



Swiss Institute for
Empirical Economic Research



University of St.Gallen



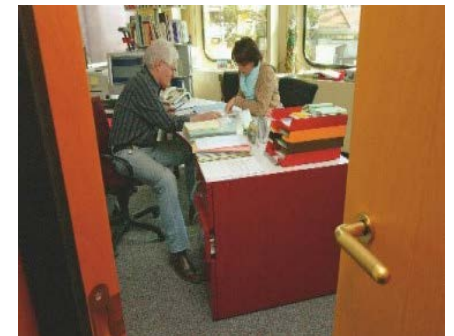
Caseworkers and successful active labour market policies

Michael Lechner

Paris, February, 2013



1





Introduction (1)

- *Goal of our papers on this topic*
 - Open up the black box of the counselling process and understand the effects of some of its components
- Possible because of unique database about case workers and 'their' unemployed for Switzerland
 - Unemployed: Administrative data from social insurance
 - Case worker: Own survey and some administrative data
 - Both data sources matched



Introduction (2)

➤ Results

- Features of caseworker affect reemployment probabilities of unemployed

➤ Today's talk

- Role of similarity between caseworker and unemployed
- *Briefly at the end*: Role of broad strategies of caseworker ('policemen vs. social worker')



Topic I: Similarity of caseworker & unemployed

THE
ECONOMIC
JOURNAL



The Economic Journal, **120** (December), 1430–1459. doi: 10.1111/j.1468-0297.2010.02382.x. © The Author(s). Journal compilation © Royal Economic Society 2010. Published by Blackwell Publishing, 9600 Garsington Road, Oxford OX4 2DQ, UK and 350 Main Street, Malden, MA 02148, USA.

A CASEWORKER LIKE ME – DOES THE SIMILARITY BETWEEN THE UNEMPLOYED AND THEIR CASEWORKERS INCREASE JOB PLACEMENTS?*

Stefanie Behncke, Markus Frölich and Michael Lechner†



The Swiss labour market

Case workers (incentives and autonomy)

- Case workers have considerable leeway against their superiors
 - typically the case workers are encouraged to develop and use their 'own style'
 - no direct monetary incentives for case workers
- Case workers have considerable power against unemployed
 - withdrawal of benefits if UE does not comply



The Swiss labour market

The counselling process

- UE spell starts with short meeting with administrative person
- Short workshop about the rules of the UE benefit regime
- 1st meeting with caseworker within first 2 months



The Swiss labour market

The counselling process

➤ Allocation of UE to case worker by (multiple answers)

- occupation group (55%)
- industry sector (50%)
- caseload (43%)
- random (24%)
- region (10%)
- employability (7%)
- name via alphabet (4%)
- age (3%)

➤ Change of caseworker only in exceptional cases



Data

Outcomes (1)

- Person is considered **employed** when deregistered at the REO because of having found a (paid) job
- Outcomes are observed for at least three years
 - Jan 2003 - Dec 2006
- Combined with employment duration to create measure for 'stable' employment



Definition of similarity of UE and CW

- Age: ± 4 years
- Educational background: Same category
 - primary education only
 - lower secondary
 - apprenticeship
 - upper secondary
 - graduate from university / college / polytechnic
- Gender
- Further homogeneity imposed by subsample of Swiss UE and CW (& UE speak cantonal language)



Challenges for the econometric analysis

Identification

- Observational study based on informative background characteristics of case workers and unemployed
 - Remove selection effects by conditioning on exogenous confounders and then compare employment rates



Results (1)

Effects of similarity in age, gender and education on employment

SIMILARITY BETWEEN UNEMPLOYED AND...

