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Operationalising Employability for the Evaluation of 'Activating' Labour Market Policies

Policy and programme evaluation in Europe:
Cultures and prospects
Strasbourg, July 3-4, 2008

Policy and Research Context

- Step IV of the "Hartz" reforms (2005):
 - merging benefits: unemployment assistance and social assistance (\approx ASS & RMI) into "unemployment benefit II"
 - merging services: 'one stop' jobcentres
 - increasing frontline staff, stricter rules for activation
- **Parliamentary compromise** about who is to run jobcentres – **experimental competition** between two models:
 - (1) 351 **consortia** between local employment agencies (\approx ANPE) and municipalities (\approx grands villes ou départements)
 - (2) 69 **municipalities** responsible alone

↔ self-selection – no random assignment
- **Which model performs better?** – in terms of (outcome indicators):
 - job entries
 - raising **employability** of 'customers' as a potential for their future job entry

Three Concepts of Employability

- (1) dichotomic:** definition of benefit category and of rights and obligations attached
 - ↪ by legal definition, all recipients of unemployment benefit II are 'employable' in the dichotomic sense
- (2) relational:** employability depends, among other things, on the demand on the regional labour market
 - ↪ in order to measure effectiveness of 'customer' treatment, we need to measure **individual** outcomes
 - ↪ **regional matching** between jobcentres designed to control for labour market situation anyway
- (3) individual & gradual:** employability as a **bundle** of **alterable** personal characteristics, orientations, potentials and circumstances which, if known, improve predictions of employment outcome

Methodological Challenges and Solutions

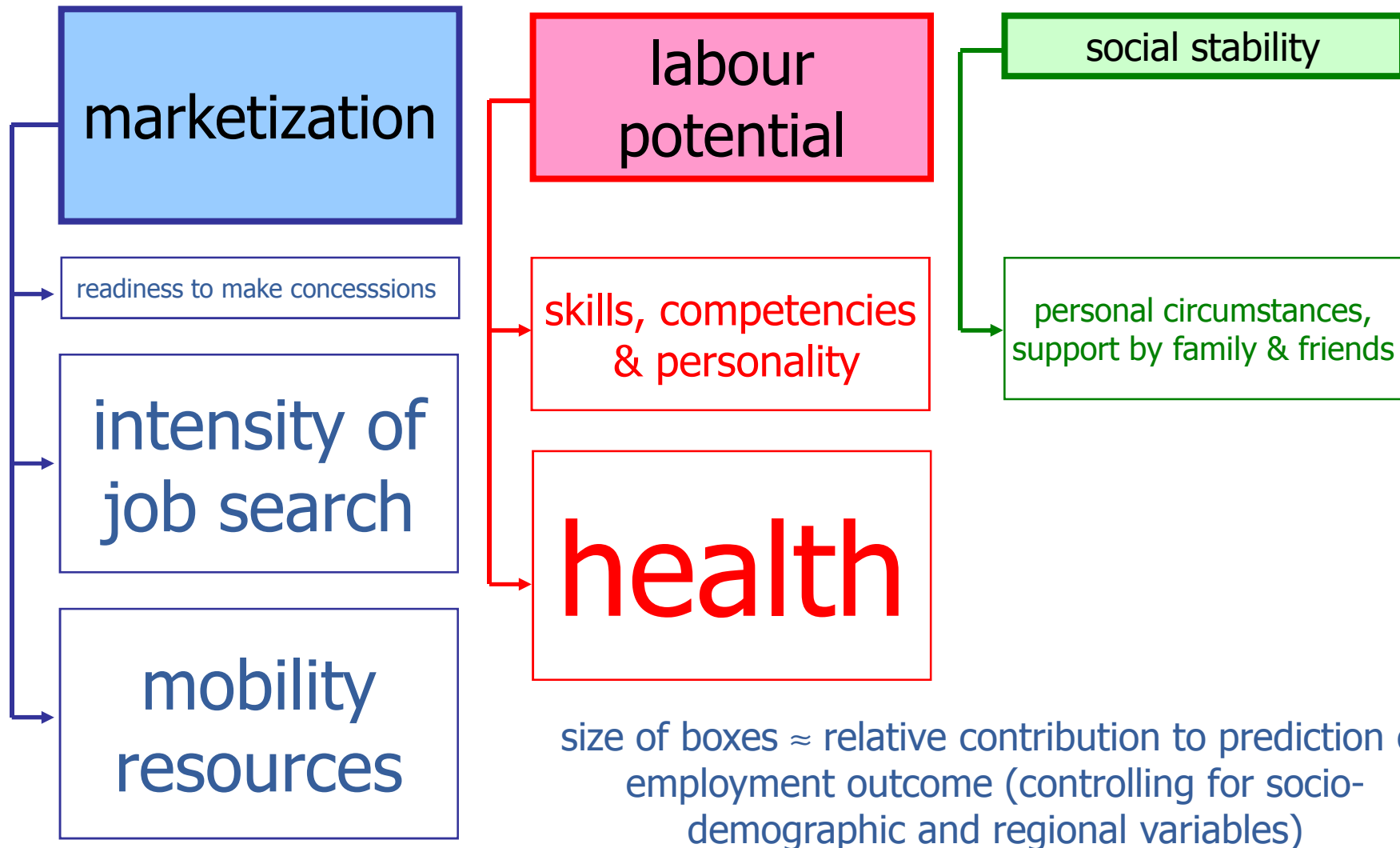
Challenges:

