



Give it Another Try:

What are the Effects of a Public Employment Programme Especially Designed for Hard-to-Place Workers?

Tobias Brändle and Lukas Fervers



Motivation & Literature

Research question: *Can job creation schemes (JCSs) be an effective policy tool for to reduce long-term unemployment?*

- getting individuals used to regular working activities
- improving basic skills necessary to obtain a job

Previous Evidence on JCSs:

- mostly negative employment effects (Card et al. 2010 EconJ, 2015 IZA, Kluge 2010).
 - lock-in-effects, reduction in search intensity
 - Jobs in JCSs have low productivity and low skill intensity.

Contribution:

- innovative programme: new target group due to pre-screening
- evaluating innovative programme elements and effect heterogeneity, for example programme duration
- We can observe usually unobservable variables using pre-treatment survey data as in Caliendo et al. (2017 LabEcon).

Research Design

Potential Biases:

- voluntary participation of job centres: control observations from the same and different local labour markets (Heckman et al. 1997).
- selection of participation is made by job advisers and employers: positive selection among eligible persons.
- potential spill-over-effects (Hujer et al. 2009): negative spill-over effects to occur in local labour markets
- anticipation effects (reduction in search intensity)

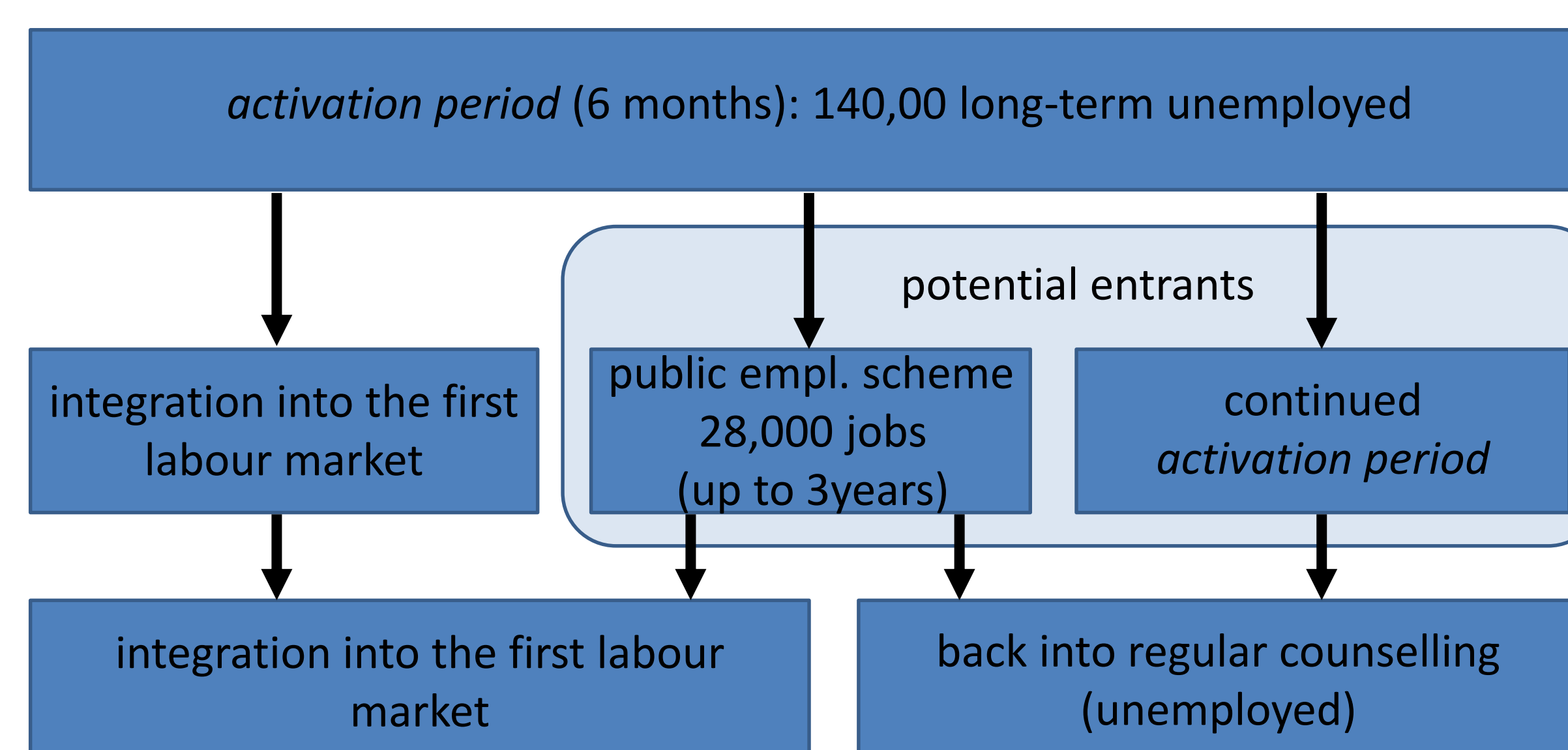
Treatment-Control Group Approach:

