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

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Policy and Research Context

- Step IV of the "Hartz" reforms (2005):
  - merging benefits: unemployment assistance and social assistance (≈ 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 (≈ ANPE) and municipalities (≈ 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

跂 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

跂 in order to measure effectiveness of 'customer' treatment, we need to measure individual outcomes

跂 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

- **marketization**
  - readiness to make concessions

- **intensity of job search**

- **mobility resources**

- **labour potential**
  - skills, competencies & personality

- **social stability**
  - personal circumstances, support by family & friends

- **health**

Size of boxes ≈ relative contribution to prediction of employment outcome (controlling for sociodemographic and regional variables)
Employment Status 6 Months after Measuring Individual Employability of Persons Initially Unemployed

**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.

- Measuring of employability possible.
- Measures developed workable, not yet optimal.
Thank you very much for your attention!