



ARBETSFÖRMEDLINGEN
SWEDISH PUBLIC EMPLOYMENT SERVICE

Experiences of Public Employment Services in Sweden: evaluation in practice

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My presentation

- Background on evaluations at the Swedish Public Employment Service
- Randomized controlled trials: advantages and challenges
 - One example of a randomized controlled trial
- Quasi experimental methods: advantages and challenges
 - Two examples of quasi experimental methods
- Conclusions

Background

- The Swedish Public Employment Services aims at being an expert on active labour market programs
 - We are increasingly involved in generating new insights based on evidence
 - Initiate 1-2 new large-scale evaluations yearly
 - Policy relevant questions: private provision of job search assistance, vocational training, subsidised employment, labour market integration of refugees and more
 - Access to high-quality data for our evaluations
 - State-of-the-art methods: large-scale randomized controlled trials, when possible, otherwise quasi-experimental methods

Choice of method – aim for causality

- Our aim is to measure the *causal impact* of a program
 - If we observe a difference between treated and non-treated, we want to be sure that this difference is caused by the treatment (e.g., a new ALMP)
 - We want to measure effects using as few (and as weak) assumptions as possible
- Randomized controlled trials (RCTs)
 - Powerful and simple way to create identical comparison groups (on average)
 - Simple statistical analysis: compare averages across two groups
- Quasi-experimental design
 - Regression discontinuity design, Propensity score matching: alternative when random assignment is not feasible due to ethical or practical constraints

Randomized controlled trials – advantages

- No strong assumptions
- RCTs better suited if
 - We have a queue of jobseekers, where everyone is potentially helped by treatment
 - Cannot give treatment to all jobseekers in the queue: we need to decide an assignment mechanism
 - Randomisation may avoid discrimination, no one is favoured
 - Studies show caseworkers may be biased in their assessment
- More problematic to use RCTs if
 - The pool of potential candidates is small, and the number of available slots is large: everyone is eligible, no queue
 - Sometimes not even possible to randomize

Randomized controlled trials – challenges

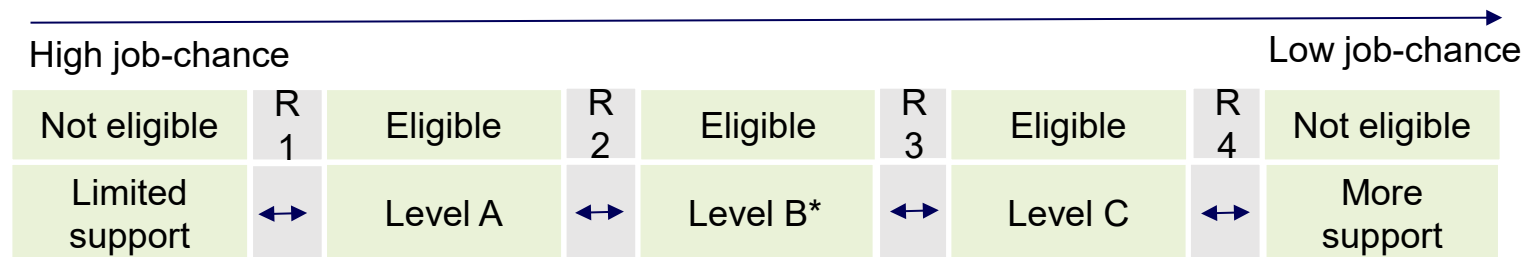
- Main challenges when running RCTs
 - Requires planning (sometimes years ahead): write down key elements in a protocol
 - Implementation can (and probably will) go wrong: need to adapt
 - Close and frequent monitoring (do we follow the details of the protocol?)
 - Acceptance (e.g., convince caseworkers about the benefits of the trial)
- Ethical considerations
 - Make sure no jobseeker is worse off: non-treated are always offered the baseline services
 - Fairness argument: all jobseekers in target group have the same chance of treatment
 - Counter question: Is it ethical to use policies for which we have no evidence?

Evaluation of private provision of job search assistance: one example of RCT

- Why relevant? The idea was to fundamentally reform employment services in Sweden with private providers replacing most of public provision (political agreement in 2019)
- Kundval Rusta och matcha (KROM) implemented in 2020 – 2021 with a large number of participants (70 000 in 2022)
- Private providers free to decide on what support they will offer over a minimum requirement (under 12 months)
- Compensation scheme to private providers includes a basic payment, performance compensation and speed premium
 - Higher compensation for job-seekers with lower job-chances (given by a statistical profiling tool)

Private providers: design of the RCT

- Job-seekers are sorted into 5 levels:



- Pre-analysis plan: research questions, empirical strategies, outcomes
- The RCT investigates:
 - the long-standing question of private versus public provision
 - the design of the compensation scheme
 - the impact of private provision for different groups of job seekers (by gender, region of birth or education level)

Private providers: results of the RCT

- Higher costs: private providers 46 – 70% more expensive than services for the control groups
- No positive effects on total earnings or lasting employment/education
 - Not in the short run, not in the long run (regardless of job-chances)
 - No indication that any group of job seekers improved their outcomes
- No effect from higher compensation
 - Job-seekers in different levels get the same support
 - Weak support for positive effects from more result-based compensation
- Policy impact? New version of the program with a larger share of performance compensation and more controls
- Published in Swedish: [En effektutvärdering av arbetsförmedling med fristående leverantörer](#)

