

Combating labour market exclusion: does training work?

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RÉSUMÉ

This article reviews active labour-market policies (ALMP), of which training is prominent. For about 20 years now, they have been one of the most important measures to combat unemployment and exclusion from the labour market. But is training a successful and efficient policy to reduce unemployment, compared to other types of ALMP? We draw some conclusions based on a review of evaluation results. We then make recommendations for designing as well as evaluating training. We underline the need for ALMP evaluations to develop an insight into ‘why’ training works (or not). Finally, we advocate a new approach to ALMP and training programme evaluation: a systemic evaluation of the effectiveness of a programme through its relation, interaction and complementarity with other programmes, institutions and main stakeholders in vocational education and training, employment and production.

Introduction

The present article summarises the reviews carried out by Hujer et al. (2004) and Walsh and Parsons (2004) in the framework of the third Cedefop report on vocational education and training research (Descy and Tessaring, 2005). Studies reviewed in this report address systematic and scientific evaluations of active labour market policies, with a focus on training. The studies provide a broad geographical coverage of ALMP evaluations in European countries up to 2003 ⁽¹⁾, including EU-wide reports for

⁽¹⁾ Delivery of the original reports to Cedefop; published in Descy and Tessaring, 2004a, 2004b.

mid-term and final European Social Fund evaluations as well as national reports reviewing the European employment strategy. Descy and Tassarig (2005), based on these and other publications, drew conclusions and recommendations for improving the effectiveness of active labour market policies, with a focus on training.

Active labour market policies

Persisting unemployment during the past decades led to growing awareness of the need to increase the effectiveness of employment and labour market policies. There is now broad consensus on implementing active measures to complement passive ones.

The term 'passive measures' designates legal rights and entitlements of unemployed people to receive unemployment and other related social benefits, including early retirement benefits. Active measures refer to more voluntary policies that foster reintegration into the labour market. They involve implementing various programmes targeted at specific groups to tackle specific problems affecting them.

Since the 1980s, the trend in European labour-market policies has been to complement the distribution of unemployment and other benefits by active measures to reintegrate people more quickly into the labour market. Between 1985 and 2000, expenditure on active measures increased progressively in various European countries, and in some countries equalled or even surpassed spending on passive measures. For example, in 2000 Sweden and Greece spent equal amounts on active and passive labour-market policies while Italy was spending more on active measures. The remaining EU countries still spent more money on passive measures although they were moving towards an equal spending pattern, compared to the situation in 1985 (Hujer, 2004; Figure 1). The OECD (2003, p. 73), in its thematic review of adult learning, also notes that common to all countries included in the review is the increased importance given to training and other active measures rather than reliance on passive reception of unemployment benefits.

The emphasis given to training and retraining in ALMP can be seen by looking at the distribution of spending. On average, in terms of percentage of GDP, training is the type of active measure in which most money was invested in 2003 in the EU-15 (Figure 2). Considering the share of expenditure by type of action in individual EU-15 Member States (Table 1), it appears that training is the most significant part of ALMP spending in Germany, Ireland, Austria, Portugal, Finland and the UK. It is the second most important part of expenditure in Denmark, Greece, Spain, France, Italy and Sweden.

Compared with EU-15 countries, central and eastern European countries (before enlargement) tended to spend less on training and retraining

(Walsh and Parsons, 2004, p. 229). They favoured other policies, such as job creation through public work and subsidised jobs ⁽²⁾.

Evaluating ALMP

Given the increasing importance of ALMP in general and training in particular, one would expect their evaluation to be a common concern for governments. Surprisingly, this is not necessarily the case in European countries. Until recently, only a few European countries carried out rigorous evaluations (Descy and Tessaring, 2005, pp. 36-42). This weak evaluation culture is accompanied by a lack of appropriate data for evaluation. In contrast, there is a long-standing tradition of evaluating labour market programmes in Canada and in the US (which is why much of the literature emanates from these countries). 'A distrust deeply rooted in the North American society toward all government actions, combined with strong emphasis on the principle of individual responsibility, renders it virtually impossible to implement labour market programmes without an evaluation by independent experts' (IZA, 2000, p. 2). Most evaluations of ALMP therefore stem from the US and Canada but also more recently from northern European countries (Belgium, Germany, Ireland, the UK and Nordic countries). Evaluations are not widespread in central and southern European countries; they are mainly carried out either as a requirement for receiving European social funds or in the framework of the European employment strategy.

ALMP effectiveness: what works?

This section discusses the results of evaluations of programme participation on the labour market outcomes for individuals – mostly in terms of employment and earnings – rather than investigating the net effect of programmes on total employment.

