federal Employment Agency. According to them, eligibility is affected by legal requirements. Second, we conducted a survey of case managers in late 2005 (Wolff / Hohmeyer 2006). This survey showed that typically either an eligible (*Step 0: eligibility*) unemployed enquires about participation in a job opportunity or the participation in general is suggested by the case manager (*Step 1: awareness*). It is rarely the case that an unemployed person approaches his case manager with a concrete job opportunity that he has found. Typically, it is the case manager who proposes a concrete job opportunity to the unemployed needy person (see also the suggestion form for job opportunities on the homepage of the Federal Employment Agency) (*Step 2: proposal*), who then has to attend an interview with the operating establishment (*Step 3: interview and acceptance*). If the unemployed individual is accepted by the establishment, he can start the One-Euro-Job (*Step 4: enrolment*). In our results, we cannot distinguish between the different steps. However, they make clear which mechanisms in a selection could be at work. They

furthermore clarify that the selection into programme is no single event but a process. The selection depends on different restrictions, legislative, executive as well as judicial ones.
Unemployed individuals do not necessarily begin a One-Euro-Job voluntarily, as this programme can also be used as a work test in order to check whether unemployed persons are available to job placement and willing to cooperate. A refusal to start a One-Euro-Job can be sanctioned with a cut of unemployment benefits.

Step 0: Eligibility
Unemployed individuals who receive unemployed benefits II are eligible for participation in One-Euro-Jobs. As we consider only unemployed recipients of UB II we cannot regard the determinants of eligibility. Although we do not look at this step, we can reasonably investigate the determinants of participation or as Heckman and Smith (2004) put it: “Getting these groups to participate in employment and training programs (…) requires more than just making them eligible for program services.”
Nevertheless, eligibility is regarded insofar as we consider the relevance of defined target groups for One-Euro-Jobs.

Step 1: Awareness
Due to high media coverage of One-Euro-Jobs a *general knowledge* can be presumed. However, it cannot be assumed that unemployed persons know in detail whether they are eligible, which types of One-Euro-Jobs exist and e.g. for those who have small children what the options for child care are. According to Heckman and Smith (2004) we can expect that language skills, education and participation probabilities (via one’s peers) raise the likelihood that one knows about job opportunities.
Furthermore, *frequency of contacts* to the local employment agency plays a role, because case manager should inform unemployed needy persons about One-Euro-Jobs. Therefore, we can assume that the person in a household, who is authorised to deal with the request for unemployment benefits for the household, is more likely to be informed about job opportunities by the case manager. Moreover, the awareness depends on the respective *case manager* and the *local employment agency*. The local employment agency determines the implementation of One-Euro-Jobs e.g. by deciding how many unemployed are placed, who is placed (targeting) and what kind of One-Euro-Jobs are established. The case manager’s inclination to inform the unemployed about job opportunities is influenced by these decisions and of course by target groups that are required by law. Especially inclined is the case manager if the unemployed belongs to a defined target group or if the unemployed has good prospects to be integrated into the regular labour market (cream skimming).

Step 2: Proposal
The likelihood to receive a proposal of a concrete One-Euro-Job is not only dependent on the inclination of the case manager but also on the availability of suitable positions. Hence, also individual characteristics are essential.
For example, individual qualification may therefore be important. E.g., if there are One-Euro-Jobs with certain qualification requirements available, only qualified individuals may take part. Cream Skimming may play an important role which provides an incentive for case

workers to place rather highly skilled persons to a One-Euro-Job. Furthermore, also the household context is likely to be important, e.g. the existence of (small) children in the household. If child care availability is a problem, it is less probable that persons with small children will get a proposal for a One-Euro-Job. This argument also holds for individuals who are currently working, predominantly in minor employment, and not earning enough to live on. They would not have the time to participate in a One-Euro-Job without giving up their present employment which (in the short run) would be efficient neither for themselves nor for employment agencies. Moreover, the before mentioned use as a work test could motivate case managers to propose a One-Euro-Job to higher qualified persons.
Furthermore, it is likely that defined target groups like for example young unemployed or foreigners will get a proposal for a One-Euro-Job as social worker should propose them.

Step 3: Interview and acceptance
The interview and then an acceptance decision follow the proposal. Therefore, it is highly likely that this also depends on personal characteristics. As the result of the interview not only depends on the unemployed person but also on the firm side, acceptance it is likely that some kind of creaming could take place. However, it is also possible that no interview takes place and the social worker assigns some individuals directly to a One-Euro-Job.

Step 4: Enrolment
There is no random assignment like in the example of Heckman and Smith (2004). The actual enrolment after acceptance can only be prevented by failure to appear. This is influenced by health and opportunities of illegal employment. However, non-enrolment can be sanctioned by cuts in UB II. Therefore, it is again personal characteristics that count for enrolment. Someone who has to take care of anyone, e. g. for a child, is less likely to provoke such a benefit sanction.

5. Data and method

5.1. Data

For our analyses we are relying on a rich administrative dataset containing individual information on personal characteristics and on the unemployment as well as the employment history (sample of the Integrated Employment Biographies IEB version 5.00). Moreover, there is this very same information also for the partner (not only married partner but partner living in the same household) of the unemployed individuals. This is only possible for the new data on unemployment benefit II recipients since 2005 because of the labour market reforms in January 2005 that defined neediness in a household context. We make usage of the new UB II dataset ‘Leistungshistorik Grundsicherung’ (LHG version 1.00). Furthermore, we include information on regional labour market characteristics as the unemployment rate as well as the trend in the unemployment rate. Also, regional labour market types concerning Rüb and Werner (2007) are included.
We analyse inflows into One-Euro-Jobs between February and April 2005. Here, only the first programme start of the participants in this time frame is considered. Later programme

starts in the same timeframe are therefore ignored. All individuals are registered as unemployed and receive unemployment benefit II directly before the potential programme start, hence on 31st January 2005. Control individuals are a random sample from the unemployment stock on 31st January 2005, who do not start such an employment programme in spring 2005.[5]
The dataset contains 467,082 observations with 379,990 control individuals and 87,092 treated individuals. After excluding cases because of missing values in relevant covariates (7,045), an age restriction from 15 to 62 years (2,209), missing values because of the combination of IEB and LHG datasets (48,118), participation in ALMP on 31st January 2005 (10,988) and not being unemployed directly before the programme start or virtual programme start (36,526) there remain 289,303 control individuals as well as 72,883 treated individuals.

Because of the rich information in the dataset we include a variety of covariates we assume influencing the assignment into One-Euro-Jobs.
First of all, we include socio-demographic variables on age, impairment of health and disability, nationality, marital status, children and qualification of the individuals.[6]
Next, we consider variables on the unemployment history as cumulated unemployment duration, cumulated receipt of unemployment insurance (UI), cumulated receipt of unemployment assistance (UA) and cumulated duration of out-of-labour force (neither being employed nor unemployed). We also include UI and UA receipt on 31st December 2004.
Then, we incorporate variables on employment as the cumulated regular employment duration as well as information on the last job (sector, firm size, last earnings). Also, the distance to the labour market is regarded by using a variable on the duration since the last end of a job and a variable on the mean duration of last jobs. We also include, if individuals have a minor employment (mini job) on January 31st 2005. Only for women, we take into account if they are looking for a part-time job.
Furthermore, there are variables on the history of the participation in active labour market programmes.
Moreover, we consider several interaction terms with age: age interacted with regular employment as well as the interaction between age and vocational training. These covariates could be different for younger individuals because the probability is higher for them not having any vocational training and longer regular employment spells.
Then, we include some information about the partner, as qualification, out-of-labour-force times and if the partner is unemployed on 31st January 2005.
And finally, we control for regional characteristics on the one hand with the local unemployment rate and its trend, the vacancy-unemployment ratio and its trend and the percentage of long-term unemployed and its trend. On the other hand, we also include the regional classification of labour market types according to Rüb and Werner (2007) into twelve district types.

[5] The dataset only considers individuals not in the responsibility of districts or towns (69 out of 439) which are not cooperating directly with the Federal Employment Agency as the data for the last mentioned was not available.
[6] The variable if the person is the head of the household or authorised could not be included as there has not been any variance for participants. 99 percent of participants are the head of the household.

5.2. Method

The main question of our analysis is: what are the determinants for the participation in a One-Euro-Job? As there are only two observable outcomes (participation and non-participation) the dependent variable is binary and can only take the values 0 or 1.

Thus, there exists a class of binary choice models (Verbeek 2004) that cope with these challenges. These models describe the probability that y_i equals 1.

$$P\{ y_i = 1 \mid x_i\} = G(x_i, \beta)$$

The function G should only take values in the interval [0,1]. Usually, functions of the form $G(x_i, \beta) = F(x_i' \beta)$ are chosen where F also has to be in the range of [0,1]. Commonly, the standard normal distribution is chosen leading to the so-called probit model.

We estimate the selectivity into One-Euro-Jobs with the help of binomial probit models and we take heterogeneity of participants into account by estimating separate models.

