
“An analysis on the success of privately-led job search assistance programs against social exclusion”

Daniel Albalade, Germà Bel and Lúdia Farré

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Abstract

This paper examines an active and personalized job search program led by private entities called Feina amb Cor, which started in Barcelona in 2013 as an alternative to government-led employment services. The program aimed at helping long-term unemployed under high exclusion risk to find a job. Our findings, based on data obtained from subsequent interviews to participants before and after passing through the six-month program, suggest that changes in the job search technology seem to contribute to the high employability rate among participants. Also, we find some evidence about their improved well-being due to the program, what may have boosted their employment prospects. However, the program seems to offer jobs of short duration and working hours, what is consistent with the literature evaluating these kinds of programs. Thus, the paper offers new insights on the potential success of programs in order to contribute to the necessary debate about the role and design of job search services run by governments in Spain.

JEL classification: J08, J64, J68.

Keywords: Unemployment, Job search, Social exclusion.

Daniel Albalade: (GIM-IREA). Department of Econometrics, Statistics and Applied Economics. Observatory of Analysis and Evaluation of Public Policies (OAP-UB). Department of Econometrics, Statistics and Applied Economics. Universitat de Barcelona. Email: albalate@ub.edu

Germà Bel: (GIM-IREA). Department of Econometrics, Statistics and Applied Economics. Observatory of Analysis and Evaluation of Public Policies (OAP-UB). Department of Econometrics, Statistics and Applied Economics. Universitat de Barcelona. Email: gbel@ub.edu

Lidia Farré: (GIM-IREA). Department of Econometrics, Statistics and Applied Economics. Observatory of Analysis and Evaluation of Public Policies (OAP-UB). Department of Econometrics, Statistics and Applied Economics. Universitat de Barcelona. Email: lidia.farre@ub.edu

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1.- Introduction

The collapse of the financing markets in 2007 caused the so-called Great Recession that had a huge negative and profound impact on employment. Although the world economy suffered the consequences of the downturn, the effects of the crisis on unemployment rates were especially pernicious in the case of the southern European countries, where labor markets were characterized by rigidities, mismatches and already higher structural unemployment rates. Among them, Spain emerges as an outlier due to the high elasticity of employment to the business cycle. Since the outbreak of the crisis, unemployment rate rapidly jumped above 20% and reached a maximum of 27% in the first quarter of 2013. The accumulated rate of change of employment was -17.6% between 2008 and 2013 and +12.4% between 2014 and 2018 -second quarter- during the next recovery years (see Torres, 2018), and had a moderate increase thereafter. By contrast, the EU average just decreased by -3.5% in the first period and rose +5.8% in the second. Other comparable countries, such as Italy or France also experienced softer rates of change. In Italy, the accumulated rate between 2008 and 2013 was -4.0%, whereas in France it was -0.8%. During the recovery period the accumulated rates also increased at a lower path, with rates of +4.3% and +2.2%, respectively.

The higher pro-cyclical elasticity seems to be associated with the unusual increase – respect to what is theoretically expected - of the activity rate during the recession. This is mainly due to the growing participation of women and because of the longer working life of those over 55 years old (Torres, 2018). However, a further deep concern that explains the high unemployment rate reached is the persistent structural long-term unemployment. Indeed, we must highlight that in Spain most unemployed workers (54%) were classified as long-term unemployed in 2014, one year after the peak of the unemployment

rate (i.e. jobless and looking for a job for more than a year). Moreover, the Great Recession was especially harsh to unqualified young Spanish workers but also to those over 55, who encountered serious difficulties in finding a work in a highly segmented market with very limited professional opportunities (Anghel et al., 2014).

Several studies have shown that the persistent lack of work and job opportunities over an extended period of time has severe consequences and scarring effects on the work and personal prospects of affected individuals. Being out of work for more than one year has been shown to have important negative effects on future earnings and labor market prospects (Huttunen et al., 2011; Eliason and Storrie, 2006; Gregg, 2001), on individuals' well-being (Clark et al., 2001), and on their health (Urbanos-Garrido and López-Valcarcel, 2014; Farré et al., 2018).