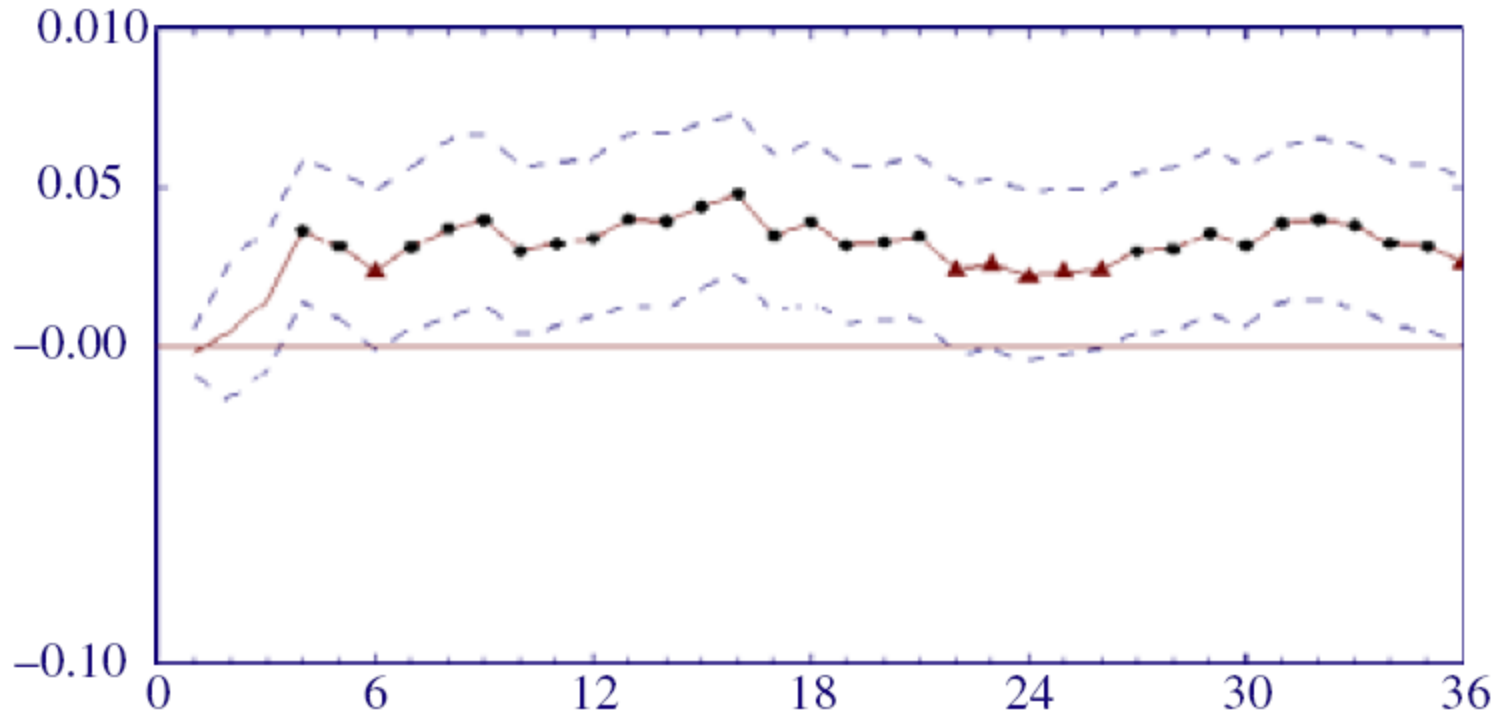


Fig. 3. *Effects of Similarity in Age, Gender and Education on Employment*

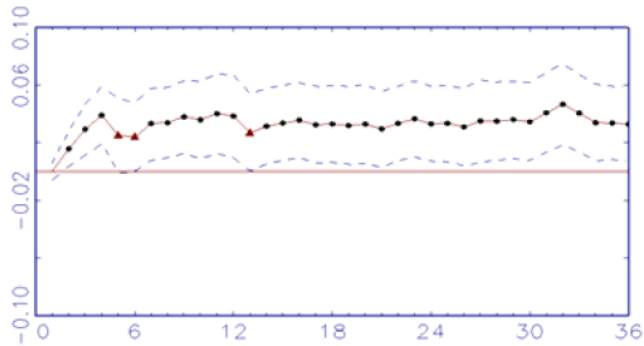
Swiss Institute for
Empirical Economic Research



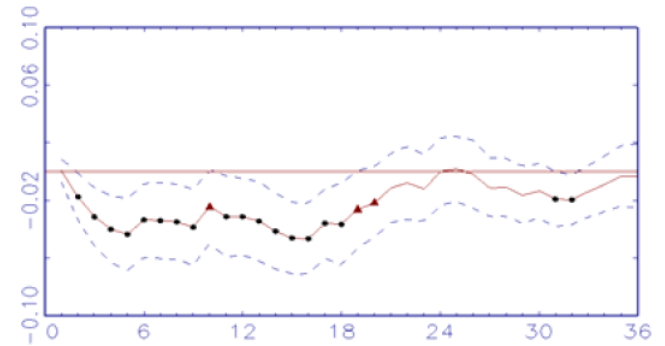
Results (2)

