



# Effectiveness of Further Vocational Training in Germany: Empirical Findings for means-tested unemployment benefit recipients.

**Education in Adulthood and the Labour Market**

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## Institutional Settings (2005)

- People, working in contributory jobs and getting unemployed, received insurance financed unemployment benefits (UB I) for 6 to 36 months.
- Federal Employment Service
- Social Code III (SGB III)
- Active Labour Market Policy
  - Further Vocational Training

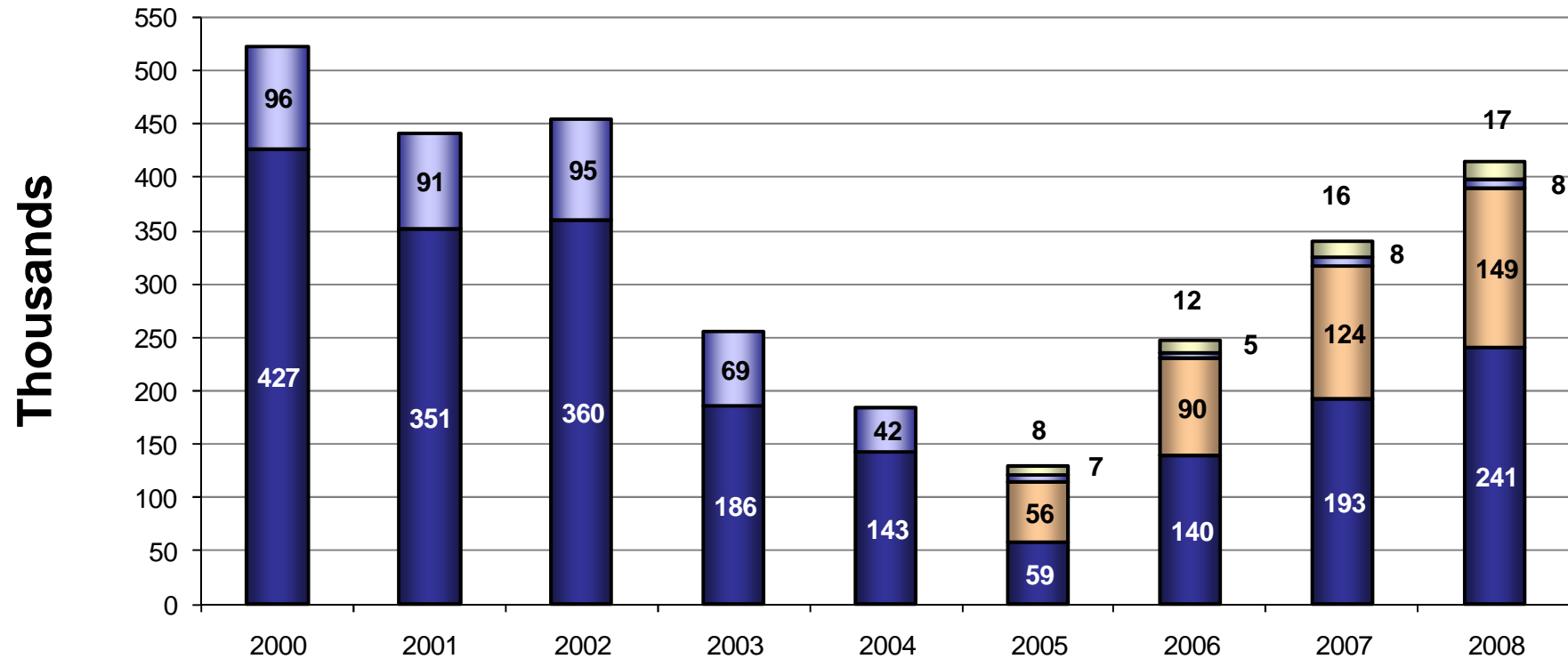
## Institutional Settings (2005)

- After UB I - or if they never worked - and if needy (means-test) and capable of working: tax-financed unemployment benefits (UB II).
- Federal Employment Agency and local authorities: consortium for advising means-tested benefit recipients (Arbeitsgemeinschaft, ARGE).
- Social Code II (SGB II)
- Active Labour Market Policy (SGB III) can be applied
  - Further Vocational Training

## Access to Further Vocational Training

- Caseworker can issue training voucher to unemployed persons; to be used within up to 3 months; defines educational goal and training duration; restricted to daily commuting area.
- Choice of an accredited provider offering a certified measure by the voucher recipient.

# Programm Entries in Further Vocational Training



- Retraining (SGB III)
- Retraining (SGB II)
- Provision of professional and practical skills (SGB III)
- Provision of professional and practical skills (SGB II)

# Data

## ***Integrated employment biographies (IEB)***

Dependent employment, unemployment, active labour market program participation, socio-demographic information

## ***History of Means-Tested Benefits (LHG)***

Additional information about unemployment benefit II receipt and household structure

## ***Potential Treatment Group:***

*Unemployment Benefit II on 31 January 2005*

*Programme Entries between February 2005 – April 2005*

## ***Potential Control Group:***

*Unemployment Benefit II on 31 January 2005*

*No Programme Entries between February 2005 – April 2005*

# Method

- Duration of further vocational training (up to / over one year)
- Men and women
- East and West Germany
- Agegroups (15-24, 25-44, 45-57 years),
- Occupational qualification (with, without),
- Migration background (with, without) and
- Time since the end of the last job for people who are at least 30 years old (in 2004, 2002 or 2003, before).
- Choice of an accredited provider offering a certified measure by the voucher recipient.

