
Unemployment, intervention and capabilities. A comparative study of Germany and Spain

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Summary

Over the past 20 years, the social protection measures devoted to unemployed people in Europe have become more diverse. In an attempt to complement or curb cash transfers, many countries have put measures, services in kind and activation policies at the centre of social protection against unemployment. This article compares two countries with different policies: Spain, which still has very 'traditional' unemployment support with little emphasis on activation, and Germany, where there has in recent years been rapid change towards activation measures. The article evaluates these policies and their consequences on the unemployed by means of the capability model, investigating comparatively the effects of institutional intervention on the real set of options available to the unemployed in finding a decent job or pursuing training or other activities. The authors argue that cash transfers can increase capabilities 'by default', whereas more intervention-oriented public employment services need to give unemployed workers an active part in 'tailoring' supports to their needs.

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Résumé

En Europe, au cours de ces 20 dernières années, les mesures de protection sociale destinées aux chômeurs ont connu une diversification croissante. Pour tenter de compléter ou de réduire les transferts d'argent, de nombreux pays ont placé des mesures, des services en nature et des politiques d'activation au coeur de la protection sociale contre le chômage. Cet article compare deux pays menant des politiques différentes: l'Espagne, qui connaît toujours un soutien très « traditionnel » en faveur des chômeurs et met peu l'accent sur l'activation, et l'Allemagne, qui a connu ces dernières années un changement rapide en faveur des mesures d'activation. L'article évalue ces politiques et leurs conséquences sur les chômeurs au moyen du modèle des capacités, en étudiant dans une perspective comparative les effets de l'intervention institutionnelle sur l'éventail des options réellement disponibles aux chômeurs pour trouver un emploi décent, pour suivre une formation ou pour mener d'autres activités. Les auteurs indiquent que les transferts d'argent peuvent accroître les capacités « par défaut » alors que les services publics de l'emploi davantage axés sur l'orientation doivent donner aux travailleurs sans emploi un rôle actif pour que les soutiens apportés soient davantage « taillés sur mesure », en fonction de leurs besoins.

Zusammenfassung

In den vergangenen zwanzig Jahren haben sich die sozialen Sicherungen für Arbeitslose in Europa ausdifferenziert. Um Geldleistungen zu ergänzen oder zu beschneiden, haben viele Staaten Dienstleistungen und Aktivierungsmaßnahmen in den Mittelpunkt der sozialen Sicherung bei Arbeitslosigkeit gestellt. Dieser Artikel vergleicht zwei Länder, deren politische Strategien sich unterscheiden: Spanien erbringt vor allem "traditionelle" Lohnersatzleistungen und verfolgt kaum aktivierende Ansätze, wogegen Deutschland in den letzten Jahren rasch auf einen Aktivierungskurs einschwenkte. Dieser Artikel nutzt das Modell der Verwirklichungschancen ("capabilities"), um diese politischen Strategien und ihre Wirkungen für die Arbeitslosen zu evaluieren. Er untersucht vergleichend, wie die institutionellen Interventionen sich auf die Bündel wirklicher Optionen auswirken, über die Arbeitslose verfügen, um eine angemessene Stelle zu finden, sich beruflich weiterzubilden oder anderen Aktivitäten nachzugehen. Der Autorin und den Autoren zufolge können Lohnersatzleistungen als "hilfsweise" chancenfreundlich gelten. Eine stärker auf Intervention orientierte Arbeitsverwaltung müsste jedoch Arbeitssuchende aktiver daran beteiligen, Unterstützungsleistungen "passgenau" an ihren Bedarfen auszurichten.

Keywords

Activation, capability approach, Public Employment Services, Germany, Spain, unemployment, working lives

Introduction

This article¹ investigates comparatively whether institutional intervention increases the real set of options of the unemployed. For this purpose, we try to measure how Public Employment Services (PES) can increase the number of options available to unemployed workers and which correspond to the objectives of the unemployed in the labour market. Spain and Germany have been chosen as

1 The results presented are the product of research carried out within the framework of the CAPRIGHT project which was financed by the European Commission's Sixth European Framework Programme.

