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Screening the unemployed for reintegration: experiences from seven countries during the past 20 years

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SUMMARY

The aim of this paper is to give an overview of the use of screening of the unemployed in seven countries: Australia, Denmark, France, Germany, the Netherlands, Switzerland and the US. Based on the existing literature and evaluation studies and on contacts with national experts, we describe the strengths and weaknesses of different methods. In particular, we examine the respective role of case managers and statistical screening tools. For each country, we describe the logic of the screening system as a whole, the characteristics of the screening tools used, the role of the case manager and, where known, the effects of the screening system. Evaluation studies indicate that screening systems have positive effects in countries where the results of statistical screening are binding. At the same time, there is evidence that case managers obtain less good results when they base their judgement only on their own experience than when they use information from statistical screening. This speaks in favour of a further professionalization of the work of case managers and of screening systems as a whole, towards a better and more binding use of the scientific knowledge embedded in statistical models.

1 INTRODUCTION

This paper provides a conceptual framework for the evaluation of statistical tools used for screening in reintegration policy for the unemployed and reviews the experiences with these instruments in seven countries: Australia, Denmark, France, Germany, the Netherlands, Switzerland and the US. These countries have been selected because they have at least some experience with the use of statistical tools in this field. By statistical screening tools, we understand tools based on statistical-econometric analyses that are of help to case workers in getting answers to questions such as what type of help should be provided to which clients at what time during their unemployment period in order to achieve the maximum effect on the outflow from unemployment to paid work. In this way, it is easier to avoid (a) a lot of reintegration effort being put into clients who are perfectly capable of finding a job with little assistance; (b) unemployment being prolonged rather than reduced by reintegration measures owing to a lock-in effect; and (c) reintegration measures being applied that do not have any (net) effect.

As far as we know, statistical tools to determine which clients are most in need of reintegration measures were first applied in the US in the 1980s. Since then, other countries have followed this example. In those cases where statistical tools are used, it is always in combination with qualitative tools such as in-depth interviews with clients. Usually, case workers have their independent input in the screening process. In this paper, we discuss the tools used in the selected countries and how these are embedded into a more or less logical *system* for screening unemployed clients. What are the pros and cons of the various tools? What role do case workers have? And what can we learn from the experiences in the selected countries with different diagnostic tools?

The paper is structured as follows. First, we develop a conceptual framework containing important features of the diagnostic process and of diagnostic tools (section 2). Then we deal with the practical experience with diagnostic systems in the seven selected countries on the basis of existing literature and of contacts with national experts (section 3). In the final section (section 4), we compare the countries involved and we draw some general conclusions about screening in relation to reintegration and make some recommendations for improvements in this field.

2 CONCEPTUAL FRAMEWORK

The diagnostic process

We describe the screening process on the basis of three steps: profiling ('which clients have a problem?'), diagnostics in a narrower sense ('what is causing the problem?') and the choice of the reintegration measure ('what is the best option to solve the problem?'). The first step, profiling, aims to identify who is in need of special help. In most European countries, every client has access to basic employment services such as the use of vacancy information banks and some help in the job-search process, but not to measures such as intensive counselling, training and wage subsidies. The latter measures are usually restricted to clients with low re-employment chances. Profiling can identify those clients. It can be done on the basis of a statistical model, which is common practice in the US, but also by using in-depth interviews with clients, or a combination of the two.

Diagnostics in the narrower sense deals with the identification of the specific bottlenecks causing the problems clients face in the job-search process. Does the client lack sufficient skills,

is there a problem with his or her motivation, is an unstable social environment responsible, etc? This deeper analysis of the client's situation is often made on the basis of an in-depth interview between the client and a case worker. As the focus in this type of approach is on the client, factors that have to do with the functioning of the labour market and with institutions affecting the functioning of the labour market are left aside as the case worker will treat these factors as given, although they may, of course, play an important role.

The third step is the choice of the appropriate reintegration measure/instrument or combination of measures/instruments. Clearly, a measure must have a proven positive net effect to be chosen. But the net effect is not necessarily the only criterion; more general policy goals are also likely to play a role in the choice of the measure. Maximizing the total net effect is not the only possible aim; one could also aim to reduce inequalities or to maximize the (total) social rate of return. The implications of these different policy goals are discussed below.

