Evaluation of active labour market policies in Finland

Connecting People with Jobs

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Contents of Presentation

RECAP project overview

ALMP EVALUATION SYSTEM stakeholders and interactions

DATA infrastructure, provision and sampling

ANALYSIS methodology, robustness and insights

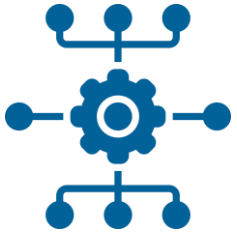
THE FUTURE evidence building

The project assessed training programmes for jobseekers and TEM's system of impact evaluation of ALMPs

OUTPUTS A main report and accompanying technical report on two separate issues

TRAINING

Counterfactual impact evaluation of labour market training (LMT) and self-motivated training (SMT)



IMPACT EVALUATION OF ALMPS

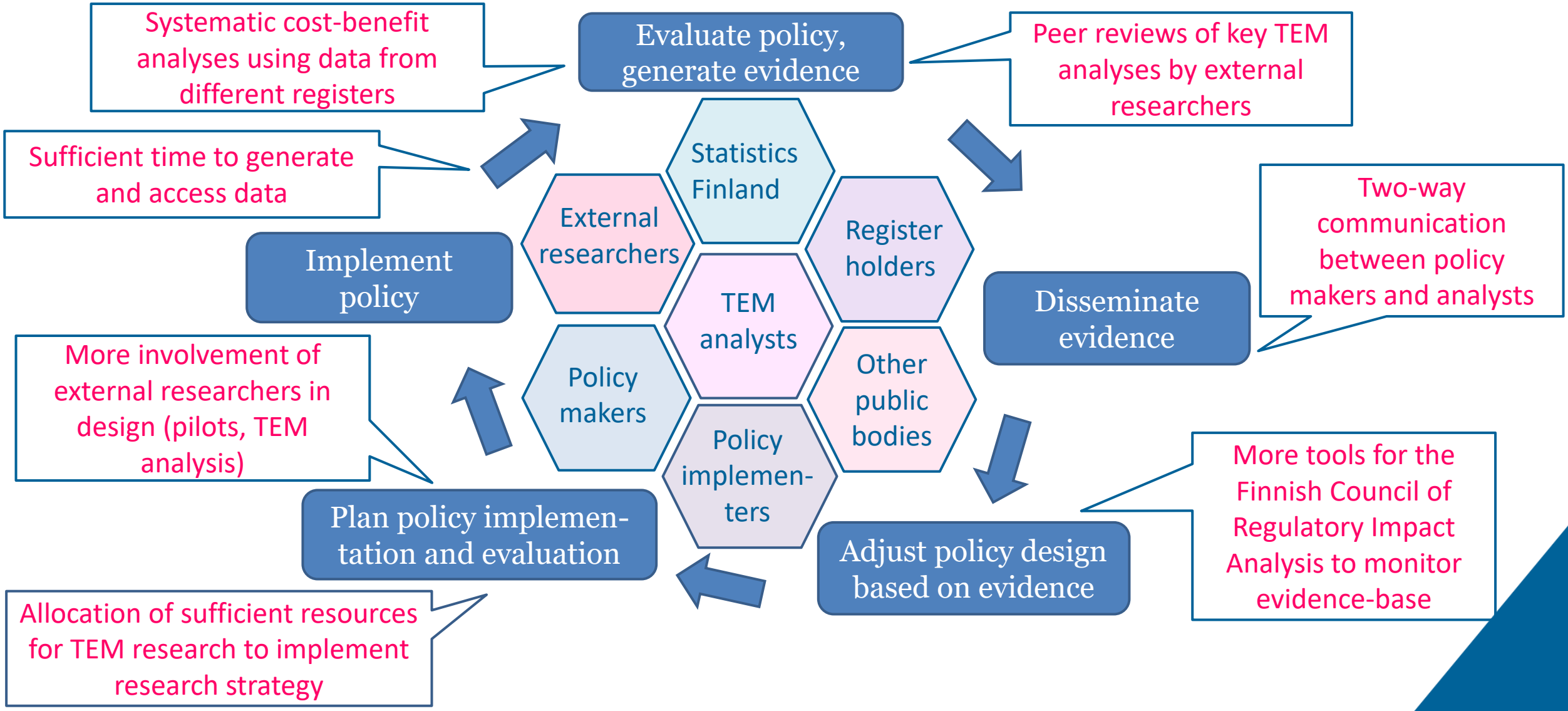
Assessment of system for evaluation

MAIN RESULTS

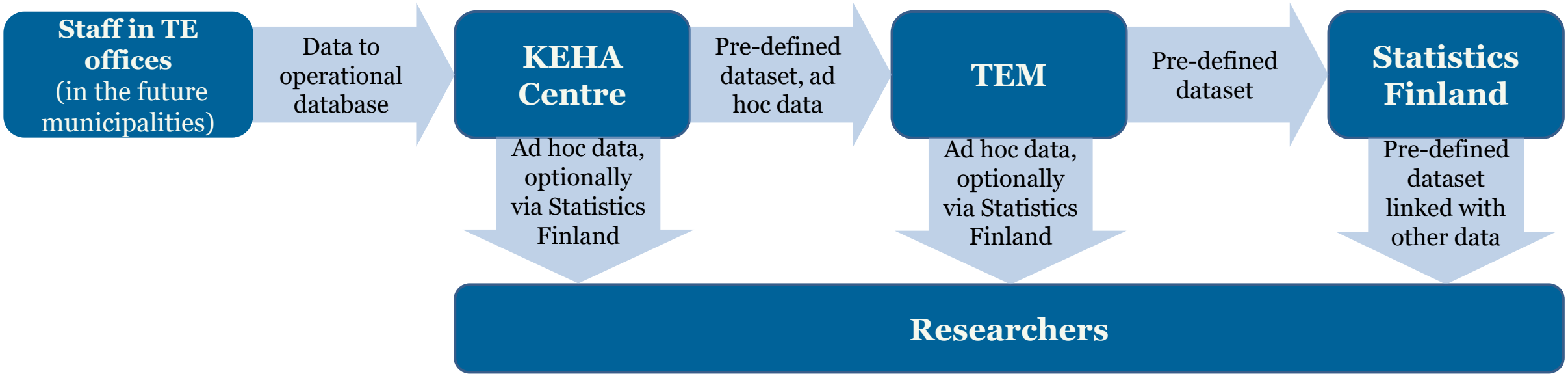
- Positive effects on employment
- No long-term earnings effect
- Helps increase occupational mobility