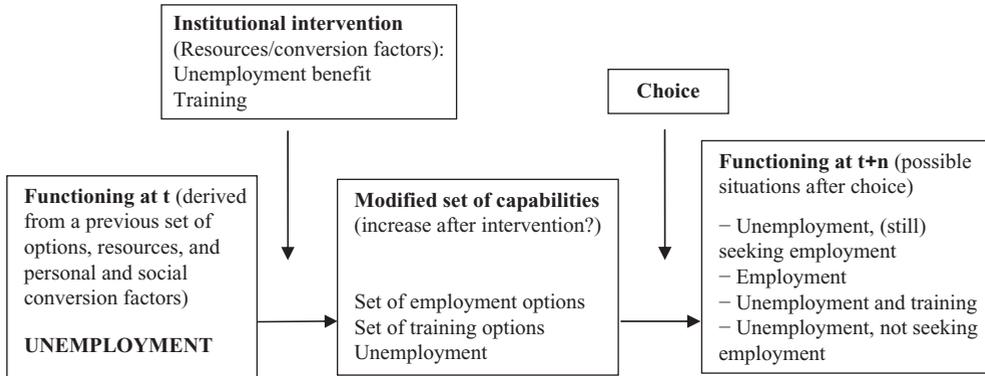


Figure 1. Institutional intervention and effects on capability set

Source: Adaptation based on Bartelheimer et al. (2011: 155).

contrasting cases with regard to both the deployment of resources and the orientation of activation policies for the unemployed.

Section 1 presents a theoretical model of how institutional intervention can be analysed in a resource regime and capability approach. Section 2 accounts for differences in labour market conditions and unemployment protection policy in Germany and Spain. In Section 3, the research design is presented, explaining the respective functions of quantitative and qualitative data. Finally, Section 4 presents and discusses the results.

Institutional intervention and capabilities in situations of unemployment: theoretical model and concepts

Dimensions of the capability set in situations of unemployment

The Spanish and German social protection systems can be considered both as conversion factors² and providers of resources for unemployed people. Public policies for the unemployed, in theory, *increase* people's employment opportunities (introducing 'being employed' into their set of options). The duration and conditions of unemployment and of income support affect the chances of achieving a valuable transition and thus of finding a job. It is also possible that intervention has no effect at all and that the individual remains involuntarily unemployed.

Here we consider dimensions linked to the *opportunity* aspect of the capability approach (Bonvin, in this issue; Sen, 2006; de Munck, 2008: 23–25). In order to analyse whether or not intervention in an individual trajectory increases the capability set (see Figure 1), we 'model' the set of options before intervention (time t), and the set of options after public intervention (time $t + n$).

In analysing the effects of intervention we locate capability sets on a continuum between a few options and a larger set of possibilities. As for the capability set in a situation of unemployment, we can identify three main (simplified) subsets of options:

- 1) Options to end unemployment by taking a job (unemployment – job transition). In discussing this option, both economic necessity and quality of employment have to be taken into account.

2 See Bonvin, this issue, for an explanation of the concept.

- 2) Options to improve employability by training, which can be provided not only by PES but also by other institutions. Depending on rules and programmes, participation in formal education or vocational training, formal or non-formal continuous vocational training and so on may end registered unemployment status or may be compatible with that status.
- 3) Options outside labour force participation: the unemployed can temporarily or permanently 'opt out' of the labour market, taking a professional 'time out' or giving priority to the need to care for children or to meet other family obligations. (Caring is a strongly gender-biased option.) To opt against labour market attachment is formally incompatible with unemployment status and eligibility for cash benefits but can be pursued informally.

Individuals will not usually consider unemployment a worthwhile choice, but depending on their personal preferences and circumstances, this possibility also has to be taken into account.

By describing in this way the sets of options and grouped functionings actually observed in the trajectories of workers experiencing unemployment, this article is taking a normative decision: all three ways of coping with unemployment are to be considered equally legitimate as long as they correspond to personal choices and are valued by the individual. In taking this normative stance, this framework for evaluation diverges from the standard approach of measuring effects of given labour market policies and programmes 'with a set of pre-defined capabilities or functionings' (Goerne, 2010: 16). It is also at odds with activation policies that give absolute priority to the earliest possible transition into employment, irrespective of quality.