A crucial aspect of the diagnostic process is the timing of the three steps. First, for a majority of clients, it will be very difficult to predict the length of their unemployment spell at the very beginning of this spell. At this stage, accurate predictions will only be possible for specific groups such as people with a health problem and older clients with a low education. For the majority of clients, it may make more sense to postpone the profiling process until a few months after entering unemployment or to repeat the profiling after a few months. By this time, many of the clients who are more able and motivated and have a well-developed social network will have found a job. Many of these factors are often not included in statistical profiling models owing to a lack of data. The clients who are still unemployed after a few months will be more homogeneous with respect to these unobserved variables. Hence, the remaining length of the unemployment spell will be capable of being more accurately predicted (de Koning et al. 2005).

For those clients for whom it is clear from the start that their chance of long-term unemployment is very high, early intervention is the best way to shorten unemployment duration as much as possible. But for other categories of clients, early intervention may have adverse effects: it may stigmatize clients and reduce their efforts to look for a regular job, while these clients are perfectly able to find a job on their own or with only limited help. Hence, early intervention may be counterproductive and lead to lock-in effects (de Koning et al. 2005, Rudolph and Konle-Seidl 2005).

Screening tools

The most commonly used diagnostic tool to evaluate a client's situation and to determine the reintegration strategy for the client is still an in-depth interview between a case worker and the client (OECD 2007). In some countries, more or less standardized questionnaires are used for this purpose. Even fewer countries use statistical models in addition to interviews. In many cases, case workers have resisted the introduction of quantitative models. In their view, the predictions made by these models often do not make sense and restrict their freedom of action. In the next two subsections, we therefore discuss the weak and strong points of profiling by models and by case workers.

What can statistical tools do?

The first statistical models used in the diagnostic process were profiling models used in the US. They aimed to identify unemployed clients at high risk of long-term unemployment. These clients could then be referred to specific service provision.

The usefulness of a statistical profiling model depends, of course, on its accuracy in predicting individual long-term unemployment. In order to make good predictions possible, the ideal model must contain all factors determining unemployment duration. These must include not only 'hard' factors such as gender, age, education and work experience, but also 'soft' factors

such as motivation, social network, social environment and self-confidence. Furthermore, the model must take into account that unemployment has a self-strengthening effect: when people become long-term unemployed, this in itself will affect their re-employment chances negatively as employers will see long-term unemployment as a signal for low productivity. A self-strengthening effect will also arise because people tend to become less motivated and self-confident, and even lose skills, the longer they are without a job. Even if we could measure all the relevant factors, it would be difficult to identify such an ideal model statistically. The number of factors involved is simply too big and the relationships between these factors too complex. But, in practice, we often lack any information about 'soft' factors, implying that the models that we can estimate are pretty far from the ideal one.

But suppose that we have a model that enables us to identify the clients who are at high risk of long-term unemployment. Reintegration measures should not necessarily be applied to all these clients. One reason to exclude clients is that, in the past, these measures failed to produce results for clients with similar characteristics, because the problems faced by these clients needed to be solved by measures other than labour market measures (e.g. health problems, social problems). However, priorities in labour market policy are also relevant for determining the clients to whom reintegration measures are applied. If reducing inequality has priority, it makes sense to apply reintegration measures first of all to the most disadvantaged – that is, to those among the disadvantaged for whom these measures have at least some effect. However, one may also decide to apply the measures in such a way that the total (net) effect is as large as possible. Then clients with the highest expected effects will be prioritized. These clients are not necessarily disadvantaged. A third possibility is to aim for the highest social rate of return, taking into account the benefits for the economy and also the costs of the measures. In this case, if two alternative measures are considered, the less effective one may still be chosen if this measure is much cheaper than the other. The cheaper measure can be applied to more clients and may thus produce a higher total effect for all clients taken together. The size of the budget available for reintegration is critical here. If the budget is relatively high, there may be less need to choose the relatively cheap measures. When looking at social returns, it would also be relevant to look at the degree to which reintegration measures can contribute to reducing labour market shortages. Training would be an important measure from that perspective.

From the previous discussion, we can conclude that for an optimal allocation of the reintegration budget, more is needed than just profiling clients according to their risk of long-term unemployment. We also need to know the effects of the various measures on clients' re-employment chances. Targeting models can provide both kinds of information. These models can predict how long a person with a given set of characteristics will remain unemployed, but also to what extent measures can shorten the unemployment spell. If we could estimate such models for detailed groups and measures, then we would be able to determine what type of measure is most effective for a given client at what stage of the unemployment period. Data limitations will, in practice, often imply that only broad categories of measures and broad client groups can be distinguished. Furthermore, in estimating targeting models, we also face the problem that data about 'soft' factors are only partly available or are even totally unavailable.

