

Activation and Training in Ireland

Philip O'Connell
Seamus McGuinness
Elish Kelly



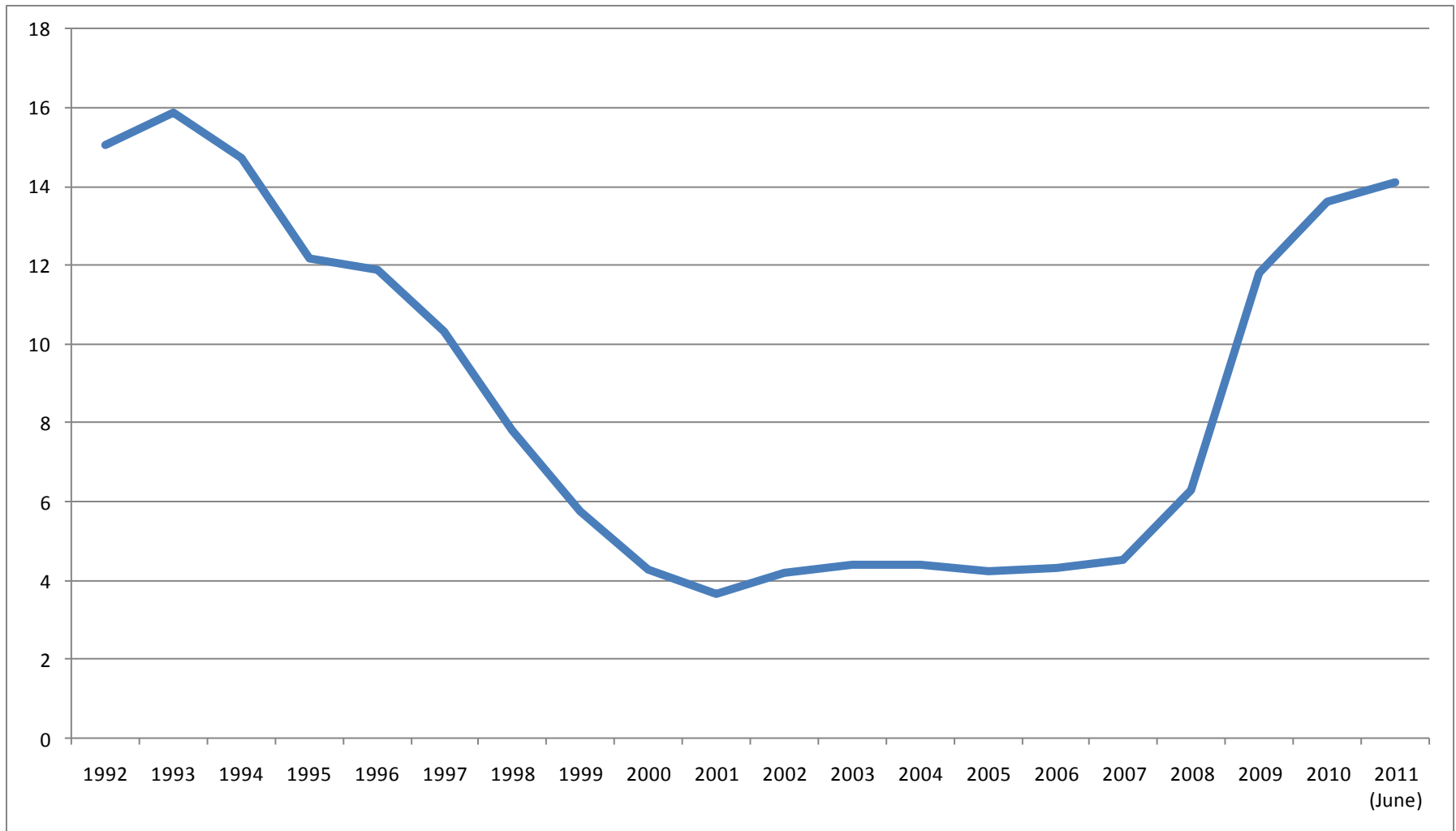
Presentation to NERO at OECD, 20.06.11

Outline

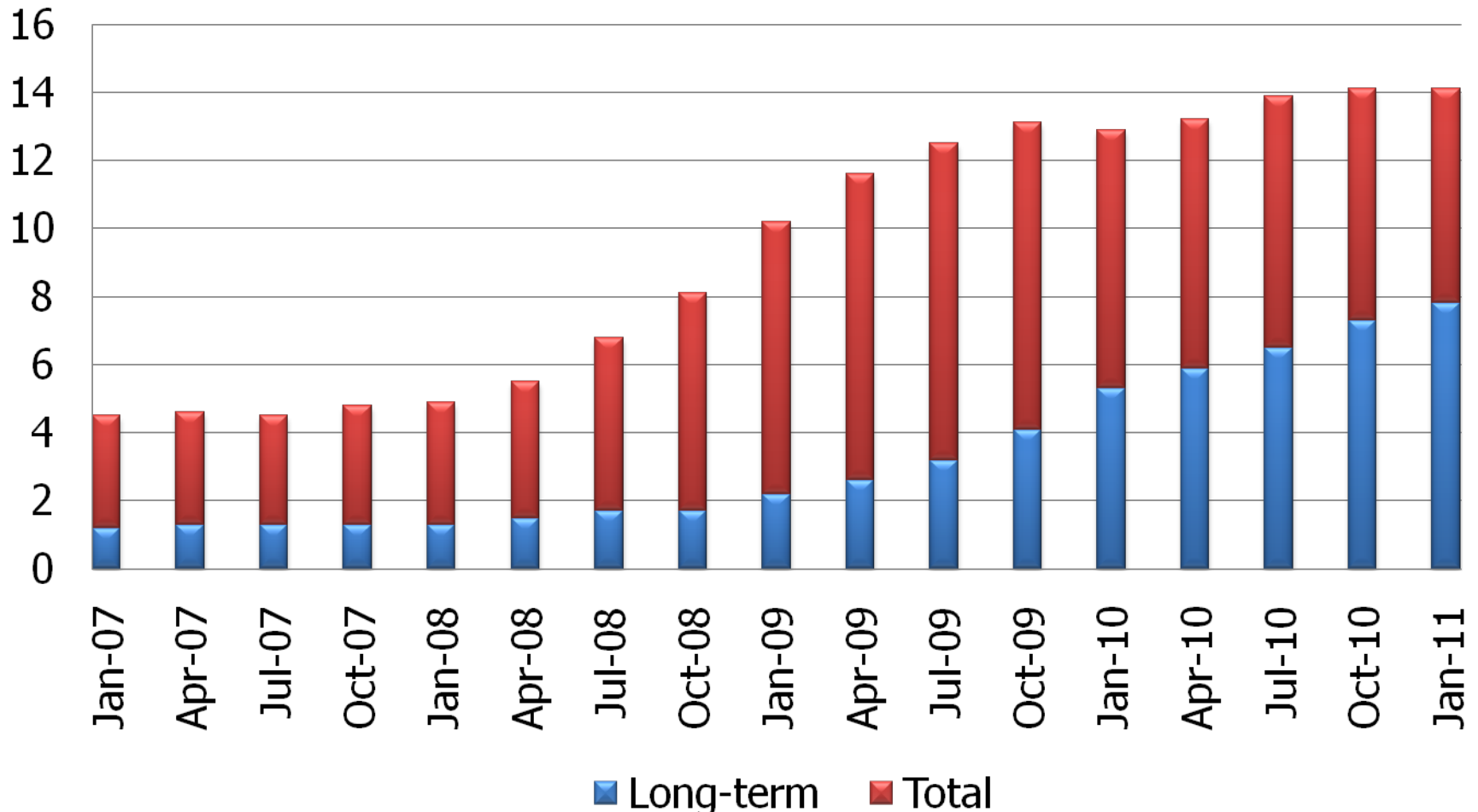


- **Current Labour Market Context**
- **Study Objectives**
- **Impact of Activation Referral Process**
 - **Job-search assistance without monitoring or sanctions**
- **Impact of Training**

