

Job Search Intensity and Welfare Benefits Receipt

Arne Bethmann and Brigitte Schels

The study focuses on the development of beneficiaries' job search efforts during lasting benefits receipt. The motivation to take up employment is a recurring topic in political and public debate on welfare recipients. Activation policies are a priority on the agenda of the German benefits system to strengthen benefits recipients' responsibility to handle their lives autonomously. It is a major concern that benefits recipients might develop dependence on welfare benefits (Bane and Elwood 1994: 75) meaning that lasting benefits receipt has detrimental effects on the recipients' job search behaviour. Previous research describes that a large proportion of benefits recipients show a broad spectrum of search activities; but only few of them also get positive feed-back and report subsequent job interviews (cf. Beste et al. 2010). According to expectancy theory, the benefits recipients' job search behaviour is influenced by their expectation to attain a job offer and the value of finding gainful employment. Benefits recipients who are continuously unsuccessful and do not find a gainful job might lose their motivation and give up. In the context of our study this does not only depend on the discouraging effect of unemployment, but also on the experience not to be able to secure one's livelihood by one's own employment. It is expected that beneficiaries perceive lasting benefits receipt as a loss in their capacity to handle their lives autonomously. They keep on relying on benefits, as they no longer consider earning an income separate from social benefits as a realistically achievable option. Consequently they would not invest in further search activities. However, some subgroups might still maintain their search efforts, especially if employment is of high value to them, e.g. beneficiaries who are responsible for a spouse or own children.

We analyse the development of job search intensity among recipients of Unemployment Benefit II (UB II), the German welfare benefit program for long-term unemployed individuals. Do UB II recipients reduce their job search efforts with prolonged spells of benefit receipt? Which factors lead to a decrease in search activities? Which individuals maintain high levels of search effort? So far research tells us that labour market behaviour of benefit recipients is dependent on potential labour market outcomes. The likelihood of job opportunities is influenced by e. g. gender and education, but also by family background and unemployment history. Therefore these aspects are considered as confounding factors of job search intensity.

We use data from the first five waves of the panel study “Labour Market and Social Security” (PASS) for our analysis. This dataset allows us to model the development of job search intensity in a longitudinal framework using a large sample of welfare benefit recipients. The survey provides self reported job search activity measures in every panel wave. Also in-depth information on (un-)employment and welfare histories as well as socio-demographics and household background are collected, giving us ample opportunity to include individual characteristics as well as contextual factors into our analytical models.

References:

Bane, Mary Jo and David T. Ellwood (1994): Welfare Realities. From Rhetoric to Reform. Cambridge: Harvard University Press.

Beste, Jonas, Arne Bethmann and Mark Trappmann (2010): Arbeitsmotivation und Konzessionsbereitschaft. ALG-II-Bezug ist nur selten ein Ruhekissen. IAB-Kurzbericht 15/2010. Nürnberg: Institute for Employment Research.