

www.rwi-essen.de

www.rwi-essen.de

www.rwi-essen.de

www.rwi-essen.de



Effects of PilotM – Pilot measure: temporary work for disadvantaged youths

Christoph Ehlert

Jochen Kluge

Sandra Schaffner

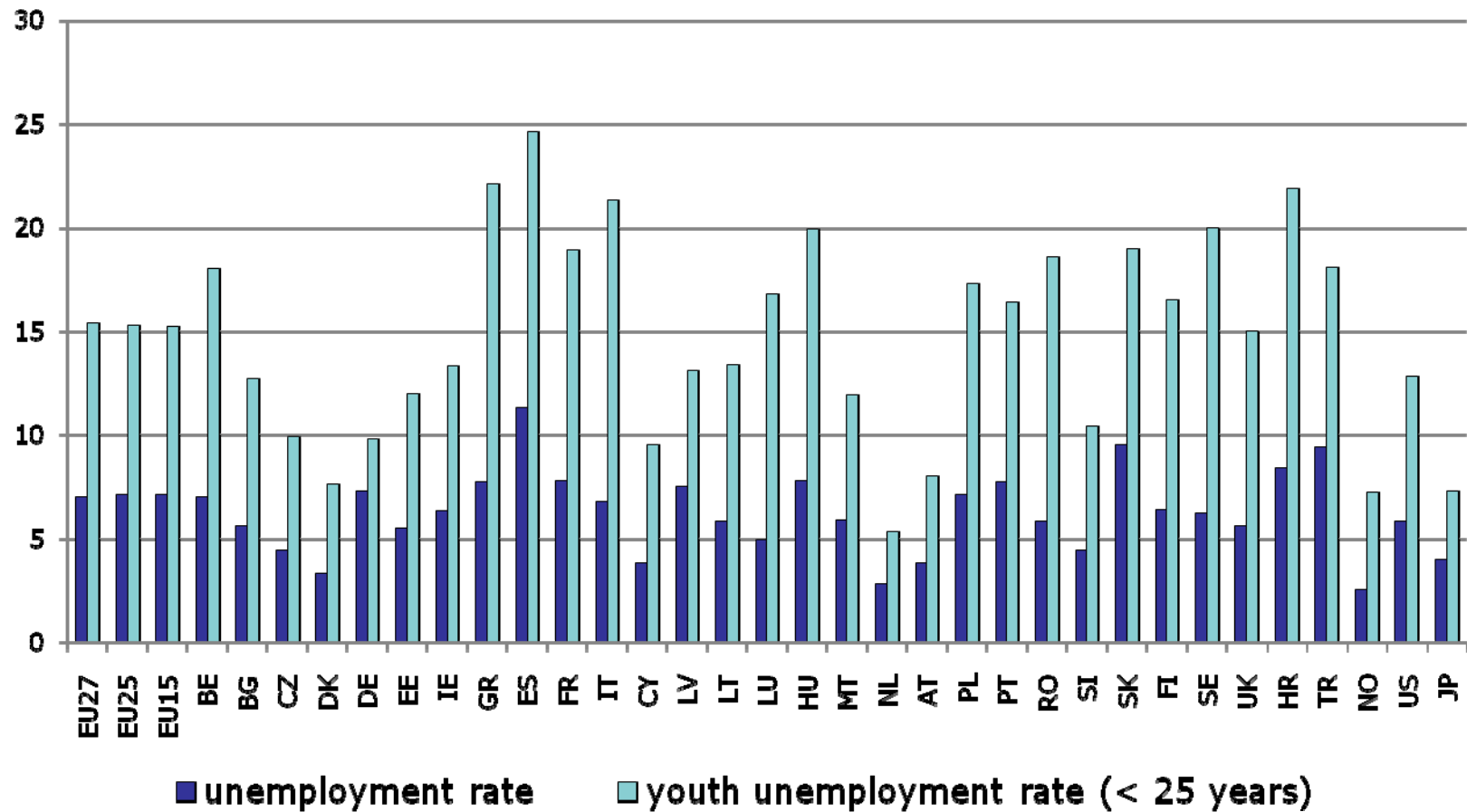
Flexwork research - International Conference

Brussels, Belgium, 27 November 2009



Introduction

Unemployment 2008





Introduction

- Long-term unemployed youths are particularly disadvantaged on the labor market
- Core task: assist disadvantaged youths as early and effectively as possible, thereby
 - enhancing long-term labor market perspectives
 - avoiding “welfare careers”
- Problem: youths seem too be particularly difficult to assist with active labor market programs (Kluve et al. 2007)



