



Caseworkers and successful active labour market policies

Michael Lechner



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Introduction (1)

- Lots of research about determinants of unemployment durations
 - labour supply
 - labour demand: firms vacancies etc
 - market clearing: matching functions etc.



Introduction (2)

- Personal interaction between case worker and 'his/her' unemployed considered in less detail
 - increase or decrease search activities
 - better active labour market programmes
 - better counselling
 - better job offers



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

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

Stefanie Behncke, Markus Frölich and Michael Lechner†



Related papers on why this could be (1)

➤ Educational literature on teacher-pupil similarity

– ethnicity (positive)

- Dee (2004), Lindahl (2007)

– gender (mixed)

- Neumarck and Gardecki (1998), Bettinger and Long (2005),
Dee (2007), Lindahl (2007), Holmlund and Sund (2005),
Hilmer and Hilmer (2007), Hoffmann and Oreopoulos (2007)



Related papers on why this could be (2)

- Literature on trust, fairness, gift exchange
 - higher cooperation for like minded people
 - Gächter and Thöni (2005)
 - Demographic similarity between managers and subordinates reduce quit, dismissal rates etc.
 - Giuliano, Levine and Leonard (2006)
- Similar background increases efficiency of communication
 - Hyde (2005)



The Swiss labour market

Overview (1)

- Low unemployment rates (usually around 2% to 5%)
- After 1990 unemployment rate rose rapidly up to 5%
 - ➔ implementation of **active labour market policy**
 - active labour market programmes
 - introduction of regional employment offices (REO)
 - caseworkers trained to provide counselling, placement and activation services



The Swiss labour market Overview (2)

- Traditionally high regional autonomy
 - Cantons implement federal UI policy in a semi-autonomous way
- Counselling done at 150+ regional employment offices
 - run by the 26 cantons
- UE benefit replacement rate of 70-80% up to 24 months
 - generosity recently reduced



The Swiss labour market

Case workers (incentives and autonomy)

- Performance targets set by centre for regional offices
 - no effects on regional budgets, only reputation
- 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



The Swiss labour market

Case workers (incentives and autonomy)

- Case workers have considerable power against unemployed
 - withdrawal of benefits if UE does not comply



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
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 - 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

LCWUSAD (linked case worker unemployed survey admin data) (1)

➤ Questionnaire to all case workers in Switzerland

- mail survey of 1560 case workers and REO managers
- information on
 - case workers' age, gender, work experience, vocational training ...
 - allocation of jobseekers to case workers
 - case workers' contacts with employers
 -
- **response rate about 84%**
- **case workers can be linked to their clients**



Data

LCWUSAD (linked case worker unemployed survey admin data) (2)

- Administrative data on unemployed
 - admin data from **unemployment insurance database**
 - **social security records**
 - information on socio-economic characteristics of the UE
 - information about regional labour markets (from federal statistical office)



Data

LCWUSAD (linked case worker unemployed survey admin data) (1)

- Survey of all case workers in Switzerland
- Administrative data on unemployed
 - administrative data from unemployment insurance database
 - social security records
- ***Case workers can be linked to their clients***



Data

The population of case worker and UE we looked at

- Inflow of unemployed registering in 2003
- First case worker in first unemployment spell
- Restrictions
 - only UE aged 25 to 55
 - common language
 - ...



