

# The Importance of meeting your case- worker: Evidence from several field experiments

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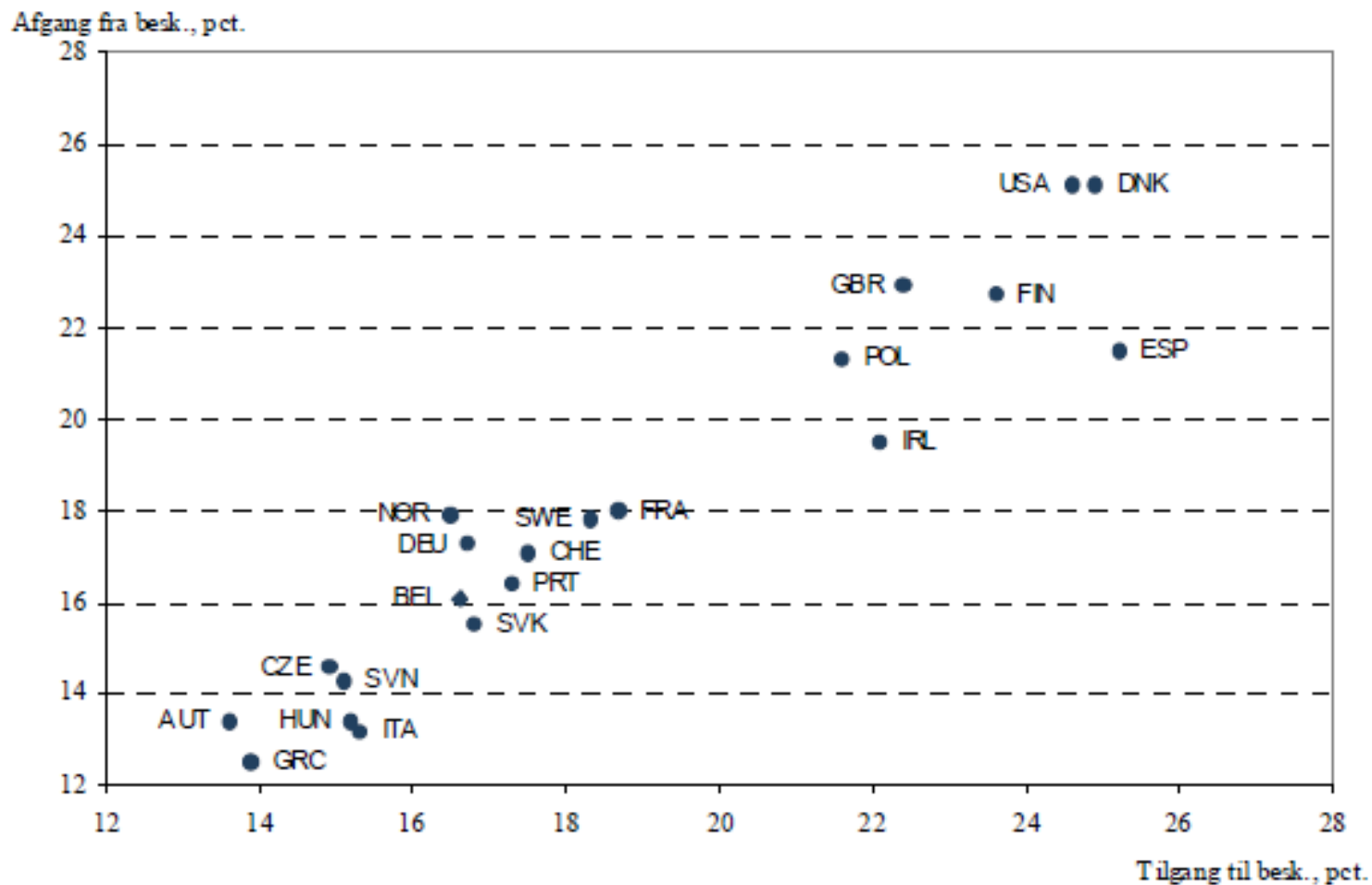
Aarhus University

# Motivation

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- › ALMPs are a crucial element in the Danish Flexicurity system
  - › **Flexible** hiring/firing rules
  - › Income **security** for employees
  - › ALMPs ensure availability and provide skills...
- › ...but they are expensive (1.2% of GDP)
  - › and some ALMPs have shown not to be very effective, and most fail in CBAs
- › Regular meetings with a caseworker, however, are not too expensive...and apparently quite effective
  - › 32 of 38 studies in review report positive effects (Pedersen *et al.*, forthcoming)
  - › so why not use them more?

## Figur II.2 Jobomsætning i OECD-lande, 2000-05



Source: OECD (2009)

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# Motivation

- > QBW1 (RCT): Treatment involved a number of instruments
  - > Information, job search assistance, meetings, early activation
- > Effect: 3 weeks more employment
  - > Graversen & van Ours (2008; 2009), Rosholm (2008), Blasco & Rosholm (2011), Vikström et al. (2011), Müller *et al.* (2012)
- > BUT... What was it?
  - > Single instrument or synergies?
  - > How did each element work?
- > ...hence QBW2
- > ...and QBW3
- > ...and QBW4, QBW5
- > ...and QBW9 (planned)

# Outline

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1. Motivation
- 2. QBW2**
3. QBW3
4. Preliminary evidence on QBW4 and QBW5
5. Conclusion

## QBW2

- > 4 randomized social experiments conducted in Denmark 2008
- > Aimed at newly unemployed UI recipients
- > Treatment (early intensification of ALMP)
  - A. **group meetings**
  - B. **individual meetings**
  - C. early activation
  - D. group meetings and early activation

## QBW2

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- › Targeted towards newly unemployed UI recipients (80% of labour force)
- › Sampling inflow to unemployment week 8-29, 2008
- › Randomization
  - › Control group (not informed)
  - › Treatment group (pilot study information)
- › No escape from treatment by leaving
- › Implemented in 2 (4) different regions



## QBW2

A	Group meeting each week (1-13)
B	Individual meeting every other week (1-13)

- › Meetings primarily focus on counseling
- › Control group: Meeting every 13 weeks