Rate of Unemployment, 1992-2011

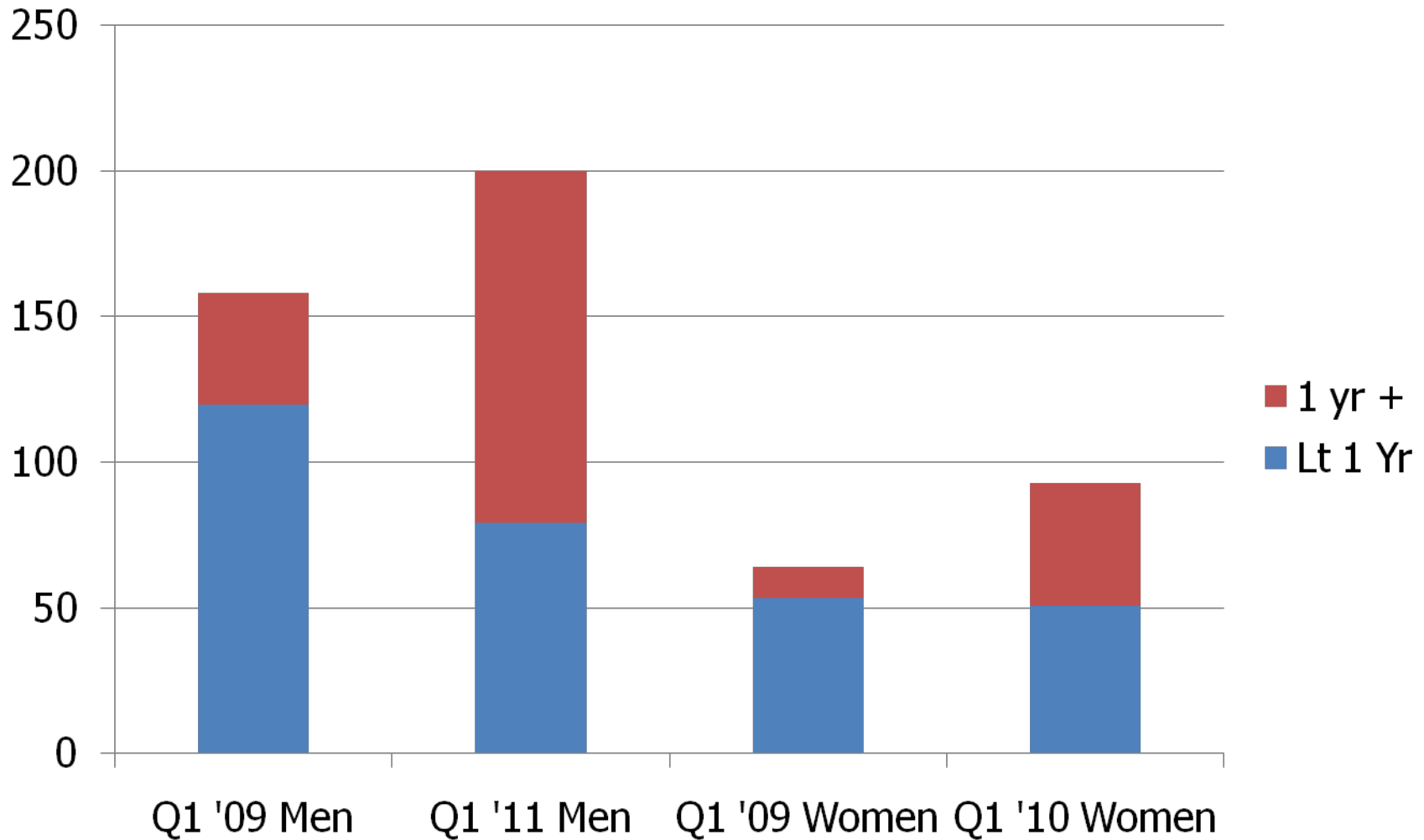


Total and Long-term Unemployment, 2007-2010



Source: Constructed from the *Quarterly National Household Survey*, Central Statistics Office