Table 2 summarises results obtained by various researchers in evaluating ALMP. It is difficult to compare the relative impact of each type of measure but it is worth noting that:

- special youth measures do not appear successful, unless this type of intervention is carried out early and is of broad scope;
- job search assistance appears to help most unemployed people, even if some conditions need to be in place;
- subsidies to employment also seem effective, contrary to direct job creation.

⁽²⁾ However, this may be because these active policies were recently introduced and the full set of ALMP was not yet available. For instance, some of these countries spent a large proportion of their budget developing their employment services in the 1990s. Once the required level of service was established, they started focusing on other kinds of employment policies.

Figure 1. Spending on active and passive labour-market policies, EU-15, 1985, 2000 (% of GDP)

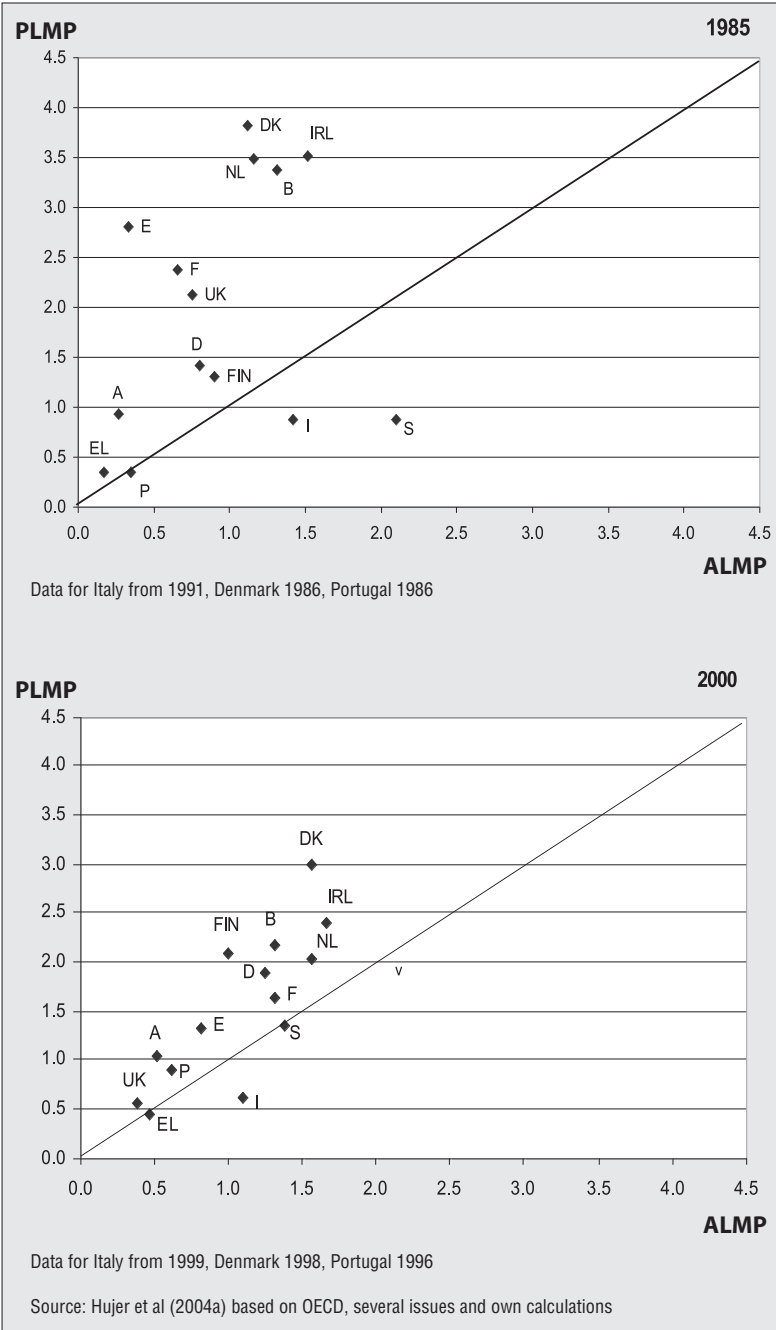
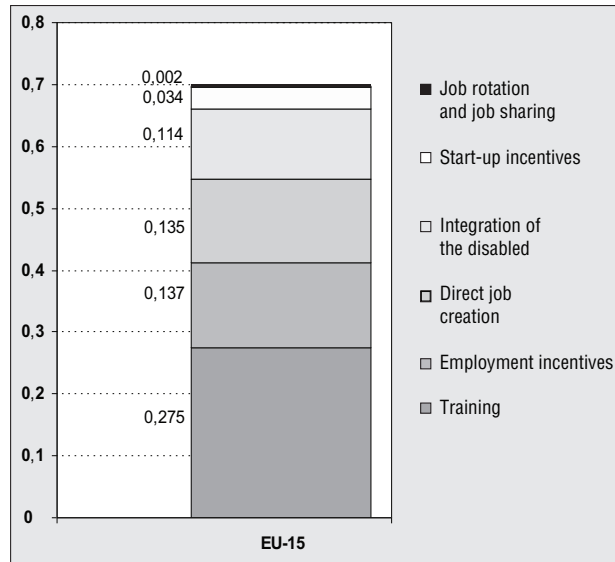


