

Changing Inequality Patterns?

Do Empirical Findings on Men's Job Mobility and Unemployment in West Germany reflect a Loss of Social Integration?

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1. Introduction

Renowned globalization theorists predict that we are currently witnessing a historical disjunction and the beginning of a new epoch that brings about a new stage of modernity and thus, a new socio-cultural context. Especially with regard to Western European societies, this development is supposed to be observed not only for economic and political action, but for human life in general¹. As a consequence of these transformations, institutions that used to work as vehicles in the process of individual integration into modern societies are supposedly loosening their embedding and structuring power. Beck (1986) has labeled this phenomenon 'individualization'; a term that stresses the consequences of these developments with regard to individual life courses, namely turmoil and rising insecurities, concomitant with fading traditional inequality patterns and social identities².

As has been criticized by a number of authors³, empirical evidence confirming the view that the current process of globalization does indeed ring in a new epoch of individualization and disintegration is lacking. Thus, the aim of the paper is to take an empirical approach to the question of the individual level-consequences of globalization⁴. Therefore we bring the general, rather abstract discussion down to a concrete illustrative example, namely male employment career patterns.

Starting from the assumption that labor market participation is a core mechanism in the process of social integration and moreover in the reproduction of social inequality patterns, and given that the classic male employment career provides the basis for the German model of reciprocity and for the German welfare state as such (Senghaas-Knobloch 1999, Welsch 2000), we investigate (1) whether the employment careers have indeed become less stable for West German men, (2) whether these instabilities concern all male employees alike and (3) what implications should be drawn with regard to social stratification and the nature of individual integration into society.

The dominant globalization discourse anticipates that instabilities in individual life courses are on the rise, affecting the private sphere but also the work life. More specifically, Castells (2000) assumes that the process of globalization leads to increasing international competition which urges firms to respond faster and more flexibly to market changes. According to this argument, firms make efforts into passing the insecurities they face to their employees, in order to gain more numerical flexibility (abbr. Kurz et al. 2002). If the arguments forwarded by globalization

¹ See e.g. Beck (1986, 1997), Giddens (1995), Albrow (1996) and Castells (2000).

² Beck assumes an individualization of inequality, 'beyond class and strata' (Beck 1986: 121ff, Beck/Beck-Gernsheim 1990: 12f), meaning that individuals become increasingly independent from social ties. This in return is supposed to lead to fading traditional social identities.

³ See e.g. Goldthorpe (2001), Mills/Blossfeld (2002).

⁴ To be sure, globalisation as such – as well as individualization – is, for a number of reasons, indeed difficult to measure; a problem that we do not intend to go into in detail here. The concept of globalization used in this paper is outlined in Blossfeld (2000) and Mills/Blossfeld (2002).

theorists are of substantial empirical value, employment instability should be observable in terms of more mobility between firms as well as in and out of unemployment. A process of increasing individualization should then not only seriously touch the well known disadvantaged groups in the German labor market such as young people, women, unskilled workers etc. Rather, the insiders should also be increasingly affected, namely men in their mid career phase that used to be shielded by the West German institutional setting.

Another question arising from this perspective is that of the further individual and social consequences of the assumed changes in male career paths. Do these developments imply the emergence of disintegrating forces in a 'working society'? Moreover, do we find evidence for ongoing changes concerning the role played by institutions in 'sorting' (Kerckhoff 1995) individuals into stratified positions? In section 2, this association is discussed in more detail. Section 3 provides a brief review of our approach to male career mobility in West Germany. Hypotheses and data and methods are presented in sections 4 and 5. In section 6, we present empirical findings on male employment insecurity and unemployment. The main results are summarized and discussed in section 7, considering the background of the research questions presented above.

2. Social integration and stratification in industrialized societies

In this section we aim to shed light on the question, 'What are employment careers supposed to tell us about processes of social integration and changing inequality patterns?'. We develop our argumentation stepwise; starting out from the fact that paid work traditionally plays a key role in industrialized societies. From this point we derive the central meaning of employment as a means of social integration and stratification, coming closer to its specific character with regard to institutions and to individual life courses. We propose that, if social integration and stratification used to be closely bound to traditional employment patterns⁵, then visible changes in these patterns may indicate changes in the process of social integration and of who is mainly affected by them.

2.1 The key role of paid work

The evolution of diverse welfare regimes in industrialized societies has been closely linked to the idea of Fordism as the basic principle of economic and social development. As a consequence,

⁵ That is, in the case of Germany, lifelong (male) full time employment ('Normalarbeitsverhältnis') and stable careers with comparatively low rates of job shifts and stable upward trajectories, due to internal labor markets.

paid work has early become a central point of reference, concerning various spheres of life. With regard to the German welfare state, this circumstance has been captured early by the term 'Arbeitsgesellschaft'⁶ ('work society'), an expression that criticizes but also stresses the central role of paid work as a core mechanism of social integration (Senghaas-Knobloch 1999). From a macro level perspective, paid work – implicitly the typical male employment career, characterized as lifelong fulltime employment – is in the center of the German welfare state arrangement. According to Kaufmann (1997), the welfare state arrangement is based on three key features: (1) an autonomous state with economic and social-political steering capacity; (2) a functioning economy; and (3) a developed social security system. Undoubtedly, paid work is a vital part of the economy. It provides the basis for the German social security systems – such as the pension scheme and unemployment benefits – which were intended to compensate the risks of work life. As the three features of the welfare state arrangement are highly dependent on each other, paid work can be regarded as a supposition for the economic and social steering capacity of the state. In this respect, paid work is needed in order to maintain the so called 'institutionalized compromise' or 'capital labor accordance'. Or, to put it differently, paid work is needed to keep the balance between state, capital and labor⁷.

