

IAB-DiskAB

Invitation

A Structural Analysis of Vacancy Referrals, Sanctions and Sickness Absence

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In many countries unemployment insurance agencies punish benefit recipients who refuse to apply for assigned job vacancies by reducing their benefit payments for a fixed time span. The rules regarding vacancy referrals and sanctions however differ strongly across countries in a variety of aspects, including how strictly sanctions are enforced and how easily benefit recipients can avoid sanctions by strategically calling in sick. This paper provides a structural framework for evaluating different policies related to vacancy referrals and sanctions, explicitly taking into account strategic sick reporting and imperfect sanction enforcement. We use German register data to estimate our structural model and use the estimated model to simulate policy changes in sanction enforcement and the vacancy referral rate. Implications of our estimates are that the number of sick reports is higher by a factor of 1.67 in periods where a vacancy referral occurs and that sanction enforcement on average is 16%, but varies strongly depending on components of observed and unobserved heterogeneity. Our policy simulations suggest that moving to a regime where a fifth of all sanctions are enforced reduces the average unemployment duration by 0.5 months.

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10 o'clock (a.m.)

Room Re100 E10