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For analysis of employment episodes in the Graduate Panel 2005

Problems and proposed solutions on the basis of possible
gainful employment during parental leave

Handout

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1 Introduction to the problem

The Graduate Panels of the DZHW have long covered both gainful employment and family-related employment breaks. In the first and second waves of the 2005 examination year, this was done using a calendar (question 4.7 in wave 1; question 1.7 in wave 2; page 9 in wave 3; spell data) and a so-called tableau (question 5.2 in wave 1; question 4.3 in wave 2; page 24-24h in wave 3; individual data). Previously, the rule was that parental leave was used to interrupt non-self-employed gainful activities. Since 2015 there have been increasing incentives for part-time employment during parental leave as a result of the new parental leave regulations (see Excursus: Parental leave/part-time work).

In principle, it is possible to work during parental leave as long as the work time does not exceed 30 hours a week (parental part-time). Although the questionnaire of the third wave is theoretically able to record part-time work parallel to parental leave due to the detailed tableau, there are clear indications that the respondents stated parental leave episodes very differently.

The problem is that the respondents' data do not always allow a decisive conclusion to be drawn as to whether parental part-time has taken place or whether there was no gainful employment during parental leave. An unaltered full-time job is not possible during parental leave. Parallel episodes of parental leave and full-time employment are, therefore, not plausible in Germany. The indication of continuous full-time employment during parental leave could be interpreted as a continuing contractual but an inactive employment relationship. In fact, however, the gainful employment is not exercised. Nevertheless, it would also be possible to reduce the working hours within the framework of the existing full-time job and to carry out a part-time job parallel to parental leave. Even more difficult is the interpretation of part-time employment that lasts during parental leave. In line with the above-mentioned full-time employment, this could be interpreted as a representation of the inactive employment relationship. In that case, however, reduced part-time employment during parental leave (up to 30 hours per week) would also be possible. Without further information from the respondents, it is, therefore, unclear whether a stated employment episode parallel to parental leave represents an inactive job, a reduction in working hours or part-time employment.

Excursus: Parental leave/Part-time work

Employees, as well as civil servants and soldiers, can take parental leave ("Elternzeit") (until 31.12.2000 "Erziehungsurlaub") in accordance with [§ 15 of the Parental Allowances and Parental Leave Act](#) (BEEG) in order to look after and educate a child with whom they live in a household. Parental leave, thus, extends maternity protection (albeit unpaid) beyond pregnancy and childbirth as a statutory regulation. This entitlement exists for each child in the household (regardless of whether or not they are biological). For each child up to the age of three **up to 36 months of parental leave** can be taken. For births up to 30.06.2015, 12 months of this entitlement could be transferred to the period between the child's third and eighth birthday; for births from 01.07.2015 this applies for up to 24 months. Parental leave of a maximum of three years can be taken per parent and divided into two periods (three since 01.07.2015). Theoretically, up to three parental leave episodes per parent are possible up to the child's eighth birthday.

The legal entitlement to parental leave concerns all employment relationships that existed at the time the parental leave started, irrespective of the type of the contract; fixed-term, part-time, mini-job or training. During the parental leave, the employment relationship is suspended and employees on parental leave are protected against termination (except in a few exceptional cases such as insolvency or dissolution of an enterprise). At the end of parental leave, employees on parental leave are entitled to a reinstatement of the employment relationship that existed before the parental leave and a return to the company (however, no guarantee of the same job).

Parental leave is **an unpaid release from work** and, therefore, no salary is paid by the employer. As financial support, after the expiry of the maternity allowance (eight weeks, in the case of premature and multiple births twelve weeks after childbirth), **parental allowance or Parental Allowance Plus** ("Elterngeld Plus") can be applied for, provided that employment has been interrupted or reduced.

During parental leave, parents can **work part-time for up to 30 hours per week**. In companies with up to 15 employees, an agreement with the employer has always been necessary. In companies with more than 15 employees, there has always been a legal entitlement to a reduction in working hours for employees on parental leave. Since 01.07.2015, the application for part-time work has automatically been regarded as approved in accordance with the "fiction of consent", unless the employer objects in due time for operational reasons.

The introduction of **Parental Allowance Plus** (since 01.07.2015) added a further incentive to part-time employment during parental leave. On the one hand, Parental Allowance Plus compensates the loss of income due to a reduction in working hours during parental leave in phases (in the case of parental allowance a maximum of 12 (14) months, in the case of Parental Allowance Plus a maximum of 28 months), and on the other hand, both parents receive four additional Parental Allowance Plus months in the form of a "partnership bonus" if both parents work between 25 and 30 hours a week part-time during this period.

2 Creating a flag variable

Since the reasonable handling of the problem described is strongly dependent on the research question being dealt with, a general interpretation by the DZHW with adaptation of the data to be published would not be meaningful. On the other hand, the data users should be offered assistance to make the interpretation as simple as possible. The solution is to introduce a flag variable that assigns a code with the underlying data constellation to each episode in the employment table. For this purpose, all episodes of employment in the period covered by the third survey were classified in the tableau into *before, during and after a possible parental leave*, without exception¹, and the specified job characteristics remained unchanged.

The following information from respondents was used to compare the situation:

- the employment episodes (separated according to parental leave) from the tableau itself,
- the data for the corresponding months from the calendar,
- the information from the in-depth survey "Compatibility of family and career" on parental leave.

Based on these data, the episodes were subjected to the test scheme in Figure 1 and the corresponding values were stored coded in the variable `cocc22*n_g1`.

¹ It follows that the number of episodes in the dataset does not have to be the same as the number given by respondents. While in the first and second wave a maximum of nine episodes can exist, these are now subsequently extended to up to twelve episodes.

