



**The Design and  
Effectiveness  
of Active Labor Market  
Programs in OECD  
Countries:  
A Review of Recent  
Evidence for Latin  
America and the  
Caribbean**

**Dan Finn**

**Inter-American  
Development Bank**

Labor Markets and  
Social Security Unit

**TECHNICAL NOTES**

No. IDB-TN-348

**March 2012**

**The Design and Effectiveness  
of Active Labor Market Programs in  
OECD Countries:  
A Review of Recent Evidence for  
Latin America and the Caribbean**

Dan Finn



Inter-American Development Bank

2012

<http://www.iadb.org>

The Inter-American Development Bank Technical Notes encompass a wide range of best practices, project evaluations, lessons learned, case studies, methodological notes, and other documents of a technical nature. The information and opinions presented in these publications are entirely those of the author(s), and no endorsement by the Inter-American Development Bank, its Board of Executive Directors, or the countries they represent is expressed or implied.

This paper may be freely reproduced.

## **Executive Summary**

From the 1990s governments in many countries with extensive social protection systems have sought to realign their labor market policies by shifting their policy focus from “passive” income support payments towards more “active” programs. Such “active” measures include a diverse range of interventions and programs aimed at improving the functioning of the labor market, notably by matching the unemployed and other disadvantaged groups to jobs or, by enhancing their employability and skills to improve their employment prospects.

This paper reviews recent findings on the relative effectiveness of different active labor market programs with an emphasis on the extent to which they meet the needs of women and young people. It then reviews findings on the role and effectiveness of publicly funded training and skills programs. It also considers reforms to the public employment service and related delivery organizations with a particular focus on evaluation findings concerning the impact of front line case managers and of subcontracting program delivery to external providers. The paper aims to facilitate learning from developments in the OECD area and the conclusion considers how these findings may be of relevance to Latin American and Caribbean countries.

**Key words:** Unemployment, Activation, Active Labor Market Programs, Public Employment Service

## 1. Introduction

From the 1990s governments in most member countries of the European Union (EU) and the Organization for Economic Cooperation and Development (OECD) have sought to realign their labor market policies by shifting their policy focus from “passive” income support payments towards more “active” programs. Such “active” measures include a diverse range of interventions and labor market programs aimed at improving the functioning of the labor market, notably by matching the unemployed and other disadvantaged groups to jobs or, by enhancing their employability and skills to improve their employment prospects.<sup>1</sup>

This paper reviews recent findings on the relative effectiveness of different active labor market programs (ALMPs) with an emphasis on the extent to which they meet the needs of women and young people. It then reviews findings on the role and effectiveness of publicly funded training and skills programs. It also considers reforms to the public employment service (PES) and related delivery organizations with a particular focus on evaluation findings concerning the impact of front line case managers and of subcontracting program delivery to external providers. The paper aims to facilitate learning from developments in the OECD area and the conclusion considers how these findings may be of relevance to Latin American and Caribbean countries.

The paper does not seek to review the abundance of individual evaluation studies of ALMPs and individual country activation reforms. Instead it summarizes findings from recent evidence reviews where researchers have undertaken comprehensive searches for and assessments of “high quality” studies. The evaluations included in these evidence reviews have typically utilized either experimental or quasi-experimental techniques that enabled valid comparisons to be made between the outcomes of those who participated in programs against those who did not. The distinctive feature of these more recent comparative evidence reviews is that methodological improvements have enabled researchers to utilize meta-analytical techniques allowing them to draw firmer policy conclusions about what works and for whom.<sup>2</sup>

---

<sup>1</sup> “Passive” policies are those concerned with providing replacement income during periods of joblessness. “Active” policies concern support for labor market integration which may typically include assistance with job search, training, job creation, hiring subsidies and programs to promote small enterprise creation.

<sup>2</sup> Meta-analysis involves a set of statistically based techniques for combining quantitative findings from different studies to synthesize estimates of program effects. It is a powerful instrument for analyzing the impacts of comparable policy interventions, while controlling for a range of factors pertaining to these interventions or the environment in which they took place (Greenberg et al, 2005).

## **2. Activation and active and passive labor market policies**

To understand the recent evolution of OECD labor market programs, it is useful to distinguish between particular types of active labor market programs (ALMPs), such as job search assistance, skills training or employment subsidies, and wider “activation” strategies that may encompass a combination of the different ALMPs within a reformed service delivery system. Activation approaches emerged after publication of the 1994 OECD Jobs Strategy and typically involve increased job search and mandatory program requirements for the unemployed that increase in intensity the longer a person receives a benefit payment (see Box 1).

The distinction between active and passive policies today may be misleading in that the financial value and duration of “passive” benefits and the entitlement rules and regulations attached to benefit recipients may, in themselves, encourage or discourage job search and engagement in employment programs. One of the key features of recent policy developments has been how such “passive” benefit entitlements and rules have been “activated”. Many European countries have reduced the value and/or duration of (often generous) unemployment insurance benefits, connected benefit entitlement more rigorously to rules on job search and program participation, and implemented revised sanctions that seek to engage claimants with employment focused services.

The precise nature of national policies varies but an important variation across the OECD is whether individual countries implement a “work first” strategy, that requires unemployed people to enter employment as swiftly as possible, or a “human capital development” strategy that emphasizes the prior importance of improving the skills of benefit recipients so that they may gain access to higher quality employment. The former approach is most closely associated with “Welfare-to-Work” (WtW) reforms in English-speaking countries, such as the USA, the UK and Australia. The latter approach is associated more with welfare states in western and northern Europe, especially with Scandinavian countries (NESC, 2011).

There are marked variations in investments made by OECD governments in their ALMPs, varying from over 1% of GDP in European countries such as the Netherlands, Belgium, and Denmark, through to less than 0.5% in countries such as the UK, Slovakia and Greece (Eurostat, 2010). Expenditure levels are lower too in countries such as Australia, Canada and the USA. Patterns of program expenditure have changed with many countries reducing their investment in large scale training and temporary employment programs for the unemployed

whilst increasing job search and case manager services. Over the past two years in some countries, typically where unemployment has risen fastest, spending on “passive” benefit payments has been prioritized (Eurofound, 2010).

The levels and types of investment in labor market programs reflect political choices and other factors but changes in program priorities in OECD countries have been increasingly informed by the findings from evaluations and cross-national comparisons. European and OECD policy makers and researchers have now accumulated much evidence on the efficiency and effectiveness of ALMPs, on activation reforms, and on parallel reforms that seek to “make work pay” and “make work possible”. This evidence base has underpinned and informed the recommendations of both the OECD’s *Jobs Strategy* and the EU’s *Employment Strategy* through which both organizations have encouraged member-countries to review and reform their systems.<sup>3</sup>

### Box 1: Activation Measures and Labor Market Programs

| Increased obligations and requirements  | Access to additional employment and job search assistance  |
|---|--|
| <p>1. <u>Individual activity agreements</u><br/>           * Job search agreements and/or integration/insertion contracts<br/>           * Stricter monitoring of job search and employability activities<br/>           * Mandatory requirements to participate in job search, training, employment or workfare programs</p> <p>2. <u>Stricter conditionality</u><br/>           * Speedier requirements to accept wider range of jobs, working conditions and lower wages<br/>           * Restrictions of grounds on which jobs can be left voluntarily<br/>           * Sanctions aimed at stimulating job search and promoting self sufficiency<br/>           * More rigorous application of sanctions around availability for and actively seeking</p> | <p>1. <u>Case management services</u><br/>           * Personalized support and individual interviews<br/>           * Access to counseling and health related assistance<br/>           * Access to other “make work possible” supports, such as child care, help with transport costs, etc.</p> <p>2. <u>Employment assistance and labor market programs</u><br/>           * Job search assistance and guidance<br/>           * Job matching<br/>           * Job-related training<br/>           * Subsidized employment with regular employers<br/>           * Wage based temporary employment, “work for your benefit” and workfare programs</p> |

<sup>3</sup> For further details on the OECD Jobs Strategy and the European Employment Strategy see, respectively: [http://www.oecd.org/document/1/0,3746,en\\_2649\\_33927\\_38939649\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/1/0,3746,en_2649_33927_38939649_1_1_1_1,00.html) and <http://ec.europa.eu/social/main.jsp?catId=101&langId=en>

|  |  |
|--|--|
| work and meeting benefit conditions  | * Access to small business start up support and grants   |
| <u>3. Duration and value of out of work benefits</u><br>* Reduction in value of benefit relative to wages<br>* Restriction of benefit duration | <u>3. Financial incentives to make work pay</u><br>* More generous disregard of earnings whilst receiving benefits<br>* Tax credits or in-work benefits to supplement wages in low paid/entry level jobs |

Source: Adapted from Table 1, Eichorst et al, 2008.

### **3. The Public Employment Service (PES), targeting and eligibility for ALMPs**

In OECD countries the PES typically provides a free job matching service for job seekers and employers and enhanced services for people who have greater difficulty in making the transition into employment. The core job matching services of the PES are usually supplemented by a variety of employment programs including job search assistance and counseling; training and education; work experience and job creation; and assistance with self-employment and geographical mobility. The PES may directly provide these services or act as a ‘gateway’ to them.

In many English-speaking countries the PES also is responsible for taking claims and paying unemployment and related means-tested benefits. In other OECD countries unemployment and other benefits are administered by social insurance agencies, often with the involvement of social partners, with minimum income social assistance paid by municipalities. In such systems the PES provides labor market assistance and has a role in implementing work activity tests and acting as a ‘gateway’ to employment related services.

In some countries the PES continues to provide a “walk-in” service to all job seekers who can access information about job vacancies and other services although in many countries such general services are increasingly provided for job seekers and employers through other self-service channels, such as the telephone or internet (see Box 2). In most countries access to more expensive publicly-funded employment services and ALMPs is targeted at priority groups. This targeting is often connected with the specific cash benefit that people receive and programs may be targeted at particular categories of service users who are perceived to face common barriers, such as disadvantaged youth, single parents, married women returning to the labor market, people with disabilities, and minority ethnic groups.

## Box 2: Developments in PES service delivery channels

In an increasing number of OECD countries the PES has used developments in information and communication technologies to create three principal service channels:

- *Contact services*, where clients have a direct personal contact with PES staff and advisers;
- *Call centers*, where the client can access information about labor market services and cash benefits through a central phone number, often with access to free phone facilities from local PES offices;
- *Online internet services*, typically involving a single website where job seekers and employers can access information about job vacancies, training and employment services. This information can be accessed 24 hours a day but many PES offices also have self-service kiosks that can be accessed in their offices and in other public places. Some PES websites provide access to other relevant websites, including those of private employment agencies, and some have developed a service so that job seekers and employers can enter and select resumes online.

Enabling job seekers and employers to use self-service methods enables PES offices to focus their staff resources on serving disadvantaged or long term unemployed clients and to give more targeted services to high-priority employers.