As a result, there is no doubt that one of the key factors in impoverishment and social exclusion is the lack of employment and labor opportunities over a long period of time. The economic, social and psychological effects of long-term unemployment make it difficult to overcome poverty and social exclusion and justify the decisive action of governments to design employment promotion programs aimed at these most vulnerable groups. Nonetheless, government-led employment services in Spain are usually under pressure, but become just overwhelmed during recessions, and their performance, especially regarding long-term unemployed and the most vulnerable unemployed, receives a lot of criticism (i.e. passivity, lack of job offers respect to the available at on-line platforms and temporary employment companies, lower hiring, etc). These concerns force the consideration of reforms in the field of public action based on the learning of potentially more effective and efficient programs, even if they come up from the private initiative or from non-profit organizations that aim at helping long-term unemployed to skip social exclusion.

Among the existing active labor market policies, it is increasingly considered that personalized job search assistance programs are very effective in the short term (Kluve 2010; Card et al 2010 and Card et al 2017). Several studies conducted in different OECD countries indicate that less than a year after the end of the program, search assistance increases the employment rate in the group of participants by four percentage points relative to that in the non-participant group. However, in the long run (i.e. three years after program completion) the effectiveness of search counselling decreases relative to other policies focused on training or retooling workers' skills (Marinescu 2017). Some authors have suggested that the punishment or threat to lose unemployment benefits or welfare assistance are key to the success of this type of "work first" programs (Blundell et al 2004). Few papers have been able to disentangle the contribution of assistance from that of punishment. A recent exception is the work by Belot et al (2019) showing that providing low-cost tailored advice to the unemployed is an effective way to increase their reemployment probability.

In this paper we examine a voluntary job search assistance program offered and funded by a non-profit organization of Barcelona (Spain) that is managed by a specialized private company, as an alternative to government-led employment services. Participation in the program is optional, confidential and does not influence the receipt of unemployment benefits and is restricted to long-term unemployed under certain risks of social exclusion. The non-mandatory nature of the program allows us to explore the contribution of providing active and personalized assistance to the increase in the job search success of the participants. In doing so, we interview a sample of participants at the beginning of the program and six months after, when the program ends. Since job search assistance programs have been questioned by their effectiveness to guarantee stable job prospects to their participants in the long run (Behaghel et al 2014), our study

also contributes to this debate by comparing the characteristics of jobs held by individuals before and after their participation in the program.

Our results suggest that the short-term effectiveness of providing assistance may result from an improvement in the search technology related to a more intensive use of formal channels. We also find some evidence that the individualized support offered by the program improves the well-being of workers. The estimates of a linear probability model indicate that both formal search channels and the individual well-being are important factors for a successful job search. However, we also find a low quality, in terms of contract duration and number of hours worked, among the jobs that program participants get access to. We conclude that the high job search success together with the lower quality of jobs obtained after participation in the program is consistent with previous results in the literature that have questioned the effectiveness of these “work first” programs in stabilizing the work prospects of unemployed workers (Cottier et al 2018).

The paper is structured as follows. In the next section we describe the program under study. Section 3 presents the data employed and Section 4 discusses the empirical findings. The paper finishes by presenting the main conclusions in Section 5.

2.- The Program under examination– *Feina amb Cor (Job with heart)*

In this paper we examine a disruptive job search assistance program based on offering active and personalized counseling services to long-term unemployed individuals with a high risk of social and economic exclusion. The program named *Feina amb Cor* is a private initiative promoted and funded by a non-profit organization, *Caritas Diocesana de Barcelona*. *Caritas* belongs to the Catholic Church and its main task is to fight poverty

and social exclusion by providing charity in the most marginalized areas of the city of Barcelona.

