

Engaging jobseekers early in the unemployment spell – OECD lessons

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Outline

- 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**

Exit rate in first month	0.1381	0.244
Percentage of new spells that continue for	Percent	
More than 3 months	66%	46%
More than 12 months	27%	9%
Percentage of the unemployed who have been unemployed for:		
3 months or less	20%	42%
More than 3 and up to 12 months	30%	38%
More than 12 months	50%	20%

- **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).

Timing of ALMP participation

- 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