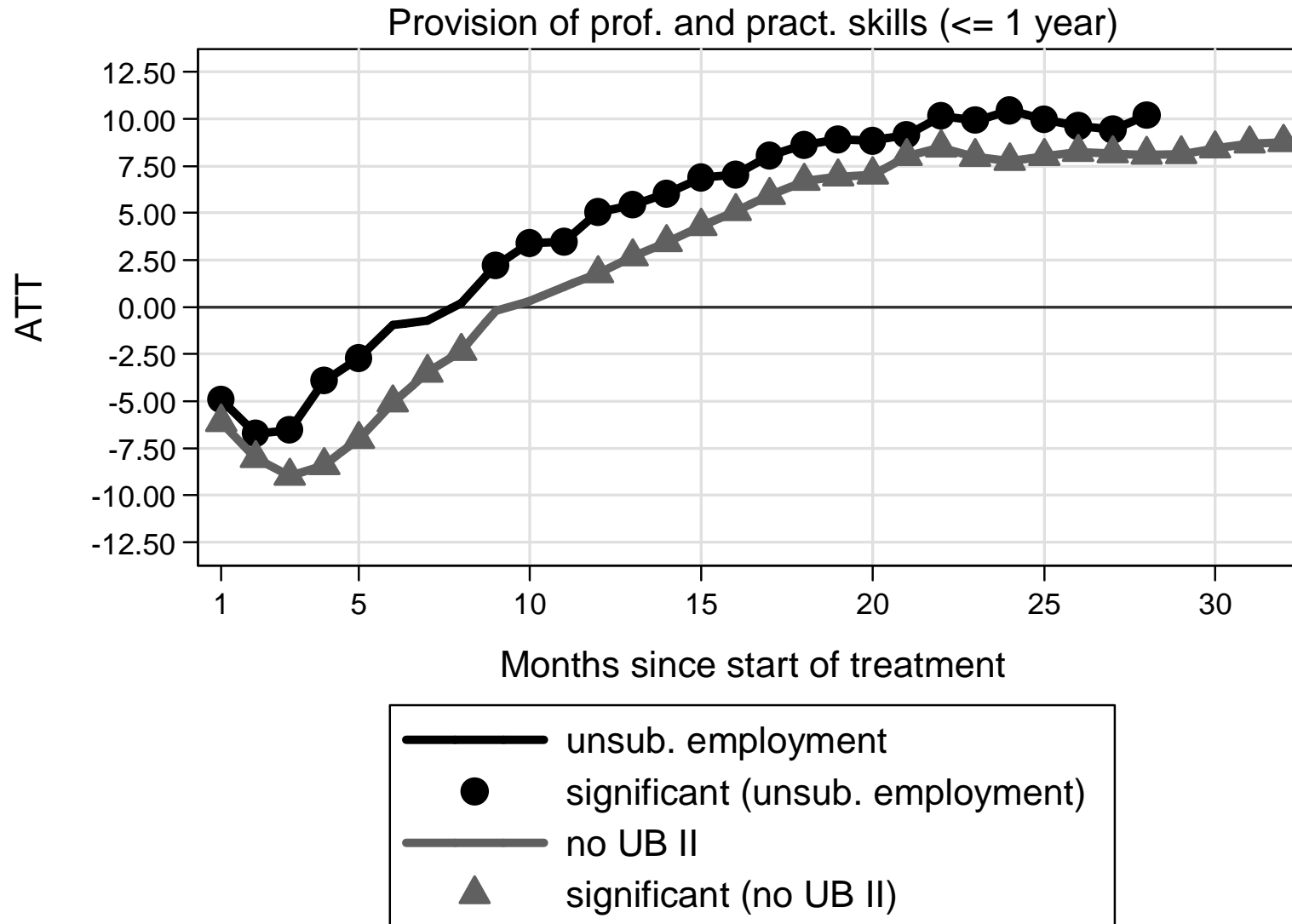


# Covariates

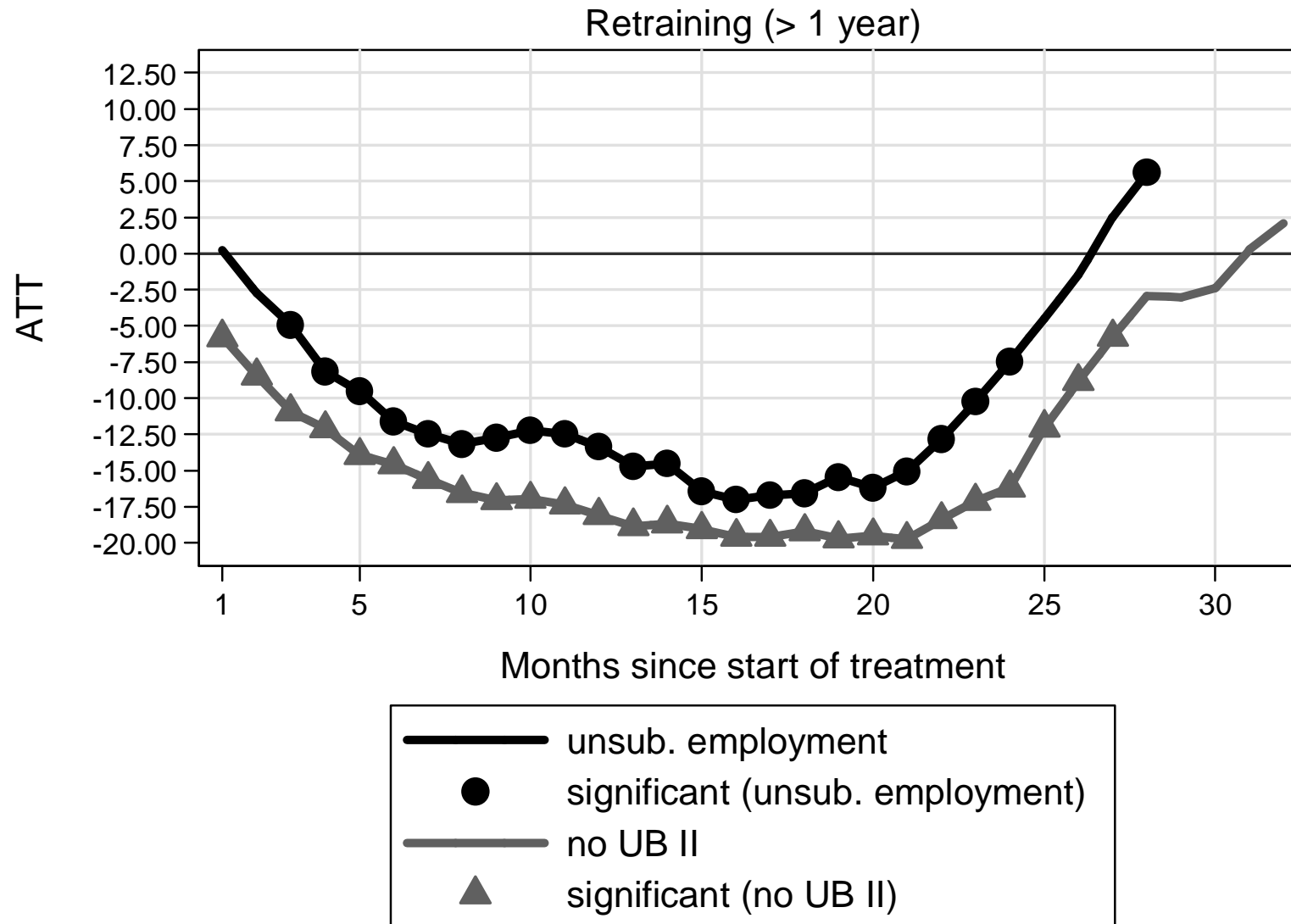
- **Individual socio-demographic characteristics** (age; migration background; health restrictions; qualification),
- **Characteristics of the needy household** (single/partner; children; qualification of the partner),
- **Individual labour market history** (duration of employment, unemployment and not observable states like out of labour force; participation in active labour market programmes; receipt of unemployment assistance in December 2004; characteristics of the last job like real earnings, full-/part-time, duration since its end),
- **Labour market history of the partner** (duration of employment, unemployment and not observable states like out of labour force; participation in active labour market programmes),
- **Local labour market** (unemployment rate, share of long-term unemployed among the unemployed, ratio between the stock of vacancies the stock of unemployed in January 2005 as well as the percentage change of these three indicators against the previous year; type of district according to classification of Rüb/Werner, 2007),
- **Interaction effects** (individual labour market history and age; partner's labour market history and age).