Figure 2. Public expenditure on ALMP, EU15, 2003 (% of GDP)



Source: Eurostat, LMP data collection, EC 2005

Table 1. Composition of active labour-market expenditure by type of action, EU-15, (%), 2003

	Training	Job rotation and job sharing	Employment incentives	Integration of the disabled	Direct job creation	Start-up incentives
EU15	39.4	0.3	19.7	16.3	19.4	4.9
BE	17.9	-	21.5	11.5	48.6	0.5
DK	33.8	-	31.8	34.3	0.1	-
DE	46.8	0.1	12.3	16.1	15.1	9.5
IE	36.5	0.0	22.2	6.2	35.1	0.0
EL	27.9	-	16.6	19.6	-	35.8
ES	20.0	1.3	43.0	11.9	16.2	7.7
FR	36.9	-	10.3	10.6	41.8	0.4
IT	36.8	0.0	50.3	1.0	4.2	7.6
NL	21.0	0.0	3.2	50.0	25.9	-
AT	64.6	0.0	13.1	12.1	9.2	1.0
PT	53.0	0.0	28.9	10.2	7.3	0.6
FI	47.4	8.2	17.3	13.4	12.0	1.5
SE	37.5	0.7	14.2	44.1	-	3.5
UK	81.2	-	1.9	12.6	4.0	0.3

NB: Luxembourg: no data available for the 'training' category.

Source: Descy and Tessaring (2005) based on Eurostat, 2002.

Grubb and Ryan (1999, pp. 80-92) conclude from their review of evaluation studies in the US that training for disadvantaged adult men and women yielded only modest gains in earnings, while training for disadvantaged youths showed no positive and even some negative impact. In Europe, training tends to increase the employability of disadvantaged participants but not their earnings. Again, the efficacy for young workers is uncertain. In addition, even if training does have an effect on participants' employment probability, the aggregate employment effect appears to be weak. '[...] public training often fails, particularly when it involves short, low-cost courses of remedial training and retraining, and when the criterion of success is a lasting gain in earning power, and not simply a short-term increase in employment rates for participants who continue to inhabit low-skilled labour markets. At the same time, public training can work when it sets its sights higher, aims at occupationally relevant needs in shortage labour market and takes training quality seriously' (*ibid.*, p. 92)

From their review of microeconomic studies in selected European countries, Hujer et al. (2004) conclude that, in many instances, training programmes have positive effects; they found fewer examples of positive effects of other types of ALMP, especially job creation programmes. Equally, Fay (1996, cited in Walsh and Parsons, 2004, p. 232) puts forward that expectations of the return of training measures for individuals should be modest. Nevertheless, small-scale, targeted programmes that reflect the needs of both employers and job-seekers offer the best prospective outcomes.

Martin and Grubb (2001, p. 15) conclude that although training tends to be the most expensive active measure its efficacy is not obvious (at least in terms of traditional outcomes such as employment and earnings). Some programmes have yielded low or even negative rates of return for participants when the estimated programme effects are compared with the costs.

Selected studies carried out in northern European countries (summarised by Descy and Tessaring, 2005, p. 176-177) show it is difficult to draw a clear picture of the effectiveness of training from evaluation results (Table 2). Effectiveness tends to vary across studies, according to external labour market circumstances and across target groups.

Nevertheless, the following recommendations can be made for designing and implementing training programmes to increase the effectiveness of training in ALMP ⁽³⁾:

- they should be targeted at specific groups and objectives (e.g. the long-term unemployed, unemployed youths, women returning to employment, illiterate adults, etc.);
- they should allow time for active job search (which should also be actively promoted);
- they should be kept relatively small in scale and not be used as a large-scale solution to unemployment;

⁽³⁾ Based on the following literature: Fay (1996, cited in Walsh and Parsons, 2004), Martin and Grubb (2001: 14), Walsh and Parsons (2004), Hujer et al. (2004), Grubb and Ryan (1999).