- Well-established system with good project management and data for evaluation
- But room to implement long-term research strategy and increase funding for internal analysis and data

All key stakeholders have a role in improving evidence-based policy making on ALMPs



The IT infrastructure of ALMPs largely defines the data available for ALMP research



- Set up **systematic dialogue between TEM and the KEHA Centre** to develop the new IT infrastructure.
- Provide the **KEHA Centre with sustainable funding** to fulfil its tasks.
- Involve **employment counsellors and municipalities** of different capacity levels **in the planning, development and testing** of the new digital infrastructure.
- Design **data exchange and integration of IT infrastructure** between all relevant administrative registers.
- Continue investing in a **data analytics system** to support monitoring and evaluation of ALMPs.

Rich individual-level micro-data are utilised for the counterfactual impact analysis

- Statistics Finland holds detailed socio-economic, income and labour market data
- Core analytical data constructed by linking together SF “FOLK” datasets to data from TEM using unique identifiers

FOLK Basic

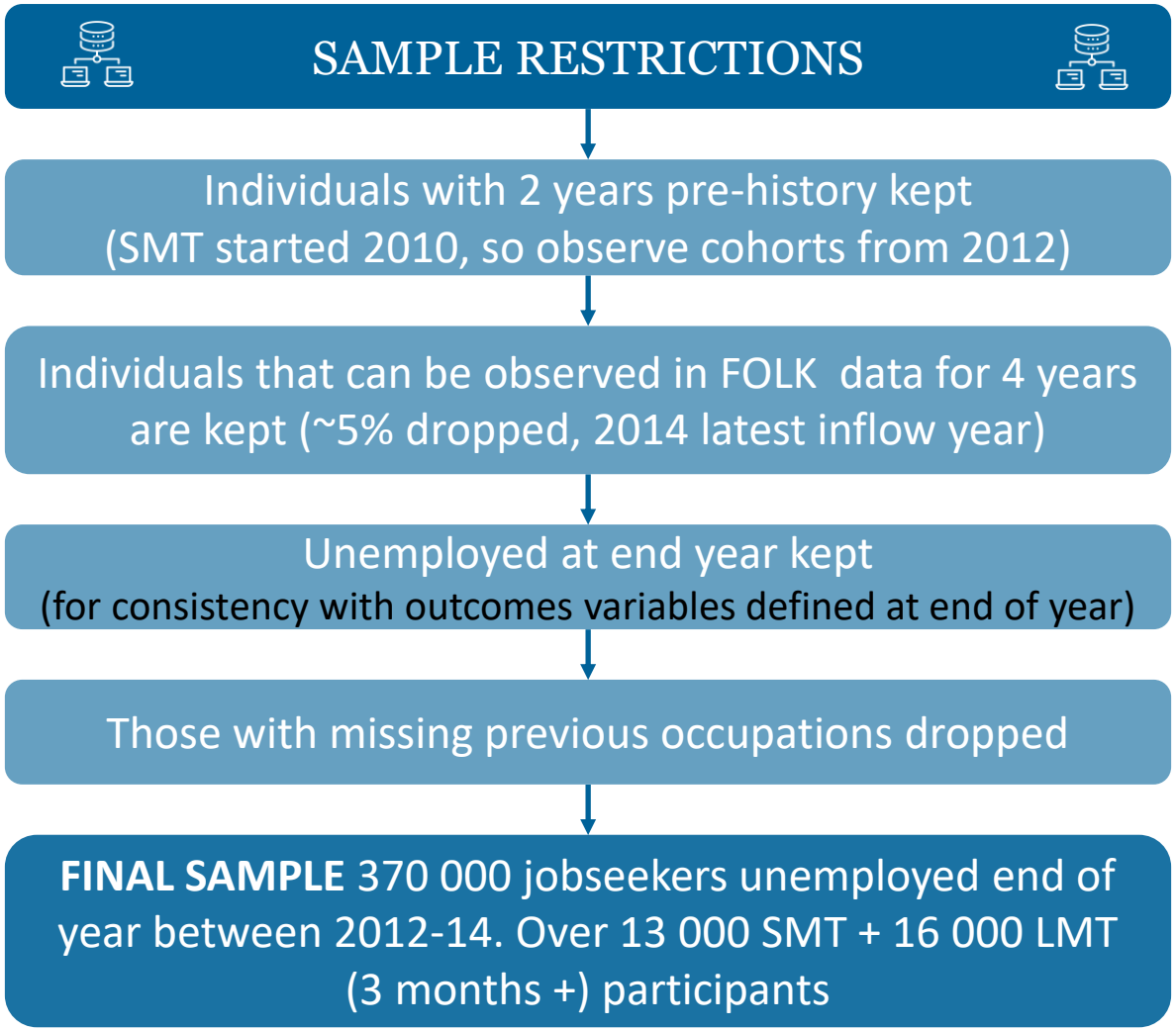
Rich annual data on individual characteristics including detailed socio-economic information and annual earnings

TEM Jobsearch

Administrative data detailing:

