Discussion Paper Series – CRC TR 224

Discussion Paper No. 497
Project A 05

The Effects of UI Caseworkers on Job Search Effort

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January 2024

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Support by the Deutsche Forschungsgemeinschaft (DFG, German Research Foundation) through CRC TR 224 is gratefully acknowledged.

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Abstract

We combine a high-frequency survey on job search effort with administrative data on caseworker interactions from the German unemployment insurance system to estimate how the dynamics of search effort respond to caseworker meetings and vacancy referrals. Meetings alone do not increase individuals' time on search beyond a mechanical meeting-day effect; however, we find suggestive evidence that they do when combined with a formal contract on job search obligations. Referrals lead to a modest increase in effort over the three weeks following the event. Our findings leave room for caseworkers affecting employment outcomes through other channels, e.g. by altering search effectiveness.

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1 Introduction

Caseworkers are a key component of most unemployment insurance (UI) systems. They act as an intermediary in the process of matching unemployed workers to jobs, providing support and monitoring effort in regular meetings with the job seeker. Moreover, caseworkers intervene through the direct referral of vacancies.

Recent evidence suggests that the interaction with a caseworker can have a significant positive impact on the re-employment outcomes of job seekers (e.g., Dolton & O'Neill, 2002; Schiprowski, 2020; Cederlöf et al., 2021). However, there exists limited knowledge on the underlying mechanisms. For example, the positive impact of caseworkers could stem from increasing the amount of time job seekers spend on search due to motivation and sanctions, or it could make search effort more effective.

In this paper, we make progress on this question by investigating whether interacting with a caseworker influences time spent on job search. We combine a high-frequency survey on search effort among German job seekers (DellaVigna et al., 2022) with administrative information on interactions with a caseworker. Exploiting quasi-random variation in their individual-specific timing, we provide evidence on the dynamics of search effort around caseworker meetings and vacancy referrals.

Our analysis relates to the literature on the effects of counseling and monitoring in job search (see Card et al., 2010, 2018, for an overview), and the role of caseworkers in particular (e.g., Schmieder & Trenkle, 2020; Schiprowski, 2020; Cederlöf et al., 2021). Understanding how caseworkers affect the effort margin is important in light of recent evidence on the relevance of search effort for job finding (e.g., DellaVigna et al., 2022; Marinescu & Skandalis, 2021; Lichter & Schiprowski, 2021).

2 Data and Context

2.1 Job Search Survey

Our job search data covers 6,349 UI recipients that entered unemployment insurance receipt in Germany between 2017 and 2019 with different potential benefit durations (PBD) and unemployment durations at start of the survey. The text message based survey conducted by DellaVigna et al., 2022, followed participants over a period of four months and asked them twice a week how many hours they where looking for a job on the previous day.

The survey was stratified by potential benefit durations and oversampled workers with shorter potential benefit duration and close to benefit exhaustion, but it does cover workers for a wide range of unemployment duration from 2 to 16 months.

2.2 Caseworker Interactions

We link the survey data to administrative data on caseworker meetings and vacancy referrals from the UI system.[1] Our main event captures the date of an individual caseworker meeting (henceforth: meeting). Meetings occur usually in-person at the local UI agency where job seekers discuss their current search process and receive information/advice. Depending on the assessment of the caseworker, they are scheduled every 2 to 3 months.

During their first meeting, the caseworker and the job seeker usually develop a legally binding “integration contract" (*Eingliederungsvereinbarung*), which details, for example, how many applications job seekers are supposed to send out and how they are supported by the caseworkers (Schmieder & Trenkle, 2020). Contracts are signed by about 70 percent of UI recipients and typically updated after 3 to 6 months. Thus we observe caseworker meetings with and without new/updated integration contracts throughout the unemployment spell.

Caseworkers refer vacancies to job seekers and ask them to apply. Caseworkers learn about these vacancies either from the job posting platform of the federal employment agency or via direct contacts to employers. Workers who refuse to apply to referred vacancies can face sanc-

[1] We use the ASU-EEI V06.12.00-202004 and the IEB V15.00 from the IAB in Nuremberg.