- they should lead to qualifications or certificates not only recognised but also valued on the labour market (involving employers in programme design and implementation seems to play a positive role);
- they should establish strong links with local employers and provide work experience, while avoiding displacement or substitution effects;
- when targeted at the young, they should be considered in association with general policies on education.

Evaluations carried out in the framework of EU policies

As indicated above, European countries do not all share the same evaluation tradition. However, the necessity of evaluating projects financed by European social funds as well as of reviewing progress in the framework of the European employment strategy has led all EU Member States to proceed to some form of evaluation or monitoring.

The European employment strategy (EES)

Concerns about the high level of unemployment in the EU led to the EES, a framework for a coordinated policy response which improves labour market policies while providing a common European framework for combating unemployment. Training is an important aspect of this strategy. This section presents selected results of the EES 2002 impact evaluation.

The EES is a form of 'management by objectives'. It is based on peer review and benchmarking policy and practice between Member States. The Council of the EU, following a proposal from the European Commission, decides on employment guidelines each year. These guidelines have to be transformed into national policies and reported on in national action plans (NAPs). NAPs are then assessed with a view to setting the next annual guidelines. Since 2000, in addition to the employment guidelines, the Commission issues specific recommendations to Member States. The requirement of reviewing labour market policies regularly is embedded in the EES. Thus, the EES contributes to developing and establishing evaluations and a common learning culture in EU Member States. In 2001/02, Member States carried out a thorough review covering the first three years of the EES (from 1998 to 2001). This provided a useful insight into active employment policies (Table 3), and served as a basis for the 2002 Impact evaluation of the EES (European Commission, 2002).

Evaluations carried out for the European Social Fund (ESF)

The ESF provides funding for programmes which develop or regenerate people's employability. The ESF supports measures which aim to prevent and combat unemployment, develop human resources and foster integration into the labour market, promote a high level of employment, equal opportunities for men and women, sustainable development and economic and social cohesion. Programmes are planned by Member States with the European Commission and then implemented through a wide range of provider organisations in both public and private sectors (4).

Funding requirements and implementing the ESF also play a role in developing an evaluation culture throughout the EU. The ESF requires evaluation at three levels:

- (i) project level: each funded project is required to have an explicit monitoring and evaluation strategy;
- (ii) national level: in the 1990s, Member States were involved in mid-term and final evaluations of their national ESF programmes;
- (iii) European level: the European Commission, drawing on national reports, indicates EU-wide trends.

Table 4 summarises some findings of ESF evaluations. From the EU-wide report, it appears that targeted policies in general work better than non-targeted ones and that linking training to labour market and employer needs is always likely to improve their impact.

Conclusions on evaluations carried out in the framework of EU policies

Although the EES and the ESF contribute towards raising the profile of and using evaluations, benchmarking and peer reviews, there are still substantial differences across EU countries in rigorous evaluation methods. Overall, evaluations carried out in the framework of EU-supported policies display the same pictures as more traditional evaluations of ALMP: there is no consistent indication of the effectiveness of training when it gets people back into employment. Training seems to have a positive effect but it tends to be modest and linked to prevailing labour market conditions. Training needs to be targeted and it works better if employers are involved or if their needs are directly considered. In difficult labour market conditions, training might not be sufficient to get people back into employment.

Recommendations for evaluating training within ALMP

Reviewing evaluation results tells us that the effects of training on employment and earnings tend to be modest: it cannot be effective for all target groups, regions and episodes of the business cycle. At the same time, it is a very costly type of ALMP. Consequently, does training work well enough, or are other kinds of ALMP preferable? We argue that whether an intervention is successful or not in increasing employment probability and earnings for participants is not sufficient to inform policy-making and design better and more sustainable interventions.

Two main conclusions emerge from examining various attempts to evaluate the effectiveness of training in ALMP:

- current evaluation results do not provide a clear picture of the effectiveness of training; it tends to vary across programmes and target groups as well as across studies;

(4) This brief description of the ESF is based on the DG Employment and Social affairs ESF 2000-06 website: http://europa.eu.int/comm/employment_social/esf2000/introduction-en.htm#key.

