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# Active political engagement, political patronage, and local labour markets – the example of Shkoder

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## Abstract

### *Purpose*

This paper aims to contribute to understanding of the effects of active political engagement in port-of-entry jobs and employment pathways for graduate students. The data are derived from a structured survey of a small local labour market where political clientelism is pronounced due to the strong network ties. Controlling for both demand and supply factors we identify a profile for those who are more prone to engage politically in exchange for public sector jobs, which are in turn vulnerable to regime changes.

### *Design/methodology/approach*

We use data from a sample of 191 participants that records month-to-month employment states for three consecutive years (2012–2014). The method attempts to replicate an experimental design with repeated measures before and after the June 2013 government elections. The data is analysed using sequence analysis with optimal matching and difference-in-difference methods.

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### *Findings*

The analysis provides evidence of links between political engagement and selection onto different employment pathways. The pathways themselves are also shown to be differentially impacted by the 2013 election (positively or negatively). Together, these results are supportive of claims that jobs in Albania, particularly those in the public sector, are linked to the short-term presence of vote-buying and the political business cycle. This is shown to be the case even for this sample of educated members of the labour force (i.e. university graduates). The analysis also finds evidence of accumulative disadvantages over time, in relation to subjective perceptions of life satisfaction, migration intentions, employability and success in life, as a result of active political engagement.

### *Originality*

The study uses a unique data set and a novel methodology, sequence analysis. Occupational history calendars were used to capture quantitative information recording detailed work histories. To the best of our knowledge, this innovative method has not been used before to measure the temporal effects of political engagement on employment pathways.

**Keywords:** political clientelism, Albania, higher education, sequence analysis, employment pathways

## 1 Introduction

The six less affluent, post-communist Western Balkan (WB6<sup>1</sup>) countries have often been referred to as offering a “laboratory” of domestically instituted clientelist systems and informal networks of power (Efendic and Ledeneva, 2020; Radeljić and Djordjević, 2020; Uberti, 2020). Regardless of the European Union (EU) membership targets and anti-corruption efforts, the process of adoption and application of EU rules and norms across the region has stalled. This is, even more, the case for Albania, the poorest performing economy in WB6 (World Bank, 2017).

The clientelism phenomenon occurs when policymakers attempt to satisfy the electorate in opportune moments – usually in short-term periods before and after the elections occur – in order to hold/take office and maximise their wealth. In Albania, because the incorporation of corrupt exchanges of votes has been common practice since the collapse of communism, perceptions of the normality of this incidence among the wider population have progressively contributed to the systematic reproduction of what the literature mentions as “bastard clientelism” (Moss, 1995). In fact, so much does political clientelism rest on widespread social tolerance, that in 2016, according to the ‘Life in Transition’ survey, 43 percent of Albanians agreed that ‘political connections’ are

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<sup>1</sup>Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

the most important factor for success in life, scoring the third-highest percentage for this response in the whole transition region. By contrast, 34 percent chose “effort and hard work” while nearly 18 percent answered “intelligence and skills”. The latter percentage is substantially lower than the averages for the transition region (31 percent), Germany (36 percent), and Italy (27 percent) (EBRD, 2016). Empirical evidence also confirms that bribery, favouritism and clientelist practices that have developed alongside paternal linkages are present in student assessment in Albania (Zhillima et al, 2018). This explains why a considerable share of the youth in WB6 in general and Albania in particular, perceive that the returns to investing in ‘partisan politicization’ (as a form of social capital) (Meyer-Sahling, 2009) are significantly higher than those from human capital (Bartlett, 2013; Efendic and Ledeneva, 2020).

The problem with political clientelism, and its induction of direct and indirect effects on a number of labour market segments, in developing or transition economies has been widely analysed in the literature (Livanos and Papadopoulos, 2019; Wang and Wissenbach, 2019; Yildirim and Kitschelt, 2020). Of particular interest to this study is the exchange of votes and active political support for employment positions in the public sector which are perceived as more secure forms of employment (more details on this issue are provided in the next sections).

Using public sector jobs as rewards for active support to the party/-coalition, generates work and employment inequalities for non-competitive favourable groups based on their political affiliations. These effects are amplified when such jobs mark the port-of-entry from university into the labour market. Most of the research on university-to-work transitions (UTW) is conducted among the WEIRD (Western, Educated, Industrialized, Rich, Democratic) countries (Henrich et al, 2010), which tend to have strong and established institutional, and consequently, UWT regimes. There is scarcity of research in small post-communist non-EU countries with weak institutions (Pastore, 2018; Pastore and Zimmermann, 2019). This study offers an account on this issue by using micro-level data for a small local labour market in north Albania. We analyse how active political engagement affects the UTW transition of students who enter the local labour market. The labour market in Albania is characterized by multiple segmentation. This is even more pronounced for young people who experience worse labour market outcomes than mature workers, regardless of national context. However, young workers in WB6 countries fare three to four times worse than those in ‘coordinated’ market economies (Pastore, 2018, 2015).

The objective of this paper is twofold. First, it sets out to estimate the effect of active political engagement on port-of-entry jobs and employment pathways for graduate students. It is focused on a small local labour market where political clientelism is often assumed to be stronger due to strong network ties which in turn generate more pronounced spillover and reference dependence effects. Taking account of job selection effects from both the demand-side (i.e. employer led) and the supply-side (reflecting employee preferences) we try to

identify a profile of those who are more prone to engage politically (at least partly) in exchange for public sector jobs. The study uses a unique data set and a novel methodological approach, sequence analysis. Occupational history calendars (OHCs) are used to capture detailed work histories (Birkett et al, 2017; Carmichael et al, 2019; Porcellato et al, 2016). The retrospective/recall data from the OHCs is analysed using sequence analysis with optimal matching to identify employment typologies (Brzinsky-Fay et al, 2006). To the best of our knowledge, this innovative method has not been used before to measure the temporal effects of political engagement on employment pathways. Second, the analysis also investigates whether, over time, there are diverging or converging patterns in subjective perceptions of life satisfaction, migration intentions and the key drivers of employability and success in life.

The study finds that there is evidence of demand- and supply-side effects on selection onto different employment pathways. In particular, the employment pathways followed by graduates are linked to the degree to which individuals are actively politically engaged and sector of employment (public or private). Furthermore, over time, there are accumulative disadvantages to active political engagement in relation to life satisfaction, migration intentions and perceptions of the determinants of employability and success in life.

The paper proceeds as follows. First, we situate our theoretical argument within research that links market hiring, particularly in the public sector, with clientelism and elections. Section 3 provides an overview of the Albanian context. Section 4 describes the methods and the sample. Section 5 describes the results and section 6 concludes.

## 2 Literature review

### 2.1 Clientelism and elections

In neo-patrimonial regimes, authority is based on personal loyalty between a patron (e.g. incumbent politicians) and his (or – less likely – her) clients (i.e. subordinates). In this context, the incumbent’s strategy to gain and maintain political power is not primarily conditioned by its ability to deliver on policy programs but rather on the creation and distribution of material/concrete benefits, which are ‘distributed as though they were the private property of the ruler and/or his staff’ (Kelsall, 2011). Clientelism is a contingent relationship between voters and politicians in which the latter “get things done” in exchange for the votes from the former. It is rooted in the level of state distrust, and the subject of this patron-client relationship is context-specific and may include direct cash payments, consumable goods, public sector jobs, court decisions, construction permits, etc., (Bustikova and Corduneanu-Huci, 2017). The development of clientelistic politics and political strategies to secure votes around election times, in particular, are shaped by the economic development (Hicken, 2011; Keefer and Vlaicu, 2008; Kitschelt and Kselman, 2013), democracy (institutional) quality (Keefer and Vlaicu, 2017), reputation (trust in the

state) (Keefer and Vlaicu, 2008), and population size (Veenendaal and Corbett, 2020).