# Models and Outcome Variables

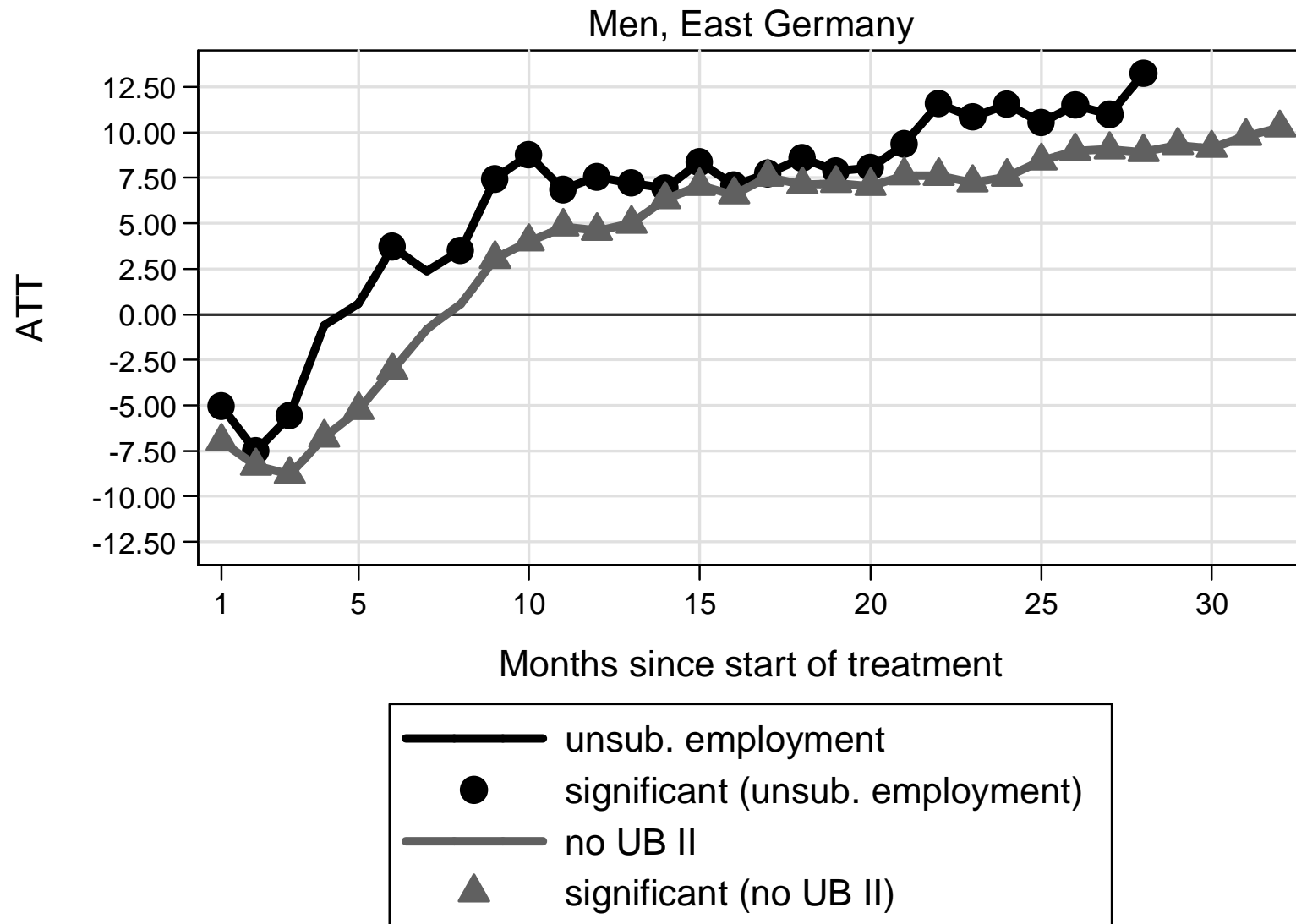
- Estimation for each (sub-)group up to six different probit models.
- Six different matching algorithms to check for sensitivity of the estimated ATTs.
- **Outcome:**
  - Unsubsidised employment that is subject to social insurance contribution,
  - No unemployment benefit II receipt



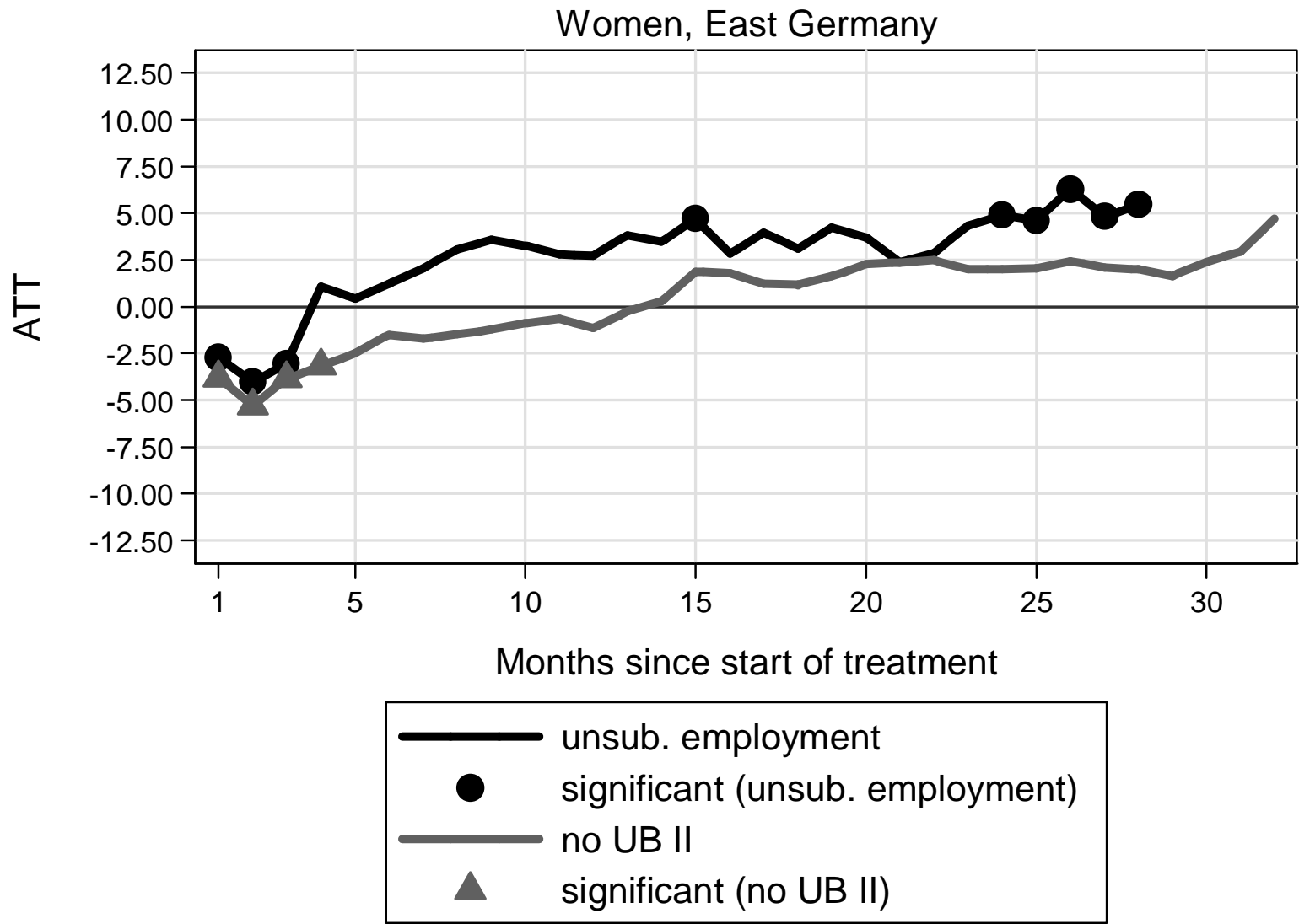
3376 treated / 67753 controls / mean bias (before) after matching: (23.9) .7