Table 2. Lessons from evaluation literature on the effectiveness of ALMP, composite studies

Appears to help	Appears not to help	General observations	Source
Training/retraining			
Disadvantaged adults, especially women	Disadvantaged young people (?)	Type of training: remedial training for disadvantaged workers; mainstream programmes in the US: greatest gains in subsequent earning for adult women. Young register no gain or losses. in Europe, increases employability but tends to leave earnings unchanged; the picture does not seem as negative concerning the effect on youth in Europe as it is in the US.	Grubb and Ryan (1999)
Long-term unemployed, in particular women		Small positive effect on employment and earnings, which depends to a great extent on the business cycle	Dar and Tzannatos (1999) ⁽¹⁾
Those laid off en masse		Has a high dead-weight effect; most successful if on small scale and targeted towards the most vulnerable groups.	Dar and Tzannatos (1999) ⁽¹⁾
	Young people	Did no better than control groups in terms of improving employment probability and earnings; social rates of return tended to be negative.	Dar and Tzannatos (1999) ⁽¹⁾
Men and women (young and middle-aged)		The impact is higher for women than men. The impact is lower for older participants than the young. Those with primary and secondary education benefit more than those with post-secondary education.	Fretwell et al. (1999) ⁽²⁾
Short-term unemployed			Fretwell et al. (1999) ⁽²⁾
Unemployed		In central and eastern Europe countries. With some limitations imposed by the general state of the labour market, in these countries, training emerges as a relatively low-cost measure.	Walsh and Parsons (2004)
of which: formal classroom training			
Women reentrants	Prime-age men and older workers with low initial education	Important that courses signal strong labour market relevance or signal high quality to employers; keep programmes relatively small in scale.	Martin and Grubb (2001) ⁽³⁾
On-the-job training			
Women re-entrants; single mothers	Prime-age men (?)	(?) Because some programmes gave positive results and others not; Must directly meet labour market needs. Hence, need to establish strong links with local employers, however increasing the risk of displacement.	Martin and Grubb (2001)

Appears to help	Appears not to help	General observations	Source
Special youth measures (training, employment subsidies, direct job creation measures)			
	Disadvantaged youths	Effective programmes need to combine an appropriate and integrated mix of education, occupational skills, work-based learning and supportive services to young people and their families; early and sustained interventions are likely to be most effective; need to deal with negative attitudes to work among the young. Adult mentors can help.	Martin and Grubb (2001)
young people to find a job	young people to get higher pay	Insertion programmes; evidence studies in France and in the UK; gains for young people result in displacement for other workers.	Grubb and Ryan (1999)
Job-search assistance (job clubs, individual counselling, etc.)			
Most unemployed but in particular, women and sole parents		Must be combined with increased monitoring of the job search behaviour of the unemployed and enforcement of work tests	Martin and Grubb (2001)
of which: reemployment bonuses			
Most adult unemployed		Requires careful monitoring and controls on both recipients and their former employers.	Martin and Grubb (2001)
Subsidies to employment			
Long-term unemployed; women re-entrants		Require careful targeting and adequate control to maximise net employment gains and social benefits. Some substitution mechanisms might reduce net employment gains.	Martin and Grubb (2001)
Aid to unemployed starting enterprises			
Men (below 40, relatively better educated)		Only works for a small subset of the population.	Martin and Grubb (2001)
Direct job creation			
	Most adult unemployed	Typically provides few long-term benefits and principle of additionality usually implies low marginal-product jobs; no significant or even negative effects in France, Switzerland, Sweden and the UK.	Martin and Grubb (2001) Hujer et al. (2004) (4)

NB: (1) Cited in Walsh and Parsons (2004).

(2) Based on a review of evaluations up to 1999 in four transitional countries: the Czech Republic, Hungary, Poland and Turkey.

(3) Martin and Grubb (2001) based their finding on: US Department of Labor (1995), Fay (1996), Friedlander et al. (1997), Grubb (1995), HRDC (1997), Lerman (1997) and OECD (1993).

(4) Based on Lalive et al. (2000), Gerfin and Lechner (2000), Bonnal et al. (1997), Brodaty et al. (2001), Firth et al. (1999); Payne et al. (1996) and Larsson, (2000).

Source: This table is based on an original table from Martin and Grubb (2001); it has been completed and adapted by the authors.