Resources, conversion factors and choices in situations of unemployment

What resources do PES interventions provide that may affect capabilities in situations of unemployment? In accordance with EU terminology and statistics, three types of *resources* can be distinguished:

- 1) Income supports provide financial assistance, directly or indirectly, to individuals for labour market reasons or to compensate individuals for disadvantage caused by labour market circumstances (Eurostat, 2006: 7, §10). Cash transfers can serve both as a 'search subsidy', enabling jobseekers systematically to look for work, and as supports for training or the non-labour market option.
- 2) Employment Services refer to labour market interventions where the main activity of participants is job search-related and where participation usually does not result in a change of labour market status (Eurostat, 2006: 6, §5). Client services comprise information, counselling, placement and individual case work. How they affect a worker's capability set largely depends on the quality of the service and on conditions institutionally defined by the service provider and personally administered by case workers.
- 3) Employment Measures refer to labour market interventions where the main activity of participants is other than job-search related and where participation usually results in a change in labour market status (Eurostat, 2006: 6, §7).

The individual's ability to use PES resources in an unemployment phase also depends on personal and societal conversion factors. Legally codified rights to transfers, services or measures must, according to our approach, be applied and administered to meet individual needs. Conditions of eligibility and level and duration of benefits can be important restraining conversion factors; the concept of resource regimes (Clasquin et al., 2004) offers a framework for categorizing these

differences.³ As Goerne (2010: 14) points out, normative criticism of standardized intervention is implicit in the capability approach. Yet activation policy claims to deliver PES resources in an individualized or ‘tailored’ way to fit the needs of individual jobseekers, while at the same time eligibility becomes a matter of discretion for case officers taking into account ‘appropriate’ behaviour on the part of the recipients.

The capability set, as understood by Sen, includes only those options that are real and valuable entitlements for individuals. Only between those elements can there be a proper choice. Choice is connected to the idea of freely expressed preferences, although, of course, the individual could be forced to make choices that are ‘imposed’ by the situation (material or symbolic context).

Resources and conversion factors – German and Spanish national contexts compared

Labour markets

In 1977, the Francoist period of national autarchy ended and left the Spanish economy in a state of low competitiveness, and without the economic institutions which had been established in continental Europe during the Fordist period, such as a system of industrial relations. Spain adopted continental labour market institutions, but this process of regulation soon met a counter-trend, as labour market rigidity was held to be linked to the mass unemployment which Spain experienced. In order to boost labour market flexibility, the Spanish government facilitated fixed-term employment in 1984 (Dolado et al., 2002), which rapidly rose from 10 percent to more than 30 percent of employment contracts (Dolado et al., 2002).

West German regulations also moved towards flexibility but differed in terms of starting point, pace and timing. From the early 1980s, a slight but continuous liberalization of labour market regulation took place, in reaction to the worsening of the West German labour market after its post-war economic boom. Then, in the second term of the Social Democrat/Green coalition after 2002, profound policy changes were implemented (‘Hartz Reforms’). In turn, the East German trajectory is closer to the Spanish case in some respects, as an already challenged Fordist regulatory regime was transferred to a transition economy and the opening of the economy to (inter)national competition made a third of the labour force redundant.⁴

The consequences of liberalization in Spain could not be undone later (Davia and Hernanz, 2004: 6), and they supposedly helped to build the foundation for a labour-extensive growth path (Koch, 2006: 108), in other words, an inclusive labour market based on low productivity and low wages. In the German case, one could speak of a labour-intensive German growth model (Koch, 2006: 61), which had long been supported by long job tenure, high investment in skills and decommodifying less productive workers. The recent labour market reforms could mean the end of this growth model at least for segments of the labour market; this could be a further element of convergence.

3 Resource regimes identify societal configurations of rights over resources that are constitutive of social groups and evolve in relation to changes in employment relations. The key dimension of a resource regime is the wage-welfare relation defined by the institutional forms of resources flowing through the wage.

4 For most of the East German cases evaluated for this article, unification proved a turning point in their professional trajectory, devaluing their training and in some cases also weakening their labour market attachment.

While male activity rates are of the same magnitude in both countries, in 2005 female activity was more than 10 percent higher in Germany. However, this is only due to the important and ever-growing share of female part-time employment in Germany. The model for Spanish working class women is full employment which is often unavailable, whereas gender inequality in the German labour market is expressed by lower female labour intensity and career chances for women. 'Care regimes' do not fundamentally differ in the two countries: the shares of economically active mothers with young children are almost identical – and low by European standards. Much 'non-standard' work, especially marginal employment, is explained as the joint result of a need for women to supplement a male breadwinner model and companies' needs for flexible labour input.