## QBW2

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- › DREAM adm. register data (National Labour Market Authority)
  - › Records and governs payments of public transfers+ participation in ALMP
  - › Variables include weekly labor market status and program participation, gender, age, marital status, residence, UI fund, ethnicity, etc.
- › We follow individuals for 111 weeks

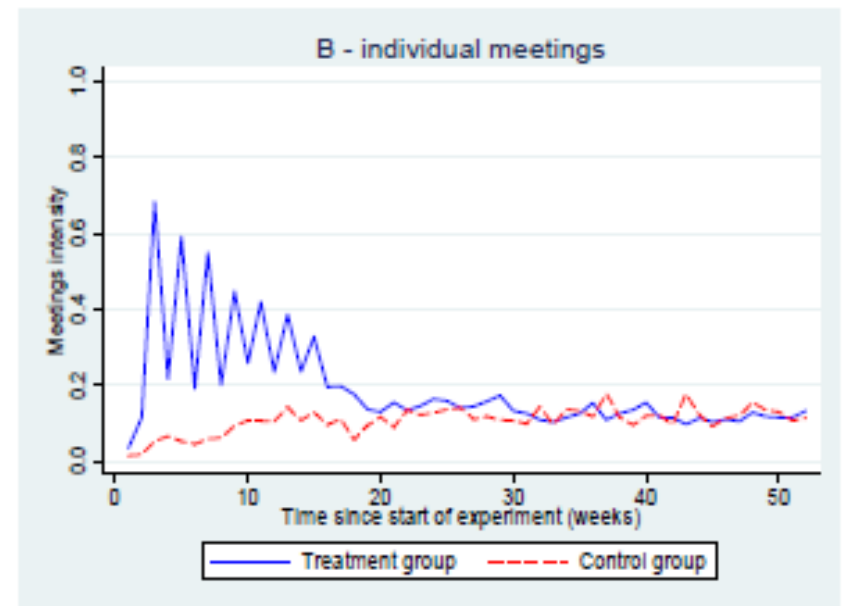
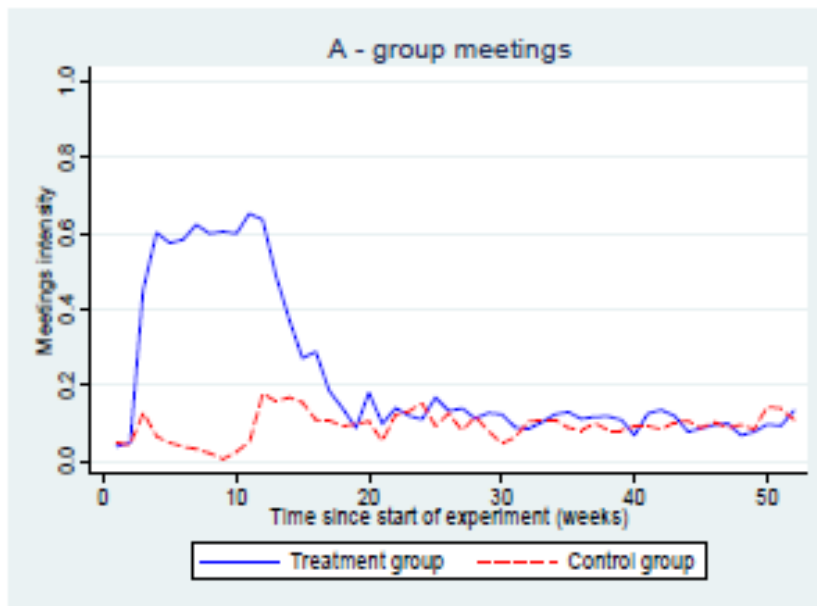
## QBW2

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- > Sample sizes are 1000-1200 per experiment, but split by gender 500-600
- > This allows for Minimum Detectable Effect sizes of 0.23-0.25 std. dev.'s without conditioning (power=0.8, sign=95%);
  - > Hence, we can only hope to detect fairly large effects
  - > Explaining 25% of the variation by including regressors only reduces MDE to 0.2-0.22, so not much help there

# QBW2- implementation

FIGURE 2: WEEKLY MEETING INTENSITIES



# QBW2 – evaluation approach

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- > T=0 – randomisation
- > T=1 – letter about pilot
- > T>1 – outflow affected by treatment => no longer randomisation among survivors  
– raw exit rates not informative (except in special cases, Abbring & van den Berg, 2005)
  
- > The observed exit rate from unemployment:

$$\theta(t|X, D) = E_U [\theta(t|X, D, U) | T \geq t]$$

# QBW2 – evaluation approach

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- › Exit rates differ due to treatment and composition effects
- › Duration analysis enables us to perform dynamic policy evaluation in addition to raw mean comparisons
- › Mixed proportional hazards specification

$$\theta_j(t|X_j, U_j, D_j) = \psi_j(t) \exp\left(X_j' \beta + \delta_j(t) D_j\right) \exp(U_j)$$