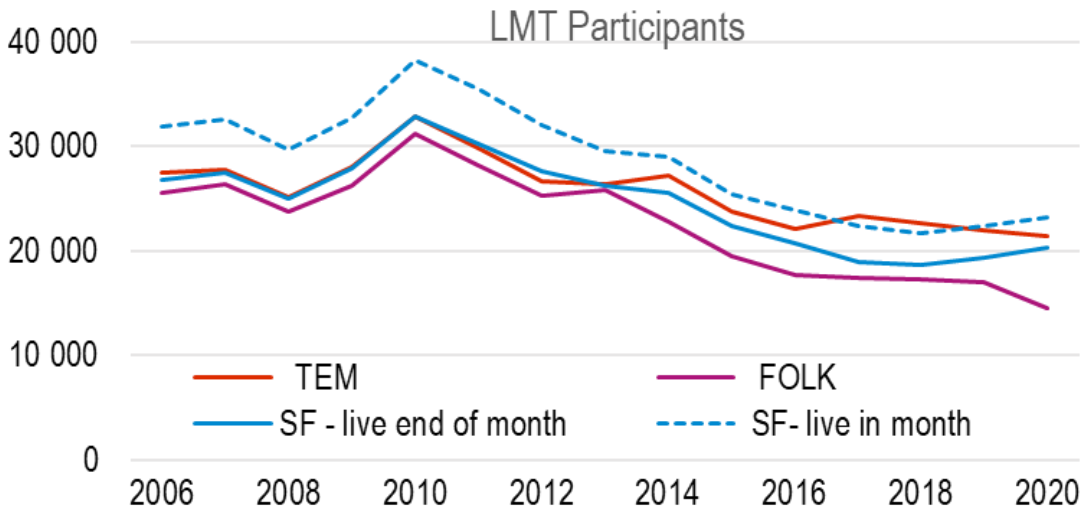
- Days and spells in unemployment
- LMT training information
- SMT start, end, pause dates

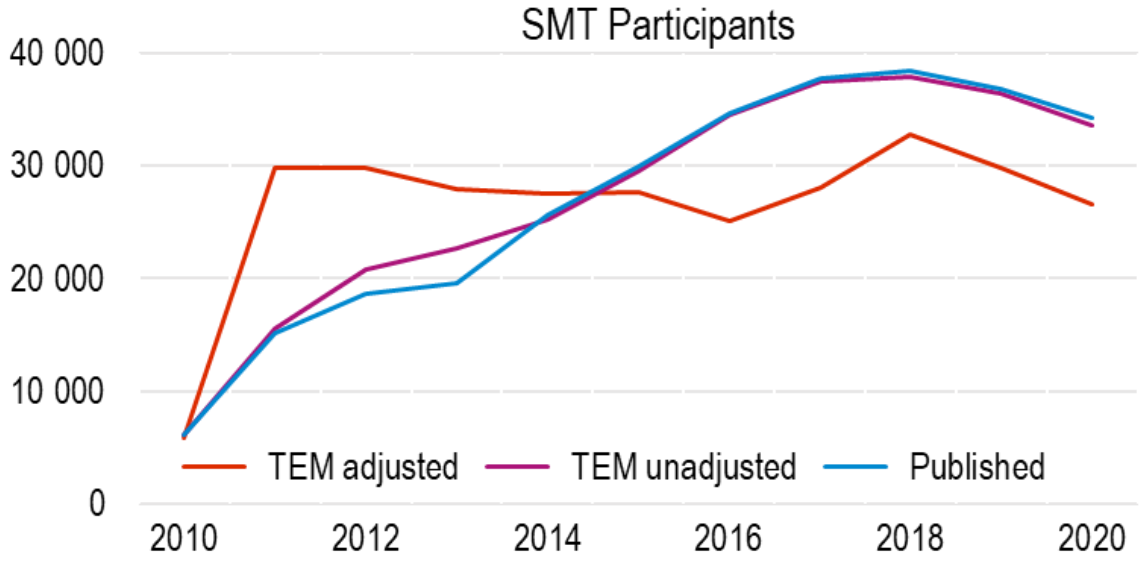
The sample is built using annual FOLK data on unemployment



Data availability is extensive, but choices are required to perform analysis

Different data sources for the same information can count different numbers individuals participating in ALMPs





TEM data are used for quantitative analysis due to greater coverage and better alignment with published data

Enhancements to data documentation and availability would improve data access and reduce costs of analysis