The institutional side of unemployment

Since 1997, the European Employment Strategy (EES) has promoted activation as a paradigm for national employment policies, emphasizing the idea of adapting individual employability to labour demand in order to increase employment rates (for a critique, see Serrano Pascual, 2007). However, Member States differ substantially in their implementation of overall EES guidelines. In Spain, the EES seems to have had little effect on policy design and implementation, while in Germany, the EES has facilitated a thorough redesign of labour market policy and minimum protection, resulting in a change of institutional path (for a more detailed review of both systems, see Lefresne, 2010).

Although the Spanish unemployment protection system has incorporated part of the activation rhetoric, in real terms the main characteristics of the structure that was laid down during the 1980s remain unchanged. Thus, cash benefits and PES measures and services are provided without really enforcing obligations and commitments for unemployed workers, non-compliance being at least partly due to decentralization and fragmentation.

As for monetary transfers, a purely contributory benefit can be received for up to 24 months, and a means-tested (although also contributory) allowance can be received for up to 18 months. Since the means-tested allowance depends on the contribution record and is limited in time, the long-term unemployed have to rely on family support or on the regionally administered (and particularly low) minimum income support. The conditions for the contributory benefit are simple: unemployed people are entitled to it after accumulating a minimum of 12 months of contributions. This minimal period of 12 months of contributions qualifies for four months of benefits. This proportion between time of contribution and duration of benefit is maintained almost until the 24 month maximum. Currently, individual monitoring (*compromiso de actividad*) is established for unemployed persons who apply for unemployment benefit and allowance, but this requirement is more formal than real (Serrano Pascual, 2007: 308; Salas, 2011). The flexibility and looseness of the 'active side' of unemployment benefit convert it into a resource or conversion factor that allows many uses which are not under the control of PES. Besides, workers can decide whether or not to use their right to receive the benefit, thus the cash transfers can be seen as a sort of savings account for unemployment periods.

Training offered by the Spanish PES to the unemployed usually addresses basic skills without correspondence to certified formal training, often offered by private teaching centres which receive funding. Responsibility for the management and planning of the programmes and pre-selection of candidates lies with INEM (Spanish Employment Agency) or with some regional employment agencies. Whereas unemployed persons value unemployment benefit very highly, this training is often perceived as useless and not as a resource opening up new options (López-Andreu and

Verd, 2011a), despite evidence that some participants do find a job after training (Mato and Cueto, 2008).

In Germany, the reforms of 2003 to 2005 effected a paradigm shift: from ‘active labour market policy’, which had promoted employability by investing in skills and by creating publicly subsidized jobs, to ‘activation policy’, fostering a labour supply for low-paid and non-standard employment. The activation consensus is paralleled by a change of public perceptions of unemployment, now seen as an individual responsibility, and two distinct activation regimes were created, as assistance recipients are processed in separate job centres separate from the established unemployment agencies.

Jurisdiction of the national employment service (renamed the ‘Federal Employment Agency’, with weakened tripartite self-management) is now limited to about one-third of the registered unemployed: that is, to those who are eligible for unemployment insurance plus those who are not eligible for any income support. Duration of the contributory *unemployment benefit (Alg I)* (now ranging from 6 to 24 months) was reduced for older workers, and widespread de facto use of unemployment benefits as a first stage of early retirement has been curbed. Individual integration contracts have become mandatory, imposing stricter criteria for job search and for suitable jobs, and sanctions for non-compliance temporarily end unemployment status, excluding workers from benefits or from client services.

Basic security follows an even stricter activation regime. The former unemployment assistance (Alhi), which was tax-funded and earnings-related and administered by the unemployment agency, and much of social assistance (HLu), which was the responsibility of municipalities, was replaced by a new tax-funded, means tested *basic security benefit for workers and jobseekers* (*‘unemployment benefit II’, Alg II*) and their dependants (‘social allowance’). This basic security scheme is administered in most regions by joint job centres of unemployment agencies and municipalities, and in a minority of regions by municipalities alone. Subsistence levels correspond to those defined by social assistance (HLu) but rates have been transposed to a flat rate (lump-sum) benefit, except for individual housing costs that are still covered (up to a certain ceiling). Duration has not been limited. Means tests hold the household of the claimant fully liable, deducting almost all other household income in order to reduce the level of assistance. Virtually all job offers are considered suitable, and assistance is strictly conditional on compliance with individual job search requirements laid down in binding individual integration contracts.