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

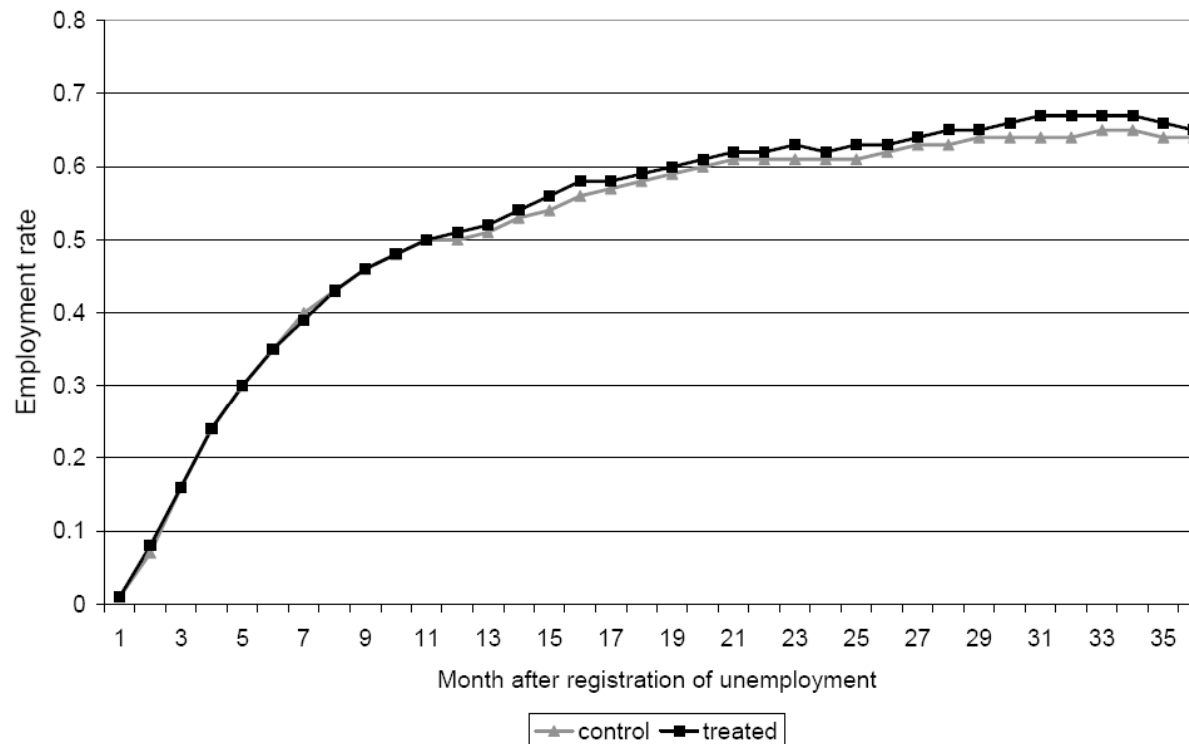
- Age: ± 4 years
- Educational background: Same category
 - primary education only
 - lower secondary
 - apprenticeship
 - upper secondary
 - graduate from university / college / polytechnic
- Gender
- Further homogeneity imposed by subsample of Swiss UE and CW (& UE speak cantonal language)



Descriptive statistics

Employment

Figure 2: Average employment rate in month t after registering as unemployed



Note: Average employment rates are for the main sample. The black line shows the employment rate for the 1,455 unemployed who are counselled by a caseworker with the same gender, age, and education. The grey line shows the employment rate for the 37,165 individuals whose caseworker is different in at least one of the three characteristics. Abscissa: Month after registration of unemployment. Ordinate: Employment rate in month t after registering as unemployed.



Descriptive statistics

Other variables (and probit) (1)

Table 1: Estimation of the propensity score: Determinants of similarity

		Probit estimates		Sample average	
		Coefficient	t-statistic	Same age, gender and education (D=1)	Different in at least one characteristic (D=0)
Constant	***	-3.019	12.79		
Characteristics of the unemployed clients					
Age (divided by 100)	***	0.242	8.57	.41	.36
Female		-0.025	0.41	.43	.45
Education: primary education		-0.018	0.7	.14	.15
lower secondary education and apprenticeship		0.006	0.1	.63	.61
higher secondary education		0.106	1.35	.04	.03
graduate from university/college/polytechnic		-	-	.19	.20
Qualification: unskilled		0.017	0.35	.10	.10
semi-skilled		0.013	0.3	.14	.13
skilled without degree	***	-0.346	3.45	.01	.03
skilled		-	-	.75	.75
Months employed in last ten years (divided by 10)	***	0.14	2.62	.97	.90
Monthly earnings in previous job (divided by 10000)		0.13	1.6	.50	.45
Number of dependent persons		-	-	2.0	1.8
Looking for part-time job		0.073	1.48	.13	.11
Industry of previous job: agriculture and forestry		0.171	1.25	.01	.01
construction		0.091	0.8	.07	.06
processing industry		-0.02	0.21	.14	.15
tourism		-0.107	0.86	.07	.07
services		0.055	0.62	.52	.49
public		0.106	1.21	.17	.16
other		-	-	.03	.05

More difficult to place unemployed in 'same' group

Institute for Economic Research

University of St.Gallen



Descriptive statistics

Other variables (and probit) (2)

Table 1: Continued ...