Feina amb Cor is a program design to help long-term unemployed individuals to acquire skills to improve their chances to enter the labor market. The program is targeted to individuals with a high risk of social exclusion, who have been unemployed for a long period of time and, therefore, have exhausted unemployment benefits or are above to do so. To be eligible for the program, they should also have family dependents.

The program is financed by *Caritas* but it is managed by a private multinational specialized firm, *Ingeus*, with activity in 12 countries, where it provides employment guidance to 300,000 people per year.

The *Feina amb Cor* program was first introduced in 2013 in the neighborhood of *La Barceloneta* (Ciutat Vella District) and was subsequently extended to the neighborhood *Bon Pastor* (Sant Andreu District) in 2019. Both are neighborhoods in Barcelona characterized by low income households and a high immigrant rate.

The *Feina amb Cor* program assists participants for six months and comprises four phases:

- Activation: This phase established individual objectives, strengths participants' ties to the project and identifies their degree of commitment. During a period of about one month, participants have a series of weekly meeting with the program advisor or counselor.
- Update: During the following two months participants attend seminars and workshop to improve their job searching skills.
- Intensive and autonomous search: For the next months, participants are expected to autonomously and intensively search for jobs using the acquired tools in previous phases.

- Takeoff: This is the last phase of the program in which participants are expected to find work. If participants find a job, they are tracked to ensure that they successfully attend their job commitments.

Additionally, the program builds ties with companies, organizations and job agencies. These companies, grouped under the name *Entitats amb Cor (Entities with heart)*, collaborate with the program not only by hiring participants but also by promoting campaigns among their business contacts to involve them in the hiring process. More than 400 companies are involved in the program.

Participation in the *Feina amb Cor* program is voluntary and participants do not get punished over the course of the program and they can drop out at any time. However, the dropout rate is very low (about 15%). The program relies on a personalized plan where objectives are set by participants and counselors during the first weeks. The plan is based on the participant's self-knowledge, self-confidence and the acquisition of job-search tools in a highly personalized procedure which sees the participant closely accompanied throughout the process. Participants in the program also have access to a job search center with internet and specialized telematic job search programs, as well as specific training and courses on curriculum layout, job interviews and other basic communicative skills.

3.- Data on participants

To investigate the key elements behind the potential success of this job counseling program we interviewed a sample of individuals that participated in the *Feina amb Cor* program between February 2017 and January 2018. The aim of the survey was to gather

information on the socio-economic characteristics of the participants, their past employment spells, their well-being and health status and measures related to the job search behavior of the participants.

Individuals in our sample were first interviewed before starting the program. Participants had to complete an individual questionnaire at the end of the informative session about the program content. After the six months of the program duration, participants were interviewed by phone and asked a battery of questions that were similar to those in the first round of the questionnaire.¹

During the period of our study 1,151 individuals participated in the program. Of them, 549 (47.7%) completed the initial questionnaire and 207 (18%) the final one. Participation in our study is voluntary and program participants may choose not to be interviewed for several reasons ranging from time constraints to language barriers or other personal concerns. Table 1 compares observable characteristics of all the program participants to those who completed our first and/or the final questionnaire.

Table 1
Socioeconomic characteristics of participants (percentage)

	Total Participants	Participants Initial Questionnaire	Participants Final Questionnaire
<i>Gender</i>			
Male	54 (0.50)	56 (0.50)	49 (0.50)
<i>Age</i>			
Younger than 25	5 (0.22)	4 (0.19)	3 (0.18)
25-40	30 (0.46)	30 (0.46)	27 (0.44)
41-55	46 (0.50)	46 (0.50)	48 (0.50)
Older than 55	18 (0.39)	20 (0.40)	21 (0.51)
<i>Origin</i>			
Non-Spanish	68 (0.47)	67 (0.47)	60 (0.49)
Africa	30 (0.45)	29 (0.46)	23 (0.42)

¹ Our questionnaire is largely inspired on the one used to construct the Spanish Labor Force Survey and it is available upon request from the authors.