While the PES used to be an important provider of retraining, training measures are now predominantly short term, at the discretion of case workers and to some extent firm-based, resembling internships and not resulting in certified skills. In the basic security system labour market integration takes precedence over training, and workfare-type ‘work opportunities’ serve as work tests, participants going without regular employment contracts and receiving only a bonus.

Methodology and data

Methods and research design

The comparative aim of this study has been accomplished by a mixed methods sequential design in which the first, quantitative phase established profiles of working lives and the second, qualitative phase reconstructed individual working lives. Heinz (2003), in his praise of the use of mixed methods designs applied to life-course research, recommends such sequential designs, where the

Table 1. Comparison of the labour trajectories obtained by cluster analysis from the German and Spanish databases

Germany		Spain	
Cluster	Share	Cluster	Share
<i>Continuous full-time</i>	52.1%	<i>Professional</i>	21.3%
<i>Part-time</i>	12.3%	<i>Linear</i>	40.6%
<i>Discontinuous</i>	13.3%	<i>Discontinuous</i>	7.9%
<i>Family/care work</i>	11.0%	<i>Precarious</i>	21.0%
<i>Precarious</i>	11.3%	<i>Chronic temporality</i>	9.2%

Source: Authors' calculations.

quantitative phase is used to better identify and ensure the representativeness of the cases chosen in the qualitative phase.

As the data re-analysed in this study come from two different 'national' research projects, not oriented initially to comparative aims, different quantitative and qualitative procedures were followed. However, both initial projects had a common theoretical and methodological framework, using the capability approach and the life-course methodology as the main yardsticks.

In the first phase, quantitative longitudinal data were used to identify similar life-course patterns among the active population in both countries. The clusters identified in the quantitative phase served as an entry point for selecting typologically representative individuals. In the second phase, biographical information from individual cases that are typical of the quantitatively described groups was used to evaluate the impact of the institutional intervention in case of unemployment on the trajectory.

Discontinuous and precarious life-course clusters

The Socio-Economic Panel (GSOEP)⁵ provided the basis for building the German clusters. For two birth cohorts of young adults (born 1968–1971 and 1973–1976) sequence analyses were carried out using monthly observations for all years between the ages of 17 and 30 (Schmidt, 2011). For two other birth cohorts (1951–1955 and 1961–1965), monthly information was used for a five-year span of their main employment age (ages between 26 and 44; Hackett, 2011). Monthly employment status variables account for full-time and part-time employment, unemployment, family work and other activities. As for family life, living with children is the most important recorded item. For the youth cluster, spell data for household formation and partnership were included as well.

In the German case, for the sample covering main employment age, five clusters were identified (see Table 1). More than half of this sample is found in *continuous full-time* employment with no significant incidence of unemployment. This predominantly male pattern is shared by a minority of women without children. Women's working lives are far more diverse, ranging across the other four, predominantly female clusters. One cluster is characterized by fairly stable part-time

5 The German Socio-Economic Panel is a prospective annual panel survey of individuals and households continuously implemented since 1984 with significant sample refreshments. For all panel subjects, a complete annual biography is available retrospectively. For a description, see Wagner et al. (2007). For this study, version 25 (data from 1984 to 2008) was used.

employment. In the *precarious* pattern, employment is discontinuous, and about 25 percent of the observed time is spent in unemployment. While in the *discontinuous* pattern part-time work and time spent in care responsibilities are more important, unemployment still accounts for about 13 percent of time. In the *family/care work* cluster, a pattern found only with women, both employment and unemployment spells are less important as care work takes up most of the observed time.

The clusters for the Spanish case were constructed from five waves of the Panel Survey on Inequalities in Catalonia,⁶ corresponding to the years 2001–2002, 2003, 2004, 2005 and 2006. The variables show the frequency of temporary employment, inactivity and unemployment, changes in type of activity and kind of contract, non-formal training attended in each year and the increase of formal-education level at the end of the analysed period (López-Andreu and Verd, 2011b).