DATA DOCUMENTATION

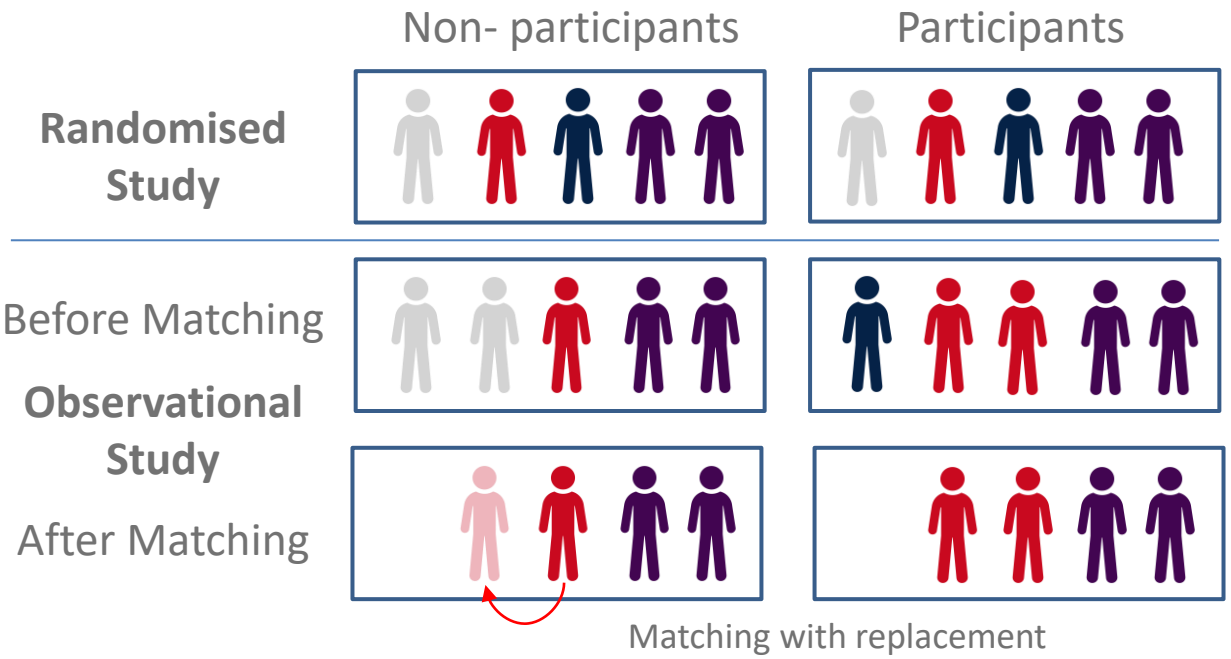
- Timeliness of metadata
- Variable details – e.g. on robustness or missing values
- Datasource details - e.g. on which to use and when
- English metadata
- Researcher community – place to share code, or remarks on data (e.g. forum)

DATA AVAILABILITY

- Data timeliness
- Employment counsellor data
- Digital interactions of jobseekers
- Better data on training
- Links to wider data (e.g. health, crime)

Propensity score matching was used to estimate causal impacts of LMT and SMT

- No Randomised Control Trial possible to select participants
- Matching relies on having good information on individual characteristics
- Assumes all factors influencing outcomes are captured by the administrative data used in the analysis

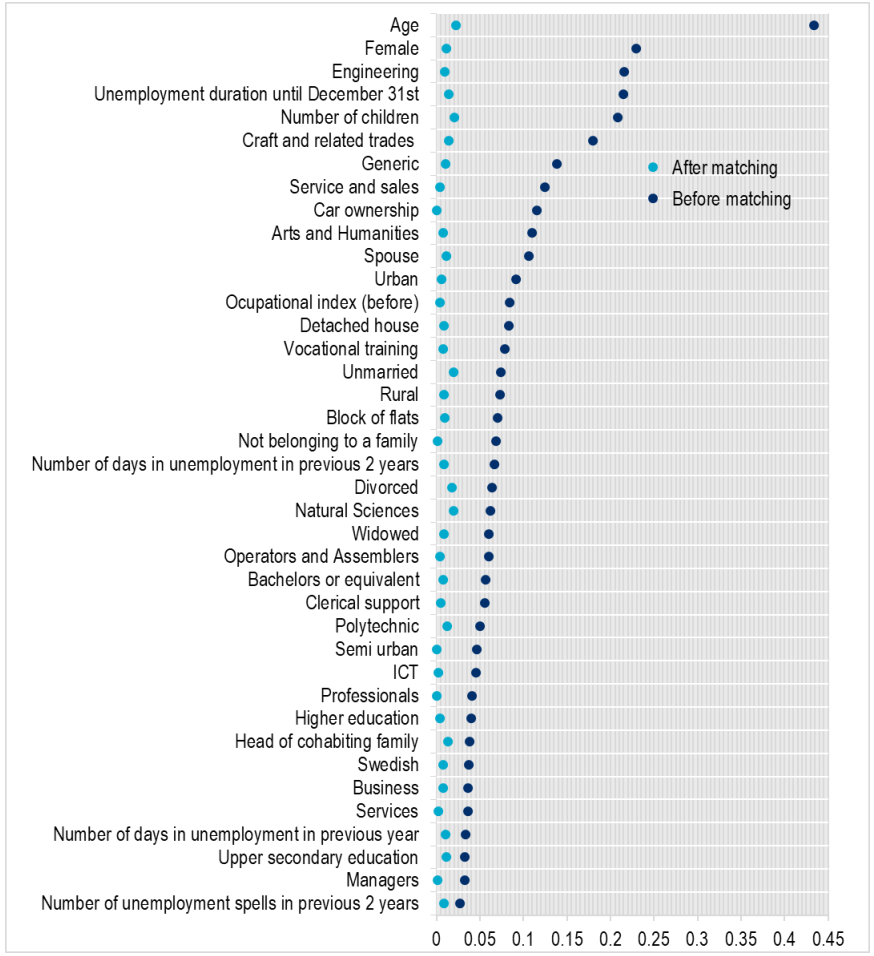


Data used to match individuals: unemployment history and duration(spells and days), age, gender, marital status, number and age of children, education level and field, nationality, municipality categorisation, type of building, quarter of unemployment registration, previous year employment status, earnings and occupational quality (rank).

