The IAB Establishment Panel

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This report is available in electronic format only.
Survey data report – Germany

The IAB Establishment Panel is an annual survey of 16,000 establishments in Germany that employ at least one worker who pays social security contributions. The survey, which is run by the Institute for Employment Research (IAB), was launched in western Germany in 1993 and extended to eastern Germany in 1996. It provides representative data and information on various aspects of employment such as employment development, personnel structures, wages, vocational training, working time and industrial relations. Data are made available to researchers via remote access or on-site to those visiting the Federal Employment Agency’s Research Data Centre at IAB.

Each year the Institute for Employment Research (IAB) runs a survey among 16,000 establishments that employ at least one worker who pays social security contributions. The survey was launched in western Germany in 1993 and extended to eastern Germany in 1996. It provides representative data and information on various aspects of employment such as employment development, personnel structures, wages, vocational training, working time and industrial relations.

The survey’s findings are used extensively by the scientific community for econometric analyses. In addition, data on establishments can be linked to data on the employment characteristics of their workers, allowing more in-depth research. In this respect, the IAB Establishment Panel is unique.

Employment – selected findings

Labour turnover and job turnover

The recruitment rate (ratio of the total number of recruitments to total employment) more or less followed the course of the business cycle between 1996 and 2009, increasing when the economy recovered and declining in an economic downturn. However, the separation rate (ratio of the total number of separations to total employment) decreased overall (Bechmann et al, 2010).

In this respect, employment contracts have become more stable in both western and eastern Germany. The data from the IAB Establishment Panel also reveal that, since 1996, the proportion of voluntary separations has always been notably higher in western Germany than in eastern Germany. Moreover, both the rate of job losses (ratio of the total number of jobs lost to total employment) and that of job creation (ratio of the total number of newly created jobs to total employment) has been higher in eastern than in western Germany.

Atypical employment status

Part-time work

In 2009, almost three quarters of all establishments employed at least one part-time worker (Bechmann et al. 2010, p. 48). Moreover, the proportion of part-time employees increased between 1998 and 2009 (Table 1). Part-time work is particularly common in the Statistical Classification of Economic Activities in the European Community (Nomenclature statistique des activités économiques dans la Communauté européenne, NACE) for those employed in the hotel, and restaurant, education, health and social work sectors (Bechmann et. al, 2010, p. 49).

This report is available in electronic format only.
Although the significance of part-time work is slightly higher in western than in eastern Germany, on average part-time employees in eastern Germany have longer working hours (Bechmann et al, 2010, p. 48). Every fourth employee in western Germany works part-time (Table 1).

### Table 1: Proportion of part-time workers, 1998–2009 (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Western Germany</th>
<th>Eastern Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
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<td>23</td>
</tr>
<tr>
<td>2009</td>
<td>25</td>
<td>22</td>
</tr>
</tbody>
</table>

*Note: As of 30 June of the previous year.*

*Source: Wahse et al (2010)*

**Marginal part-time work**

Jobs for workers at the margins of the labour market receiving a maximum pay of €400 euro per month (‘mini-jobs’ for which a social security lump sum is payable by the employer only) can be found in one in two establishments (Bechmann et al, 2010, p. 51). The prevalence of these marginal part-time jobs is, however, notably higher in western than in eastern Germany (55% of the establishments in western Germany compared to 35% of those in eastern Germany).

A similar difference between the two regions is also apparent with respect to the proportion of such ‘fringe workers’ (Table 2). But while the share of fringe workers remained more or less constant in western Germany between 1998 and 2009, it grew substantially in eastern Germany between 1998 and 2003 before staying more or less constant (Table 2).

The main reason given for employing fringe workers is that the volume of the additional work available is not sufficient to justify regular jobs. This applies to 40% of all establishments (Bechmann et al, 2010, p. 52). Roughly a third of establishments aim to extend or allow a more flexible use of operational working hours. Reducing labour costs were mentioned by only 12% of the establishments.
Table 2: Proportion of fringe workers, 1998–2009 (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Western Germany</th>
<th>Eastern Germany</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>2009</td>
<td>13</td>
<td>7</td>
</tr>
</tbody>
</table>

Notes: As of 30 June of the previous year.
The wages of fringe workers do not exceed €400 per month.

Fixed-term contracts

In 2009, 15% of all German establishments made use of fixed-term contracts (Bechmann et al, 2010, p. 52). The proportion of fixed-term employees increased substantially in both western and eastern Germany between 1998 and 2009 (Table 3). The larger proportion of workers with fixed-term contracts in eastern Germany is mainly due to the region’s higher share of publicly subsidised jobs (for example, job creation measures and wage subsidies) as the contract duration for such jobs is normally limited.