PilotM

- PilotM: Qualification by individually designed assistance
- focuses on individual deficiencies
- combines classroom training and work experience
- Target group: young adults with multiple disadvantages on the labor market
 - generally without vocational degree,
 - without labor market experience,
 - frequently without or with a lower secondary school degree
- Public-private-partnership: Cooperation of Federal Employment Agency and a Temporary Work Agency

Overview

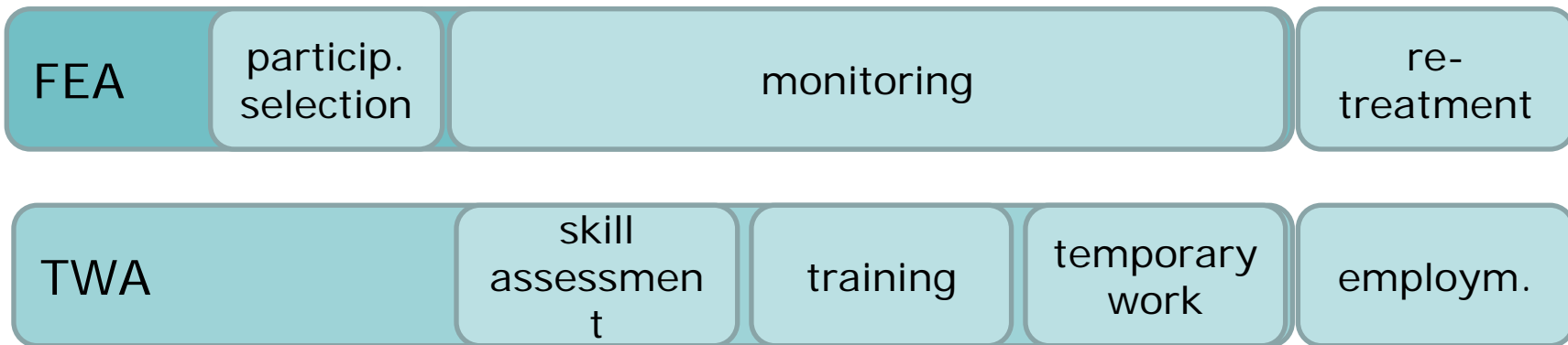


1. [Introduction]
2. PilotM – an innovative program
3. Evaluation of the program: 3 pilot sites
4. Results
 - 4.1. Implementation
 - 4.2. Empirical findings
5. Conclusion



PilotM – an innovative program

- Cooperation of Federal Employment Agency (FEA) and Temporary Work Agency (TWA)
- FEA selects participants and provides initial qualification
- TWA qualifies and provides suitable jobs





Evaluation of the program

- Program pilot: 5 cities that belong to regions with high unemployment and structural problems
- Evaluation was implemented in 3 of the 5 cities (reasons: dropout / start of PilotM too early to ensure a comparable control group)
- Identification :
 - Control and treatment group selected by the same case worker (control group selection as “potential candidates”)
 - Control group selected several months after treatment group
- Problems:
 - ongoing entries into the measure
 - implementation of PilotM varied between cities