The unemployment rate in West Germany at 9.8 percent in the year 2005 is roughly half as high as that of East Germany.[7] Hence, the availability and use of One-Euro-Jobs as well as the selection into One-Euro-Jobs is probably different.

As there is a significant effect of gender, we also conclude separate estimates for men and women instead of including interaction terms (see Table 3 in the Appendix). West German women start a One-Euro-Job with a lower probability than West German men. However, it is the other way around for East Germany. Hence, we estimate four models: men and women in East and West Germany.

We specify our models by assessing non-linearities in the set of independent variables. Therefore, we use several dummy variables instead of ordinal or metric variables such as age or the cumulated unemployment duration. Then, we tested these dummy variables on equal coefficients in the categories.

We proceed with the "from general-to specific" approach. We started with the most general model and the largest set of possible independent variables. Then, for testing hypotheses about the coefficients, we chose with the help of Wald tests a simpler and statistically valid specification.

In order to be able to interpret the coefficients not only for the sign, we calculated marginal effects. Except for regional variables, there are dummy variables in the equations. Therefore, the marginal effects are calculated at zero. For the regional variables, which are continuous, we calculated the marginal effects at the weighted means.

As the treatment group is the population of programme starts in the mentioned time frame and the non-participants are only a sample we use weighted models. Otherwise, the proportion of transition from unemployment into One-Euro-Jobs would be overestimated. Hence, the coefficient for the constant in the probit regression would be biased and as a result, individual selection probabilities would be too high. Therefore, also the marginal effects would be estimated inconsistently as they depend on the individual probabilities (King / Zeng 2001).

[7] The rate of registered unemployment is considered here.

6. Results

In Tables 4 to 5 in the Appendix, you find the probit estimates for all four sub-groups: men and women in East and West Germany. Table 3 shows the results only separate for East and West Germany where the effect of gender is quantified.

During the next sections, we discuss the results, namely of the variable coherences we have derived within chapter 4. Other variables are important to have controlled for. As all effects for regional variables are highly significant it seems to be important to include them and therefore control for regional impacts beyond East and West German differences.

We have explained different steps leading to One-Euro-Job participation. As we have not defined a structural model we cannot disentangle the estimated effects and assign the results to a single step. We can only assume that one of the steps may be more important than others.

6.1 Socio-demographics

As already mentioned, there is a significant effect for gender. West German women participate with a one percentage point lower probability in a One-Euro-Job than comparable West German men (Table 3). The relationship is the other way around in East Germany. Women in East Germany participate with a 0.65 percentage points higher probability than comparable men. These findings may be explained e.g. by different labour market orientations of women as well as with different child care opportunities in both regions. However, it is the group of West German women who show positive effects in evaluation studies for public employment programmes such as Job Creation Schemes (Caliendo et al. 2004). This is not necessarily the case for One-Euro-Jobs but should be kept in mind discussing the selectivity of assignment. One explanation for such positive results may be the selective usage of the instrument. We discuss here the results for the separate equations in order to get an explanation for this selection.

The reference transitional probabilities are clearly higher for East Germany than for West Germany. In East Germany, there are barely differences for both men and women whereas in West Germany such differences exist.

Broadly speaking, the probability of participation decreases with age. Probability is highest for those unemployed individuals who are 24 or younger. Interestingly, there is no significant difference between the reference group of 15 to 20 year olds and the age group 21 to 24 years. For the older age groups the effects are clearly negative. This can be traced back to the legal requirement that says that unemployed persons below the age of 25 have to be placed to vocational training, employment or job opportunities immediately after having registered unemployed (§3 (2), Social Code II) which is operationalised by the Federal Employment Agency that no person below the age of 25 should be registered unemployed for more than 3 months (Bundesagentur für Arbeit 2006b).

Besides the negative effect of age we have expected that there would be a weaker effect for persons who are 58 or older than for those between 51 and 57 years. Selectivity may already take place in the decision of older unemployed of being available for the labour market and still registered as unemployed. There are special regulations for unemployed over 58 years

who are allowed to orientate into retirement and do not have to sign an integration contract.[8] Therefore, potential participants ("people at risk") are differently motivated over the age of 58 and are already a selective sample. However, this cannot be observed. The effect is slightly higher negative than for the next younger age group. Probably, the number of observations for this age group is not large enough or case managers do not expect this age group to participate and thus One-Euro-Jobs are not used as a work test for them. The age effects in West Germany are higher for men than for women as there is already a difference in the reference transitional probability, whereas there are barely differences in East Germany.

Unemployed individuals with health problems or disability are potentially harder to place. However, they have a marginal smaller probability to participate in a One-Euro-Job than unemployed without any health constraints and are not especially promoted by these public employment programmes.

Turning to the influence of nationality, we can state that Germans without migration background have the highest probability to be assigned into a One-Euro-Job. This is contrary to the before mentioned target groups (defined by the Federal Employment Agency) where migrants are one special target group. However, this is consistent with the hypothesis of Heckman and Smith (2004) that language skills matter for awareness of a programme which reduces participation probabilities of foreigners. Almost all analysed foreigner and migrant groups have a negative probability to participate compared to comparable Germans. The only exception is the case of Russian unemployed people in East Germany, where no significant effects occur. Turkish unemployed persons have the lowest participation probability compared to German unemployed.

Singles do not seem to have a higher participation probability than unemployed persons with a partner. The effects are insignificant. The only exceptions are non-married women in West Germany who have a higher probability than married women (0.9 percentage points). For unemployed men it makes no difference for their participation probability whether they have children or not. West German women have a one percentage points lower probability to participate if they have a child with less than three years compared to women without children below three years. However, having children or not in general makes no difference for West German women. On the contrary, East German women with children have a higher inclination to start a One-Euro-Job than without (0.96 to 1.7 percentage points). However, they have a lower likelihood with almost four percentage points to start with children younger than three years. This is remarkable as persons caring for a child younger than three years do not have to be available to job placement but can register as unemployed on a voluntary basis (§10 (1), Social Code II). Thus, one could assume that this group is particularly motivated (as argued before for older unemployed over 58 years). However, maybe it is the case managers who do not expect these women to participate in a One-Euro-Job (for example, in the function of One-Euro-Jobs as work tests) or because of lacking child care facilities. This points in the direction that the proposal may be an important step for the participation decision.

Turning to qualification it becomes visible that there are also substantial differences for men and women. For men, there are merely no significant effects. In West Germany, there are negative effects for men with A-level. Men in East Germany have a higher participation

[8] This is regulated in § 65 Abs. 4 SGB II i. V. m. § 428 SGB III.

likelihood with secondary school degree than without. There are more significant effects for women. The highest likelihood for West German women exists for a medium qualification (0.5 percentage points for secondary school with vocational training) compared to no qualification degree. East German women have higher participation probabilities with degree than without degree. Maybe for women without or with low qualification there is a lack of suitable One-Euro-Jobs or they orientate themselves less towards labour market participation.

6.2 Labour market history

Cumulated unemployment duration during the last year as well as during the last five years makes a difference for the assignment into One-Euro-Jobs. Unemployed individuals in all four sub-groups with longer unemployment durations during the last year are more likely to participate than individuals with cumulated unemployment duration of less than six months.

Persons with periods in which they have been out-of-labour force are a target group of One-Euro-Jobs as they are probably more distant to the labour market and first have to learn the preconditions for work. These periods in which persons have neither worked nor had to be available to the labour market may e.g. be plausible for spouses of former UA recipients (or of persons who have been employed before). Also young adults may be affected due to education.[9] The results show that the existence of times without any registration in unemployment or employment has an impact on the participation. Though, this is in the opposite direction than policy guidelines might suggest: Unemployed individuals with such lags have a lower participation probability than individuals with no such lags. However, the results are only significant until a certain cumulated duration (for women until 18 months, for men longer, however it is sporadically significant for East German men).

Former UA receipt (UA receipt directly before UB II was introduced) augments the probability of participation for East German women (four percentage points) and West German men (0.8 percentage points). Former UA recipients have already been available to the labour market before the new reform and do not belong to the new group, which has not been available to labour market before. The influence of UI receipt is more ambiguous. Women in West Germany with UI receipt on 31st December 2004 have a higher participation probability, whereas men in East Germany have a lower probability. The effects for the other two groups are not significant.

Different results for these variables that explain the distance to the labour market may occur because the proxy for out-of-labour-force probably does not measure exactly out-of-labour-force. Also, times of freelancing or for civil servants may be included.

The cumulated duration of regular employment during the last five years is more influential in East Germany where long cumulated regular employment durations mean a lower probability to begin a One-Euro-Job. This points in the direction that persons with low labour market attachment are targeted which is actually one defined target group.

Regarding past participation in active labour market programmes one can observe that the number of past programmes has a positive impact on participation probability for all groups. This can be regarded as a hint that “programme careers” exist. However, the type of programme matters: participation in job creation schemes (which are very similar to One-

[9] However, persons not registered may also be freelancer or civil servants.

Euro-Jobs) and other programmes increase the probability while private employment subsidy and start-up subsidy decrease the participation probability.