Table 3. Selected results from national reviews of employment policies – EES, impact evaluation (focus Pillar I: employability, in particular training measures)

Country	Type of measures	Review methodology
Spain	Training for the unemployed: design and delivery of training are decentralised to regional authorities; main target groups: short-term unemployed youth and adults.	Econometric analysis of the impact of measures for participants: chance of having a job at the time of the analysis (hiring rate); chance of having a job at one point during the observation period (employability rate); estimation techniques for comparing the treatment group against a control group.
The Netherlands	Overview of a wide range of training measures.	Drawing on previous evaluation (in particular De Koning, 1998).
Ireland	ALMP under the national employment action plan: support to the unemployed at an early stage of unemployment period mainly by providing a job, followed with guidance and counselling (in this process training may be offered).	Administrative data and consultations with key players of social and labour market fields.
United Kingdom	New Deal Programme: targeted at young people (18-24) once they reach six months of unemployment and those over 25 once they have been unemployed for 18 months. New Deal 50 Plus is targeted at those unemployed aged 50 and over, who are eligible after six months of unemployment.	Administrative data
Austria	Training programmes upgrading the skills of the unemployed and responding directly to employers' needs. Qualification improvement programme through public employment service.	Micro-analysis of programme participants and non-participants, adjusting the gross findings with econometric techniques to calculate estimates of net impact. Estimation of macroeconomic effects of policies.
Finland	Thorough appraisal of all four pillars.	Administrative data combined with other sources such as the labour force survey. Various manipulations (including quasi-experimental techniques).

Main results

Training had positive effects for most participants and significantly improved the employability of certain sub-groups (in particular disadvantaged youths, disabled persons and ex-convicts).
Employability rate offers a better indicator of the longer-term job prospects of participants.

Effects of participation in training programme changed significantly throughout the 1990s. Until 1993, there were significant positive effects, especially for long-term unemployment. After 1997, no significant effect of programme participation can be detected.

Although the report reaffirms commitment to such measures to help alleviate social exclusion and labour shortages, it also questions whether they always work. It suggests that the probability of leaving unemployment is rather dependent on the individual's capacity to compete in the labour market than on the support provided through ALMP.

Reasonable signs of success with 57 % of sample in work (the majority from the younger age groups, have shorter unemployment spell and are women).

Positive macro impact of participating in training programmes, when upgrading of skills of the unemployed corresponds directly to employer needs. Increase of aggregate employment by over 9 800 each year. Contribution of 0.32 % to GDP growth.
Earnings potential of participants in the qualification improvement programme increased by EUR 2 870 per annum (in comparison with a control group).

Overall employment effect of training measures were modest for the individuals concerned.
Labour-market training has a weak net impact on employment probability of participants (outcomes slightly better for those with lower than average employability at the start of the programme).
Interview-based survey shows considerable social benefits for programme participants.
The study concludes that training designed for immediate employment should be responsive to the economic cycle, being reduced when fewer jobs are available. Training that helps to increase skills should, on the contrary, respond inversely to the economic cycle.

NB: Walsh and Parsons did not consider reports from the other Member States because of their lack of specific coverage of ALMP and attention to detail.

Source: Walsh and Parsons, 2004 based on national reports prepared in the context of the 2002 Impact evaluation of the EES (http://europa.eu.int/comm/employment_social/employment_strategy/impact_en.htm).

Table 4. Summary of main finding of ESF evaluations, Objectives 1, 3 and 4

Objective 1:	to develop regions which are currently underdeveloped
net impact was greater when programmes concentrated on the most disadvantaged groups than when they were targeted to all the unemployed; in some cases, combining measures increased their net impact; programmes offering work experience achieve better results when combined with some form of skills training.	
Objective 3:	to tackle long-term unemployment, promote equal opportunities, improve lifelong learning, encourage entrepreneurship and adaptability and improve the role of women in the workforce
overall, gross employment impact ranged from 30 to 80 %; clients showed high levels of satisfaction with their programmes; the chances of finding work after a programme depended less on the beneficiaries' personal characteristics than on the availability of jobs in the labour market and the type of project.	
Objective 4:	to improve the qualifications and prospects of all those in employment
some evaluations suggested that employers benefited more than workers from the supported activities; future skills needs were generally not identified and taken into account into project design; some of the training supported through projects was considered too general or, in some cases, not sufficiently transferable between employers.	

Source: Walsh and Parsons (2004) on the basis on European Commission (2001).

- exogenous circumstances affect the relative effectiveness of training considerably.

Local circumstances, including prevailing labour market and administrative conditions, also limit the degree of generality and transferability of evaluation results. Consequently, the recommendations that can be drawn from reviewing evaluation work lead to 'identifying common denominators that hint best practices' (Walsh and Parsons, 2004, p. 253).

Additional factors render evaluation work highly complex and tend to limit the usability of evaluation results ⁽⁵⁾:

- evaluation results are highly dependent on the methods and data used. Examples show that for one specific programme, different evaluations can draw different conclusions (Hujer et al., 2004);
- usually evaluations of ALMP focus strictly on earnings and employment as positive outcomes. Accounting for non-intended results (including negative ones) is not part of the evaluation scope;
- policy-makers and evaluation commissioners want quick results; evaluation methods themselves incline evaluators towards measuring short-term outcomes ⁽⁶⁾, and evaluation budgets are often limited;
- ALMP programmes tend to be small-scale; hence, even if a small programme has significant positive results for participants, it does not mean

⁽⁵⁾ Partly based on Martin and Grubb (2001, pp. 10-13).