In general, fixed-term contracts are most prevalent in the non-profit and public administration sectors. In 2009, 79% of recently recruited workers in the non-profit sector had a fixed-term contract. The same applied to more than two-thirds of the newly recruited employees in public administration. Across all sectors, on average, 47% of the contracts of recently hired persons were fixed-term.

Establishments most frequently use fixed-term working contracts because skills and motivation can then be effectively tested before a permanent working contract is offered; this reason was given by 22% of all establishments using fixed-term contracts. Other reasons included the order position is unstable (21%) or the fixed-term employees are standing in for temporarily absent core staff (19%).

Forty-three percent of the establishments with fixed-term workers reported that the duration of their fixed-term working contracts ranged between six and 12 months (Bechmann et al, 2010, p. 59).
Table 3: Proportion of workers on fixed-term contracts, 1998–2009(%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Western Germany</th>
<th>Eastern Germany</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
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<tr>
<td>2009</td>
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<td>9</td>
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</table>

Note: As of 30 June of the previous year.


Temporary agency work

The extent of temporary agency work was severely affected by the economic crisis in both western and eastern Germany (Table 4).

Temporary agency work is still a minor phenomenon in relation to total employment, although its significance and the total number of temporary agency workers have substantially increased since 1998.

According to Bellmann and Kühl (2007), agency workers are mainly used by manufacturing companies with the proportion of agency workers disproportionately high in the food and drink industry (4.8% in 2006 compared with 1.5% on average).
Table 4: Proportion of temporary agency workers, 1998–2009 (%)

<table>
<thead>
<tr>
<th>Year</th>
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<th>Eastern Germany</th>
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</thead>
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<td>0.7</td>
</tr>
<tr>
<td>2003</td>
<td>0.7</td>
<td>0.6</td>
</tr>
<tr>
<td>2004</td>
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<td>0.8</td>
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<td>1.8</td>
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<td>2009</td>
<td>1.2</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Note: As of 30 June of the previous year.

Selected groups of the workforce

Older employees
In 2008, around two-thirds of the establishments in western Germany employed people aged 50 and above (MAGS, 2009, p. 30). Data for eastern German establishments are not available.

According to Bellmann et al (2007), by 2006 17% of those establishments employing workers aged 50 and above had implemented human resource policies specifically designed for older workers. The most prevalent measures were partial retirement programmes, with one in ten establishments operating such schemes.

Recent studies based on linked employer–employee datasets including information from the IAB Establishment Panel suggest that specific training programmes for older workers neither extend the duration of their employment (Bellmann et al, 2009) nor increase productivity (Göbel and Zwick, 2010).

Another recent study reveals correlations between the likelihood that workers retire before reaching the regular retirement age and various company characteristics (Bellmann and Janik, 2010).

Early retirement becomes more likely when the churn rate and the volume of investments are higher, indicating an adverse impact of technological change at the establishment level on the existing skills of older workers.

In addition, the existence of a works council and a commitment to a collective agreement also correlate positively with the incidence of early retirement. However, this does not hold true for the total number of early retirements per company in every model specification applied. For example, if only those establishments are considered that reported at least one case of early retirement, the sign of the covariate works councils indicates a negative correlation with the total number of early retirements. However, the study’s authors do not provide any explanation for their partly contradictory results.
Female workers

In 2008, the proportion of women in the private sector workforce amounted to 42% (Kohaut and Möller, 2010). However, women account only for 25% of managers at the top managerial level and 35% of those at the second managerial level. The proportion of female managers is higher in small companies than in large ones.

By 2008, only a small minority of establishments with more than 10 workers had implemented provisions for gender mainstreaming (Kohaut and Möller, 2009). This also applied to collective agreements (5%), works agreements (6%) and voluntary action (4%) (multiple responses allowed); 87% of all establishments did not have any provisions.

The IAB Establishment Panel data suggest that larger companies foster gender mainstreaming more actively than smaller ones as the corresponding shares of their employees covered are notably higher – collective agreements (10%), works agreements (14%) and voluntary action (10%); see also Fischer et al (2009a, p. 50).

Vocational training – selected findings

Initial vocational training

Roughly 58% of all establishments in Germany are allowed to provide initial vocational training (Bechmann et al, 2010, p. 75). Permission to provide the appropriate apprenticeship programmes is granted only by the chambers of commerce and trades when companies meet certain specific requirements (DE0512101T).

Since 1999, the proportion of those establishments authorised to provide apprenticeship programmes that actually do so has been consistently higher in western Germany than in eastern Germany (Table 5). Despite the economic crisis, the share of training establishments in western Germany has remained more or less constant since 2004 whereas it dropped slightly between 2008 and 2009 in eastern Germany.

