



Overview of Meta-Analysis of Active Labour Market Programs

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- i. to advance the knowledge base that underpins the formulation and implementation of relevant policies in Europe with the aim of enhancing the employment of young people and improving the social situation of young people who face labour market insecurities, and
- ii. to engage with relevant communities, stakeholders and practitioners in the research with a view to supporting relevant policies in Europe. Contributions to a dialogue about these results can be made through the project website <http://www.except-project.eu/>, or by following us on twitter [@except_eu](https://twitter.com/except_eu).

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Responsibility for all conclusions drawn from the data lies entirely with the author.



Abstract

The review takes a look into the impact and outcomes of active labor market policy (ALMP) measures that have been implemented and analysed over the last 20 to 30 years. A characteristic feature of the overview is that it relies only on meta-analytic studies of the ALMP-s. This implies that only high-quality impact studies have been reviewed. As a rule, systematic reviews and meta-analysis are based on experimental research designs or on designs, which use some method to correct for selection bias. Altogether six systematic reviews and meta-analytic studies are included in this overview.

The overview shows that there is not much evidence of effects of ALMPs. Available evidence tells that ALMPs in general are not very effective; as studies show, most of them have no effect or have negative effect. There is even less evidence of ALMP effects on young people and the evidence is even less positive. However, these results are partly due to the fact that meta-analysis uses pooled data from a range of studies, which irons out effects occurring at the level of individual studies. As studies show, interaction effects (e.g. how useful a particular type of ALMP measure is for a particular target group) and contextual factors (e.g. effectiveness of ALMP measures during economic growth or downturn) play important role in understanding the role of a particular program.

Goal of the review

The main goal of the overview is to present outcomes of meta-analysis results of Active Labour Market Programs on exit from unemployment spells to employment.



Introduction

Meta-analysis

The term primary analysis refers to analysis when a researcher collects data from individual persons, companies, and so on, and then analyzes these data to provide answers to the research questions that motivated the study.

Meta-analysis involves the statistical analysis of the results from more than one such primary study. Two points differentiate meta-analysis from primary analysis.

First, meta-analysis involves the results of studies as the unit of analysis, specifically results in the form of effect sizes. Obtaining these effect sizes does not require having access to the raw data as it is usually possible to compute these effect sizes from the data reported in papers resulting from the original analysis.

Second, meta-analysis is the analysis of results from multiple studies, in which individual studies are the unit of analysis. The number of studies can range from as few as two to as many as several hundred (or more, limited only by the availability of relevant studies). Therefore, a meta-analysis involves drawing inferences from a sample of studies like primary analyses involves drawing inferences from a sample of individuals. Evidently sampling has direct influence on outcomes and all sampling related procedures need to be given due attention.

Meta-analysis can be also considered a form of literature review. A literature review can be defined as a synthesis of prior literature on a particular topic. Literature reviews differ along several dimensions, including their focus, goals, perspective, coverage, organization, intended audience, and method of synthesis. Two dimensions are especially important in situating meta-analysis within the family of literature reviews:

- focus and
- method of synthesis.

Meta-analyses focus on research outcomes and not on the conclusion reached by study authors.

Meta-analysis is a method, a form of research synthesis in which conclusions are based on the statistical analysis of effect sizes from individual studies¹. As such, it is a form of systematic review.

Systematic reviews

The purpose of a systematic review is to sum up the best available research on a specific question. It uses explicit, systematic methods that are selected with a view to minimizing bias and thus providing more reliable findings from which conclusions can

¹ Card, Noel A. 2012. Applied meta-analysis for social science research, New York: The Guilford Press, p. 3-8.



be drawn. This is done by synthesizing the results of several studies. For selecting the studies to be analysed, systematic reviews use transparent procedures to find, evaluate and synthesise the results of relevant research. Procedures are explicitly defined in advance, in order to ensure that the exercise is transparent and can be replicated. This practice is also designed to minimize selection and analysis bias.