- Control group consists of potential participants: persons who have undergone intensified counselling and monitoring (activation period).
- Treatment effect is an ATT estimated via p-score and radius-matching with linear regression adjustment (Huber et al., 2013 JoEconometrics, 2014 EmpEcon).

Overview & Contribution

Modellprojekt Bürgerarbeit:

- Pre-screening of potential participants through intensified counselling six months before programme entry
- Contracts are only part-time and involve mandatory and individualised coaching.
- 197 job centres involved, 28,000 participants, 987 million Euros funding



Data

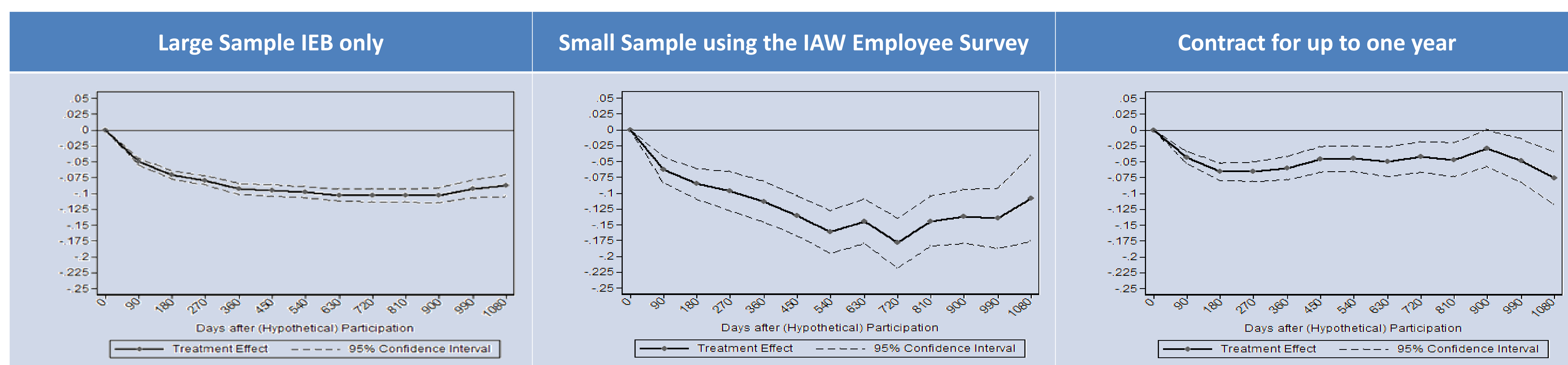
Specifically tailored samples from the Integrated Employment Biographies (IEB)

- all potential participants (50% random sample) and control groups, 69,452 individuals, 13,692 (or roughly 20%) treated
- control variables: socio-demographic variables, characteristics of the last job, subjective assessment of the case worker, past employment histories, local labour market conditions (Lechner and Wunsch, 2013 LabEcon)

Additional Survey Data:

- We follow Caliendo et al. (2017 LabEcon) and combine the administrative data with survey data on usually unobservable characteristics.
- survey of 6,540 potential entrants right at the end of the activation period.

Results



Discussion & Conclusion

Central policy conclusion:

- promising idea to target on very-hard-to-place-workers, but hard to fulfil (principal-agent problem)
- Special selection mechanism (activation phase) is not successful.

Suggested changes:

- A shortening of public employment phase should be considered.
- Institutional setting should guarantee consequent targeting Payment received is too close to market income (no incentives).
- Mandatory on-the-job coaching does not affect the results.

Validity of the CIA:

- CIA is questionable in the given institutional context if the analysis relies on administrative data alone (contrast to Caliendo et al., 2017 LabEcon).

Contact & Paper

Contact Information:

Dr. Tobias Brändle

Institute for Applied Economic Research Tübingen, Germany

07071 98 96 16

tobias.braendle@iaw.edu

Discussion Paper:

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Literature

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