Concerning individuals, labor has several additional functions. First of all, in a society where wealth is typically referred to in terms of satisfaction of consumption needs, paid work is still the main source of individual income (Welsch 2000, Brose et al. 1994). Besides this rather practical purpose, work has proven to have a central psychosocial meaning in giving a motive for personal activity as well as in providing a timeframe for people's everyday life and moreover for their lifetime (Jahoda et al. 1960). Hence, paid work is regarded as a main principle of civil integration in terms of 'feeling like' and 'being regarded as' a 'full,' 'valuable' member of the society.

To be sure, the latter has traditionally been true for men, not for women (e.g. Kohli 2000). For women the conditions of social integration used to derive *indirectly* from the employment status of their head of the household, father or husband etc. (cf. Parkin 1971) and moreover *directly* from their own status as (unpaid working) family members and housewives. Hence, besides paid employment there are of course additional means of social integration, such as the family, friendships or membership in associations. Still, especially when regarding men in their early and mid career phase, paid employment typically offers access to social integration.

⁶ The term 'Arbeitsgesellschaft' had been introduced by Hannah Arendt in 1952; abbr. Arendt, Hannah (1992): *Vita activa oder vom täglichen Leben*. München.

⁷ We will turn to this aspect again when discussing the West German institutional framework.

2.2 *Dynamic aspects of social integration*

In accordance with the arguments forwarded so far, Brose et al. (1994) link the idea of integration to the concept of membership in labor market organizations. More specifically they introduce private firms and organizations of the public sector as important scenes of action for social integration. They propose that the integration into society is specified via membership in organizations, a process that is supposed to be selective, “Inklusion qua Exklusion” (Brose et al. 1994: 256). This view combines several aspects that play a major role in the way we understand and operationalize integration. First of all it suggests that talking about *integration* implicitly and at the same time means talking about *disintegration*. This is why in the following we make use of the term *(dis)integration* when neither exclusively talking about the one nor the other.

Furthermore, the concept of membership as it is presented by Brose et al. (1994) allows for stressing the time dependent, temporary character of employment relationships. From this perspective, the *dynamics* of both phenomena under study (job duration and phases of unemployment) in an individual’s life course are of major importance. For example being unemployed for six months means something totally different for both, people seeking employment as well as for potential employers, than being unemployed for two years, since re-entering employment becomes increasingly unlikely with rising unemployment duration. Furthermore unemployment means something different at the beginning of a career, when unemployment spells are more common than in later career phases, when men, at least in West Germany, used to enjoy a high amount of job security and stability. The same is true for frequent job changes which, in the case of West Germany, are more common at the beginning of a career due to matching processes. This is why we propose to study employment careers in terms of job- and unemployment durations along individual’s life courses, in this paper, concentrating on the early- and mid-career phases of men.

2.3 *Unemployment and occupational mobility as indicators for (dis-)integration*

Once agreed upon that paid employment is indeed a central aspect of *social integration*, the reverse conclusion would be that, above all, those persons who are involuntarily unemployed are in danger of facing forces of *social disintegration*. To be sure, we do *not* argue that being unemployed is equal to – or inevitably leads to – disintegration. Instead we propose that unemployment implies the exclusion from an important mechanism of social integration, namely paid employment. Given the absence of other forces of social integration, this exclusion may in fact reinforce the likelihood of disintegration. Besides, given the material as well as the social

functions of paid work as a binding mechanism to collective entities, it is reasonable to argue that exclusion from paid employment may weaken these 'private' ties over time.

Moreover, we suggest that emerging employment patterns which point to more frequent job shifts be regarded as indicators for changes in the nature of (dis)integration. Given that employees are indeed increasingly forced to change firms faster, this should not only affect their ties to their employers but also touch their relation to other persons and institutions. Hence, employment instabilities, defined in terms of inter-firm changes, may lead to a loss of institutionally produced ties that used to socially integrate people. On the other hand it seems precipitated to assume that career mobility promotes disintegration in any case. We suggest that, depending on the framing conditions as well as on the kind of mobility observed, the opposite can be the case. There are different scenarios imaginable where a change of job either enables or disables people to build up or to keep a satisfactory level of social integration. A job change may for example either make it easier or more difficult for a person to combine work and private life, depending on (1) job related factors like distance from home to workplace before and after the change, working hours, working time autonomy and earnings, but also depending on (2) the specific living arrangements, for example being in a partnership, having children, membership in associations or clubs. Besides, people's ideas of a 'satisfactory' level and kind of social integration should not only vary a great deal across persons but also change over time.⁸

Yet, forces of disintegration should be stronger in the case of unemployment than with regard to increasing rates of inter-firm mobility. Concerning the latter, the workplace-related means of social integration such as occupational status, social relations, workplace-related privileges, and identity in one firm are – at least to a certain degree – compensated by new institutional ties and social relations developing in another firm. In the case of unemployment, the means of compensation should be much more limited, especially with regard to the psychosocial function of work, although in Germany at least the material component of unemployment is buffered by the social security system.

