



INSTITUTE FOR EMPLOYMENT
RESEARCH
The Research Institute of the Federal Employment Agency

RCTs in the German Federal Employment Agency

IZA/UCPH Workshop

Evaluation of Labor Market Policies: New Data and New Approaches

Copenhagen, September 12-13, 2019

Gesine Stephan



BACKGROUND

Labor market regulations and programs in Germany

- Evaluation studies are in high demand
- But: Often only after regulations and programs have been designed or implemented
- In particular: No culture of conducting field experiments (yet)

Institute for Employment Research (IAB)

- Research institute of the German Federal Employment Agency (BA), tight collaboration with Federal Ministry of Labour and Social Affairs (BMAS)
- Founded 1967, more than 300 employees
- Scientifically independent research, advises political actors at all levels, unique access to BA register data
- Research data center provides standardized data products for scientific community

EXPERIMENTAL TOPICS AT IAB SO FAR

Treatment within local labor market agencies (UI)

- Contracting-out placement services for hard-to-place unemployed ^a
- Timing of integration agreements ^{a,b,c}
- Action plans / intensified placement services ^{a,b,c,d}
- Early placement activities ^a
- Intensified occupational counselling in high schools ^{e,a}

Treatment within job centers (SA)

- Timing of integration agreements and related sanctions ^{a,b,c,d}

Information treatments on programs (UI)

- Wage support program ^{a,b}
- Training subsidies for employed workers ^{a,b}
- Voluntary unemployment insurance ^{a,b,c}

IAB external project:
Altmann et al. (2018) JPE

*a) C1/IAB, b) Gerard van den Berg (U Bristol), c) Arne Uhlendorff (CREST), d) Foko/IAB, e) E1/IAB
UI = Unemployment insurance system, SA = Social assistance system*

EXPERIMENTS COMBINE SEVERAL DATA SOURCES

Field experiments within local BA units

Randomization by means of an electronic tool used within local BA units, results stored in database

Info-treatments

Recipients and control group drawn from register data

IAB register data products

Drawn from information historized in the data warehouse of BA, major source on initial information (balancing) and on labor market outcomes

Snapshots from operative systems

Drawn from information not historized in the data warehouse of BA (e.g. email addresses and caseworker identifier)

Survey data

CATI and/or online-surveys of treatment and control group, online-surveys of caseworkers

Qualitative work

Interviews with treated and untreated persons, caseworkers and managers

EXPERIMENTS INVOLVING LOCAL BA UNITS

OUR LOCALLY USED RANDOMIZATION TOOL

Elektronischer Münzwurf (EMU): Zentrale

Customer information

Kundennummer: *

Nachname: *

Teilnahme/Absagegrund:

Wiedervorlage/Grund:

Result of assignment

(Erstellungsdatum)

(Gruppe)

Hilfe

Assignment button

Verteilen Suchen/ Bearbeiten Änderungen speichern Eingabemaske leeren Programm beenden

For each experiment, use of the tool requires consent of

- BA data protection officer
- BA employee council

Tool allows to customize

- N of randomization cells
- allocation fractions

Tool has already be used by

- caseworkers
- entry zone employees
- service center employees

PLANNING THE EXPERIMENT

Getting access

- Experiments within local BA units have rather high opportunity costs in terms of foregone working time
- Someone with decision authority must be confident that findings can be sufficiently useful for the organization to justify these costs
- Local BA units have a high degree of discretion (also regarding participation in a field experiment)

What kinds of treatment are suited for an experiment within local BA units?