for  $j = ue, eu$

- › Joint NPMLE estimation

# QBW2 - results

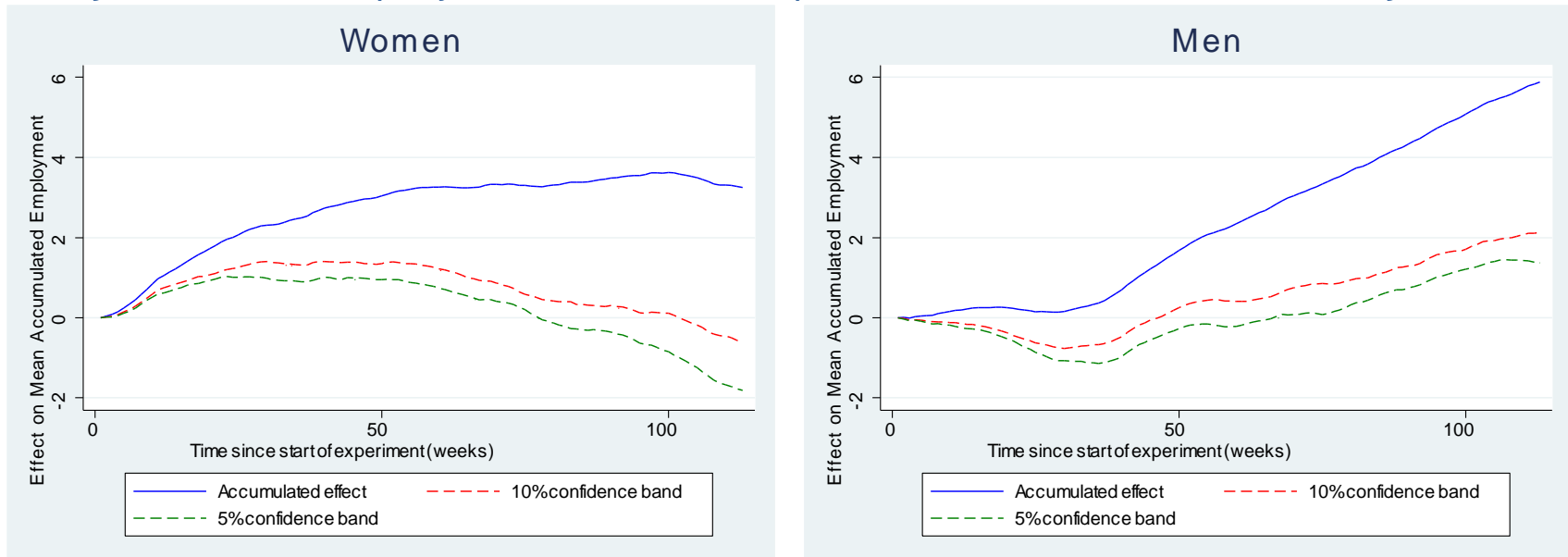
> Figure 3: The employment effect of Experiment A (group meetings)



> Duration models: men stay employed significantly longer

# QBW2 - results

> Figure 4: The employment effect of Experiment B (Individual meetings)



> Duration models: women find employment faster, men stay employed longer



# QBW2 - CBA per unemployment spell

	Costs	Corrected for MCPF
<b>Copenhagen &amp; Sealand - Experiment B</b>		
Saved income transfers	1569	314
Saved program costs	41	49
saved total costs	1610	363
Accumulated gain in employment (weeks)		4.99
Value of increased production		4362
<b>Net result of CBA (in €)</b>		<b>4725</b>

## QBW2 - summary

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- > Meetings between unemployed UI recipients and case workers increase subsequent employment rates for participants
- > For women, job finding rates go up
- > For men, exit rates from jobs to unemployment fall

# Outline

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1. Motivation
2. QBW2
- 3. QBW3**
4. Preliminary evidence on QBW4 and QBW5
5. Conclusion & policy discussion

# QBW3

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- › Inspired by QBW1
- › Began March 2008
- › Aimed at long-term recipients of social assistance
  - › aged 30 or above
  - › more than 26 weeks on social assistance, avg. elapsed duration at time of entry to experiment ~ 4 years
- › 3600 individuals
- › DREAM data

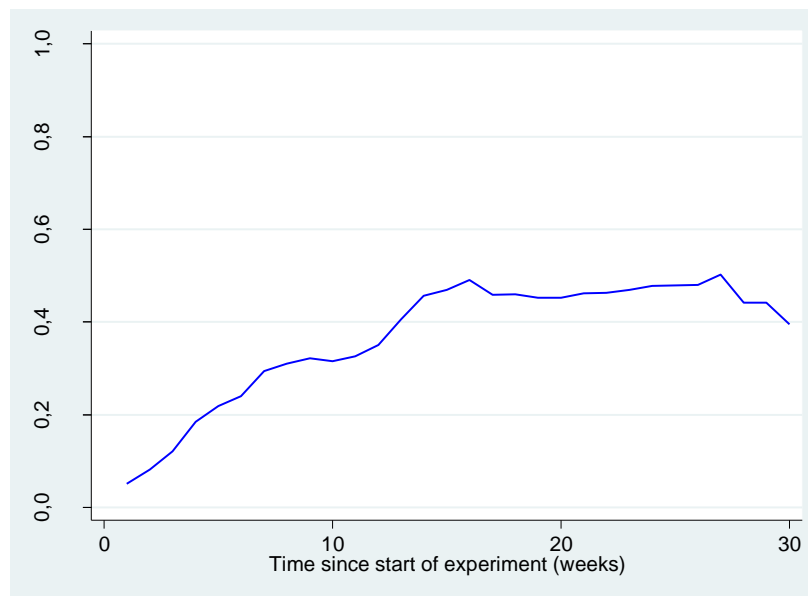
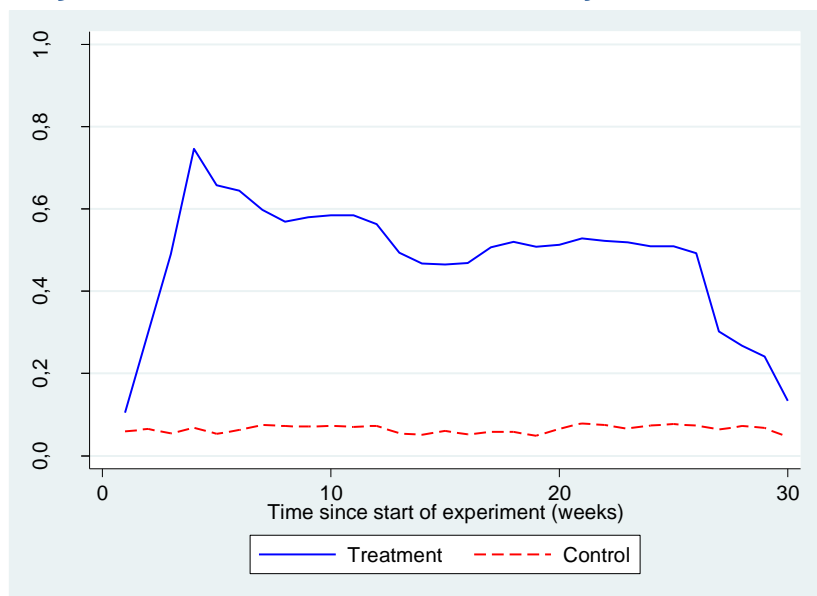
## QBW3

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- › **Treatment:** 26 weekly meetings with a caseworker with the aim of improving labour market readiness and job search
  - › More counseling than monitoring
- › Control group: Meetings every 13 weeks