An important question arising from the perspective of social stratification research is that of who is mainly affected by the positive and negative consequences of the changes, outlined above. Is there variation concerning the 'quality' or 'reliability' of inclusion achievable? While stratification researchers expect that characteristics like high level of education and advanced class position still protect from employment insecurities, the globalization discourse suggests that the traditional institutional ties have, in general, lost importance. Thus, reflecting information about an

⁸ Since we are not able to control for these factors appropriately, our analyses and interpretation are limited in this respect.

individual's educational attainment and occupational status in the light of the respective institutional system should be of importance when studying employment careers as an indicator for changing inequality patterns. Or, given that the globalization thesis is true, our results should show that these characteristics have become less important over time.

3. Increasing instability in men's employment careers?⁹

We start out from the assumption that career mobility as well as the likelihood of experiencing unemployment episodes are strongly affected, on the one hand, as has been argued above, by the institutional framework and, on the other, by developments on the demand and supply side of labor. Therefore, we give an overview over the relevant developments in these areas for West Germany, beginning with three institutional systems that have a major impact on Germany's employment structure and career patterns: the educational system, the economic system and the welfare state (section 3.1). Then we turn to the major labor market changes concerning the supply and demand side of employment (section 3.2). The focus is on the relevant historical period from about 1955 to the end of the 1990s and on West Germany only.

3.1 The German institutional setting

Following Allmendinger (1989), the German *educational system* can be described as highly standardized and stratified, with the stratification starting at a rather young age. General schooling – which is typically public schooling without much status differentiation between schools – is usually followed by vocational training (ca. 60%) or attendance of a technical college or university (ca. 25%). Tertiary education is provided by state financed technical colleges and universities which are free of tuition fees. The majority of young people receive their vocational training in the dual system which combines schooling and practical work.

Employer organizations, unions, and state institutions are all engaged in shaping the form of training, examination, and certification (Winkelmann 1996). As a result of the tight cooperation between labor market institutions and state organizations, the link between educational attainment and occupational outcomes is close (Müller/Shavit 1998, Blossfeld/Stockmann 1999).

The West German *economy* has been typed as flexibly coordinated (Soskice 1999, Mayer 1997). Characteristic of this type of economy are long-term cooperative employment relationships which

⁹ This section as well as the following sections are based on the article "Increasing Instability in Employment Careers? Men's Job Mobility and Unemployment in West Germany: A Comparison of the Birth Cohorts 1940, 1955 and 1964" (abbr. Kurz et al. 2002).

are based on trust. Different institutions provide a framework that helps to create and maintain these kinds of industrial relations (Soskice 1999), such as the long-term financing of firms, the collective bargaining system, co-determination legislation, and worker's councils, as well as the vocational training system. They foster functional flexibility as well as mutual cooperation and reliance (Marsden 1995).

Compared to other European countries, e.g. England, no really persuasive *deregulation* measures have been introduced to the German labor market, although deregulation has been a heavily debated issue in German politics for years. The major changes in this respect are the opening clauses ("Öffnungsklauseln") of collective agreements and the changes of dismissal procedures. Both means had been introduced in order to enable firms to adjust wage levels and the size of their workforce more flexibly to market changes (Fuchs/Schettkat 2000). An important step to deregulate the labor market came with the Employment Promotion Act ("Beschäftigungsförderungsgesetz") introduced in 1985, which made it easier for employers to use fixed-term contracts. As these end at a set date, they circumvent dismissal protection. Before 1985, such contracts were only permitted under certain specific conditions, but with the Employment Promotion Act, employers gained freedom to offer fixed-term contracts to a much greater extent. After the change in legislation, the use of fixed-term contracts increased somewhat, particularly among young employees (Bielenski et al. 1994, Schömann et al. 1998, Kim/Kurz 2001).

Concerning the *welfare state arrangement*, Germany belongs to the conservative welfare regimes (Esping-Andersen 1990). With regard to *gender relations*, this implies a strong indirect support for the male breadwinner model, as German welfare policies include only limited attempts to free women from the traditional 'female tasks', such as unpaid care giving and housework. Three main features implicitly strengthen men's traditional role as the main breadwinner of a family: (1) the German tax system ("spouse splitting") which encourages the spouse with lower earnings – usually the women – to reduce working hours or to quit employment (Esping Andersen 1999, Kurz 1998); (2) little support for childcare provided by the state, which makes it difficult for primary caregivers – often women – with children to be fulltime and continuously employed; and (3) the parental leave legislation which further supports discontinuous employment of women through providing the option of an employment interruption of up to three years with a job guarantee (Brumlop 1994). Within this institutional framework, the interests of married women, married men and employers work in the direction of reserving full-time, secure positions for men and leaving less secure, part-time positions to women.

3.2 Labor market changes

Due to cyclical and structural developments, namely staggering of the business cycle, shifts in the core sectors, and technological improvement, the *demand for labor* has considerably changed during the last 50 years. The development of most concern in this respect has been the tremendous rise in unemployment, a process that is supposed to have started in the mid-1970s with the oil price shock (Mückenberger 1989, Schmid 2000). Like in other developed countries, there have been severe shifts in the employment shares of the three core sectors: (1) the immense shrinking of the agricultural sector, (2) cyclical fluctuation and decrease of the production sector since the ending of the 'golden age' (Carlin 1996) in the early 1970s, (3) the growth of the public sector until the mid 1980s and (4) a rising labor demand in personal and business services (Schmid 1998). Compared to other OECD type countries, like England and the US, the share of the production sector has remained relatively high in Germany (Kaelble 1997, Castells 2000), while the growth of the tertiary sector has been moderate due to the high costs of (especially personal) services (Schmid 1998). Despite the rather moderate decrease in the share of the secondary sector, technological innovation has led to severe changes in the production industries. Due to fast technical improvement, the productivity rates have been growing remarkably over the last decades. At the same time, firms have intensively made use of new rationalization, decentralization, downsizing and outsourcing strategies. This has led to a reduction in firm size and, moreover, to a decrease in the demand for labor, with unskilled positions in the industrial sector being especially affected (Baethge 2000).

