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The Effects of Training Measures on The Individual Unemployment Duration in West Germany

di Reinhard Hujer, Stephan L. Thomsen e Christopher Zeiss

The paper written by Hujer, Thomsen and Zeiss concerns the impact of training policies on a particularly crucial aspect of labour-market performance, the duration of unemployment spells. This is the first study providing empirical evidence on these programmes in West Germany, where they are the most important type of active labour market policy, but the policy relevance of the topic is clear for all advanced countries. Furthermore, while in principle participating to a training programme should make the search of the unemployed for a job more effective, evidences on other countries and similar policies have not been conclusive, enhancing the interest of this paper.

Relying on a rich dataset from West Germany, mainly drawn from the very large job-seekers data base (BewA) that contains all registered job-seekers in Germany, Hujer, Thomsen and Zeiss apply a multivariate mixed proportional hazards model to unemployed individuals, in order to measure the effect of training on the length of their unemployment spells in presence of a selection bias. Whereas usually the treatment effect is assumed to be a constant and permanent shift of the hazard rate, Hujer, Thomsen, and Zeiss consider an extended version of the model, where treatment effects are allowed to vary over time. Furthermore, they allow for the possible impact of individual characteristics on the treatment effectiveness, providing hazard estimates across selected subgroups.

The results clearly indicate that training programmes reduce the duration of unemployment spells. Moreover, the analysis points out that the policy impact is strongest during a period of 3 to 6 months after the start of the programmes and then decreases, vanishing after 12 months or more. Also, training programmes are more effective for low qualified men with some work experience than for comparable women. Hence, the analysis of Hujer, Thomsen and Zeiss suggests several ways in which the effectiveness of training programmes can still be improved.

All throughout their paper, Hujer, Thomsen and Zeiss show a deep understanding of the limits of the techniques and the data they utilise, and accordingly design their analysis in the interest of sound policy conclusions. The AIEL executive board feels that the paper is highly deserving of the Tarantelli Prize because of its skilful and articulate utilisation of applied analysis and of its high policy relevance.