

Accélérateur d'innovation sociale pour l'accès à l'emploi des chômeurs de longue durée

Job Search Counseling Systematic literature review of impact evaluations

January 2017

This reports was produced by Laura Abadia, senior policy manager, J-PAL Europe ;
Ilf Bencheikh, deputy executive director, J-PAL Europe ;
Marie Borel, research associate, J-PAL Europe and
Marc Gurgand senior researcher CNRS, scientific director, J-PAL Europe.
With l'Agence nouvelle des solidarités actives.

Summary: Main lessons

For the past 30 years, unemployment has been a major policy issue in OECD countries, including European countries. Many job seekers are considered long-term unemployed, as they have been unemployed and looking for a job for over a year. The long-term unemployed are particularly vulnerable to losing their skills, less likely to find a job, and more exposed to poverty and isolation.

In the 1990s, several OECD countries adopted active labor market policies to help job seekers find work (as opposed to unemployment benefits, which is considered a passive policy). Activation policies include job search counseling.

What is job search counseling?

Job search counseling involves a personalized relationship between the job seeker and his/her counselor, and can include a contract that states the job seeker's rights and responsibilities.

Interviews between the job seeker and the counselor, which can vary in frequency, aim to:

- Guide the job-seeker in his/her job-search process, or refer him/her to training courses
- Monitor job seeker's job-search effort

Job counseling programs can vary in several aspects:

- Some can focus on guiding and coaching job-seekers, while others can focus on monitoring job-search effort
- The frequency of interviews and the intensity of follow-up from the counselor
- The way interviews are organized (individual vs. group interviews)
- The organization that is in charge of the counseling (public employment agency or private operators).

There is a growing number of rigorous impact evaluations of these counseling programs. On the request of l'Agence Nouvelle des Solidarités Actives (ANSA), J-PAL Europe conducted a systematic literature review of impact evaluations measuring the effectiveness of counseling programs for the long-term unemployed and those at risk in OECD countries.

We analyzed impact evaluations that estimate the causal effect of counseling schemes on their beneficiaries, by comparing measurable outcomes (such as job finding rate at a determined time horizon) between program beneficiaries, and a very similar comparison group.

Literature review: the methodology

This systematic literature review aimed to analyze all the available research articles and reports about counseling programs targeting the long-term unemployed or job seekers at risk of long-term unemployment. It used key-words to search in several data-bases, and reviewed articles published in English or in French, after 1995.

The scientific quality of an impact evaluation depends on the extent to which the comparison group resembles the treatment group. The review included only the

studies that used the most rigorous methodologies, classified from 3 to 5 in the « Maryland Scientific Methods Scale », which refer to experimental and quasi-experimental methods, with reliable data.

This systematic literature review initially identified 131 articles that matched the eligibility criteria. After careful reading, and a thorough evaluation of the methodological quality and thematic scope (counseling for the long-term unemployed or those at risk), 25 articles were finally selected. Additionally, 28 literature reviews were also included in the analysis. We analyzed these articles and reviews, to draw emerging policy lessons on how to best counsel the long-term unemployed, or those at risk of becoming.

➤ **Policy insight 1:**

Job search counseling most often accelerated return to employment, including for the long-term unemployed. However, the cost-effectiveness of the schemes was not always guaranteed.

The long-term unemployed that benefited from intensive counseling, were more likely to find work sooner, compared to very similar job-seekers that benefited from less intensive counseling, or that did not receive counseling at all.

Job seekers who received job counseling were also less likely to return to unemployment, and received higher earnings from work. Generally, counseling programs increased the rate of return to employment of beneficiaries by 10 to 30 percent (corresponding to a 2 to 10 percentage-point increase from the comparison group average). However, counseling programs were expensive. For this reason, it remains unclear whether they are cost-effective or not, even if the analysis included the social gain of exiting unemployment, which is not easy to estimate.

➤ **Policy insight 2:**

Compulsory job search counseling helped job-seekers find work, whereas monitoring and the threat of being sanctioned generally discouraged job-seekers to look for work.