Implementation

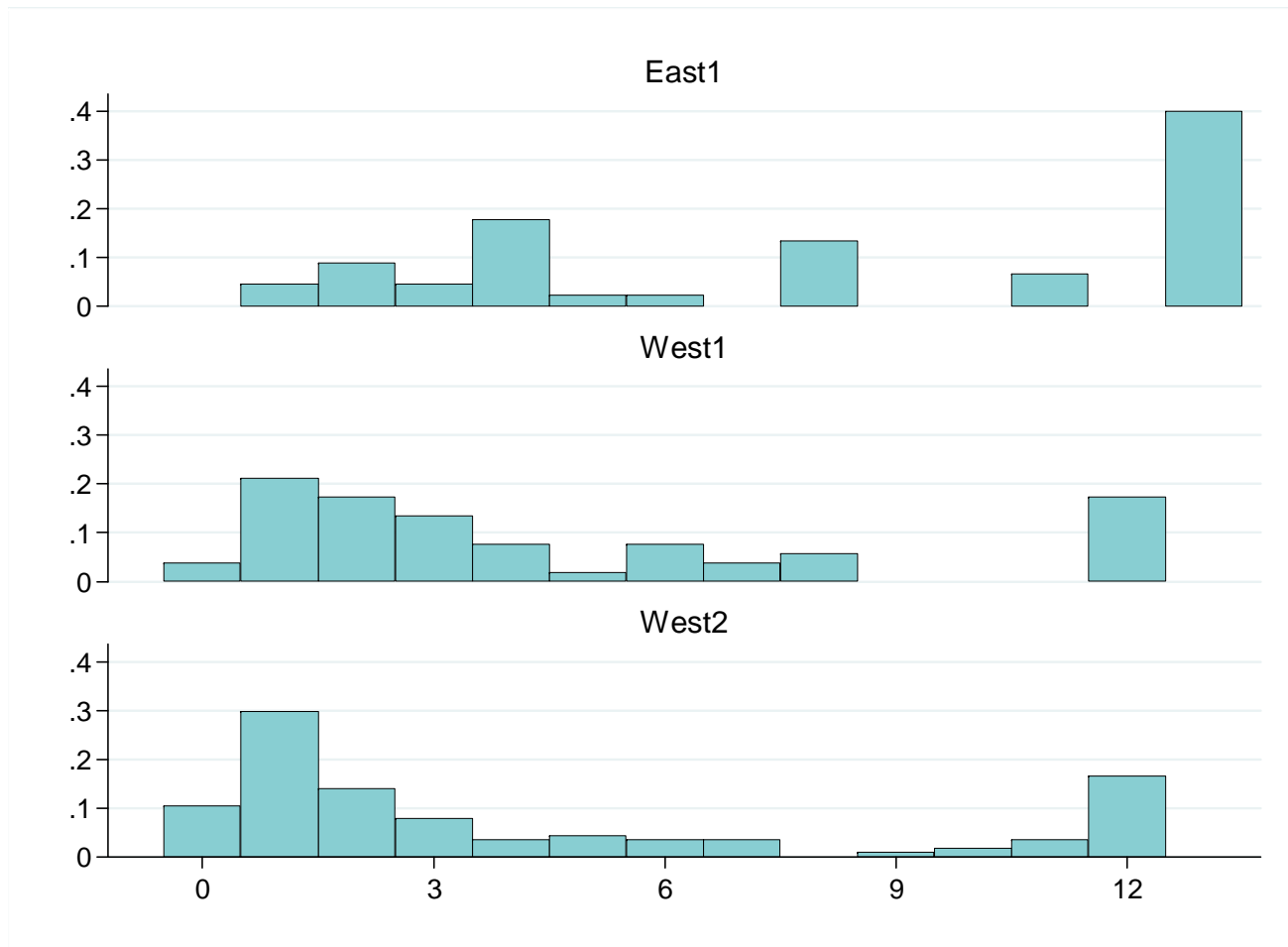
Entries and exits of PilotM

Month	East1				West1				West2			
	Entry		Exit		Entry		Exit		Entry		Exit	
	n	%	n	%	n	%	n	%	n	%	n	%
Jan 07									9	8		
Feb 07									5	12	1	1
Mar 07									3	15	6	6
Apr 07					14	27	1	2	10	24	3	9
May 07	28	62			3	33	3	8	1	25	2	11
Jun 07	1	64	2	4	5	42	5	17	7	31	2	13
Jul 07	4	73	1	7	9	60	5	27	3	34	5	17
Aug 07			2	11	4	67	6	38	9	42	6	22
Sep 07			2	16	17	100	3	44	7	48	5	27
Oct 07	5	84	2	20			6	56	7	54	3	29
Nov 07	2	89	1	22			4	63	8	61	5	34
Dec 07			1	24			2	67	8	68	8	41
Jan 08	2	93	4	33			1	69	12	79	11	51
Feb 08	3	100					2	73	9	87	7	57
Mar 08							4	81	8	94	12	68



Implementation

Distribution of durations in PilotM



Implementation



Age of treatment and control group

	control group				treatment group				t-value
	Mean	Min	Max	Obs	Mean	Min	Max	Obs	
East1	23.3	18.6	25.6	39	23.3	20.9	25.9	45	0.23
West1	22.6	18.9	25.0	38	23.0	19.1	25.1	42	-1.22
West2	22.8	19.8	26.1	18	23.1	18.7	31.2	92	-0.77
Total	22.9	18.6	26.1	95	23.1	18.7	31.2	179	-0.97

Implementation

Labor market experience before PilotM (in days)