The eligibility rules for particular services and programs are designed in part to increase cost effectiveness by reducing “deadweight”. The aim is to ensure that service users who can get jobs through their own efforts or with minimal assistance are not placed in more expensive provision that might also delay their entry into employment. Such rules serve to target particular individuals or groups to ensure they are placed in appropriate assistance. Eligibility rules also are connected with conditionality and sanctions. The relevant eligibility rules for different benefits will signal those service users who may be required to register with the PES, and those who can be mandated or choose to participate in a program.

Simple eligibility rules have obvious advantages in terms of their ease of operation and equality of treatment but they can be a “blunt instrument” and may be “inefficient in terms of achieving a good match between individual client needs and provision of support” (Hasluck,

2004: 5). In a number of OECD systems the PES now has more elaborate screening and profiling instruments to ensure individualized targeting. In some European countries, Australia and the USA the PES or other public agencies use profiling to score and weight the barriers facing individual service users and to allocate them to unsupported job search, counseling and/or different ALMPs (Rudolph and Konle-Seidl, 2005). Proponents of such profiling systems suggest they produce earlier and more efficient matching, with scarce resources more effectively targeted at clients who are at risk of long term unemployment. In other systems, as in the UK, policy makers suggest that profiling is complex to implement and that measured disadvantages may not be an effective predictor of how long individual clients are likely to be unemployed. In these systems interventions are mostly calibrated with duration of unemployment with more expensive provision targeted at those who have been unemployed for a lengthy period.

#### **4. Evaluating the impacts of ALMPs and “Welfare-to-work” (WtW) programs**

OECD Governments have experimented with a vast array of ALMPs, ranging from direct public sector job creation, work experience programs and employment subsidies, through to stricter job search requirements, benefit sanctions, assistance with job search and the costs of taking up work. There has also been much experience with training and education programs for the unemployed and programs that assist people starting small enterprises. In all OECD countries the PES plays a central role in ALMP implementation acting as a “gateway” and referral point for unemployed people and employers as well as often being directly involved in program delivery and management.

High-quality evaluation studies of such programs seek to isolate their “net” impacts and identify how participation has affected different sub groups. Such impact studies typically track the experience of “treatment” and matched “control” groups through surveys or administrative data analyzing flows onto and off benefits, transitions into and out of employment, and, mostly in US studies, changes in earnings and income.

These microeconomic studies, which are the focus of this paper, typically use specialized statistical techniques to analyze three types of effects.<sup>4</sup> There are “treatment” effects that arise

---

<sup>4</sup> Macroeconomic analysts utilize larger datasets using econometric techniques that enable them to also discern the aggregate impact of labor market programs, including “deadweight” or “substitution”. *Deadweight* refers to the

from the beneficial interaction with services and the assistance given. The program has improved either/or both “soft” and “hard” skills enabling participants to improve their job search, perform their job roles and so become more attractive to employers. There are also “motivation”, “threat” or “anticipation” effects, where studies regularly find that a proportion of people stop claiming benefits prior to the termination of unemployment benefit payments and/or the compulsion of mandatory interviews and participation in labor market programs. Such effects are higher in the early stages of benefit claims where they prompt those capable of working to get a job and those who may already be working and/or claiming benefits illicitly to cease claiming.

ALMPs may also induce a “lock-in” effect. This refers to a reduction in job search whilst a person spends time on program activities whilst equivalent non-participants may be entering employment more swiftly. Such negative effects are typically associated with longer duration programs, such as skills training or temporary employment programs, but they may also be evident in shorter programs. The key design issue is the extent to which any improvement in the subsequent employment and earnings of the program participant exceeds that of a matched non-participant.

Until the 1990s the evaluation evidence on program impacts was limited. Initially programs were often assessed simply in terms of employment and training places provided and budgets spent. In many countries attention gradually shifted to reporting on the qualifications gained and/or the immediate employment destinations of participants after leaving a program, with some countries reporting on the quality of the jobs and the sectors in which employment was gained. In the USA and some other countries the emphasis also shifted to measuring the additional “net” impacts of the costs and effectiveness of programs requiring the development of more sophisticated evaluation techniques.

In the 1990s the OECD and European Commission reviewed the findings of the higher-quality impact evaluations then available (see, for example, Martin, 1998). Although the range of available studies was limited, with often varying findings for similar programs, when White (2000) reviewed such studies he found that the impacts of the successful programs fell within plus or minus five points from a ten percentage gain in employment (White, 2000). The emerging consensus from these first descriptive reviews suggested that intensified counseling

---

people in the target group who would have got jobs even without the program intervention. *Substitution* refers to the extent to which jobs obtained by a program target group are achieved at the expense of other jobseekers who may normally have obtained them.

and job-search assistance were most cost-effective in raising re-employment probabilities, especially for the long term unemployed. Temporary job creation and training programs were, in contrast, more expensive and far less effective, primarily because of their lock-in effects.

The technical quality and availability of program evaluations was most advanced in the USA but has since improved in several European countries. Most of the studies published in the 1990s and 2000s concern impacts in English-speaking countries and those in northern and Western Europe. Many of the studies analyze the impact of activation and ALMPs on recipients of unemployment benefits, especially the long term unemployed. There is also, however, another group of high-quality evaluations that have analyzed the impact of WtW reforms in the US and other countries. These programs aim to transition beneficiaries from “safety net” passive income support payments to employment, often via changes in eligibility rules including, in the US, limiting the length of time single parents can remain on passive “welfare”. These reforms have largely been targeted at families receiving minimum-income benefits, principally families headed by single parents. There are fewer impact evaluations of more specialist programs targeted at people receiving disability benefits, albeit such evaluations would be of less direct relevance for developing countries.<sup>5</sup>

The availability of more higher-quality evaluations using improved data and similar well-tested econometric methods has enabled recent reviewers to go further analytically when combining the results from different studies. These reviewers have utilized meta-analytical techniques that allow for the deduction of firmer policy conclusions.

A comprehensive meta-analysis of European findings was undertaken by Kluge et al (2005) for the European Commission, with the analysis developed in subsequent research papers (Kluge, 2006; 2010). These studies identified and reviewed findings from over 100 microeconomic evaluations and classified ALMPs into six core categories.<sup>6</sup> These comprised:

- ***Services and sanctions***, which encompassed measures aimed at enhancing job search efficiency and matching. This included job search courses, job clubs, vocational

---

<sup>5</sup> There has been a marked increase in the number of working age people claiming disability benefits in several OECD countries and Governments have implemented revised and tighter tests of work capacity alongside developing new activation strategies and labor market programs targeted at those affected. For information, these policies and relevant evaluations have been reviewed by the OECD (see OECD, 2010c).

<sup>6</sup> These categories correspond closely to the classifications used by regular OECD and Eurostat surveys through which they monitor expenditure patterns of their member states. See <http://stats.oecd.org/Index.aspx?DatasetCode=LMPEXP> and [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Labour\\_market\\_policy\\_interventions](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Labour_market_policy_interventions)

guidance, counseling and monitoring, and sanctions in the case of noncompliance with job search requirements.<sup>7</sup>

- ***Private sector incentive programs***, primarily involving wage subsidies, paid both to employers or workers, normally targeted at the long term unemployed and more disadvantaged individuals. It also included self-employment grants.
- ***Labor market training***, encompassing measures like classroom training, on-the-job training and work experience.
- ***Direct employment programs in the public sector***, primarily additional jobs created through public works and other socially useful projects generally targeted at the most disadvantaged individuals.
- ***Youth programs***, including training programs, wage subsidies and job search assistance targeted at disadvantaged and unemployed young people.
- ***Measures for the disabled***, including vocational rehabilitation, sheltered work programs or wage subsidies targeted at individuals with physical, mental or social disabilities.

Meta-analytical techniques enabled Kluve to test for the factors that might influence program effectiveness and the results were “surprisingly clear-cut” (2006:1). Rather than contextual factors such as labor market institutions, the time period or the business cycle, it was “almost exclusively program type that matters for program effectiveness” (Kluve, 2006:1). The analysis found that the highest positive impacts were produced by “services and sanctions” and subsidies with private sector employers. Traditional off-the-job vocational training produced modest impacts and public sector employment programs were least effective, with the latter apparently detrimental to subsequent employment probabilities.<sup>8</sup>

*Youth Programs.* Kluve assessed youth programs separately. He considered high quality evaluations of a diverse range of interventions aimed at tackling youth unemployment, primarily from northern Europe. The programs sought either to re-engage young people in education or training or place them in unsubsidized employment. Each of the programs was delivered through various agencies with most including a central role for the PES in placing young people in the various options. Kluve found there was no clear pattern of results with some studies finding that

---

<sup>7</sup> This corresponds to employment services in Latin America and the Caribbean with the exception that some services employ sanctions in the form of reduced unemployment insurance payments if job search is not sufficiently pursued.

<sup>8</sup> The review found too few evaluations of disability programs to draw any conclusions.

wage subsidies work for young unemployed individuals, especially those youths from a more educationally advantaged background, but other studies did not find such an effect. Youth training programs also sometimes displayed positive treatment effects on employment probability, but negative results were also reported.

In a recent paper Bloom (2010) reviewed findings from experimental evaluations of earlier US programs targeted at high-school dropouts. Some of the eleven programs relied heavily on paid work experience, while others focused more on job training and education. Some programs, especially those that offered paid work opportunities, generated significant short term increases in employment or earnings, but few of the studies that followed participants for up to two years found lasting improvements relative to control group members. The most successful and expensive intervention was *Job Corps*, a combined employment and training program, mostly delivered in a residential setting, targeted at disadvantaged young people aged 16 to 24. The evaluation found positive impacts on earnings and employment especially for older youth, that only began to fade four years after participation, Bloom concludes that the case for interventions aimed at high school dropouts remains overwhelming but without developing a stronger evidence base the “paucity of conclusive evidence makes it hard to know how to direct resources” (2010: 101)

De Koning (2007) also reviewed findings from some 130 ALMP evaluation studies. He did not utilize meta-analytical techniques but the general conclusions from his descriptive comparison of the results broadly mirrored those of Kluge:

- The evidence on job search monitoring and sanctions points “overwhelmingly” to a “positive effect on job entry chances” as does, to a slightly lesser extent, the evidence on counseling, placement and wage subsidies for regular jobs (2007: 38).
- The evidence on training is mixed with the number of studies that point to a positive effect being more or less the same as the number of studies showing insignificant or significantly negative effects.
- Most studies of job creation measures show insignificant or negative effects on job chances.

*ALMPs and Gender.* The particular impact of ALMPs on outcomes for women was considered in another evidence review. Bergemann and van den Berg observed the lack of attention given to women’s experiences in European ALMPs but analyzed findings from those

evaluations where data presented distinguished the individual impacts on women. The study focused on the experience of women aged over 25 years and most of the evaluations considered had been published after 1999. The review gave little detailed information on the size of effects (which can be found in the individual studies) but it reported that the results were “remarkably uniform” (2006: 14). In general ALMPs had a positive effect on employment probability outcomes and transitions for women and the effects were larger than for men, in particular in economies with relatively low female labor force participation. These findings were strongest for skill training programs whereas job search assistance programs were more effective for men. Job search monitoring strongly affected women’s exit rate out of unemployment and while the size of the effect was more or less equal to that for men, the exit destination was “more often non-participation for women and employment for men” (2006: 15).