The literature highlights two channels through which job-search counseling can help job seekers find employment:

-First, job search counseling can improve job-seekers' information about available job opportunities, as well as their self-confidence and motivation during the search process.

-Second, the effort required by the job seeker in a counseling program, plus the threat of being sanctioned in case of non-compliance with the program's requirements, can motivate job seekers to find work sooner.

Compulsory counseling programs combine these two channels, and the articles reviewed highlight that job seekers often intensified their job search before entering a mandatory and time-consuming counseling program. On the contrary, counseling programs that relied solely on the threat of a sanction, generally helped the younger and more skilled job seekers, but demotivated and increased inactivity amongst less qualified job seekers.

➤ **Policy insight 3:**

The long-term unemployed lack information about the labor-market as well as self-confidence.; job search counseling can increase both.

Very few studies collected data on the mechanisms through which counseling accelerated return to employment. However, the few studies that looked at intermediary outcomes suggest that job search counseling increased job seekers' search efforts (such as the number of job applications sent) and helped job-seekers to better target their search (for example, to apply to vacancies that were better suited to their qualifications and experience).

The reviewed literature says little about the channels that triggered these behavior changes, but it suggests two possibilities:

-The long-term unemployed may lack information about their local labor market, available opportunities, and employers' expectations. Some of the experimentations that focused on providing information alone showed that information led job seekers to broaden their search and to apply to vacancies that better matched their qualifications and experience. This in turn improved their likelihood of finding work and the quality of the job found. The information component, which was part of all job search counseling programs, plays a key role in helping job seekers find work.

-Some studies show that job search counseling had an impact on job-seekers' non-cognitive skills, such as self-esteem and motivation. These skills in turn increased the likelihood of finding work. Collective counseling appears to be an effective method to improve such skills.

➤ **Policy insight 4:**

Privately-run job search counseling programs are not necessarily more effective than public employment services.

Policy-makers have long debated on the relative efficiency of private providers (for-profit or not-for-profit) compared to public employment services. Existing evidence shows mixed results.

Comparable counseling programs targeting job-seekers at risk of long term unemployment were more effective when provided by the public employment agency in Germany and France, while private providers were more effective in Belgium. Even if it is difficult to draw a general lesson from these results, one conclusion is that the "discipline of the market" does not automatically result in increased efficiency: private providers adapt their strategy to the incentives created by their contracts. If the contract provides a large fixed payment per job seeker enrolled, providers have an incentive to recruit a large number of job seekers without offering high-quality counseling afterward. But if more of the payment comes when job seekers find jobs, contractors are incentivized to select only those who already have the best prospects, defeating the purpose of the program.

➤ **Policy insight 5:**

There are important evidence gaps that warrant additional research.

This literature review showed that counseling programs for the long-term unemployed or those at risk are effective to help them find employment. However, several open questions remain:

-Which elements of counseling programs are most effective? The documented studies do not always include a detailed description of the counseling services evaluated. This would require detailed data on program implementation, as well as the methodological capacity to disentangle the relative effectiveness of the different elements of counseling programs, their potential complementarities, and dosage. The evaluations that isolate the role of information are an interesting example.

- What are the effects of counseling programs on jobseekers' expectations and efforts to find work, and how do they evolve over time? Long-term effects of job search counseling are not well-documented.

- How do the general economic conditions impact the effectiveness of job search counseling programs? Answering this question would require to compare the effect of identical counseling programs in different labor markets.

-Finally, the reviewed studies rarely take into account general equilibrium effects: does counseling improve the likelihood of beneficiaries, at the expense of non-beneficiaries? Or is it a policy that could help reduce the unemployment rate?

These questions are equally important for researchers and policymakers, and warrant additional research.

Job Search Counseling

Systematic literature review of impact evaluations

In partnership with :



Agence nouvelle des solidarités actives

www.solidarites-actives.com

Association loi 1901

N° de Siret : 488 527 326 000 26

28, rue du Sentier 75002 Paris

Tél. : 01 43 48 65 24

✉ contact@solidarites-actives.com