	<u>control group</u>		<u>treatment group</u>		t-value
	Mean	n	Mean	n	
East1					
Duration of last employment	268	34	314	44	-0.550
Days between last employment and PilotM	781	34	729	41	0.545
Total unemployment duration	984	40 !	774	45	2.140
Total measure participation	261	36	227	37	0.683
West1					
Duration of last employment	268	28	269	44	-0.015
Days between last employment and PilotM	929	29 !	609	34	2.300
Total unemployment duration	757	44 !	537	50	2.923
Total measure participation	171	29	148	28	0.585
West2					
Duration of last employment	225	14	292	97	-0.601
Days between last employment and PilotM	845	14	704	77	0.980
Total unemployment duration	907	19	769	111	1.108
Total measure participation	229	18	193	91	0.791



Empirical findings

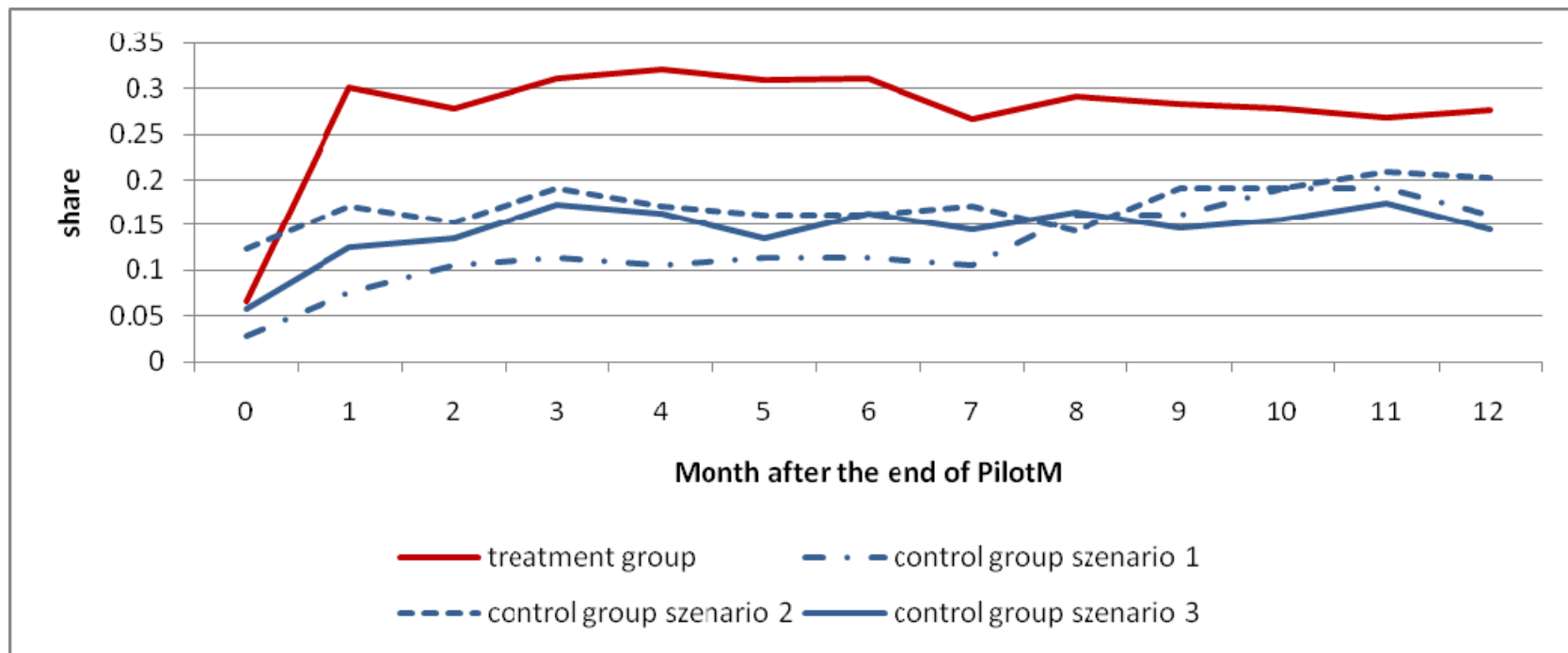
Employment after 12 months and three scenarios are evaluated:

- Scenario 1: tracing of treatment group starts, when participation in PilotM ends. Tracing for control group starts at the point in time, when the group was selected.
- Scenario 2: same as above for the treatment group. Tracing for control group starts at the point in time, when the group was selected plus the average participation of treatment group in PilotM.
- Scenario 3: same as scenario 1 for treatment group. Tracing for control group starts at the point in time, when the group was selected plus the duration of any measures that started in a three month time frame starting from the assignment date of the control group.