There is a strong negative effect for minor employment on 31st January 2005. This is only surprising on the first sight, because on the one hand the needy person should be available for the labour market and should be open to end his/her neediness. On the other hand, minor employment and One-Euro-Jobs are both part-time and could thus be combined within certain limits. However, both, the labour market agency and the unemployed individual are better off with only minor employment and without One-Euro-Job: The unemployed person works less with approximately the same earnings. This is less expensive for the agency. Furthermore, One-Euro-Jobs should be targeted at the hard to place individuals. However, are persons with a mini job really hard to place? Probably, they have better chances of reintegration coming from their minor employment.

Furthermore, we controlled for variables concerning the last job. Regarding the industry of the last contributory job it becomes obvious that sectors like public administration, defence, social security, health care, education and other services increase the probability of starting a One-Euro-Job compared to manufacturing whereas construction (in East Germany) and retail trade and hotels / restaurants (not for women in West Germany) decreases the participation probability. The overall impression is that probability is higher if the industry of the last contributory job is a typical sector for One-Euro-Jobs such as health, education and public administration.[10] This hints to the idea that only those unemployed are proposed for a One-Euro-Job and accepted who are qualified for the job, e.g. by former employment in the particular industry.

6.3 Partner information

Most of the variables with information about the partner do not have a significant influence. Concerning lags in the employment and unemployment history, which is used as a proxy for out-of-labour-force, the probability to participate in East Germany is higher for individuals whose partner has no such out-of-labour-force times as there are negative signs for durations longer than zero. This is contrary to West Germany, where the participation probability is higher for individuals whose partner has out-of-labour-force times larger than zero. However, not all marginal effects are significant. Only the cumulated duration of 43 to 60 months out-of-labour-force is significant for all four groups, negative in East Germany and positive in West Germany.

There seems to be a difference in the assignment mechanism in both regions. In West Germany individuals, whose partner is very distant to the labour market, start a One-Euro-Job whereas in East Germany this is the case for individuals with partners, attached to the labour market or at least included in the labour market and employment statistics.

Yet, the current situation, if the partner is unemployed seems not to have any influence on the participation. This variable is not significant. Therefore, we cannot support the hypothesis raised by Caliendo et al. (2004) that women in West Germany participate more likely if their partner is unemployed (see chapter 3).

[10] Following Bellmann et al. (2006), One-Euro-Jobs are predominantly located in establishments belonging to the industries of public administration, education, health and care and sports and culture.

Also, the qualification of the partner has no significant effect. But the effect is significant and negative in West Germany for individuals whose partner has only missing information on the qualification and for those whose partner has no identification number. The latter could also be a sign for the partner being very distant to the labour market which supports the above mentioned relationship for West Germany.

7. Summary and conclusion

In this paper the determinants for unemployed and needy persons of starting a One-Euro-Job in spring 2005 are analysed. Furthermore, we wanted to find out whether persons with specific problems and persons belonging to defined target groups are especially focussed with One-Euro-Jobs. For the analyses, the method of probit analyses has been applied using rich administrative datasets. The results in the overall model showed that women in West Germany have a much lower probability than men to participate. However, East German women have a higher participation probability than East German men. As selection appears to be different for men and women and in order to investigate these differences, we estimated the models separately for men and women.

Gender specific differences become apparent when considering the impact of children on participation probabilities. For men, children do not make any difference for the likelihood of taking up a One-Euro-Job but for women. While children in general do not have an impact of participation probability of West German women, they increase the chances for East German women. However, both have a lower likelihood of participating if their children are younger than three years. This is remarkable as persons caring for a child with less than three years do not have to be available to job placement but can register as unemployed on a voluntary basis. Thus, one could assume that this group is particularly motivated. However, maybe the probabilities are lower because of lacking child care facilities or because of the case managers who do not expect these women to participate in a One-Euro-Job (for example, in the function of One-Euro-Jobs as work tests).

Turning to qualification it becomes visible that the focus on target groups is even worse for women than for men. Men in West Germany have a decreasing participation probability with qualification. For men in East Germany, there are merely no effects of qualification whereas the highest likelihood for West German women exists for a medium qualification compared to no qualification degree. East German women have higher participation probabilities with degree than without degree. It could be the case that there is a lack of suitable One-Euro-Jobs for women without or with low qualification or that these women orientate themselves less towards labour market participation.

Probably, these facts may explain the differences between East and West Germany in the direction that West German women are less likely to start a One-Euro-Job than East German women. One element is child care facilities which is in East Germany traditionally more prevalent than in West Germany (Statistische Ämter des Bundes und der Länder, 2007) and thus enable women to participate in the labour market. Furthermore, results show that women without a vocational degree are less likely to participate in a One-Euro-Job. In West Germany in 2005 64% of unemployed women receiving UB II do not have a qualificational degree. This share is twice as high as in East Germany where only 32% of unemployed and needy women do not have a degree (Wolff / Hohmeyer, 2006). Maybe this can account to

some extent for the differences in the female participation rates between the two German regions. As a next step we plan to use a Blinder-Oaxaca decomposition in order to be able to explain these differences in more detail (Fairlie 2006).

Besides gender, age is an important determinant of participation in a One-Euro-Job. Highest probability of participating can be found for unemployed and needy persons below the age of 25 probably due to the legal requirement (§3 (2) Social Code II). Thus, young unemployed people are reached as a special target group but not those who are 50 years and older.

Despite their definition as a target group of One-Euro-Jobs foreigners except for Russians in East Germany have a lower probability of participating than Germans without migration background. This may hint to the importance of language skills.

If you consider periods of un- and non-employment in the past as an indicator for labour market distance, the impression is ambiguous. While the cumulated duration of unemployment increases the participation probability, periods out-of-labour force reduces the probability. So, we cannot clearly say whether One-Euro-Jobs focus on persons who are particularly hard to place. Further selection mechanisms are supposed to be at work.

Besides the investigation of the concentration of One-Euro-Jobs on target groups we find several further interesting aspects of selectivity of the programme.

First, we find support for the existence of programme careers: The number of participations in active labour market programmes in recent years increases the probability of participating in a One-Euro-Job. Type of programme matters: while participation in job creation schemes and other programmes increase the probability, private employment subsidy and start-up subsidy decrease the probability.

Second, there is a strong negative effect for minor employment on 31st January 2005. This is only surprising on the first sight, because on the one hand the needy person should be available for the labour market and should be open to end his/her neediness. However, both, the labour market agency and the unemployed individual are better off with only minor employment than with One-Euro-Job. Furthermore, One-Euro-Jobs should be targeted at the hard to place individuals.

Third, concerning the industry of the last contributory job it becomes obvious that sectors like public administration, defence, social security, health care, education (only in West Germany) and other services increase the probability of starting a One-Euro-Job comparing to manufacturing as a last sector whereas construction (in East Germany) and retail trade and hotels / restaurants (not for women in West Germany) decrease the probability. The probability seems to be higher if the last sector is a typical sector for One-Euro-Jobs such as health, education and public administration.

So overall, we conclude that target groups are reached only partially. Whether this is due to the use of One-Euro-Jobs as a work test or due to cream skimming of case managers or firms or caused by other factors cannot be answered here. Our results cannot show which step in the theoretical framework influences the participation the most as all steps should influence the assignment itself. As special target groups are not fully reached with One-Euro-Jobs, we suggest that also the interaction of different steps plays an important role. However, we suggest that the proposal in the local employment agency could be very important as the following steps are based on this decision and the case managers have the opportunity to anticipate the following steps.

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Appendix

Table 2: Public employment programmes

Programme	Characteristics
Job creation schemes	- additional works of public utility - wage subsidies - Participant receives usual wage. - Subject to social security contribution except unemployment insurance - Duration of up to twelve months
Job opportunities with wage	- Not necessary additional works of public utility - wage subsidies - Participant receives usual wage. - Subject to social security contribution - Duration of less than twelve months
One-Euro-Jobs	- additional works of public utility - lump sum to the organisation that covers allowance and further costs of carrying out one Euro Jobs. - Participant receives allowances of one to two Euros per hour additional to unemployment benefits II. - No contribution to social security - Duration of normally up to six months