For the Spanish case, the *professional* cluster is made up of stable employment patterns, qualified and well-paid workers. This group shows a high frequency of non-formal training, and unemployment spells are almost non-existent. The *linear* path also presents a stable trajectory, with very few spells of inactivity or fixed-term contracts, although unemployment spells have some presence. The *discontinuous* path is characterized by the strong presence of women and frequent periods of unemployment and inactivity in the years analysed. In the *precarious* path, the incidence of unemployment is significant, wages are low and spells of fixed-term contracts frequent. Finally, in the *chronic temporality* path an enormous number of workers have fixed-term contracts and unemployment spells are also relatively frequent.

Table 1 (above) shows the results of the clustering for Germany and Spain. Both analyses resulted in a solution of five clusters, which have been labelled with the names used in the initial ‘national’ projects. Despite the differences in data, the profiles show important similarities.⁷ In both countries similar patterns of female discontinuous employment (they correspond to the German *discontinuous* and *family/care work* clusters and to the Spanish *discontinuous* cluster) were found alongside important segments of continuously employed workers (the German *continuous full-time* cluster and the Spanish *professional* and *linear* paths). The precarious trajectories are reflected in the German *precarious* cluster and the Spanish *precarious* and *chronic temporality* clusters, the difference between the two Spanish clusters being the stronger presence of unemployment and low salaries in the *precarious* cluster. On the other hand, both the male dominance in the German *continuous full-time* trajectory and the absence of a *part-time* cluster in the Spanish list reflect the lower significance of women’s part-time employment in the Spanish labour market.

Biographical analysis

Biographical information is needed to establish how options evolve over time, taking into account the influence of institutional and structural factors and placing the transitions in sequence patterns and family contexts. In order to compare cases, both annual recorded changes, job search functionalities, aspects of personal life, the situation of partner or spouse, and intentions and preferences were considered. For Spain, it was possible to use narrative-biographical interviews which provide the best data base for reconstructing capability sets, as they show in detail which options were

6 This panel (called PaD, Panel de Desigualtats) selects the households on the basis of a multi-stage systematic stratification system. The surveys are carried out every year in November and December, with a total margin of error of +/-2.78.

7 It is important to note that the Spanish clusters were built without taking into account variables linked to care work or family characteristics. However, the way in which (female) workers are present in the labour market is influenced by these omitted variables, thus the results are comparable.

'realistic' from the point of view of unemployed workers, addressing the reasons actors had to choose among different options and highlighting the auto-reflexive character of decisions, preferences and readjustments and learning based on past experience. As no interviews could be implemented for the German study, sequences of events for individuals from the identified clusters have been reconstructed using the extremely rich subjective items of the longitudinal GSOEP (German Socio-Economic Panel), using a technique suggested by Singer et al. (1998).

For Germany, 12 individuals (five men and seven women) were drawn from the sample on main employment age, five each from the precarious and discontinuous clusters and two from the female cluster the pathways of which were dominated by domestic care work. Their working lives were reconstructed on a yearly basis from the earliest record available until 2008. Information from the cluster analysis of transitions to adult life was used to complement their biographies. Important criteria for the selection were experiences of unemployment both before and after the labour market reforms of 2002 to 2005 and take-up of jobseekers' assistance since 2005. Five of these individuals had spent their entire life in West Germany, six were selected from East Germany, and one person had moved from east to west after unification. For these 12 cases and their relatives within the household, all annual GSOEP variables describing their working and personal lives were drawn upon, including information on family origin, parents' occupation, migration history, housing history, partnerships and parenthood, time use and subjective preferences and the subjective value they attached to jobs and family life.

The 17 individuals selected for the Spanish study⁸ were representatives of the four kinds of labour trajectories with a significant presence of unemployment: five from the *linear* path (two men and three women), two women from the *discontinuous* path, eight from the *precarious* path (two men and six women), and two women from the *chronic temporality* path. The guideline of the interviews focused on unemployment and inactivity periods, taking into consideration personal, social and institutional conversion factors that influenced these events; it also asked about the choices of the individuals and their reasons or constrictions.