In a more recent meta-analysis Card et al (2009) reviewed 199 program estimates drawn from 97 US and European impact studies conducted between 1995 and 2007. This study found also that subsidized public sector employment programs were relatively ineffective, whereas job search assistance programs generally had favorable impacts, especially in the short run. Classroom and on-the-job training programs did not generate especially favorable impacts in the short run, but had more positive relative impacts after two years. Comparing across different participant groups, the review found that programs targeted at young people were less likely to yield positive impacts than untargeted programs, although, in contrast to some earlier US reviews, the authors found no large or systematic differences by gender. The study also found that evaluations based on the duration of time in registered unemployment were more likely to show favorable short-term impacts than those based on direct labor market outcomes (employment or earnings).

All the reviewers comment that a significant limitation of many of the studies considered was that few contained information from which a cost-benefit analysis could be derived. They gave little information on program costs or detailed data on subsequent earnings, employment or hours of work.

*Welfare-to-Work (WtW) Evaluations.* The other body of evidence amenable to meta-analytical techniques concerns the high quality experimental evaluations of WtW programs introduced by different states in the USA from the late 1980s, some of which continued into the late 1990s.

The experimental US WtW programs were not targeted at people receiving unemployment benefits but mainly at single parent families receiving means-tested cash assistance through *Aid for Families with Dependent Children* (AFDC), which in 1996 was reformed into *Temporary Assistance for Needy Families* (TANF). The findings from these random assignment studies<sup>9</sup> are of particular significance as they influenced the shape of TANF reforms, the employment strategies subsequently implemented by individual US states, and the implementation of welfare to work approaches elsewhere, such as in the Netherlands, Israel, Australia and the UK.

David Greenberg, with various colleagues, has utilized meta-analytical techniques to synthesize the results from these random assignment studies. These reviews give detailed findings of program impacts on earnings, employment and benefit receipt, and on overall costs and cost effectiveness (Greenberg et al, 2009; 2005).

In the first study Greenberg et al (2005) analyzed findings from 27 experimental programs targeted at AFDC applicants and recipients. The results indicated that:

- A typical mandatory program appeared to have a positive effect on participant employment, earnings and reduced benefit receipt for five to seven years after random assignment, although the impacts started to decline after two or three years.
- Three program features appeared to be positively related to the effectiveness of mandatory programs - increased participation in job search, the use of time limits, and the use of sanctions.
- In-work financial incentives, such as tax credits, decreased the amount of AFDC received but did not improve impacts on labor market outcomes.
- The evidence was mixed over whether increases in participation in basic education, vocational education, and work experience increased program effectiveness, with the reviewers concluding that overall the findings did not support putting additional resources into these activities.
- Mandatory programs appeared to do better in strong labor markets than in weak ones.

---

<sup>9</sup> In this type of experimental research, often referred to as the “gold standard” of research designs, individuals who meet programs’ eligibility requirements are randomly assigned by a lottery-like process to either a program group or a control group. Individuals in both groups are followed over time, and information is collected on their employment, earnings, welfare receipt, and other outcomes of interest. The differences between the groups that emerge after random assignment, for example, in earnings or employment, can be attributed to the programs under study.

This study also reported that the net operating costs of a typical mandatory welfare to work program (i.e., the cost to the government of providing program services, excluding income transfers, such as AFDC payments) were around \$1,800 per program group member (in year 2000 dollars). Increases in participation in job search appeared to result in very small increases in cost, whereas the costs were greater for programs that substantially increased participation in basic education and vocational education. Increases in sanction rates engendered higher costs, which the reviewers assumed was due to the increased expenditure required for administration and enforcement of sanctions.

In a more recent review Greenberg et al (2009) utilized findings from the 28 WtW programs evaluated by the Manpower Development Research Corporation.<sup>10</sup> The programs were delivered in 11 states and two Canadian provinces, and involved over 100,000 research sample members. The distinctive contribution of this synthesis was to analyze the “returns on investment”, the costs and benefits of different strategies both for individual participants and for government. The review emphasized that different types of welfare to work programs had different goals but drew the following policy conclusions from the synthesis findings:

- If a primary goal is to increase participants’ income, then programs that provide individuals with financial incentives or earnings supplements intended to encourage work appear to best achieve this goal. While beneficial for participants, earnings supplement programs tended to result in a net cost for the government. Participants, however, often gained more than a dollar for every dollar the government spent.
- If a chief goal is to reduce government expenditure, then programs that require individuals to look for jobs immediately and that assign other activities if work is not found are relevant strategies. These programs tended to be beneficial for the government budget (and were less expensive than the type of program described next) but resulted either in small benefits or in net costs for participants.
- If a chief goal is to balance reducing welfare expenditures with increasing participants’ income, then programs that require individuals to participate initially either in an education or training activity or in a job search activity can meet this goal. This type of

---

<sup>10</sup> Many of the US experimental evaluations were undertaken by the Manpower Development Research Corporation (MDRC) which, over a long period of time, has produced regular evidence reviews synthesizing evaluation findings to better inform policy development and program practice – see <http://www.mdrc.org>.

program, when targeted to both short-term and long-term welfare recipients, was beneficial for both participants and the government's budget.

- Mandatory programs that required individuals to participate in General Educational Development completion and Adult Basic Education prior to job search did not appear to increase the income of participants or save government money.
- Some mandatory work experience programs - which assign individuals to unpaid jobs, often following a period of job search - resulted in limited benefits for participants but did provide valuable goods and services for the general public. They did not consistently reduce government costs, however.

The studies reviewed measured only benefits and costs that were reliably expressed in dollars. Other benefits and costs, for example, in health or in children's school performance or well-being, were not estimated and not factored into the cost-benefit analyses. In addition, no account was taken of "displacement" effects where other workers who compete with welfare leavers may find it more difficult to obtain or retain employment.

There have been few random assignment studies in the USA since 1996 but there has been an abundance of other studies where researchers from diverse disciplines, using a variety of methodological approaches, have sought to evaluate the effects of welfare reform on the employment, income, and behavior and well-being of parents and their children. In one review Blank pointed out that, cumulatively, these studies had made these particular changes "among the most thoroughly evaluated public policies in history" (Blank, 2007:1). Moffitt (2008), in a critical review of this literature, summarized the accumulated findings concerning the impacts of welfare reform on caseloads, employment, earnings, family income and poverty in which he suggested "confidence" could be placed. For information these findings are summarized in Annex A.

One tempting conclusion from the European and US meta-analytical findings on ALMPs and WtW programs is to infer that policymakers should use only lower cost "services and sanctions". This would be mistaken. A closer reading of many evaluation studies points to more nuanced findings. While large scale training and temporary employment programs were often expensive and largely ineffective, studies of smaller scale training and employment measures that were targeted at particular groups frequently generated more positive results (Meager, 2008; Kluve et al, 2005).

There is also evidence that ALMPs are more effective when integrated in a wider activation approach where job search support is supplemented by selective referrals to training or other longer term programs only for those most likely to benefit from participation. A combination of measures, based on evidence of what appeared to work most effectively, is now a feature of many activation programs targeted at young people in OECD countries (see Box 3).

### **Box 3: What works in OECD programs targeted at the young unemployed**

The following features of “best practice” have been highlighted in OECD reviews of employment programs targeted at the young unemployed (OECD, 2010a; Quintini and Martin, 2006):

- Programs should come into play early - after a period of unemployment of at most six months (as in Australia, Belgium, Denmark, New Zealand, Norway, and the UK). Some countries, such as Finland and the Netherlands, activate unemployed young people immediately.
- Job search assistance programs are found to be the most cost-effective for youth, with wage and employment subsidy programs having a positive short-term impact but a less positive net impact on the longer-term employment prospects of participants.
- In order to connect training programs to local or national labor market needs, private sector employers and local communities need to be mobilized and involved in project design.
- Targeting of programs is crucial, distinguishing between teenagers (who should be helped to remain in school and acquire qualifications) and young adults (who need help in acquiring work experience), and focusing on school dropouts.
- Programs should insist on tight job search requirements, in the interests of an early exit from unemployment.

Integration of services into a combined, comprehensive package seems to be more successful than separate provision. A good example was the relatively successful UK *New Deal for Young People* that combined a balanced system of services and sanctions, case manager support, with a set of other active measures. After six months unemployment the program was mandatory for young people aged 18 to 25 years. The participant first entered an initial “gateway” phase where

a PES “personal adviser” sought to place them into regular unsubsidized jobs. If the young person could not be placed in the job search period the adviser could then try to place them with a six-month employer subsidy or refer them to a mandatory training or work experience placement (Brewer, 2009).

## **5. The impact and design of training and skills programs**

Training programs are one of the core menu of services offered by the PES in most countries and such programs are often targeted at older workers made redundant or “dislocated” from declining industries, the unskilled, mothers returning to the labor market and unemployed young people who have left full-time education.<sup>11</sup> Labor market (re)training programs are relatively expensive and although expenditure has been falling they still account for a high proportion of total expenditure on ALMPs, especially in European countries where they comprise over 40% of the total.

Training programs are differentiated in terms of target group, content and length and will typically involve classroom provision and/or on-the-job training albeit online courses now also play an increasing role in provision. Training programs can either provide a more general content, such as basic skills or language courses, or computer and keyboard skills, or they may impart specific vocational skills. The main objective of these programs is to improve the employability and productivity of participants and to enhance their human capital. In some evaluations training also includes short courses in basic job search techniques that are designed to promote rapid entry into employment and where participants are required to be available for and seek work.

The meta-analyses of program impacts find mixed effects from training programs. Kluve, for example, reports that European evaluations of “services and sanctions” and employment incentives were 40% to 50% more likely to report a favorable impact on employment rates than training programs. He found the treatment effect estimates of the training evaluations reviewed were often “insignificant or modestly positive” or were negative in a few cases (2006:27). There

---

<sup>11</sup> In many northern and western European countries, such as Denmark and the Netherlands, young people will generally not be paid income support between finishing school and 25 years of age unless they participate in training and education programs. In other countries, such as the UK and Australia, such ‘education and training’ guarantees are given to young people up to the age of 18.

were more positive results for sub groups including participants with better labor market prospects and women, but the results were much weaker for young people. The evaluations reported that most training programs had lock-in effects but any negative impact was unclear as participants would, by definition, have less time to seek employment and many training programs would have to be completed to be of subsequent value. Moreover, due to methodological improvements, Kluge found that several more recent evaluations that could follow trainee destinations over a longer time-frame, reported more positive results. De Koning (2007), by contrast, reported other studies that found no such improvement.

Card et al (2009) found that job training programs, especially longer-duration programs, tended to have very small or negative impacts on employment measures in periods of less than a year, presumably reflecting lock-in effects, but the effects were more positive in the second or third years after participation. These findings were supported in a more recent large-scale matched comparison analysis of federally supported US training programs for adults in twelve US states. Heinrich et al (2009) found that disadvantaged adults who participated in training programs, typically lasting between 8 and 12 weeks, had lower earnings in the months during training and the year after exit, but they had caught up with the comparison group within ten quarters, and subsequently had much higher earnings - on average, \$400 in earnings each quarter three years after program entry. More specific provision for “dislocated” or redundant workers had a smaller long term impact.