Studies included in a review are screened for quality, so that the findings of a large number of studies can be combined. Peer review is a key part of the process; qualified independent researchers control the author's methods and results. The key characteristics of a systematic review are:

- a clearly stated set of objectives with pre-defined eligibility criteria for studies;
- an explicit, reproducible methodology;
- a systematic search that attempts to identify all studies that meet the eligibility criteria;
- an assessment of the validity of the findings of the included studies, for example through the assessment of risk of bias; and
- a systematic presentation, and synthesis, of the characteristics and findings of the included studies.²³

Overview of systematic reviews

An overview of systematic reviews (OSR) summarises evidence from systematic reviews (which may or may not include meta-analysis).⁴ The rationale for carrying out an OSR is manifold, including summarising evidence from different studies of interventions and providing a comprehensive overview of an area, including studies not included in systematic reviews.⁵ The need for compiling OSR has emerged partly also because of the need to use best recent evidence. This evidence is found in a recently updated systematic review, but it is not clear, however, when updating should be done and which strategies and methods are most cost-effective.⁶ In the field of health policy evaluations, OSR is quite common.⁷

² The Campbell Collaboration homepage,

http://www.campbellcollaboration.org/what_is_a_systematic_review/index.php

³ Cochrane Handbook for Systematic Reviews of Interventions, <http://handbook.cochrane.org/>

⁴ Cochrane Handbook for Systematic Reviews of Interventions, http://handbook.cochrane.org/chapter_22/table_22_2_a_comparison_of_methods_between_cochrane.htm

⁵ Cochrane Handbook for Systematic Reviews of Interventions, http://handbook.cochrane.org/chapter_22/table_22_1_a_reasons_for_overviewing_reviews_and_their.htm

⁶ Moher D, Tsertsvadze A, Tricco A, Eccles M, Grimshaw J, Sampson M, Barrowman N. When and how to update systematic reviews. Cochrane Database of Systematic Reviews 2008, Issue 1. Art. No.: MR000023. DOI: 10.1002/14651858.MR000023.pub3.

⁷ See Special Collection of Cochrane Overviews, <http://www.cochranelibrary.com/app/content/special-collections/article/?doi=10.1002/%28ISSN%2914651858%28CAT%29na%28VI%29SC000036>



This report is an overview of systematic reviews in the form of meta-analysis which aims to collect and present results on effectiveness of ALMPs.

Active Labor Market Policies/Programs

OECD 9-category classification scheme of labour market policies⁸ includes five categories which are referred to as Active Labour Market Policies (ALMP). ALMP include:

2. Training

2.1 Institutional training refers to programmes where most of the training time (75% or more) is spent in a training institution (school/college, training centre or similar).

2.2 Workplace training refers to programmes where most of the training time (75% or more) is spent in the workplace.

2.3 Alternate training (formerly called integrated training) refers to programmes where training time is evenly split between a training institution and the workplace.

2.4 Special support for apprenticeship refers to programmes providing incentives to employers to recruit apprentices from labour market policy target groups, or training allowances for particular disadvantaged groups.

4. Employment incentives

4.1 Recruitment incentives are programmes making payments for a limited period only to facilitate the recruitment of unemployed persons and other target groups into jobs where the majority of the labour cost is covered by the employer. They include payments to individuals that are conditional upon the take-up of a new job (back-to-work bonus, mobility/relocation allowance or similar) only if they are targeted (e.g. restricted to the long-term unemployed).

4.2 Employment maintenance incentives are similar but facilitate continuing employment, in a situation of restructuring or similar. Generally-available-in-work benefits for low-income groups should not be included.

4.3 Job rotation and job sharing replace former Category 3.

Job rotation refers to schemes promoting the full substitution of an employee by an unemployed person or a person from another target group for a fixed period.

Job sharing refers to schemes promoting the partial substitution of an employee by a n unemployed person or a person

5. Sheltered and supported employment and rehabilitation

⁸ OECD 2015. Coverage and classification of OECD data for public expenditure and participants in labor market programmes, <http://www.oecd.org/els/emp/Coverage-and-classification-of-OECD-data-2015.pdf>.



5.1 Sheltered and supported employment consists of subsidies for the productive employment of persons with a permanently (or long-term) reduced capacity to work. These measures typically provide ongoing support and have no planned duration. Lifetime sheltered work where the subsidies cover 100% or more of the wages (i.e. also cover administrative costs) is considered to be part of social policy and outside the scope of the database.