Short and Long-term Unemployment by Gender, Quarter 1, 2009 & 2011 (1,000s)



The National Employment Action Plan



- Jobseeker Benefit or Allowance recipients who reach 3 months on the Live Register referred by Department of Social Protection (DSP) to FÁS for NEAP activation interview
 - Clients needs assessed
 - Job search assistance, advice
 - No systematic monitoring or sanctions
- Some referred to employment or training
- Evaluation of impact:
 - Referral & Interview Process
 - Training

National Profiling of the Unemployed in Ireland

O'Connell, McGuinness, Kelly and Walsh, ESRI: 2009



1. Sept-Dec 2006: All new claims for Jobseekers payments

- **Specially Devised Questionnaire:**

Education Literacy/Numeracy

Transport Un/Employment History

Health Community Employment Scheme

- **Additional data from Live Register**

Marital Status Spousal Earnings

Location

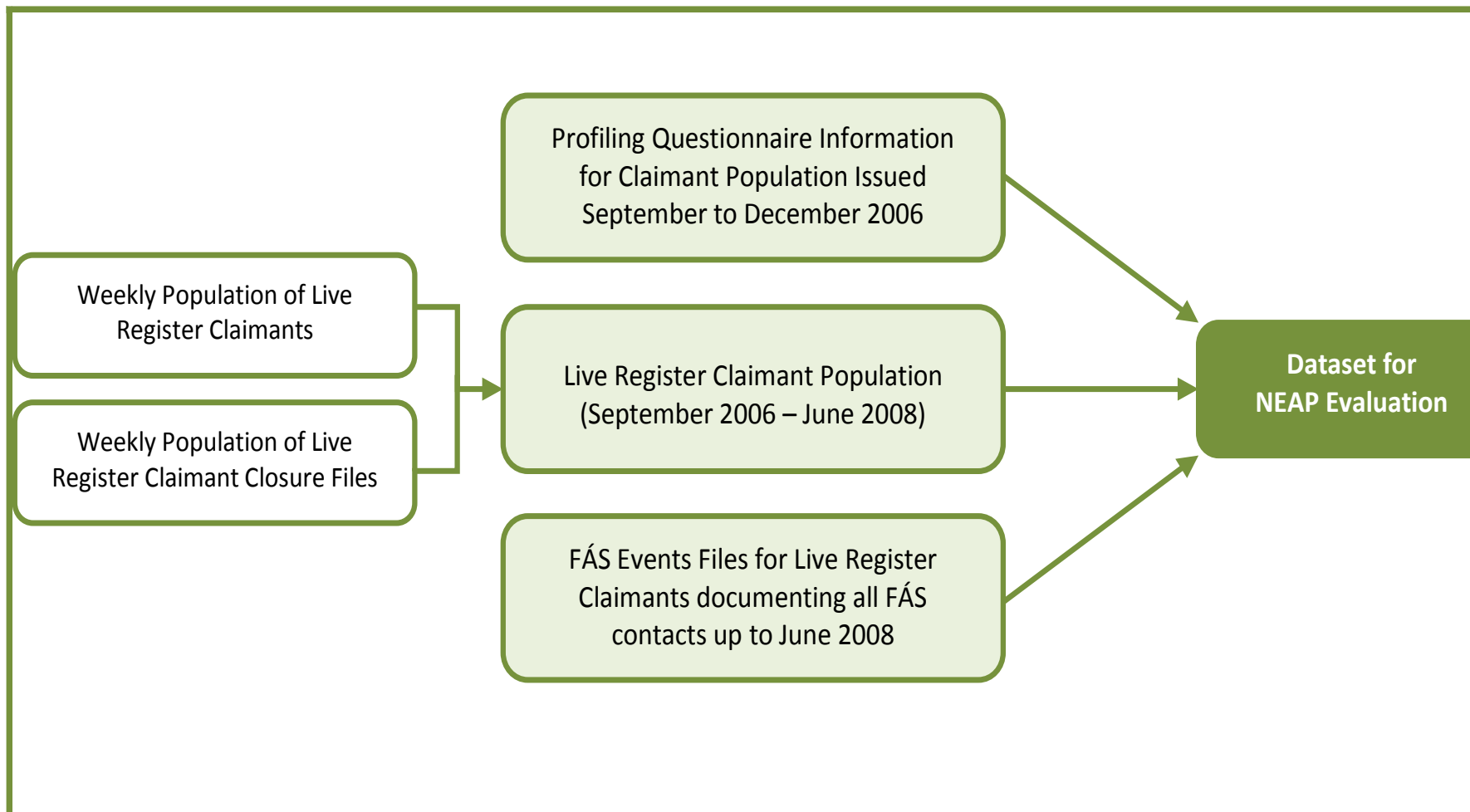
2. Track through administrative records for next 18 months