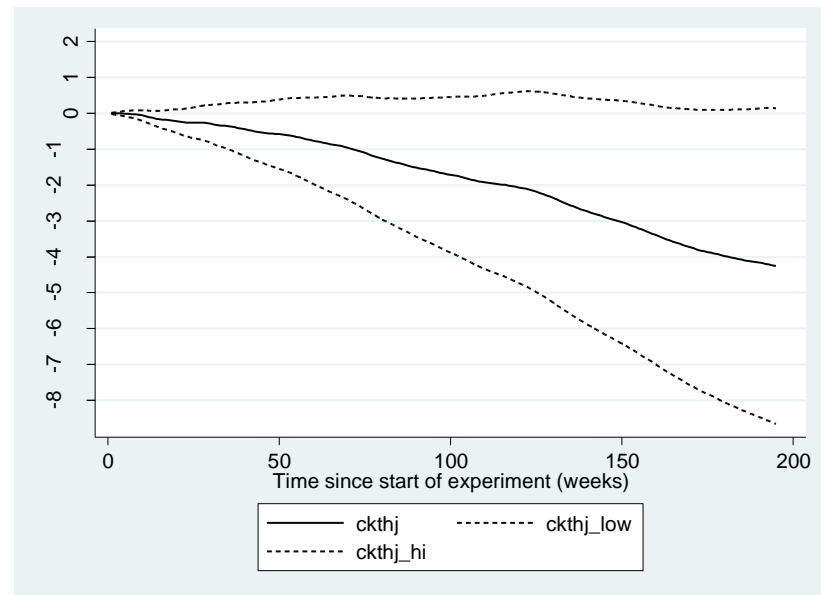
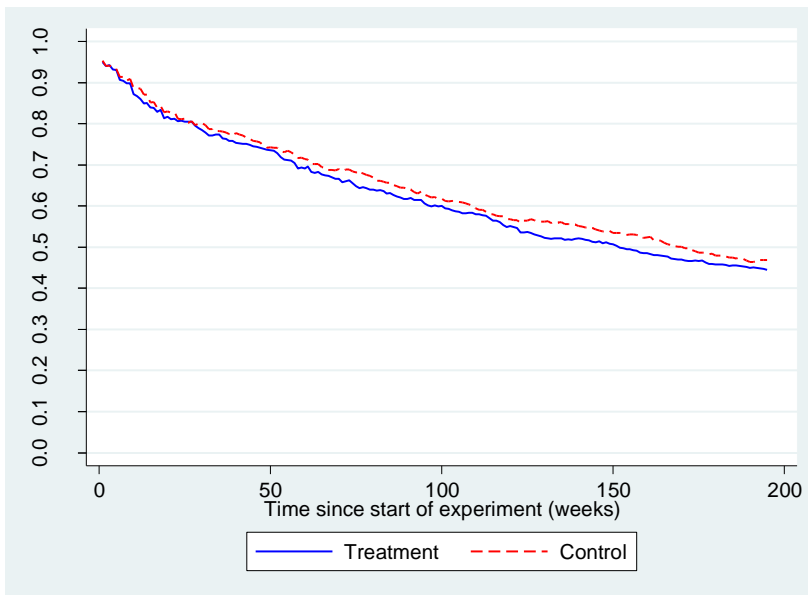
# QBW3 - treatment

Figure 5. Treatment intensity and exemptions



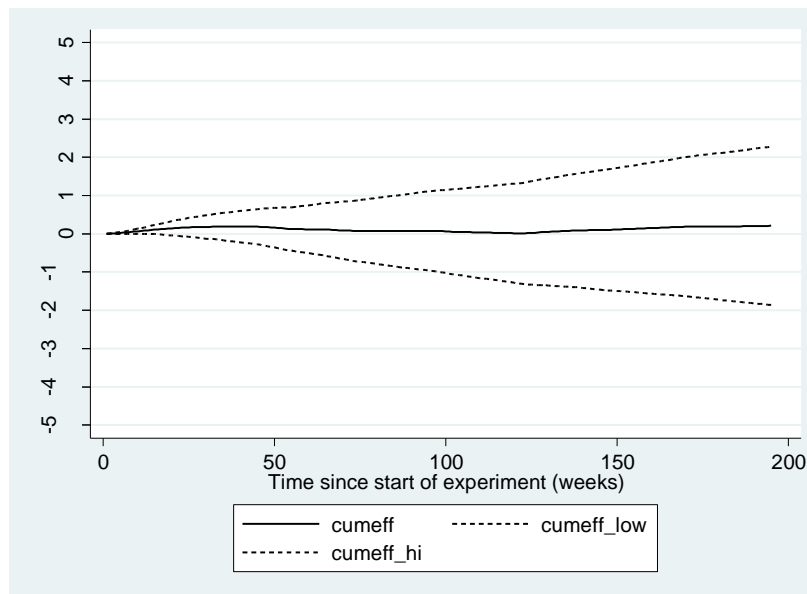
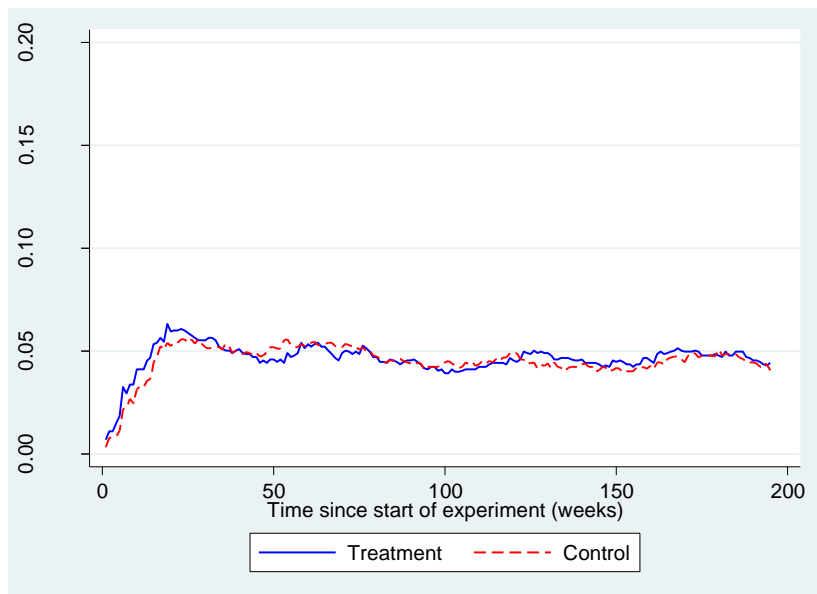
# QBW3 - results