What can case workers do?

Case workers often use the limitations of statistical models to justify their refusal to use these tools. But do we get good screening if case workers rely completely on their own experience? The answer is: definitely not. Research has shown that case workers who do not use tools such as questionnaires and model outcomes tend to use ad hoc criteria for their decisions. It has also found that the use of ad hoc criteria can lead to discrimination on the basis of irrelevant factors as case workers all use different criteria (Bimrose et al. 2007). It is therefore not surprising that if case workers assign reintegration measures to clients purely on the basis of their own

opinions, the results are worse than those obtained from a targeting model (Lechner and Smith 2003). It is clearly worthwhile to make use of diagnostic tools that objectify the assignment process. Given the limitations of profiling and targeting models, it seems to be advisable to use more qualitative tools such as structured or semi-structured questionnaires and tests in addition to the statistical tools.

However, we do not go as far as to say that case workers cannot have an input of their own. In their personal contacts with clients, they receive information that is not and probably cannot be incorporated in standard tools. Hence, case workers can have an added value in the process. The freedom of action that case workers have, and to which points this freedom applies, is one of the aspects dealt with in the description of the different countries' systems. From the experiences in the seven countries, we try to detect what works best.

3 EXPERIENCE IN SEVEN COUNTRIES

In the following, we describe and evaluate the screening system in seven countries that not only use assessment by case workers in the screening process, but also make use of quantitative screening tools. These countries can be classified into two categories: 'experienced users', which have used statistical screening tools since the beginning of the 1990s and in which those tools play an important role (Australia, the US), and countries in which case workers have got more freedom of decision and the results of statistical screening are used as a supporting tool in the decision process (Denmark, France, Germany, the Netherlands, Switzerland). For each country, we describe:

- the logic of the screening system;
- the qualitative and quantitative instruments used;
- the role of case workers;
- the effects of the screening system, as far as they are known.

Australia

Australia's experience with profiling tools has primarily been to refer job seekers to different forms of assistance or different levels of funding for intensive assistance depending on their level of disadvantage and capacity to benefit. The reason behind introducing the system was to cope with the increasing costs of long-term unemployment and to focus on more cost-effective employment assistance.

Which forms of services to refer job seekers to is determined by applying the Job Seeker Classification Instrument (JSCI), during the job seeker's first contact with Centrelink (a government network registering the unemployed). The instrument began operating in 1998. It works satisfactorily as a result of continuous evaluations and revisions.

During an unemployed person's first contact with Centrelink, the following are assessed by applying JSCI:

- the job seeker's distance to the labour market;
- whether the job seeker has a particular, severe employment barrier and whether the nature of the barrier requires professional and/or specialist advice. If so, the job seeker may undergo a Job Capacity Assessment (JCA), a single, comprehensive assessment of a person's capacity to work.

JSCI is a statistical screening model and is used at registration to identify those with the greatest risk of long-term unemployment. The 14 factors that make up the JSCI include age, gender, work experience and educational attainment. 'Soft' factors play a role in the JSCI, by means of

the factor ‘Personal Characteristics Requiring Professional or Specialist Judgement’ (which includes motivation, self-confidence, substance abuse problems and experience of torture or trauma).

The JSCI is a measure of a job seeker’s difficulty in getting a job. Centrelink customer service officers will interview job seekers and ask questions to collect information on the particular factors included in the JSCI. Each factor is assigned a numerical weight, or ‘points’, indicative of the average contribution the factor makes to difficulty of placing a job seeker into employment. On the basis of the information, Centrelink will allocate a JSCI score to each job seeker by adding up the points for the factors so that job seekers can be ranked according to their likely employment placement difficulty. The higher the score, the higher the chance the job seeker will become long-term unemployed.

People identified by the JSCI scores as having a very high risk of becoming long-term unemployed are referred to the most intensive forms of assistance immediately. They are referred to one of the JCA providers and they undergo a diagnosis of their problems and needs by means of an in-depth interview with a specialist/expert. A tailor-made action plan is developed and it is determined which services and measures are the most suitable. Also, people still unemployed after three months and those still unemployed after 12 months get access to this intensive programme of aid. Other unemployed people are referred to a suitable reintegration provider.

The statistical tool JSCI plays the central role in identifying clients with high risks of long-term unemployment. The role of case managers is limited to the most intensive forms of help: the case manager plays a major role in the diagnosis of the problems and needs of the unemployed within the JCA procedure.