- To our experience, rather processes than products
- Products (e.g. further training) are defined by law and supposed to be offered to those who need them
- Processes are also often framed by law, but there is some scope of interpretation
- Treatment has to fit into established procedures of local BA units (e.g. customer contact concept)

DESIGNING THE EXPERIMENT

Determining the sample

- So far, restricted number of participating local BA units (no external validity)
- Very detailed definition of participants (usually particular entry cohorts, with several exceptions)
- Power analysis is of course essential

Ethical and legal aspects

- Main requirements: Members of treatment group do not experience any disadvantages; aim of the project is to test differential administrative actions
- Informed consent: Can be dispensed if selectivity could threaten the generalizability of results
- Information of participants: Can be dispensed if subsequent changes in behavior could threaten the generalizability of results

IMPLEMENTING THE EXPERIMENT

Implementation issues

- Campaign for participating local BA units through regional directorates (we assigned them once and it did not work really well)
- Early exchange with involved local BA units is essential for successful implementation (we now usually constitute a project board that meets before, during, and after the field phase)
- IAB organizes and conducts training of involved BA employees; important to have good instruction material (clarify as much details as possible before project starts, ask caseworkers to check materials)
- ProIABs (IAB employees situated in labor market agencies): Support training and hold contact to local BA units

Further aspects

- Try to obtain data to check compliance as well as some qualitative information
- Plan for some intermediate results (no administration will be happy with an announcement that the first results will be available after 4 years or so)


AN EXAMPLE: THE TIMING OF INTEGRATION AGREEMENTS

Gerard van den Berg, Barbara Hofmann, Gesine Stephan, Arne Uhlendorff

INTEGRATION AGREEMENTS IN THE GERMAN UI SYSTEM

Integration agreement

- Written contract that stipulates rights and obligations of a jobseeker
- Concluded and signed by jobseeker and his/her caseworker during first meeting
- Prescribed by federal law (we could only manipulate timing) and legally binding
- May be imposed unilaterally by caseworker if the jobseeker refuses to sign

Ziel-/Eingliederungsvereinbarung  **Bundesagentur für Arbeit**
Agentur für Arbeit

zwischen

und

Es werden aufgrund der Zielsetzung nachfolgende Aktivitäten bis zum nächsten Termin verbindlich vereinbart

Zielsetzung	Nächster Termin am
Aufnahme einer Tätigkeit als Physiotherapeutin durch bundesweite Arbeitsplatzsuche	Spätestens nach 2 Monaten (entsprechend KKK)

Vereinbarte Aktivitäten des Kunden bis zum nächsten Termin

- Überprüfen Sie Ihr soeben erstelltes und veröffentlichtes Bewerberprofil unter www.arbeitsagentur.de mit der Referenznummer ...
- Informieren Sie sich im Internet über die richtige Bewerbungsstrategie (z.B. www.bewerbungsdschueler.de).
- Erstellen Sie einen Qualifizierungsplan mit den Inhalten, die Ihnen nach Ihrer persönlichen Einschätzung zur erfolgreichen Berufsausübung fehlen und leiten mir diesen per Mail bis zum ... (1 Woche) zu.
- Bewerben Sie sich bundesweit als Physiotherapeutin auf mindestens 10 ausgeschriebene Stellen pro Monat.
- Bieten Sie bei Ihren Bewerbungen ein Einarbeitungs-/Qualifizierungspraktikum von bis zu 8 Wochen an. Melden Sie sich vor Beginn des Praktikums telefonisch im Service Center (Tel.-Nr.: ...), damit wir die erforderlichen Formalitäten erledigen können.
- Erstellen Sie bis zum nächsten Beratungsgespräch einen Aktionsplan, welche weiteren Aktivitäten Sie bis wann unternehmen wollen, um Ihre Arbeitslosigkeit zu beenden und bringen ihn zum Gespräch mit.
- Nutzen Sie auch weiterhin das Angebot von Jobbörsen im Internet, zum Beispiel unter www.arbeitsagentur.de - Informationen für Arbeitnehmer - Arbeitsuche - Arbeitsmarktportal.
- Bitte führen Sie eine Gesamtübersicht über Ihre Bewerbungsaktivitäten und senden Sie mir diese monatlich per Mail zu (E-Mail-Adresse) oder geben Sie diese in der Eingangszone der Agentur für Arbeit ab. Datum der Bewerbung, Unternehmen, Art der Bewerbung und Stand sollten aus der Gesamtübersicht hervorgehen (siehe Beispielübersicht in der „Job-Profi-Mappe“). Erster Termin ist der ...
- Bitte bringen Sie zu allen persönlichen Beratungsgesprächen mit Ihrem Vermittler die aktualisierte schriftliche Gesamtübersicht über Ihre Bewerbungsaktivitäten mit.