362 treated / 67740 controls / mean bias (before) after matching: (28.9) 2.8



917 treated / 10611 controls / mean bias (before) after matching: (21.5) .9



490 treated / 12970 controls / mean bias (before) after matching: (23.3) 1.5

Source: own calculations



1508 treated / 18539 controls / mean bias (before) after matching: (24.4) 1.1

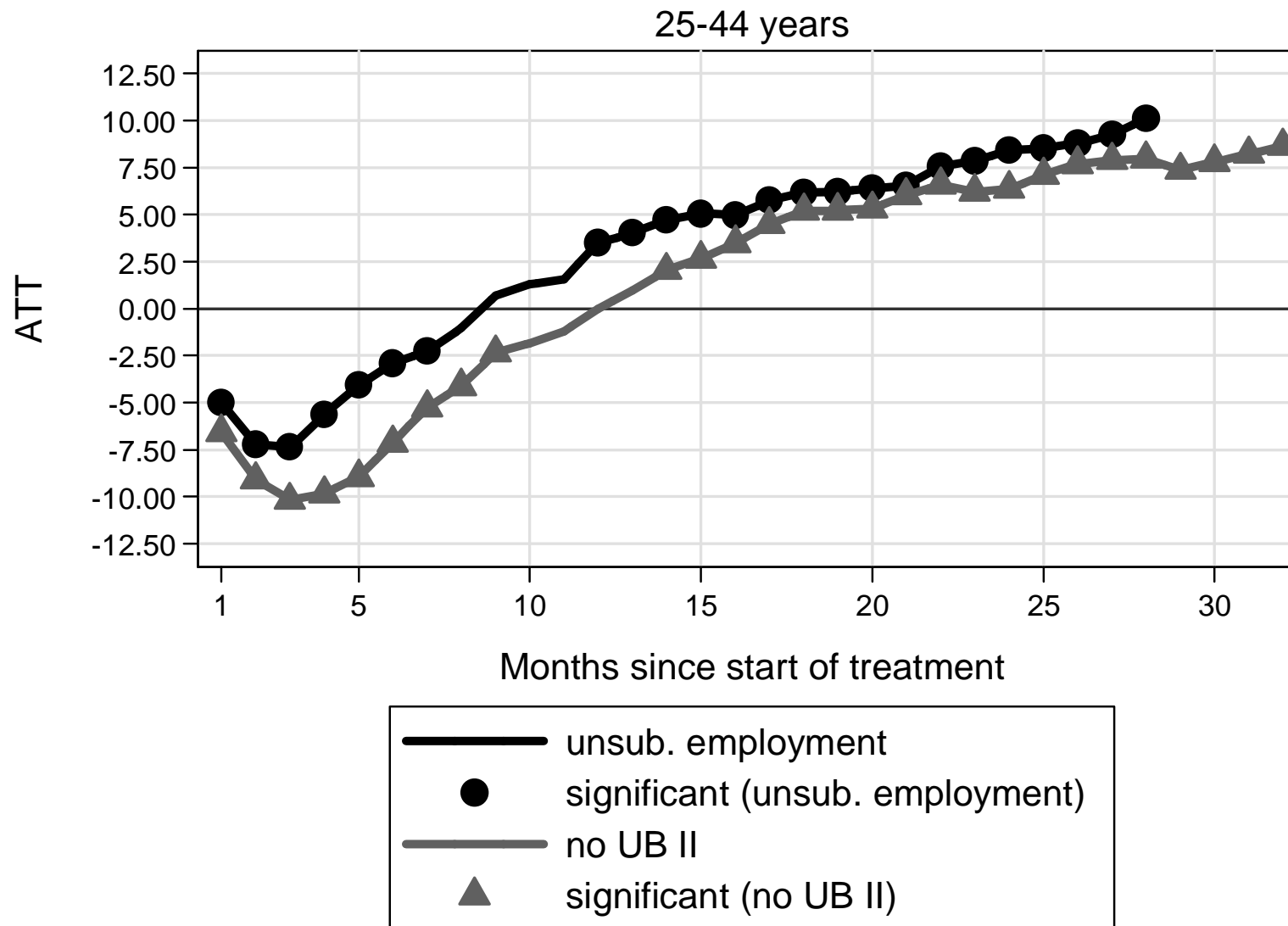