- Developing a measure for 'employability' to be used in a **telephone survey** (CATI) of 25,000 'customers'
- **limited** number of items since survey was to provide information on numerous other issues
- combining items into one **single indicator** if possible

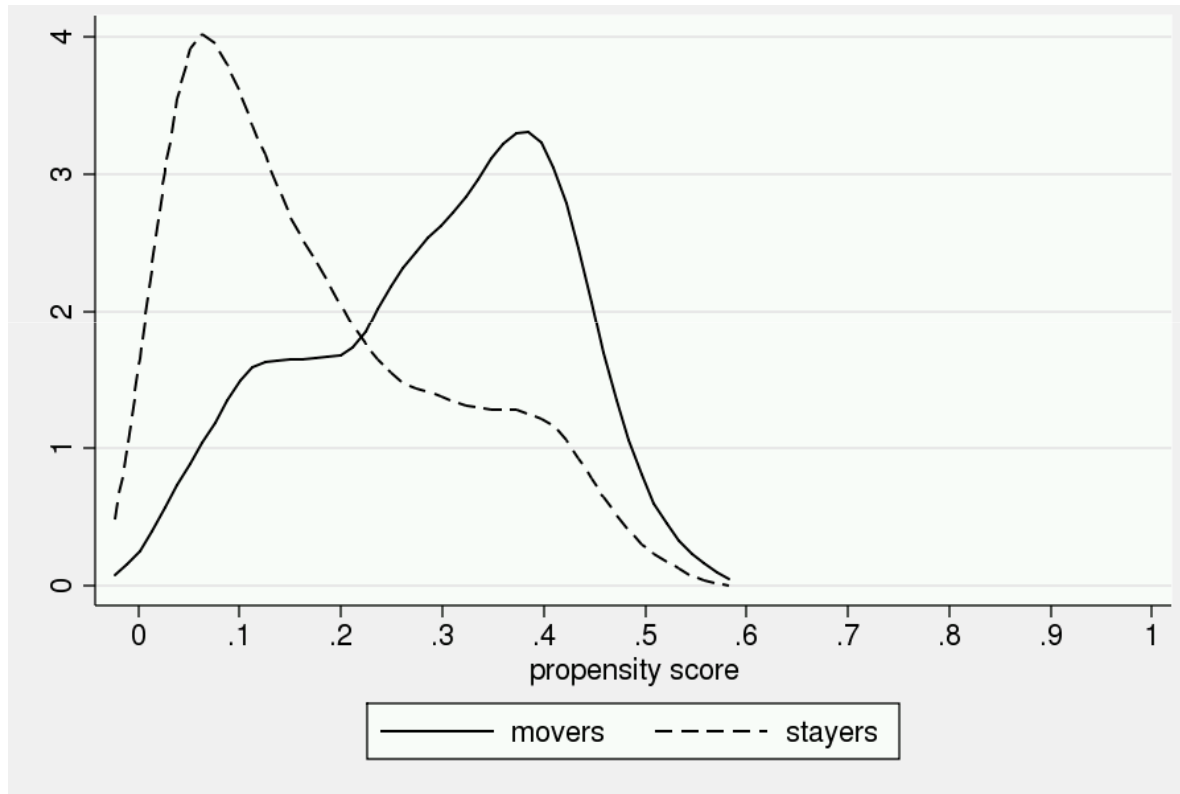
Solutions:

- Pretest CATI of random samples of 1,800 recipients each of
 - (1) insurance-type **unemployment benefit** (short-term unemployed) and
 - (2) relief-type **unemployment benefit II** (long-term unemployed)
 - ⇒ assumption: short-term unemployed more employable than long-term unemployed
 - ⇒ finding the variables that best discriminate between the two groups – reducing initially 60 to 29 variables sufficient to discriminate
- After-test: merging pre-test data with employment status from administrative data 6 months later (while main survey was already going on....)

Empirically Relevant Dimensions and Components of Employability



Employment Status 6 Months after Measuring Individual Employability of Persons Initially Unemployed



- Measuring of employability possible.
- Measures developed workable, not yet optimal.

Conclusions:

- Initial average employability score of 'movers' (= employed 6 months later) was higher than that of 'stayers' (in unemployment).
- Knowledge of employability score improves prediction of employment outcome.
- Nevertheless considerable overlap: 21% 'movers' with below average employability score, 43% 'stayers' with above average employability score.

Thank you very much for your attention!