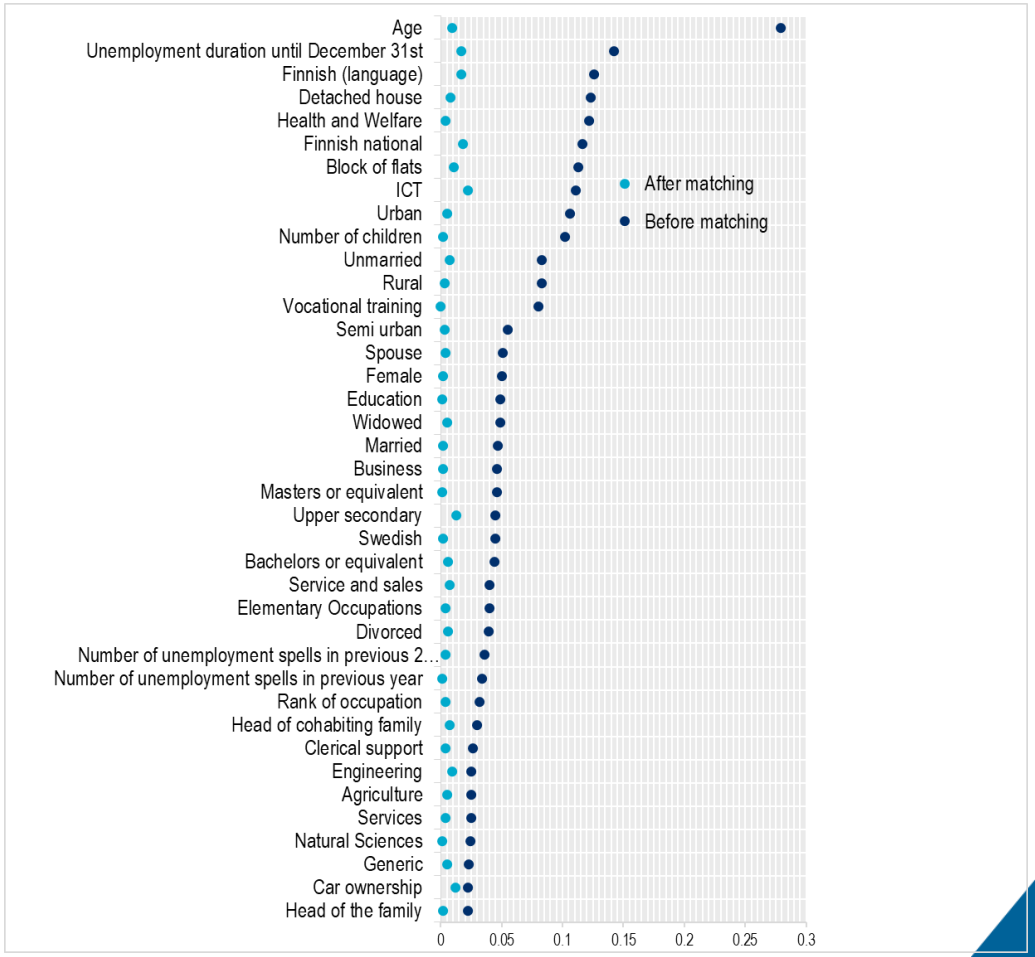
Matching was successful comparing individuals with similar characteristics

After matching, characteristics are similar between LMT/SMT participants and their matched non-participants