America	30 (0.45)	30 (0.46)	30 (0.45)
<i>Civil Status</i>			
Married	35 (0.48)	36 (0.48)	31 (0.46)
Divorced	21 (0.41)	22 (0.41)	24 (0.43)
Widower	2 (0.14)	2 (0.15)	2 (0.15)
<i>Without income</i>	94 (0.24)	94 (0.23)	97 (0.18)
<i>N. Observations</i>	1151	549	206

Note: Standard errors in parentheses.

Based on the observable characteristics reported in Table 1 (i.e. gender, age, country of birth, civil status, education and indicator for not receiving any type of income), we can conclude that participants who responded to the initial survey are not significantly different from the pool of total participants.

Among those who responded to the initial questionnaire a 56% are men, aged mostly between 41 and 55 (46%). A large majority are immigrants (67%), mainly from African (54%) and South American (37%) countries. In terms of education, a 24% have completed primary education, a 59% secondary education and a 17% tertiary education. A 48% of the respondents to the first questionnaire are single, a 59% have no children and a 95% do not receive any type of income. If we focus on those who completed the final questionnaire, we observe some differences. For example, in the groups of those who responded there are fewer men and a smaller percentage of immigrants.

The questionnaire conducted among participants also collected information on previous employment spells that has been summarized in Table 2. Most of the respondents had some employment experience (89% of men and 93% of women). The majority had full-time jobs (73% of men and 67% of women) and the average previous wage was less than 1,000 Euros (994.62 Euros for men and 870.74 Euros for women).

Several studies have argued that the high rate of temporary contracts in Spain was responsible for the dramatic increase in unemployment (Bentolila et al., 2012). Our data

is consistent with this statement, as 46% of men and 34% of women who participated in the program lost their jobs due to their contract termination.

The *Feina amb Cor* program seems to be very effective in terms of job search success. Among the program participants that completed our initial and the final questionnaire, a high percentage of them found a job (60% of men and 42% of women).² These figures are similar to the results of previous studies conducted by *Ingeus* among male participants and much higher than those obtained by similar groups not treated by the program. According to the Labor Observatory of Productive Model of the Ministry of Labor, Social and Family Affairs of the Government of Catalonia, the lowest and highest quarterly rates of individuals unemployed for more than one year that found a job between 2013 and 2018 were the 6.92% and the 16.20%, respectively. Interestingly, a large percentage of those treated individuals with a job declared that they had found the job through the program counselor (i.e. 45% of the respondents).

Notice that the effect of the program on the employability of the respondents cannot be interpreted as causal as there is no control group. However, its sign is in line with the results in previous studies based on randomized experiments.

Table 2:

Past labor market histories of program participants (percentage)		
	Male	Female
Previous labor experience	89	93
Reason of unemployment		
Personal	12	15

² Figures up to and including 2016, indicate that the economic recovery had not improved the unemployment rate among the long-term unemployed (FEDEA 2016). Note that by mid-2019, after a long recovery period, still more than 30% of the unemployed workers in Spain had been looking for a job for more than two years, according to the EPA.

Closure of firm	6	5
Firing	11	10
Termination of contract	46	34
End of activity	11	14
Other	12	20
Number Observations	294	233
Temporary contract	31	43
Full-day contract	75	68
Monthly net salary (average)	994.62 €	841.38 €
Number Observations	259	212

4.- Empirical evidence

This section discusses some empirical regularities that may help us in understanding the success of the *Feina amb Cor* program and provide some insights for the success of job search assistance programs in general.

We structure the section as follows. We first estimate a linear probability model to identify the factors that according to the job search literature are relevant in finding a job. Next, we investigate the evolution of these factors among participants over the course of the program. Finally, we analyze the characteristics of the jobs hold by participants at the end of the program.

Which factors are relevant for finding a job?

The first step in our empirical investigation is to identify which factors are relevant for the probability of finding a job. In doing so, we consider socio-economic variables that are not expected to be modified as a result of participating in the program such as gender, age, family composition and income. We also consider variables that may be influenced by the program such as the job search channels, the reservation wage and an individual level of well-being (Mortensen 1987).