⁽⁶⁾ One fundamental evaluation problem is that the more time passes, the more difficult it is to follow a sample and to attribute observed effects to the intervention.

that it would remain cost-effective and produce the same kind of positive outcomes – without generating adverse effects – if implemented on a larger scale (in number of participants or in geographical terms);

- finally, the task of evaluators is all the more complex because ALMP change according to specific needs and local contexts; various types of programmes are implemented in parallel; the mix of programmes is continuously changing and passive and active measures are often used complementarily to one another.

Below we make some recommendations on dimensions and methods for training evaluations in ALMP that should get more attention in future.

Broadening the evaluation scope

The focus of evaluation should be broadened to ⁽⁷⁾:

- address the determinants of outcomes, compared across subgroups of the labour market;
- be carried out over longer periods to see whether short-term effects on earnings and employment also hold in the long run and whether there are delayed effects ⁽⁸⁾;
- focus on increased employment probability or reduced unemployment duration as outcome variables. Earnings and wages might be questionable outcome variables in the European context because welfare state and minimum wage regulations may result in distortions between employment status and earnings;
- extend the scope of effects (or side-effects) to non-material ones (increased self-worth, better health, wider social and behavioural gains, further learning experiences, etc.);
- foresee from the outset, i.e. when an intervention is designed, that the information required for an evaluation is gathered in a continuous process;
- attempt to better assess the structure, content and design of training courses as well as whether they can be adapted to different circumstances, such as changing labour-market needs.

Although broadening the evaluation scope following these recommendations would considerably complicate the evaluator's task and would require methodological developments, we consider it would provide a fuller and more adequate picture of a programme's outcomes than is currently the case.

⁽⁷⁾ Summarised compilation of the recommendations made by several authors: Fay (1996, cited in Walsh and Parsons, 2004), Martin and Grubb (2001, p. 16), Walsh and Parsons (2004), Hujer et al. (2004), Grubb and Ryan (1999).

⁽⁸⁾ This aspect is crucial because programmes are established to address systemic and enduring problems such as unemployment, social exclusion, transition from school to work, etc. These are problems that require long-term solutions. Therefore, whether the short-term results of a programme (what is generally captured by evaluation) are sustainable must be investigated.

Opening the black box: the question of 'why'?

While evaluations tell us a lot about what works, or not, they are less instructive on another equally important and related question: why? Why do certain programmes work for some groups and not for others? Why do some circumstances increase the likelihood that a programme works? Why do specific programme designs and characteristics work well, better or not at all? Finding answers to these questions is central to designing cost-effective public training programmes. Formative evaluation and qualitative methods are required to address these questions because they deepen our understanding of the way an intervention operates and participants react to it (Descy and Tessaring, 2005, pp. 73-74).

Exploring programme design and implementation can help determine if the causes of a programme's (non-) effectiveness are endogenous (e.g. appropriateness and quality of the learning process) or exogenous (e.g. the availability of jobs corresponding to the skills developed in the programme).

One important but often neglected aspect is the learning process. Evaluations often tend to assume that the expected learning process happened and resulted in the skills the programme intended to develop. In addition, few studies are concerned with the most effective teaching environments and methods⁽⁹⁾, failing to recognise that it is an important element of programme design. One cannot conclude on the (non-) effectiveness of a certain type of training without establishing whether any learning, let alone quality learning took place.

Evaluations that examine only the final outcomes of programmes in economic terms, such as earnings or employment, or even in non-economic terms, such as better health or reduction in crime, assume that this is sufficient to decide whether a programme should be maintained, expanded or terminated. Improving the quality of a programme to improve its positive outcomes should also be considered a key evaluation goal.

Towards a systemic approach for evaluating ALMP

Evaluations of the type discussed so far are conducted in what can be called a 'programme' perspective (Grubb and Ryan, 1999): training in ALMP is designed and implemented in a defined period and then evaluated. These evaluations reinforce the tendency to design policies that are limited in scope and target population, rather than aiming at long-term institution building.