The JSCI is evaluated and revised frequently to make the interview process more efficient and effective (see, for instance, Australian National Audit Office 2006). Every new version is an improvement compared with the previous version. From the evaluations, it appears that the JSCI is quite effective in predicting the chance that a job seeker will become long-term unemployed.

Denmark

Denmark has an ‘employability profiling system’, which is currently being further developed. The current system provides an evaluation of job seekers’ chances on the labour market, taking into account the demand on the labour market.

The Danish screening system consists of three elements, together forming the Employability Profiling Toolbox: a public assistance record, a preparation leaflet and a dialogue guide.

The purposes of the ‘Toolbox’ are, among other things:

- to give a systematic and qualified assessment of labour market potential through equal, worthy dialogue with the customer;
- to ensure a shared professional understanding and uniform practice in assessments;
- to provide efficient and individually tailored contact processes and employment measures, but with uniform and transparent criteria;
- to prioritize and target resources.

The profiling process consists of three steps:

- the preparation: the collection of information on the client by the case worker and other actors and the drawing-up of the public assistance record, which provides an important part of the information on the client and contributes to the job seeker’s profiling; the client prepares for the interview using the preparation leaflet;

- the in-depth interview with the job seeker, using the dialogue guide;
- the diagnosis.

On the basis of the answers from the in-depth interview, information at the individual level is added to the public assistance record (an assessment of the job seeker's labour market perspectives, qualifications from education and experience, personal skills, financial situation, social network and health) and an evaluation of the client's chances on the labour market is made, taking into account the needs and requirements of the labour market.

'Soft' factors play a role in the diagnosis. In the preparation leaflet, the job seeker has to answer questions for him/herself. The questions asked clarify the client's ambitions and intentions. By means of the dialogue guide, the in-depth interview explicitly covers issues such as ambitions, social skills, health and social environment.

A statistical tool that used to be used in the profiling process, the Job Barometer, has been abolished following an evaluation. One of the reasons for its abolition was that case workers made too little use of it. Formally, case workers were obliged to use the profiling system, but often they opened the program without using it. In the end, it was the case worker who decided which measures/instruments were applied. A new statistical targeting system is currently being developed (Staghoj et al. 2007), which will assess the impact of different labour market measures.

A general conclusion from evaluating the Toolbox is that it needs adjustments for continued use in the future, because working with the Toolbox has not turned out to be a clearly positive experience.

France

In France, profiling of the unemployed was introduced quite recently, in 2006. The new screening system is part of a series of reforms towards more active labour market policies and individually tailored reintegration, and is also connected to financial constraints.

The French screening system can be decomposed into three steps:

1. Every unemployed person is first subject to statistical profiling by the benefits provider. The statistical model estimates the client's risk of becoming long-term unemployed, on the basis of 'hard' factors. The existing demand for the client's occupation and skills is also examined. The results of the statistical profiling lead to a first classification of the client into one of the existing risk categories.
2. The next step is a first interview with a case manager from the public employment service. The interview aims to improve the results of the statistical profiling by taking a series of 'soft' factors (health, motivation, etc.) into account.
3. On the basis of the results of steps 1 and 2, a decision is made about the reintegration strategy to be applied to the client. The three most-used strategies are the 'quick job search' (for those clients able to find a new job easily), the 'active search' (for clients in need of training or with skills for which there is not much demand on the labour market) and the 'supported search' (for clients who need intensive support).

The statistical profiling model first estimates the risk of long-term unemployment on the basis of 'hard' individual characteristics (16 variables in total: age, gender, marital status, nationality, job history (eight variables) and job-search characteristics (four variables)). The model is a decision tree, which classifies the unemployed into three categories: low, medium or high risk of long-term unemployment. Alongside the statistical profiling, the existing demand for the client's occupation on the labour market is also examined.

The qualitative instrument is a questionnaire that is used in the first interview with the client. This screening instrument indicates which topics should be addressed in the first interview, and aims for a more refined diagnosis/assessment of the client's situation and the development of an individual reintegration plan. The questionnaire comprises a series of traditional questions about 'hard' factors, but also about 'soft' factors such as language skills, other skills, physical and mental health, financial situation and caring activities.

Despite the introduction of statistical profiling, the expertise of the case managers plays an important role in the screening process. The first indication given by the statistical profiling is considered to be a starting point. In the subsequent process, the case manager always has the opportunity to change the risk category classification and is able to decide, on the basis of his/her personal opinion, which intervention(s) should take place. The case manager can also, at any stage, revise the strategy if it appears that the chosen intervention does not correspond to the client's needs.