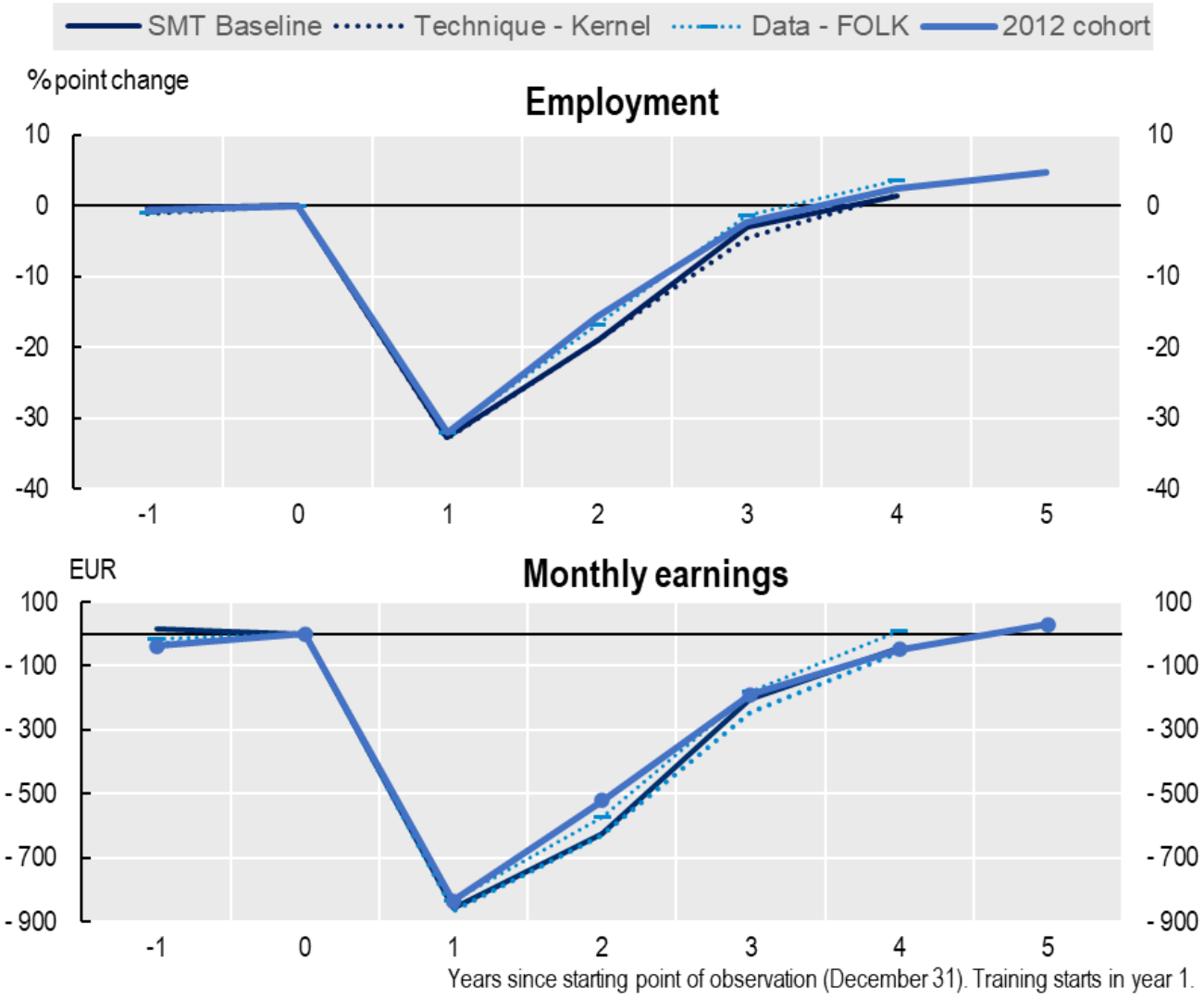
SMT



LMT



Robustness checks confirmed stability of results



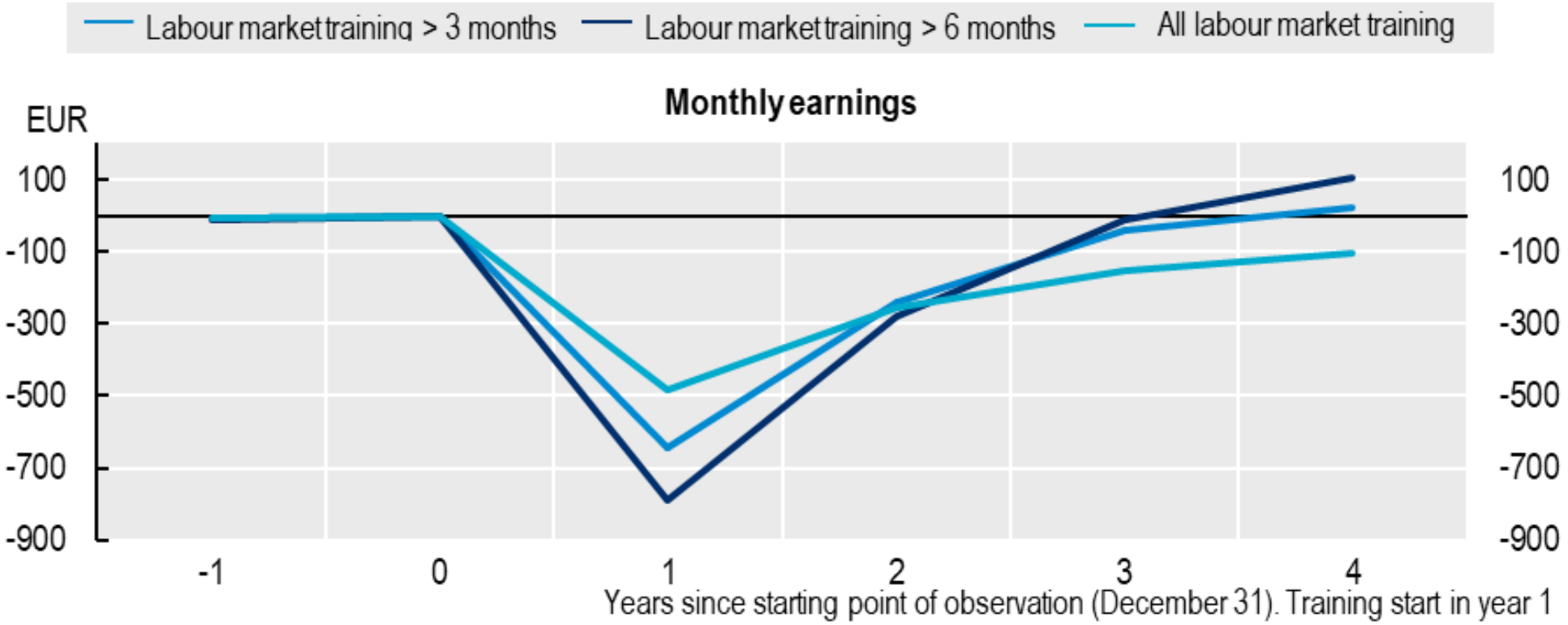
	Baseline	Robustness
Matching Estimator	Nearest-neighbour	Kernel
Dataset for training	TEM	FOLK
Cohorts	2012-2014	2012/3

LMT Results – Largely similar trends, though switch to FOLK sample has larger positive impacts (e.g. 6.6 percentage point employment impact in year 4, vs 4 percentage points in baseline)