Concerning the *supply side* of the German labor market during the last decades, three major developments must be taken into consideration (see also Corsten/Hillmert 2001): First, *educational expansion* and *qualificational upgrading* have surely lowered the employment chances of persons who did not meet the minimum standard of having a vocational degree. Secondly, *significant variation in the size of the cohorts that have left the educational system* has led to considerable differences in the labor market situation of particular cohorts beyond long-term trends. The third trend that has to be taken into consideration with regard to changes in employment patterns is the *increase of female labor force participation*: As has been argued in section 3.1, women might have been particularly subject to firms' increasing demands for a flexible work force. This might imply a buffering effect for male careers: men might have faced relatively minor risks in their employment careers in spite of significant changes in the overall labor-market situation.

Due to the changes on the supply and the demand side of labor outlined above, the *cohorts under study* in this paper entered the labor market under very different circumstances: *Men born*

around 1940 began their employment career around 1960 during the economic miracle when labor market conditions were very good and unemployment practically non-existent. Their early- and mid-career phase fell into a time of advantageous employment conditions. In contrast, *men born around 1955* entered the labor market about 1975 when the macro-economic situation started to get worse but with unemployment rates still being rather low. Finally, *men born in 1964* definitely faced the worst conditions when entering the labor market in the 1980s. Their early- and mid-career phase is characterized by rising unemployment, labor market deregulation (introduction of fixed-term contracts), and a general increase of competition between firms.

4. Hypotheses

As a result of the German institutional setting which favors a close link between educational level and employment positions as well as long-term employment relationships (see section 3.1), the West German mobility regime used to be characterized by rather stable working careers with comparatively low degrees of individual mobility (Shavit/Müller 1998, Carroll/Mayer 1986). However, the labor market developments described above may have led to changes in this framework. Based on what has been presented in section 3.2, the following trends should be observable for the birth cohort 1954-56 (cohort 1955) and even more so for cohort 1964 when compared to the “economic miracle cohort”, that is, individuals born 1939-41 (cohort 1940).

Increase of inter-firm job changes

Due to the reduction of firm size and the therefore shrinking importance of internal labor markets as well as the facilitation of fixed-term contracts, an increase of moves between firms across birth cohorts can be expected. Inter-firm mobility should be particularly high in cohort 1964.

Rising risk of unemployment

Considering the historical trend in unemployment rates, a higher individual risk of becoming unemployed should be observed for the younger cohorts.

Lower chances for leaving unemployment

Since unemployment in West Germany is mainly due to structural changes that lead to a permanently decreased demand for unskilled (manual) labor, it is likely that it has become increasingly difficult for unemployed persons from younger cohorts to find work again.

Do occupational class and education still protect from employment instability?

As has been argued in sections 1 and 2.4, apart from the general debate on rising career mobility, theorists disagree on the question whether the assumed increase in employment instability is a risk for all (male) employees alike. While Beck (1986, 1997: 107) assumes the latter, stratification

researchers like Breen (1997) and Goldthorpe (2001) expect clear class and educational patterns, meaning that people in less advantaged positions or with lower educational level are more exposed to employment insecurity. Therefore, two opposing hypotheses can be forwarded:

H1: Following Breen (1997), it is to be expected that employers shield their highly qualified employees from instabilities in order to ensure their commitment while passing the risks to their low qualified staff. Thus, class and educational level do not lose their power in protecting from instabilities in work life. One could then observe for all birth cohorts similarly that highly educated persons have less inter-firm moves and a lower unemployment risk compared to less- educated persons.

H2: According to neoclassical economic arguments, employers might need to find forms of numerical flexibility *within* the highly qualified segment of their workforce. One option is to make employment insecurity (e.g., through fixed term contracts) attractive for parts of the highly skilled employees by granting a wage premium that compensates for the increased insecurity (Schömann et al. 1998). Hence, highly qualified employees should experience increasing risks of inter-firm mobility and of moves to unemployment. This pattern should be visible, in particular, in the youngest birth cohort since the pressure and opportunities for employers to offer less employment security have increased since the 1980s. However, given the German industrial relations system, employees with vocational training, that is, skilled workers, should be largely protected from employment instabilities.

Despite the arguments forwarded so far, it is, of course, an open question whether - apart from unemployment - employment instabilities have indeed expanded significantly across cohorts for men, since the deregulation of the labor market has been modest in Germany and social policies implicitly encourage men's stable full-time employment at the expense of women's employment careers. Indeed, other empirical studies suggest that there is no trend towards more employment instability for men in Germany (Erlinghagen/Knuth 2002).