	Probit estimates		Sample average		
	Coefficient	t-statistic	Same age, gender and education (D=1)	Different in at least one characteristic (D=0)	
Local labour market characteristics					
Language of employment office: French	***	0.196	2.60	.16	.23
Italian	*	0.150	1.85	.09	.07
German				.75	.71
Registering in second half 2003 (dummy)		0.018	0.33	.58	.56
Size of municipality ≥ 200000 inhabitants		-	-	.09	.08
≥ 150000		0.071	0.65	.10	.09
≥ 75000		-0.204	1.43	.04	.05
≥ 40000		-0.133	0.95	.02	.04
≥ 25000		0.022	0.2	.05	.05
≥ 15000		-0.048	0.51	.15	.15
≥ 8000		-0.062	0.66	.13	.13
≥ 3000		0.02	0.22	.23	.20
≥ 2000		-0.025	0.26	.10	.10
< 2000		-0.049	0.47	.11	.11
Unemployment rate of canton	**	0.073	2.06	3.83	3.75
Unemployment rate in industry (divided by 10)	**	0.227	2.28	.46	.46

More unemployed from more difficult local labour markets in 'same' group

Characteristics of their caseworkers



Descriptive statistics

Other variables (and probit) (3)

	Probit estimates		Sample average	
	Coefficient	t-statistic	Same age, gender and education (D=1)	Different in at least one characteristic (D=0)
Characteristics of their caseworkers				
Age in years	-	-	40	46
Female	-	-	.43	.42
Tenure in employment office (in years)	***	-0.028	3.44	5.28
Previous experience in municipality office (dummy)	*	0.189	1.71	.13
Previous experience in private placement office (dummy)	**	0.126	2.22	.30
Own experience of unemployment (dummy)	**	-0.132	-1.65	.56
Education: primary education	-	-	-	.00
lower secondary education and apprenticeship	-	-	-	.76
higher secondary education	-	-	-	.16
graduate from university/college/polytechnic	-	-	-	.07
Special vocational training of (un)employed (Fachaus.)	-	-0.036	0.5	.23
Average caseload per month (divided by 100)	-	0.041	0.57	1.31
Allocation of unemployed to caseworker				
by industry	**	-0.12	2.42	.48
by occupation	-	-0.03	0.63	.52
by age	-	-0.227	-1.43	.02
by employability	**	-0.233	-2.01	.04
by region	***	-0.219	-2.6	.08
other	-	-0.064	-0.59	.06
at random	-	-	-	.25
by alphabet	-	-	-	.03
by caseload	-	-	-	.40

More younger, less educated case workers with more UE experience in 'same' group



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...