Political clientelism and patronage have distributional consequences on a number of labour market dimensions in developing economies (Livanos and Papadopoulos, 2019; Wang and Wissenbach, 2019; Yildirim and Kitschelt, 2020). Previous studies on employment guarantee programs in India found that households, which are politically active and supporters of the local ruling political party, are more likely to receive the benefits in terms of participation, number of days of work and earnings from the program (Das, 2015). Also in rural Bengal the incumbent was found to forge clientelistic relations with selected low caste groups in exchange for their political support (Bardhan and Mookherjee, 2012). In SEE, jobs in general, and public sector jobs in particular, are acquired through informal networks which are at the heart of clientelistic and corruptive practices (Efendic and Ledeneva, 2020). Public sector hirings create unfair determinants of employment and career inequalities and produce favourable non-competitive groups based on their political affiliations. In general, all segments of the labour market are worse off and suffer more from clientelism. Djankov et al (2016) found that in transition countries, beliefs about fairness in governmental processes were related to life satisfaction. This confirms the idea that notwithstanding that a context is characterized by high systematic clientelism, this does not negate its psychological costs. By the same token, when discussing beliefs and perceptions about employability and success in life, labour market theory and empirical evidence from affluent economies point towards skills, education, effort, intelligence, and hard work. In principle, these should determine employment outcomes; however, in transition economies, social capital, including clientelism, imposes non-competitive access barriers to many jobs and this would not be expected to be the case in more meritocratic settings. Altogether, these factors contribute to an under-investment in human capital and reduce the steady-state level of efforts (Alesina et al, 2012).

Albania has been subject to extensive research on corruption and clientelism in conjunction with elections. Imami et al (2017) showed that political affiliation or connections could enable students to benefit better grades. Informal networks embedded in political party structures during communism and transition, not only resulted in distortion of the education system, but also enabled successful prospects of political party activists and their families, through improved access to education graduation and better evaluation, which were pre-condition to professional and political career (Imami et al, 2017). Thus, political clientelism has been traditionally embedded in the Albanian culture in the context of education and employment. Furthermore, political clientelism and corruption are more pronounced during elections. Imami et al (2018a,b) provide evidence of election cycles in the allocation of state-created rights such as (respectively) mining licenses and construction permits. Accordingly, Lami et al (2021) find evidence of lower tax compliance before

elections in Albania, potentially due to favouritism, pork-barrel politics or corruption (e.g. the substitution of bribes for tax income), resulting in significant worsening of public finances performance before elections. Albanian public administration has been traditionally politicised, and appointments of public servants have often been politically based, while election driven employment has been common (Lami et al, 2014). The documented politicized election-related employment, combined with clientelism in election related behaviour of Albanian incumbent reflected in various domains, represents an interesting case and context for our analysis.

## 2.2 University to work transitions

When studying a life event such as UTW, the lifespan, life-space, developmental perspective of (Super, 1980) and the developmental-contextual framework of (Vondracek et al, 2019) can guide this endeavour. These framework offer a dynamic account on career stages which matches with the nature of the data collected via OHCs. The transition from university to work is a significant milestone for young people in general. Port-of-entry jobs are the first career-determining moment; low quality employment (part-time, zero hours contracts, fixed term, temporary, self-employment without workers, etc.) or prolonged periods of unemployment (more than 1 year) are typical of this early career stage in former socialist countries (Kureková et al, 2015; Pastore, 2018,?; Quintini and Martin, 2014; Saks, 2018; Tümen, 2016). According to the signalling theory (Spence, 1978)(Spence, 1973), if employment in low quality jobs is prolonged, it conveys a negative signal in terms of worker’s quality (Mojsoska-Blazevski et al, 2017; Petreski et al, 2017). Indeed, evidence confirms that the odds of finding a “good-quality” job decrease with time spent in non-employment or in a bad-quality first job (Pastore et al, 2021). Workers who start in low-quality jobs have a higher incidence of entrapment in such forms of employment and unemployment, compared with workers who start in high quality jobs (Manacorda et al, 2017; Petreski, 2018). Little is known regarding the patterns of UTW in the non-EU countries in the WB6 (Pastore and Zimmermann, 2019) where there are shared labour market features and concerns (Bartlett, 2013). Bartlett and Uvalić (2019, p. 54) point out that “university graduates in the WB6 face a precarious transition to stable employment”, with unemployment length from university to the find of the first job being on average 16 months. In 2015, Albanian university graduates in general and those who graduated recently (within 1 year) in particular faced unemployment rates around 17 and 28 percent respectively (Bartlett and Uvalić, 2019). Several factors have been put forward as drivers of the precarization of graduate employment. First, the 2014-20 two-tier labour market reform, aimed at increasing flexibility of employment for new entrants (Ministry of Social Welfare and Youth, 2014), but preserving security for existing older workers has impacted mainly the youth. This means that labour flexibility is not distributed evenly among the different segments of the working population (Pastore, 2018). In post-communist countries, most often than not, low

quality port-of-entry jobs trap graduate young workers in cycles of insecure, dead-end jobs and unemployment (Babos, 2014) (Babos, 2014). Second, lack of formal career guidance institutions (Bartlett and Uvalić, 2019) has increased the reliance on networks (friends, family, political parties) for finding a job. Third, the WB6 are characterized by large public sector employment, which hires mainly by means of stable (full-time, open-ended contract) employment. Consequently, a high preference for public sector jobs among graduates has been the result which in turn has contributed to increased levels of clientelism and nepotism (Efendic and Ledeneva, 2020). In Albania, it is estimated that around 37 percent of university graduates enter the public sector (INSTAT, 2015). In terms of labour composition, Albania is an outlier in the WB6. According to the World Bank (2017), compared to the WB6 region, for the 2010 – 2016 time period, employment composition in Albania was comprised of the highest share of low-skilled (without university education) (47 percent) and the lowest share of high-skilled (university graduates) (13 percent) workers. This is mainly due to the fact that paid employment is largely dominated by seasonally based sectors such as agriculture and tourism and the share of university graduates has increased steadily over the last decades. In this study, we seek to assess the effects of active political engagement on port-of-entry jobs in the context of a country where there is a preference for jobs in the public sector and where public sector employment is often linked to political clientelism.

## 2.3 The Albanian context and selection in the public sector

Another distinctive aspect that shapes the UTW regime in Albania relates to the role of social capital and preferences. Fig. 1 presents the key segments of the contemporary labour market in Albania<sup>3</sup>. Their respective shares are generated by 2013 Labour Force Survey<sup>2</sup>. Central to the analysis of these divisions and inequalities in shaping employment outcomes is the demand side of the market. While there is a more pronounced multiple segmentation in the private sector due to poor labour law enforcement and informal and corrupt practices, the public sector is perceived as a primary/core segment due to its regulation and protection. However, the public sector in Albania is highly inefficient and characterised by two types of influences on selection into employment. Supply-driven selection derives from strong preferences for public sector employment by Albanians in general, reflecting communist-era fatalist views of life and the need/expectation of job security/protection. Generations of workers connected by family ties transmit their beliefs and preferences of what was a “good” job under communism. Employment histories thus become consequence of systems of preferences, relative rewards, social as well as human

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<sup>3</sup>Source: Drishti and Carmichael (2022)

<sup>2</sup>LFS 2013 microdata available at the Albanian Institute of Statistics, INSTAT, in this link: (<http://www.instat.gov.al/al/statistika/>); The LFS report for 2013 can be found in this link: (<http://www.instat.gov.al/media/1897/>)



capital and any switching costs associated with shifts from initial conditions. This has influenced the preferences of the current generation (the students) and ultimately their employment pathways. In other words, there is a chain of inter-generational transmission of preferences from long-term exposure to the communist footprint (Banalieva et al, 2017).