Recruitment incentives payable for a fixed period to the employer or the disabled worker upon hiring in a regular job appear in Category 4.1.

5.2 Rehabilitation refers to vocational rehabilitation for persons with a reduced working capacity which prepares them to move on to work or regular training. Social and medical rehabilitation are not included. Participation by disabled workers in regular training as distinct from rehabilitation appears in Category 2.

6. Direct job creation

These programmes create additional jobs – usually of community benefit or socially useful, and usually in the public or non-profit sector although similar projects in the private sector may also be eligible – for the long-term unemployed or persons otherwise difficult to place. The majority of the labour cost is covered by public funds. Only programmes where the duration of public funding is limited by design are included.

7. Start-up incentives

Programmes that promote entrepreneurship by encouraging the unemployed and target groups to start their own business or to become self-employed.

This scheme is used also by Eurostat.⁹

Impact of ALMP measures: gross, net and other effects

When evaluating effects of an ALMP intervention, the effects need be broken down into components. An important distinction is between individual level effects, for example likelihood of a program participant to find job after the program has finished and societal level effects like change in unemployment rate. While a programme may have a positive impact at the individual level, its impact at the community level might be quite different. To calculate net impact of an intervention, both individual and societal level effects need be taken into account.

$$\text{Net impact} = \text{Gross impact} - \text{deadweight loss} - \text{substitution effect} - \text{displacement effect} + \text{other externalities}$$

⁹ See Public expenditure on labour market policies, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=tps00076>, last accessed 20.09.2015.



Gross impact is the number of jobs created by a programme.

The main social costs arise from deadweight effects. In general, deadweight effect is a concept associated with badly designed or implemented policies that result in a loss to the whole society in the form of wasted resources or resource misallocation. **Deadweight loss** in the context of ALMPs typically occurs when hiring such unemployed individuals to government-subsidised jobs who would have found regular employment themselves. The outcome of the programme is no different from what would have happened in its absence. A common example is a wage subsidy to place an unemployed person in a firm, where the hiring would have occurred also without the subsidy.

Substitution effect is another kind of deadweight effect. It occurs if employers take advantage of government subsidised jobs and displace their regular employees with those participating in the ALMPs. A worker taken on by a firm in a subsidised job is substituted for an unsubsidised worker who would have been hired. The net short-term impact on employment is therefore zero.

In general, displacement refers to reduction in the production or provision of a product. **Displacement or crowding out effect** is a theory stipulating that rises in public sector spending drive down or even eliminate private sector spending. Though the crowding out effect is a general term, it is often used in reference to the stifling of private spending in areas where government purchasing is high. In the context of ALMPs this can happen in several ways: when taxes are increased to fund social welfare programs, private individuals and firms will have less money to spend and have restrictions (e.g. to employ low-skilled people), when government provides a certain service, then private firms will have less incentive to provide the same good because it is unprofitable (e.g. work in certain sectors (like road-building) and hire people).¹⁰¹¹¹²

In addition to those effects there may be **other externalities or unintended effects** arising from programmes. For example, ALMPs may lead to reductions in crime and health-care costs that may be associated with prolonged joblessness.

Hence, evaluation of individual level effects accounts only for part of all effects of labour market interventions.

A complete accounting of the social costs and benefits of a programme would require a comprehensive **cost-benefit analysis** (in monetary terms) to evaluate the welfare changes. In most cases this is not possible because of lack of information. Thus, to

¹⁰ Investopedia, Crowding out effect,

<http://www.investopedia.com/terms/c/crowdingouteffect.asp>

¹¹ Mahlamäki, A.R. 2004. Macroeconomic effects of active labour market programmes. Theoretical aspects and an econometric study. Master's Thesis in Economics, Helsinki university Department of economy.

¹² Fay, R. G. 1996. Enhancing the Effectiveness of Active Labour Market Policies: Evidence from Programme Evaluations in OECD Countries, OECD Labour Market and Social Policy Occasional Papers, No. 18, OECD Publishing. <http://dx.doi.org/10.1787/560806166428>.



calculate net effect of an ALMP intervention, estimates of all costs and benefits should be calculated. Furthermore, to determine feasibility of an intervention in ideal policy analysis, one would estimate all effects of all alternative and potential courses of action and then choose the one with highest positive impact at societal level.¹³ This is usually not the case; usually only impacts of the programme on the individual are estimated.