Both sets of cases were analysed qualitatively, using a common analytical grid. Factual information on observed functionings comprised annual information on status and recorded changes in working life (training, labour status, types and amount of personal and/or household income, job search activities) and personal life situation (household, partnership, parenthood, informal work and care work, situation of partner and/or spouse). Counterfactual information on options included personal assessment of professional future, subjective values and concerns. This analytical grid can be considered a qualitative version of the *Life History Calendar* technique (Freedman et al., 1988). On this basis, the development of capabilities in situations of unemployment was constructed analytically, taking into account all available information on personal conversion factors, individual choices and – most importantly – the impact of public employment service supports.

Discussion of results and conclusions

The Spanish and German activation regimes provide unemployed workers with different options. As the German shift towards activation between 2002 and 2005 also affects how workers dealt with unemployment before and after the reforms, these cases offer a second, temporal dimension for comparison.

8 We would like to thank Núria Sánchez Mira for her help in conducting and analysing part of the biographical interviews that we used to obtain the results presented in this article.

Cash benefits – capability-friendly ‘by default’

Cash transfers are search subsidies that give individuals more time to decide how and when to return to employment and under what conditions. Without discussing the details of the Spanish and German cases, the effects of stricter and easier entitlement conditions can be compared directly to the extent that they show up in individual trajectories.

In the Spanish cases, unemployment benefits were by far the most important PES support. As practical requirements for take-up are easy to meet, being entitled to unemployment benefit works like a ‘personal savings account’ for Spanish workers. Within the limits of individual benefit duration, they could use one or several separate spells of benefit take-up as a time buffer for many activities not pre-defined by the PES. They extended job search over time or bridged waiting periods between two fixed-term contracts in the same company. They took non-formal training courses (for example, language courses), either proposed by the PES or on their own initiative. Some finished or continued formal secondary and tertiary training that had been interrupted for some reason. Others took thorough and lengthy training courses as a way of specializing or updating already acquired knowledge or as a way of achieving a shift in their labour trajectory.

As non-contributory benefit schemes are more developed in Germany, unemployment benefit was not the most important cash support in the German cases. Some individuals took up both contribution-based benefits and unemployment assistance prior to 2004, in some instances supplemented by social assistance. Since 2005, jobseeker’s assistance has been the main source of income for most unemployed. In six of the trajectories under scrutiny, recipients had to transfer at least once from benefits to assistance. Three transferred straight from the former to the present assistance scheme in 2005, and two others took up jobseeker’s assistance right away when registering as unemployed after 2005, not being eligible for benefits.

On the one hand, the fact that income support was not strictly limited to the duration of insurance-type benefits increased options over long-term or recurrent unemployment. On the other hand, means-tested assistance schemes linked those individual options more strongly to resources and the employment status of partners or spouses, and activities chosen in situations of unemployment had to conform more to behaviour expected by the PES. Care responsibilities or professional training could not easily be reconciled with unemployment status, but, other forms of income support (maternity leave, parental allowance or training allowance) provided alternatives for spells outside the labour market.

As the Spanish cases show, standardized contributions-based cash transfers with low conditionality can be capability-friendly by default. In the absence of other programmes designed to enhance capabilities, lack of restraining conditions for take-up facilitates ‘active’ and ‘tailored’ uses of unemployment benefits that fit the recipients’ personal situation best, increasing the scope of their options and buying them time that can be used to pursue activities of their personal choosing. Moreover, even in the absence of targeted activation most of the individual activities observed were directly or indirectly oriented toward (re-)insertion in the labour market. It appears then, that cash benefits are wrongly censured: the suggestion by supporters of the neoclassical model implying that benefits foster ‘inactivity’ or create ‘poverty traps’ as a result of trade-offs between leisure time and the reservation wage was not observed in our research.

However, the capability outcomes of those cash transfers are clearly limited in scope. The options of Spanish workers depended solely on the level and duration of entitlements ‘earned’ by earlier labour subject to contributions, whereas in the German cases means-tested benefits were a second option but the rules of entitlement limited individual use. As benefits provide both workers and firms with opportunities for external flexibility, they can also support patterns of

discontinuity. For instance, unemployment spells may be a way of avoiding restrictions imposed by labour legislation on linking fixed-term contracts. Also, contributions-based cash transfers tend to reproduce inequalities of options. How the Spanish unemployed used the benefits was related to family supports, education level and gender arrangements. The most common choice that benefits opened up for women was between employment and family or care work.