**Fig. 1** Segmentation of the labour market in Albania

		Demand side: Employers		
		<i>Non-agricultural private sector (44%)</i>		<i>Public sector (19%)</i>
Supply side: Employees	Primary (29%)	Secondary (71%)		Primary
		Formal (73%)	Informal <sup>1</sup> (27%)	
	High-status professionals High wages Formal contracts	Low wages Minimum wage contracts <sup>2</sup>	Low wages No formal contract Survival employment	Low-high wages Additional non-wage income <sup>3</sup> Job security Some insecurity with regime changes

Notes:

Source: Drishti and Carmichael (2022)

1 Jobs without a written contract (avoiding taxation and social security payments).

2 Employers will register workers as receiving minimum wage for tax reasons and asking them to partially return in cash the minimum wage received by the bank.

3 Opportunities for bribery and corruption or other forms of in-kind payments such as real estate or land.

Demand-driven, employer-side selection, is characterized by resilient ‘partisan politicization’ (Meyer-Sahling, 2009) and is supported by the common perception that the public sector is a superior sector in which to work. A notable feature is high turnover of civil servants at the central and local levels when a new political force wins the elections<sup>2</sup>. In relation to employment pathways (or careers), this type of selection creates temporal dependence in that initial conditions (in our case, port-of-entry jobs in the public sector) causally affect employment outcomes in the future (Heckman et al, 1981). On the other hand, supply-side selection reinforces links between past and present labour market states (Heckman et al, 1981). This unobserved heterogeneity manifests in time-invariant personality characteristics e.g. attitudes towards risk, more collective/social or more individualist cultures, self-centeredness, autonomy in decision-making and material rewards, which simultaneously affect choices regarding employment over time. From this perspective, the profile of individuals who systematically self-select into the public sector would, for example,

<sup>2</sup>Basically, these are politically motivated firings from public sector jobs. The estimated cost to Albanian taxpayers was around 13.4 million Euros in 2018 (BIRN, 2018) and around 17 million in 2019 (Revista Monitor, 2019). These are payments ordered by court decisions for unfair dismissal. The rationale for doing these dismissals is political clientelism: using public sector jobs to reward active supporters of the ‘winning’ party/coalition, regardless of the costs to taxpayers.

include lower risk-taking individuals. Moreover, the public sector is attractive to some because it is often less demanding in terms of work load and productivity (e.g., hours of work, quality of work, access to holidays) and it may also offers multiple options for benefiting from corruption and bribery which are a salient feature, by some regarded as the norm, even a sport, in Albanian culture.

### 3 Methods and procedures

We administered a survey that embedded an occupational history calendar (OHC). 191 students and alumni of University of Shkodra completed the survey. In the analysis of the survey and occupational history calendars (OHC) data we follow the methodology used in (Carmichael and Ercolani, 2016) which applies four integrated stages. In the first stage of the analysis respondents' occupational histories are constructed as sequences over the whole 36 months period thus ensuring that the monthly records are not reduced to single events. Second, the constructed sequences are subjected to non-parametric optimal matching which uses the Needleman-Wunsch algorithm to construct a distance or dissimilarity matrix recording the minimal distances between pairs of sequences. The distance matrix is then used in standard cluster analysis procedures to group sequences of employment trajectories. See for example Brzinsky-Fay et al (2006) or Anyadike-Danes and McVicar (2010) for detailed explanation of sequence analysis procedures. This method of analysis has been used extensively to analyse aspects of life course histories including career mobility dynamics (Fuller and Stecy-Hildebrandt, 2015; Mattijssen et al, 2020; McVicar et al, 2019). To our knowledge, this is the first time that employment pathways and political engagement have been analysed using this method. In the third stage of the analysis we use regression analysis to explore how political engagement and social attitudes shape the employment pathways that students follow. Finally, we use difference-in-differences estimation to examine whether any initial differences in life satisfaction, migration intentions, and perceptions about factors influencing success in life and employability widen over time as employment pathways evolve, controlling for supply- and demand side factors.

#### 3.1 Research Instruments

In order to investigate the effects of active political engagement on employment histories, the researchers administered face-to-face surveys that embedded OHC (Birkett et al, 2017; Carmichael et al, 2019; Porcellato et al, 2016). The OHC was introduced at the beginning of the survey. The calendar was completed by moving backwards from the present, the time of the data collection (December 2014) over 36 months (to January 2012) as this helps respondents to retrospectively construct their employment histories using meaningful reference points (Lilley et al, 2011). The OHC was used to collect monthly information on employment status, type of job if working and duration in a

job. The records comprised factual information about occupational histories that required little subjective judgement thus providing sufficiently reliable and objective information (Brewin et al, 1993). In the analysis the data from the OHCs was used to group individuals with similar employment trajectories and to compare earlier, pre-election (January 2012) and later-stage, post-election employment (December 2014).

Demographic data was also collected as part of the survey along with data on important life events (e.g. graduation, hiring, party membership, election campaigning). The survey also included questions on subjective perceptions of life satisfaction, migration intentions and factors supporting employability at two points in time: the time of the survey (December 2014) and 3 years ago in January 2012. These time points represent the synthetic baseline (before) and follow-up (after) measurements which necessary for the following regression and difference-in-difference methods for data analysis.

Questions were also included to account for demand-side effects associated with political engagement: whether an active member of political party/forum, whether family members and/or friends are active supporters of political party, and number of political meetings, hearings, discussion groups attended. Responses to these questions were used to profile the groups with similar employment trajectories. Any within- group systematic changes pre- and post-election, identifiable by spikes or surges in employment pathways before and after the June 2013 elections, were then used to consider inter-temporal effects of political engagement on employment.

Responses to attitudinal questions were used to construct measures capturing supply-side employment preferences. These measures included indexes for entrepreneurial intention (Liñán and Chen, 2009), proactive personality (Bateman and Crant, 1993), innovativeness (Hurt et al, 1977) and materialism (Belk, 1984) (See Fig. A1 and A2 in the Appendix for detailed description). The attitudinal constructs are operationalised as time invariant fixed effects which are included in the regression analysis to address otherwise unaccounted for variance due to unmeasured (omitted) variables and unobserved heterogeneity.

## 3.2 Sample

The sample included students and alumni of the University of Shkodra who agreed to participate in the study. The sampling frame was generated using the university's Internal Evaluation Reports (2013-14) which keep detailed information on current students and alumni. The three largest faculties were included in the sample, Economy, Educational Sciences and Law, as these programs have the largest number of graduates who enter the local labour market in both the private and public sectors. The data were collected by two of

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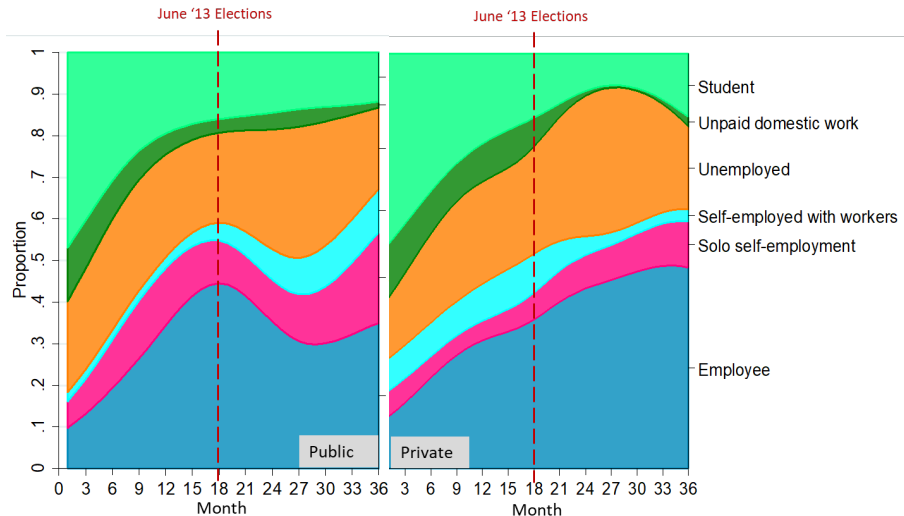
<sup>4</sup>As a publicly funded university, these reports are generated annually upon the request of the Ministry of Education and are confidential. Access to university members (full-time staff) is granted by means of the University's archive.