Table 3: Probit Estimates for East and West Germany

	East G.		West G.	
	marginal effect	SE	marginal effect	SE
Reference transitional probability	0.1136		0.0401	
Age in years	(reference is 15 to 20 years)			
21-24	-0.0013	0.0044	-0.0029	0.0016
25-30	-0.0955 ***	0.0084	-0.0300 ***	0.0033
31-35	-0.0911 ***	0.0081	-0.0300 ***	0.0033
36-40	-0.0897 ***	0.0080	-0.0294 ***	0.0032
41-45	-0.0885 ***	0.0079	-0.0288 ***	0.0032
46-50	-0.0877 ***	0.0078	-0.0299 ***	0.0033
51-57	-0.0903 ***	0.0080	-0.0328 ***	0.0035
58-62	-0.1000 ***	0.0088	-0.0369 ***	0.0039
Impairment of health or disabled	-0.0090 ***	0.0018	-0.0056 ***	0.0008
Nationality	(reference is German)			
German with migration background	-0.0285 ***	0.0039	-0.0088 ***	0.0012
Turkish	-0.0594 ***	0.0056	-0.0205 ***	0.0020
Soviet Union	-0.0086	0.0047	-0.0118 ***	0.0016
Other foreigners	-0.0496 ***	0.0046	-0.0168 ***	0.0017
Women (yes)	0.0065 ***	0.0015	-0.0105 ***	0.0011
No partner	0.2248	0.1443	0.1598	0.1166
Partner, not married	0.0004	0.0021	0.0050 ***	0.0013
Children	(reference is no child)			
One child	0.0088 ***	0.0018	0.0002	0.0008
Two children	0.0137 ***	0.0023	-0.0004	0.0009
Three and more children	0.0038	0.0029	0.0007	0.0012
Child below three (yes)	-0.0158 **	0.0057	-0.0066 **	0.0021
Vocational Education	(reference is no secondary schooling degree/ no vocational training)			
Secondary school, no vocational education	0.0126 ***	0.0027	0.0024 **	0.0008
Secondary school, vocational education	0.0204 ***	0.0027	0.0021 *	0.0008
GCSE, no vocational training	0.0073 *	0.0033	0.0012	0.0013
GCSE, vocational training	0.0179 ***	0.0026	0.0009	0.0011
A-levels, no vocational training	-0.0060	0.0067	-0.0044 *	0.0019
A-levels, vocational training	0.0203 ***	0.0049	-0.0009	0.0015
A-levels, college	0.0021	0.0045	-0.0059 ***	0.0016
Cumulated duration of unempl., 02/2004 to 01/2005	(reference is 0 to 6 months)			
7 to 12 months	0.0279 ***	0.0032	0.0104 ***	0.0014
Cumulated duration of unempl., 02/2000 to 01/2005	(reference is none)			
1 to 6 months	0.0186 ***	0.0043	0.0135 ***	0.0018
7 to 18 months	0.0161 ***	0.0046	0.0150 ***	0.0021
19 to 30 months	0.0221 ***	0.0052	0.0164 ***	0.0024
31 to 36 months	0.0145 **	0.0054	0.0122 ***	0.0024
37 to 48 months	0.0084	0.0054	0.0131 ***	0.0026
Out-of-labour force during last year	-0.0106 ***	0.0020	-0.0039 ***	0.0008
Cum. dur. neither empl. nor job-seeker, 01/2000 to 12/2004 (out-of-labour-force)	(reference is none)			
1 to 6 months	-0.0129 ***	0.0018	-0.0040 ***	0.0008
7 to 12 months	-0.0161 ***	0.0028	-0.0087 ***	0.0013
13 to 18 months	-0.0126 ***	0.0034	-0.0068 ***	0.0014
19 to 24 months	-0.0073 *	0.0037	-0.0047 **	0.0015
25 to 30 months	-0.0127 **	0.0041	-0.0051 **	0.0017
31 to 36 months	-0.0069	0.0047	0.0002	0.0018
37 to 42 months	0.0025	0.0052	0.0010	0.0019
43 to 60 months	-0.0093	0.0052	0.0002	0.0019
Cum. dur. of UI receipt from 02/2004 to 01/2005	(reference is none)			
1 to 6 months	-0.0085 **	0.0026	-0.0025 *	0.0012
7 to 9 months	-0.0089 *	0.0041	-0.0050 **	0.0017
10 to 12 months	-0.0044	0.0055	-0.0015	0.0022

Table 3: Probit Estimates for East and West Germany

	East G.		West G.	
	marginal effect	SE	marginal effect	SE
Cum. dur. of UI receipt from 02/2000 to 01/2004	(reference is none)			
1 to 3 months	0.0014	0.0026	0.0012	0.0013
4 to 12 months	-0.0010	0.0023	-0.0011	0.0011
13 to 18 months	0.0092 **	0.0032	-0.0023	0.0014
> 18 months	0.0011	0.0041	-0.0024	0.0019
Cum. dur. of UA receipt from 02/2004 to 01/2005	(reference is none)			
1 to 3 months	0.0043	0.0052	0.0031	0.0022
4 to 6 months	0.0030	0.0051	0.0004	0.0021
7 to 9 months	-0.0099 *	0.0049	-0.0050 *	0.0020
10 to 12 months	-0.0080	0.0049	-0.0028	0.0021
Cum. dur. of UA receipt from 02/2000 to 01/2004	(reference is none)			
1 to 6 months	-0.0074 *	0.0029	-0.0017	0.0012
7 to 12 months	-0.0109 ***	0.0031	-0.0025	0.0013
13 to 30 months	-0.0155 ***	0.0032	-0.0054 ***	0.0014
31 to 42 months	-0.0203 ***	0.0038	-0.0095 ***	0.0018
43 to 48 months	-0.0254 ***	0.0043	-0.0140 ***	0.0021
UI ben. receipt, Dec. 31st 2004	-0.0069	0.0045	0.0042 *	0.0021
UA ben. receipt, Dec. 31st 2004	0.0226 ***	0.0045	0.0071 ***	0.0019
Cumulated dur. of regular employment 01/2000 to 12/2004	(reference is none)			
1 to 6 months	0.0059 *	0.0025	0.0058 **	0.0019
7 to 12 months	-0.0026	0.0028	0.0030	0.0019
13 to 18 months	-0.0113 ***	0.0030	0.0036	0.0021
19 to 24 months	-0.0180 ***	0.0038	-0.0002	0.0021
25 to 30 months	-0.0247 ***	0.0043	-0.0004	0.0024
31 to 42 months	-0.0355 ***	0.0047	-0.0025	0.0024
43 to 60 months	-0.0528 ***	0.0063	-0.0105 ***	0.0027
Interaction terms with age below 25				
Under 25, no voc. training	-0.0096 *	0.0040	-0.0023	0.0018
	(reference is under 25, no regular employment)			
Under 25, up to 12 months regular employment	-0.0162 ***	0.0046	-0.0073 ***	0.0019
Under 25, more than 12 months regular employment	-0.0145 *	0.0059	-0.0063 **	0.0020
ALMP participation in the last five years (yes)				
Job creation schemes	0.0156 ***	0.0029	0.0150 ***	0.0022
Private employment subsidy	-0.0228 ***	0.0027	-0.0063 ***	0.0013
Further vocational training	0.0041 *	0.0020	0.0021 *	0.0009
Retraining	-0.0066 *	0.0032	0.0000	0.0015
Short-term training (classroom)	-0.0037 *	0.0018	0.0024 **	0.0009
Short-term training (practical)	-0.0058 *	0.0023	0.0027 *	0.0011
Other short-term training	0.0030	0.0049	0.0046 *	0.0020
Startup subsidy	-0.0346 ***	0.0044	-0.0157 ***	0.0019
Private placement service (§37), some tasks of placement	-0.0093 **	0.0034	-0.0040 ***	0.0012
Private placement service (§37), all tasks of placement	-0.0045	0.0030	-0.0038 **	0.0013
other ALMP	0.0277 ***	0.0039	0.0162 ***	0.0021
Time since end of last ALMP	(reference is 1 to 6 months)			
7 to 12 months	0.0182 ***	0.0026	0.0075 ***	0.0013
13 to 24 months	0.0101 ***	0.0024	0.0054 ***	0.0012
> 24 months	0.0028	0.0020	0.0036 ***	0.0010
Number of ALMPs in last five years	(reference is none)			
One	0.0193 ***	0.0028	0.0080 ***	0.0013
Two	0.0345 ***	0.0041	0.0124 ***	0.0019
Three	0.0390 ***	0.0051	0.0168 ***	0.0026
Four	0.0425 ***	0.0062	0.0204 ***	0.0032
Five and more	0.0446 ***	0.0071	0.0282 ***	0.0041