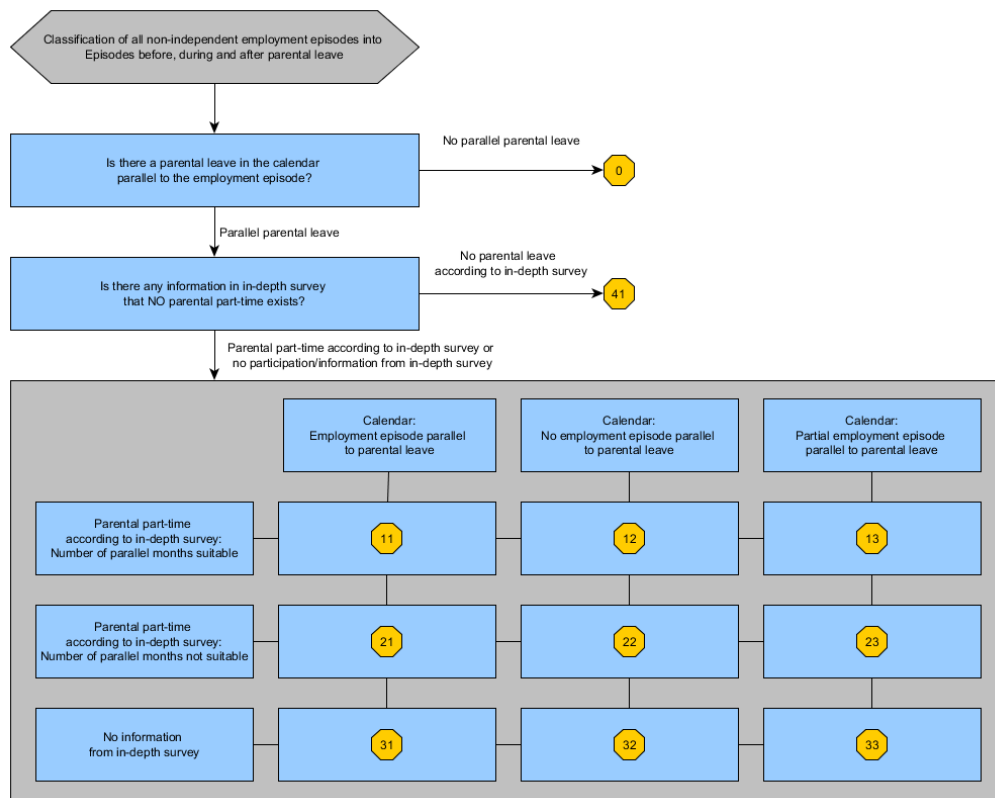


Fig. 1: Checking scheme for employment episodes

3 Interpretation of the flag variable

Thus, each employment episode has a unique value for the flag variable `cocc22*n_g1`. The interpretation of this value and the consequences of the analysis of the employment episodes will be outlined in the following; however, an exact weighing in relation to the research question being dealt with is always necessary. Ultimately, these are only recommendations.

0	Employment episode without parallel parental leave Can be interpreted as a valid employment episode.
11	Employment episode with parallel parental leave, also in calendar, corresponding parental leave according to in-depth survey Can be interpreted as parental leave, i.e. parental leave with a parallel employment episode; since it is not possible to reconstruct the extent of gainful experience/proportion of part-time work, these job characteristics should not be used for analysis
12	Employment episode with parallel parental leave, not in calendar, corresponding parental leave according to in-depth survey Can be interpreted as parental leave, i.e. parental leave with a parallel employment episode; since it is not possible to reconstruct the extent of gainful experience/proportion of part-time work, these job characteristics should not be used for analysis
13	<i>Not available</i>
21	Employment episode with parallel parental leave, also in calendar, parental leave according to

	in-depth survey, but the length not corresponding No clear interpretation possible. Cases should not be used for analyses, as the course can no longer be reconstructed.
22	Employment episode with parallel parental leave, not in calendar, parental leave according to in-depth survey, but the length not corresponding No clear interpretation possible. Cases should not be used for analyses, as the course can no longer be reconstructed.
23	Employment episode with parallel parental leave, partially in calendar, parental leave according to in-depth survey, but the length not corresponding No clear interpretation possible. Cases should not be used for analyses, as the course can no longer be reconstructed.
31	Employment episode with parallel parental leave, also in calendar, no details from in-depth survey No clear interpretation possible. Cases should not be used for analyses, as the course can no longer be reconstructed.
32	Employment episode with parallel parental leave, not in calendar, no data from in-depth survey No clear interpretation possible. A sole parental leave very likely, but not certain.
33	Employment episode with parallel parental leave, partially in calendar, no data from in-depth survey No clear interpretation possible. Conscious indications of partial episodes in the calendar make a combination of a sole parental leave and part-time employment during parental leave very likely, but not certain.
41	Employment episode with parallel parental leave, no parental leave according to in-depth survey Can be interpreted as a sole parental leave, i.e. interruption of employment; should not be used for analyses (as an employment episode)

In a nutshell:

- All episodes with the value 0 can be clearly interpreted as employment episodes.
- All episodes with the value 41 can clearly be interpreted as employment interruption and should be deleted for analysis.
- All episodes with the 10-codes can be interpreted as parallel parental leave and employment episode, but the working time shares and the number of hours cannot be used as activity characteristics for employment during parental leave.
- All episodes with the 20-codes and the value 31 cannot be clearly interpreted and should be excluded on a case-by-case basis if statements are to be made about the periods concerned.
- The episodes with the codes 32 and 33 should be excluded in the case of a conservative approach due to a residual uncertainty; for individual analysis an approach may be justified.