Training and placement services – the issues of quality and selectivity

As a provider of training, counselling and placement, the Spanish PES played only a minor role in the observed situations of unemployment. Workers with better personal resources or with a secondary or university education did not rely on PES for training, while those with fewer resources tended to resort more to the services of employment offices. In only four cases of women with a low educational level and a *precarious* profile did training provided by PES seem useful in getting a job, sometimes in combination with placement offers. However, being temporary, these jobs did not imply a change in labour trajectory, and after a few months the individuals were again unemployed or working in another job not linked to the training received.

By contrast, those PES supports were much more present in the German working lives observed. In eight cases out of 12, job search activities involved placement services, and in five cases, at least one transition from unemployment to work resulted from successful placement, even though some of these jobs did not correspond to earlier pay or skills levels or required long distance commuting. Four training programmes were provided by PES during unemployment spells recorded in the data, three of them to the same person. In both cases, training was a success as it provided access to new jobs. On the other hand, in three cases the role of employment agencies was limited to income support, and those workers achieved transitions from unemployment into work on their own, just using informal networks.

With the more prominent role of services and active measures, the issues of selectivity and quality of options available come to the fore. Why do interventions occur in certain cases and not in others? And why do some interventions widen the capability range of the unemployed, creating new and less gender-biased options, while others are ineffective or reproduce inequalities in capabilities? These issues can be addressed only by observing and reconstructing case work, which was beyond the scope of this study. However, it is fair to assume that individual conversion factors such as level of education and skill in dealing with the ‘authorities’ remain important for making effective individual use of the non-income supports that are available in principle. Thus, the one immigrant worker whose trajectory was considered never benefited from the more active PES supports.

Activation and capability – which way to individualized client services?

Activation approaches assume that the individual orientations and activities of the unemployed can be modelled by supervision. However, cases tend to show that PES interventions can at best have limited effects on labour trajectories. The more active German unemployment policies may serve as a case in point.

After being streamlined for activation in the years 2002 to 2005, German employment agencies and job centres proved only marginally more effective in opening up additional options in the chosen trajectories. Successful job referrals were recorded more often after the reform. However, the new activation regime has a deregulation component, facilitating fixed-term contracts, temporary

work, ‘mini-jobs’ and other non-standard employment forms, as placements in these jobs are considered suitable and jobseekers’ assistance is granted as an in-work benefit to low-paid workers.

More importantly, when market conditions or personal turning points call into question a worker’s type of labour market attachment, PES is only one of the factors defining the capability set. A need for re-orientation was evident in eight of the 12 German cases: two workers became incapacitated due to illness, two women showed a preference for domestic activity and in four cases mothers sought to stay in the labour market or return to it for full-time work. One of the women opting out of the labour market was in effect ‘activated’ after 2005 because her husband became unemployed and the couple took up jobseekers’ assistance. Of the four mothers opting for full-time employment, only one succeeded with significant PES support, including training, placement vouchers and referral. A second successfully returned to employment on her own, taking up a new career. Against lay-offs by employers, illness, incapacity, motherhood or separation, the documented interventions could sometimes provide support for individual choices but could hardly change the direction of events or the gender arrangements dividing paid work and care work.

A combination of individualized client services and training with reliable income support promises to be most effective in widening the capability range of the unemployed. But in order to do so, a more intervention-oriented public employment service has to give workers an active part in ‘tailoring’ support to their needs, whereas the activation paradigm allots them a more passive role at the receiving end of individual counselling and case work.

Capabilities as an evaluation paradigm

Goerne (2010: 17) has argued that, whereas the selection of valuable functionings must be based on the normative framework established by political process in the respective field of enquiry, the capability approach’s emphasis on the scope of options ‘can serve as the starting point for an analysis of policy outputs, focussing especially on the concepts of individualization and diversity’. In attempting to evaluate the effects of employment services from a capabilities perspective, this study offers an alternative to the standard model of policy evaluation. Rather than measuring programme effects in terms of functionings that were predefined by activation policy (for example, the duration of unemployment spells or the number of exits), individual capabilities – outcomes and options valued by the clients – are considered the dependent variable. If public employment services are supposed to offer more individualized support, evaluations should, according to the capability framework, aim to show whether the services provided promoted access to options otherwise inaccessible to the unemployed workers, correcting inequalities in capabilities accumulated over the life course.

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