To assess the relevance of different variables in the job search success we estimate a linear probability model of the form³:

$$y_i = \beta \mathbf{X}_i + e_i \quad (1)$$

³ Table A1 in the Appendix reports the odds ratios calculated from estimating the model in (1) using a logit.

where y_i is the dependent variable that takes a value of 1 if the individual reports having a job by the end of the program and 0 otherwise. β is the vector of coefficients, $(1 \times k)$, and \mathbf{X}_i is a vector, $(k \times 1)$, that includes the different factors that might influence the individual probability of finding a job. These correspond to individual characteristics (gender, age, having children younger than 16, and an indicator of monthly family income below 500 euros), factors related to the job search process (an indicator of formal search channels, an indicator of informal search channels and the monthly reservation wage in euros), and an indicator of self-reported health. Table A2 in the Appendix reports the descriptive statistics for the variables included in estimation.

Table 3 displays the OLS point estimates obtained from the model in equation (1) on the sample of 151 individuals who completed the final questionnaire and have information on the relevant variables. The first column reports the results when only individual demographic characteristics are included in estimation. According to the estimates, women are less likely to find a job. The point estimate suggest that they have a 16 percentage points lower probability of finding a job than men. We cannot interpret this finding as the program being less effective among women. Indeed, women reemployment probabilities are in general lower than that of men (ILO 2017). Among the other socio-economic variables considered, the presence of young children increases the chances of finding a job. The point estimates in Table 3 indicate that individuals with young children are about 22 percentage points more likely to be employed by the end of the program than childless individuals. In contrast, the age of the individual and the level of family income does not seem to influence the job finding probability.

Column (2) adds to the empirical model variables that the literature has identified as being relevant for the process of finding a job and can be affected by participation in the program. Accordingly, the model in column (2) includes as additional regressors an

indicator for using informal search methods (such as internet, newspapers, street adds or friends) and another for formal search methods (such as private and public employment offices, direct contact with employers or recommendations by the program counselor). According to the point estimates, using formal search methods increases the chances of finding a job by almost 50 percentage points. In contrast, the coefficient on the indicator of informal search methods is negative and statistically insignificant.

The previous results indicate that the use of formal search methods is an important element for the job search success. As discussed in the introduction, an important resource of the *Feina amb Cor* program is to forge a relationship between firms and program participants. The results in Table 3 suggests that the use of formal search channels that include the advice and job recommendations by the program counselor are key to the reemployment of the participants.

The estimates in Table 3 also suggest that another relevant factor for the probability of finding a job is the reservation wage. It is defined as the minimum wage an individual is willing to accept in order to take up a new job. Economic theory predicts that a high reservation wage will discourage labor market participation. However, the reported coefficient in Table 3 on this variable is positive though very small in magnitude (i.e. 1 euro increase in the reservation wage increases the probability of finding a job by 0.3 percentage points). This result could reflect the presence of unobserved ability related to skills or previous labor market histories. Accordingly, more able individuals or those with more successful past employment experiences will report higher reservation wages and also be more likely to find a job.

Finally, column (3) in Table 3 includes an indicator for the health status reported at the end of the program. The estimated coefficient is negative and statistically significant, indicating that a poorer health condition on a scale from 1 to 5 (where “1” is very

good and “5” is very bad) reduces the probability of finding a job. The program can also affect the health status of participants by either bolstering their mental wellbeing or by benefiting from the advice of the counselor.

Summing up, the results in Table 3 identify factors that are relevant for the probability of finding a job and are likely to be affected by program participation. In short, the chances of finding a job seem to be highly correlated with the use of formal job search channels. We also find evidence that workers with a better health condition and a higher reservation wage are more likely to be employed after participating in the program.