3. Model to predict risk of long-term unemployment (12+ months)

- **Highly accurate: 80% correct at $p > 0.7$**

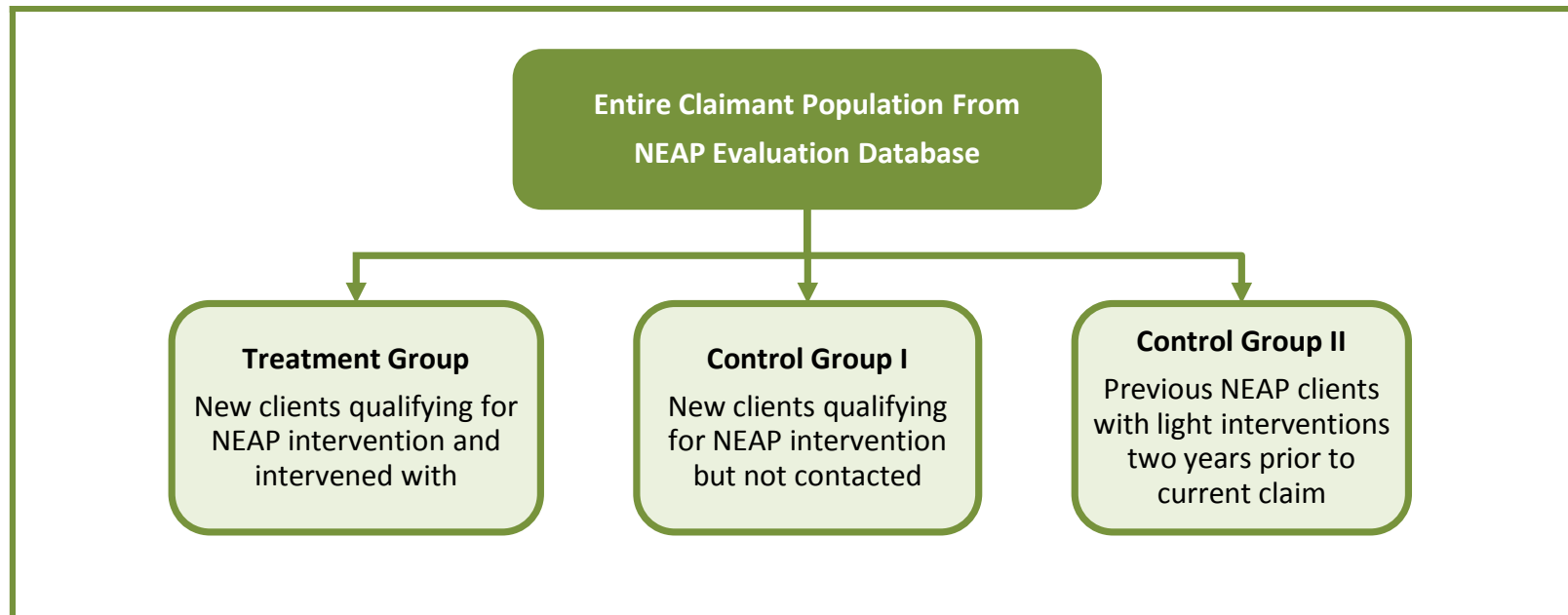
4. National profiling system implemented from 2010