Earnings turning positive by 4 years after SMT start

Effects for LMT depend on the length of the training

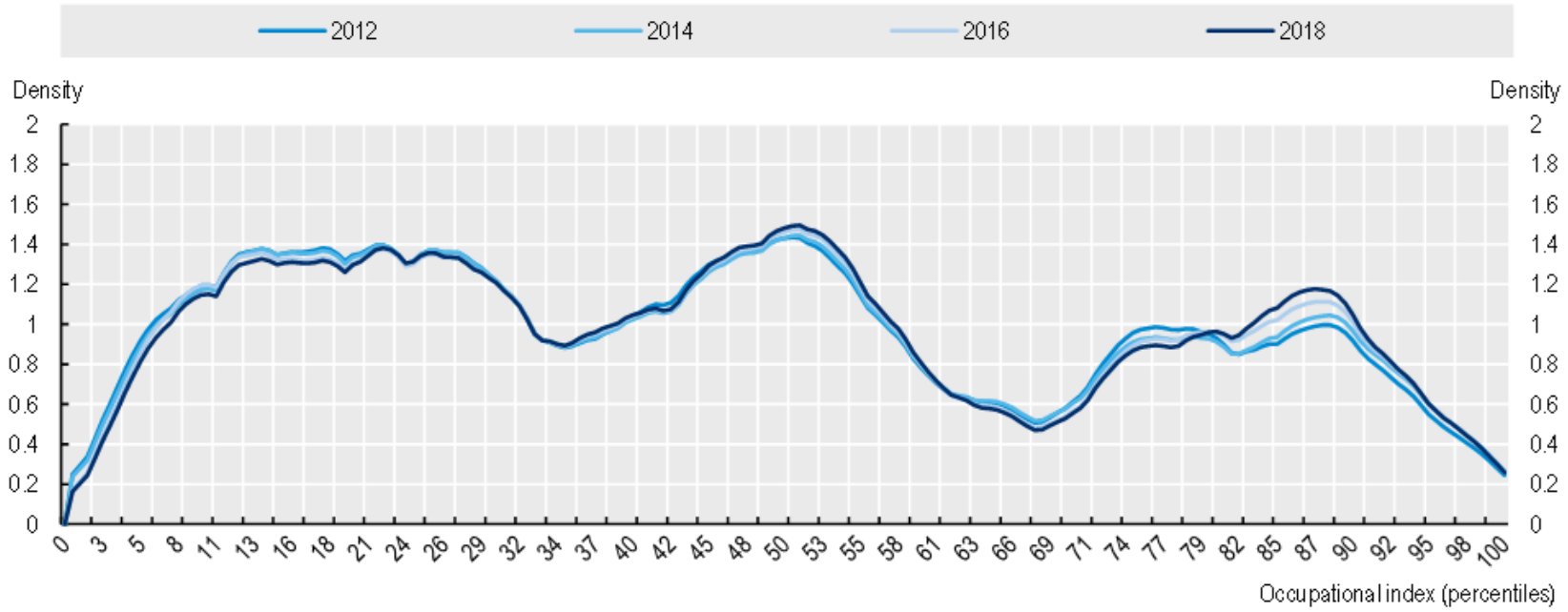
Longer training has a larger lock-in but higher longer-term outcomes



Baseline estimate in report looked at training longer than 3 months in duration. Lots of training in the dataset have very short durations (for example, 25% of all courses in the data are for 5 days or fewer)

An occupational index is constructed to provide tractable analysis of moves across occupations

Using different base years for the occupational index does not alter the shape of the distribution markedly



RECAP: Constructing the Occupational Index

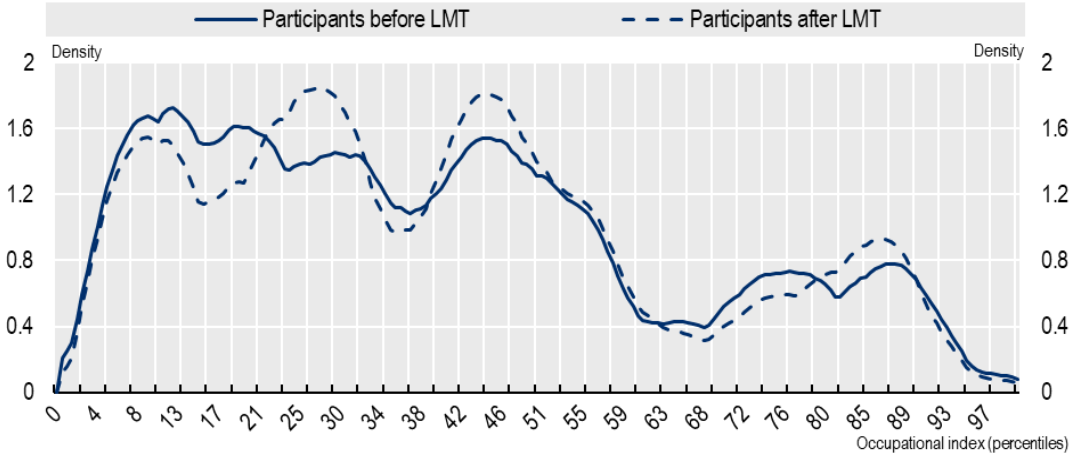
Occupations broken into 122 groups (ISCO 3-digit code)

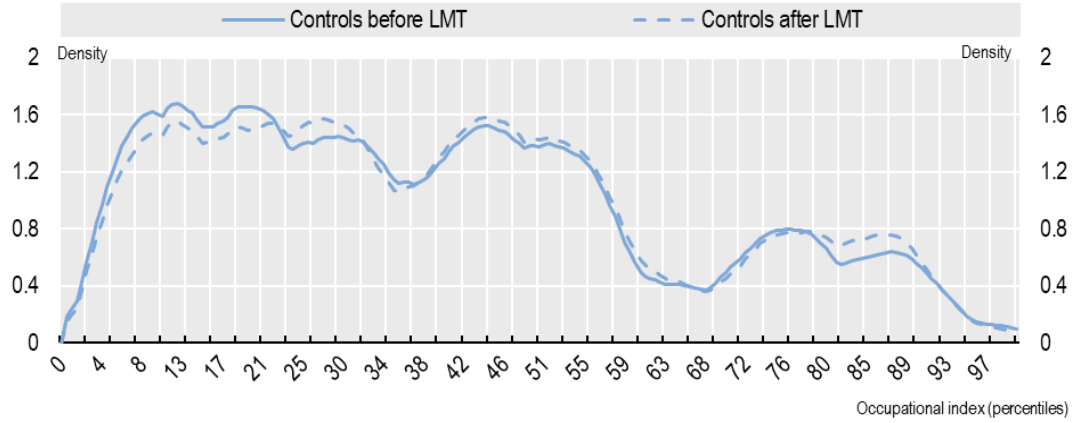
Average monthly wages computed for each occupation for employed individuals, 2012-18 period