762 treated / 25379 controls / mean bias (before) after matching: (34.1) 1.4

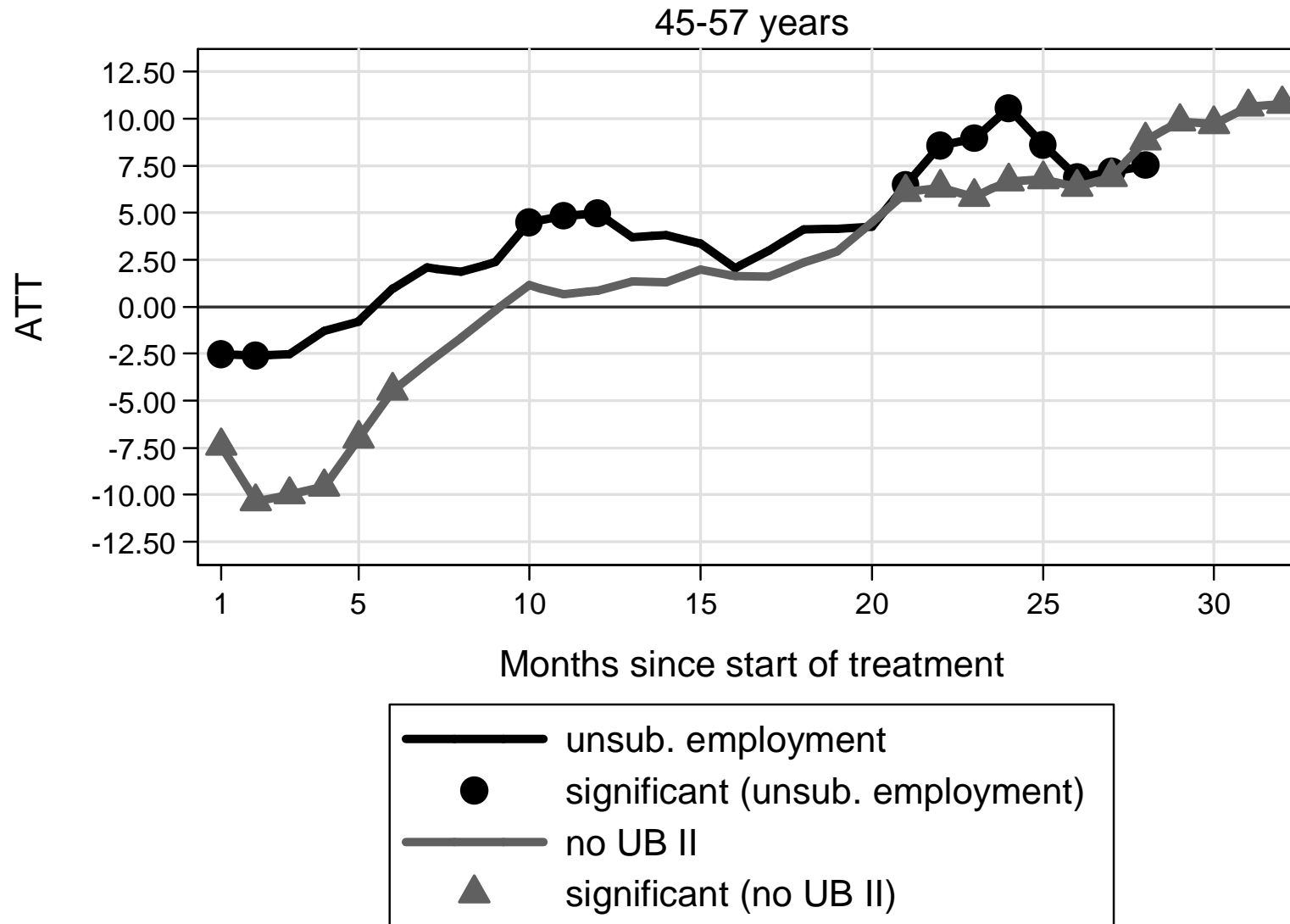




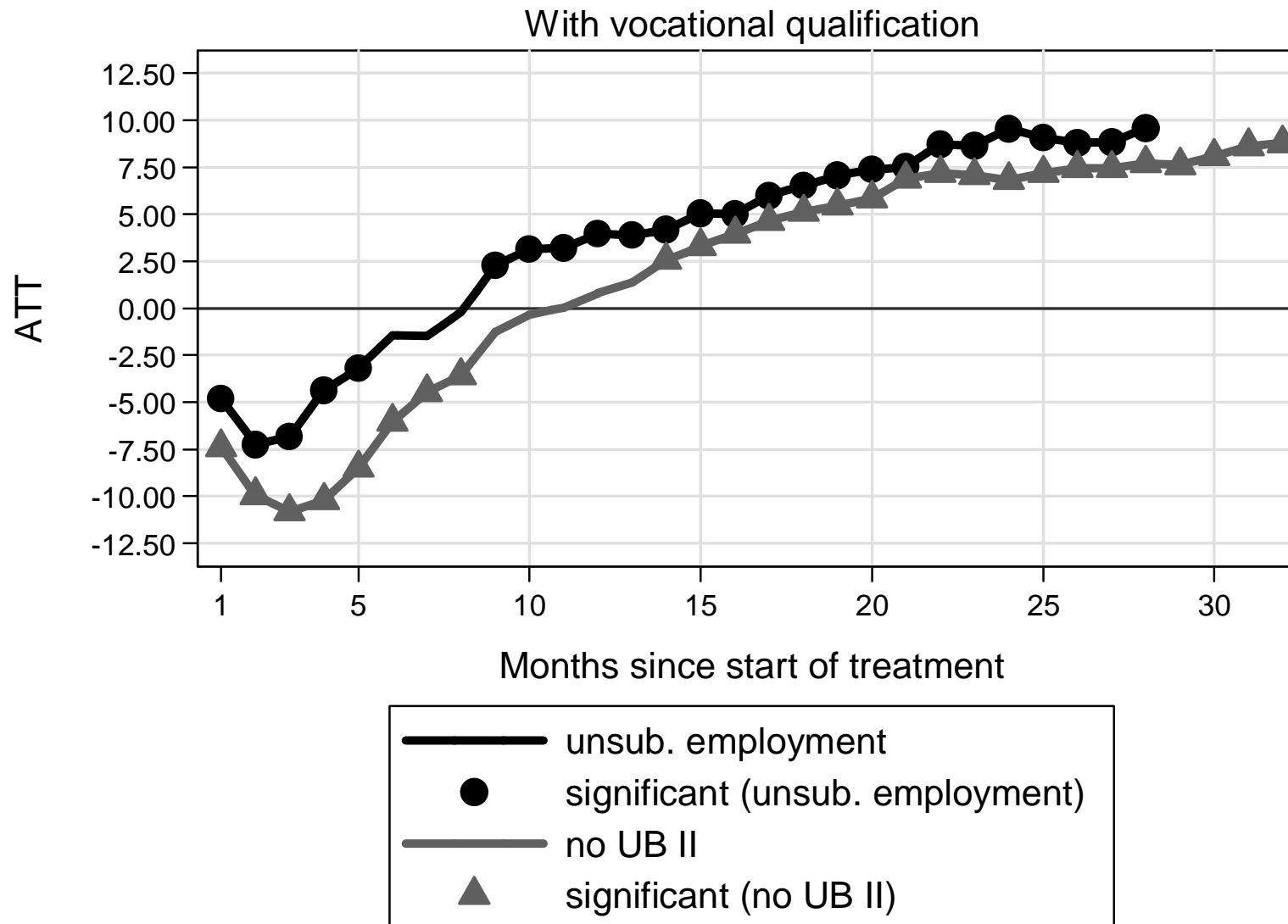
950 treated / 18579 controls / mean bias (before) after matching: (31) 1.1



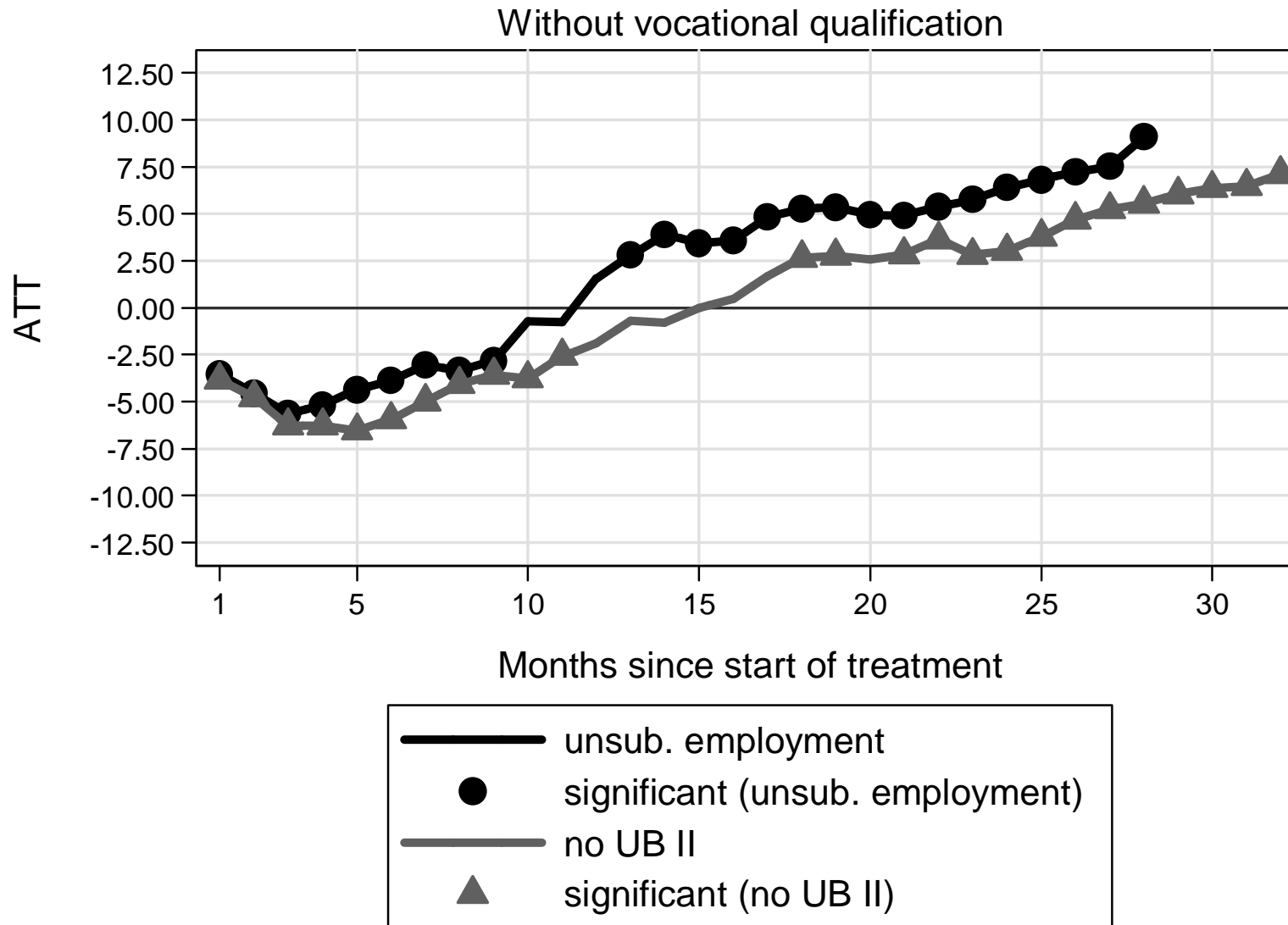
2391 treated / 32147 controls / mean bias (before) after matching: (26.6) .7