Because the French screening system is quite new, no evaluation studies have been conducted yet to our knowledge. Experts from the body responsible for managing unemployment insurance in France (Unédic) have indicated that the results of the statistical profiling were often criticized by case managers in the beginning, but that the gap between the results of statistical and qualitative screening seems to have become narrower.

Germany

In Germany, a series of reforms in the field of labour market policy were implemented in the early 2000s. One of the goals of these reforms was better and faster reintegration by the Public Employment Service (PES). In this light, a new system has been developed to classify unemployed people who are entitled to benefits into risk categories and to decide which reintegration instruments should be applied to them.

The German screening system can be decomposed into four steps:

1. To prepare for the first interview with the case manager (in step 2), the client fills in a form in which he/she has to answer questions about issues such as desired profession and working hours, mobility, and professional, IT, social and personal skills. On the basis of this information, a first statistical profiling is done. In addition, the client's chances on the labour market are calculated on the basis of his/her job preferences.
2. In the first interview with the case manager from the PES, the problems, chances and needs of the client are diagnosed. The case manager assesses the need for intervention in four different fields: qualifications and skills, specific barriers, motivation and labour market conditions.
3. The results of the statistical profiling and of the first interview are filled in on an electronic file, which classifies the client into one of the four employment categories distinguished by the PES:
 - a. clients who are expected to find a job quickly and easily by themselves and do not need intensive support;
 - b. clients who are expected to return to the labour market after a change in their motivation or the removal of a relatively small barrier;
 - c. clients who can return to the labour market after retraining and/or elimination of barriers;
 - d. clients who have few opportunities for rapid resumption of regular employment, due to a combination of problems.
4. Finally, a reintegration plan is drawn up together with the client.

The statistical model 'Berechnungshilfe Arbeitnehmerdifferenzierung' (calculation tool for worker differentiation) classifies clients into different groups using a decision tree based on the information collected during registration. Some of the information consists of 'soft' factors (including social and personal needs and skills of the client).

The results of the diagnostic interview with the case manager also form a basis for classifying clients into one of the four groups; the case manager may, on the basis of these results, classify the client in a category different from the one resulting from the first statistical profiling. In the diagnostic interview, many important 'soft' factors are addressed: communication, team and social skills, health, social environment, motivation, etc. 'Soft' factors play an important role in the profiling process and the allocation of instruments.

In the German profiling system, the role of the case manager is very important. The client's classification into one of the four categories does not depend only on the outcome of the statistical model, because the case manager's decision, following the first interview, is allowed to differ from this outcome. In addition, if the first classification does not have the expected results, the case manager may review the client's classification into a given category after each interview with the client.

The profiling system does not seem to guarantee objectivity in the classification of clients into groups, because it is obvious to case managers what answers they need to give in specific fields to arrive at a certain category (Mosley et al. 2006). Only 30 per cent of case managers think the statistical model is a useful tool (Deutscher Bundestag 2006). In addition, the same evaluations show that the reintegration interventions seem to be mass products, instead of tailor-made interventions based on individual needs. Finally, the use of profiling leads to a kind of 'cream skimming': the most disadvantaged are the least helped, because case managers tend to wait until they flow out into Social Assistance.

Netherlands

In the Netherlands, the responsibility for reintegration is divided between the Organization for Social Security (UWV in Dutch) and municipalities. UWV deals with people who have an insurance-based benefit, while municipalities provide social benefits to those who are not entitled (any longer) to an insurance-based benefit and do not have sufficient income or assets for a minimum living standard.

UWV is a national organization and follows the same approach to reintegration everywhere. For its broad approach to client screening, it is currently developing the so-called ANKER model, which consists of a number of tools we will discuss below. Municipalities can follow their own approach. That does not mean that each municipality has a completely different approach. According to a recent study by Kemper et al. (2009), some diagnostic tools are used by 10 to 25 municipalities, but this is still a small percentage of the total number of municipalities (which was 430 in March 2010). Neither UWV nor any municipality follows an approach according to which a statistical model completely determines whether intensive help will be provided to a client. Deciding this is the responsibility of the case worker (nowadays often referred to as a job coach), who can make use of the diagnostic tools available or may outsource the diagnosis to an external agency. We do not know to what extent the diagnostic tools are actually used and in how many cases external agencies are involved in the diagnostic process.