Table 1: Summary Statistics

	(1) Mean	(2) SD
Meeting Sample (N individuals = 2,471)		
Search effort (min./day)	92.81	71.30
Meetings before event	3.54	2.85
UI duration at event	7.57	3.39
Referral Sample (N individuals = 1,794)		
Search effort (min./day)	95.00	66.06
Referrals before event	6.39	7.09
UI duration at event	7.05	3.36

Note: The unit of observation is the individual job seeker. Search effort refers to the average daily number of minutes searched over the analysis period.

tions in the form of benefit cuts (Schmieder & Trenkle, 2020). The referrals can occur during meetings or between meetings via mail or email. We observe the date when the referral was sent out to the job seeker.

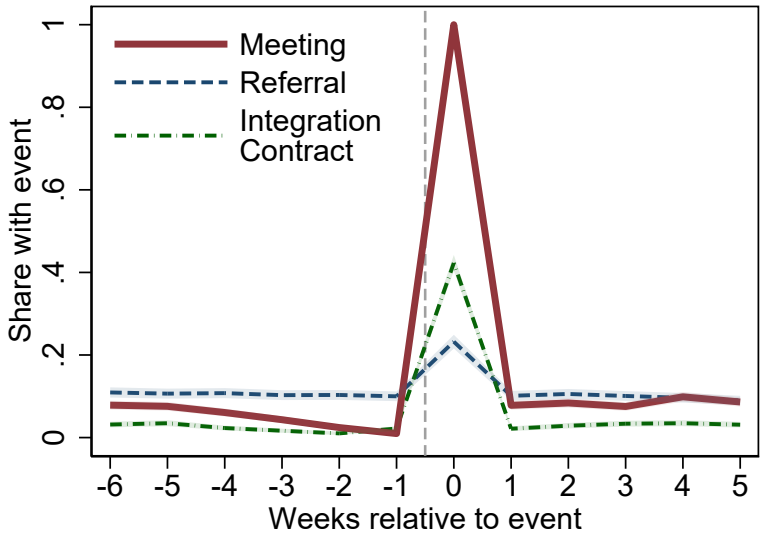
We also use information from linked administrative employment and unemployment records, from which we construct measures for realized unemployment duration, time until UI exhaustion and a rich set of background characteristics.

2.3 Sample Selection & Summary Statistics

We focus on the first event occurring at least two weeks after an individual's entry into, and two weeks before the planned end of her survey period. We restrict the estimation sample to individuals who participate at least once before and after the event and only include periods before individuals find a job. After this restriction we are left with 2,471 (1,794) individuals and 22,351 (15,695) search effort observations in the meeting (referral) sample.

Table 1 reports basic summary statics on job seekers in the two samples. In both samples, individuals search on average about 95 minutes per day over our analysis period. At the time of the event, they have had on average 3.5 (6.4) previous meetings (referrals) and have received UI benefits for 7 (7.5) months.

Figure 1: Different Types of Events around First Meeting



Note: The figure shows the fraction of individuals who have other events (caseworker meetings, vacancy referrals, integration contract) before and after meeting with a caseworker.

Figure 1 shows the frequency of caseworker interactions in and around the meeting event, not conditioning on survey participation. Other meetings and contracts are rare in the 6 weeks before and 5 weeks after the event. In the event-week, about 40% of meetings are accompanied by a contract. Referrals hover at a stable 10% in non-event weeks and also rise slightly in meeting weeks, to about 20%. While referrals and meetings sometimes coincide, often they do not.

3 The Effect of Caseworker Interactions on Search Effort

3.1 Empirical Specification

We estimate the dynamics of search effort using the following event study specification:

$$y_{i,t} = \sum_{k=-6}^{5} \beta_k D_k + \alpha_i + T_{i,t}\theta + \epsilon_{i,t}$$

The outcome $y_{i,t}$ describes the job search effort in minutes of individual i in week t. The

indicators D_k denote the number of weeks relative to the caseworker interaction, with -3 being the omitted category. The search effort question was asked Tuesdays and Thursdays (for the previous day), and events can happen on any workday. We, therefore, define the week relative to event variable so that week -1 included responses from 7 to 1 days before the event, week 0 consists of responses on the day of the event or the day after, and week 1 contains responses from 2 to 8 days after the event. This definition guarantees that $\beta_{-1}, \beta_{-2}, \ldots$ captures anticipation effects. β_0 captures search effort reported on the day of the event or the day afterward.[2] We include responses made on the day of the event to be conservative. While responses should refer to the previous day, individuals might find the timing ambiguous. $\beta_1, \beta_2, \ldots$ capture search effort after the event.