<sup>5</sup>Based on the Internal Evaluation Reports, the education backgrounds in these faculties (accounting, management, teaching, social work, law, psychology, etc.) are suitable for most public sector jobs locally. On average one in three workers with a university degree in Shkoder, is hired in the public sector while the rest in the private sector. In our sample, the proportion of students

the authors who are employed at the University of Shkodra. The non-response rate was 6 percent.

In total, 191 valid surveys were collected from students and alumni who were either pursuing or had graduated from their degrees at the bachelor's, professional master's, or master of sciences level. Alumni with a job history before January 2012 were included in the sample for comparison purposes. This was not a nationally representative sample, but could be considered locally representative of students and alumni. A total of six possible labour market statuses were identified and were coded as followed: employee (wage employment), solo self-employment (own-account workers or micro-entrepreneurs), self-employed with employees (self-employed managers), unemployed, unpaid domestic worker, and student. Fig. 2 illustrates the employment histories of the sample (by sector) graphed as smoothed proportions over the 36-month period.

**Fig. 2** Segmentation of the labour market in Albania



The graphs are stacked area plots computed using the ‘propcrspline’ command in Stata. The date of central government elections (June 2013, the 18th month of the sequence) is highlighted in the graphs. The election marked the end of the democratic coalition mandate (2005-2013) and the beginning of the socialist coalition government (2013 to present). In the region of Shkoder, the change of regime meant that all public sector jobs in local offices directly related to the central government (e.g. in tax collection, the police, schools

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who entered the labour market was comparable with this composition: 33 percent in the public and 67 percent in the private sector. Source: Employment by sector, 2017 – 2018, Municipality of Shkodra

<sup>6</sup>The decision about whether to work or not is not addressed due to the small sample size.

and the post office) could be vulnerable to changes in personnel. Fig. 2 shows notable peaks and surges indicative of transitions in the employment pathways around June 2013 among respondents working in the public sector. These are less evident in the private sector. In the subsequent analysis we use this data to replicate an experimental design using retrospective data recorded before and after the June 2013 government elections.

## 4 Results

### 4.1 Sequence analysis: a typology of employment pathways

The 191 complete sequences recording employment histories over 36 months in effect constitute a balanced panel. In the analysis, the sequences, rather than individual elements of sequences, are the unit of analysis. They were subjected to optimal matching as described above. The insertion-deletion (indel) costs were set to 1 and the substitution costs to 2. The distances were standardised by dividing each distance by the length of the longest sequence in the dataset. The resulting distance matrix was used with Ward's cluster linkage technique to group similar employment trajectories (Brzinsky-Fay et al, 2006). The optimal number of clusters was judged to be four based on the Duda/Hart Je(2)/Je(1) stopping rule index. The clusters are illustrated in Fig. 2. The dendrogram for the cluster solution in Appendix Fig. A76 shows that cluster 4 is the mostly distinctly differentiated.

Fig. A3 and A9 in the Appendix provide figures detailing the annual transitions made between the six different employment states and the frequency of the different employment states for the whole sample and within each cluster (Fig. A4 - A6 show this information graphically). A high proportion of those recorded as employed were in paid employed throughout each 12-month spell (54.72 percent). The data indicate that the highest frequency of states was recorded for employees (32.55 percent of states) and the second highest frequency was recorded for unemployed (25.39 percent of states).

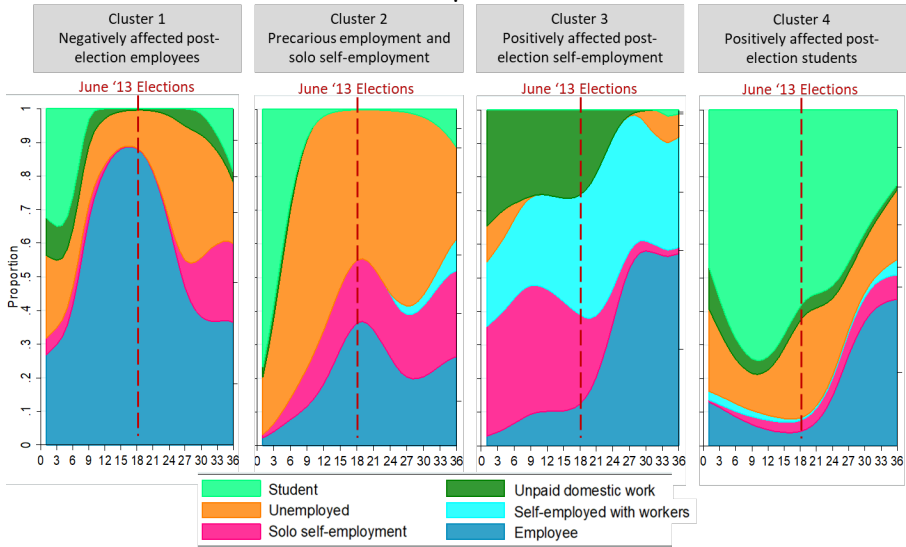
In terms of the clusters, Cluster 1: Negatively affected post-election employees ( $n = 62$ ) is the largest cluster. The cluster groups together employment histories recording a high incidence of wage employment and also early transitions from university or unemployment to wage employment. There is a pronounced spike around June 2013 that captures a salient feature of this cluster, namely a decrease in employment post-election and an increase in unemployment. There is also an upturn in solo self-employment towards the end of the 3-year period and transitions marking returns to education to undertake a masters<sup>7</sup> or other second degree.

In Cluster 2: Precarious employment and solo self-employment ( $n = 49$ ) the incidence of unemployment is high throughout the 36-month period, suggesting that employment for this group is more precarious. However, there is still an

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<sup>7</sup>The only exception is the municipality where the mayor is chosen by local elections and in Shkoder has remained under the control of the Democratic Party since 1991.

**Fig. 3** Segmentation of the labour market in Albania



increase in unemployment following the election. Another notable feature is the post-election downturn in wage-employment and an upturn in solo self-employment. These latter may reflect a route out of unemployment.

Cluster 3: Positively affected post-election self-employment ( $n = 28$ ) is of particular interest to the study. On one hand, the sample means for the variables recording political engagement (See Fig. A8 in the Appendix) indicate that this is the least politically engaged group. On the other hand, figures in Fig. A9 in the Appendix show that this cluster has the smallest share of 'student' states (4 percent). Moreover, this cluster is dominated by self-employment, with and without employees in the pre-election months, with the latter being substituted by wage employment post-election.

Cluster 4: Positively affected post-election students ( $n = 52$ ) contains the largest share of students and is characterised by the transition from university to wage employment in the months after the elections.

In summary, cluster 1 and 2 appear the most negatively affected by the election since in both cases there is a higher incidence of unemployment as well as solo self-employment after the election. Clusters 3 and 4 on the other hand seem to benefit post-election although in different ways and from different pre-election states. It is interesting to see that cluster 3, who seem to do better post-election are the least politically engaged/partisan. This might potentially indicate that engagement needn't mean engagement with the 'right' political party, i.e. the winning party/coalition; engagement with the 'wrong' party would be expected to have a negative effect on employment post-election outcomes.