Quasi experimental methods

- Regression discontinuity design and propensity score matching allow to investigate causal relationships when randomisation is not feasible for practical or ethical reasons
- Advantages of PSM: often provides more generalizable results.
- Challenges of PSM:
 - The lack of random assignment can lead to confounding variables, which introduces potential bias making it difficult to determine causality.
 - Stronger assumptions: mainly that any important selection into treatment depends only on observable characteristics
 - But rich administrative data with detailed labour market histories reduces the potential bias

Rating of private providers: example of regression discontinuity design

- Does the rating of private providers affect jobseekers' choice of provider?
 - Why relevant: want to find tools that help jobseekers make informed choices
 - Not possible to randomize (cannot randomly assign rating across providers)
 - Compare providers that got the higher rating but that could just as well have received the lower rating with providers that got the lower rating but could just as well have received the higher rating
 - Close to the cut-off it is *as good as random* whether a provider gets higher/lower rating
 - Result: rating matters, especially for relatively stronger job seekers
- Policy impact? Improve information on rating of private providers

Vocational training: example of propensity score matching

- Which courses (for which occupations) to choose and which participants to assign?
 - Why relevant: Need to strongly increase participation in vocational training
- Vocational training used to be the flagship of the Swedish PES, and one of the most expensive programs
- Objectives of VT: help the job-seekers find a job but also reduce shortages of skilled workers
- Prior evaluations of the program (all occupations) show positive effects in the short and in the long run
 - Stronger effects for jobseekers with low education, foreign born and with longer spells of unemployment

Vocational training: design and results

- We split VT in twelve different occupations
 - We analyse cost-effectiveness and effect on shortages of skilled workers
 - By level of education, gender, origin and length of the unemployment spell
- Results:
 - Vocational training in most occupations is both cost-effective and contributes to reduce shortages of skilled workers
 - Only 3 cases where cost-effectiveness needs to be balanced against contribution to reduce shortages (ex: participants with primary education in Commerce)
- Policy impact? Results incorporated in the procurement of new vocational training courses and in the selection of participants
- Published in Swedish: [Rapport: Arbetsmarknadsutbildningars kostnadseffektivitet och bidrag till kompetensförsörjningen](#)

Conclusions

- Evaluations with policy relevant results more likely to impact policy
- Communicate results outside and inside the PES
 - Outside: policy makers, employer and labour organisations, job-seekers, general public
 - Some evaluations instructed by the Ministry of Employment and some self-initiated
 - Inside: both where decisions are taken but also where implementation takes place
 - RCT needs much more communication during the implementation
- Involve all (needed) levels in the organisation to increase impact

Evaluations published in English

- *Labour market integration of refugees. RCT evidence from an early intervention program in Sweden*
 - Supported employment increased employment probabilities by about 50 percent at an 18-month follow-up. Follow-up study after 60 months ongoing
- *Can job search assistance with intensified matching improve employment for newly arrived refugees?*
 - Job matching from day 1 increased employment with 20 percent at an 18-month follow-up period. Positive effects found for women and jobseekers furthest away from the labour market. Long-term follow-up study will be conducted
- *Is supported employment effective for young adults with a disability pension?*
 - Supported employment increased employment probabilities by about 50 percent at an 18-month follow-up. Follow-up study after 60 months ongoing

Thanks!

Extra

Compensation to the private providers

Compensation	Level A	Level B Model 1*	Level B Model 2*	Level C
Basic payment	1 210 SEK	1 364 SEK	1 650 SEK	1 980 SEK
Performance compensation	20 300 SEK	32 400 SEK	25 000 SEK	38 000 SEK
Speed premium	7 260 SEK	8 184 SEK	9 900 SEK	11 880 SEK
Max. compensation per participant	34 820 SEK	48 768 SEK	44 800 SEK	61 760 SEK

Vocational training: results (1/2)

Most to least effective VT Groups for which VT is more effective	
1 Transportation	Primary education, foreign born and long-term unemployed
2 Machine operation	Primary education, foreign born and long-term unemployed
3 Health and care	At least secondary education, women, foreign born and long-term unemployed
4 IT/Technological fields	Women and short-term unemployed
5 Housekeeping	At least secondary education, men, natives
6 Metalworking/crafts	Primary education, foreign born and long-term unemployed

Vocational training: results

Most to least effective VT	Groups for which VT is more effective
7 Construction	Long-term unemployed
8 Administration/Economy	Women, foreign born, short-term unemployed
8 Commerce	Women
10 Restaurant	Primary education
11 Forests and landscapes	At least secondary education, women, short-term unemployed
12 Culture/media	Foreign born

Labour market integration of refugees: another example of RCT

- Why relevant: Large inflow of refugees since 2012 with peak on 2015
- Evaluates an early intervention program for low-educated refugees (2017)
 - The new, intensive, program starts shortly after a residence permit is granted
 - Two program components are intensive language training and supervised work practice
- Result: large positive effects on employment of the program.
 - The program raised employment during the first year by 15–20 percentage points, implying that the job-finding rate in the treatment group almost doubled.
 - $\approx 7\%$ of the effect seems to be explained by increases in documented language skills.
- Policy impact? Influenced other programs