The merits of training programs have been assessed also in the experimental US WtW studies. One of the more significant studies tracked the experiences of 40,000 single parent families participating in 11 mandatory programs over a five-year period (Hamilton, 2002). The study assessed which of two basic pre-employment approaches worked best and for whom. One approach emphasized short-term job search assistance and encouraged people to find jobs quickly. The other strategy emphasized longer-term skill-building activities (primarily basic education) before entering the labor market. A third approach mixed elements of the other two.

Whilst each of the three strategies were found to increase single parents’ employment and reduce welfare receipt, the most successful strategy was found in the mixed approach, especially that implemented in Portland, Oregon. This “hybrid” increased average five-year earnings by 25% and the average number of quarters employed by 21%, and also increased stable employment and earnings growth more than any of the other ten programs (Hamilton, 2002: 35).

In this experiment case managers were allowed to use their judgment of participants to assign them to different initial activities, including education and training for a significant minority. The key finding was that case managers made use only of work-focused short-term education and training courses linked to employment opportunities.

Studies of the longer-term results from some experimental WtW programs found that the impacts of training became more effective over time (Dyke et al, 2006; Hotz et al, 2006). It was not clear, however, that these longer term gains outweighed relative costs. Greenberg et al's (2004) early article on their meta-analytical study of results from 64 programs reported that "work first" approaches increased earnings over six years by more than two-and-a-half times that achieved by training approaches.

The reviews of US and European training program evaluations report variations in the impacts of different types of training. The effect of classroom training is varied but general classroom training seems least effective whereas when the focus has been on job-specific skills or on competencies demanded by employers, then classroom training can be very effective, particularly for women and possibly for youth (DfES & DWP, 2007; D'Amico, 2006; Dench et al, 2006).

There is much evidence from the European studies that on-the-job training has given consistently positive impacts for both men, women and (to a lesser extent) disadvantaged young people. A general finding emerging from a range of studies was that interventions with employer placements and work-based training were more successful in leading to employment outcomes. These interventions put participants in contact with employers and helped develop more general employability skills, as well as enabling the individuals concerned to demonstrate work experience to potential employers (Dench et al, 2006). European evaluations suggest also that training is likely to be more cost-effective when targeted at disadvantaged groups and less effective for groups who already have higher-level skills and qualifications.

A wide review of US evaluations of publicly-funded training programs reported that most of the interventions were found effective for economically disadvantaged adult women, and generally found effective for economically disadvantaged adult men, although with effects that are generally smaller and less persistent than they are for women. On the other hand, youth programs had generally been unsuccessful (D'Amicus, 2006).

Finally, a new body of evidence has been generated concerning the provision of employment retention and advancement services - which may include access to training after entering a job - targeted at the long-term unemployed and welfare leavers. Yeo (2007) reviewed studies of WtW single parent policies in six countries that supported employment retention and concluded that mixed strategies were required, providing support for both the single parent and the employer. The four policy instruments identified as promoting retention in work were: financial incentives and support; case management; development of work skills; and employer-focused strategies.

Elements of these retention and advancement approaches were tested in the UK and US and subject to high quality random assignment evaluation. In the UK the single parents assisted experienced an increase in earnings, largely from increasing their work hours, although this advantage faded as control group members caught up with them. The results for long-term older unemployed people, mostly men, were more positive and the gains they made in earnings and employment were sustained over the five year evaluation period. In the US positive impacts were found in only three out of twelve program sites, although the more successful elements of the services are now being tested in further pilot programs. These developments are now informing policymakers and providers as they further develop strategies and services that may help the long-term unemployed and welfare leavers both obtain *and* retain employment (Hendra et al, 2011; 2010).

## **5. The Public Employment Service and the impacts of implementation reforms**

There are variations across OECD countries in the organization and delivery of activation services and ALMPs. Labor Ministries play an important central role in setting labor market policies but implementation is often undertaken through different levels of government with PES organization and levels of decentralization reflecting different national patterns (see Box 4). In many countries responsibility for the delivery of benefits and employment services has been fragmented between different institutions and agencies comprising national PESs, benefits agencies, municipal welfare departments and social insurance bodies. These organizations are often accountable to different ministries, levels of government, and in some countries employer organizations and trade unions exercise elements of influence and control.

**Box 4: Types of decentralisation in employment services in European and North American countries**

| Political decentralization |                        |                                     | Managerial decentralization and ‘management by objectives’ within a national PES |          |
|----------------------------|------------------------|-------------------------------------|--|----------|
| <i>Federalism</i>          | <i>Regionalization</i> | <i>Municipalization</i>             |  |          |
|                            |                        | <i>all jobseekers</i>               |  |          |
| Canada                     | Belgium                | Denmark                             | Austria  | Romania  |
| USA                        | Spain                  | Poland                              | Finland  | Greece   |
| Switzerland                |                        | Norway                              | Germany  | Hungary  |
|                            |                        |                                     | Italy  | Latvia   |
|                            |                        | <i>Social assistance jobseekers</i> | France   | Slovenia |
|                            |                        | Finland                             | Sweden   | Bulgaria |
|                            |                        | Germany                             | Estonia  | Portugal |
|                            |                        | Netherlands                         | Czech Rep.   | Ireland  |
|                            |                        |                                     | UK   | Slovakia |

Source: Table 1, Moseley, 2011.

Comparative policy reviews and evaluation studies suggested that the design and organization of employment service delivery systems was one factor determining the relative efficiency and effectiveness of ALMPs and WtW programs, especially the transition to outcome measurements and the introduction of performance based management systems (OECD, 2005). Other drivers for reform included pressures to increase the rates at which the PES placed unemployed people into jobs and to modernize and improve the quality of job matching and benefit payment services including taking advantage of improved information and communication technologies.

Service delivery reforms have been implemented differently in individual OECD countries but in those countries at the forefront of reform they have typically involved radical change in the management of PES bureaucracies and in the role of frontline officials. Many national governments have reduced the influence of the social partners (employer organizations and trade unions) and decoupled national employment services from central ministries, with ministers and policy makers now managing their systems through performance targets and agreements which specify outputs and outcomes to be achieved with the budgets allocated.

National PESs may also use such “management by objectives” to regulate their regional or local offices.

*Performance and Management Systems.* Cross-national studies of PES performance management and measurement systems find varying practices and, in most, the PES utilizes a variety of performance indicators (Mosley, 2011; Nunn et al, 2009; Grubb, 2004). At the simplest level managers use “input” indicators to measure the resources devoted to a particular service or task. “Output” indicators measure the immediate results of activity, such as the number of services given or interventions completed and “outcome” indicators seek to monitor the actual effects secured through services and interventions. Other indicators seek to assess service quality and this is mostly tested through satisfaction surveys undertaken with service users and employers. Box 5 outlines the range of different performance indicators being used by the different OECD employment services reviewed by Nunn et al (2009).

**Box 5: Common indicators in PES performance measurement systems**

| <b>Input measures</b>  | <b>Output measures</b>  | <b>Process quality measures</b>   | <b>Intermediate outcome measures</b>  | <b>Final outcome measures</b>  |
|--|---|---|---|--|
| <ul style="list-style-type: none"> <li>• Staff hours in different roles</li> <li>• Spending on staff</li> <li>• Spending on programs</li> <li>• Office numbers</li> <li>• Spending on compliance and processing</li> </ul> | <ul style="list-style-type: none"> <li>• Vacancy registrations</li> <li>• Interviews completed</li> <li>• Referrals to ALMPs and other services</li> <li>• Caseload penetration measures</li> <li>• Individual action plan completion</li> <li>• Sanctions</li> </ul> | <ul style="list-style-type: none"> <li>• Assessment of interviews or plans</li> <li>• Customer satisfaction surveys</li> <li>• Employer satisfaction surveys</li> </ul> | <ul style="list-style-type: none"> <li>• Measures of people leaving all and specific cash benefits</li> <li>• Caseload penetration measures</li> <li>• Benefit duration measures</li> <li>• Vacancy outcome measures</li> </ul> | <ul style="list-style-type: none"> <li>• Employment rate</li> <li>• Unemployment rate</li> <li>• Inactivity rate</li> <li>• Productivity</li> <li>• Long-term wages/employment history of beneficiaries</li> </ul> |

Source: Nunn et al, 2009, Table 7.1

An increasing number of countries, including Germany, the Netherlands and the UK, have developed comprehensive and integrated performance measurement and reporting systems as part of their wider activation reforms. Such reporting systems seek to link performance indicators together in a way that shows the relationship between inputs and final outcomes, giving policy makers and senior managers greater insight into the relative performance of

different parts of the organization and into what appears to be working. The publication of results also increases accountability by showing how the PES is using its resources and meeting national objectives.

*Management Restructuring.* In many countries the PES and local governments now must work together more closely. For example, in the Netherlands, Denmark and the USA budgets have been devolved with municipalities and states given greater discretion within a financing system that rewards caseload reductions and penalizes caseload increases. There is a trend to integrate and coordinate the work of a range of agencies, especially the PES, welfare and social assistance services, into what are described as “one-stop shops”. The aim has been to improve accessibility and coordination by bringing together employment placement activities with benefit administration through the creation of a more coherent and integrated gateway to services.<sup>12</sup> To service this evolving approach many agencies have simplified and automated the benefit claim process, and sought to replace frontline benefit processors with case managers or personal advisors. These frontline officials are expected to enforce the obligations of those receiving benefits and support the claimant, assist with job search, and refer them to available services.

*Greater Competition.* One further element of reform has been to subject the PES to greater competition. In most OECD countries PES national job placement monopolies have now been dismantled and there is a more or less extensive network of regulated private recruitment and temporary work agencies which operate in particular segments of the labor market. In an increasing number of countries the PES and national associations of these private sector intermediaries have developed formal agreements on how they should work together including the advertisement of any temporary vacancies and the management of PES referrals (see, for example, Eurociett, 2008).

There has also been significant change in the ways in which ministries, the PES or other public entities contract with external providers to deliver ALMPs and other employment services, with Australia in particular creating a new market where a network of for-profit and non-profit organizations deliver all publicly funded employment services.

---

<sup>12</sup> These developments have different patterns where implementing organizations are not merely subordinate units of a national administration but relatively independent regional or local political entities with their own elected leadership. In such complex and multilevel governance structures the relationship between central and regional or local authorities is less hierarchical and service delivery developments must be negotiated, often through different partnership frameworks.

It is hard to disentangle the particular impacts of PES delivery and implementation reforms from those of the activation and WtW programs that they have delivered (Riley et al, 2007).<sup>13</sup> Nevertheless there is a growing body of evidence that investigates the impacts of two important implementation reforms. These evaluations concern the work of front line advisers and the PES subcontractors who deliver services through performance based and payment-by-results contracts.