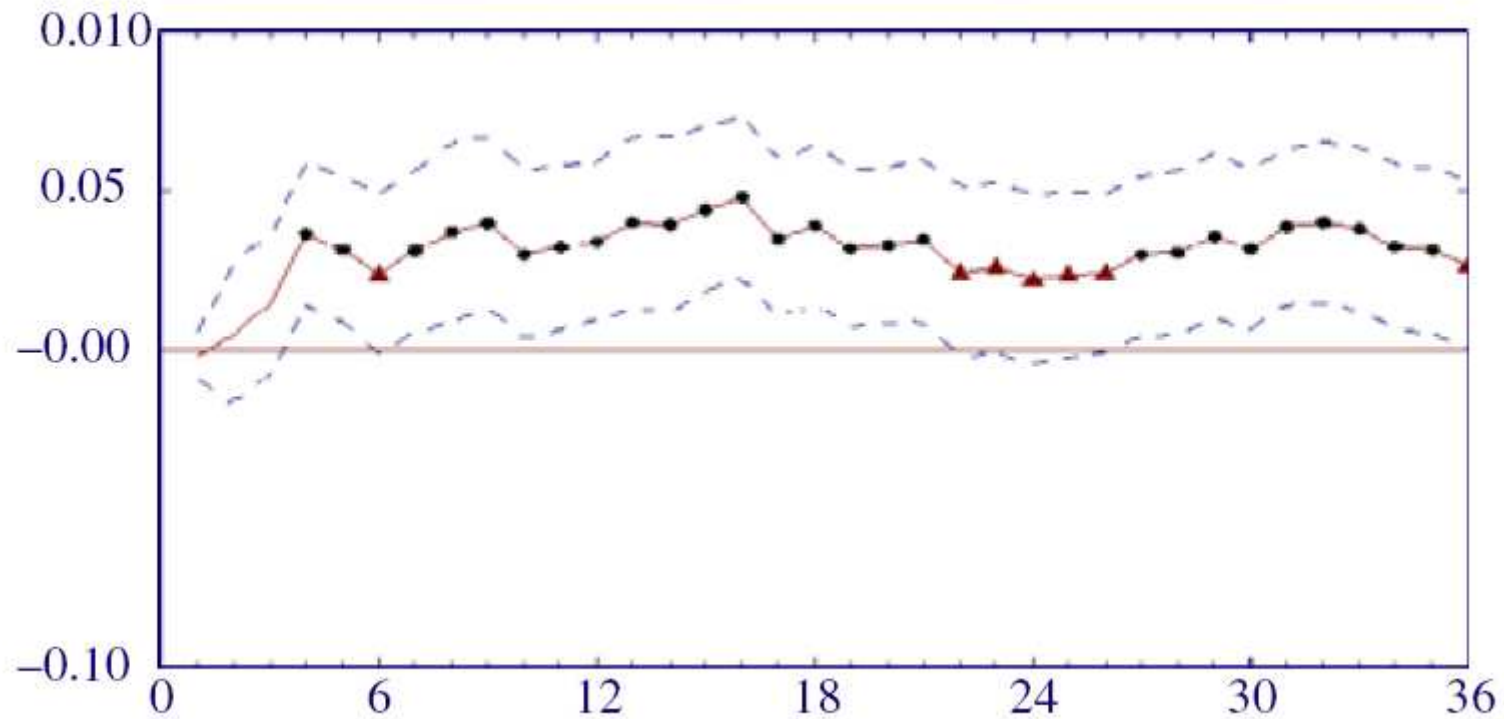


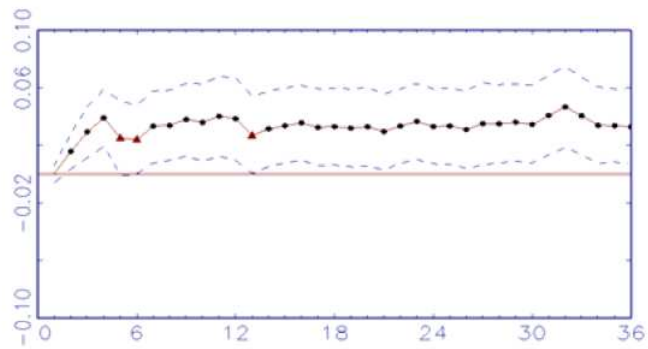
Fig. 3. *Effects of Similarity in Age, Gender and Education on Employment*



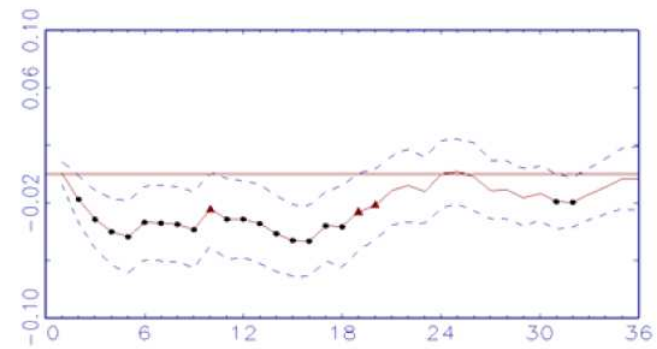
Results (2)

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

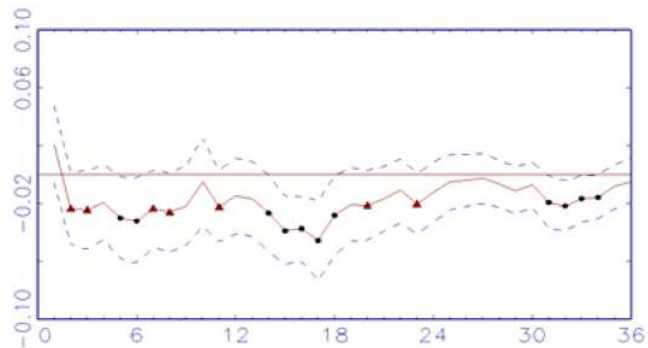
twelve month stable employment



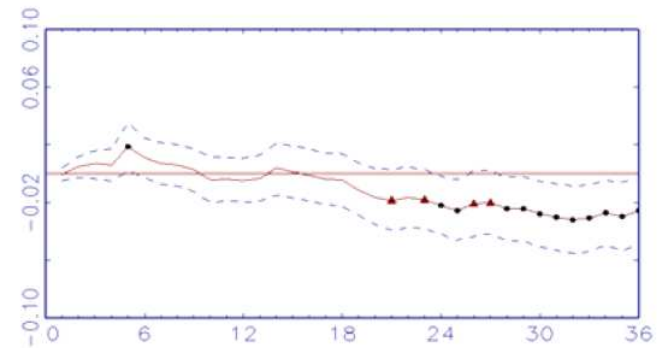
seeking for a job



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	-0.009	0.170	-0.027	0.413	0.028	0.381	0.016	0.473	-0.077	0.817

See note below Figure 3.