Empirical findings

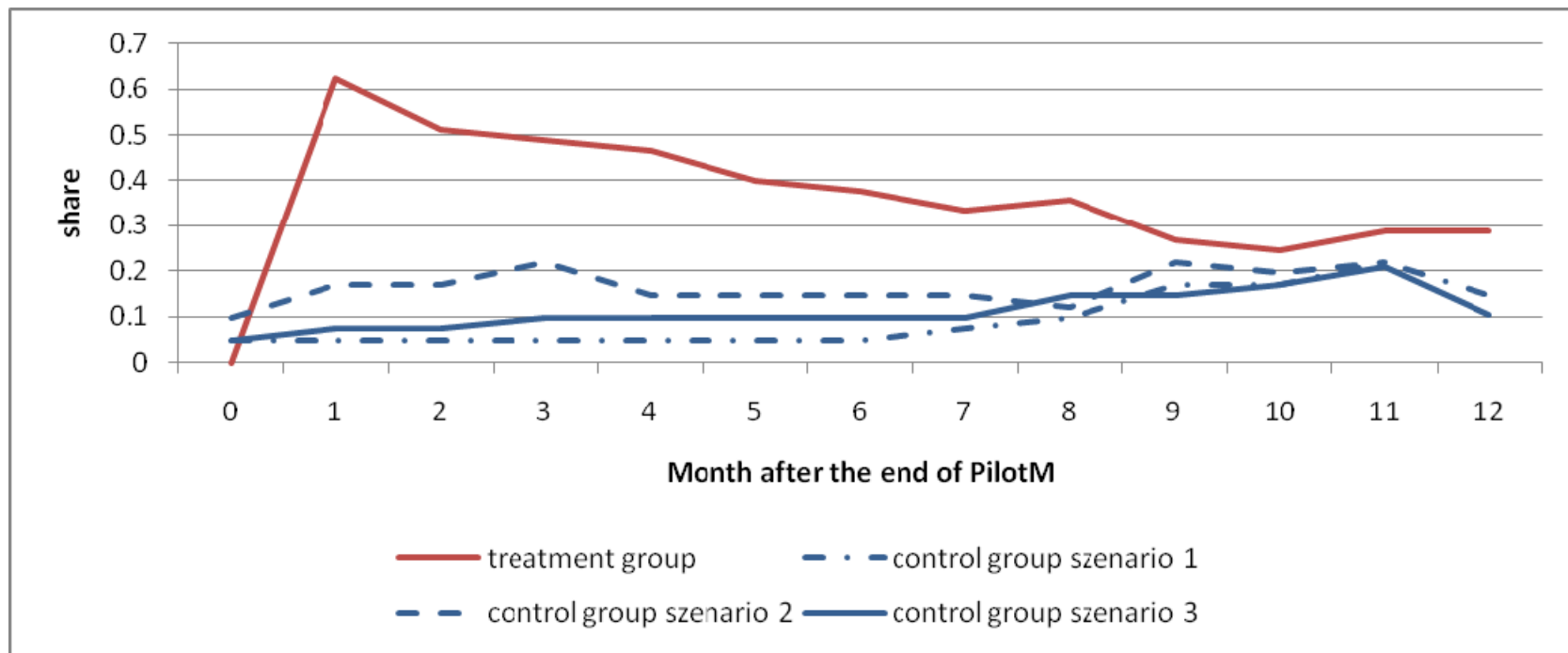
Employment (subj. to social security contribution)