Grubb and Ryan (1999, p. 109) comment: "[...] a programme is conceived of as something that can be created relatively quickly, introduced among the other institutions of a society, evaluated as a discrete entity, expanded or contracted. We call this a "project" or "programme view", because of its tendency to think of a VET programme as self-contained and independ-

⁽⁹⁾ Limiting itself to comparing on-the-job and off-the-job training, e.g. pedagogic and didactics are not considered.

ent. Then, what is conventionally called “programme evaluation” assesses the effect of the programme only, independently of any surrounding policies and institutions. We contrast this with what we call a “systems” view’ They elaborate later on (ibid. p. 116): ‘[...] only rarely do the evaluation of VET programmes conceive of a larger system of programmes [...] a system that might develop slowly over time. [...] A corollary is that more energy is put into developing new programmes and evaluating them – and then abandoning them or trying new approaches – rather than continuing to develop institutions over longer periods of time [...] This suggests that the entire evaluation enterprise, in its “programme” focus, is part of an incoherent and fragmented approach that is unlikely to lead to more effective VET policies over time. A systems perspective would, on the other hand, encourage thinking not about individual projects, but about widely available programmes that are linked to one another and institutionalised’.

The basic reason for adopting a systemic approach in policy design and consequently in evaluation work is that any policy will interact with the rest of the system (institutions, organisations and actors) and with other systems (such as production). In addition, various types of programmes, led in parallel, also interact. A systems perspective emphasises the need for more coherence between the various training interventions, ALMP as well as other social policies.

Issues of internal consistency (is this programme complementing, conflicting or cancelling other active or passive measures?) and external consistency (is this programme consistent with the institutions in place, e.g. does it consider signalling patterns in the labour market?) are to be considered in both programme design and evaluation⁽¹⁰⁾. Close to these issues is transparency, i.e. the ability of workers and employers to understand the role of a specific programme in the vast range of learning opportunities offered in education, vocational training and various ALMP. Whether ALMP consider sufficiently and are responsive to labour market skill needs and employment demand is an important dimension to systemic evaluations.

Finally, in a system perspective it is worth asking whether a programme is linked to other learning opportunities. Training in ALMP mostly has a narrow focus on skills. To allow individuals to achieve both the levels and varieties of competences necessary throughout their lives, one should ensure that each programme can potentially be linked to other programmes (Grubb and Ryan, 1999, p. 118). Recognising and validating learning results of training in ALMP could constitute a step in this direction.

In conclusion, systemic evaluations consider whether a programme is successful because of its ability to be repeated, articulated with other VET programmes, connected to employers’ hiring practices, and otherwise related to other established practices and institutions. Policy-makers and

⁽¹⁰⁾ See Descy and Tessaring (2005, pp. 127-130) for a discussion on internal and external consistency in systems’ evaluation.

evaluators should expand their views on the nature of useful interventions. Developing programmes and measures has to be seen in a context where they relate to one another, in addition to their individual effectiveness. This should also be reflected in evaluation designs.

Conclusion: continuous improvement of employment measures and policies

ALMP are established in all EU countries, training being one of their key measures. Demonstrating their efficiency and improving their quality should be a concern for policy-makers.

Traditional evaluations of ALMP 'compare' explicit programme goals with measurable outcomes (mainly in terms of employment probability and earnings). They estimate the relative effectiveness and/or efficiency of different interventions. Most evaluations are quasi-experimental, with emphasis on econometric elaboration of programme outcomes. However, because traditional evaluations do not open the 'black box', their results are generally limited in indicating possibilities for change and improvement of programme design and implementation. They concentrate on what works rather than trying to answer why something works or not. They also tend to neglect interactions between various policy interventions and their cumulative impact.

Evidence-led public policy is more in line with a holistic evaluation, combining formative and summative approaches, thus collecting the breadth and scope of information needed to provide feedback on quality. 'Some of the best studies are those that take a wider methodological perspective, certainly using [quasi-] experimental approaches where feasible, but complementing this with the use of administrative data and more qualitative information on for example, processes and the perceptions of programme participants. It suggests that evaluation hitherto has been more "academically" driven rather than "policy" driven, which is not so much a criticism of the former as a lack of proper attention in the latter' (Walsh and Parsons, 2004, p. 252).

Evidence-led policy-making requires information on the circumstances, both exogenous and endogenous, that lead to programme quality, positive outcomes and cost-effectiveness. These requirements go beyond common evaluation practices. In consequence, a systemic approach to evaluation should be developed alongside existing techniques. It should broaden the current perception of effectiveness by also focusing on the way programmes and measures interact with other interventions and existing institutions. By doing so, it provides better-founded information to decide whether an intervention should be expanded or repeated and can lead to further learning opportunities. Policy evaluation should define the criteria and provide

supporting empirical evidence on which policy types and which policy mix promise superior solutions to a society's problem. ■

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