### ***5.1 The impact of case managers and personal advisers***

The term “case management” is generally recognised as deriving from practices in social work and health care provision which first emerged in the USA. Recognition of the problems service users faced in dealing with multiple, specialized programs led, in the 1970s, to a series of federal and state level demonstration projects to assess the possibilities of service integration and coordinated community support. These involved the establishment of core support agencies and one-stop service centres, within which individual staff members, or case managers, were allocated responsibility for coordinating resources on behalf of their clients and were accountable for clients’ passage through the service system.

Since the 1970s, the “case management” approach has become a leading paradigm for service delivery, spreading to other OECD countries, and in the 1990s it was being adopted in welfare to work and employment services reforms.

There is much variation in the resources and status of the case managers employed in employment service delivery systems, ranging from the ways in which they are employed, their job titles, the autonomy they have; and in their caseloads and the frequency and nature of contact that they have with unemployed people.<sup>14</sup> Despite these differences case managers have a dual role in assisting clients with job search whilst communicating and enforcing the requirements the client must meet to remain eligible for benefit. The task involves some core generic functions. These include undertaking an assessment of a client’s circumstances and employment

---

<sup>13</sup> There are studies that explore some impacts of large scale PES organizational reforms. In the UK the National Audit Office (2008) reported that the creation of *Jobcentre Plus*, which merged the work of the PES with benefits administration, was cost effective and underpinned the effective delivery of a wide range of employment policies. A large-scale evaluation of the German *Hartz* reforms found that delivery of employment services through agencies that integrated the work of the PES and municipalities was more efficient and cost-effective than in localities where the municipality was solely responsible for delivery (FMLSA, 2009).

<sup>14</sup> In the UK, for example, they are referred to as “personal advisers”; in Holland they are “reintegration coaches”; and in Australia they are called “recruitment consultants”.

constraints; planning the range of support or assistance needed; linking the client with necessary external services; monitoring a client's progress through an agreed series of steps or supply of a set of services; and the achievement of an employment outcome.

Impact evaluation studies have sought to identify the particular effects of different case management styles in improving employment outcomes and which frontline practices have contributed to their effectiveness.

Experimental WtW evaluations in the US investigated the differential impacts of traditional case management (where benefit administration and employment assistance were given separately) and integrated case management (where both functions were brought together) (Scrivener et al, 2001). The results found that integrated case managers provided more personalized attention, engaged more people in WtW activities, and more closely monitored participation in program activities. Both approaches reduced welfare receipt and payments, but the effects of the integrated program were somewhat larger. In a subsequent analysis, summarizing findings from experimental studies on service strategies in 59 different employment offices across the USA, researchers reported higher employment and earnings impacts in those offices where case managers delivered a personalized service and placed an emphasis on quick job entry. There was some evidence also that high caseloads reduced effectiveness (Bloom et al, 2003). Another US experimental study found that clients' average earnings were higher over a two-year period in offices that primarily used both unified case management and that employed a specialist who developed job opportunities (Hill, 2005).

Later European evaluations contain similar findings. In the UK, for example, the positive impacts associated with many *New Deal* employment programs have been attributed in particular to the contribution made by personal advisers especially in those PES offices where the advisers placed a strong emphasis on “work first” practices including closely-spaced repeat interviewing of jobseekers and use of sanctions to enforce the mandatory nature of the program (Hasluck and Green, 2007; NAO, 2006). A quasi-experimental study in Switzerland found that caseworkers who put greater emphasis on job search obligations secured higher employment outcomes than those who placed more stress on meeting the expressed needs of the unemployed (Behncke et al, 2007). A Swedish study found that PES caseworkers who focus on job search assistance rather than referral to other services, such as training, increased the probability of being employed within a year by 13% (Lagerström, 2011). A Danish study found also that job search assistance

and frequent caseworker meetings were highly cost effective in shortening unemployment spells (Vikstrom et al, 2011).

## ***5.2 The impact of subcontracting employment services***

In many OECD countries government departments and public agencies have a long tradition of delivering employment services through grants or contracts with other public and non-profit organisations. Such networks often include various types of training institutions, which may have links with the social partners; providers of specialist services and facilities, for example, in vocational rehabilitation or sheltered employment; and large non-profit organisations that deliver a wide range of social and employment-related services. More recently there has been an increase in the delivery of employment services by for-profit organizations.<sup>15</sup>

In individual OECD countries the commissioning and contracting of employment services is typically complex and, in many countries, small scale, with a wide variety of procurement practices (OECD, 2007). Subcontracted activities typically include the delivery of conventional labor market programs and more intensive forms of support targeted at disadvantaged groups, including specialist programs for those with disabilities. Australia is the only OECD country to wholly outsource the delivery of publicly funded employment services.

There are variations in the level of government and composition of the public agencies that procure employment services, with skills training often funded and purchased separately. Purchasers range from national government departments, as in the UK and Australia, which apply a centralised contracting framework, through to decentralised and multi-purchaser systems, as in the USA, Denmark and Germany. In many countries, especially within Europe, local and regional offices of the PES often purchase services but typically within a national framework of guidelines, contracts and predetermined services (OECD, 2007).

Whilst systematic information is unavailable it appears that in many OECD countries purchasers procure specific services, typically specifying the detailed design of the particular employment intervention or training course to be delivered. The public body also determines the price to be paid and the terms of the contract. Contracts often are short-term with durations of

---

<sup>15</sup> These for-profits include private employment agencies, such as *Manpower*, *Randstad* and *Adecco*, alongside a range of other companies that specialise in delivering employment services. This includes organizations now operating in several countries, such as *A4e* and *Working Links* from the UK, *Calder* from the Netherlands, *Ingeus* from Australia, and *Maximus* and *Rescare* from the USA.

one year or less. Payment systems also vary from recurrent public funding, to grants, to staged payments or fees paid for services delivered.

Payments for placing people into employment have been used less extensively. One reason is that in many countries subcontracted providers are not expected to, or may be prohibited from, assisting participants in their programs with actual job placement (as was the case until recently in Spain). In several countries there is resistance to contracting out services with for-profit providers and regulatory barriers exist preventing such entities from competing for contracts.

The increased involvement of private for-profit organisations in delivering employment services correlates to changes in subcontracting systems. In a number of countries procurement is now characterised by competitive tendering, the selection of employment service providers on the basis of price and quality, and the payment of providers based on their performance in delivering services and securing employment outcomes.

Performance-based contracting; including elements of payment for employment outcomes, was first developed in the USA and subsequently extended to the UK, Australia and the Netherlands. Other countries have more recently implemented or are testing changes in their employment services contracts with several, such as Germany, France, Denmark, Sweden, and Israel, experimenting with job outcome performance contracts and delivery through for-profit providers (Kaps, 2010; Behaghely et al, 2011; Bredgaard, 2010; Benmarker et al, 2009; OECD, 2010b).

There is now an expanding evidence base on the impacts of these subcontracting changes. A recent evidence review (Finn, 2011) identified twelve European experimental or quasi-experimental studies that compared and contrasted the performance of the PES and subcontracted providers. There are also several impact studies of outsourced employment services undertaken by the responsible Australian federal department.<sup>16</sup>

The European impact evaluations show mixed results for delivery by private providers with the most positive results in four British studies and mixed or negative results from studies in Germany, France and Sweden.

---

<sup>16</sup> The review identified only two impact studies of subcontracting in the USA, both of which were undertaken in Florida, although several important studies of welfare to work subcontracting give valuable insight into the design and delivery of such systems (Bryna Sanger, 2003; McConnell et al, 2003).

Three of the British studies, for example, compared the positive results of *Employment Zones* (*EZs*, see Box 6 for explanation) and *New Deal* programs finding that both had net impacts on the destination of long-term unemployed participants but that the *EZs* appeared to be more effective. One study found that a year after eligibility, 34% of *EZ* participants had experienced a spell of work at some time, compared to 24% in the comparison group (Hales et al, 2003). Another study found that 8% more 25 to 50 year old *EZ* participants started jobs, and 10% more retained those jobs at 13 weeks, than in comparable *New Deal* areas (Griffiths and Durkin, 2007).

By contrast the German studies found that for the short-term unemployed private providers had a negative impact on employment outcomes (2.3% to 2.6%) and the probability of unemployment was 7% higher, whilst there were varied effects for the long term unemployed with positive impacts on some hard to help groups but adverse effects on those with more recent work experience (Winterhager, 2006; Bernhard and Wolff, 2008). A large scale French experimental study found that while more intensive support from PES and private providers increased participants' exit rates to employment by 4 to 9 percentage points, the impact of the PES program was "about twice as large" as those of the private providers (Behaghely et al, 2011:14; see Box 7). In Sweden the results from an experimental study found that private providers secured better outcomes, and higher wages after twelve months, for immigrant participants, but they had worse results on both indicators than the PES for younger participants (Benmarker et al, 2009).

**Box 6: Evaluations of Private Provision: UK *Employment Zones* and the *New Deal 25 Plus***

The *Employment Zones* (*EZs*) were established in 15 areas of high unemployment in 2000 and operated until 2011. They were delivered by seven contracted providers, nearly all of which were for-profits businesses. Providers were paid a fee for completing an action plan with each adult long term unemployed participant but most of their income depended on getting people into employment that was sustained for at least 13 weeks.

The *ND25+* was the program for long term unemployed people in the rest of the country. It involved support from a PES personal adviser who tried to place a participant in an initial

gateway period that could last 16 weeks, including a period of compulsory full time job search activity. This was followed by an “Intensive Activity Period” for up to 13 weeks, where the adviser would refer the participant to a short program that could comprise work experience/placements, work focused training and/or help with motivation and soft skills. This provision was delivered by subcontractors who were largely paid through service fees.

The *EZs* were not designed to provide a direct comparison between state and private delivery of employment services, as the *New Deal* was also in part delivered by contractors. The *EZs* were instead used to test and assess whether contractors could deliver better outcomes when they have more flexibility to design their own interventions rather than following the more prescriptive sequence of employment assistance available in the standard *New Deals*.

The positive results from the *EZs* informed the design of the much larger scale, and recently introduced British *Work Program*, where a small number of subcontracted prime providers are being paid almost wholly on the basis of placing people in jobs and sustaining them in employment for up to two years. See <http://www.dwp.gov.uk/supplying-dwp/what-we-buy/welfare-to-work-services/work-program/>

#### **Box 7: Comparing the results of the French Public Employment Service vs. subcontractors**

In 2007 Unedic, the then French social insurance agency, commissioned external contractors to work with 41,000 jobseekers eligible for at least a year of unemployment benefits. Eleven private companies were selected to deliver intensive job search support in 16 areas and jobseekers were allocated to them for up to six months. The payment structure comprised 30% of the maximum payment paid when the jobseeker enrolled on the programme; 35% paid if the jobseeker found a job within six months and the remaining 35% paid after six months employment. The maximum possible payment varied in each area, between €3,000 and €3,947. The French PES (then ANPE) responded to this competitive pressure and launched its own in-house intensive programme in 2007 for 40,000 participants.

The agencies agreed on an experimental random assignment evaluation which covered 393 local

PES offices, involving more than 200,000 job seekers. Jobseekers were free to refuse participation in either of the intensive options.