Figure 6. Overall results: Social assistance receipt



# QBW3 - results

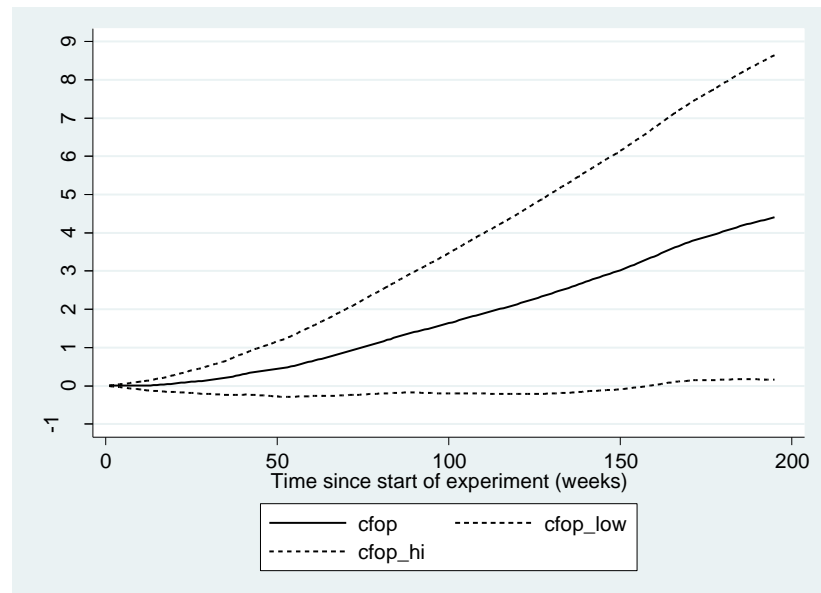
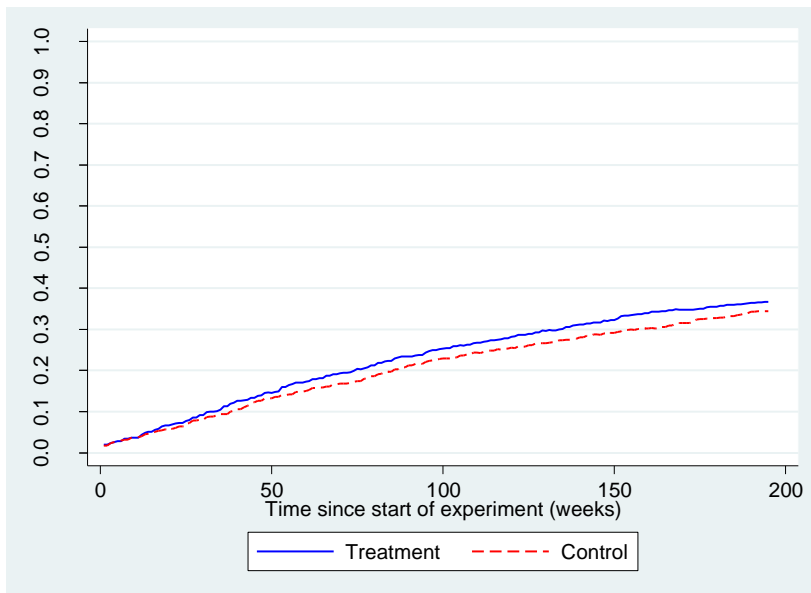
Figure 7. Overall results: Employment