5. Data and Methods

The outlined research problem will be studied using longitudinal data from three surveys of the West German Life History Study GLHS (cf. Mayer/Brückner 1989, Brückner/Mayer 1995, Corsten/Hillmert 2001). The employment careers of three birth cohorts (1939-41, 1954-56 and 1964¹⁰) are compared, focusing on male dependent workers. The cohorts were interviewed in

¹⁰ The respective data for cohort 1964 were collected as part of the research project "Ausbildungs- und Berufsverläufe der Geburtskohorten 1964 und 1971 in Westdeutschland", a project of the Max-Planck-

1981-83 (cohort 1940), 1989 (cohort 1955) and 1998-99 (cohort 1964), which means that all respondents were between 34 and 44 years old, when reporting their life histories. The numbers of realized cases are 733 for cohort 1940, 1000 for cohort 1955 and 1476 for cohort 1964¹¹. Our sub-sample includes men of German nationality only, followed up to age 40 (at maximum). For each cohort, survivor functions are calculated using the technique of product-limit estimation. With regard to inter-individual differences, effects are calculated using piecewise-constant transition rate models (cf. Blossfeld/Rohwer 1995).

Total distributions and relative differences are analyzed for the following transitions: (1) from a job to another job that requires a change of company; (2) from a job to unemployment¹²; and (3) from unemployment to employment.

Transitions (1) and (2): To study overall mobility, all direct job shifts that include a change of firm are analyzed. The competing destination state is 'transition from job to unemployment'. For both transitions, the underlying time axis is 'duration within the firm'. Firm duration is regarded as being relevant in terms of a) protection against unemployment (due to the length of firm membership) and b) seniority and investments in firm-specific human capital. The independent variables controlled for are labor force experience (at the beginning of the job in years), unemployment experience (at the beginning of the job in years; unemployment analyses only), educational attainment (5-point CASMIN-scale) and occupational class (EGP; Erikson/Goldthorpe 1992).

Transition (3): For the analysis on transitions from unemployment to employment, we study the duration of each unemployment spell observed in a person's career. Cohort 1940 is excluded from this analysis because of the low case numbers. For the same reason, the sub-sample is extended to the unemployment spells of people born between 1959 and 61 (cohort 1960), added to the cases of cohort 1955. The independent variables are labor force and unemployment experience, the number of previous unemployment spells, and educational attainment.

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¹¹ Analyses for this cohort base upon an 85%-sample (checked and edited data) of the overall sample.

¹² Because the questionnaires used for interviewing cohorts 40, 55 and 60 did not contain explicit questions on whether and when someone was registered as being unemployed, unemployment is measured indirectly, based on information on reasons for job changes and on activities during phases of non-employment.

6. Empirical findings ¹³

Figure 1 graphs the survivor functions of firm tenure – which ends with a move to another firm – for the cohorts 1940, 1955 and 1964. Such *inter-firm mobility* is strongest within the first years of employment and then decreases noticeably. The comparison of the survivor functions shows that the patterns of inter-firm mobility did not change over cohorts. Thus, the hypothesis of increasing inter-firm mobility is not supported by the data.

Turning to *the transition to unemployment* (Figure 2), one can observe that the curves for the younger cohorts are steeper, with a great number of transitions to unemployment occurring within the first year spent in the job. This illustrates that members of the younger cohorts become unemployed faster and to a much greater extent than those belonging to cohort 1940. Therefore, as has been hypothesized, a clear trend towards more unemployment across cohorts emerges.

The analysis of *unemployment duration* for cohorts 1955/60 and 1964 (Table 1) shows that the likelihood of finding a new job is decreasing noticeably the longer a person is unemployed. Interestingly, in cohort 55/60, most transitions to employment occur within the first six months after unemployment, while the proportion of transitions in cohort 64 is more broadly distributed. Furthermore, the members of cohort 64 generally seem to have better chances of becoming (re-) employed than those of cohort 55/60. This result contradicts the hypothesis of increased difficulties in finding work for unemployed men belonging to the younger cohorts. Rather, it suggests that temporary unemployment has become a more common experience which can be regarded as a consequence of rising labor market flexibility. This growth in flexibility implies that there are generally better opportunities of finding a new job. Or, to put it differently, people of the youngest cohort are more exposed to the risk of losing their jobs, but once becoming unemployed, they are more likely to become re-employed again. Still, a cautionary note is appropriate: For both younger cohorts, the case numbers of unemployment incidents are rather low in this sample (n=57 and 91, respectively) which might contribute to biased results. Therefore, further studies are needed to confirm these findings.

To study whether the effects of educational level, occupational class and labor market segment have changed across cohorts, separate piecewise exponential models were calculated for each cohort. The results are presented in tables 2 to 4. The following interpretation focuses on the effects that are relevant with respect to the hypotheses.

For *inter-firm mobility* (table 2), one can observe that employees of the oldest cohort with a technical college or university degree have a significantly lower mobility rate than the reference category (lower secondary education with occupational qualifications; $b = -0.48$) and the lowest

¹³ All figures and tables referred to in this section are contained in appendix A.

rate of all employees in cohort 1940 (see model 1). This pattern continues in cohort 1955, but with the second highest educational level also displaying a low mobility rate. In the youngest cohort, educational differences in the rate of inter-firm mobility have largely disappeared. The only group that stands out in this cohort is employees with lower secondary education without vocational training. Surprisingly, they have the lowest mobility rate. The educational effects are largely mirrored in the class effects (model 2): In cohorts 1940 and 1955, employees in the upper and lower service class display significantly lower rates of inter-firm mobility than skilled and unskilled manual workers. In contrast, in cohort 1964 class differences (between dependent workers) are no longer detected. To sum up, the relatively lower inter-firm mobility rates of employees with high qualifications and of service class members have diminished from birth cohorts 1940 and 1955 to cohort 1964. This is in line with the expectations based on neoclassical arguments. At the same time, there is no support for the additional hypothesis that inter-firm mobility of employees with a low educational level has increased across cohorts.