• Bitte teilen Sie uns unbedingt sofort mit, wenn sich Ihre Adresse, E-Mailadresse, Telefonnummer oder Handynummer ändert. Denn wir rufen Sie an, wenn wir passende Stellen für Sie haben!

Aktivitäten der Agentur für Arbeit

- Wir veröffentlichen Ihr Bewerberprofil im Internet unter www.arbeitsagentur.de. Sie finden es unter der Referenznummer ... (Pfad: Arbeitgeber – Bewerber suchen – Referenznummernsuche).
- Sollten wir für Sie passende Stellen als Physiotherapeutin haben, rufen wir Sie an. In Einzelfällen senden wir Ihnen auch direkt ein Stellenangebot zu.
- Wir unterstützen Sie finanziell während eines selbst gesuchten Praktikums im Rahmen einer „betrieblichen Trainingsmaßnahme“ (max. 8 Wochen).
- Unter bestimmten Voraussetzungen können finanzielle Unterstützungen, wie z.B. Bewerbungen, Reisekosten zu Vorstellungsgesprächen innerhalb der Bundesrepublik Deutschland gewährt werden.
- Die Internetarbeitsplätze sind während folgender Öffnungszeiten ... in der Agentur für Arbeit ... (z.B. im BerufsinformationsZentrum...) kostenlos nutzbar. Hier können Sie auch Bewerbungen schreiben und ausdrucken.

Die Ziel-/Eingliederungsvereinbarung wurde mit mir besprochen, ein Exemplar habe ich erhalten. Ich verpflichte mich, die vereinbarten Aktivitäten einzuhalten und beim nächsten Termin über die Ergebnisse zu berichten.

Datum

Unterschrift des Kunden/ der Kunden

Unterschrift des Vermittlers/ der Vermittlerin

Rights

Duties

Signatures

WHY A BA-MANAGER LIKED THE IDEA OF AN EXPERIMENT

Intended functions of an integration agreement

- Transparency
- Commitment
- Guidance during placement process

⇒ derived: labor market prospects

Monitoring and qualitative findings 2011

- Agreements often missing or deficient, often (too) standardized
- Many caseworkers did not like them, many unemployed perceived them as bullying

⇒ instrument was under pressure



IAB policy report 2011
"Reform objectives not yet achieved" (results from qualitative study)

THE EXPERIMENTAL DESIGN

Group	Month of unemployment					
	1	2	3	4	5	6
0	As usual					
A	IA					
B	Announce- ment		IA			
C			IA			
D						IA

- Unemployment entries between 7/2012 and 1/2013
- Not registered as unemployed for at least 3 months
- Eligible for unemployment benefit receipt, not disabled, 25 and older

5 local labor market agencies
(obstacles in 2 out of 7)
Selected because they did not
participate in any other pilots



DATA AND SAMPLE IN SCIENTIFIC PAPER

Sample

- Men, age 25-65
- Randomization within 42 days after unemployment entry
- Final sample: 4,163 observations
- Balancing worked fine