Empirical findings

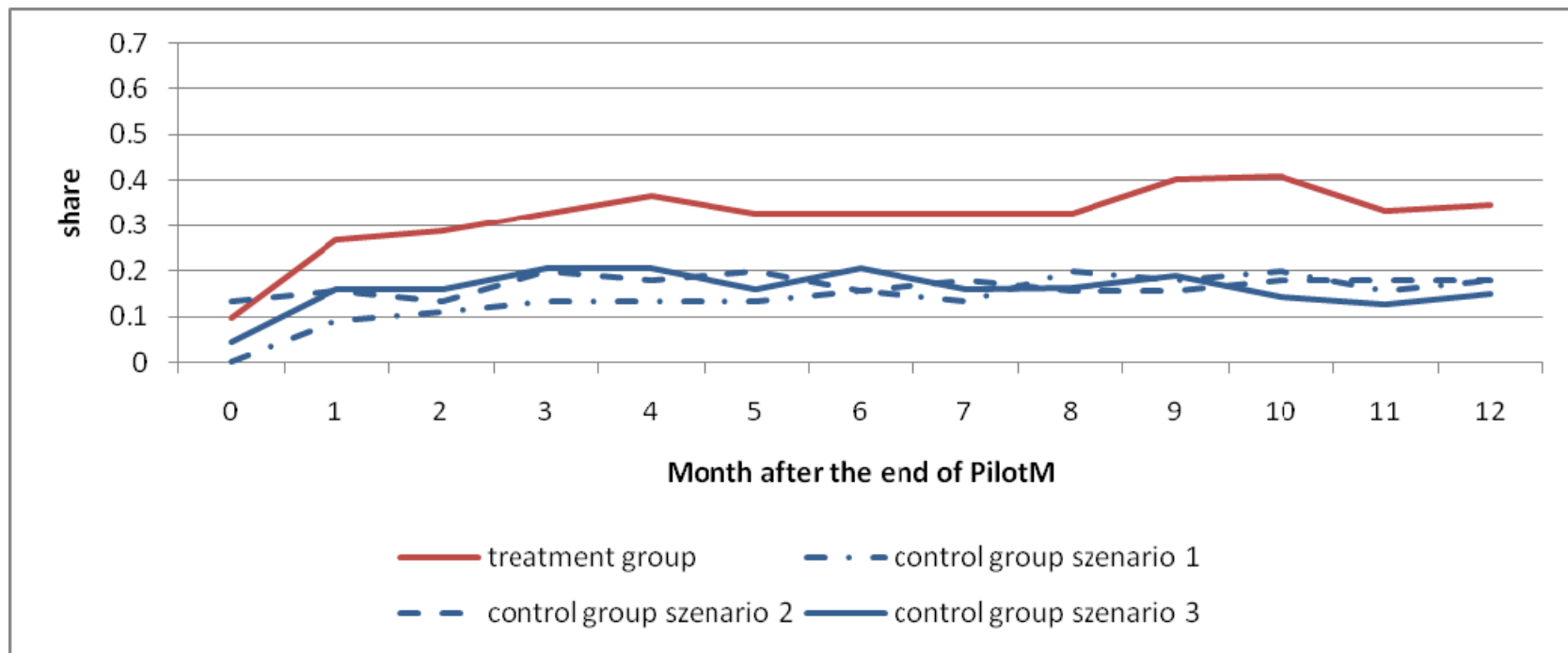
Employment (subj. to social security contribution) East1





Empirical findings

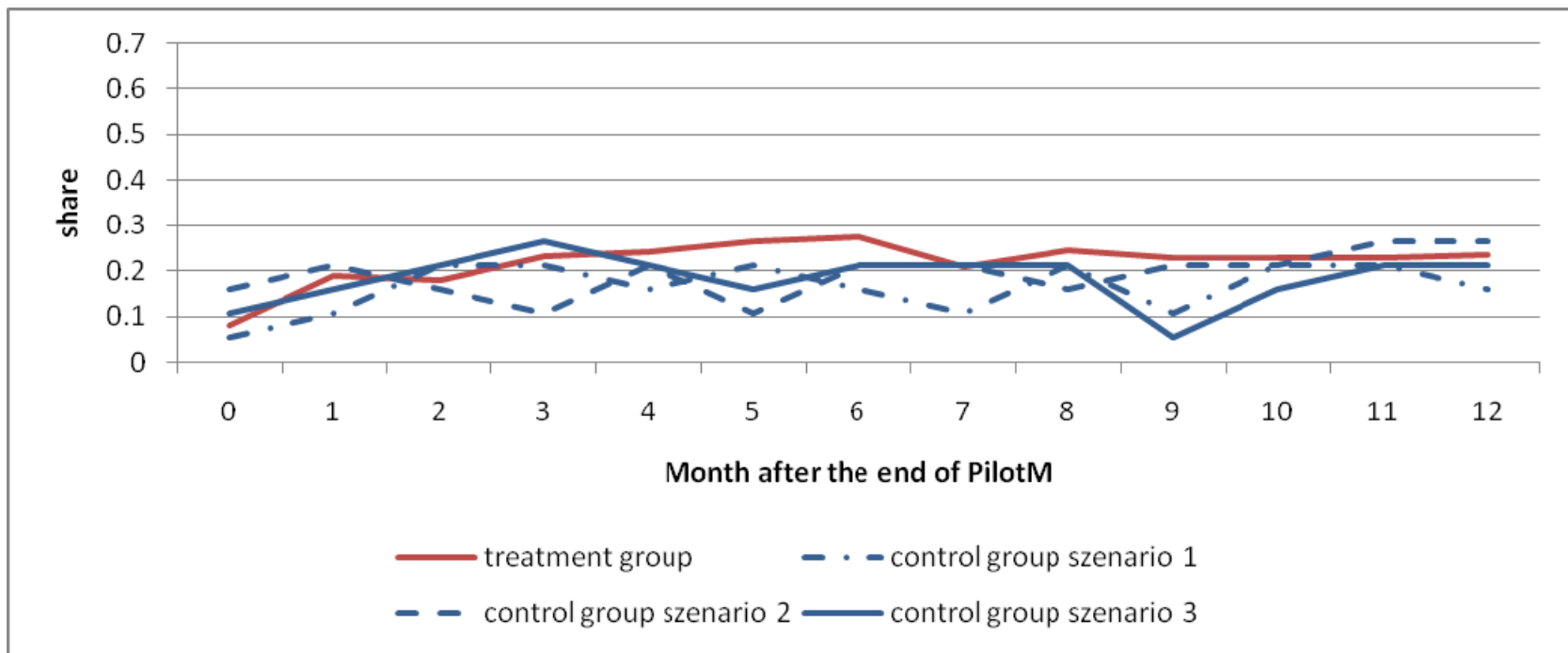
Employment (subj. to social security contribution) West1