In the regression analysis Cluster 3 is used as the ‘reference group’ implying that the comparison is with the least politically engaged. Cluster 3 might also be considered a suitable “peer reference group” for this sample. Empirical evidence suggests that peer reference groups tend to be local, arguably reflecting reference-dependent preferences (Kahneman and Tversky, 1972). In Latin America, the effect of relative status is found to be strongest at the city level rather than the country level (Graham and Felton, 2006). In this study, labour market outcomes are likely to be evaluated relative to kin and social groups at the local level. Individuals might be unaware of how the labour market is performing outside their local place of residence and will therefore tend to compare themselves with others who have similar qualifications and background. Festinger (1954, p. 16), in his social comparisons theory, contends that a person compares his opinions and abilities with those considered to be “at about the same level” on given dimensions such as age, education, gender, socio-economic status, employment status, as related features for social comparisons.

## 4.2 MNL estimation: cluster membership

For the outcome variable (the 4-cluster solution), we estimate a model that maps onto a rich set of variables (see Fig. A1 and A2 in the Appendix). Since this is an unordered categorical variable, a multinomial logit (MNL) regression was used to explore cluster membership at the time of survey ( $t = 1$ , follow-up). Setting the third cluster as the control group ( $m = 3$ ), the MNL specification has the following form:

$$\Pr(\text{Cluster}_i = m \mid X_i, \text{Attitudes}_i, \text{Political}_i) = \frac{\exp(\alpha_{m|3}X_i + \beta_{m|3}\text{Attitudes}_i + \gamma_{m|3}\text{Political}_i)}{1 + \exp(\alpha_{m|3}X_i + \beta_{m|3}\text{Attitudes}_i + \gamma_{m|3}\text{Political}_i)} \quad (1)$$

Where  $X_i$  is a vector of control variables; gender, age, age squared, marital status, education level, sector, years of work experience prior to January 2012 and quarterly national unemployment rates.  $\text{Attitudes}_i$  is a vector of variables capturing entrepreneurialism, proactiveness, innovativeness and materialism.  $\text{Political}_i$  is a vector of variables capturing political engagement; whether an active member of political party/forum, whether family members and/or friends are active supporters of a political party, attendance at political meetings, hearings, discussion groups. The  $\text{Attitudes}_i$  and  $\text{Political}_i$  vectors were included in the model to account for supply- and demand-side selection effects as discussed above. Appendix Fig. A1 and A2 provide variable definitions.

The results for the main variables are presented in Fig. 4. The discussion of results considers the relative risk (odds) of following an employment pathway similar to that of clusters 1, 2, and 4 compared to cluster 3, the reference

**Fig. 4** MNL estimates: Factors predicting cluster membership (base category is cluster 3; Positively affected post-election self-employment)

Independent variables	Cluster		
	(1) Negatively affected post-election employees	(2) Precarious employment and solo self- employment	(4) Positively affected post-election employees
Active member of political party/forum	3.333*** (0.104)	1.404** (0.139)	1.456** (0.131)
Family members and/or friends who are active supporters of political party	1.449* (0.167)	1.320 (0.139)	2.162*** (0.164)
Political meetings, hearings, discussion groups attended	3.025*** (0.215)	1.284** (0.197)	1.354*** (0.241)
Public sector	3.900*** (0.197)	1.619** (0.171)	3.281*** (0.148)
Entrepreneurial intention	0.789 (0.169)	1.315** (0.093)	0.895 (0.077)
Proactive personality	2.351*** (0.131)	3.673*** (0.117)	1.502*** (0.048)
Innovative	1.408 (0.263)	1.933*** (0.094)	1.119 (0.146)
Materialism	2.044*** (0.073)	1.241 (0.171)	2.956*** (0.130)
Observations	191		
Log-likelihood	-3605.044		
LR- $\chi^2$	3253.55***		
Pseudo-R2	0.311		

Notes:

Reported figures are relative risk ratios. Figures in parentheses are standard errors.

\*, \*\* and \*\*\*, Significant at  $p < 0.1$ , 0.05, and 0.001, respectively.

Controls included for gender, age, age squared, marital status, education level, years of work experience before January 2012, quarterly national unemployment rate.

group. As noted, the pathways in clusters 1, 2 and 4 all show evidence of being affected, either negatively or positively by the 2013 election.

Of particular interest are the estimates for the measures of active political engagement; being an active member of political party/forum, having family members and/or friends who are active supporters of political party, and frequency of attendance at political meetings, hearings, discussion groups. These measures aim to capture demand-side (employer-led) selection effects that impact the transition from student life to employment e.g. via access (or not) to a public sector job. The results show that the odds associated with membership of clusters 1, 2 and 4 are all higher for respondents who were actively engaged in politics in terms of party membership and regular attendance at meetings and hearings. Indirect political support through family members and/or friends is significantly associated with clusters 1 and 4 only. The relative risk ratios associated with following an employment pathway affected by the June 2013 election (positively or negatively) were also higher for respondents working in the public sector. In relation to the attitudinal variables, the odds of being in



Clusters 1 and 4 compared to the reference cluster are associated with a more proactive and materialistic personality. Membership of cluster 2 is associated with a more entrepreneurial, innovative and proactive personality. The findings confirm links between the employment pathways of students, the sector of employment and their political engagement and personality. The significance of the variables capturing political engagement provide evidence of demand-side, employer led selection effects associated with political clientelism. The significance of the attitudinal variables is indicative of supply-side, preference led effects into different employment pathways.

### 4.3 Logit estimation: accumulative disadvantages of political engagement

In this section, we examine whether any initial differences in life satisfaction, migration intentions, and perceptions about success in life and employability widen as people’s political engagement and employment histories evolve. The true state dependence perspective suggests that some of these initial differences may have constrained or shaped future attitudes and perceptions relating to political connections and the above attitudinal variables. Some differences may have widened or narrowed as a consequence of the initial conditions of the followed pathways. Both options would be consistent with relative (dis)advantages with respect to life satisfaction, migration intentions, beliefs about unemployment causes and sources of success in life growing over time. According to the theory of cumulative (dis)advantage, small differences early in life can widen over the life course, that is, advantages/ disadvantages give rise to additional and accumulating advantages/disadvantages (Dannefer, 2003).

The descriptive statistics in Fig. 5 show that there were already differences between the (before) baseline ( $t = 0$ : January 2012) and (after) follow-up ( $t = 1$ : December 2014, time of the survey) self-reports of general level of satisfaction with life and migration intentions, measured as willingness to plan a life in Albania. The negative differences between the two measures are indicative of adverse accumulative effects in such fashion that perceptions about life satisfaction ( $t = 0$ : 0.37;  $t = 1$ : 0.21; Difference = -0.18) and the intentions to plan a life in Albania ( $t = 0$ : 0.54;  $t = 1$ : 0.31; Difference = -0.23) worsened. Similarly, there are reinforced beliefs that having political connections are key to improving one’s employability ( $t = 0$ : 0.41;  $t = 1$ : 0.57; Difference = 0.16) and success in life ( $t = 0$ : 0.31;  $t = 1$ : 0.49; Difference = 0.18) among the participants between January 2012 and December 2014.

To estimate the reasons of these changes, we modelled a difference-in-difference (DiD) specification that pools data from the first (baseline) and last (follow-up) month of the total sequence (January 2012 to December 2014). The model included three dummy variables. *Lastmonth*, to identify whether the measurement is for the last month of the sequence (follow-up). *Cluster<sub>j</sub>* identifies cluster membership as indicated in the MNL estimations in Fig. 3, with cluster 3 being the ‘reference group’ (the least politically engaged/partisan) and clusters 1, 2, and 4 the groups ‘treated’ with ‘partisan politicization’.