In 2009, apprentices represented roughly 5% of total employment in both western and eastern Germany, the same figure as in 2008. The number of apprentices being trained in specialised educational training centres following a failure to find a regular training vacancy in a company is significantly higher in eastern than in western Germany. This is reflected in the high proportion of apprentices (18%) in the educational sector in eastern Germany. The equivalent figure for western Germany is only 3%.

In 2009, 60% of the apprentices in western Germany who completed their training programme were offered a regular skilled job by the establishment that had trained them (Bechmann et al, 2010, p. 85). This applied to only 50% of the trainees in eastern Germany. In western Germany, the likelihood of being offered a regular job after completion of training increases with establishment size. This is not true to the same extent in eastern Germany.

Bellmann and Hartung (2010) showed that the number of former trainees who obtain a regular job at the company where they completed training increases:

- with the size of the workforce and the proportion of fixed-term workers;
- when the company cannot fill vacant positions for semi-skilled workers;
- the more advanced the technologies used and the higher the total volume of capital stock investments;
when the company is bound by a collective agreement, has a works council and is a member of a chamber of skilled crafts or commerce.

Not surprisingly, the number of former trainees given regular jobs by their company decreases when the company’s business situation is unfavourable.

However, these results are partly contradicted by econometric analyses showing that the probability that former trainees will not be retained increases when the company has a works council and cannot fill vacant positions.

Table 5: Establishments actually providing initial vocational training as a proportion of all establishments authorised to do so (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Western Germany</th>
<th>Eastern Germany</th>
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<tbody>
<tr>
<td>1997</td>
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<tr>
<td>2007</td>
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<td>49</td>
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<td>2008</td>
<td>53</td>
<td>48</td>
</tr>
<tr>
<td>2009</td>
<td>53</td>
<td>45</td>
</tr>
</tbody>
</table>

Note: As of 30 June of the previous year.

Further vocational training

The IAB Establishment Panel focuses exclusively on further training courses whose fees or direct costs are partly or fully borne by the company, or for which the participating employees have to be temporarily released from work.

The provision of further training by companies declined slightly in both eastern and western Germany between 1997 and 2001, but increased again between 2001 and 2008 (Table 6). This holds true for both the proportion of companies providing or funding training courses, and the participation rate of employees. The slump between 2008 and 2009 was due to the economic crisis, when many companies cut their training budgets. Further training was found to be more prevalent in eastern German establishments.
### Table 6: Continuous vocational training in German establishments

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion of companies providing further training (%)&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Proportion of employees participating in further training courses (%)&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Western Germany</td>
<td>Eastern Germany</td>
</tr>
<tr>
<td>1997</td>
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<tr>
<td>1999</td>
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<td>51</td>
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<td>2009</td>
<td>44</td>
<td>45</td>
</tr>
</tbody>
</table>

**Notes:** As of 30 June of the previous year.

<sup>a</sup> Training courses whose direct or indirect costs are at least partly borne by the company.

**Source:** Wahse et al (2010)

Between 2000 and 2008, 17% of the establishments in western Germany and 18% in eastern Germany provided or financially supported further training in every year. In the same period, 26% in western Germany and 16% in eastern Germany refrained from any continuous training activities (Bechmann et al, 2010, p. 90).

In more than two thirds (69%) of western German establishments, the continuous training courses take place wholly within the regular daily working time. This applies only to 57% of eastern German establishments. The difference results from a size bias; large companies more frequently provide further training during working hours and their proportion is higher in western Germany.

Econometric analysis based on the 1999 survey shows that the likelihood of establishments providing internal or external courses increases as the proportions of qualified workers, female employees and trainees grow (Allart et al, 2009, p. 120). The size of the workforce is a similarly positive factor. In addition, further training becomes more likely when the company:

- uses advanced technologies;
- invests in information and communication technologies;
- has a works council;
- is bound by a collective agreement;
- expects a labour shortage.

However, the likelihood that further training is provided or supported by the company declines in inverse proportion to the share of older workers (aged 50–65) or part-time workers with a working time of less than 15 hours.
Further analysis reveals that most of these variables correlate in the same direction with the participation rate as with the likelihood of providing further training. However, this does not hold for the size of the workforce, where the sign becomes negative.

The results also suggest that the lower participation rate of women in continuous training results predominantly from the negative impact of part-time work. Part-time work correlates negatively with the participation rates in internal or external training courses – not only less than 15 hours but even with 15–24 hours per week.

The correlation of the characteristics of the company and the workforce structure with the participation rate in further training is confirmed by other analyses with more recent data such as the study by Leber (2009). Leber also shows that, the more formalised the human resource policy, the higher the proportion of employees attending training courses. This applies to both workers who perform low-skilled or unskilled jobs, and those with high-skilled tasks.