Table 3: Probit Estimates for East and West Germany

	East G.		West G.	
	marginal effect	SE	marginal effect	SE
Industry of last contributory job	(reference is manufactoring)			
Job with missing sector	-0.0116 **	0.0042	-0.0002	0.0019
Agriculture, forestry, fishing, mining, energy and water supply	-0.0050	0.0038	0.0175 ***	0.0031
Food and tobacco	-0.0092	0.0062	-0.0011	0.0022
Wood, paper, publishing, printing	0.0042	0.0083	-0.0003	0.0024
Chemical industry, engineering, vehical construction	0.0034	0.0077	0.0001	0.0020
Construction	-0.0180 ***	0.0037	0.0008	0.0015
Wholesale trade and car sales	-0.0084	0.0051	-0.0027	0.0016
Retail trade and hotels/restaurants	-0.0215 ***	0.0040	-0.0022	0.0014
Transport and communication	-0.0087	0.0047	-0.0041 *	0.0016
Services for companies	-0.0038	0.0035	0.0038 **	0.0013
Public adminstration, defense, social security agencies	0.0258 ***	0.0044	0.0264 ***	0.0031
Education	0.0005	0.0040	0.0180 ***	0.0027
Health care, veterinarian and social services	0.0219 ***	0.0045	0.0224 ***	0.0025
Other services	0.0081 *	0.0036	0.0088 ***	0.0018
Last professional status	(reference is blue-collar worker)			
Skilled worker / foreman	-0.0060 ***	0.0017	-0.0048 ***	0.0009
White-collar worker	-0.0036	0.0021	-0.0066 ***	0.0010
Part-time	-0.0007	0.0018	-0.0027 **	0.0009
No job yet	-0.0051	0.0066	0.0016	0.0028
Firm size of last contributory job	(reference is 1 to 20 employees)			
21 to 50 employees	0.0047 *	0.0021	0.0040 ***	0.0010
51 to 100 employees	0.0031	0.0022	0.0060 ***	0.0011
101 to 400 employees	0.0014	0.0019	0.0037 ***	0.0009
> 400 employees	-0.0045 *	0.0022	0.0028 *	0.0011
Missing	-0.0041	0.0032	-0.0013	0.0015
Last regular monthly real wage (deflated with CPI, 2000=100)	(reference is none)			
>0 to 500 Euro	0.0126 **	0.0045	0.0112 ***	0.0020
>500 to 1000 Euro	0.0223 ***	0.0038	0.0132 ***	0.0018
>1000 to 1500 Euro	0.0223 ***	0.0037	0.0140 ***	0.0017
>1500 to 2000 Euro	0.0109 **	0.0039	0.0090 ***	0.0015
> 2000 Euro	-0.0006	0.0044	0.0025	0.0015
Time since end of last contributory job	(reference is 1 to 6 months)			
7 to 12 months	0.0064 *	0.0030	0.0001	0.0013
13 to 24 months	0.0106 ***	0.0030	-0.0008	0.0011
25 to 36 months	0.0064 *	0.0030	-0.0006	0.0012
37 to 48 months	0.0013	0.0031	-0.0038 **	0.0013
> 48 months	-0.0007	0.0033	-0.0061 ***	0.0016
Average duration of contributory jobs between 01/2000 and 12/2004	(reference is 1 to 6 months)			
7 to 12 months	0.0065 **	0.0021	0.0002	0.0009
13 to 24 months	0.0093 ***	0.0027	-0.0018	0.0012
25 to 36 months	0.0131 **	0.0050	-0.0054 **	0.0019
37 to 60 months	0.0183 *	0.0076	-0.0031	0.0025
Number of contributory jobs in last five years	(reference is none)			
One	-0.0049	0.0037	-0.0053 *	0.0022
Two	0.0050	0.0046	-0.0053 *	0.0024
Three or more	0.0086	0.0055	-0.0036	0.0026
Minor employment, Jan. 31st 2005	-0.0512 ***	0.0039	-0.0200 ***	0.0019
Partner's cum. Dur. Neither empl. Nor job-seeker nor unemployment benefit receipt (proxy for out-of-labour force), 01/2000 to 12/2004	(reference is none)			
1 to 24 months	-0.0053 *	0.0022	0.0011	0.0015
25 to 30 months	-0.0051	0.0053	0.0096 **	0.0029
31 to 36 months	-0.0090	0.0056	0.0073 *	0.0028
37 to 42 months	-0.0086	0.0060	0.0111 ***	0.0030
43 to 60 months	-0.0115 ***	0.0032	0.0119 ***	0.0018

Table 3: Probit Estimates for East and West Germany

	East G.		West G.	
	marginal effect	SE	marginal effect	SE
Partner education	(no secodary schooling degree/ no vocational training)			
Secondary school, no vocational education	0.0014	0.0040	0.0004	0.0013
Secondary school, vocational education	0.0020	0.0038	0.0004	0.0017
GCSE or A-levels, vocational education or college	-0.0004	0.0035	-0.0008	0.0018
Partner ID is missing	-0.0021	0.0049	-0.0114 ***	0.0018
Partner ID available but partner education is missing	-0.0072	0.0040	-0.0067 ***	0.0015
Partner unemployed, Jan. 31st 2005	-0.0051 *	0.0026	-0.0023	0.0012
Regional variables (district level)				
Local unempl. rate in January 2005	-0.0014 ***	0.0003	0.0016 ***	0.0001
%age change in local unempl. rate in January 2005	-0.0012 ***	0.0002	-0.0006 ***	0.0000
Percentage of LTU in Jan. 2005	0.0002	0.0002	-0.0006 ***	0.0001
Total %age change of percentage of LTU in Jan. 2005	-0.0020 ***	0.0001	-0.0002 **	0.0001
Vacancy-unemployment ratio in January 2005	0.6471 ***	0.1040	-0.0183	0.0114
%age change vacancy-unemployment ratio in January 2005	0.0000	0.0000	0.0000 *	0.0000
	(reference is Cities with below average LM conditions, high LTU)			
Urban areas with average labour market cond.	0.1131 ***	0.0115	0.0160 ***	0.0017
Rural areas with below average LM conditions	0.0518 ***	0.0041	0.0157 ***	0.0023
Rural areas in East Germany with severe LM conditions	0.0318 ***	0.0028		
Rural areas in East Germany with very severe LM conditions	0.0116 ***	0.0032		
	0.0065 ***	0.0015	-0.0105 ***	0.0011
Cities in West Germany with average labour market conditions			0.0222 ***	0.0022
Cities in West Germany with above-average labour market conditions			0.0374 ***	0.0036
Rural areas in West Germany with average LM conditions			0.0361 ***	0.0031
Rural areas in W. G. with above average LM conditions and high seasonal dynamics			0.0734 ***	0.0057
Rural areas in W. G., very favourite LM cond., seasonal dynamics and low LTU			0.0491 ***	0.0046
Rural areas in W. G., very favourite LM cond. and low LTU			0.0535 ***	0.0046
AIC	71445.98		57340.00	
BIC	72957.31		58937.45	
Number of Observations	153731		206909	
Log of the Likelihood	-35570.99		-28514.00	
Pseudo R^2	0.0713		0.0843	

* p<0.05, ** p<0.01, *** p<0.001

Table 4: Probit Estimates for men and women in East Germany

	Men		Women	
	marginal effect	SE	marginal effect	SE
Reference transitional probability	0.1207		0.1168	
Age in years	(reference is 15 to 20 years)			
21-24	-0.0036	0.0065	0.0019	0.0064
25-30	-0.1015 ***	0.0125	-0.0975 ***	0.0121
31-35	-0.0965 ***	0.0120	-0.0935 ***	0.0118
36-40	-0.0952 ***	0.0119	-0.0920 ***	0.0116
41-45	-0.0922 ***	0.0116	-0.0920 ***	0.0116
46-50	-0.0921 ***	0.0116	-0.0902 ***	0.0114
51-57	-0.0949 ***	0.0119	-0.0929 ***	0.0117
58-62	-0.1057 ***	0.0131	-0.1031 ***	0.0129
Impairment of health or disabled	-0.0078 **	0.0025	-0.0106 ***	0.0030
Nationality	(reference is German)			
German with migration background	-0.0250 ***	0.0057	-0.0347 ***	0.0059
Turkish	-0.0642 ***	0.0082	-0.0578 ***	0.0085
Soviet Union	-0.0127	0.0070	-0.0064	0.0066
other foreigners	-0.0580 ***	0.0071	-0.0417 ***	0.0066
No partner	0.1533	0.1897	0.2678	0.2101
Partner, not married	-0.0025	0.0031	0.0014	0.0031
Children	(reference is no child)			
One child	-0.0003	0.0028	0.0130 ***	0.0027
Two children	0.0052	0.0036	0.0173 ***	0.0034
Three and more children	-0.0053	0.0047	0.0096 *	0.0041
Child under three years (yes)	-0.0014	0.0079	-0.0391 ***	0.0098
Vocational Education	(reference is no secondary schooling degree/ no vocational training)			
Secondary school, no vocational education	0.0072 *	0.0036	0.0248 ***	0.0048
Secondary school, vocational education	0.0102 **	0.0033	0.0395 ***	0.0052
GCSE, no vocational training	-0.0015	0.0046	0.0250 ***	0.0056
GCSE, vocational training	0.0013	0.0031	0.0429 ***	0.0052
A-levels, no vocational training	-0.0064	0.0092	-0.0012	0.0110
A-levels, vocational training	0.0070	0.0065	0.0423 ***	0.0084
A-levels, college	-0.0074	0.0061	0.0194 *	0.0075
Cumulated duration of unempl., 02/2004 to 01/2005	(reference is 0 to 6 months)			
7 to 12 months	0.0244 ***	0.0042	0.0337 ***	0.0050
Cumulated duration of unempl., 02/2000 to 01/2005	(reference is none)			
1 to 6 months	0.0319 ***	0.0070	0.0091	0.0057
7 to 18 months	0.0260 ***	0.0074	0.0089	0.0062
19 to 30 months	0.0327 ***	0.0081	0.0147 *	0.0072
31 to 36 months	0.0215 **	0.0083	0.0114	0.0077
37 to 48 months	0.0160	0.0083	0.0039	0.0077
Out-of-labour force during last year	-0.0130 ***	0.0029	-0.0074 *	0.0032
Cum. dur. neither empl. nor job-seeker, 01/2000 to 12/2004 (out-of-labour-force)	(reference is none)			
1 to 6 months	-0.0128 ***	0.0024	-0.0136 ***	0.0028
7 to 12 months	-0.0199 ***	0.0039	-0.0117 **	0.0044
13 to 18 months	-0.0124 **	0.0048	-0.0151 **	0.0051
19 to 24 months	-0.0100	0.0055	-0.0060	0.0053
25 to 30 months	-0.0216 ***	0.0065	-0.0070	0.0058
31 to 36 months	-0.0175 *	0.0070	0.0028	0.0069
37 to 42 months	-0.0013	0.0077	0.0082	0.0078
43 to 60 months	-0.0156 *	0.0078	-0.0022	0.0076
Cum. dur. of UI receipt from 02/2004 to 01/2005	(reference is none)			
1 to 6 months	-0.0082 *	0.0036	-0.0106 *	0.0041
7 to 9 months	-0.0008	0.0058	-0.0208 ***	0.0062
10 to 12 months	0.0003	0.0079	-0.0112	0.0083

