The influence of employment services on entering paid employment and health among welfare recipients: an instrumental variable approach

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Introduction

- Need for more insight in the effectiveness of a 'work-first' approach (job matching) of the municipality by using register data
- This study is an example of the application of a **judge leniency instrumental variable (IV) design,** through which we exploit variation in referrals caused by caseworkers preferences

Aims

- We used the exogenous variation induced by referral behavior of case manager to estimate the causal effect of employment services on entering paid employment and health

Assumptions

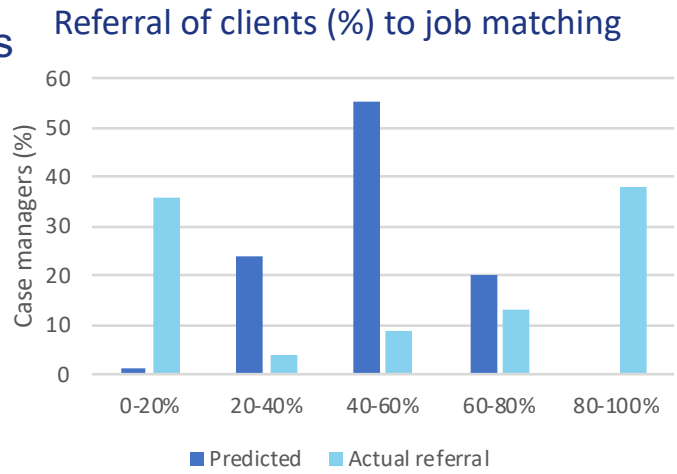
- Preference of case managers are not related to individual characteristics of clients
  √ Clients are randomly assigned to case managers
- Preferences of case managers are not related to outcome measures
  √ Case managers who are responsible for assignment, are not involved in the employment services

Methods

- We estimated the preference of case manager to refer clients to job matching by comparing the predicted with the actual referral
- We used the preferences of case managers as the instrument in the IV model

Results

- Preferences of case managers influenced allocation of clients to job matching
- Job matching had a positive influence on entering paid employment (+27%-points) and health (b=0.06, se 0.03)



Conclusion

- The IV approach is a valuable approach for strengthening causal inference based on observational register data

	Job matching
	b(se)
Employment participation	0.27 (0.07)*
Health index (higher=better)	0.06 (0.03)*

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