Turning to the *transition to unemployment*, the expected “baseline pattern” was a clear educational differentiation. Following human capital theory, individual skills determine the productivity of a person and, thus, their market chances. Thus, factors like labor force experience and formal qualifications should decrease the risk of unemployment and, when falling into unemployment, increase the chances of returning back into employment quickly. Empirical studies have confirmed these associations for Germany (Brauns et al. 1999, Gangl 2001). For cohort 1940, such a pattern does not emerge concerning the educational level (see Table 3, models 1 and 3); even when a model is estimated that does not control for previous unemployment experience (model 3). The missing educational effect in cohort 1940 is probably due to the small number of events (namely, 43) which result from the extremely good labor market conditions in the first years of the work lives for this cohort. When turning to cohort 1955, one can observe the well-known effect pattern: Those *without* vocational training (no matter whether with lower or upper secondary schooling) have a higher transition rate to unemployment than those with vocational training or with a college or university degree. Men with upper secondary schooling with vocational qualifications seem to be best protected. However, except for the latter effect, none of the coefficients reaches the significance level of 0.05. At first sight, the effect pattern changes for cohort 1964: the effect for the lowest educational category goes further down, meaning that there is not much of a difference anymore in the unemployment risk between lower secondary schooling with and without a vocational degree. Also, those with upper secondary schooling *without* vocational degrees display a lower risk of unemployment than those in the reference category. Both results suggest that the divide between employees with and without vocational degrees has lost its importance. However, it has to be taken into consideration that we control for unemployment experience, which is stratified by educational level. When this variable is excluded from the model, the results change (model 3): employees with lower

secondary schooling *without* vocational degree display clearly the highest risk of becoming unemployed ($b=0.42^{**}$). Thus, it can be concluded that even in the youngest cohort, the unemployment risk remains differentiated by general educational level and vocational training.

The effects of occupational class support the interpretation that unemployment risk is stratified: Un- and semi-skilled workers have the highest unemployment risk in all cohorts, followed by skilled workers. Service class members and masters/technicians seem to be best protected against unemployment in all cohorts. The effects for these groups are (with one exception) lower in the youngest cohort compared to the middle cohort, but the differences do not reach conventional levels of statistical significance¹⁴. Thus, there are no secure signs that the unemployment risk is less stratified by class in cohort 1964 compared to cohort 1955.

Turning to the models on *exits from unemployment to employment* (table 4), the findings are clearly structured by education for cohorts 1955/60. The exit chances are best for employees with lower secondary schooling and vocational training, followed by those with upper secondary schooling with a vocational or a university degree. It is remarkable that employees with a vocational certificate, not those with a technical college and university degree, are at the top. Employees with *no* vocational degree (no matter whether with lower or upper secondary schooling) have the lowest chances of leaving unemployment. In contrast, the educational effects are less pronounced for cohort 1964. This is true even if the variable unemployment experience is excluded from the model. That is, it seems that exits from unemployment have become less dependent on educational level.

7. Discussion

The results presented in this paper indicate that *employment instability has not, in general, increased for German men* of the birth cohorts 1955 and 1964 compared to the “economic miracle cohort”, 1940. That is, in contrast to what one would expect based on the globalization discourse, the rates of direct inter-firm mobility have remained largely the same across cohorts.

This might be due to the fact that in spite of employer’s growing demand for numerical flexibility, there are, in the case of Germany, at the same time good reasons for employers to use forms of *functional* and *temporal flexibility*, such as to become more customer-orientated and innovative – strategies which often require an entrepreneurial long-term perspective and investment in human resources (Brödner/Kötter 1999, Nordhause-Janzen/Pekruhl 2000). This in return implies the need for a certain amount of workforce stability in order to achieve employees’ commitment and trust;

¹⁴ To detect this, we estimated common models for cohort 1955 and 1964 with interaction effects between cohort and class position.

a kind of industrial relations that has been traditionally supported by the German institutional setting (Soskice 1991, 1999).

Nevertheless, the findings suggest that *there are emerging forces of disintegration*: The most important change in this respect is the massively rising unemployment risk that the two younger birth cohorts face¹⁵.

Although the overall rates of inter-firm mobility have remained constant over time, this does not mean that employment patterns have indeed stayed the same for employees of all educational levels and occupational classes. The corresponding findings show that the rates of inter-firm mobility, which have been relatively low for the highly qualified employees of the older cohorts, increased in the youngest cohort, 1964. Concerning the two opposing hypotheses on whether the highly skilled, respectively service class employees should still enjoy more stable careers or not, the result supports the neoclassical economic arguments: that is, highly qualified employees more often choose less stable positions, probably in order to maximize their wages (Schömann et al. 1998). At the same time, the hypothesis that low qualified employees face decreasing levels of firm stability is not supported by the data. However, this finding might be due to the circumstance that it probably has become difficult for low qualified employees to find a new position immediately. As this problem is disregarded in the measure of direct inter-firm mobility used here, it is in the centre of the unemployment analyses presented in this paper.