Individual fixed effects α_i are central for identification. They account for any level differences in effort between individuals, including differences related to the time of entry into unemployment or into the survey. Finally, the vector $T_{i,t}$ includes indicators for the number of months until UI exhaustion, as well as month-of-year indicators controlling for potential seasonality effects.

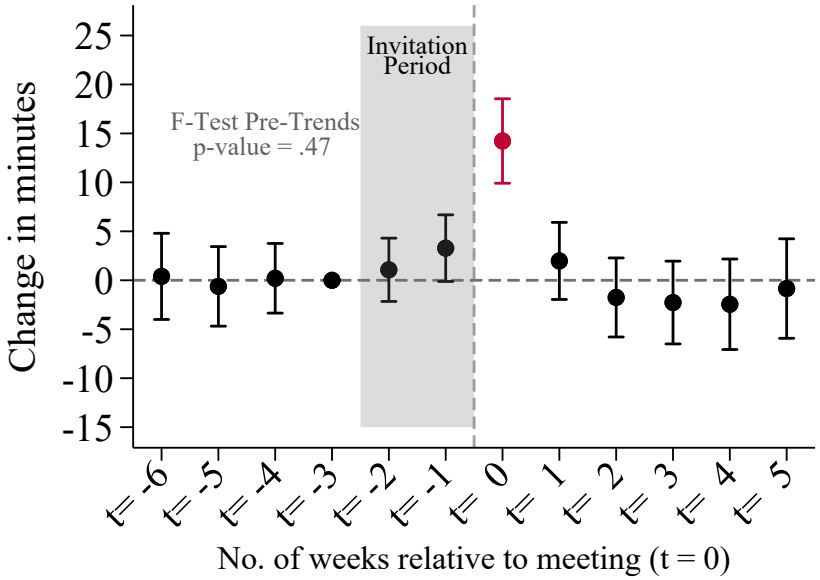
Our key identifying assumption is that the exact individual-specific event timing is as good as random and does not coincide with any other individual-specific time effects.

3.2 Results

Figure 2 shows the estimated dynamics of search effort around caseworker meetings. In weeks six to three before the meeting, search effort is flat, supporting the absence of any major individual-specific time trend coinciding with the meeting. In the two weeks before the meeting, during which job seekers typically get invited by mail, average time spent on search slightly increases by about 3 minutes. While not statistically significant, this possibly suggests a small anticipation effect of the upcoming meeting. When respondents are surveyed on the day of the meeting or on the day after (t=0), job search shows a spike, likely attributable to the mechanical effect of individuals' reporting of their meeting attendance. In the week following the meet-

[2] To account for the spike in reported effort on meeting days, we also include meeting-day indicators when estimating the effects of referral events.

Figure 2: Job Search around Meetings



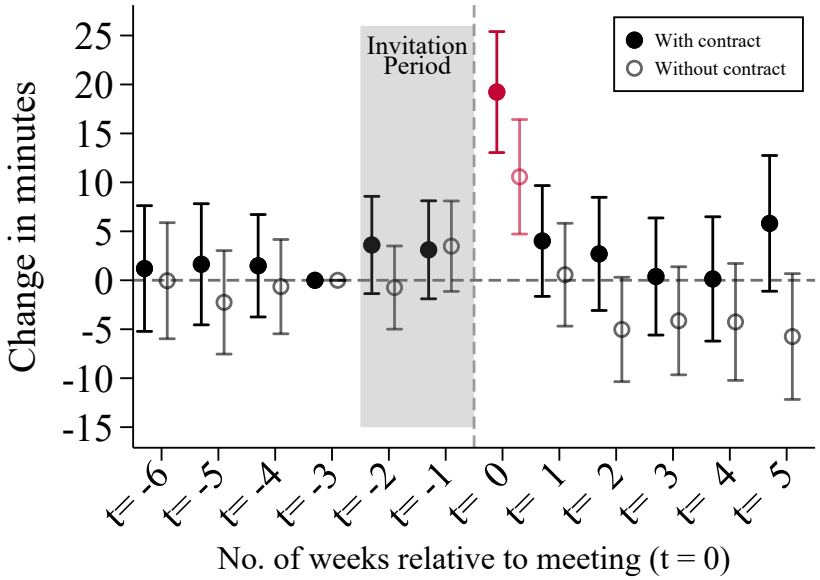
Note: The figure shows event study estimates of the effects of caseworker meetings on the average number of minutes spent on job search per day. 95% confidence intervals, with standard errors clustered at the job seeker level (N=2,471).

ing, effort falls back for both types of meetings, roughly to the pre-meeting level. When pooling coefficients in the post-event periods (from t=1 to t=5) we obtain an estimate of 0.59 (se=1.78) that is insignificant and close to zero. Overall, caseworkers do not seem to induce a significant short- or medium-run increase in the time spent on job search.