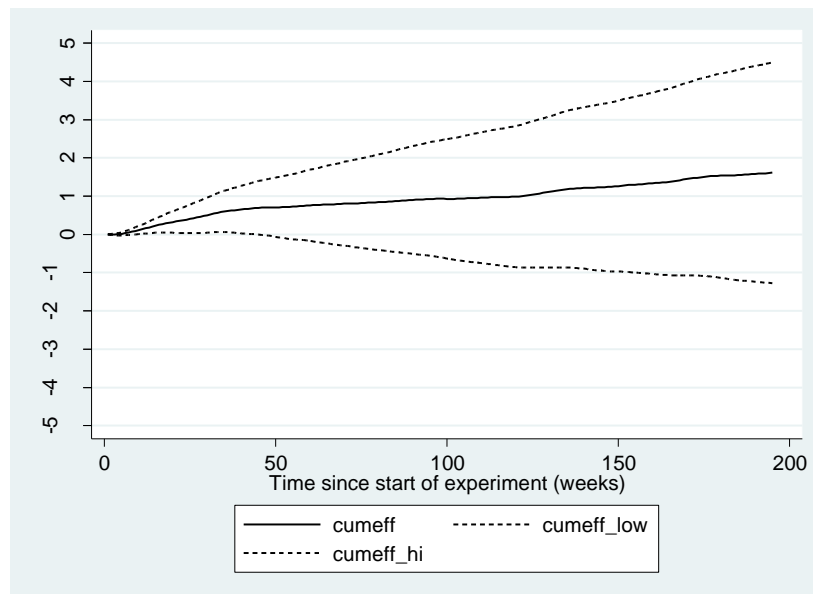
# QBW3 - results

Figure 8. Overall results: Disability pension

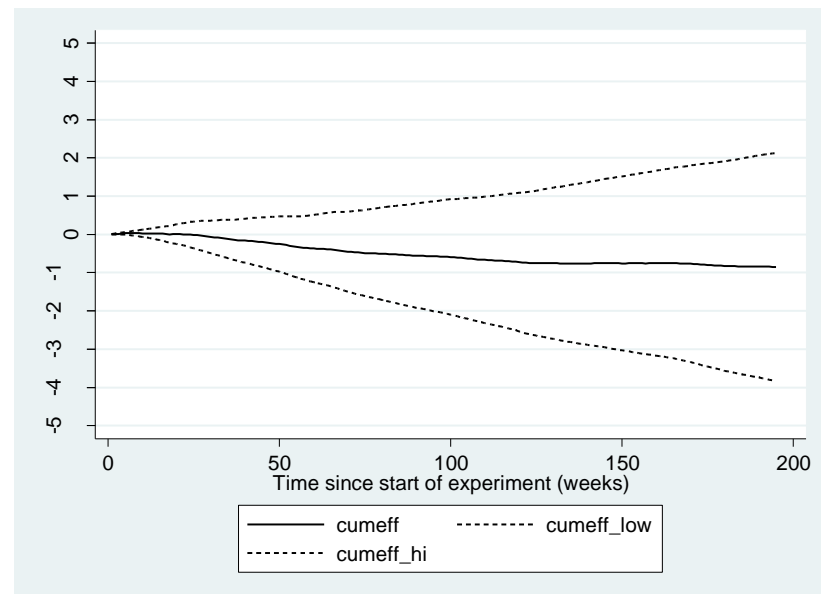


# QBW3 – gender differences?

Figure 9. Employment  
Men

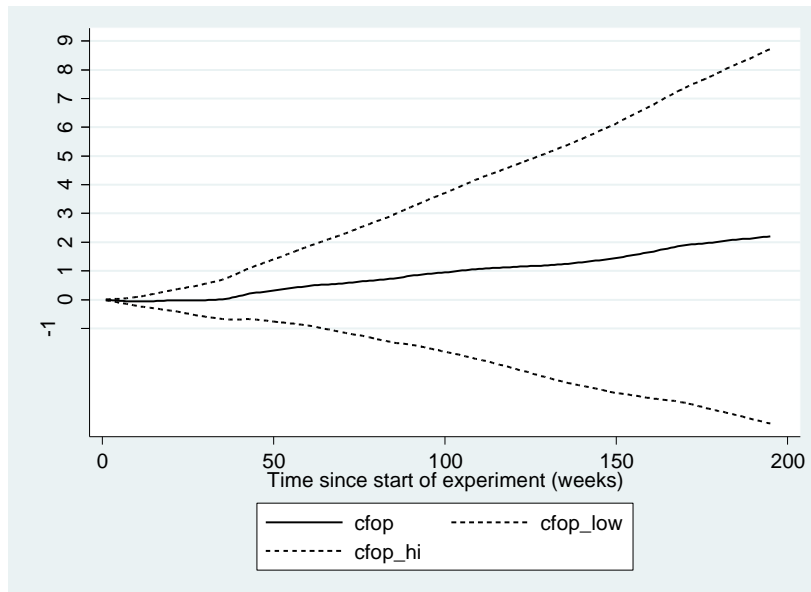


Women

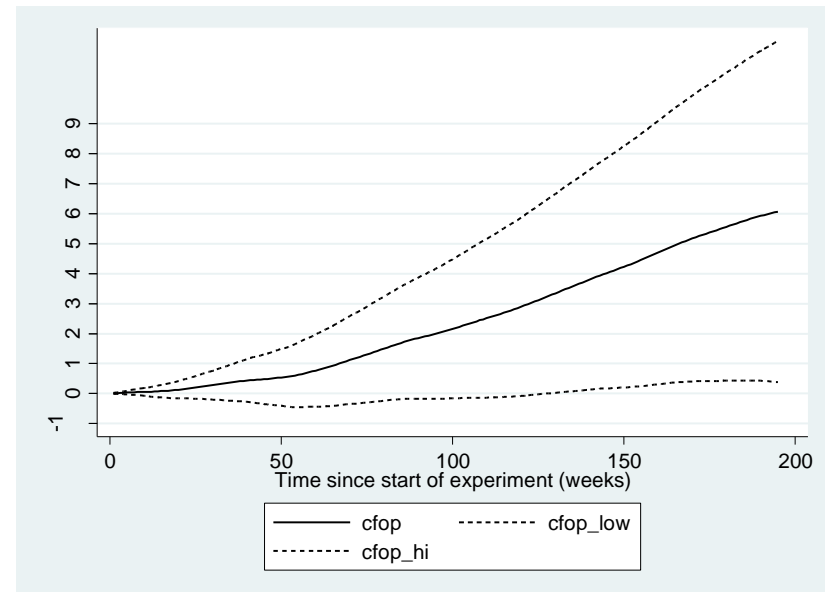


# QBW3 – gender differences?

Figure 10. Disability pension  
Men



Women



# QBW3 - summary

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- > Meetings with long term recipients of social assistance do not boost job finding
- > Rather, they increase transition into disability retirement
- > ...for women!

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# QBW4 – preliminary evidence

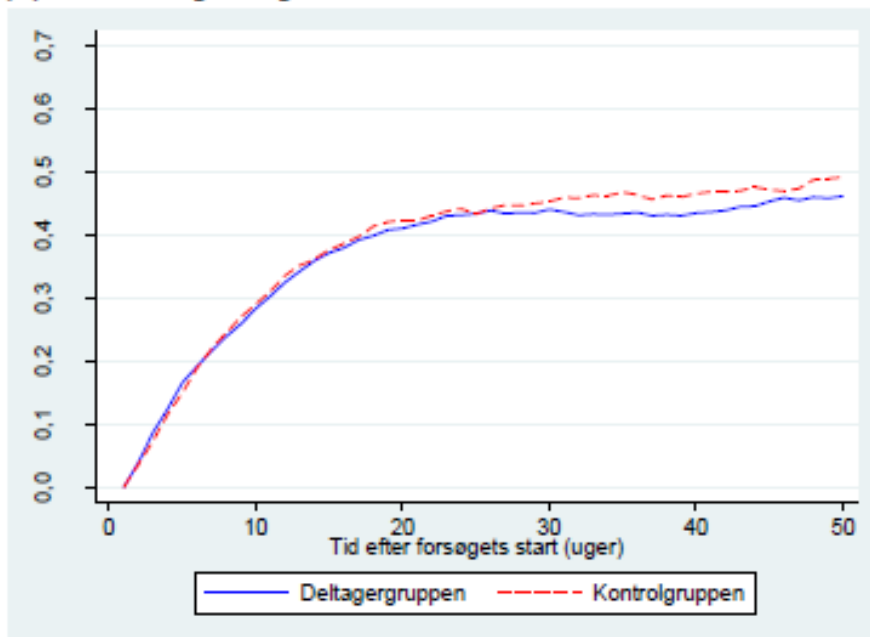
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- › Inspired by QBW1-2
- › Aimed at sicklisted with 5-8 elapsed sickness period, during 2009
- › 2500 treatments, 2500 controls
- › **Treatment:** weekly meetings (+additional physiotherapy, rehabilitation, ALMPs, if considered appropriate)
  - › Individuals in treatment group had on avg 8 meetings more than controls
- › Goal: faster return to work!