The analyses of changes in male career mobility patterns suggest that forces of disintegration are not so much due to more frequent firm changes but mainly result from job losses. As has been outlined in section 2.4, the latter is problematic concerning the individual but, from a long term perspective, also with regard to the German welfare state arrangement: So far, the material component of unemployment used to be buffered by the German social security system, which is largely financed through paid employment (section 2.1, 2.4). Given the previous resistance of the German institutional setting against basic changes on the one hand (the deregulation debate can probably be regarded as an example here) and the - yet unsolved - unemployment problem on the other, central questions concerning the future of the German welfare state arrangement remain: How long do employees accept the growing burden caused by financial transfers to the

¹⁵ Still, the question remains whether unemployment can be interpreted as a consequence of globalization. Some economists would argue that the general restructuring processes of the economy together with the closed German employment system are the main reasons for the persisting unemployment problem in Germany. But a connection between these restructuring processes and globalization can hardly be rejected.

social security system (Blossfeld 2000)? Respectively, are there feasible alternatives to the previous German model of paid work-centered reciprocity (cf. Senghaas-Knobloch 1999)?

Nevertheless, going back to the individual, whether unemployment leads to *individual disintegration* at all is of course very much dependent on the unemployment duration as well as on the related question of who actually becomes unemployed and who manages to leave unemployment.

In general, as people of the youngest cohort have a greater overall unemployment risk but, at the same time, are more likely to become re-employed again, it can be argued that the German labor market has become more open and flexible. Hence, the increasing labor market flexibility should soften trends in individual disintegration.

What is more relevant is that unemployment did hardly matter for the members of birth cohort 1940, but for the younger cohorts it matters unequivocally more for the low qualified, in particular for those with no vocational degree. That is, as unskilled workers have a clearly higher unemployment risk than other employees, the members of this group are most in danger of experiencing forces of social disintegration. Consequently, the negative effects of the rising labor market flexibility hit them particularly hard, not only in economic terms, but also with regard to their social embeddedness.

Concerning the highly educated employees, a picture of relative stability across cohorts emerges: Although highly qualified men are increasingly mobile between firms, they do not face a higher unemployment risk. Thus the aspect of greatest concern regarding employment instability does not seem to have increased for them. Only with respect to finding a job while being unemployed, the highly skilled do not seem to be privileged anymore compared to the other members of the youngest cohort. That is, the chances to become re-employed seem to have become less dependent on educational level from cohort 1955/60 to cohort 1964, although this result needs to be confirmed by analyses with larger numbers of cases.

In sum, the empirical results propose that the typical male employment career seems to be so far still well protected by the German institutional setting. Moreover the findings presented in this paper suggest that employment related forces of social disintegration are not on the way of becoming a common experience for all employees alike. Instead, well known patterns of social stratification remain dominant. Hence it can be stated that labor market institutions that, in fact,

used to play a major role in shaping national ideas of reciprocity and solidarity, have neither lost importance as locations of social integration, nor have they stopped to reproduce hierarchical structures that provide the basis for social inequality.

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Figure 1:

Product-Limit Survivor Function – Inter-firm Mobility

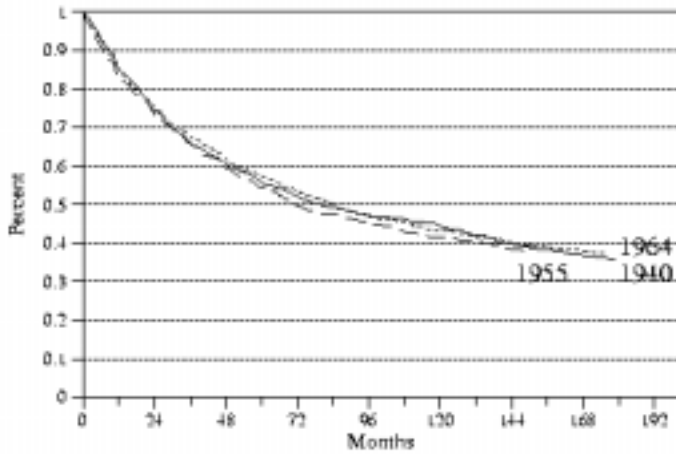


Figure 2:

Product-Limit Survivor Function – Transition to Unemployment

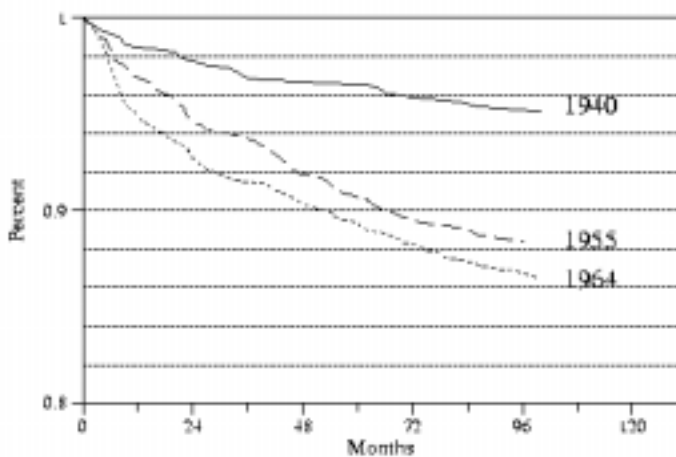


Table 1:

Transition from unemployment to employment

	Cohort 1955/60	Cohort 1964
	unemployment → employment	
<i>Periods</i>		
1-6 months	-2.78**	-2.39**
6-12 months	-3.69**	-2.13**
12+ months	-4.67**	-2.78**
Events	57	91
Total Episodes	246	279
Censored episodes	189	188
-2*diff(logL)	45.6	45.1

Calculations based on the German Life History Study (GLHS). Piecewise constant exponential models.
+ significant at $\alpha \leq 0.1$, * significance at $\alpha \leq 0.05$, ** significance at $\alpha \leq 0.01$.

