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Abstract
Short-term training has recently become the largest active labor market program in Germany regarding the number of participants. Little is known about the effectiveness of different types of short-term training, particularly their long-run effects. This paper estimates the effects of short-term training programs in West Germany starting in the time periods 1980–1992 and 2000–2003 on the three outcomes employment, earnings, and participation in long-term training programs. We find that short-term training shows mostly persistently positive and often significant employment effects. Short-term training focusing on testing and monitoring search effort shows slightly smaller effects compared to the pure training variant. The lock-in

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periods lasted longer in the 1980s and 1990s compared to the early 2000s. Short-term training results in higher future participation in long-term training programs.

**Keywords**  
Short-term training · Employment effects · Future training participation · Administrative data · Active labor market programs

**JEL Classification**  
C 14 · J 68 · H 43

1 **Introduction**

“... there is almost never a stable set of active programmes to evaluate. Countries are continuously chopping and changing the mix of programmes.”

*Martin and Grubb (2001, p. 21)*

Over the past few years, active labor market policies (ALMPs) have placed a greater emphasis on job search assistance, monitoring and testing work availability, as well as limited training to activate the unemployed in the short run (OECD 2007). There has been a greater focus on activating the unemployed to find unsubsidized jobs instead of placing the unemployed in traditional long-term training programs or public employment schemes. Short-term programs are replacing longer programs in order to prevent long lock-in effects.

Public sector sponsored training has traditionally been a main part of ALMP in many countries including Germany; see the surveys in *Fay (1996)*, *Martin and Grubb (2001)*, and *Kluve (2010)*. Although there were many pessimistic assessments regarding the usefulness of such programs, these surveys point out that small scale training programs, which are well targeted to specific groups and which involve a strong on-the-job component, can show positive employment effects. Little is known in the literature about the medium- and long-run effects of activation strategies which combine training, job search assistance, and monitoring.¹ In Germany, the focus on activation strategies is reflected in the recent shift away from traditional longer further training programs, typically lasting a couple of months up to 2 years, to short-term training programs (*Trainingsmaßnahmen*, henceforth denoted by ‘ST00’≡short-term training

¹ There are two recent notable exceptions for the US. *Dyke et al. (2006)* divide welfare-to-work programs in Missouri and North Carolina into three categories defined by their intensity: first only assessment, second job readiness or job search activities, and third more intensive training (including for example basic education or vocational training). The study estimates the earnings effects of these programs over a period of 4 years. *Heinrich et al. (2009)* study the employment and earnings effects of participating in programs of different intensity as part of the Workforce Investment Act in different US states. The results of both studies suggest that the employment or earnings effects of short-term programs involving assessment or counseling are positive but fairly short-lived whereas more intensive training shows greater gains in the long run. Some features of these US programs, like for example an assessment of the opportunities of the job-seeker, are similar to the German short-term training programs considered here. Important conceptual differences are, first, that participants in short-term training in Germany have to be unemployed to be eligible, whereas this is not the case in the US. Second, participation in German programs is often mandatory. In fact, often the reason for the assignment of short-term training is to check or monitor the willingness to work of a transfer recipient. In the US, job-seekers usually have to ask for training. Third, the available studies for the US do not analyze explicitly the effect of short-term training on future participation in long-term training programs. Assessment of the latter is a policy goal in Germany but not the US.