In Figure 3, we split the analysis by whether or not an integration contract was signed during the meeting. When an integration contract is signed during the meeting, the spike is with 20 minutes almost twice as large as when no contract is signed. This suggests that caseworkers spend significant time on the contracts. It is also noteworthy that, though imprecisely measured, search effort after an integration contract remains higher than after a meeting without an integration contract. While the difference (between the two groups or relative to before the event) is not statistically significant, this suggests that contracts may be helpful for at least maintaining search effort at a higher level.

Finally, Figure 4 illustrates the dynamics of effort around vacancy referrals. We observe a small increase in the weeks following the referral. Pooled over the post-event period (from t=0

Figure 3: Job Search around Meetings with and without Integration Contract



Note: The figure shows event study estimates of the effects of caseworker meetings on the average number of minutes spent on job search per day, conditional on whether or not an integration contract was signed during the meeting. 95% confidence intervals, with standard errors clustered at the job seeker level (N=2,471).

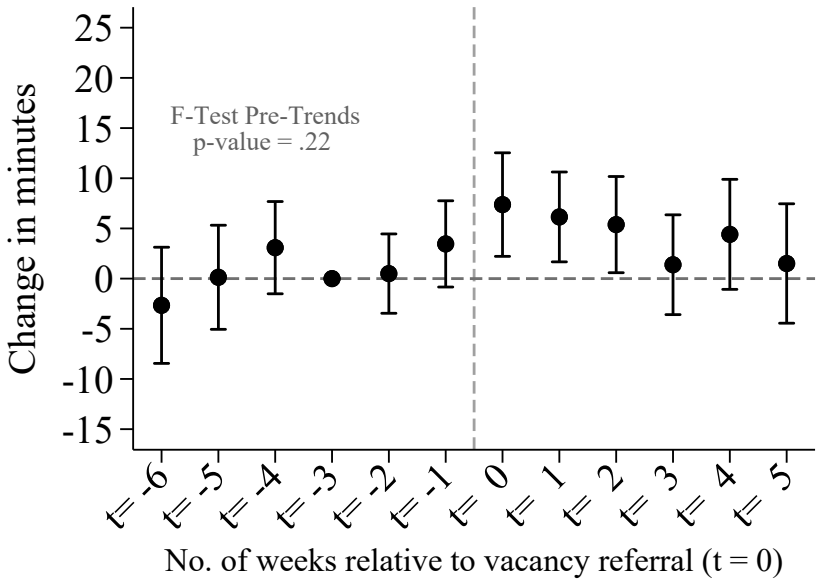
to t=5), individuals search 5.32 (se=1.99) minutes more relative to the baseline period. Given the modest size, it is likely that this increase is driven by individuals' application to the referred vacancy, and not necessarily by additional search effort beyond the vacancy. Nevertheless, the time spent on the referral does not appear to fully crowd out other search activities.

4 Conclusion

This paper documents modest effects of caseworker meetings and referrals on the dynamics of job search. Our results show that time spent on job search slightly increases in anticipation of caseworker meetings but falls back to the initial level quickly after the meeting. We find suggestive evidence that meetings maintain effort at a higher level when formalizing job search obligations via a contract between the caseworker and the job seeker. Vacancy referrals induce a slight increase in effort, implying that they do not fully crowd out other forms of job search.

While our results speak against a major impact of caseworkers on the dynamics of search

Figure 4: Job Search around Referrals



Note: The figure shows event study estimates of the effects of vacancy referrals on the average number of minutes spent on job search per day. 95% confidence intervals, with standard errors clustered at the job seeker level (N=1,794).

effort, they do not preclude an impact of caseworkers on job search behavior in general. First, the presence of caseworkers could lead to a permanent shift in average search effort over the spell, which we cannot measure in our within-individual analysis. Second, our data focuses on the *quantitative* dimension of job search, i.e. time spent on job search. It is well possible that the information and counseling provided by caseworkers instead influence the *quality* of job search, such as whether job seekers apply to vacancies with a good fit or how they allocate their time to different types of search activities (e.g. browsing ads, sending applications, polishing resumes, etc.).

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