$Cluster_j * Last_{month}$  is the interaction between the previous two dummy variables and identifies the cluster membership for the last month of the sequence (December 2014, the follow-up). The DiD estimation of the models is specified in the following form:

$$\begin{aligned}
 Life\ Satisfaction_i = & \beta_{10} + \beta_{1L}Last_{mo} + \sum_{j=1}^4 \beta_{1j}Cluster_j \\
 & + \sum_{j=1}^4 \beta_{1k}Cluster_k * Last_{mo} + \sum_{n=1}^{191} \beta_{1n}X_n + \epsilon_1
 \end{aligned} \tag{2}$$

$$\begin{aligned}
 Migration_i = & \beta_{20} + \beta_{2L}Last_{mo} + \sum_{j=1}^4 \beta_{2j}Cluster_j \\
 & + \sum_{j=1}^4 \beta_{2k}Cluster_k * Last_{mo} + \sum_{n=1}^{191} \beta_{2n}X_n + \epsilon_2
 \end{aligned} \tag{3}$$

$$\begin{aligned}
 Unemployment_i = & \beta_{30} + \beta_{3L}Last_{mo} + \sum_{j=1}^4 \beta_{3j}Cluster_j \\
 & + \sum_{j=1}^4 \beta_{3k}Cluster_k * Last_{mo} + \sum_{n=1}^{191} \beta_{3n}X_n + \epsilon_3
 \end{aligned} \tag{4}$$

$$\begin{aligned}
 Success\ Life_i = & \beta_{30} + \beta_{3L}Last_{mo} + \sum_{j=1}^4 \beta_{3j}Cluster_j \\
 & + \sum_{j=1}^4 \beta_{3k}Cluster_k * Last_{mo} + \sum_{n=1}^{191} \beta_{3n}X_n + \epsilon_3
 \end{aligned} \tag{5}$$

Due to the small sample size, the outcome variables were dichotomized and binary logit models were used. Fig. 5 reports the odd ratios for the DiD estimations for the four outcome variables. In estimation (1) and (2), the outcome variables are life satisfaction and migration intentions. The odds ratio of less than 1 of the  $Last_{month}$  dummy variable in both estimations indicates that for the total sample, throughout the course of the observed sequence, life satisfaction and intentions to plan a future in Albania deteriorated, although not significantly. The odd ratios of less than 1 for clusters 1, 2, and 4 confirm that individuals in cluster 3 (the reference group) have higher life satisfaction and are more likely to be planning a future in Albania.

**Fig. 5** Difference-in-differences logit estimates for life satisfaction, migration intentions, and beliefs about employability and success in life

Variables	(1) Life satisfaction	(2) Migration intention	(3) Unemployment cause – not knowing the right people	(4) Getting ahead in life – knowing the right people
Last <sub>month</sub> (December 2014)	0.857 (0.116)	0.832 (0.139)	1.223* (0.160)	1.132 (0.252)
Cluster 1 (Ref. Cluster 3)	0.816** (0.077)	0.796*** (0.071)	1.290*** (0.028)	1.468*** (0.090)
Cluster 2 (Ref. Cluster 3)	0.889* (0.056)	0.835*** (0.043)	1.142** (0.387)	1.101* (0.033)
Cluster 4 (Ref. Cluster 3)	1.117*** (0.023)	0.817* (0.097)	1.262* (0.103)	1.311** (0.081)
Cluster 1 × Last <sub>month</sub>	0.671*** (0.062)	0.796*** (0.039)	1.435*** (0.062)	1.399*** (0.041)
Cluster 2 × Last <sub>month</sub>	0.787*** (0.026)	0.898* (0.038)	1.289** (0.082)	1.121** (0.041)
Cluster 4 × Last <sub>month</sub>	0.889*** (0.033)	0.818*** (0.053)	1.285** (0.083)	1.365*** (0.091)
Migration intention	2.936*** (0.108)			
Unemployment cause – not knowing the right people	0.664*** (0.022)			
Getting ahead in life – knowing the right people	0.558*** (0.091)			
Observations	191	191	191	191
Pseudo R Square	0.377	0.281	0.251	0.301
Log-likelihood	-8557.12	-7296.71	-8226.53	-7964.37
LR- $\chi^2$	3007.02***	2257.14***	2784.31***	3107.35***

Notes:

Reported figures are odds ratios. Figures in parentheses are standard errors.

\*, \*\* and \*\*\*, Significant at  $p < 0.1$ ,  $0.05$ , and  $0.001$ , respectively.

All models include controls for gender, age, age squared, marital status, education level, years of work experience before January 2012, quarterly national unemployment rate.

The DiD interaction effects of the  $Cluster_j$  and  $Last_{month}$  dummy variables are all less than 1 and significant, indicating adverse accumulative effects for the outcome variables compared with cluster 3.

In estimation (1), we have also controlled for the other factors likely to impact life satisfaction and the other outcome variables. As expected, the odd ratios are less than one for ‘unemployment cause’ and ‘getting ahead in life’ variables, indicate that life satisfaction is negatively affected by beliefs that unemployment cause is lack of right persons in one’s network and that these contacts (the right people) help one to get ahead in life. On the other hand, it is interesting that migration intentions contribute positively towards life satisfaction. In estimation (3) and (4), there are positive and significant effects in the baseline and follow-up effects for all the three ‘treated’ clusters compared to the reference cluster. This means that the surveyed sample from the student population had strong beliefs that the key to becoming more successful in

life and more employable are the right connections which in this context are political connections or people with influence. After the June 2013 central government elections, these beliefs have become stronger indications, again widening effects along the observed period January 2012 and December 2014.

In line with the evidence from the 2016 Life in Transition survey (EBRD, 2016) for Albania, these results are indicative that careers and upward mobility in the public sector, and in some cases in self-employment as well, are not the award of hard work, ability, and a good education. To further validate our results, we applied a sensitivity test for the DiD part of the model where the dependent variables for estimation (1) to (4) were the first differences between the baseline and follow-up measures of the sequence. The explanatory variables consisted of the baseline estimations of clusters 1, 2, and 4. The results are reported in Fig. A10 and are sufficiently comparable to those in Fig. 5.

## 5 Conclusion

This paper has estimated the impact of active political engagement on employment pathways. We have argued that election periods are linked to the short-term presence of vote-buying and the political business cycle, and the results indicate that this impacts on employment outcomes even among educated labour force participants (i.e. university graduates). Specifically, the results from multinomial logistic analysis provide evidence of demand (employer led) selection effects associated with political engagement into different employment pathways as graduates transition out of education. These forms of selection have policy relevance. For example, demand led expansion in the public sector is being fuelled by increased government spending in support of vote-buying that manifests as cash injections increasing the public sector payroll. Two restriction can be introduced: first, budget restrictions which limit the capacity of government(s) to drastically increase employment in the public sector prior to elections. Second, setting high standards and professionalizing the process of recruitment in the public sector, is crucial to limit politically motivated employment. Specific bi-partisan legislation and a watchdog, such as the Central Election Commission, following the example of last parliamentary elections in Albania, can be considered. Furthermore, policy measures such as agricultural and entrepreneurship subsidy programs, labour market reforms, and higher education reforms that the Albanian government has embarked on as part of the EU integration agenda, will have short-lived effects if the transition from student life to the world of work is made by means of public sector job.

Similarly, the results highlight the importance of beliefs that success in the labour market is due not to effort and ability but to political connections or even corruption, among students. Beliefs that political connections are the key to success in life mean that students may not be concerned whether career paths or upward mobility are "deserved" or not. At a policy level, this is important since such beliefs could have long-term negative effects on their

motivation and effort (Alesina et al, 2012). If individuals do not believe they will be rewarded for hard work and ability, then there may be less incentive for them to invest in human capital or start their own enterprise. Altogether, in the long-run, this under investment will impact the country's growth.