Figure 4: Effects of similarity in age, gender and education on employment on

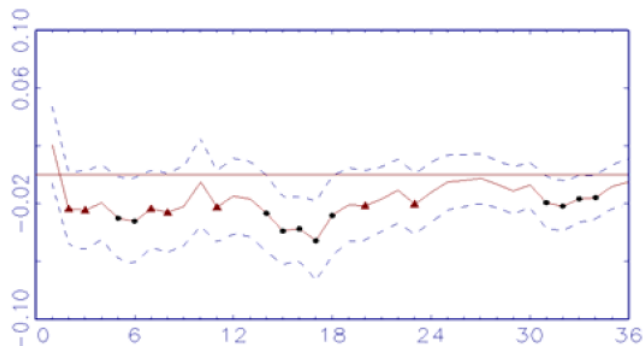
twelve month stable employment



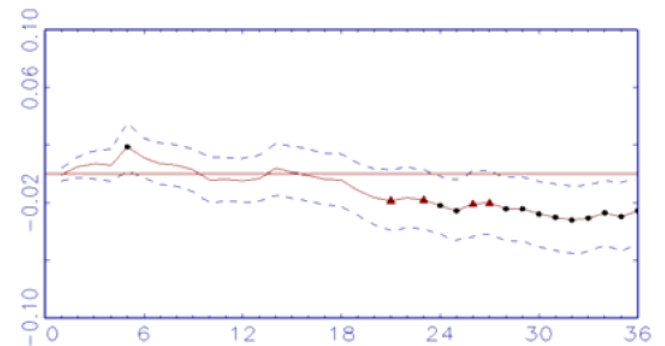
seeking for a job



receiving unemployment benefits



out-of-labour force





Results

Possible Channels: Sanctions

Table 3: Effects of similarity in age, gender and education on sanction days

Month 1		Month 3		Month 6		Month 12		Month 18		Month 24		Months 1 to 12	
ATT	p-value	ATT	p-value	ATT	p-value	ATT	p-value	ATT	p-value	ATT	p-value	ATT	p-value
0.003	0.977	0.161	0.109	-0.059	0.170	-0.027	0.713	0.028	0.381	0.016	0.473	-0.077	0.817

See note below Figure 3.

Nothing



Results

Possible Channels: Active labour market policies

Table 4: Effects of similarity in age, gender and education on active labour market programmes

	psm ATT	p-value	logit ATT	p-value
Participated in (at least one) ALMP after registration in 2003 (until end of 2006)	-0.015	0.468	-0.026	0.071
First programme after registration in 2003 is:				
Job search training	-0.004	0.814	-0.013	0.339
Personality courses	-0.003	0.622	0.000	0.994
Language skills training	-0.004	0.472	-0.007	0.120
Computer skills training	-0.002	0.728	0.001	0.858
Vocational training	0.002	0.765	-0.003	0.607
Employment programme or internship	-0.005	0.255	-0.007	0.036
Within the first three programmes, participated at least once in				
Job search training	-0.008	0.597	-0.015	0.250
Personality courses	0.000	0.963	0.001	0.841
Language skills training	-0.004	0.561	-0.005	0.414
Computer skills training	-0.005	0.538	-0.003	0.739
Vocational training	-0.001	0.949	-0.008	0.318
Employment programme or internship	0.009	0.292	0.002	0.770

Nothing

See note below Table 2.

Job search training is often short-term and provides participants with training in effective job search techniques. Personality courses help participants to position themselves in the labour market. Language skills training covers courses in foreign languages as well as alphabetization courses. Computer skills training includes mainly internet courses and office applications. Vocational training provides applicants with updated skills



Results

Subgroup heterogeneity

- Particularly relevant for
 - younger age group
 - 'higher' educated individuals



How *could* this come about ? (1)

Speculations

- Social identity theories (sociology)
- Perception of belonging to same group leads to favoring others in that group
 - UE may take advice more seriously
 - UE may feel bad to cheat on CW
 - UE may want to be nice to CW (gift exchange)
 - CW may give better advice to group member
 - Trust, effort extraction within group as substitute for sanctions



How *could* this come about? (2)

- Communication more efficient within group
- All this may lead to
 - better counselling by case worker
 - more 'playing by the rules' of the unemployed (and a reward by the case worker?)
 - with perhaps higher search effort by unemployed



Conclusions (1)

- Positive employment effect of 3 – 4 %-points of similarity in age, gender, education
(homogenous with respect to nationality & mother tongue)
- Effect does **not** work through more extensive use of active labour market programmes or sanctions (no additional costs)



Conclusions (2)

- Needs several dimensions of similarity
 - education or gender is not enough

- Policy implication: Considerable potential to obtain cheap employment gains by allocating more unemployed to similar caseworkers



Journal of the
Royal Statistical Society

SERIES A
Statistics
in Society



J. R. Statist. Soc. A (2010)
173, Part 1, pp. 67–92

Unemployed and their caseworkers: should they be friends or foes?