This report too focuses on individual level effects mainly, only one study contains also evaluation of societal level effects.

Research design

As the previous section outlines, full evaluation of ALMP interventions is a highly complex and demanding task and usually carried out only partially – only individual level effects are calculated. These evaluations attempt to answer the question how effective is particular program in supporting participants to find a job? Although this constitutes only part of the entire formula, it is important this part be carried out properly. What then would be considered ‘proper’ research design?

Koning and Peers consider experimental and matching designs as the only ones to be used in evaluation research (p. 3–4).

Card, Kluve and Weber value randomised control trials over other designs. Over time, the percentage of experimental designs has increased which signals that all researchers perceive the importance of using proper evaluation methods. They use only well-documented studies that use control-group or self-selection correction (p. 3, 4, 8, 9). However, there was no significant difference between estimates obtained from an experimental study, compared to non-experimental study (Table 3b).

Filges et al. 2013 include only studies which used a well-defined control group (p. 5, 14).

Filges et al. 2015 include only studies which used a well-defined control group (p. 5, 13-14).

Betcherman et al. is the only study which deems it important to measure also costs of implementing a program. Indeed, from policy perspective knowing the cost to society is of core importance – even if a program has positive effect on participants it might still be not feasible to implement because of too high social cost. When considering ways how to establish individual level effect, they make a distinction between studies using control group and not using a control group (p.14).

To sum up, meta-analysts display a firm preference for designs involving control group. Results from other designs are to be avoided when conducting meta-analysis.

¹³Dar, A., Tzannatos, Z. 1999. ACTIVE LABOR MARKET PROGRAMS: A REVIEW OF THE EVIDENCE FROM EVALUATIONS, Social Protection Department, Human Development Network, The World Bank, p.15.



Studies in this overview

On step one, three methods were used to compile “long-list” of studies included in this overview:

- Keyword search in the Campbell collaboration database, which contains meta-analysis studies;
- Googling, using certain keywords;
- “Snow-ball sampling”, looking up studies mentioned in the reports retained through using two earlier methods.

The number of studies which were identified as having a potential to be included in this overview was 40.

On step two, full-text examination of the reports was carried out to determine if the report:

- a) Was a meta-analytical study
- b) Focused on effectiveness of ALMP in the context of exit from unemployment spell.

On step three, full-text examination was used to identify overlapping studies and to choose only the most relevant ones. It turns out that many meta-analysis studies “evolve” over time in the sense that over years more and more study results are incorporated into analysis. Earlier versions of the meta-analytic study therefore become obsolete. Also, some studies were published in different places. For instance, a study by Card, Kluve, Weber 2015 builds on and thus ‘contains’ the following studies:

Card, D., Kluve, J., Weber, A. 2010. Active labor market policy evaluations: a meta-analysis. National Bureau of Economic Research working paper 16173 (it is also published as a journal article: Card, D., Kluve, J., Weber, A. 2010. Active labor market policy evaluations: a meta-analysis. The Economic Journal, 120, F453-F477)

Kluve, J. 2006. The effectiveness of European Active Labour Market Policy, IZA DP. No.2018.

Out of the 40 studies identified, 34 studies were excluded on step two or step three. Hence, the final number of studies is six.

The list of studies included in this overview:

Card, D., Kluve, J., Weber, A. 2015. What works? A meta-analysis of recent active labour market program evaluations, IZA Discussion paper no. 9236, July 2015.

Walter, T., Butschek, S. 2014. What active labour market programs work for immigrants in Europe? A meta-analysis of the evaluation literature, IZA Journal on Migration, 3: 48, 1-18.

Betcherman, G., Godfrey, M., Puerto, S., Rother F., Stavreska, A. 2007. A review of interventions to support young workers: findings of the youth employment inventory, The World Bank, Social Protection Discussion Paper no. 0715.