Table 3:
OLS estimates of the employment probability

VARIABLES	(1) Employed	(2) Employed	(3) Employed
Woman	-0.1667** [0.080]	-0.1329 [0.081]	-0.1221 [0.080]
Age	0.0028 [0.004]	0.0018 [0.004]	0.0024 [0.004]
Children<16 years	0.2292*** [0.085]	0.2492*** [0.085]	0.2515*** [0.085]
Household income < 500	0.0225 [0.089]	0.0239 [0.088]	0.0283 [0.087]
Informal search channels		-0.4113 [0.288]	-0.4273 [0.286]
Formal search channels		0.5439* [0.302]	0.5415* [0.299]
Reservation wage		0.0003* [0.000]	0.0003* [0.000]
Health condition ("1" very good, "5" very bad)			-0.0809* [0.042]
Constant	0.3579* [0.190]	0.0154 [0.265]	0.1448 [0.271]
Observations	151	151	151
R-squared	0.075	0.115	0.138

Note: The columns report the estimated coefficients of the linear probability model in equation (1). Standard errors are reported in brackets. *** p<0.01, ** p<0.05, * p<0.1

Which factors are affected by participation in the program?

Once we have identified the factors that are relevant to find a job, we investigate their evolution over the course of the program. Columns (1) and (2) in Table 4 display the

mean of the relevant variables for participants who completed the initial and the final questionnaire. There are 200 observations with valid information to conduct this exercise.

We observe that over the course of the program the minimum wage a worker is willing to accept to participate in the market decreases (by about 100 euros). This may respond to a deterioration of the labor market conditions over the period under analysis. The decrease may also respond to an adjustment in the labor market aspirations of the participants due to a more realistic assessment of their abilities after contrasting them with the program counselor. Finally, the lower reservation wage could also reflect the worse quality jobs obtained through the program. Behaghel et al. (2014) report evidence that job search assistance programs conducted by private firms can place participants in low quality job if the payment scheme to those firms is based on the number of reemployed workers.

We also observe that participation in the program is associated to a moderate increase in life satisfaction (i.e. 0.5 points in a 0 to 10 points scale). This may respond to the fact that one of the goals of the *Feina amb Cor* program is to reinforce workers self-esteem and confidence. In contrast, the health condition indicator presents little variation over the course of the program.

The rest of the columns in Table 4 look at the evolution of these factors separately for participants who successfully found a job by the end of the program (columns (3) and (4)) and those who did not (columns (5) and (6)). It is interesting to observe that the drop in the reservation wage (or accepted wage) is larger among individuals who found a job than among those who did not. This is partly because their reservation wage was originally higher, but also, individuals who found a job may have adjusted their aspirations after receiving advice from the program counselor. The higher reservation wage of those

participants at the beginning of the program could also suggest that they are more productive. This is consistent with the positive sign estimated on the coefficient of the reservation wage in the previous section.

If we focus on the job search indicators, we also observe important differences across columns. Individuals who found a job by the end of the program are more likely to use or have used formal methods to search for jobs. As discussed in section 2, this may reflect the fact that many jobs were found through the *Feina amb Cor* counselor.

The life satisfaction indicators are also more favorable among individuals with a job. The indicator increases by about 0.7 points in a 0 to 10 scale, while it has only increased by 0.2 among jobless individuals. This is consistent with previous literature that identified a negative effect of unemployment on mental health and well-being (Farré et al. 2019).

The evidence in Table 4 indicates that some of the factors that the model in the previous section has identified as relevant to find a job can be modified by participating in the program. In particular, the program seems to induce workers to use formal channels to look for work, to be willing to accept lower paid jobs and to improve their well-being. These findings are consistent with the results in other studies using randomized experiments to open the “black box” of job search assistance programs (see for instance Arni 2015).