Table 2: Inter-firm mobility

	Cohort 1940		Cohort 1955		Cohort 1964	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
<i>Periods</i>						
1-12 months	-4.24**	-4.14**	-4.02**	-4.01**	-4.22**	-4.20**
12-24 months	-4.21**	-4.10**	-4.31**	-4.28**	-4.56**	-4.54**
24-36 months	-4.37**	-4.26**	-4.36**	-4.33**	-4.69**	-4.67**
36+ months	-5.20**	-5.05**	-4.90**	-4.86**	-5.16**	-5.14**
LF experience	-0.05**	-0.04**	-0.04**	-0.03**	-0.02+	-0.01
<i>Qualification</i>						
Lower second. without occ. qual.	0.14		-0.02		-0.36**	
Lower second. with occ. qual. (ref.)	0		0		0	
Upper second. without occ. qual.	-0.27		-0.16		-0.06	
Upper second. with occ. qual.	0.14		-0.22*		-0.01	
College or university degree	-0.48**		-0.36**		0.06	
<i>Occupational class</i>						
Higher service class		-0.64**		-0.50**		-0.08
Lower service class		-0.82**		-0.37**		-0.04
Routine non-manual employees		-0.15		-0.23+		-0.13+
Masters, technicians		-0.36*		-0.26		-0.16
Skilled manual workers (ref.)		0		0		0
Un- and semi-skilled workers		0.20+		0.09		-0.01
Events		643		641		1251
Total Episodes		2371		3058		3929
Censored Episodes		1728		2417		2678
-2*diff(logL)	198.37	242.87	108.25	123.41	208.66	209.80

Calculations based on the German Life History Study (GLHS). Piecewise constant exponential models.
 + significant at $\alpha \leq 0.1$, * significance at $\alpha \leq 0.05$, ** significance at $\alpha \leq 0.01$.

Table 3: Transitions from employment to unemployment

	Cohort 1940			Cohort 1955			Cohort 1964		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
<i>Periods</i>									
1-12 months	-6.70**	-6.29**	-6.67**	-5.90**	-5.93**	-5.85**	-5.11**	-5.21**	-4.99**
12-24 months	-7.34**	-6.94**	-7.32**	-6.16**	-6.17**	-6.16**	-5.84**	-5.92**	-5.74**
24-36 months	-7.24**	-6.87**	-7.24**	-6.87**	-6.89**	-6.88**	-6.06**	-6.14**	-5.99**
36+ months	-8.31**	-7.94**	-8.31**	-6.87**	-6.86**	-6.89**	-6.68**	-6.75**	-6.63**
LF experience	-0.03	-0.00	-0.20	-0.03	-0.02	-0.02	-0.05**	-0.05**	-0.05**
UE experience	0.62**	0.64**		0.50**	0.54**		0.35**	0.36**	
<i>Qualification</i>									
Lower second. without occ. qual.	-0.37		-0.41	0.36		0.33	0.20		0.42**
Lower second. with occ. qual. (ref.)	0		0	0		0	0		0
Upper second. without occ. qual.	1.58*		1.60**	0.29		0.29	-0.52**		-0.56**
Upper second. with occ. qual.	0.51		0.48	-0.63*		-0.65*	-0.48		-0.55
College or university degree	-0.62		-0.51	-0.30		-0.20	-0.22		-0.27
<i>Occupational class</i>									
Higher service class		-0.82			-1.10+			-0.39	
Lower service class		-0.06			-0.28			-0.42*	
Routine non-manual employees		-0.93			-0.83			-0.26	
Masters, technicians		-1.72+			-1.36+			-0.52	
Skilled manual workers (ref.)		0			0			0	
Un- and semi-skilled workers		-0.90+			0.48+			0.30+	
Events			43			102			331
Total Episodes			2371			3058			3929
Censored Episodes			2328			2956			3598
-2*diff(logL)	37.30	46.89	229.85	48.77	55.90	141.96	247.89	249.29	400.83

Calculations based on the German Life History Study (GLHS). Piecewise constant exponential models.
+ significant at $\alpha \leq 0.1$, * significance at $\alpha \leq 0.05$, ** significance at $\alpha \leq 0.01$.

Table 4:

Transition from unemployment to employment

	Cohort 1955/60	Cohort 1964
	unemployment → employment	
<i>Periods</i>		
1-6 months	-2.18**	-2.34**
6-12 months	-2.94**	-2.04**
12+ months	-3.83**	-2.33**
LF experience	-0.14*	-0.02
UE experience	-0.85	-0.39*
Previous spells of UE	0.51*	0.31**
<i>Qualification</i>		
Lower second. w/out occ. qual.	-1.22**	-0.35
Lower second. w. occ. qual. (ref.)	0	0
Upper second. w/out occ. qual.	-1.11+	-1.90**
Upper second. w. occ. qual.	-0.48+	0.26
College or university degree	-0.86+	-0.16
Events	57	91
Total Episodes	246	279
Censored episodes	189	188
-2*diff(logL)	45.6	45.1

Calculations based on the German Life History Study (GLHS). Piecewise constant exponential models.

+ significant at $\alpha \leq 0.1$, * significance at $\alpha \leq 0.05$, ** significance at $\alpha \leq 0.01$.