Filges, T., Smedslund, G., Due Knudsen, A.S., Klint Jörgensen, A.M. 2015. Active labour market programme participation for unemployment insurance recipients: a systematic review, Campbell Systematic Reviews 2015: 2.

Koning, J., Peers, Y. 2007. Evaluating ALMP evaluations, SEOR Working Paper No 2007/2.

Filges, T., Geerdsen, L.P., Due Knudsen, A.-S., Klint Jörgensen, A.-M., Kowalski, K. 2015. Unemployment Benefit exhaustion: incentive effects on job findings rates: a systematic review, Campbell Systematic Reviews 2013: 4.

A single most comprehensive meta-analysis relevant for the purposes of this report seems to be the one published by Card, Kluve and Weber in 2015. This report builds on several earlier reports by the same authors, and develops them further.

Findings

This section focuses on three kinds of outcomes identified in meta-analysis:

- General assessment – is an ALMP program better than nothing at all,
- Effects of ALMPs on young people,
- Effects of different types of ALMPs.

ALMP vs nothing

Effect sign and significance

In the effects database compiled by Walter and Butschek, 14% of evaluations showed negative effect of an ALMP, 52% were not different from zero and 34% had significantly positive effect on program participants (Table 2, p. 7).

In the study by Filges et al. 2015 27% of studies using hazard ratio (n=15) were significantly positive, but the rest were insignificant (p. 41). Out of the 18 studies using risk difference as the dependent variable, 11% returned negative effect, 56% returned positive effect and in the case of 33% of studies, the effect was not different from zero (p. 42). 17 studies using timing-of-event measure reported that 35% evaluations were negative, 24% were not different from zero and 41% were positive (p. 42–43).

Filges et al. 2013 reports that 52% studies showed positive effect while 48% showed no effect; there were no statistically significant negative effects.

Koning and Peers report that 47% of evaluations showed positive impact, 28% showed no impact and 25% showed negative impact (p. 10).

Card, Kluve and Weber reported that in the initial studies, 45% were positive, 41% were not significant from zero and 14% were negative (Table 2).



Table 1. Sign and significance of effects of ALMPs. Retrieved from the meta-analysis studies. Column percentages (number of studies)

	Card, Kluge, Weber 2015	Walter, Butschek	Koning, Peers	Filges et al. 2013 ¹⁴	Filges et al. 2015	TOTAL ¹⁵
Positive effect¹⁶						
Hazard ratio	45% (352)	34% (93)	47% (155)	52% (25)	27% (15)	44,5%
Risk difference					56% (18)	
Timing of event					41% (17)	
Insignificant						
Hazard ratio	41% (352)	52% (93)	28% (155)	48% (25)	73% (15)	40,1%
Risk difference					33% (18)	
Timing of event					24% (17)	
Negative effect						
Hazard ratio	14% (352)	14% (93)	25% (155)	0% (25)	0% (15)	15,4%
Risk difference					11% (18)	
Timing of event					35% (17)	

A study by Betcherman et al. attempted to take into account also costs of an intervention to society at large, where possible. When social costs were taken into account, then

- 40% of ALMPs had no effect or had negative effect,
- 15% of programs had positive effect and were also cost effective,
- 12% of evaluations showed that a program had positive effect on participants but was not cost-effective,
- 33% had positive effect but there was no information about cost of the intervention.

Effect sizes

Card, Kluge and Weber reach to conclusion that on the average across all ALMPs, probability of employment is enhanced by 3,8% (p. 2; Table 2).

Koning and Peers report that based on all observations the mean net effect is 0.051, which means that on average the job placement rate for participants is 5,1% higher than for non-participants. Minimum was -1,75 (participants were 175% less likely to find job) and maximum was 2,57 (participants were 257% more likely to find job). They conclude that the average net impact of all ALMPs analysed is fairly small, generally not larger than 3% while it might be up to 7% in training and counselling programs (p. 10–13, 18).

Filges et al 2015 conclude that: *The available evidence analysed in our review does suggest that there is an effect of participating in ALMP, although the size of the effect is small. More concretely for every 15 unemployed people who participate in ALMP, an*

¹⁴ Computed by the author as weighted average

¹⁵ Computed as a weighted average of the percentages in the table cells.