Data

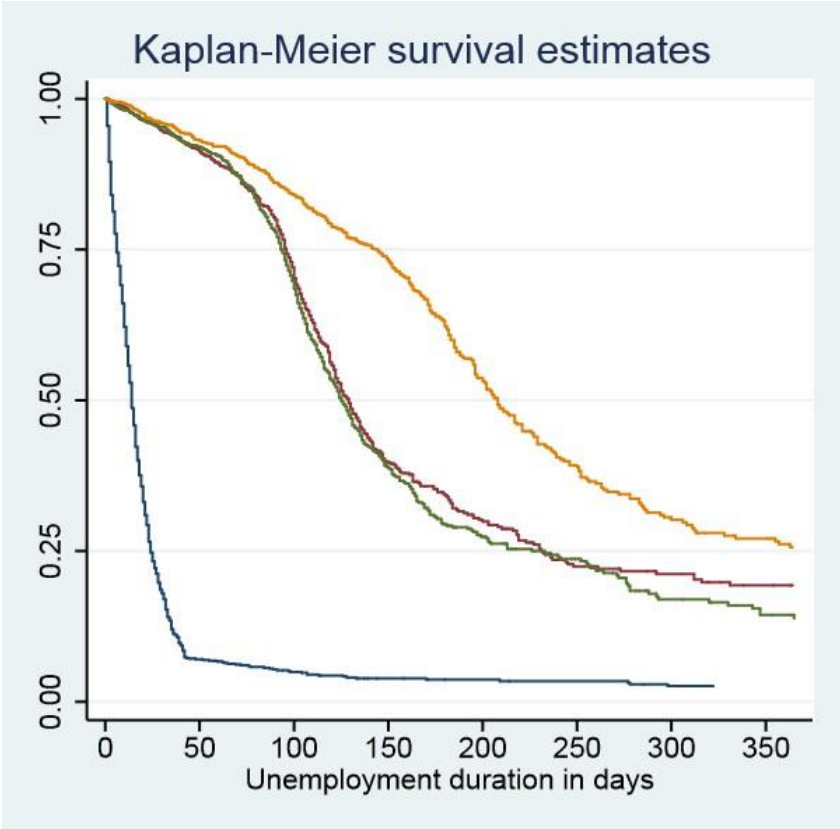
- Randomization tool
- Register data
- Caseworker surveys before and after RCT
- Survey of the unemployed around 1 month after randomization

Effect heterogeneity

- Caseworkers expect that the effectiveness of integration agreements varies with the profile of the unemployed person (caseworker survey)
- We started using profiling results of caseworkers from the data warehouse of BA, but were not happy with this
- Fit duration model on inflow sample from 2011 and predict unemployment duration in our sample; sample is divided in two groups based on predicted median unemployment duration (similar to Altmann et al. 2018)

COMPLIANCE SEEMS PRETTY GOOD

Timing of integration agreements within the treatment groups



MAIN RESULTS (NEW)

Exit to work within 90, 180, 270 and 365 days after unemployment entry

Group	90		180		270		365	
	Coef.	S.E.	Coef.	S.E.	Coef.	S.E.	Coef.	S.E.
Expected median unemployment duration ≤ 6 months (N = 1,688)								
A (month 1)	-0.024	(0.032)	-0.011	(0.032)	-0.021	(0.029)	-0.006	(0.026)
B (month 3 announced)	-0.027	(0.033)	-0.045	(0.033)	-0.025	(0.029)	-0.002	(0.026)
C (month 3)	-0.032	(0.032)	-0.021	(0.033)	-0.040	(0.029)	-0.020	(0.027)
Mean D (month 6)	0.344		0.642		0.771		0.823	
Expected median unemployment duration > 6 months (N = 2,475)								
A (month 1)	0.030	(0.023)	0.046*	(0.027)	0.061**	(0.028)	0.075***	(0.027)
B (month 3 announced)	0.006	(0.023)	0.036	(0.027)	0.054*	(0.028)	0.060**	(0.027)
C (month 3)	0.019	(0.022)	0.049*	(0.027)	0.064**	(0.027)	0.091***	(0.027)
Mean D (month 6)	0.191		0.357		0.462		0.530	

*) $\alpha = 0.01$, **) $\alpha = 0.05$, ***) $\alpha = 0.10$

CONCLUDING REMARKS

MORE RCTS IN THE GERMAN FEDERAL EMPLOYMENT AGENCY?

Field experiments in local BA units are still difficult to initiate

- Our main contact in this respect are managers in BA headquarters
- Topics must promise sufficient gains for the organization to outweigh opportunity costs
- It might work also to directly contact a local BA unit (but: enough power?)
- Implementation requires huge time investments on the side of participating researchers

Information treatments are easier to implement

- Requires also a lot of time input, but less stakeholders
- Probably most interesting, when they can be used to instrument program participation (exclusion restriction!)
- Recommendation: If you consider conducting info treatments regarding German labor market policies, get a PhD student in the IAB graduate program