Empirical findings

Employment (subj. to social security contribution) West2



Empirical findings

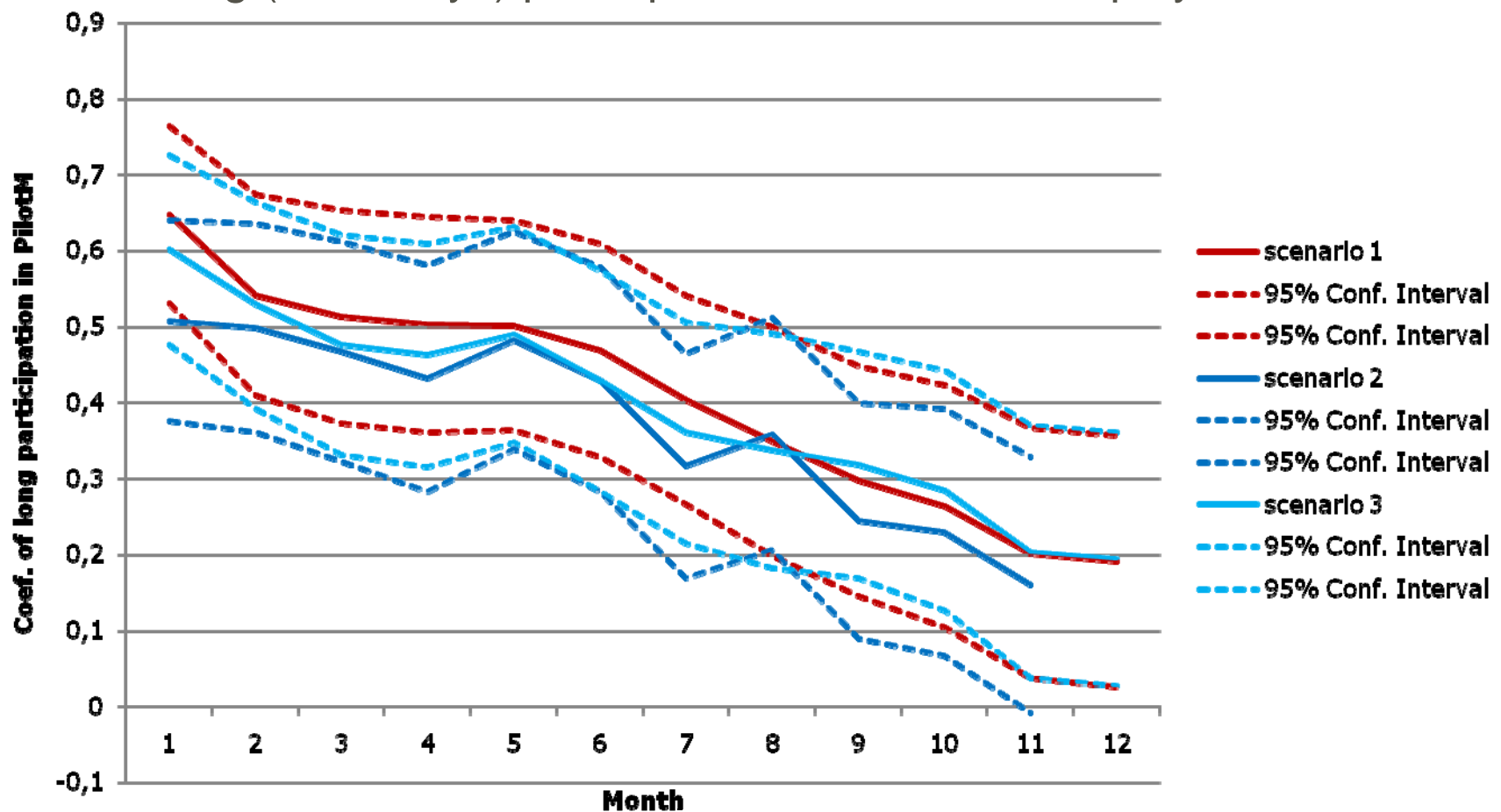


Effect on employment status	Scenario 1				Scenario 2				Scenario 3				
	after 6 months		after 12 months		after 6 months		after 11 months		after 6 months		after 12 months		
	Coef.	t	Coef.	t	Coef.	t	Coef.	t	Coef.	t	Coef.	t	
<i>Measure participation</i>													
Short	East1	-0.04	-0.22	0.24	1.16	-0.15	-0.73	0.15	0.70	-0.06	-0.30	0.30	1.47
	West1	0.02	0.19	0.07	0.56	0.06	0.47	0.01	0.04	0.00	0.01	0.10	0.71
	West2	0.00	-0.03	0.08	0.68	-0.05	-0.40	-0.14	-1.14	-0.06	-0.51	0.01	0.06
Middle	East1	0.04	0.26	0.00	-0.03	-0.06	-0.46	-0.02	-0.17	0.00	0.01	0.02	0.13
	West1	0.19	1.27	0.39	2.47	0.24	1.59	0.35	2.19	0.13	0.83	0.43	2.69
	West2	-0.07	-0.46	-0.09	-0.53	-0.13	-0.84	-0.22	-1.26	-0.14	-0.88	-0.16	-0.92
Long	East1	0.51	4.87	0.07	0.65	0.39	3.58	-0.02	-0.21	0.47	4.28	0.10	0.90
	West1	0.42	2.95	0.37	1.87	0.52	3.49	0.46	2.49	0.39	2.68	0.38	1.95
	West2	0.43	3.41	0.28	1.88	0.39	2.91	0.23	1.49	0.38	2.88	0.21	1.41
Controls ⁺													
R2		0.28		0.19		0.24		0.16		0.26		0.20	
n		250		233		250		237		249		227	

⁺ Controls: age, age squared, gender, location, school degree, work experience, type of vocational training, unemployment before assignment
 PilotM: short <92 days; middle 93-184; long >184 days

Empirical findings

Effect of long (>184 days) participation in PilotM on employment





Conclusion