¹⁶ By type of effect measure (hazard ratio, risk difference, event timing), where available.



additional unemployed person will hold a job approximately one year after participation. The lower and upper 95% confidence interval corresponds to a number needed to treat of 34 and 10, respectively (p. 54, 58).

Filges et al. 2013 found that for a person who had stayed unemployed for some period, the probability of finding a job increased by 80% in the situation where the time remaining until cancelling unemployment payments was less than one month, by 30% when the time remaining was one month and by 10% when the time remaining was two months (p.47).

To sum up, the findings from the input studies tell that most ALMPs do not have positive outcome and some have negative effects on participants. Overall positive effect of participation in an ALMP is small, at best one in ten participants benefits in terms of finding a job.

Effects by type of ALMP

Effects of different program types are estimated using regression analysis where intervention type appears as a set of dummy variables. Therefore, effects are estimated in relation to a baseline category which varies from study to study.

A meta-analysis by Koning and Peers estimated effects of training, counselling, sanctions, placement subsidies and job creation in relation to “other measures”. They found that only two types of measures were significantly different from effects of interventions in category “other measures”: the effects of job placement subsidies and job creation programmes were negative. Effects of training, counselling, sanctions when compared to other programs were not different from nothing (p.15) The effect of programs in the category “other measures” was positive.

Walter and Butschek found that that for migrants, wage subsidy programmes work better than training programmes. Public works and combined programmes tend to be less effective than training. Training was used a baseline category in their analysis, and this category itself did not have significant effect on employment of immigrants (p.17-18). Thus, ALMPs in three categories out of four had no significant effect on employment of immigrants.

Card, Kluve, Weber found that the effect of participation in public sector employment programs had significantly negative impact (Table 8).

Betcherman et al. found that there are no statistically significant differences among program types in terms of the likelihood that they deliver positive impact on the labour market (p.58-62).

Filges et al 2015 found that the available evidence did not suggest that there was a differential effect of different types of ALMPs (p.58).



To sum up, it seems that in general there is no big difference between types of ALMPs in terms of their impact on exiting unemployment spell.

Impact of ALMPs on youth

Card, Kluve, Weber found that the average impacts of ALMP's vary across groups, with smaller effects for youths (and older workers). For young people, compared to the baseline category "all age groups", participation in any type of ALMP has actually statistically negative impact, though it's size is marginal (p.2; Table 3b, Table 8).

The report by Betcherman et al. focused on the group of young people but their analysis contained also ALMPs targeted to other groups. They found that programs focusing only on youth and programs targeting low-educated youth do not have significant effect on youth employment (in fact, the effect sign was negative, but size was insignificant). Programs focusing on poor youth, on the contrary, had significantly positive impact (Table 21, p. 59).

To sum up, the scanty evidence tells that the effect of ALMPs on young people is weaker or even negative, compared to effects on other age groups.

Quality of evidence

Koning and Peers notice low quality of evaluations, primarily because of lack or absence of experimental studies. Since non-experimental studies tend to over-estimate effects, they are likely to produce too positive results, which do not reflect reality. In particular, effects of trainings included in their study were estimated using non-experimental methods, meaning that the results might be too "rosy" (2007: i, 18).

Filges et al. 2013 used a newly developed tool for assessing risk of bias incorporating non-randomised studies. As they excluded all studies which did not meet quality criteria, they assess quality of evidence to be at an acceptable level (p. 49).

Filges et al 2015 report said that the overall quality of evidence varied from moderate to very low, depending on how the effects were measured. In spite of that, analysis of robustness showed that results were consistent across research design and quality of data (p. 55–56). Thus there was no direct link between study design, quality of data and an effect size estimate.

The study by Betchermann et al differs from others in that uses a measure of Quality of Evaluation which combines both scientific quality and cost-benefit analysis, yielding thus an indicator which shows quality of an evaluation from the policy point of view.