Occupations ordered by wage

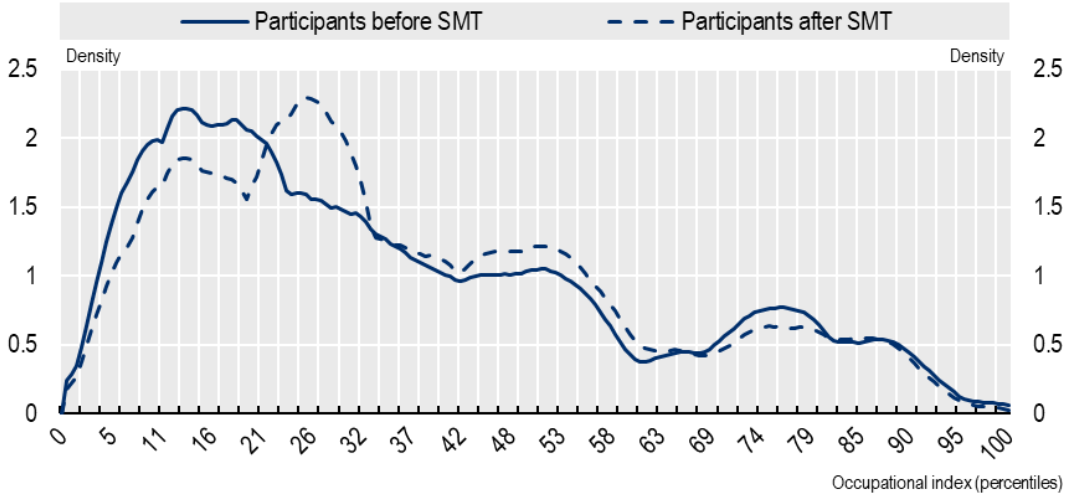
The occupational index highlights differences in occupations between SMT and LMT participants

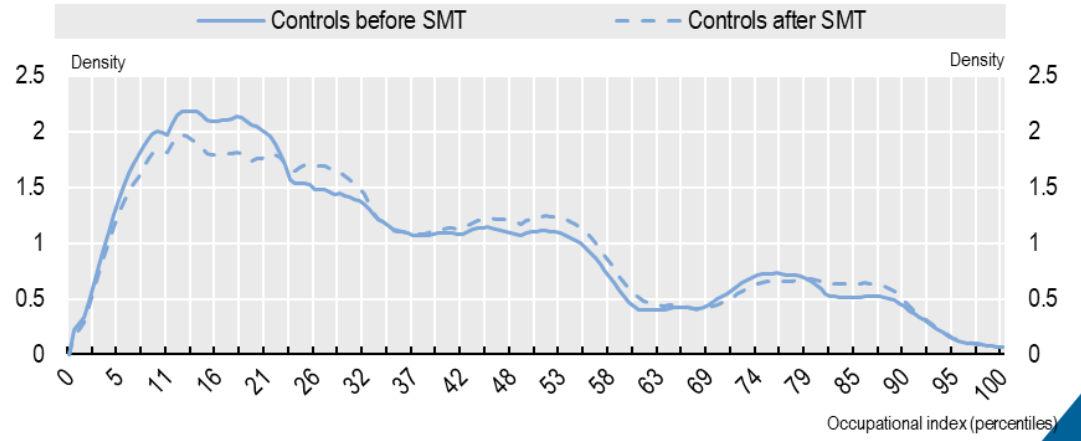
LMT participants see increases in percentiles in the 20s and 40s in the occupational distribution





Occupations of SMT participants are more concentrated at lower end of distribution



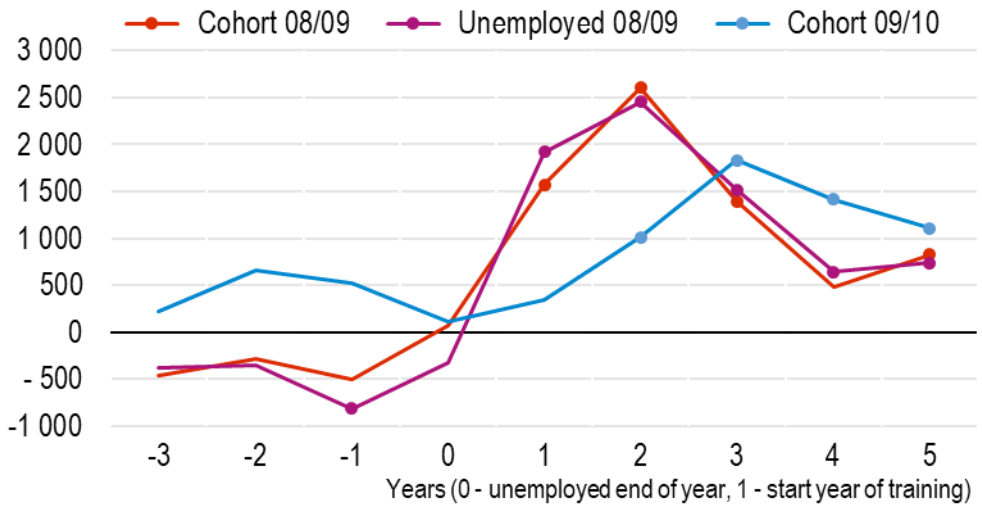


Analysis of impact of introduction of SMT alongside LMT was inconclusive

- A difference-in-difference and matching approach was adopted to analyse cohorts pre- (2009) and post-(2010) introduction of SMT
- But robustness checks showed effects were confounded by differences in the economic cycle

BUT

- Some evidence of improved educational completion & long-term outcomes SMT compared to Study Subsidy



Building the evidence base on ALMPs in Finland

Further evidence building could support Finland with its ongoing delivery and ALMP reforms

IT Infrastructure

Job Counselling

Skills demand and supply

Cost Benefit Analysis

Thank you!

Selected other works:

- Evaluation of Vocation Training and Employment Subsidies in Lithuania, oe.cd/il/LTALMPs
- Assessing Canada's system of ALMP evaluation, oe.cd/CPJCanada
- Harnessing digitalisation in public employment services, oe.cd/digitalPES
- Institutional set-up of active labour market policy, oe.cd/ALMPsetup
- More on active labour market policies: oe.cd/ALMPs

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