

Microeconometric Evaluation of Job Creation Schemes - Part II: Programme Heterogeneity

6.1 Introduction

In the last chapter we have estimated the employment effects of JCS on the participating individuals. Thereby the focus has been on effect heterogeneity caused by group-specific and regional differences. That is, we have estimated the effects of JCS separately not only for men and women in West and East Germany, but also for specific sub-populations like long-term unemployed individuals or persons with placement restrictions, and for seven regional clusters. The reasoning for that differentiation is based on the very likely assumption, that treatment effects are not homogeneous. Thus, identifying the sources of effect heterogeneity can help to improve programmes in the future. Clearly, any evaluation of a large scale ALMP programme like JCS has to consider differences in the effects with respect to the varying design of the programmes, too. Therefore we focus in this chapter explicitly on programme heterogeneity. We have presented the design of JCS already in section 4.2 and showed that they can be carried out by different implementing institutions from the PUBLIC or NON-COMMERCIAL sector and to a small extent also by PRIVATE BUSINESSES. Additionally they can be started in different sectors of the economy like AGRICULTURE, OFFICE AND SERVICES or COMMUNITY SERVICES. Furthermore, they differ also in the type of promotion an individual receives. Whereas the standard type is REGULAR promotion, in special cases an ENFORCED promotion can be authorised by the local placement officer, which is mainly reflected by a higher subsidy to the implementing institution.

Obviously, these differences may influence the effects. For example, assignment to JCS in the AGRICULTURE sector requires different abilities of the individual than assignment to OFFICE AND SERVICES and clearly, the occupation in these sectors differs, too. Thus, different effects can be expected. Additionally, implementation of programmes varies also between providers which may also be a source for different effects on the employment chances of individuals. Together with the type of promotion, these are three potential

sources of effect heterogeneity from which only one has been considered so far in empirical analysis. Hujer, Caliendo, and Thomsen (2004) analysed the effects of JCS with respect to five major programme sectors. We extend their analysis in two directions. First, in addition to the different sectors we also consider further aspects of the programmes like the provider and the type of promotion. Second, due to data limitations it was yet only possible to estimate the effects on the unemployment probability of individuals. We have laid out in section 4.4 that we can now use information of the Employment Statistics Register ('Beschäftigtenstatistik', ESR) which allows us to analyse the effects of JCS on the re-integration chances of participants into regular (unsubsidised) employment. By using this information, we are also able to extend the observation period to nearly three years after programmes start.

We will use the same evaluation approach as in chapter 5, namely propensity score matching, and we consider the first participation of individuals only, too.¹ The rest of this chapter is organised as follows. In section 6.2 we present some facts about programme heterogeneity in the implementation of JCS. As we have presented the dataset and the outcome variable in use already in section 4.4, we start by describing the groups of analysis and provide some selected descriptives for them. Since we have discussed a lot of implementation issues concerning PSM already in the previous chapter, we will not repeat this here. Based on section 5.3.1 we take the plausibility of the CIA as given and use the same matching approach as suggested in section 5.3.3. Hence, we will start the empirical analysis in 6.3 directly by presenting the propensity score estimation, discussing the quality of our matching procedure and some common support issues. Section 6.4 contains the results differentiated by sectors, providers and types of promotion and section 6.5 concludes.

6.2 Groups of Analysis and Selected Descriptives

6.2.1 Groups of Analysis

JCS can be implemented in nine different economic sectors. The categorisation of the sectors was set up in the mid 1980s, and changes due to the German Unification, the further labour market reforms in the 1990s and the general changing situation on the labour market are not reflected. Due to this, several sectors like 'coast protection and land reclamation' are nowadays only of minor importance (see Brinkmann, Caliendo, Jahn, Hujer, and Thomsen (2002) for details). However, four main sectors can be identified: AGRICULTURE, CONSTRUCTION AND INDUSTRY, OFFICE AND SERVICES and COMMUNITY SERVICES. We analyse these four major sectors and summarise

¹ Every subsequent participation is treated as an outcome of the first participation.