Constructing a data set for evaluation



2 Control Groups

- Control Group I – c. 25% of eligible claimants were not referred for activation
- Control Group II – c. 25% current claimants who received assistance in previous spell of unemployment are not activated a 2nd time



Exclusions:– comparing like with like

	N of Cases
New applications for Jobseekers Benefit/Assistance Sept –Dec 2006	60,189
Exclude: Duplicates Not activated, not unemployment claim No questionnaire (15,000)	27,328
Live register Adjustments: Unknown reason for claim closure Left Register for Non-lbour market reason Received Training	22,381
Final sample exclusions: Drop late interventions (post week 45) from Treatment grp History of long-term unemployment Re-entrants to Live Register Old clients with significant interventions in past	11,334
Referral & Interview Treatment Group	4,963
Control Group I: New Clients, untreated	4,755
Control Group II: 'Old' clients, historic light or no intervention	1,616

Probit: Exit to Employment before 12 Months



<i>Model:</i>	1	2	3
	Both Control Grps	Control Grp I	Control Grp II
Referral + Interview	-0.09 ***	-0.17 ***	-0.01 ***
Male	0.07 ***	0.09 ***	0.08 ***
Age 25-34 (<i>vs <25</i>)	-0.06 ***	--	--
Age 35-44	-0.13 ***	-0.09 **	-0.11 ***
Age 45-54	-0.09 ***	-0.06 **	-0.08 ***
Age 55+	-0.23 ***	-0.23 ***	-0.20 ***
Lower 2 nd Education (<i>vs No Qualification</i>)	--	--	--
Higher 2 nd Education	0.08 ***	0.10 ***	0.10 ***
3 rd Level Education	0.17 ***	0.16 ***	0.17 ***
N	6635	5543	4033

Also controlling for:

Health; **Household/children; Spouse Earnings; Literacy/numeracy;** English language; Employment history; **Duration of last job; Unemployment benefit type; Transport;** **'Willing to move for a job';** Urban/rural, **Local Region**

The Impact of NEAP Referral + Interview

- NEAP referral + Interview is not effective in achieving re-entry to work
 - May be that participants learn that they are unlikely to face monitoring or sanctions tied to insufficient job-search or training/placement
- Impact of not attending the interview?
 - About 36% did not attend
 - When we exclude the non-attendees, the coefficient for *referral, no interview* drops from -0.09 to -0.105.

Robustness Checks: Propensity Score Matching

Probit and PSM Estimates of Treatment at 12 Months

	<i>Probit</i>		<i>PSM Estimates</i>			
			<i>Nearest neighbour</i>		<i>Kernal</i>	
Control Group I & II	-0.09	***	-0 .09	***	-0.09	***
Control Group I	-0.17	***	-0.15	***	-0.16	***
Control Group II	-0.01	***	0.01	***	0.01	***

Probit and PSM Estimates of Treatment at 21 Months

	<i>Probit</i>		<i>PSM Estimates</i>			
			<i>Nearest neighbour</i>		<i>Kernal</i>	
Control Group I & II	-0.09	***	-0 .08	***	-0.08	***
Control Group I	-0.18	***	-0.16	***	-0.16	***
Control Group II	-0.01	***	0.01		0.02	

The Impact of Training

Outcome: Absence from Live Register at 91 weeks

- Minimise lock-in effects
- Training intervention before week 35
 - Maximise time post-programme

Control Group I:

- NEAP Referral + Interview, but no training

Control Group II:

- No NEAP Referral + no intervention

Both control groups had 20+ weeks on Live Register



Probit: Absent from Live Register at 21 Months

<i>Model:</i>	1	2	3
	Both Control Grps	Control Grp I Interview only	Control Grp II No intervention
Training	0.09 ***	0.10 ***	0.04 ***
Male	--	-- --	--
Age 25-34 (<i>vs <25</i>)	--	--	--
Age 35-44	--	--	0.05 *
Age 45-54	-0.03 *	-0.05 **	--
Age 55+	--	-0.07 ***	--
Lower 2 nd Education (<i>vs No Qualification</i>)	--	--	--
Higher 2 nd Education	--	0.04 *	--
3 rd Level Education	0.10 ***	0.12 ***	--
N	11494	9039	3214

Also controlling for:

Household/children; Spouse Earnings; Literacy/numeracy; English language; Employment history; Duration of last job; Unemployment benefit type; Transport; 'Willing to move for a job'; Urban/rural, Local Region

Training by type and duration



	Average Duration	Number	Percent
Job-search Training	8	63	8
General Training	17	256	41
Specific Skill – Low	18	179	29
Specific Skill – Medium	19	98	16
Specific Skill – High	40	25	4
Total:		621	100

Probit: Absent from Live Register at 21 Months

<i>Model:</i>	1	2	3
	Both Control Grps	Control Grp I Interview only	Control Grp II No intervention
Job-search Training	0.15 ***	0.16 ***	0.06
General Training	0.06 **	0.08 **	0.00
Specific Skill – Low	0.08 **	0.09 **	0.02
Specific Skill – Medium	0.16 ***	0.17 ***	0.11 **
Specific Skill – High	0.21 ***	0.22 ***	0.16 **
N	11495	9031	3211

Also controlling for:

Gender; Age; Education; Household/children; Spouse Earnings; Literacy/numeracy; English language; Employment history; Duration of last job; Unemployment benefit type; Transport; ‘Willing to move for a job’; Urban/rural, Local Region

Robustness Check:

Probit & PSM Estimates of Absence from Live Register

	Both Control Groups	Interview Only	No Intervention
General Training			
Probit	0.06**	0.08**	0.00
PSM	0.06	0.105**	-0.03
Low Skill Training			
Probit	0.08**	0.09**	0.02
PSM	0.10*	0.06	0.04
Med & High Skill Training			
Probit	0.19***	0.20***	0.14***
PSM	0.10*	0.12**	0.21***

Effects of Training Duration on Absence from Live Register at 21 months



<i>Model:</i>	1		2		3
	Both Control Grps		Control Grp I Interview only		Control Grp II No intervention
Job-search Training	0.04		0.04		0.04
General Training	0.02	*	0.03	**	0.00
Specific Skill – Low	0.02		0.02		0.00
Specific Skill – Medium	0.05	**	0.05	***	0.03
Specific Skill – High	0.06	**	0.06	**	0.04 **
N	11367		8910		3086

Conclusion 1: Problems of Access

- Not all jobseekers that needed to participate in an activation measure did so:
 1. 25 per cent of jobseekers eligible for assistance under the NEAP were not identified and referred
 2. 25 per cent of jobseekers who had a previous spell of unemployment and received an intervention at that time were not eligible for NEAP assistance in their current spell

Conclusion 2:

NEAP Interview Process associated with negative impact

- Compared with a group of similarly unemployed individuals that were not referred, those who were referred for an activation interview with FÁS through the NEAP had a 17% lower chance of becoming employed
 - Finding holds when exits to employment examined at 12, 15 and 21 months
- Possible explanation:
 - Lack of follow-up – regular systematic assistance and encouragement
 - NEAP clients learning that they were unlikely to face monitoring or sanctions for not searching actively for, or obtaining, employment, leading to some decline in job search intensity
- Need for effective job search assistance and monitoring and sanction mechanisms

Conclusion 3.

Training had a positive effect...

- Compared to jobseekers that were referred + interviewed, FÁS training led to an increase in employment chances by 10%
but
- Combined effect of receiving both FÁS training and an activation interview was either zero or, at best, weakly positive, because of the negative impact of the referral and interview process
and
- Type of training matters:
 - Job-search training is fast, cheap and effective
 - General Training has modest effects
 - Medium and High Specific Skills Training has positive robust effects
 - Longer duration in both General and Specific Training increases effect