The authors found that the impact of an intervention is affected by the quality of the underlying evaluation evidence. Characteristically quality of evaluation depended on program type which was evaluated. When information on gross outcomes only is available, 90 of the 99 programs (91%) were judged to be positive. When a net impact evaluation was carried out, the probability of finding a positive employment impact



decreased significantly, to 60 per cent. Out of programs in Youth Employment Inventory which were evaluated, relatively largest share turned out to be have zero or negative effect (40%) and only 15% had positive impact and were also cost effective (so that it made sense the implement them) (p. 27–54, 60). *Properly evaluated programs are less likely to lead to positive assessments of impact and effectiveness than judgments based on “non-scientific” methodologies. So where there is not a proper evaluation, program benefits are likely to be overestimated* (p. 63).

The study by Card, Kluve and Weber concludes that: *Most importantly, we find that the estimated impacts derived from randomized controlled trials, which account for one-fifth of our sample, are not much different on average from the non-experimental estimates.* (p. 25). What they are saying is that effect estimates are adequate and not overestimated even if non-experimental designs are used.

To sum up, analysts tend to air the opinion that in general the quality of ALMP evaluations is low. This is an important point since quality of evaluation and evaluation results are negatively correlated: methodically weaker evaluations tend to return higher estimates of effects, or overestimate the effects show the situation better than it is.

However, some researchers conclude that meta-analysis results do not show presence of this difference, and that effects are not over-estimated.



Summary

This overview of meta-analysis about ALMPs implemented with a hope that they will help people to exit unemployment paints a picture where there is little evidence of effects of ALMPs. Available evidence tells that ALMPs in general are not very effective; in fact, most of them have no effect or have negative effect. There is even less evidence of ALMP effects on young people and the evidence is even less positive.

Coda

The picture about effects and impacts of ALMPs arising from the evaluation studies is rather bleak. This has potentially more than one reason. One explanation is that for meta-analysis, results from a number of studies are pooled and the pooled dataset is then used for analysis. This however irons out all details which arise from background and context of individual input-studies and they remain unnoticed in the pooled analysis. When looking at the original studies, one sees that a range of details play important role when making sense of evaluation results: country of a study, economic situation cycle, target group, ALMP measure, and others. In fact, studies reported that evaluation results are linked to the circumstances and conditions where and when evaluation was carried out. Also interaction effects were present, i.e. certain type of interventions work better for certain groups and not so well for other groups, certain type of interventions work under certain economic conditions and so on. Regarding interactions, the studies made it also evident that some countries tend to prefer some specific ALMP measures while other countries prefer other measures. In addition, there is a specialisation in evaluation of ALMP measures – different ALMP measures are evaluated using different evaluation methods. As a result, the universe of potential input studies contains a lot of variation and compiling a dataset that would be suitable for analysis of a certain target group, a policy measure, or economic situation or any other feature of interest is a real challenge.

Koning and Peers found that the effect of ALMPs is higher in situations of low GDP growth and high unemployment rate. In favorable economic conditions, job seekers are more likely to find a job anyhow (p. 16, 18-19). Walter and Butschek found that inferior macroeconomic conditions at the time of treatment predict a higher probability of a positive evaluation result (p. 15–16) i.e. at the times of economic downturn, ALMPs in general are more useful. Card, Kluve and Weber found a weak evidence that that ALMP's might work better in recessionary markets. Market conditions however did not influence outcomes for youth (Table 9). Betchermann et al. confirm that interventions are more likely to improve the employment of young people in non-industrialized countries than in industrialized ones. The likelihood of success is between 53–79 percentage points (depending on specification) higher when the program is implemented in a developing or transitional setting (p. 51, 58–62).



As a result, it is hard to put together a general picture of the interactions so that a general, meaningful pattern would surface. However, this finding is important because it draws attention to the fact that success of an ALMP measure is highly context dependent. Meta-analysis, because of the nature of the analysis done in this type of exercise, do not point out a single best or worst type of interventions.

In the long run, increasing number of quality evaluations may be a way out of the situation. As the number of studies in general increases, also the number of studies useful for conducting more focused analysis will increase. Being more focused would eliminate the ironing out effect of meta-analysis since from the beginning, research goal can be more specific.

Until then, the real value of meta-analysis might be in that they search for, screen and select only the best evaluation studies on some issue. These studies then can be used for analysis also separately.