

Evaluation of JobBridge: Research Briefing

Conducted by Indecon International Research Economists

Research Briefing, October 2016

This research briefing summarises the findings from the Indecon evaluation of JobBridge over the 2012-2015 period.

The report is an output of the Department of Social Protection and Indecon International Research Economists.

This evaluation is one of a series of evaluations under *Pathways to Work 2016-2020*, the Government's labour market activation strategy.

Main findings

- The published report represents an independent, evidence-based evaluation of the suitability, effectiveness and relevance of the JobBridge activation programme. It comprises three key deliverables:
 - (i) a counterfactual impact evaluation to provide an assessment of the impact of the programme by comparing JobBridge participants and a control group;
 - (ii) a survey assessing interns' and host organisations' experiences and perceptions of the scheme,
and
 - (iii) an economic cost-benefit evaluation.
- **Employment outcomes:** The evidence from the evaluation is that JobBridge has a positive impact of about 12 percentage points on participants' likelihood of finding a job.
- Individuals similar to those who participated in JobBridge had a 36.6% probability of securing employment within one year, whereas the JobBridge interns' probability of securing employment within one year increased to 48.4% (an 11.8 percentage point difference and a **32%** increase in the probability of becoming employed).
- **Cost-benefit analysis:** The overall economic cost-benefit analysis, taking account of increased employment and incomes, indicates a positive economic net benefit.
- **Satisfaction with JobBridge:** Among interns, there was broad agreement that the internship provided them with new job skills and an opportunity to gain quality work experience. However, there was dissatisfaction with the value of the top-up payment.

Host organisations reported high levels of satisfaction with all aspects of the scheme.

Introduction

This research briefing summarises the findings of the overall evaluation of JobBridge by Indecon.

JobBridge was introduced in 2011 as a response to the economic and employment crises and sought to provide jobseekers with work experience in order to keep them close to the labour market and to support employers in hiring new staff. As part of the *Pathways to Work* (PtW) 2015 strategy, the Government committed to undertaking a rolling programme of econometric evaluations of PtW reforms, with the support of an independent expert advisory body, the Labour Market Council. The evaluation of JobBridge is one of the first to be undertaken.

The methods used, of quantitative econometric analysis of administrative data as well as analysis of survey data, puts Ireland at the forefront of public policy evaluation best practices in the EU and internationally. Section 1 outlines the labour market context, Section 2 provides background information on the policy and operational setting, Section 3 describes the impact evaluation and related results, Section 4 uses survey results to further inform the employment outcomes, and Section 5 concludes with the policy implications arising from the evaluation.

Section 1: Labour Market Context

JobBridge was introduced in 2011 at a time of high unemployment, when a growing share of unemployed people were moving into long-term unemployment. The labour market context has changed considerably since that period in respect of employment, unemployment and the duration of periods of unemployment. The unemployment rate in Ireland reached a high of 15.1% in early 2012, and has since declined to 7.9% in September 2016. The seasonally adjusted figure of 320,000 unemployed in early 2012 included some 204,000 long-term unemployed. The youth unemployment reached over 30% in 2012 and has fallen to 15.9% in September 2016.

Similarly, the employment context has changed. From a low of 1.8 million in 2012, the number of people in employment has grown to exceed 2 million in Q2 2016. At the same time, the number of people on the Live Register has fallen from 470,284 in July 2011 to 286,490 in September 2016. This illustrates the major change in the Irish labour market since JobBridge was first introduced.

Section 2: Policy context and operational setting

The National Internship Scheme (JobBridge), was launched on 29 June 2011. Its primary objective is to break the cycle whereby some unemployed people cannot obtain employment without evidence of relevant work experience but cannot gain that experience without work. In this regard, JobBridge offers unemployed people the opportunity to gain relevant work experience, thereby increasing their employability and facilitating progression to paid employment. When first introduced, during a time of great uncertainty and constrained access to working capital finance, it also helped employers to expand their workforce as well as enabling them to contribute to the national activation agenda by providing internship opportunities to people who were unemployed.