**Methodology**

**Sample design**

The IAB Establishment Panel is a representative annual survey of establishments that employ at least one employee who is liable to paying social security contributions as of 30 June of the previous year.

The survey was launched in western Germany in 1993 and was extended to eastern Germany in 1996, thus making the panel a nationwide survey. The population of the panel consists of roughly 10,000 establishments in western Germany and 6,000 in eastern Germany.

The survey data can be analysed on both a cross-sectional and a longitudinal basis. It is a sample disproportionately stratified according to establishment size, industry and federal state. Therefore, weighted data must be used to make representative descriptive statements on the population.

**Survey design**

The questionnaire contains several different elements.

- One block of questions is asked in identical form every year.
- Specific subjects are included in the questionnaire at regular intervals; for example, further training, working time, public funding/support (including active labour market policies such as wages subsidies) and innovations.

Up to the 2007 survey, the basic programme covered the topics of:

- employment development;
- business policy and development;
- vocational training;
- personnel structure and personnel movements;
- investments;
- wages;
- industrial relations.
In 2007, this programme was supplemented by basic indicators from the previously multi-year specific subject blocks covering:

- further training;
- innovation;
- working time.

These three areas have subsequently been surveyed annually.

Since 1993 the questionnaires have focused on a number of additional specific issues at irregular intervals (Table 7).

<table>
<thead>
<tr>
<th>Year</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>Company contact with state employment agencies (job centres)</td>
</tr>
</tbody>
</table>
| 1997 | Entrepreneurship  
Recruitment strategies for skilled workers |
| 1999 | Early retirement schemes  
Services and products for environmental protection  
Fringe workers |
| 2000 | Demand for skilled workers  
Older workers  
Financial incentives for employees (including profit sharing/share ownership programmes) |
| 2001 | IT equipment  
Profit sharing/share ownership programmes |
| 2002 | Older workers  
**Health and safety** at work  
Gender mainstreaming  
Company contact with state employment agencies (job centres) |
| 2003 | External and internal **flexibility** |
| 2004 | Managerial staff and hierarchy  
Recruitment of older workers  
Gender mainstreaming  
Health and safety at work |
| 2005 | Recruitment strategies  
Service and products for environmental protection  
Profit sharing/share ownership programmes |
| 2006 | Older workers  
Safeguarding of jobs and sites |
| 2007 | Demand for skilled workers |
| 2008 | Safeguarding of jobs and sites  
Managerial staff and hierarchy  
Gender mainstreaming |

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<table>
<thead>
<tr>
<th>Year</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Older workers</td>
</tr>
</tbody>
</table>

**Data access**

The IAB Establishment Panel is available:

- on-site for researchers visiting the Research Data Centre (FDZ) of the Federal Employment Agency (BA) at IAB in person;
- via remote data access.

In the latter case, researchers must develop programmes (for example in Stata or SPSS) on the basis of test data. These programmes are then run at FDZ with the original data. After verification of compliance with data protection legislation, the results are passed to the researcher.

For further information, please refer to the Background Information, On-Site Use and Remote Data Access pages of the FDZ website.

**Linked employer-employee datasets**

In the Linked Employer-Employee Dataset of the IAB (LIAB), data from the IAB Establishment Panel are matched with longitudinal information on employees who are subject to social security contributions. LIAB allow for simultaneous cross-sectional and longitudinal analyses of the supply and demand sides of the German labour market.

For further information, please refer to Alda et al (2005) and the LIAB page on the FDZ website.
Bibliography

A comprehensive list of articles and research papers can be accessed from the online IAB-Infoplattform (NB: This section of the website is not available in English).

Near the bottom of this web page under the German heading, Weitere Informationsangebote, click on the link Literaturdatenbank des IAB-Betriebspanels to access the documents (via a search function). The articles and research papers are sorted into eight major categories:

- general information about the IAB Establishment Panel (Das IAB-Betriebspanel);
- employment developments at the establishment level (Betriebliche Beschäftigungsentwicklung);
- vocational training at the establishment level (Betriebliche Aus- und Weiterbildung);
- productivity and investments at the establishment level (Betriebliche Produktivität und Investitionen);
- work organisation and human resource management at the establishment level (Betriebliche Organisation und Personalpolitik);
- wage policy at the establishment level and industrial relations (Betriebliche Lohnpolitik und industrielle Beziehungen);
- active labour market policy (Arbeitsmarktpolitik);
- sectoral and regional analyses (Branchen- und Regionalanalysen).

Clicking on the (+) against the German name of the category will produce a list of the different topics available for that category. Tick in the box of the topic required and click on ‘Suchen’ to access the extensive list of documents (in English and German) on that topic, some of which can be downloaded as a PDF.

Literature selected for this report


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Oliver Stettes, Cologne Institute for Economic Research (IW Koeln)