Table 4:

	All participants		With job		Without Job	
	Before	After	Before	After	Before	After
Reservation wage	925.09 € (304.02)	809.34 € (248.40)	965.38 € (283.95)	814.67 € (271.62)	881.62 € (319.53)	802.63 € (217.21)
Household income < 500 (%)	68		68		69	
Children < 16 years (%)	39		44		32	
Hours per week searching for job	16.79 (11.64)	10.36 (4.78)	16.73 (11.30)		16.61 (11.88)	10.55 (4.75)
Job searching channels						
Formal (%)	89	66	91	60	88	66
Informal (%)	90	68	91	36	89	68
Life satisfaction (0 "extremely unsatisfied", 10 "extremely satisfied")	5.88 (2.79)	6.38 (1.62)	6.19 (2.67)	6.87 (1.45)	5.52 (2.93)	5.76 (1.60)
Health condition ("1"very good, "5"very bad)	1.86 (0.94)	1.98 (0.82)	1.75 (0.81)	1.85 (0.73)	2 (1.06)	2.15 (0.90)
Number of observations	200	200	102	102	98	98

Relevant factors of job-search before and after participating in the program

What type of jobs do program participants have access to?

The evidence in Table 4 indicates that after participation in the program individuals report lower reservation wages or accept jobs offering wages below their initial reservation wage. An important concern raised in the literature is that when job search assistance is outsourced to private firms, the quality of the resulting jobs may decrease. Behaghel et al. (2014) shows evidence for France of lower quality jobs when the firm in charge of the search counselling is paid based on the number of reemployed workers.

The *Feina amb Cor* program is run by a private firm payed based on the number of reemployed workers. Thus, it seems interesting to further explore the quality of the resulting job opportunities. Panel A in Table 5 focus on all individuals in our sample. Column (1) displays the information for all individuals who in the first round of the survey reported valid answers to the relevant questions related to their last employment experience. Column (2) reports the information for those who found a job after participating in the program and reported valid information on the job characteristics. Instead, panel B focus only on those individuals who found a job after participating, report valid answers on the relevant job questions and appropriately answer the first round of the questionnaire.

The comparison across columns of Panel A clearly suggests a decrease in job quality after participating in the program. Accordingly, the percentage of temporary jobs increase by 24 percentage points, that of full-time employment decreases by 14 percentage points and the monthly net salary decreases by 100 Euros relative to that in the last job. Panel B which restricts the analysis only to workers for whom we have information about the last employment experience and the current job also suggests a decrease in job quality in terms of contract duration and number of hours worked. However, there is no evidence of a drop in the aspired wage.

The evidence in the table suggests that the quality of jobs the program give access to is lower than that of the last employment experience of program participants. This may

reflect the worsening of the labor market conditions over the period under analysis. It is worth noting that the internal-wage devaluation in the Spanish Economy in the last decade affected primarily to workers at the low end of the salary and working conditions scale. In that regard, between 2008 and 2015 the wage in the lowest wage decile of workers decreased by 16.2 (22.5% in real terms) and in the second decile the decrease was 6.7% (13.7 % in real terms) [Syndex 2018, p. 24]. Indeed, these two deciles are the deciles populated by practically all participants in the program, according to data shown in table 2 above. It may also result from a change in the aspirations of the participants or from the program pushing workers to accept lower quality jobs.

Table 5:

Job characteristics before and after participating in the program

	Before	After
Panel A: All respondents		
Temporary Contract (%)	36	60
Full day contract (%)	72	58
Monthly net salary	920.07 €	820.02 €
Number Observations	471	103
Panel B: Respondents to 1st and 2nd questionnaire		
Temporary Contract (%)	39	65
Full day contract (%)	66	56
Monthly net salary	835.88 €	833.83 €
Number Observations	85	85

6.- Conclusions

The impact of the Great Recession in the Spanish economy can be easily measured by the huge increase of its unemployment rate in comparative terms. More than ten years later, the pre-crisis levels are still to be achieved. The high structural unemployment in Spain and its consequences for inequality, poverty and social exclusion of long-term unemployed workers forces the reconsideration of current public actions in the field of government-led job search programs by learning from experiences led by the private initiative that may offer a more effective alternative. Indeed, individualized and active job search assistance programs have been identified in the literature as an effective remedy to increase employability of long-term unemployed workers. The success of these type of programs is however a “black box”. This paper provides some insights on the elements that can contribute to the effectiveness of this type of active labor market policies.