Results

Possible Channels: Active labour market policies

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

	psm		logit	
	ATT	p-value	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

Degrees of similarity (2)

Table 5: Employment effects of different definitions of similarity

Definition of control group (D=0)		Month 6		Month 12		Month 18		Month 24		Month 36	
same	same	ATT	p-value	ATT	p-value	ATT	p-value	ATT	p-value	ATT	p-value
Degree of similarity		Dose Response to different degrees of similarity									
1 versus 0	psm	0.017	0.016	-0.006	0.314	0.003	0.663	0.001	0.923	0.000	0.976
	logit	0.010	0.145	-0.005	0.474	0.001	0.925	-0.004	0.550	-0.002	0.753
2 versus 1	psm	-0.004	0.677	-0.013	0.107	0.001	0.906	-0.004	0.564	-0.004	0.552
	logit	0.001	0.821	-0.005	0.408	0.004	0.500	0.001	0.903	-0.001	0.892
3 versus 2	psm	0.035	0.013	0.046	0.003	0.049	0.003	0.050	0.012	0.040	0.006
	logit	0.021	0.097	0.038	0.008	0.030	0.035	0.026	0.069	0.031	0.019

See note below Table 2. The control group with different sex, different age and different education contains 8438 observations.



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



Research paper on this topic

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**Unemployed and their caseworkers:
Should they be friends or foes?**





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 LCCW has a CW specific training



Results

Difference in employment rates

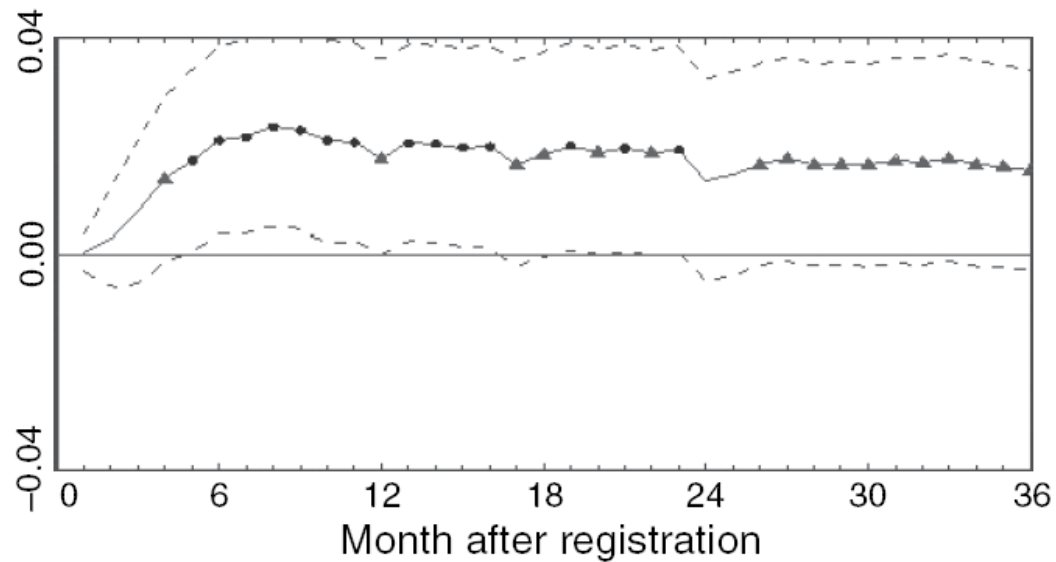


Fig. 4. Effect of having a less co-operative caseworker on employment (●, significance at the 5% level; ▲, significance at the 10% level; – – –, pointwise 95% confidence interval): ATET on employment; prime age unemployed people (24–55 years)



In case you are interested in more details (E-1)

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

and Michael Lechner
University of St Gallen, Switzerland



Thank you for your attention!

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