Table 4: Probit Estimates for men and women in East Germany

	Men			Women		
	marginal effect		SE	marginal effect		SE
Cum. dur. of UI receipt from 02/2000 to 01/2004	(reference is none)					
1 to 3 months	-0.0008		0.0039	0.0024		0.0037
4 to 12 months	0.0017		0.0035	-0.0045		0.0033
13 to 18 months	0.0095	*	0.0046	0.0120	*	0.0052
> 18 months	0.0057		0.0058	-0.0065		0.0064
Cum. dur. of UA receipt from 02/2004 to 01/2005	(reference is none)					
1 to 3 months	0.0073		0.0073	-0.0047		0.0080
4 to 6 months	0.0099		0.0073	-0.0113		0.0075
7 to 9 months	-0.0046		0.0070	-0.0211	**	0.0073
10 to 12 months	-0.0037		0.0071	-0.0190	*	0.0074
Cum. dur. of UA receipt from 02/2000 to 01/2004	(reference is none)					
1 to 6 months	-0.0068		0.0040	-0.0091	*	0.0046
7 to 12 months	-0.0084		0.0044	-0.0160	***	0.0049
13 to 30 months	-0.0140	**	0.0046	-0.0201	***	0.0049
31 to 42 months	-0.0165	**	0.0055	-0.0264	***	0.0057
43 to 48 months	-0.0251	***	0.0063	-0.0283	***	0.0065
UI ben. receipt, Dec. 31st 2004	-0.0174	**	0.0063	0.0035		0.0073
UA ben. receipt, Dec. 31st 2004	0.0100		0.0056	0.0454	***	0.0085
Cumulated dur. of regular employment 01/2000 to 12/2004	(reference is none)					
1 to 6 months	0.0055		0.0035	0.0069		0.0040
7 to 12 months	-0.0032		0.0038	-0.0013		0.0045
13 to 18 months	-0.0112	**	0.0042	-0.0111	*	0.0048
19 to 24 months	-0.0165	**	0.0052	-0.0211	***	0.0061
25 to 30 months	-0.0264	***	0.0059	-0.0231	***	0.0069
31 to 42 months	-0.0395	***	0.0066	-0.0313	***	0.0073
43 to 60 months	-0.0574	***	0.0090	-0.0509	***	0.0098
Interaction terms with age below 25						
Under 25, no voc. training	-0.0073		0.0057	-0.0197	**	0.0061
	(reference is under 25, no regular employment)					
Under 25, up to 12 months regular employment	-0.0106		0.0065	-0.0265	***	0.0072
Under 25, more than 12 months regular employment	-0.0020		0.0087	-0.0346	***	0.0088
ALMP participation in the last five years (yes)						
Job creation schemes	0.0144	***	0.0039	0.0189	***	0.0048
Private employment subsidy	-0.0220	***	0.0037	-0.0247	***	0.0043
Further vocational training	0.0027		0.0027	0.0057		0.0030
Retraining	-0.0054		0.0045	-0.0075		0.0051
Short-term training (classroom)	-0.0031		0.0026	-0.0051		0.0027
Short-term training (practical)	-0.0058		0.0032	-0.0052		0.0037
Other short-term training	0.0067		0.0068	-0.0021		0.0075
Startup subsidy	-0.0318	***	0.0059	-0.0393	***	0.0074
Private placement service (§37), some tasks of placement	0.0010		0.0051	-0.0210	***	0.0051
Private placement service (§37), all tasks of placement	-0.0011		0.0043	-0.0077		0.0045
Other ALMP	0.0324	***	0.0058	0.0220	***	0.0055
Time since end of last ALMP	(reference is 1 to 6 months)					
7 to 12 months	0.0119	***	0.0035	0.0261	***	0.0043
13 to 24 months	0.0100	**	0.0034	0.0100	**	0.0036
> 24 months	-0.0002		0.0029	0.0060		0.0031
Number of ALMPs in last five years	(reference is none)					
One	0.0172	***	0.0038	0.0221	***	0.0043
Two	0.0308	***	0.0056	0.0401	***	0.0064
Three	0.0358	***	0.0070	0.0437	***	0.0079
Four	0.0367	***	0.0083	0.0500	***	0.0097
Five and more	0.0394	***	0.0097	0.0516	***	0.0111

Table 4: Probit Estimates for men and women in East Germany

	Men		Women	
	marginal effect	SE	marginal effect	SE
Industry of last contributory job	(reference is manufactoring)			
Job with missing sector	-0.0081	0.0059	-0.0198 **	0.0068
Agriculture, forestry, fishing, mining, energy and water supply	0.0042	0.0052	-0.0206 **	0.0066
Food and tobacco	0.0069	0.0106	-0.0232 **	0.0085
Wood, paper, publishing, printing	0.0126	0.0117	-0.0088	0.0126
Chemical industry, engineering, vehical construction	0.0003	0.0095	0.0136	0.0152
Construction	-0.0153 ***	0.0046	-0.0230 **	0.0073
Wholesale trade and car sales	-0.0116	0.0067	-0.0044	0.0088
Retail trade and hotels/restaurants	-0.0179 **	0.0058	-0.0283 ***	0.0064
Transport and communication	-0.0058	0.0059	-0.0171	0.0088
Services for companies	-0.0035	0.0046	-0.0067	0.0061
Public adminstration, defense, social security agencies	0.0293 ***	0.0063	0.0195 **	0.0067
Education	0.0007	0.0054	-0.0033	0.0064
Health care, veterinarian and social services	0.0260 ***	0.0070	0.0125	0.0065
Other services	0.0116 *	0.0049	0.0008	0.0060
Last professional status	(reference isblue-collar worker)			
Skilled worker / foreman	-0.0079 ***	0.0023	0.0019	0.0032
White-collar worker	-0.0094 **	0.0034	-0.0010	0.0029
Part-time	-0.0060 *	0.0027	0.0046	0.0027
No job yet	0.0177	0.0099	-0.0260 **	0.0100
Firm size of last contributory job	(reference is 1 to 20 employees)			
21 to 50 employees	0.0026	0.0029	0.0084 *	0.0035
51 to 100 employees	0.0036	0.0031	0.0028	0.0034
101 to 400 employees	0.0029	0.0027	0.0001	0.0028
> 400 employees	-0.0059	0.0032	-0.0035	0.0033
Missing	-0.0017	0.0044	-0.0081	0.0051
Last regular monthly real wage (deflated with CPI, 2000=100)	(reference is none)			
>0 to 500 Euro	0.0193 **	0.0072	0.0090	0.0061
>500 to 1000 Euro	0.0340 ***	0.0063	0.0148 **	0.0049
>1000 to 1500 Euro	0.0279 ***	0.0060	0.0207 ***	0.0050
>1500 to 2000 Euro	0.0186 **	0.0061	0.0075	0.0059
> 2000 Euro	0.0054	0.0066	0.0008	0.0072
Time since end of last contributory job	(reference is 1 to 6 months)			
7 to 12 months	0.0076	0.0041	0.0033	0.0049
13 to 24 months	0.0184 ***	0.0043	-0.0010 .	
25 to 36 months	0.0162 ***	0.0044	-0.0080	0.0047
37 to 48 months	0.0068	0.0044	-0.0077	0.0048
> 48 months	0.0038	0.0046	-0.0094	0.0051
Average duration of contributory jobs between 01/2000 and 12/2004	(reference is 1 to 6 months)			
7 to 12 months	0.0085 **	0.0029	0.0035	0.0032
13 to 24 months	0.0075 *	0.0038	0.0115 **	0.0043
25 to 36 months	0.0021	0.0067	0.0249 **	0.0082
37 to 60 months	0.0233 *	0.0106	0.0118	0.0115
Number of contributory jobs in last five years	(reference is none)			
One	-0.0022	0.0054	-0.0075	0.0055
Two	0.0043	0.0065	0.0077	0.0072
Three or more	0.0061	0.0075	0.0170	0.0094
Minor employment, Jan. 31st 2005	-0.0500 ***	0.0055	-0.0556 ***	0.0060
Partner's cum. Dur. Neither empl. Nor job-seeker nor unemployment benefit receipt (proxy for out-of-labour force), 01/2000 to 12/2004	(reference is none)			
1 to 24 months	-0.0040	0.0034	-0.0060 *	0.0030
25 to 30 months	-0.0096	0.0070	0.0039	0.0094
31 to 36 months	-0.0012	0.0078	-0.0214 *	0.0087
37 to 42 months	-0.0043	0.0083	-0.0163	0.0093
43 to 60 months	-0.0131 **	0.0045	-0.0142 **	0.0050