We examined a voluntary job search assistance program offered and funded by a non-profit organization in Barcelona and managed by a specialized private company between February 2017 and January 2018. About a 50% of the participants report to be employed by the end of the program. Since the program is voluntary, we rule out the possibility that punishment is the driving mechanism behind the high success rate. We find evidence suggesting that changes in the job search technology (i.e. a more intensive use of formal search channels) may contribute to the high employability rate among program participants. There is also some evidence that individual well-being improves over the course of the program, and this may boost the employment prospects of program participants.

Nonetheless, we observe that the jobs obtained after participating in the program are short both in terms of contract duration and number of hours worked. This may result from alternative explanations ranging from the worsening of the labor market conditions, the adjustment of workers' aspirations to a more realistic situation or a deterioration in the quality of jobs the program gives access to. This last explanation would be consistent with previous evidence that find job search assistance programs effective in the short-term but show concerns regarding their ability to stabilize workers' employment prospects in the long-run.

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Appendix

Table A1:

Determinants of employment (odds ratios)

VARIABLES	(1) Employed	(2) Employed	(3) Employed
Woman	0.492** [0.169]	0.549* [0.194]	0.564 [0.202]
Age	1.012 [0.016]	1.007 [0.017]	1.010 [0.017]
Children < 16 years	2.635*** [0.966]	3.047*** [1.184]	3.211*** [1.273]
Household rent < 500€	1.098 [0.415]	1.076 [0.417]	1.086 [0.427]
Informal search channels		6.49e-07 [0.001]	4.62e-07 [0.000]
Formal search channels		2854950 [2.23e+09]	3770799 [3.023+09]
Reservation wage		1.001* [0.001]	1.001* [0.001]
Health condition ("1" very good, "5" very bad)			0.680** [0.133]
Constant	0.546 [0.438]	0.121* [0.142]	0.1721 [0.277]
Observations	151	151	151
LR-chi2	11.66**	19.53***	23.62***
Prob > chi2	0.020	0.007	0.003
Pseudo R2	0.056	0.093	0.113

Note: Odds ratios resulting from estimating the model in equation (1) using a logit.

Table A2:
Descriptive variables

Name and description of variables	Mean	Standard Deviation
Employed: indicator taking value 1 for individuals with a job in the final interview	0.50	0.50
Woman: indicator variable taking value 1 for women and 0 for men	0.50	0.50
Age	46.40	10.87
Children < 16 years: indicator for the presence of children younger than 16	0.49	0.78
Household income < 500: indicator for the monthly household income being below 500 Euros	0.72	0.45
Informal search channels: indicator for using informal channels to look for a job (i.e. newspapers, internet, friends, adds)	0.93	0.25
Formal search channel: indicator for using formal channels to look for a job (i.e. private or public employment agencies, direct contact to employers or <i>Feina amb Cor</i> program assistance)	0.94	0.24
Reservation wage: minimum monthly wage willing to accept for a job	921.29	308.85
Health condition: indicator of the health condition taking value 1 if the participant's health is very good and 5 if it very bad	1.84	0.94

The logo for UBIREA, featuring the text 'UBIREA' in a bold, sans-serif font. The 'U' and 'B' are white, while 'I', 'R', 'E', and 'A' are blue. The text is set against a white rounded rectangular background.

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Institut de Recerca en Economia Aplicada Regional i Pública
Research Institute of Applied Economics

Universitat de Barcelona

Av. Diagonal, 690 • 08034 Barcelona

WEBSITE: www.ub.edu/irea/ • **CONTACT:** irea@ub.edu

A large, semi-circular graphic composed of many thin, parallel lines in a light blue color, creating a textured, fan-like effect that occupies the bottom half of the page.