The evaluation compared the performance of the private providers with both an enhanced service offered by ANPE and the less intensive service the PES normally provided. The evaluation found that both variants of intensive services “used the same method and basic ingredients” involving, for example, at least weekly contact, monthly face-to-face meetings and caseload ratios of about 40 to 1, compared to the 120 to 1 in mainstream PES provision (Behaghely et al, 2011: 6).

The evaluation found that both private and public variants of more intensive job search provision increased the participants’ exit rates to employment by 4 to 9 percentage points, a 15% to 35% increase against exit rates of about 25% from conventional PES delivery. The effects were pervasive across sub-populations but tended to be “stronger among job seekers with a higher probability of long-term unemployment” (Behaghely et al, 2011: 3). The study also found that the impact of the PES higher intensity programme was “about twice as large” as those of the private providers with the gap being “statistically significant’ for up to six months after random assignment. In the areas where the two intensive programmes were in direct competition, the PES impact was 11 points after 3 months with the private provider starting to catch up after six months. The evaluation found that the impact of both PES and private providers was weaker in areas where they operated singly suggesting that direct competition improved performance (Behaghely et al, 2011: 14).

It is difficult to draw firm conclusions from these disparate findings. Each of the studies used varying methodologies, with relative strengths and weaknesses. Each study also focused on the results from specific subcontracting systems in a particular period in individual countries. Voluntary and differential participation in subcontracted services limited the validity of findings from the random assignment experiments. Most of the studies were undertaken also in the early phases of the development and implementation of subcontracting reforms and they highlight faults in the design of contract incentives and procurement processes. In the respective countries

studied the subcontracting systems have since been changed with significant design reforms, many made in response to the evidence emerging from these and other evaluations.

One particular issue is that the European studies largely compared one general form of PES provision against all private providers and they gave little information on the characteristics and performance variation between different private providers. One of the advantages of subcontracting is, however, the ability over time to select better performing providers with less effective providers losing contracts or leaving the market.

Indeed, the findings from Australian research suggest efficiency gains and cost reductions from subcontracting take time to emerge. One Australian study reported that the net impact of contracted out intensive assistance targeted at the long-term unemployed and most disadvantaged had increased from 0.6% in 2001, to 6.2% in 2002, to 10.1% in 2005 (DEWR, 2006: 4). Australian officials emphasize also that the raw cost-per-employment outcome for PES delivery was around A\$8,000 in 1994, and fell to about A\$6,500 in the first wave of subcontracted delivery, and then to A\$3,500 by 2005 (Carters 2010: slide 26). The improved impacts were achieved only as the federal department developed its knowledge of the performance capacity of different private providers, excluded poor performers, and improved its ability to steer the program through competition and more effective performance management (Finn, 2011).

The findings from the impact evaluations and other studies reviewed show mixed results from subcontracted employment services provision. The key insight is, however, that both non-profit and for-profit providers can, under well designed contractual arrangements, improve outcomes for particular groups and bring innovation to service delivery. The competitive pressure they bring may also prompt improved PES performance (see Box 7).

## **6. The role of ALMPs in the economic downturn**

Latin America and the Caribbean is a region with a long history of swings in unemployment and underemployment in response to economic crisis. While recent evidence demonstrated that most of Latin America and the Caribbean recovered relatively quickly from the most recent financial crisis, short-term employment related effects were particularly pronounced in Mexico and Central American markets closest to the United States (Mazza, 2011). Recent OECD evidence indicates that redesigned ALMPs, as described in earlier sections, aided adjustment to economic downturns. There is evidence that prior to the recession the employment rate increased and

unemployment fell quicker in those OECD countries that had redesigned their ALMPs within a comprehensive activation strategy (EC, 2006; OECD, 2005). There is some evidence also that so far such countries have been better placed to adjust to the shocks generated by the ‘global financial crisis’ and have experienced lower levels of unemployment than might otherwise have occurred (OECD, 2011).

Another significant development is that OECD countries which introduced pre-crisis reforms in benefit and activation systems seem to have been administratively “better prepared to cope with the rapid increase in unemployment” (OECD, 2011: 282). Earlier reforms aimed at “broadening coverage, tightening eligibility, increasing conditionality and making work pay” increased the effectiveness of the emergency measures taken to deal with the shocks of the “global financial crisis”.

## **7. Policy Conclusions and Perspectives for Latin American and Caribbean Countries**

Public policy choices are shaped by a wide range of political, economic and institutional factors but a trend in OECD countries has been the extent to which activation and ALMP reforms have been influenced by findings from evaluation studies. Indeed, the European Commission and OECD have promoted the development of evidence-informed policy making, encouraging national ministries and PESs both to monitor program outcomes, sponsor research and evaluations and to learn from the findings available from other countries and from comparative reviews.

In many of the countries that have been in the forefront of these reforms, such as Germany, New Zealand and the UK, performance monitoring and evaluation research have been embedded in their implementation strategies. In each of the countries’ governments have drawn on evidence of “best practice” to design and redesign job search requirements, employment programs and earnings supplements. Over time program design has been tested and modified in the light of findings from impact and process evaluations with many innovations, especially in the UK, being piloted and tested prior to fuller implementation (findings from ALMP evaluations undertaken in each of these three countries are synthesized in Brewer, 2008; Caliendo, 2009; Jacobi and Kluge, 2007; Johri et al, 2004).

Recent OECD evidence reviews uphold an emerging consensus that “services and sanctions” – employment services in developing country contexts – including support from case managers with job search and matching, have the most positive impact on subsequent employment rates. By contrast both direct job creation schemes and classroom based skills training programs perform rather badly, unless they are small in scale and targeted, and/or unless they are strongly “employer-oriented” and linked to practical job experience in a real employment environment. Estimated impacts quite often differ between men and women and between young people and the adult unemployed. Whilst the estimated net impacts often appear small they are, especially in the context of guaranteed minimum income systems, likely to have significant cumulative economic and budgetary effects.

The evaluation evidence suggests also that ALMPs are more effective when integrated in a combined approach where job search support is supplemented by selective referrals to training or other longer term programs only for those found to be most likely to benefit from participation. This is now a characteristic of the approaches targeted at unemployed young people in many OECD countries. This should be of particular interest to Latin American and Caribbean nations which are designing referral and training services as part of advancing the development of their public employment services.

The findings from the OECD evidence reviews provide useful policy insights but it is important to stress that the policies and the findings on relative ALMP effectiveness have been shaped within distinctive labor markets, governance arrangements and social security systems. Much of the recent OECD evidence was also generated in national contexts until recently characterized by jobs growth and falling unemployment. The concerns about, and relative findings on, the “lock-in” effects of training and temporary employment programs, for example, may mean such investments have higher value in a period of sustained higher unemployment (Forslund et al, 2011).

There are other reasons to be cautious when seeking to learn from the evidence derived from OECD experience. While there have been few impact evaluations of ALMPs in developing countries the findings suggest that the effects of different types of programs may differ from the effects found in OECD countries. Betcherman et al (2007, 2004) report findings which suggest that the evaluated training programs for youth seem to have had a more positive impact in developing countries and evaluations of public works programs had been more favorable in

transition countries than in developed countries. Findings from high quality evaluations of youth training programs in Latin America highlight also the heterogeneity of impacts in different countries with variable effects for different groups of participants but with significantly higher employment effects for women in Colombia and Panama (Ibarrarán and Rosas Shady, 2009). Such differential impacts may be attributable to a number of factors ranging from institutional capacity to higher levels of informality or the greater proportion of disadvantaged populations and such factors must be taken into account when seeking to adapt best practices from OECD countries.

Despite the differences in institutional capacity, labor market contexts and welfare arrangements, there are worthwhile lessons for Latin American and Caribbean countries as they consider the future configuration of their “cash transfer”, public training and labor intermediation services.

Some lessons concern avoiding earlier OECD mistakes, for example, in allowing cash transfer systems or other forms of income supports to become passive, especially for the long-term unemployed, or to encourage transitions into retirement or disability benefits as a way of reducing unemployment. This would be particularly important for Latin American and Caribbean countries considering the implementation of unemployment insurance schemes that also need to consider the development of employment services able to effectively monitor and support job search. The experience in most OECD countries from responses to earlier recessions was that inadvertently encouraging disconnection from work became entrenched and it has taken many years to reverse such policy choices and create more employment-focused benefit systems. More positive lessons concern ways in which varying social protection and social assistance or cash transfer systems may be developed and implemented to encourage and require people who are capable of work to seek and take jobs.

The purpose of “activating” benefit systems is to have workless people engage in employment-focused activities in a new way. This is likely to be effective only if the users of the system perceive increased opportunities in the new regime. This involves a combination of services that help reduce employment barriers, incentives that “make work pay” and work-related requirements and sanctions.

The first phase of activation reform involved modernization of benefit rules for the unemployed to require “active” job search, to ensure they took advantage of available labor

market opportunities, and to require the longer term unemployed to participate in employment assistance programs. In several countries the actual name of the cash payment was changed from “unemployment benefit” to, for example, the British “Jobseekers Allowance”, to reinforce the point that eligibility was designed to support and was conditional on active job search. In many OECD countries cash supports targeted at disadvantaged young people are paid only if they engage in education and/or work based training (echoing the design of Latin American “conditional cash transfers” for younger children).

Change has also been made in the organization, training and management of frontline staff, who may previously have administered benefits and bureaucratic reporting processes or been social workers. A significant innovation has concerned changing such staff into employment-focused frontline case workers or personal advisers and ensuring that the scarce resource of face-to-face contact time is targeted most at clients who have significant employment barriers where advisers can help with job search, broker access to job vacancies and services and enforce obligations. In OECD countries public agencies are increasingly encouraging more employable clients to use self-service channels to undertake their own job search whilst investing in a more personalized service targeted at the most disadvantaged groups. A key tool for advisers has been the development and use of individualized job seeking or reintegration agreements, signed by service users, which spell out responsibilities and rights and the agreed steps to be taken.

Evidence on the most effective combination of work-related requirements and services is mixed. In OECD countries different approaches and sequences of support are needed for the diverse groups subject to activation requirements, from early school-leavers or high school dropouts and the young and long term unemployed through to single parents and those with health issues. The cumulative evidence points to the effectiveness of a strong employment-focused “message” delivered through well-trained case workers or advisers, with the flexibility to tailor employment assistance and support services to meet the needs of individual service users. Engagement with such services may be secured through clear communication of requirements reinforced by varying sanctions.

Finally, institutional reforms have also been a critical component of change in OECD countries. Such reforms have included the introduction of performance based management and contracting systems alongside the development of “one stop” entry points to the PES. Key

factors have included requirements that the PES engage with harder-to-place groups, that there are effective referral arrangements with other agencies such as training providers and that in localities the PES and other local agencies develop more integrated services through partnership agreements.