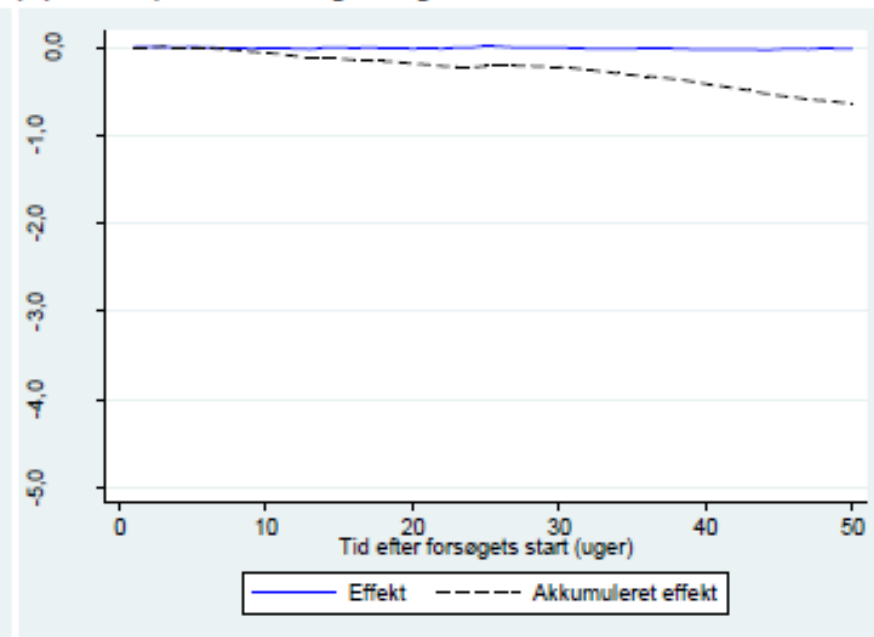
# QBW5 – preliminary evidence

Figure 11. Impact on return to work

(a) Selvforsørgelsesgrad



(b) Effekt på selvforsørgelsesgrad



## QBW4 – preliminary evidence

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- > Weak tendency to positive impact on transitions into disability pension and related schemes
- > No early evidence on gender differences

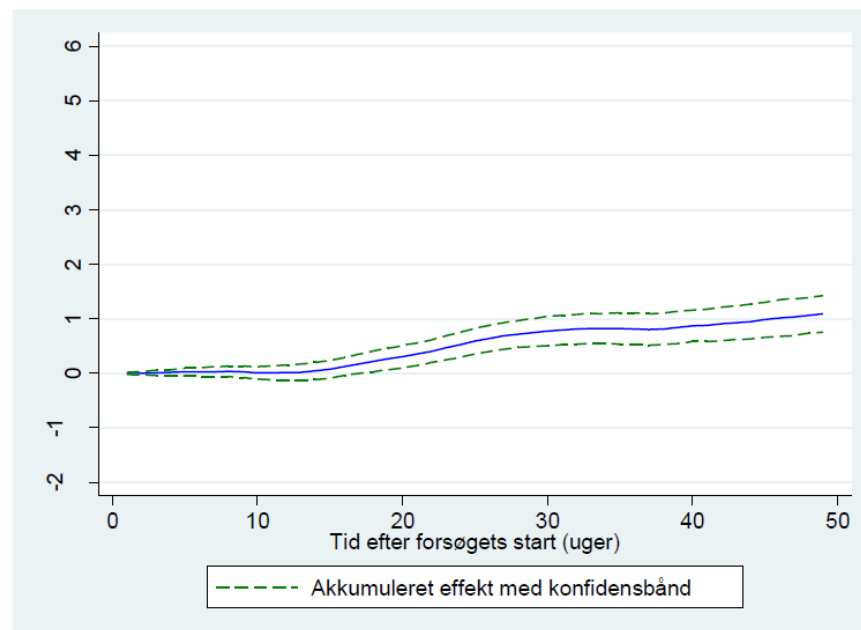
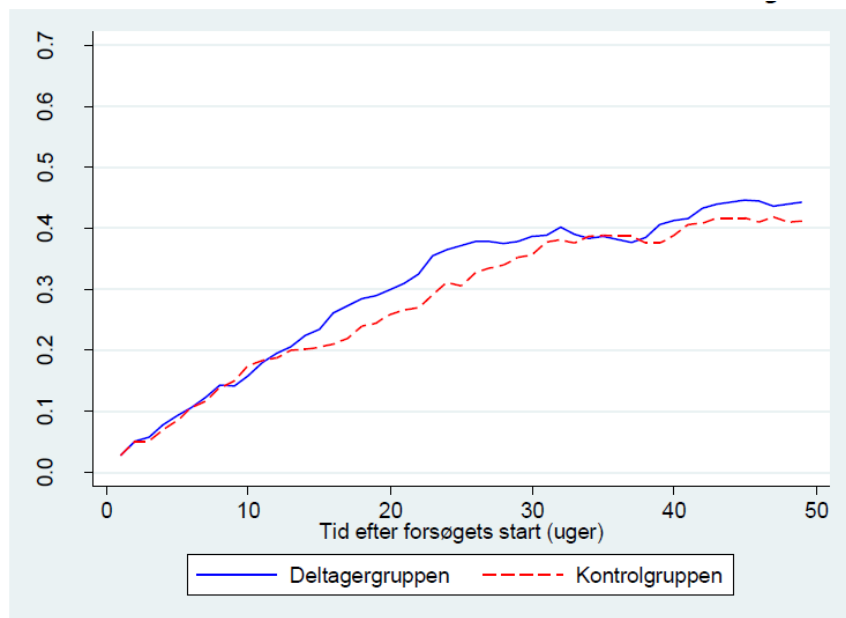