JobBridge is one of a suite of labour market activation programmes managed by the Department of Social Protection under the Government's labour market activation strategy, *Pathways to Work*. The first iteration of *Pathways to Work* was launched in 2012 and the most recent covers the period 2016-2020. One of the strategy's objectives is to provide jobseekers with work-based placements and education, and training, and to ensure employment programmes are work-focused.

Under the same labour market activation strategy, the Government committed to delivering a rolling programme of impact evaluation studies with the support of the Labour Market Council. The programme was initiated in 2015 and is led by the Department of Social Protection. The evaluation of JobBridge is the second impact evaluation study published (an evaluation of the Back To Education Allowance was published in 2015).

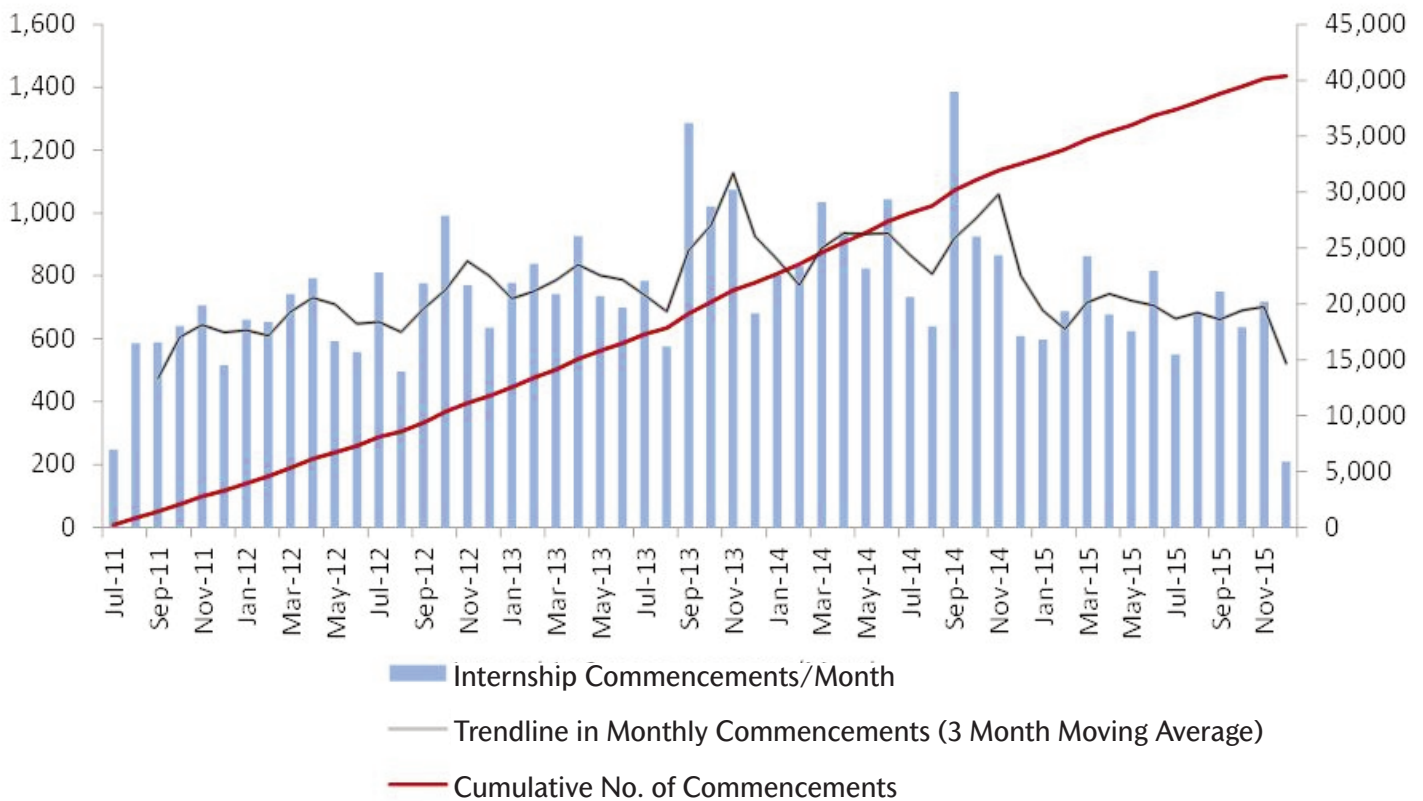
JobBridge internships are six or nine-month placements in organisations in the private, public and community and voluntary sectors. Eligible interns are unemployed individuals who have been on the Live Register for at least three months.