### Annex A: Effects of US Welfare-to-Work reforms

| Outcome                   | Findings   |
|---------------------------|--|
| Caseload                  | <p>(1) Most studies show that both pre-1996 and post-1996 reforms contributed to caseload decline, although the improved economy also contributed a significant effect.</p> <p>(2) A large fraction, if not the majority, of the effect arose from decreased entry to the program rather than increased exit.</p> <p>(3) Those leaving welfare did so partly because of sanctions; those sanctioned were sometimes the more disadvantaged families rather than the more advantaged.</p> <p>(4) Those leaving welfare often lost access to other benefits and services.</p>   |
| Employment                | <p>(1) Most studies show positive net effects on employment rates.</p> <p>(2) Women who left welfare had employment rates of approximately 60% to 70%.</p> <p>(3) Employment rates of women on welfare rose from under 10% to over 30%.</p> <p>(4) Those who were not employed often had income from others in the family or from other transfer programs.</p> <p>(5) A high fraction worked full time as well as part time.</p>   |
| Earnings                  | <p>(1) Most studies show positive, if small, net effect on earnings.</p> <p>(2) There were increased earnings from other household members in the families of women who left welfare.</p> <p>(3) Hourly wage rates were above the official minimum wage.</p> <p>(4) Variable evidence on whether wages grow with experience after leaving welfare.</p>   |
| Family income and poverty | <p>(1) Most studies show increases in average family income and declines in poverty rates.</p> <p>(2) Women who left welfare had, on average, only small increases in income and declines in poverty. Those women who did not enter welfare experienced strong increases in income and declines in poverty.</p> <p>(3) The incomes of women who left welfare increased marginally because the loss of benefits almost cancelled out the increase in earnings and increase in other household members' income.</p> <p>(4) Some early studies showed a decline in income and increase in poverty among very low income single mother families; this effect was not found to show up in their consumption patterns.</p> |

Source: Moffitt R. (2008) *Welfare reform: the U.S. experience*, Discussion Paper No. 1334 08, Institute for Research on Poverty, Madison, Wisconsin. Adapted from Table 4: 26.

## References

- Behaghely L., Crepon B. and Gurgandy M. 2011. "Private and Public Provision of Counseling to Job-Seekers: Evidence from a Large Controlled Experiment." Centre de Recherche en Economie et Statistiques, at [http://java.ens.fr/~behaghel/PrivatePublicCounseling\\_%2020110331.pdf](http://java.ens.fr/~behaghel/PrivatePublicCounseling_%2020110331.pdf)
- Behncke S., Frohlic M. and Lechner M. 2007. "Unemployed and Their Caseworkers: Should They Be Friends or Foes?" IZA Discussion Paper, at [http://froelich.vwl.uni-mannheim.de/fileadmin/user\\_upload/froelich/members/Froelich/dp3149.pdf](http://froelich.vwl.uni-mannheim.de/fileadmin/user_upload/froelich/members/Froelich/dp3149.pdf)
- Benmarker H., Grönqvist E. and Öckert B. 2009. "Effects of outsourcing employment services: evidence from a randomized experiment." Working Paper 2009:23, IFAU, at <http://www.ifau.se/Upload/pdf/se/2009/wp09-23.pdf>
- Bergemann A. and van den Berg G.J. 2006. "Active Labor Market Policy Effects for Women in Europe: A Survey." IZA DP No. 236, Institute for the Study of Labor, Bonn, at <http://ftp.iza.org/dp2365.pdf>
- Bernhard S. and Wolff J. 2008. "Contracting out placement services in Germany Is assignment to private providers effective for needy job-seekers?" IAB Discussion Paper 5/2008, at <http://doku.iab.de/discussionpapers/2008/dp0508.pdf>
- Betcherman G., Godfrey M., Puerto S., Rother F. and Stavreska A. 2007. "A Review of Interventions to Support Young Workers: Findings of the Youth Employment Inventory" World Bank, at <http://www.youth-employment-inventory.org/downloads/1.pdf>
- Betcherman G., Olivas K. and Dar A. 2004. "Impacts of Active Labor Market Programs: New Evidence from Evaluations with Particular Attention to Developing and Transition Countries." Social Protection Discussion Paper No. 0402, World Bank, at <http://info.worldbank.org/etools/docs/library/251019/day6DiscussionPaperSeries0402April6Se1.pdf>
- Blank R. 2007. "What we know, what we don't know, and what we need to know about welfare reform." Working paper 07/19, National Poverty Center, University of Michigan.
- Bloom D. 2010. "Programs and Policies to Assist High School Dropouts in the Transition to Adulthood", *The Future of Children*, Princeton-Brookings, Vol. 20, No. 1, Spring 2010: 89-108, at [http://futureofchildren.org/futureofchildren/publications/docs/20\\_01\\_05.pdf](http://futureofchildren.org/futureofchildren/publications/docs/20_01_05.pdf)
- Bloom H. S., Hill C. J. and Riccio J. A. 2003. "Linking program implementation and effectiveness: Lessons from a pooled sample of welfare-to-work experiments", *Journal of Policy Analysis and Management*, Vol. 22 No.4, at [http://www.mdrc.org/publications/howard\\_bloom\\_jpam.pdf](http://www.mdrc.org/publications/howard_bloom_jpam.pdf)
- Bredgaard T. 2010. "Closing implementation gaps: A review of the transformation of implementation in Danish employment policy." Paper given at the International research conference "The global financial crisis and new governance of labour market policies", RESQ, 24-25 June, Copenhagen Denmark.
- Brewer M. 2009. "How do income-support systems in the UK affect labor force participation" Working Paper 2009:27, IFAU, Uppsalla, at <http://www.ifau.se/Upload/pdf/se/2009/wp09-27.pdf>
- Bryna Sanger M. 2003. *The Welfare Marketplace: Privatization and Welfare Reform*, Center for Public Service, Brookings Institution Press, Washington D.C.

- Card D., Kluve J. and Weber A. 2009. "Active Labor Market Policy Evaluations: A Meta-analysis." Working Paper No. 0902, The Austrian Center for Labor Economics and the Analysis of the Welfare State, Linz, at <http://www.laborrn.at/wp/wp0902.pdf>
- Carters, G. 2010. "The Australian approach." A presentation to New Zealand Welfare Working Group Forum Focusing services on employment, 9 June at <http://ips.ac.nz/WelfareWorkingGroup/Downloads/Graham-Carters-Focusing-services-on-employment-the-Australian-approach.pdf>
- D'Amico R. 2006. "What's Known About the Effects of Publicly-Funded Employment and Training Programs," prepared for U.S. Department of Labor Employment and Training Administration, Social Policy Research Associates, Washington DC, at [http://wdr.doleta.gov/research/FullText\\_Documents/Whats%20Known%20About%20the%20Effects%20of%20Publicly-Funded%20Employment%20and%20Training%20Programs%20-%20Final%20Report.pdf](http://wdr.doleta.gov/research/FullText_Documents/Whats%20Known%20About%20the%20Effects%20of%20Publicly-Funded%20Employment%20and%20Training%20Programs%20-%20Final%20Report.pdf)
- de Koning J. 2007. "Is the changing pattern in the use of active labour market policies consistent with what evaluations tell us about their relative performance?," in de Koning, J (ed.) *The Evaluation of Active Labour Market Policies: Measures, Public-Private Partnership and Benchmarking*, Edward Elgar, Aldershot.
- Dench S., Hillage J. and Coare P. 2006. "The impact of learning on unemployed, low-qualified adults: A systematic review." Research Report No 375, Department for Work and Pensions, at <http://research.dwp.gov.uk/asd/asd5/rports2005-2006/rrep375.pdf>
- DfES & DWP. 2007. "A Shared Evidence Base – The Role of Skills in the Labour Market." Department for Education and Skills and the Department for Work and Pensions, London, at <http://research.dwp.gov.uk/asd/asd5/rports2007-2008/roleofskillsreport.pdf>
- DEWR. 2006. *Customised Assistance, Job Search Training, Work for the Dole and Mutual Obligation - A Net Impact Study*. Department of Employment and Workplace Relations, Canberra.
- Dyke A., Heinrich C., Mueser P., Troske K. and Jeon K. 2006. "The effects of welfare-to-work program activities on labor market outcomes", *Journal of Labor Economics*, Vol. 24 No. 3: 567-608.
- European Commission. 2006. *Employment in Europe Report*, European Commission, Brussels.
- Eichhorst W., Konle-Seidl R. and Kaufmann O. 2008. *Bringing the Jobless into Work? Experiences with Activation Schemes in Europe and the US*, Springer, Verlag Berlin Heidelberg.
- Eurofound. 2010. "Financing and operating active labour market programmes during the crisis", Dublin, at <http://www.eurofound.europa.eu/pubdocs/2010/66/en/1/EF1066EN.pdf>
- Eurociett. 2008. "At the heart of Flexicurity: The contribution of private employment agencies to active labour market policies." European Confederation of Private Employment Agencies, Brussels, at [http://www.eurociett.eu/fileadmin/templates/eurociett/docs/position\\_papers/Leaflet\\_ALMP\\_final\\_version.pdf](http://www.eurociett.eu/fileadmin/templates/eurociett/docs/position_papers/Leaflet_ALMP_final_version.pdf)
- Eurostat. 2010. *Statistics in Focus*, 66/2010, European Commission, at [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-SF-10-066/EN/KS-SF-10-066-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-10-066/EN/KS-SF-10-066-EN.PDF)
- Finn D. 2011. "Subcontracting in Public Employment Services: Review of research findings and literature on recent trends and business models" The European Commission Mutual

- Learning Programme for Public Employment Services, DG Employment, Social Affairs and Inclusion, Brussels.
- FMLSA 2009. "Final Report on the Evaluation of the Experiment Clause Pursuant to Section 6c of SGB II: Comparative evaluation of the labour market policy success of the provider models 'Approved Local Providers' (zugelassener kommunaler Träger) and 'Joint Agencies' (Arbeitsgemeinschaft): Summary of the most important findings." Federal Ministry of Labour and Social Affairs, Berlin, at <http://www.bmas.de/EN/Service/Publications/f390-final-report-experiment-clause-pursuant-6c-sgb-III.html>
- Forslund A., Fredriksson P. and Vikström J. 2011. "What active labor market policy works in a recession?" Working Paper 2011:12, IFAU, at <http://www.ifau.se/Upload/pdf/se/2011/wp11-02-What-active-labor-market-policy-works-in-a-recession.pdf>
- Greenberg, D. H., Deitch V. and Hamilton G. 2009. "Welfare to work program benefits and costs: A synthesis of research." Manpower Demonstration Research Corporation, New York, at <http://www.mdrc.org/publications/511/overview.html>
- Greenberg, D. H., Cebulla, A. and Bouchet, S. 2005. "Report on a meta-analysis of welfare-to-work programs." Discussion Paper No. 1312-05, Madison, Wisconsin: Institute for Research on Poverty
- Greenberg D. H., Michalopoulos C. and Robins P.K. 2004. "Do Experimental and Non experimental Evaluations Give Different Answers about the Effectiveness of Government-Funded Training Programs?", *Journal of Policy Analysis and Management*, Vol. 25, No. 3: 523-552, Wiley InterScience, at <http://faculty.unlv.edu/cstream/assignments/PROEVAL725/Experimental%20vs%20Noexperimental%20Evaluations.pdf>
- Griffiths, R. and Durkin, S. 2007. "Synthesising the evidence on Employment Zones." Research report 449, Department for Work and Pensions, London, at <http://research.dwp.gov.uk/asd/asd5/rports2007-2008/rrep449.pdf>
- Grubb D. 2006. "Australia's quasi-market delivery of case management", paper delivered to the International Experts Workshop of the International Social Security Association, Brussels, 10-11 April, Brussels.
- 2004. "Principles for the performance management of public employment services", *Public Finance and Management*, Vol. 4 No. 3, Southern Public Administration Education Foundation.
- Hales J., Taylor R., Mandy W. and Miller M. 2003. "Evaluation of Employment Zones: Report on a Cohort Survey of Long-Term Unemployed People in the Zones and a Matched Set of Comparison Areas." National Centre for Social Research, London, at [http://research.dwp.gov.uk/asd/asd5/working\\_age/wa2003/176rep.pdf](http://research.dwp.gov.uk/asd/asd5/working_age/wa2003/176rep.pdf)
- Hamilton, G. 2002. "Moving people from welfare to work: lessons from the national evaluation of welfare-to-work strategies." Washington D.C.: US Department of Health and Human Services and US Department of Education
- Hasluck C. and Green A.E. 2007. "What works for whom? A review of evidence and meta-analysis for the Department for Work and Pensions." Research Report No. 407, at <http://research.dwp.gov.uk/asd/asd5/rports2007-2008/rrep407.pdf>