- Treatment with PilotM significantly improves labor market participation in all scenarios.
- However, the duration of treatment matters – long lasting treatment is most effective, hinting at positive selection.
- Positive long-duration effect of participation is robust against changes in date of observation, but effect decreases!
- Compared to other programs targeted at young unemployed, the intense cooperation with a temporary employment company yields to promising results, at least within a one-year timeframe.

Appendix



Appendix



Gender of treatment and control group

		treatment group		control group	
		n	%	n	%
East1	male	35	77.78	33	80.49
	female	10	22.22	8	19.51
	total	45	100	41	100
West1	male	32	61.54	24	53.33
	female	20	38.46	21	46.67
	total	52	100	44	100
West2	male	110	96.49	19	100
	female	4	3.51		
	total	114	100	19	100
Total	male	177	84.36	76	73.08
	female	34	15.64	29	26.92
	total	211	100	104	100.00

Appendix



Labor market experience before PilotM (in days)

	<u>control group</u>			<u>treatment group</u>			t-value
	Mean	Std. Dev.	n	Mean	Std. Dev.	n	
Duration of last employment	260	339	76	292	377	185	-0.630
Days between last employment and PilotM	849	494	77 !	690	480	152	2.344
Total unemployment duration	873	483	103 !	714	446	206	2.875
Total measure participation	223	208	83	193	171	156	1.194

Appendix



Duration in PilotM

	Mean	Std. Dev.	Min	Max	n
East1	251.60	139.42	28	396	45
West1	141.06	120.43	8	365	52
West2	129.54	132.17	2	365	113
Total	158.55	139.24	2	396	210