JobBridge is small in the context of the active labour market programmes run by the Department of Social Protection, accounting for about 5% of all participants on active labour market programmes.

The number of monthly new JobBridge entrants peaked at 1,386 in September 2014. It is important to set the overall profile of JobBridge participants in context. Nearly 30% of internships were taken up by those who had been long-term unemployed. Over 30% of interns were 35 years or older.

Dublin is the region with the highest number of commencements (12,920), which is 32% of the total number of internships. The South-East (14%) and South-West (13%) have the next highest number of commencements. Over two-thirds (67.18%) of JobBridge host organisations were SMEs employing fewer than 50 people.

Figure 1 – JobBridge internship commencements – Source: Indecon analysis of DSP data



Section 3: Impact on labour market outcomes and Exchequer impact

The key labour market policy question for this evaluation of JobBridge is its impact on employment outcomes. In other words, the evaluation seeks to determine the extent to which participation in the programme improved individuals' employment prospects, relative to a comparable group of people who did not take part in the programme.

Data for the evaluation was sourced from the Department of Social Protection's Jobseekers Longitudinal Dataset (JLD). The JLD is a comprehensive administrative dataset containing information on DSP scheme history, demographic information, and employment and unemployment history. The evaluation also used data from the JobBridge administrative unit on the size of host organisations, and the sector and geographic area in which they operate.

The evaluation models employment outcomes as a function of demographic variables (such as age, nationality etc.) and labour market characteristics (previous occupation, previous episodes of unemployment and training etc.). The model, known as inverse-probability-weighted regression adjustment (IPWRA), allows for robust estimates of impact, even where self-selection into JobBridge may be correlated with employment outcomes.

The results of the econometric modelling indicate a positive and significant impact on the probability of an individual being employed one year on from participation on JobBridge.

We can be reasonably certain that this positive impact is due to the effect of participation in JobBridge for a variety of reasons, including that the results were statistically significant, the use of all JLD data so there is no sampling error. In addition, a range of tests (called a sensitivity analysis) were conducted and different models were run to see if other factors had an impact on employment outcomes. In all of these, the positive impact of participation in JobBridge on employment outcomes remains a robust finding.

The analysis of results includes a range of sensitivity tests and falsification tests, and a second model (propensity score matching) commonly used to estimate the impact of a programme by measuring differences in outcomes between matched groups of programme participants and non-participants. A notable strength of the evaluation is that the results remain robust to these sensitivity tests and are consistent across both models. Further tests show that while the impact varies slightly by age, occupation, region or earnings level, none of these characteristics alone (or as a group) explain the better employment outcomes of JobBridge participants relative to those who did not participate.

For any time between 2012 and 2014, participation in JobBridge increases the probability of being in employment one year later or two years later. The additional likelihood of being in employment is 11.8% for one year and 12.3% for two years. Individuals on the Live Register who are similar to JobBridge participants, as modelled across a range of demographic and labour market history characteristics, have a 36.6% probability of securing employment within one year. For those who participate in JobBridge, the probability of securing employment within one year increases to 48.4%. In other words, participation on the programme generates an 11.8 percentage point difference, or a **32% increase** in the probability of becoming employed.

The impact attributable to the programme can be used to estimate the costs versus the benefits of a programme. The cost-benefit analysis used two measures. One is the direct Exchequer impact of increased tax revenue and a reduction in jobseeker payments, a relatively narrow measure. The second was the wider net economic benefit of JobBridge. Direct Exchequer impacts do not take account of the wider potential benefits of the scheme in terms of the enhanced skills of those who complete an internship, increased gross value added and any higher income for interns once they secure employment. It also does not take into account the wider social benefits of employment.