- Hasluck C. 2004. "Targeting Services in the Individual Customer Strategy: The Role of Profiling. A Review of the Evidence." Research Report No. 192, Department for Work and Pensions, Sheffield
- Heinrich C.J., Mueser P.R., Troske K.R., Jeon K. and Kahvecioglu D.C. 2009. "New Estimates of Public Employment and Training Program Net Impacts: A non experimental evaluation of the Workforce Investment Act Program." IZA, Institute for the Study of Labor, Bonn, at [http://www.iza.org/en/webcontent/events/izaseminar\\_description\\_html?sem\\_id=1664](http://www.iza.org/en/webcontent/events/izaseminar_description_html?sem_id=1664)
- Hendra R., Dillman K., Hamilton G., Lundquist E., Martinson K., Wavelet M., Hill A. and Williams S. 2010. "The Employment Retention and Advancement Project: How Effective Are Different Approaches Aiming to Increase Employment Retention and Advancement?" Manpower Development Research Corporation, New York, at <http://www.mdrc.org/publications/558/full.pdf>
- 2011. "Breaking the Low-Pay, No-Pay Cycle Final Evidence from the UK Employment Retention and Advancement (ERA) Demonstration." Research Report No 765, Department for Work and Pensions, at <http://research.dwp.gov.uk/asd/asd5/rports2011-2012/rrep765.pdf>
- Hill C. 2005. "Casework Job design and Client Outcomes in Welfare to Work Offices", *Journal of Public Administration Research and Theory*, Vol. 16 No.2, at <http://jpart.oxfordjournals.org/content/16/2/263.full.pdf>
- Hotz V., Imbens G. and Klerman J. 2006. "Evaluating the differential effects of alternative welfare-to-work training components: a reanalysis of the California GAIN program", *Journal of Labor Economics*, Michigan Vol. 24 No. 3: 521-566
- Ibarrarán P. and Rosas Shady D. 2009. "Evaluating the Impact of Job Training Programs in Latin America: Evidence from IDB funded operations", *Journal of Development Effectiveness*, Vol. 1, Issue 2., pp 195-216, Taylor and Francis, at <http://ideas.repec.org/a/taf/jdevef/v1y2009i2p195-216.html>
- Jacobi L. and Kluge . 2007. "Before and after the Hartz reforms: The performance of active labour market policy in Germany", *Zeitschrift für Arbeitsmarkt Forschung*, Vol. 40, Issue. 1: 45-64, at [http://doku.iab.de/zaf/2007/2007\\_1\\_zaf\\_jacobi\\_kluve.pdf](http://doku.iab.de/zaf/2007/2007_1_zaf_jacobi_kluve.pdf)
- Johri R., de Boer M., Pusch H., Ramasamy S. and Wong K. 2004. "Evidence to date on the working and effectiveness of ALMPs in New Zealand." Ministry for Social Development, Wellington, at <http://www.dol.govt.nz/publication-view.asp?ID=197>
- Kaps P. 2010. "Public and private placement services during "Germany's jobs miracle", paper given at the International research conference "The global financial crisis and new governance of labour market policies", RESQ, 24-25 June, Copenhagen Denmark.
- Kluge J. 2010. "The effectiveness of European active labor market programs", *Labour Economics*, 2010, Volume 17, Issue 6: 904-918.
- 2006. "The effectiveness of European Active Labor market policy." IZA DP No. 2018, Institute for the Study of Labor, Bonn at [http://www.iza.org/conference\\_files/SPEAC2006/kluge\\_j515.pdf](http://www.iza.org/conference_files/SPEAC2006/kluge_j515.pdf)
- Kluge J., Fertig M., Jacobi L., Nima L., Schaffner S. and Schmidt C.M. 2005. "Study on the effectiveness of ALMPs." Research Report for the European Commission, RWI, Essen, at <http://ec.europa.eu/social/BlobServlet?docId=3190&langId=en>
- Lagerström 2011. "How important are caseworkers – and why? New evidence from Swedish employment offices." IFAU Working Paper 2011:10, Institute for Labour Market Policy

- Evaluation, Uppsala, at <http://www.ifau.se/Upload/pdf/se/2011/wp11-10-How-important-are-caseworkers-and-why.pdf>
- Martin J. P. and Grubb D. 2001. "What Works and for Whom: A Review of OECD Countries' Experiences with Active Labour Market Policies." Working Paper Series 2001:14, Uppsala: Institute for Labour Market Policy Evaluation (IFAU).
- Martin J.P. 1998. "What works among active labour market policies: evidence from OECD Countries' experiences." Occasional Papers No. 35. Paris: OECD.
- McConnell S., Burnwick A., Perez-Johnson I. and Winston P. 2003. "Privatization in Practice: Case Studies of Contracting for TANF Case Management." Final Report prepared by Mathematica Policy Research Inc. for the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, Washington DC, at <http://aspe.hhs.gov/hsp/privatization-rpt03/>
- Meager N. 2008. "The Role of Training and Skills Development in Active Labour Market Policies." Institute for Employment Studies, Sussex, at <http://www.employment-studies.co.uk/pdflibrary/wp15.pdf>
- Moffitt R. 2008. "Welfare reform: the U.S. experience." Discussion Paper No. 1334 08, Institute for Research on Poverty, Madison, Wisconsin, at <http://www.irlp.wisc.edu/publications/dps/pdfs/dp133408.pdf>
- Mosley H. 2011. "Decentralisation of Public Employment Services." The European Commission Mutual Learning Programme for Public Employment Services, DG Employment, Social Affairs and Inclusion, Brussels.
- National Audit Office 2008. "The roll-out of the Jobcentre Plus office network." London, at [http://www.nao.org.uk/publications/0708/the\\_roll-out\\_of\\_the\\_jobcentre.aspx](http://www.nao.org.uk/publications/0708/the_roll-out_of_the_jobcentre.aspx)
- National Audit Office 2006. "Jobcentre Plus: delivering effective services through Personal Advisers." National Audit Office, London.
- NESC 2011. "Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession." Report No. 123, National Economic and Social Council, Dublin
- Nunn A., Bickerstaffe T. and Mitchell B. 2009. "International review of performance management systems in Public Employment Services," Research Report No 616, Department for Work and Pensions, London at <http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep616.pdf>
- OECD 2011. "OECD Economic Outlook" No. 89, May, Organisation for Economic Cooperation and Development, Paris.
- 2010a. "Off to a Good Start? Jobs for Youth." Organisation for Economic Cooperation and Development, Paris.
- 2010b. "Israel: OECD Reviews of Labour Market and Social Policies." Organisation for Economic Cooperation and Development, Paris.
- 2010c. "Sickness, Disability and Work: breaking the barriers." Organisation for Economic Cooperation and Development, Paris.
- 2007. "Decentralisation and Coordination: The Twin Challenges of Labour Market Policy." Preliminary background note for the 2<sup>nd</sup> Venice Conference, CFE/LEED (2007)14, Organisation for Economic Cooperation and Development, Paris.
- 2005. "*Labour Market Programmes and Activating Strategies: Evaluating the Impact.*" Organisation for Economic Cooperation and Development, Paris.
- 1994. "The OECD Jobs Study: Facts, Analysis, Strategy." Organisation for Economic Cooperation and Development, Paris.

- Productivity Commission 2002. "Independent Review of Job Network." Productivity Commission, Canberra.
- Quintini G., Martin J.P. and Martin S. 2007. "The Changing Nature of the School-to-Work Transition Process in OECD Countries." IZA Discussion Paper No. 2582, Institute for the Study of Labor, Bonn, at <http://ftp.iza.org/dp2582.pdf>
- Riley R., Kirby S., Meadows P., van de Ven J. and Barrell R. 2007. "Evaluation of the macroeconomic impact of Jobcentre Plus and Jobseeker's Allowance New Deals: a feasibility study." Research Report No 433, Department for Work and Pensions, London, at <http://193.129.121.133/asd/asd5/rports2007-2008/rrep433.pdf>
- Rudolph H. and Konle-Seidl R. 2005. "Profiling for Better Services: Report on the European Profiling Seminar." Nuremberg, January 12-14, European Commission (DG Empl), Brussels.
- Scrivener S., Walter J., Brock T. and Hamilton G. 2001. "National Evaluation of Welfare-to-Work Strategies: Evaluating Two Approaches to Case Management: Implementation, Participation Patterns, Costs, and Three-Year Impacts of the Columbus Welfare-to-Work Program." Manpower Development Research Corporation, at <http://www.mdrc.org/publications/85/execsum.pdf>
- Vikström J., Rosholm M. and Svarer M. 2011. "The relative efficiency of active labour market policy: evidence from a social experiment and non-parametric methods." IFAU Working Paper 2011:7, Institute for Labour Market Policy Evaluation, Uppsalla, at <http://www.ifau.se/Upload/pdf/se/2011/wp11-07-The-relative-efficiency-of-active-labour-market-policies.pdf>
- hite M. 2000.) "Evaluating the effectiveness of welfare to work: learning from cross-national evidence", in Chitty C. and Elam G. *Evaluating Welfare to Work*, In-house report 67, Department of Social Security, London.
- Winterhager H. 2006. "Private Job Placement Services – A Microeconomic Evaluation for Germany." Discussion Paper No. 06-026, ZEW, Centre for European Economic Research, at <ftp://ftp.zew.de/pub/zew-docs/dp/dp06026.pdf>
- Yeo A. 2007. "Experience of work and job retention among lone parents: an evidence review." Working Paper 37, Department for Work and Pensions, London, at <http://research.dwp.gov.uk/asd/asd5/WP37.pdf>