We also found evidence of increased divergences in life satisfaction, migration intentions, beliefs about employability, and success in life that indicate cumulative disadvantages over time from active political engagement. By implication, actively seeking public sector employment does not make you happier nor more inclined to want/plan a future in Albania; rather the opposite, it focuses effort away from internal factors (such as hard work, good education) towards non-competitive factors such as political networks.

These findings shed some light on issues that are likely to be crucial for future labour market performance. In order to mitigate these negative effects, programs aimed at increasing the share of the private sector and self-employment need to complement the integration agenda.

One of the limitations is that the study relies on retrospective/recall data reporting which may potentially effect accuracy. Furthermore, the sample is quite small and is not representative for the whole population of Albania and as such the findings cannot be generalized to the whole country. In addition, and as for most uncontrolled pre- and post-comparisons involving socioeconomic circumstances, a perfect reference (control) group is difficult to observe. Replication of this approach to other contexts and largest samples can be considered in future research.

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# Appendix A

**Fig. A1** Variable definitions and sample means (I)

Variable	Definition	Mean
Active political engagement	Formal member of political party or youth forum	0.32
Family/friends active political engagement	Family members and/or friends who are formal members and supporters of political party	0.38
Political meetings, hearings, discussion groups attended	Count of attendance at political meetings, hearings, discussion groups held by political party/coalition	2.14
Public sector	If current/last job is/was in the public sector	0.33
Entrepreneurial intention (index)	9-item scale from Liñán and Chen (2009). Items include statements like: 'I am ready to do anything to become an entrepreneur', 'I will make every effort to start and run my own business', 'I am determined to create a business venture in the future'; Respondents answered in Likert scale coded 1 "strongly disagree" – 7 "strongly disagree"; Index was created from factor analysis restricted to single factor due to sample size; Cronbach's Alpha 0.814	3.59
Proactive personality (index)	17-item scale from Bateman and Crant (1993). Items include statements like: 'I am constantly on the lookout for new ways to improve my life', 'Wherever I have been, I have been a powerful force for constructive change', 'I excel at identifying opportunities'; Respondents answered in Likert scale coded 1 "strongly disagree" – 7 "strongly disagree"; Index was created from factor analysis restricted to single factor due to sample size; Cronbach's Alpha 0.883	5.34
Innovativeness (index)	20-item scale from Hurt et al. (1977). Items included statements like: 'My peers often ask me for advice or information', 'I am an inventive kind of person', 'I consider myself to be creative and original in my thinking and behaviour'; Respondents answered in Likert scale coded 1 "strongly disagree" – 7 "strongly disagree"; Index was created from factor analysis restricted to single factor due to sample size; Cronbach's Alpha 0.795	3.77
Materialism (index)	20-item scale from Belk (1984). Items included statements like: 'I worry about people taking my possessions', 'I worry about people taking my possessions', 'I like to collect things'; Respondents answered in Likert scale coded 1 "strongly disagree" – 7 "strongly disagree"; Index was created from factor analysis restricted to single factor due to sample size; Cronbach's Alpha 0.902	4.74
Life satisfaction at baseline (t = 0)	General satisfaction with life; coded 0 "not at all satisfied," 1 "less than satisfied," 2 "rather satisfied," and 3 "fully satisfied"; recoded to binary, for 2 or 3, as 'satisfied'	0.37
Life satisfaction at follow-up (t = 1)		0.21

**Fig. A2** Variable definitions and sample means (II)

Migration intentions at baseline (t = 0)	Did you think that you had a future in Albania back in January 2012?	0.54
Migration intentions at follow-up (t = 1)	As we speak, do you think that you have a future in Albania?	0.31
Unemployment cause at baseline (t = 0)	Recoded to binary for agreement that cause of unemployment is 'not knowing the right people'; other response options for included: Inadequate or irrelevant education, Insufficient previous work experience, Lack of adequate jobs, Disability, Age discrimination, and other reasons	0.31
Unemployment cause at follow-up (t = 1)	As above	0.49
Getting ahead in life at baseline (t = 0)	Recoded to binary for agreement with 'knowing the right people' is the way to get ahead in life; other response options for ways of getting ahead in life included: Having a good education, Working hard, Being lucky, Belonging to a wealthy family, other	0.41
Getting ahead in life at follow-up (t = 1)		0.57
Change in Life satisfaction	Change in life satisfaction between baseline and follow-up	-0.18
Change in Migration intentions	Change in migration intentions between follow-up and baseline	-0.23
Change in Unemployment cause – not knowing the right people	Change in unemployment cause as 'not knowing the right people' between follow-up and baseline	0.18
Change in Getting ahead in life – knowing the right people	Change in getting ahead in life as 'knowing the right people' between follow-up and baseline	0.16
Quarterly unemployment rate <sup>a</sup>	The national quarterly unemployment rate for workers with higher education	15.98

Notes:

<sup>a</sup> Local labour market rates for the region of Shkoder were unavailable. Figures are from INSTAT

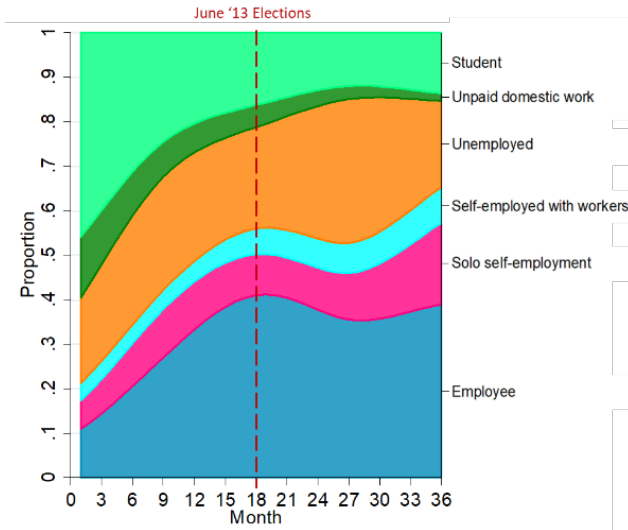
**Fig. A3** Transitions between employment states (within 12-months intervals, N=191) (percent)

Labour market state at t	Labour market state at t+1						Total
	1	2	3	4	5	6	
1. Employee	54.72	8.18	1.26	28.93	1.26	5.66	27.85
2. Solo Self-employment	23.53	35.29	25.49	11.76	1.96	1.96	8.93
3. Self-employment with workers	21.88	15.63	53.13	3.13	0.00	6.25	5.60
4. Unemployed	35.92	13.38	1.41	34.51	0.70	14.08	24.87
5. Unpaid domestic work	35.00	12.50	0.00	2.50	32.50	17.50	7.01
6. Student	27.21	5.44	0.68	25.17	2.04	39.46	25.74

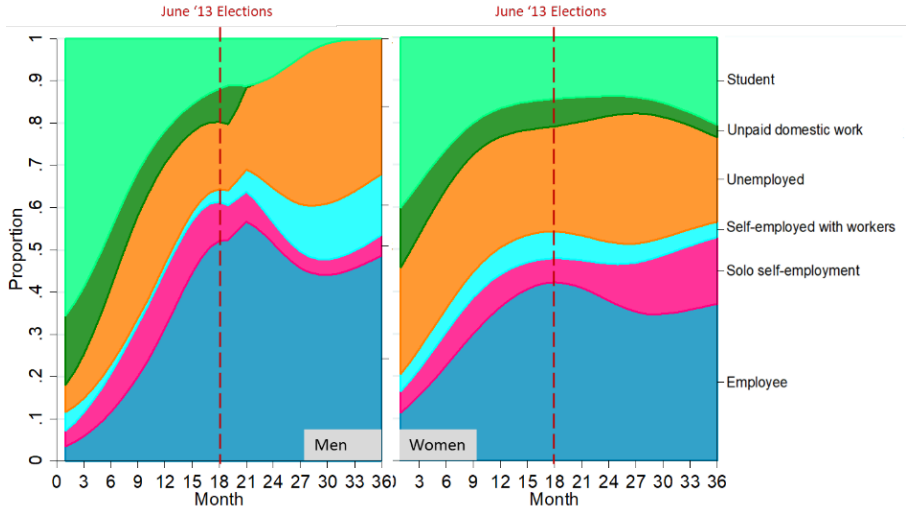
Notes:

The sample is all those observed for at least 36 consecutive months between month 1 and month 36. Transitions are presented for each observation annually, for each 12 months: t (January 2012), t+1 (December 2012); t (December 2012), t+1 (December 2013); t (December 2013), t+1 (December 2014).