# QBW5 – preliminary evidence

- > Inspired by QBW1 & QBW2
- > Aimed at unemployed youth (UI + social assistance), 2010
  - > Those with a qual. education (2500)
  - > Those without (1200)
- > **Treatment:**
  - > Those with educ: Weekly meetings for 13 weeks (9 extra meetings)
  - > Those without: Weekly meetings for 26 weeks + intensive use of early activation (11 extra meetings)
- > Goal: Faster return to work/increased entry into education

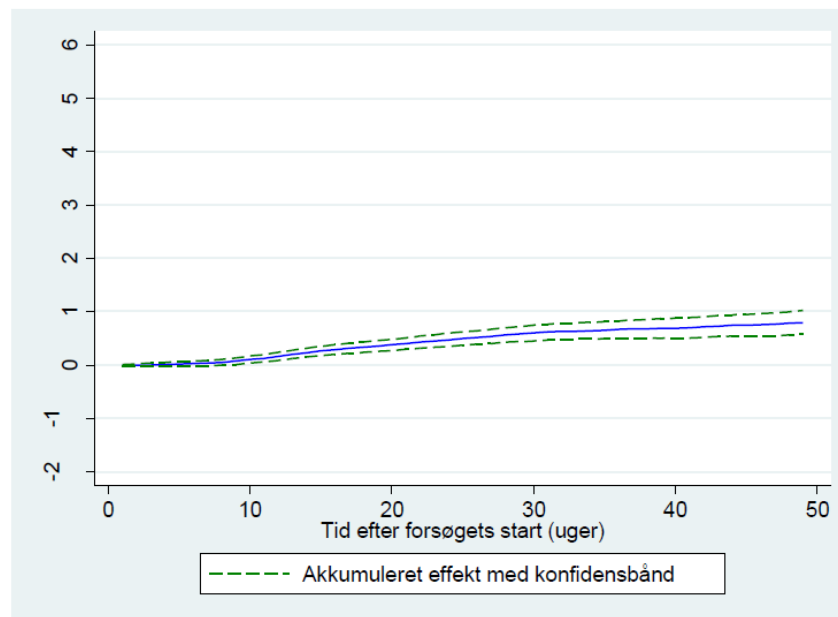
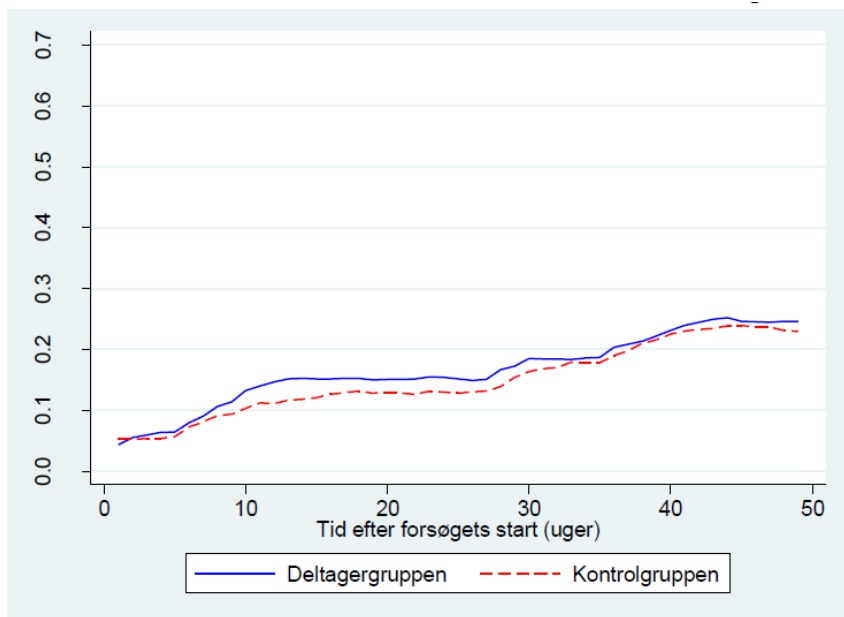
# QBW5 – preliminary evidence

Figure 12. Return to work, youth with educ.



# QBW5 – preliminary evidence

Figure 13. Transition into education, youth without educ.



# QBW5 – preliminary evidence

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- > Small, insignificant impacts
- > No noticeable gender differences

# Outline

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# Conclusion: Impacts and gender aspects

## QBW2 (UI - employable)

- Large sign. positive impacts
- Impact differences by gender:
  - Large effects for men
  - Women find jobs faster
  - Men keep jobs longer

## QBW3 (soc. ass. - less employable)

- Small & insign. negative impacts
- Large, unintended, sign. positive impact on disability pension
- Impact differences by gender
  - Large sign. impact on disability pension for women
  - Small and insign. for men

## QBW4 (sicklisted)

- Small insign. negative effects on return to work

## QBW5 (youth w. & without education)

- Small insign. effects on job finding/education entry

# Conclusion: Impacts and gender aspects

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## Lessons learned:

- > Meetings are effective instrument for those who are ready for work
- > For those who are not, or those with less experience, they are NOT! There are even unintended negative consequences
- > ...why?
- > ...New research project (launched Dec 2012): Sequential surveys for soc. ass. recipients

# Conclusion: Impacts and gender aspects

## Lessons learned:

Explore gender difference: Why do men and women react differently to meetings

- › Gender of case worker?
- › Search directions (public vs. private)?
- › Preferences/behavioral differences
  
- › Which behavioral parameters should case workers try to affect?
  - › Why are there differences between men and women?



# Conclusion - methodology

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## Lessons learned:

- > Always look for unintended consequences!
  - > If possible, use battery of outcomes (soft and hard), but specify *ex ante*
- > ...In future RCTs (starting w QBW6), we will conduct (sequential) surveys on behavioral effects (search activity, barriers to work, well-being, coping strategies, etc.)

# Conclusion – new field experiments

Ongoing and planned RCTs in DK for 2012+:

1. Coaching for unemployed youth w. mental health issues (prelim. evaluation in progress)
2. Contracting out PES for unemployed academics: private vs public providers (evaluation in progress)
3. Mentoring for uneducated unemployed youth (coordinated w. French RCT on similar group, started in DK late Sept.)
4. Experiment on meetings – quality vs quantity? (cross-cutting design)
  - a) Intensive meetings (in a downturn)
  - b) ‘Coaching education’ of case workers
  - c) a) *and* b)