The ANKER model used by UWV contains a number of statistical tests. Some statistical tests indicate whether clients are in danger of being dependent on a benefit for a long time or whether they are likely to find a job within the next year. This can be seen as a kind of profiling. Another tool available is the so-called IRO test. IRO is the Dutch abbreviation for Individual Reintegration Agreement. Job coaches can make such an agreement with clients, implying that the latter can, to a large extent, design their own reintegration pathway and choose an external

agency to provide assistance within a given budget. The IRO test measures the chance that a client with a specific set of characteristics will find a paid job within one year if an IRO is agreed with the client. This can be seen as a kind of targeting. In the statistical tests currently available, only 'hard' factors are included, but UWV is working on tests and models that also contain 'soft' factors such as motivation.

We do not know whether municipalities use these advanced statistical screening tools. In some municipalities, quantitative evaluation studies have been carried out with respect to municipal active labour market policy, but we do not know whether the results are used in the implementation process in a systematic way.

UWV also uses several qualitative tools. The Competence Test Centres within UWV, for example, use tests to determine which competencies clients have, which is relevant for occupational choice and further training. Furthermore, the ANKER model contains qualitative tests such as a motivation test.

A great variety of qualitative tests are used by municipalities. There is hardly any documentation available on these tests and only a few of them seem to have a scientific basis.

UWV case workers are expected to apply the statistical screening tools contained in the ANKER model. However, the outcomes of the tools and tests do not determine the choices made with respect to the reintegration of a specific client. Case workers may overrule these outcomes. There is no systematic check of whether the case workers' choices are, on average, in line with what the tests say. Hence, UWV case workers have a large degree of freedom. This is probably also the case for municipal case workers.

Nothing is known about whether the application of diagnostic tools has improved reintegration results, either for UWV or for municipalities.

Switzerland

In Switzerland, an experiment was conducted in 2005 to test a statistical targeting system, Statistically Assisted Programme Selection (SAPS). This targeting system made forecasts about the effectiveness of different reintegration interventions at the individual level.

One important motivation of this experiment was the limited effect of active labour market policies. For this reason, it was decided in the 1990s that reintegration interventions should be concentrated on the unemployed who were expected to benefit most from them. But it appeared that case managers had problems taking into account the different effectiveness of a given instrument for different clients.

The effects of the targeting system were measured by introducing the system in a number of public employment service agencies, where the case managers were distributed randomly between a 'users group' and a 'control group'. According to the regular procedure in Switzerland, a client should have a first in-depth interview with the case manager about two weeks after his/her first registration, followed by other interviews on a regular basis. The case manager decides about the reintegration instruments to be applied, based on his/her own assessment of the client's needs and situation. In the experiment setting, this procedure was maintained. The only difference between the users group and the control group was that case managers in the users group could use the forecasts of the statistical targeting model as a complement to the interviews. The use of the forecast was not compulsory and the final decision about the reintegration measures to be applied remained entirely the case manager's.

The targeting model is a statistical model that forecasts the effect of different reintegration instruments for each client and makes recommendations about which instrument(s) is/are expected to work best. The dependent variable in the model is the number of months spent in durable work (i.e. a work period of at least three months) in the coming 12 months. The model

makes a general recommendation about the kind of instrument to be used and leaves the choice of the specific instrument to the case manager. Three types of variables are used as explanatory factors in the model: characteristics of the client (e.g. age, gender, education, occupation, work experience and unemployment history), characteristics of the client's situation as assessed by the case manager during the first interview (low, medium or high risk of long-term unemployment) and characteristics of the local labour market.

In the Swiss system, the case manager plays a central role. In the interviews, case managers address 'soft' factors (motivation, personality, attitudes towards work, etc.) and use this information to make a decision about reintegration instruments. Also, in the SAPS experiment, diagnosis based on the case manager's expertise and regular in-depth interviews with the unemployed remained central. Case managers in the users group were not obliged to follow the model's recommendations or even use its forecasts.

The results of the experiment were quite disappointing (Behncke et al. 2007): case managers made little use of the model's forecasts and did not follow the model's recommendations, but made their own, different decisions. The system was not well accepted, probably because case managers had the feeling that it would limit their freedom in their work. A conclusion of the evaluation study is therefore that the use of such a statistical instrument should not remain entirely free of compulsory elements.

US

In the US, statistical profiling precedes all other forms of screening: statistical profiling identifies the unemployed in need of a more in-depth needs assessment. The reason for this method is that there are not enough resources to provide every unemployed person with intensive support. In addition, focusing interventions on the most disadvantaged group is expected to improve the effectiveness of reintegration.

