Engaging jobseekers early in the unemployment spell – OECD lessons

30 April – 1 May 2012
David Grubb, OECD Employment Analysis and Policies Division
• When is “early” in an unemployment spell?
• Different types of intervention:
  – Early registration and job-search requirements
  – Jobseeker profiling, detailed registration, time-varying suitable-work requirements
  – Individual action plans
  – Interview frequency
  – Timing of referrals to ALMPs
• “Prevention” vs “cure” – some swings of strategy
• Delivery of employment services with short-term UI
**When is early?**

- **Cases with high vs. low incidence of LTU**

<table>
<thead>
<tr>
<th>Exit rate in first month</th>
<th>0.1381</th>
<th>0.244</th>
</tr>
</thead>
</table>

**Percentage of new spells that continue for**

<table>
<thead>
<tr>
<th>Duration</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 3 months</td>
<td>66%</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>27%</td>
</tr>
<tr>
<td>More than 3 and up to 12 months</td>
<td>30%</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Percentage of the unemployed who have been unemployed for:**

<table>
<thead>
<tr>
<th>Duration</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 months or less</td>
<td>20%</td>
</tr>
<tr>
<td>More than 3 and up to 12 months</td>
<td>30%</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>50%</td>
</tr>
</tbody>
</table>

- Exit rates decline with unemployment duration
- Where LTU < 20%, the majority of spells end in < 3 months
- Duration data are sensitive to the treatment of breaks: administrative vs. LFS data may be very different
Very early intervention

• In DE and NL:
  – workers must register with the employment agency as soon as they know they will be losing their job (otherwise they risk loss of benefits)

• In some cases (e.g. US TANF claims):
  – must register for work or prove job search during a period between the start of unemployment and the start of benefit (benefit waiting period)
Detailed jobseeker registration

• Commonly at the start of the spell
  – Jobseeker characteristics – basic registration, industry/occupation, qualifications – are registered, as the basis for matching to vacancies
  – Jobseeker profiling (using administrative records, an additional questionnaire, a case-manager assessment) allocates new jobseekers across service streams.

• In countries with high turnover rates, initial registration is a significant element of costs
  – initial registration procedures are kept simple in order to limit costs
Duration variation in suitable-work requirements

- In most countries claimants are able to restrict job-search to their former or their preferred occupation at the start of a spell (this affects PES referrals to job vacancies)

- After 3 months in some countries, ranging up to 12 months or more in others, all types of work are considered suitable

- Applies to UI and perhaps UA (unemployment assistance) benefits. There is usually no “occupational protection” for social assistance benefits
Profiling for early provision of intensive assistance

• Administrative data and additional questions to the jobseeker are used to identify target groups that are more likely to become long-term unemployed

• Clients are filtered into 2 or more groups that receive different levels of employment services (e.g. 2 categories – e.g. is/is not referred to job-search training; 4 service levels in Australia)

• Detailed profiling is not used (although some simple filters e.g. age <25 / > 25 are used) in most OECD countries
Individual action plans (IAPs)

• The IAP is usually a written agreement between the jobseeker and the PES, setting out expected actions by both parties, signed by both parties.
• In the 1990s, OECD countries that used IAPs often set them up after 12 months of unemployment (5 in Finland), with follow-up in one or two interviews.
• Currently, IAPs are often set up at the start of the spell, and reviewed and updated through regular interviews.
• The content of IAPs varies, e.g. set out restrictions on availability for work and the type of job sought; plan participation in ALMPs.
Regular interviews

- In-person visits to the local employment office
  - every two weeks or every month or variable but not more than 3-month intervals
  - perhaps restricted to claim renewal and job-search reporting, with more-intensive interviews at longer intervals

- Sometimes (examples)
  - No or less-frequent follow-up contacts with job-ready unemployed in the first 3 months (self-service approach)
  - Less-frequent contacts with the very long-term unemployed (VLTU) (related to: relatively low impact of assistance, or different types of assistance seen as more effective).
• Participation in *vocational training* is generally voluntary with entry to training fairly early in the unemployment spell.
  – But where unemployment benefits (more generous than training allowances available to non-jobseekers) are paid, there are restrictions on early entry to training

• *Job-creation* is more likely to be a last-resort measure, targeted on the long-term unemployed
“Prevention” vs. “cure” strategies

- “Cure” = strategy targeted on the long-term unemployed (> 12 months in the case of adults)
  - some activation strategies at first focused interventions on this group.
- “Prevention” = strategy to increase the rate of exit from unemployment early in the spell, so that few people become long-term unemployed)
  - e.g. activation strategies focused on the volume and the rapidity of job placements by the PES
  - “Prevention” may seem effective for a while in good labour market conditions, but “cure” elements are needed in poor labour market conditions, when structural unemployment is high and when hard-to-place groups (e.g. People with disabilities) are being treated as unemployed.
Short-term UI benefits and activation

• ALMP delivery is related to benefit payment – when no benefit is paid, participation in ALMPs is low.
  – Training programmes for the unemployed can pay a small allowance to participants who have no benefit entitlement.

• In Japan, UI benefit duration is short, esp. for those with a long contribution record, but the PES plays a significant role in matching processes
  – The PES has close relationships with employers over questions of UI contributions
  – During a three month benefit claim, the jobseeker has 3 counselling sessions and sees a wide range of job vacancies
    • Familiarisation with opportunities in the labour market
    • Familiarisation with the full range of PES services