The estimates of direct Exchequer impact and wider cost-benefit analysis require a series of assumptions about gross value added, deadweight and displacement. The report takes a conservative approach to estimating wider economic benefits, that is, high-end estimates of costs and low-end estimates of benefits. As such, the estimate of direct Exchequer impact is positive only if the employment period lasts more than one year, whereas the wider economic benefit is estimated to be positive under the assumption of one or two years of post-JobBridge employment.

After measuring the employment impact of the programme using the counterfactual impact method, the Indecon analysis also balances costs and benefits, adjusting for deadweight (the extent to which jobseekers would have progressed into employment in any case), displacement (the extent to which taking on JobBridge interns had an impact on taking on employees) and the shadow cost of public funding (an adjustment increasing the cost of public funds to reflect the distortionary impact of the tax measures used to raise these funds). The overall economic cost-benefit analysis, taking account of increased employment and incomes, indicates a positive economic cost benefit ratio.

Section 4: Using survey data to inform understanding of drivers of labour market outcomes

The Government's labour market activation strategy, *Pathways to Work 2016-2020*, envisages a programme of quantitative and qualitative (attitudinal) studies to evaluate the impact of the changes made to date and to inform future policy.

Indecon conducted two surveys – one of interns, one of host organisations. Both surveys achieved a very high response rate. 4,558 employers (a 23.3% response rate) and 10,477 interns (a 33.5% response rate) completed the survey. From the perspective of host organisations, the most important reason for taking on JobBridge interns was to evaluate potential future employees.

Host organisations demonstrated a high level of belief that they had provided interns with an opportunity to gain quality work experience and enhanced interns' employability but relatively few agreed the interns had an opportunity to secure formal training as part of an internship.

For interns, there was broad agreement that the internship provided them with new job skills and an opportunity to gain quality work experience. A majority of interns reported that the opportunities provided to them included mentoring by other employees, exposure to working life, and on-the-job training. However, over half of respondents were dissatisfied with the value of the JobBridge top-up payment.

The survey results also indicated that almost 8 out of 10 interns had gained employment at some point after their internship. Of the nearly two-thirds of interns in employment at the time of the survey, over a quarter were employed in their host organisation and a further 12.8% employed in the same sector as their host organisation. All interns, regardless of age, duration of previous unemployment or education level, reported high levels of current employment, although this did vary between groups. For example, 55% of interns 55 and over reported that they were in employment at the time of the survey, while nearly 60% of non-third level graduates and over half of those previously unemployed for more than three years were currently in employment.

Section 5: Policy implications

The evaluation of JobBridge presents a robust estimate of the labour market outcomes attributable to participation on the programme. However, a number of policy questions arise. Indecon makes a number of suggestions for changes to the scheme, including to replace JobBridge with a smaller targeted programme, appropriate to current labour market conditions, to address some of the issues raised by interns and, in particular, to maximise economic benefits and reduce costs.

The Labour Market Council has considered the key findings of the evaluation and Indecon's suggestion for change, and has produced a report, *Proposals for a New Work Placement Programme, Drawing on the Lessons from JobBridge*. The Department of Social Protection will now consider the findings of the evaluation report, Indecon's suggestions for change and the Labour Market Council's proposals.

- JobBridge has a positive impact of about **32%** on participants' likelihood of finding a job.
- The results suggest much more positive impacts for JobBridge than for other labour market activation programmes that have been the subject of rigorous evaluation.
- For host organisations, the most important reason for taking on JobBridge interns was to evaluate potential future employees.
- Host organisations demonstrated a high level of belief that they had provided interns with an opportunity to gain quality work experience and enhanced interns' employability.
- For interns, there was broad agreement that the internship provided them with new job skills and an opportunity to gain quality work experience.
- A majority of interns reported that the opportunities provided to them included mentoring by other employees, exposure to working life, and on-the-job training.
- The main source of dissatisfaction was the value of the JobBridge top-up payment, with just over half of respondents dissatisfied or very dissatisfied with this aspect.

Publication information

The research report *Indecon Evaluation of JobBridge Activation Programme* is published at www.welfare.ie. The authors are solely responsible for the views, opinions, findings, conclusions and/or recommendations expressed. The researchers are responsible for the accuracy of the research and all reports are peer-reviewed.

This research briefing is published by the Department of Social Protection.