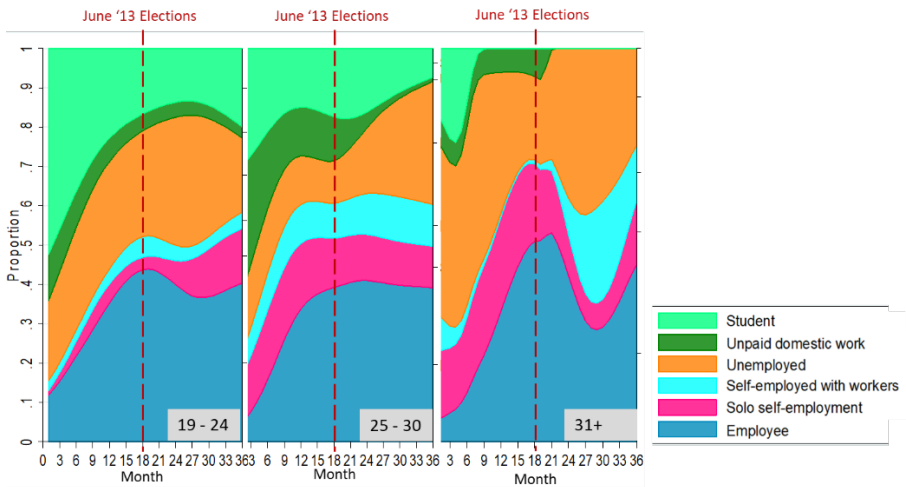
**Fig. A4** Proportion of respondents in each state by month



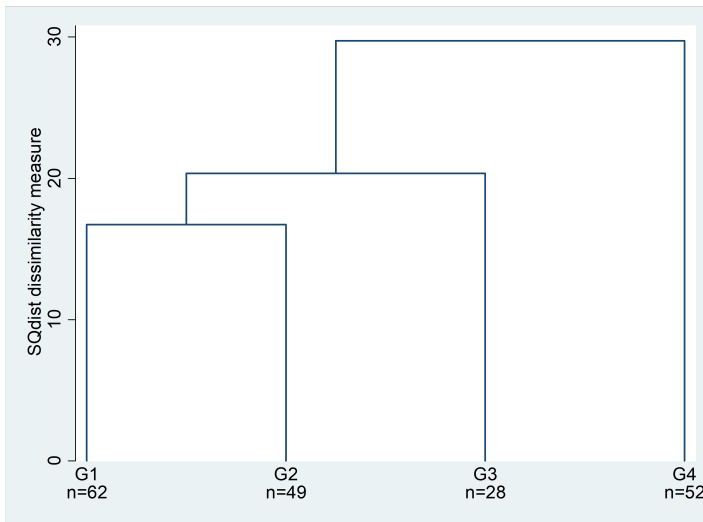
**Fig. A5** Proportion of respondents in each state by sex



**Fig. A6** Proportion of respondents in each state by age group



**Fig. A7** Ward-linkage cluster dendrogram



The vertical axis maps the standardized distances generated by the Needleman-Wunsch algorithm; the clusters (groups) G1 to G4 (corresponding to the Clusters 1-4 solution), the horizontal axis which records their respective counts.

**Fig. A8** Sample means by cluster for main variables

Labour market state at t	Labour market state at t+1						Total
	1	2	3	4	5	6	
1. Employee	54.72	8.18	1.26	28.93	1.26	5.66	27.85
2. Solo Self-employment	23.53	35.29	25.49	11.76	1.96	1.96	8.93
3. Self-employment with workers	21.88	15.63	53.13	3.13	0.00	6.25	5.60
4. Unemployed	35.92	13.38	1.41	34.51	0.70	14.08	24.87
5. Unpaid domestic work	35.00	12.50	0.00	2.50	32.50	17.50	7.01
6. Student	27.21	5.44	0.68	25.17	2.04	39.46	25.74

**Notes:**

The sample is all those observed for at least 36 consecutive months between month 1 and month 36. Transitions are presented for each observation annually, for each 12 months: t (January 2012), t+1 (December 2012); t (December 2012), t+1 (December 2013); t (December 2013), t+1 (December 2014).



**Fig. A9** Distribution of employment states across the total sample and the 4 clusters

Cluster	Cluster size	Total number of states	Modal sequence type	Distribution of employment states in cluster (% of all states)					
				Employee	Solo self-employed (SoloSE)	Self-employed with workers (Employer)	Unemployed	Unpaid domestic worker	Student
(1) Negatively affected post-election employees	62	2232 (100%)	Students to employees and solo self-employed (post-election)	1296 (58.06)	159 (7.12)	0 (0.00)	491 (22.00)	106 (4.75)	180 (8.08)
(2) Precarious employment and solo self-employment	49	1764 (100%)	Students and unemployed to employees and solo self-employed	371 (21.03)	284 (16.10)	26 (1.47)	865 (49.04)	14 (0.79)	204 (11.56)
(3) Positively affected post-election self-employment	28	1008 (100%)	Solo self-employed to employees/self-employed with workers (post-election)	263 (26.09)	214 (21.23)	322 (31.94)	29 (2.88)	176 (17.46)	4 (0.40)
(4) Positively affected post-election students	52	1872 (100%)	Student to Employees (post-election)	309 (16.51)	77 (4.11)	49 (2.62)	354 (18.91)	94 (5.02)	989 (52.83)
Overall sample	191	6876 (100%)		2239 (32.56)	734 (10.67)	397 (5.77)	1739 (25.39)	390 (5.67)	1377 (20.03)

**Fig. A10** First difference logit estimates for life satisfaction, migration intentions, and beliefs about employability and success in life

Variables	Outcome variable			
	Change in Life satisfaction	Change in Migration intention	Change in Unemployment cause – not knowing the right people	Change in Getting ahead in life – knowing the right people
Cluster 1 (Ref. Cluster 3)	0.818*** (0.077)	0.799*** (0.071)	1.290*** (0.028)	1.468*** (0.090)
Cluster 2 (Ref. Cluster 3)	0.888*** (0.056)	0.837* (0.043)	1.141** (0.037)	1.102** (0.033)
Cluster 4 (Ref. Cluster 3)	1.119*** (0.023)	0.821*** (0.097)	1.257** (0.103)	1.314*** (0.082)
Change in Migration intention	3.053*** (0.089)			
Change in Unemployment cause – not knowing the right people	0.719*** (0.104)			
Change in Getting ahead in life – knowing the right people	0.541*** (0.077)			
Observations	191	191	191	191
Pseudo R Square	0.372	0.284	0.248	0.303
Log-likelihood	-8602.08	-7288.13	-8178.87	-7788.53
LR- $\chi^2$	3109.11***	2381.03***	2885.87***	3327.80***

Notes:

Reported figures are odds ratios. Figures in parentheses are standard errors.

\*, \*\* and \*\*\*, Significant at  $p < 0.1$ ,  $0.05$ , and  $0.001$ , respectively.

All models include controls for gender, age, age squared, marital status, education level, years of work experience before January 2012, quarterly national unemployment rate.