Table 4: Probit Estimates for men and women in East Germany

	Men		Women	
	marginal effect	SE	marginal effect	SE
Partner education	(no secodary schooling degree/ no vocational training)			
Secondary school, no vocational education	0.0015	0.0057	0.0006	0.0061
Secondary school, vocational education	0.0023	0.0057	0.0016	0.0054
GCSE or A-levels, vocational education or college	-0.0026	0.0051	0.0006	0.0052
Partner ID is missing	0.0055	0.0071	-0.0076	0.0073
Partner ID available but partner education is missing	-0.0079	0.0058	-0.0078	0.0059
Partner unemployed, Jan. 31st 2005	-0.0041	0.0039	-0.0059	0.0036
Regional variables (district level)				
Local unempl. rate in January 2005	-0.0018 ***	0.0005	-0.0011 *	0.0005
%age change in local unempl. rate in January 2005	-0.0010 ***	0.0002	-0.0014 ***	0.0002
Percentage of LTU in Jan. 2005	0.0000	0.0003	0.0004	0.0003
Total %age change of percentage of LTU in Jan. 2005	-0.0017 ***	0.0002	-0.0026 ***	0.0002
Vacancy-unemployment ratio in January 2005	0.6723 ***	0.1525	0.6726 ***	0.1519
%age change vacancy-unemployment ratio in January 2005	0.0000	0.0000	0.0000	0.0000
	(reference is Cities with below average LM conditions, high LTU)			
Urban areas with average labour market cond.	0.1365 ***	0.0170	0.0960 ***	0.0161
Rural areas with below average LM conditions	0.0575 ***	0.0061	0.0480 ***	0.0058
Rural areas in East Germany with severe LM conditions	0.0390 ***	0.0044	0.0254 ***	0.0038
Rural areas in East Germany with svery evere LM conditions	0.0145 **	0.0048	0.0085	0.0046
Looking for part-time job			-0.0121 **	0.0037
AIC	37628.09		33955.62	
BIC	39035.74		35349.73	
Number of Observations	82637		71094	
Log of the Likelihood	-18663.04		-16825.81	
Pseudo R^2	0.0772		0.0693	

* p<0.05, ** p<0.01, *** p<0.001

Table 5: Probit Estimates for men and women in West Germany

	Men		Women	
	marginal effect	SE	marginal effect	SE
Reference transitional probability	0.0510		0.0188	
Age in years	(reference is 15 to 20 years)			
21-24	-0.0026	0.0027	-0.0007	0.0013
25-30	-0.0376 ***	0.0051	-0.0140 ***	0.0029
31-35	-0.0376 ***	0.0051	-0.0139 ***	0.0029
36-40	-0.0371 ***	0.0051	-0.0134 ***	0.0028
41-45	-0.0369 ***	0.0051	-0.0128 ***	0.0027
46-50	-0.0377 ***	0.0051	-0.0140 ***	0.0029
51-57	-0.0414 ***	0.0055	-0.0155 ***	0.0031
58-62	-0.0466 ***	0.0060	-0.0177 ***	0.0035
Impairment of health or disabled	-0.0074 ***	0.0013	-0.0028 ***	0.0008
Nationality	(reference is German)			
German with migration background	-0.0111 ***	0.0019	-0.0049 ***	0.0012
Turkish	-0.0269 ***	0.0032	-0.0094 ***	0.0019
Soviet Union	-0.0129 ***	0.0026	-0.0078 ***	0.0017
Other foreigners	-0.0223 ***	0.0027	-0.0074 ***	0.0015
No partner	0.1234	0.1289	0.0810	0.1366
Partner, not married	-0.0005	0.0017	0.0092 ***	0.0020
Children	(reference is no child)			
One child	-0.0023	0.0014	0.0008	0.0007
Two children	-0.0023	0.0015	0.0003	0.0008
Three and more children	-0.0004	0.0018	0.0006	0.0012
Child under three years (yes)	-0.0018	0.0032	-0.0103 ***	0.0023
Vocational Education	(reference is no secondary schooling degree/ no vocational training)			
Secondary school, no vocational education	0.0006	0.0011	0.0037 ***	0.0010
Secondary school, vocational education	-0.0003	0.0012	0.0050 ***	0.0012
GCSE, no vocational training	-0.0015	0.0021	0.0037 **	0.0014
GCSE, vocational training	-0.0032	0.0017	0.0046 ***	0.0013
A-levels, no vocational training	-0.0113 ***	0.0028	0.0036	0.0021
A-levels, vocational training	-0.0045	0.0023	0.0037 *	0.0016
A-levels, college	-0.0131 ***	0.0027	0.0019	0.0016
Cumulated duration of unempl., 02/2004 to 01/2005	(reference is 0 to 6 months)			
7 to 12 months	0.0102 ***	0.0019	0.0070 ***	0.0016
Cumulated duration of unempl., 02/2000 to 01/2005	(reference is none)			
1 to 6 months	0.0183 ***	0.0032	0.0050 ***	0.0014
7 to 18 months	0.0179 ***	0.0033	0.0063 ***	0.0017
19 to 30 months	0.0178 ***	0.0036	0.0083 ***	0.0021
31 to 36 months	0.0136 ***	0.0038	0.0053 *	0.0021
37 to 48 months	0.0132 ***	0.0040	0.0075 **	0.0024
Out-of-labour force during last year	-0.0039 **	0.0012	-0.0027 ***	0.0008
Cum. dur. neither empl. nor job-seeker, 01/2000 to 12/2004 (out-of-labour-force)	(reference is none)			
1 to 6 months	-0.0051 ***	0.0012	-0.0015	0.0007
7 to 12 months	-0.0108 ***	0.0019	-0.0039 **	0.0012
13 to 18 months	-0.0087 ***	0.0021	-0.0025 *	0.0012
19 to 24 months	-0.0065 **	0.0023	-0.0015	0.0013
25 to 30 months	-0.0082 **	0.0027	-0.0007	0.0014
31 to 36 months	-0.0017	0.0029	0.0020	0.0016
37 to 42 months	0.0011	0.0032	0.0016	0.0016
43 to 60 months	-0.0013	0.0033	0.0017	0.0016
Cum. dur. of UI receipt from 02/2004 to 01/2005	(reference is none)			
1 to 6 months	-0.0042 *	0.0017	-0.0008	0.0011
7 to 9 months	-0.0065 *	0.0025	-0.0027	0.0016
10 to 12 months	0.0003	0.0035	-0.0024	0.0019

Table 5: Probit Estimates for men and women in West Germany

	Men		Women	
	marginal effect	SE	marginal effect	SE
Cum. dur. of UI receipt from 02/2000 to 01/2004	(reference is none)			
1 to 3 months	0.0030	0.0019	-0.0007	0.0011
4 to 12 months	-0.0005	0.0016	-0.0015	0.0010
13 to 18 months	-0.0002	0.0021	-0.0039 **	0.0014
> 18 months	-0.0011	0.0029	-0.0036 *	0.0017
Cum. dur. of UA receipt from 02/2004 to 01/2005	(reference is none)			
1 to 3 months	-0.0003	0.0030	0.0047	0.0025
4 to 6 months	-0.0043	0.0029	0.0046	0.0025
7 to 9 months	-0.0095 ***	0.0029	0.0007	0.0022
10 to 12 months	-0.0074 *	0.0029	0.0028	0.0024
Cum. dur. of UA receipt from 02/2000 to 01/2004	(reference is none)			
1 to 6 months	-0.0027	0.0017	-0.0003	0.0011
7 to 12 months	-0.0012	0.0020	-0.0030 *	0.0013
13 to 30 months	-0.0035	0.0020	-0.0052 ***	0.0014
31 to 42 months	-0.0077 **	0.0026	-0.0077 ***	0.0018
43 to 48 months	-0.0142 ***	0.0030	-0.0093 ***	0.0021
UI ben. receipt, Dec. 31st 2004	-0.0012	0.0031	0.0060 **	0.0023
UA ben. receipt, Dec. 31st 2004	0.0082 **	0.0027	0.0036	0.0020
Cumulated dur. of regular employment 01/2000 to 12/2004	(reference is none)			
1 to 6 months	0.0084 **	0.0028	0.0015	0.0019
7 to 12 months	0.0050	0.0027	-0.0002	0.0018
13 to 18 months	0.0066 *	0.0031	-0.0010	0.0019
19 to 24 months	0.0030	0.0032	-0.0036	0.0019
25 to 30 months	0.0043	0.0037	-0.0049 *	0.0021
31 to 42 months	0.0007	0.0037	-0.0053 *	0.0022
43 to 60 months	-0.0101 *	0.0042	-0.0089 ***	0.0025
Interaction terms with age below 25				
Under 25, no voc. training	-0.0010 .		-0.0024	0.0015
	(reference is under 25, no regular employment)			
Under 25, up to 12 months regular employment	-0.0096 **	0.0030	-0.0032	0.0016
Under 25, more than 12 months regular employment	-0.0083 **	0.0032	-0.0025	0.0017
ALMP participation in the last five years (yes)				
Job creation schemes	0.0173 ***	0.0031	0.0085 ***	0.0025
Private employment subsidy	-0.0077 ***	0.0018	-0.0027 *	0.0013
Further vocational training	0.0012	0.0013	0.0025 *	0.0010
Retraining	-0.0015	0.0021	0.0015	0.0015
Short-term training (classroom)	0.0035 **	0.0013	0.0010	0.0009
Short-term training (practical)	0.0024	0.0015	0.0025 *	0.0013
Other short-term training	0.0051	0.0029	0.0025	0.0020
Startup subsidy	-0.0186 ***	0.0027	-0.0088 ***	0.0020
Private placement service (§37), some tasks of placement	-0.0038 *	0.0018	-0.0028 *	0.0011
Private placement service (§37), all tasks of placement	-0.0040 *	0.0019	-0.0022	0.0012
Other ALMP	0.0187 ***	0.0030	0.0091 ***	0.0022
Time since end of last ALMP	(reference is 1 to 6 months)			
7 to 12 months	0.0076 ***	0.0018	0.0050 ***	0.0014
13 to 24 months	0.0061 ***	0.0017	0.0032 **	0.0012
> 24 months	0.0046 **	0.0015	0.0016	0.0010
Number of ALMPs in last five years	(reference is none)			
One	0.0104 ***	0.0019	0.0031 **	0.0012
Two	0.0147 ***	0.0027	0.0060 **	0.0019
Three	0.0216 ***	0.0038	0.0062 **	0.0023
Four	0.0248 ***	0.0046	0.0096 **	0.0032
Five and more	0.0324 ***	0.0056	0.0157 ***	0.0045