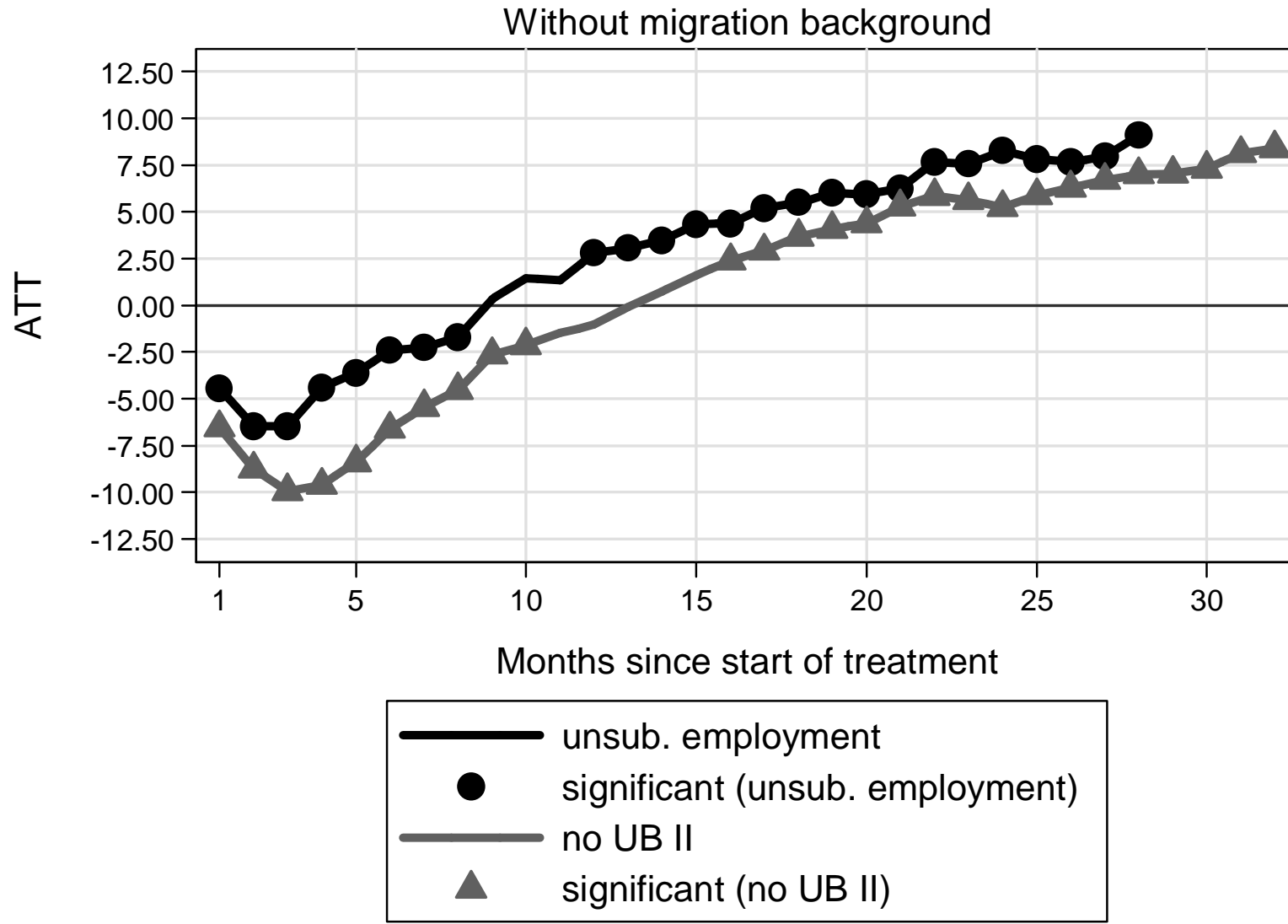
439 treated / 16990 controls / mean bias (before) after matching: (40.4) 1.5