Since 1993, federal legislation has made 'Worker Profiling and Reemployment Services' (WPRS) compulsory in all states. In 1996, WPRS became operational in all states. The WPRS legislation indicates that states have the duty to:

- identify the unemployed entitled to benefits who have the highest risk of exhausting those benefits;
- transfer those clients to the existing reintegration providers;
- collect data about participation in reintegration interventions and about the results.

To our knowledge, the statistical models used in the US are only profiling models. We know about no example of targeting models. A large majority of the states (46) use statistical profiling, while the others use a simple 'characteristic screen'.

Each state using a statistical profiling model has developed its own. The federal government made recommendations about five variables to use in the profiling models: education level of the unemployed, job tenure in the previous job, occupation, sector and local unemployment rate. The inclusion of variables such as age, gender, ethnicity, religion and handicaps in the model is prohibited by civil rights legislation.¹ 'Soft' factors such as health, social network,

¹ According to Wandner (1997), there is evidence that the exclusion of these variables does not have a particularly important effect on the predictive power of the model (he cites US Department of Labor 1994). However, the exclusion of these variables seems risky to us: dropping factors such as gender and ethnic origin from the models may imply that some disadvantages become invisible. This means that one cannot test for the presence of discrimination and that possible discrimination cannot be identified and tackled.

psychological characteristics and self-confidence are not included as explanatory variables in the models.

In the states using a 'characteristic screen', a client is classified as high-risk if he or she satisfies a number of predefined criteria.

The results of statistical profiling are the only factor that determines whether a client has to be transferred to further support or not. Case managers have no influence on this decision. The support offered to those clients who are transferred mainly consists of basic services; extensive or long-term interventions are not very developed.

To our knowledge, there are no recent evaluation studies about the effect of WPRS on the length of unemployment spells or on benefits use. Older evaluation studies, carried out in the early life of the system, are in general positive (see GAO 2007 for an overview). According to diverse studies, the introduction of the WPRS system led to an increase in the support offered by the public employment service to the unemployed, a reduction in the time spent on benefits (of 0.5 to 2 weeks depending on the study), a decrease in spending on unemployment benefits and higher work income after reintegration. Profiling models are considered to have added value in identifying clients at risk of long-term unemployment, but it is also argued that their predictive power could be considerably improved.

4 CONCLUSIONS AND POLICY RECOMMENDATIONS

The results from the previous sections on the use of diagnostic tools in the field of reintegration and on how the tools are embedded in a screening system are brought together in table 4.1. Four aspects are covered in the table: the use of quantitative tools, the use of qualitative tools, the logic of the system and the role of case workers, and the effectiveness of the system.

All the countries involved (Australia, Denmark, France, Germany, the Netherlands, Switzerland and the US) make use of statistical profiling tools (in fact, they were selected on that criterion). However, in only two of the countries (Australia and the US) are the outcomes of these tools binding for the case worker. In France, Germany and the Netherlands, case workers have a certain degree of freedom in using the outcomes. They have to take the profiling results for a client into consideration as a reference point, but they are entitled to make a different decision if there are good reasons to do so. In the Danish and Swiss experiences, case workers were not using the outcomes at all. Evaluation studies show, however, that results are poor if case workers make diagnoses only on the basis of their own judgement and expertise. The use of profiling models appears to have a positive effect on the quality of the screening process.

Of the countries involved, only Switzerland has experimented with a targeting model. This is the type of model that not only predicts the duration of unemployment, but also provides estimates of the effects of reintegration measures on unemployment duration. It is, however, impossible to draw any conclusions about the added value of this tool, because case workers were completely free not to use it. And, in fact, most of those who were (randomly) selected to use the tool did not utilize it.

The practical experience of case workers is not sufficient to make good decisions about the application of reintegration measures. An effective reintegration policy requires that case workers make better use of the available scientific knowledge about the effectiveness of reintegration measures for different groups of clients. Consider GPs. They do not base their diagnosis of a patient purely on their own experience, but use the available scientific knowledge on symptoms and diseases. Their experience also plays a role, but they will never ignore proven knowledge. Case workers in reintegration are inclined to ignore the results of econometric analyses about the effectiveness of reintegration measures, and to follow their own views. If

they have to use the results of scientific research, this is often seen as a violation of their autonomy. Therefore a further professionalization of the occupation of reintegration case worker, by making case workers acquainted with scientific knowledge and teaching them how to use this knowledge, would be desirable.