Table 5: Probit Estimates for men and women in West Germany

	Men			Women		
	marginal effect		SE	marginal effect		SE
Industry of last contributory job	(reference is manufactoring)					
Job with missing sector	-0.0013		0.0027	0.0011		0.0019
Agriculture, forestry, fishing, mining, energy and water supply	0.0245	***	0.0043	-0.0019		0.0032
Food and tobacco	0.0016		0.0035	-0.0022		0.0019
Wood, paper, publishing, printing	-0.0011		0.0034	0.0001		0.0026
Chemical industry, engineering, vehical construction	0.0005		0.0028	-0.0009		0.0024
Construction	0.0007		0.0020	0.0021		0.0029
Wholesale trade and car sales	-0.0027		0.0023	-0.0019		0.0017
Retail trade and hotels/restaurants	-0.0047	*	0.0022	-0.0003		0.0014
Transport and communication	-0.0052	*	0.0022	-0.0017		0.0020
Services for companies	0.0049	*	0.0019	0.0018		0.0014
Public adminstration, defense, social security agencies	0.0374	***	0.0049	0.0078	**	0.0025
Education	0.0225	***	0.0040	0.0085	***	0.0025
Health care, veterinarian and social services	0.0291	***	0.0042	0.0103	***	0.0023
Other services	0.0116	***	0.0027	0.0037	*	0.0017
Last professional status	(reference is blue-collar worker)					
Skilled worker / foreman	-0.0054	***	0.0012	-0.0016		0.0012
White-collar worker	-0.0106	***	0.0017	-0.0034	***	0.0009
Part-time	-0.0005		0.0016	-0.0019	**	0.0007
No job yet	0.0050		0.0042	0.0010		0.0026
Firm size of last contributory job	(reference is 1 to 20 employees)					
21 to 50 employees	0.0051	***	0.0014	0.0019		0.0009
51 to 100 employees	0.0067	***	0.0016	0.0039	***	0.0012
101 to 400 employees	0.0040	**	0.0013	0.0025	**	0.0009
> 400 employees	0.0033	*	0.0016	0.0016		0.0010
Missing	-0.0016		0.0021	-0.0006		0.0015
Last regular monthly real wage (deflated with CPI, 2000=100)	(reference is none)					
>0 to 500 Euro	0.0146	***	0.0033	0.0058	***	0.0017
>500 to 1000 Euro	0.0188	***	0.0030	0.0059	***	0.0015
>1000 to 1500 Euro	0.0191	***	0.0028	0.0057	***	0.0014
>1500 to 2000 Euro	0.0110	***	0.0024	0.0056	***	0.0016
> 2000 Euro	0.0045		0.0023	0.0015		0.0014
Time since end of last contributory job	(reference is 1 to 6 months)					
7 to 12 months	0.0009		0.0019	-0.0004		0.0012
13 to 24 months	-0.0006		0.0016	-0.0001		0.0011
25 to 36 months	-0.0005		0.0018	0.0004		0.0012
37 to 48 months	-0.0032		0.0019	-0.0025	*	0.0013
> 48 months	-0.0068	**	0.0023	-0.0025		0.0015
Average duration of contributory jobs between 01/2000 and 12/2004	(reference is 1 to 6 months)					
7 to 12 months	0.0001		0.0013	0.0005		0.0010
13 to 24 months	-0.0042	*	0.0018	0.0019		0.0014
25 to 36 months	-0.0062	*	0.0028	-0.0015		0.0019
37 to 60 months	-0.0030		0.0037	0.0001		0.0027
Number of contributory jobs in last five years	(reference is none)					
One	-0.0080	*	0.0031	-0.0011		0.0022
Two	-0.0075	*	0.0034	-0.0011		0.0024
Three or more	-0.0074	*	0.0037	0.0021		0.0029
Minor employment, Jan. 31st 2005	-0.0239	***	0.0029	-0.0108	***	0.0020
Partner's cum. Dur. Neither empl. Nor job-seeker nor unemployment benefit receipt (proxy for out-of-labour force), 01/2000 to 12/2004	(reference is none)					
1 to 24 months	0.0003		0.0024	0.0013		0.0012
25 to 30 months	0.0093	*	0.0042	0.0046		0.0029
31 to 36 months	0.0064		0.0040	0.0040		0.0029
37 to 42 months	0.0126	**	0.0043	0.0033		0.0028
43 to 60 months	0.0100	***	0.0025	0.0049	**	0.0018

Table 5: Probit Estimates for men and women in West Germany

	Men		Women	
	marginal effect	SE	marginal effect	SE
Partner education	(no secodary schooling degree/ no vocational training)			
Secondary school, no vocational education	0.0010	0.0020	0.0003	0.0013
Secondary school, vocational education	-0.0014	0.0027	0.0025	0.0015
GCSE or A-levels, vocational education or college	-0.0007	0.0028	-0.0003	0.0017
Partner ID is missing	-0.0121 ***	0.0025	-0.0071 ***	0.0021
Partner ID available but partner education is missing	-0.0084 ***	0.0021	-0.0045 **	0.0017
Partner unemployed, Jan. 31st 2005	-0.0024	0.0018	-0.0009	0.0012
Regional variables (district level)				
Local unempl. rate in January 2005	0.0016 ***	0.0002	0.0012 ***	0.0001
%age change in local unempl. rate in January 2005	-0.0007 ***	0.0001	-0.0003 ***	0.0000
Percentage of LTU in Jan. 2005	-0.0007 ***	0.0001	-0.0003 ***	0.0001
Total %age change of percentage of LTU in Jan. 2005	-0.0003 ***	0.0001	0.0000	0.0000
Vacancy-unemployment ratio in January 2005	-0.0305	0.0172	-0.0029	0.0103
%age change vacancy-unemployment ratio in January 2005	0.0000 *	0.0000	0.0000	0.0000
	(reference is Cities with below average LM conditions, high LTU)			
Cities in West Germany with average labour market conditions	0.0259 ***	0.0032	0.0131 ***	0.0025
Cities in West Germany with above-average labour market conditions	0.0450 ***	0.0053	0.0211 ***	0.0039
Urban areas with average labour market cond.	0.0190 ***	0.0025	0.0088 ***	0.0018
Rural areas in West Germany with average LM conditions	0.0409 ***	0.0044	0.0226 ***	0.0038
Rural areas with below average LM conditions	0.0165 ***	0.0033	0.0111 ***	0.0026
Rural areas in W. G. with above average LM conditions and high seasonal dynamics	0.0953 ***	0.0087	0.0349 ***	0.0056
Rural areas in W. G., very favourite LM cond., seasonal dynamics and low LTU	0.0642 ***	0.0070	0.0229 ***	0.0044
Rural areas in W. G., very favourite LM cond. and low LTU	0.0655 ***	0.0068	0.0287 ***	0.0049
Looking for part-time job			-0.0041 ***	0.0009
AIC	39005.00		18651.67	
BIC	40513.74		20105.09	
Number of Observations	124719		82190	
Log of the Likelihood	-19347.50		-9169.83	
Pseudo R^2	0.0814		0.0870	

* p<0.05, ** p<0.01, *** p<0.001