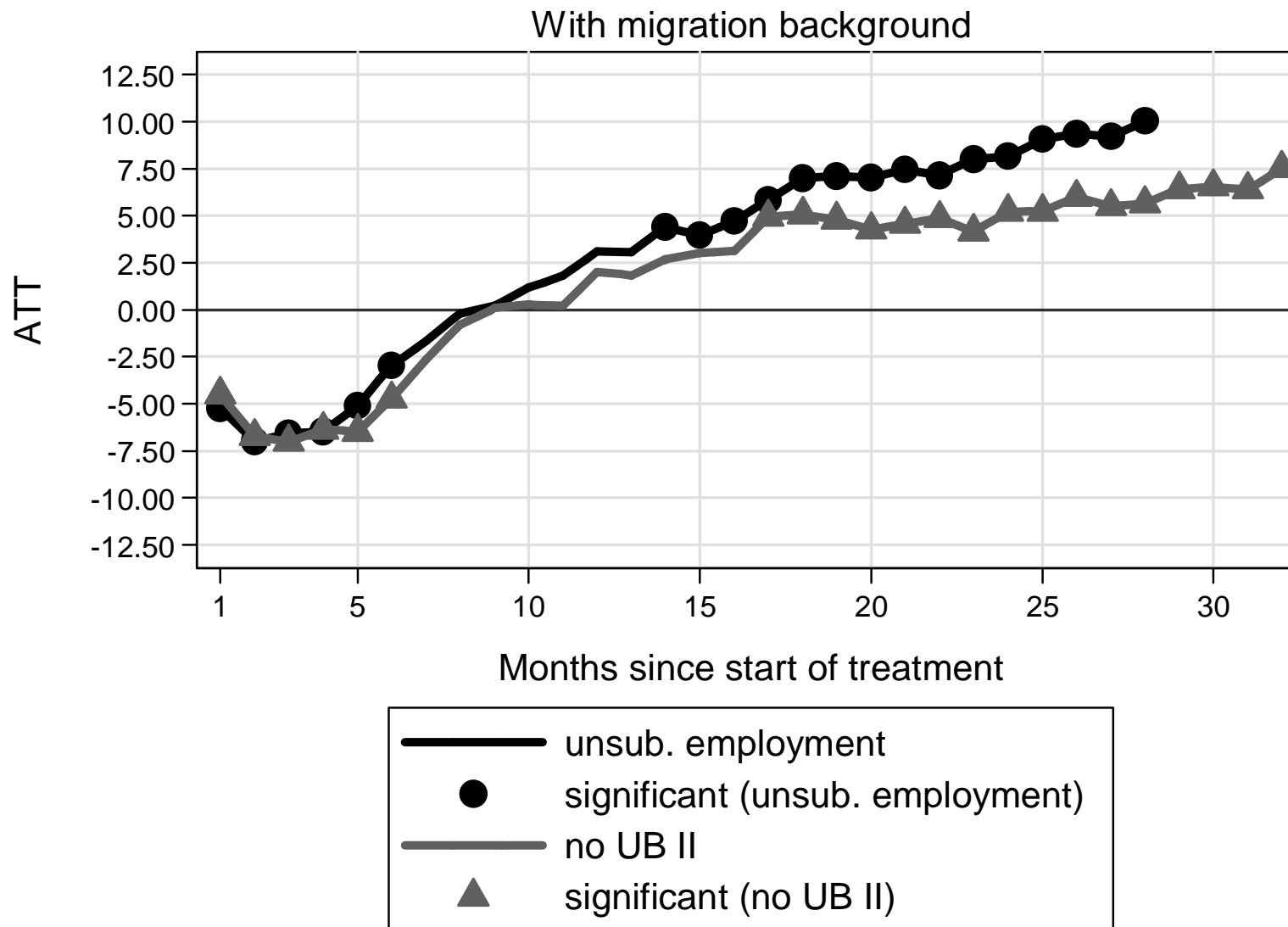
2499 treated / 24774 controls / mean bias (before) after matching: (19.3) .6



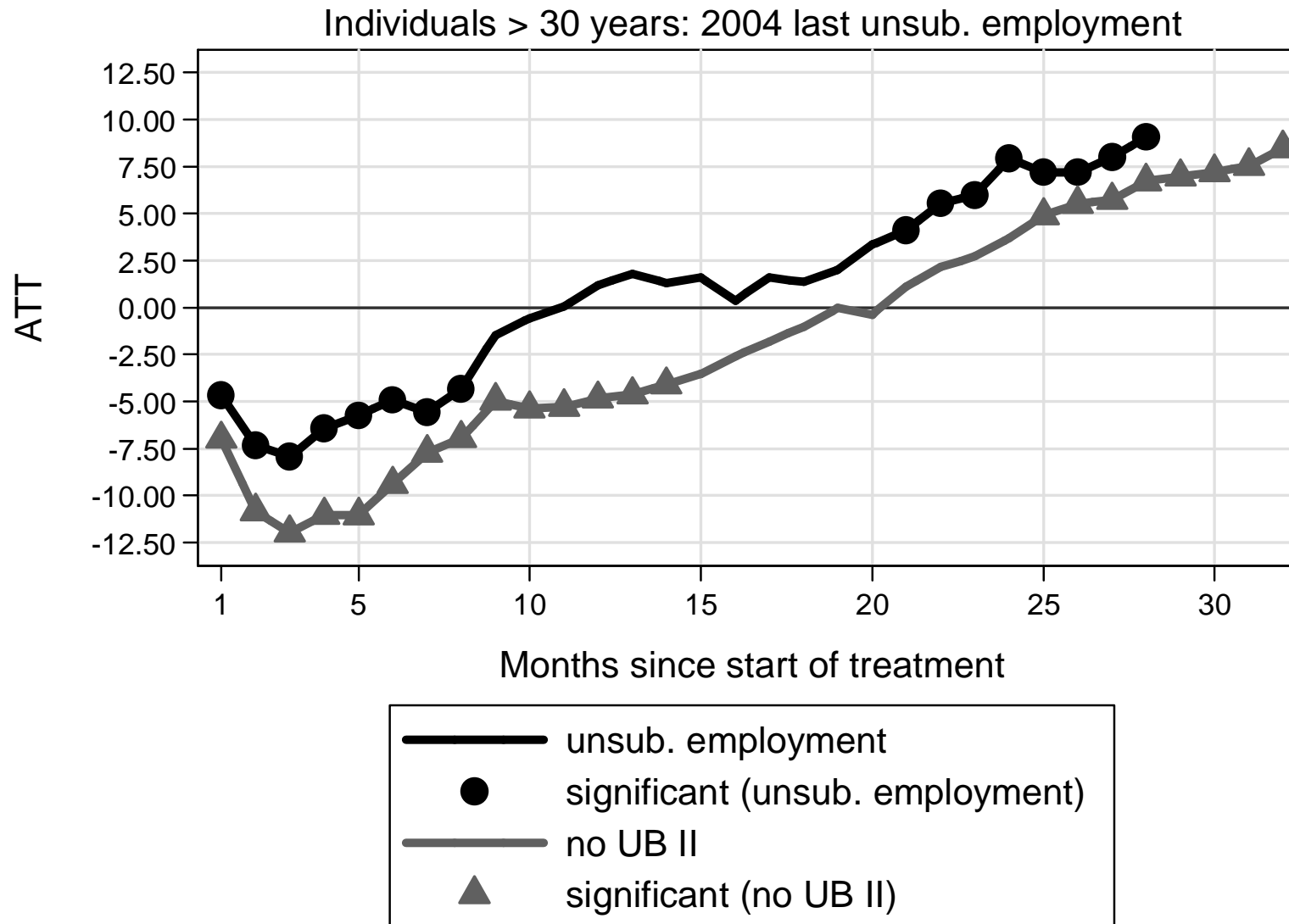
1302 treated / 42964 controls / mean bias (before) after matching: (30.1) .9