It is important to professionalize not only case workers but also the system in which they are working. This system should be designed in such a way that case workers have a certain degree of freedom for making their own decisions, but within limits. These limits could be based on the outcomes of a targeting model. We can clarify this by using an example. Suppose that we have two measures for older unemployed clients: training and subsidized labour. Let us assume further that, on the basis of a targeting model, we are able to compute the average effects of these measures on the amount of money spent on benefits for older clients who have participated in one of the two measures. Taking into account the costs of the measures, we find that on average we save €2000 by training older clients, while subsidized labour leads to a loss of €1000 for the average older participant. This does not mean that training should be used for every older client and neither does it mean that subsidized labour should not be used at all for older clients. It may still be the case that the latter measure is more appropriate for specific older clients. After all, the results of the model were average effects. However, it would be strange if, in spite of the outcomes of the model, case workers applied subsidized labour in the majority of cases. Management should therefore give the guideline that training must be applied in most cases and that subsidized labour must be confined to a minority of cases. Furthermore, it might be worthwhile investigating further the cases in which subsidized labour is more effective. Does it have to do with the educational level of the client? If we knew this, even better guidelines could be given to the case worker. This is, of course, just an example. But it indicates how we can get rid of the permissiveness that still exists within the public agencies responsible for reintegration in most European countries.

Finally, it is important to note that the causes of long-term unemployment are not solely to be found in the characteristics and behaviour of the unemployed themselves. Employers' behaviour, market imperfections and institutional arrangements all influence the re-employment probabilities of the unemployed. Hence, reintegration policy must also take these factors into account and must not be completely oriented on labour supply. If, for example, a specific group of clients is subjected to discrimination by employers on the basis of characteristics that are irrelevant for productivity, measures should be aimed at changing employers' behaviour. Individual case workers are, of course, not in the position to design and implement such measures, but they can play a role in signalling phenomena such as discrimination and the effects of social security arrangements on search behaviour.

If case workers are supposed to figure out what type of measure is appropriate for a given client, they must be aware of the broader context of the labour market and how this market works. This knowledge should, in our view, also be part of the professionalization of case workers, but it must be internalized by the organization that employed them in the first place. If this organization has quite a narrow perspective (because it only deals with benefits), the same will apply to its employees. This means that the organizations that deal with the implementation of active labour market policy should have a broader orientation on labour market policy than just the behaviour of their clients. Systems where the responsibility for reintegration is delegated to organizations that are responsible only for social benefits and not for labour market policy in a broader sense are clearly less than ideal.

Table 4.1 Use and effectiveness of diagnostic tools and systems in seven countries

Country	Use of quantitative tools	Use of qualitative tools	Logic of the system and role of case workers	Effectiveness of the diagnostic system
Australia	Statistical profiling model	By some specific service providers	Outcomes of profiling model determine entirely what happens to clients in the first place	Predictive power of profiling model is satisfactory
Denmark	Statistical profiling model; targeting model under development	Standardized questionnaire (includes 'soft' factors too)	Outcomes of profiling only indicative for case workers	Not entirely positive (because the statistical tool was barely used by case workers)
France	Statistical profiling models at regional level	Standardized questionnaire	Outcomes of profiling only indicative for case workers	Unknown
Germany	Statistical profiling model; targeting model under development	Standardized questionnaire (includes 'soft' factors too) for classification of clients and allocation of reintegration instruments	Outcomes of profiling only indicative for case workers	Statistical profiling no guarantee for objectivity Most case workers do not follow the indications given by the profiling system Adverse effects for the most disadvantaged
Netherlands	Organization for Social Security (UWV) uses statistical profiling system; no targeting system Municipalities (possibly with a few exceptions) do not use statistical profiling systems or targeting systems	UWV uses different qualitative systems, including motivation test and test for competencies Municipalities use a variety of qualitative tools with hardly any scientific background	UWV: case workers are expected to use the tools, but case workers make the decisions and are allowed to deviate from what is suggested by the tools Municipalities: situation varies widely	Unknown
Switzerland	Experiment with targeting model	In-depth interview, but no standardized questionnaire	Case worker determines what happens to the client: use of targeting tool not obligatory	In practice, case workers hardly use the model outcomes, so effectiveness of the tool is practically zero
US	In most states, a statistical profiling model determines which clients get intensive help for reintegration	Intensive help consists mostly of job counselling	Statistical model determines who gets intensive help; the case worker has no role in this	(Old) evaluation studies suggest positive effects of statistical profiling

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