Stefanie Behncke,

University of St Gallen, Switzerland

Markus Frölich

*University of Mannheim, Institute for the Study of Labor, Bonn, Germany,
and University of St Gallen, Switzerland*

and Michael Lechner



Topic II

The second paper in a nutshell (1)

- What type of case worker is more successful in placing the UE in employment (counselling vs. monitoring)?
 - A nice, 'soft', listening c.w. who is accommodating etc.?
 - **A tougher, more demanding type? YES**
- Quantitative relevance?
 - Increase of average employment probability by 2 %-points
- Policy implication?
 - Hiring strategies for case worker types
 - Training for existing case workers



The interaction between case workers and UE

Table 1: Survey question on cooperativeness of the caseworker

How important do you consider the cooperation with the jobseeker, regarding placements in jobs, and assignment of active labour market programmes?

- ₁ Cooperation is very important; the wishes of the unemployed person should be satisfied. **(52%)**
- ₂ Cooperation is important, but placements in jobs and active labour market programmes should sometimes be assigned or declined in spite of the unemployed person's wishes. **(39%)**
- Cooperation is less important; I should assign placements in jobs and active labour market programmes independent of the wishes of the unemployed person **(9%)**

Note: English translation. Questionnaires were in German, French, and Italian.



The interaction between case workers and UE

Use of instruments (based on stats from our data)

- Less cooperative case workers consider as important
 - control and sanctions
 - job assignments (instead of programmes)
 - employment programmes (instead of training programmes)
 - assigning ALMP to apply pressure on UE
 - ALMP as 'work test'

- Here, we measure average style across different clients



Descriptive statistics

Different types of case workers have different clients

- Less cooperative case workers (LCCW) are more likely to have clients that are more difficult to place
- LCCW differ from other case workers
 - younger
 - with a lower level of general education level
 - a larger share of LLCW has a CW specific training



Results

Difference in employment rates

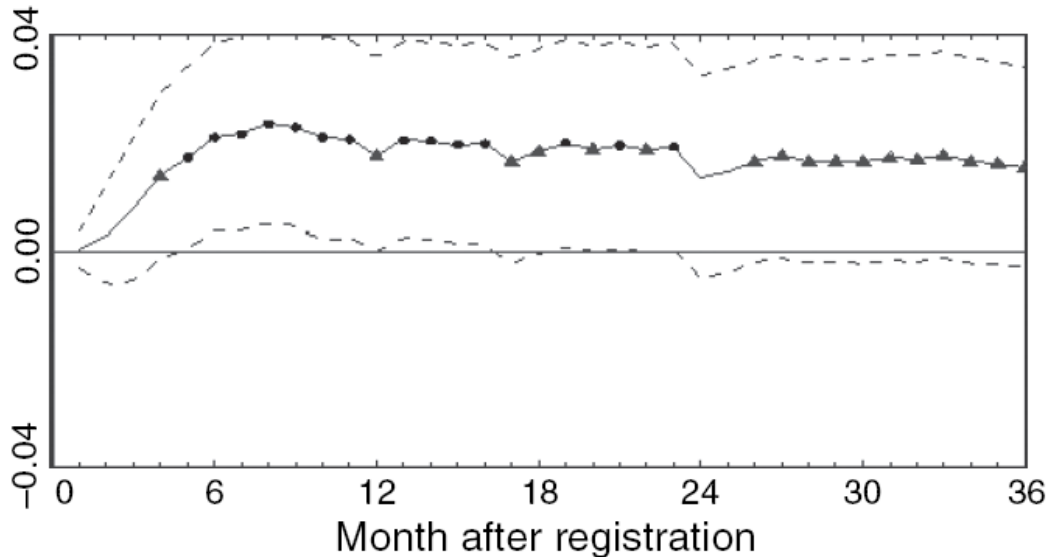


Fig. 4. Effect of having a less co-operative caseworker on employment (●, significance at the 5% level; ▲, significance at the 10% level; — — —, pointwise 95% confidence interval): ATET on employment; prime age unemployed people (24–55 years)



Thank you for your attention!

Michael Lechner
University of St. Gallen
Swiss Institute for Empirical Economic Research (SEW)
www.michael-lechner.eu