3048 treated / 47336 controls / mean bias (before) after matching: (26.2) .9

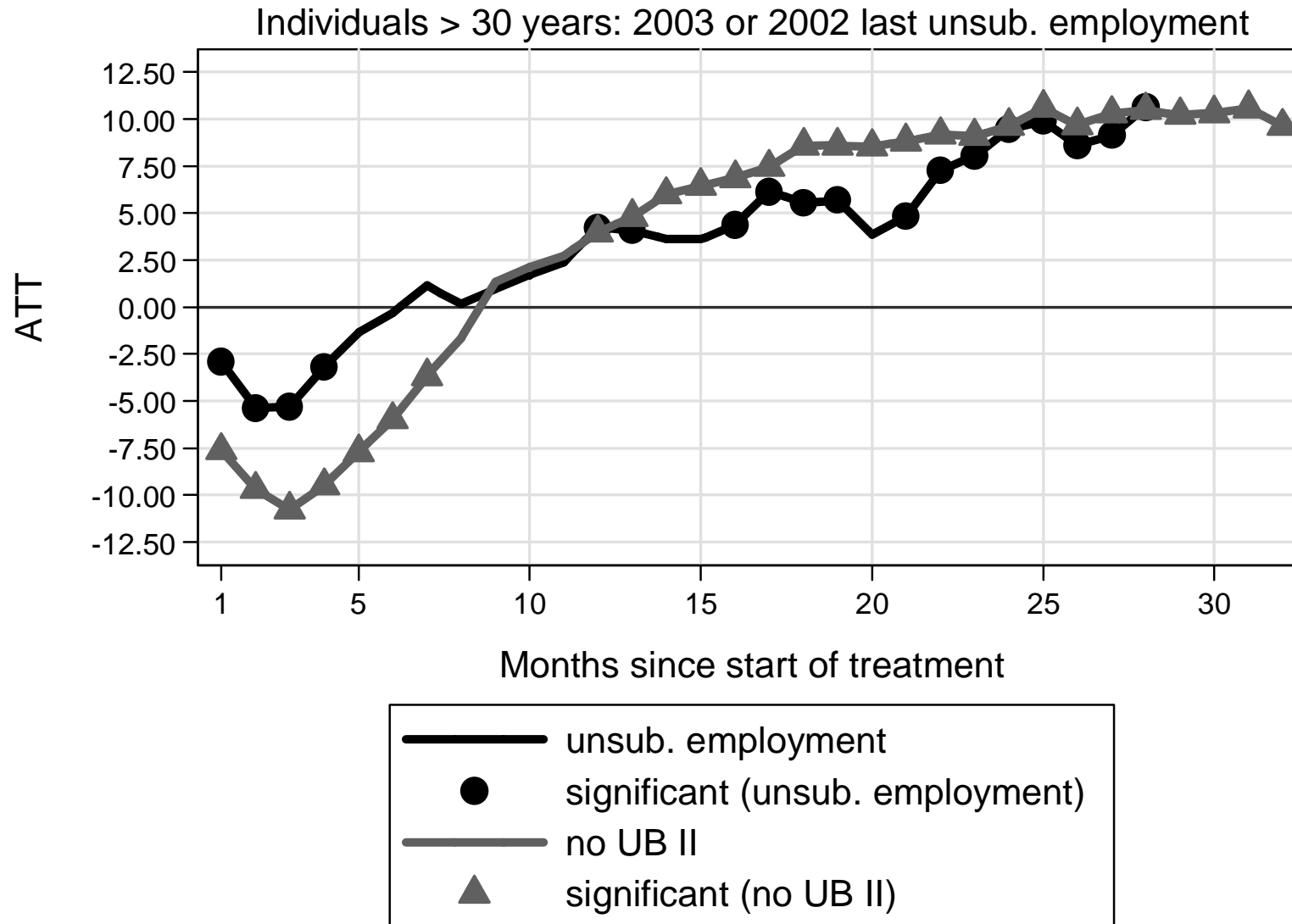


753 treated / 20400 controls / mean bias (before) after matching: (28.3) 1.6

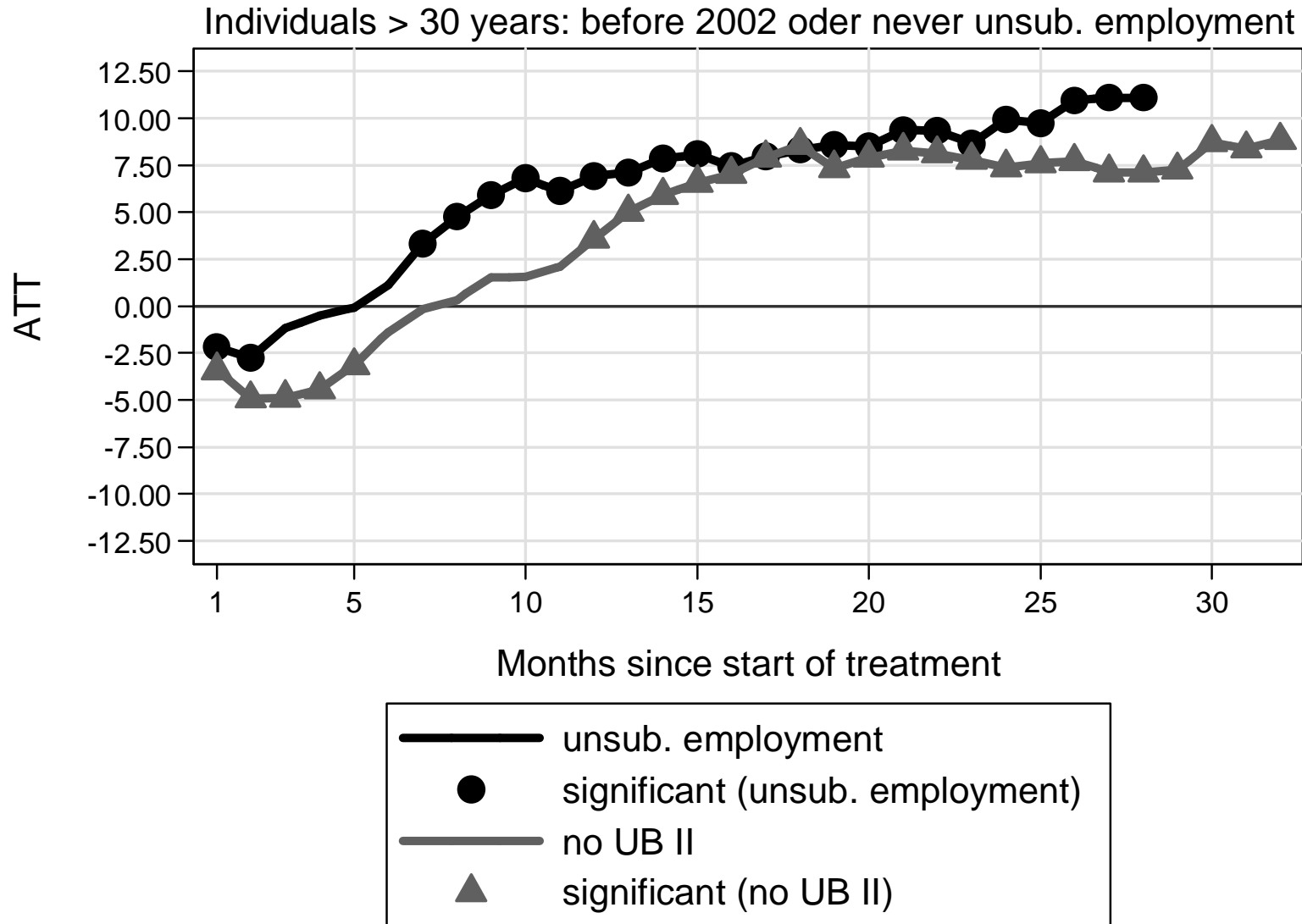


806 treated / 5169 controls / mean bias (before) after matching: (16.7) .9





670 treated / 4502 controls / mean bias (before) after matching: (17.7) 1.1



658 treated / 30088 controls / mean bias (before) after matching: (23.6) 1

# Conclusions

## Further vocational training for needy unemployed individuals

- Shows the typical locking-in effect
- Group specific differences
- (always) positive effects
  - on unsubsidized employment probability
  - on no receiving UB II (less)