

THE ROLE OF CASEWORKERS IN THE LABOR MARKET INTEGRATION OF YOUNG UNEMPLOYED: EVIDENCE FROM FRANCE

About 13% of young people aged 15–29-year-old were not in employment, education, or training (NEET) in OECD countries in 2019. As a part of the public employment services, the *Mission Locales* agencies are specially dedicated to young people who face major labor market integration issues in France. We propose to use the quasi-random allocation of caseworkers to youths to study how caseworkers can affect the future trajectories of young unemployed. Preliminary evidence show that caseworkers with higher placement rates in a formalized job search assistance program positively affect the employment outcomes of youths: top tercile caseworkers are found to increase youths' total number of days of employment by about 7.5 days one year after their first meeting with a youth, which corresponds to a 9% increase.

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Background

About 1,000,000 young people are NEET in France. They are less often graduated and live more often with their parents than non-NEET counterparts. They represent about 13% of 16-25-year-old youths and 28% of those who left school. The Ministry of Labor indicates that young NEETS, who were in contact with the public employment service, were more often in employment than those who were not (Reist, 2020).

The *Missions Locales* (ML), as part of the French public employment services, are specially dedicated to young people who face labor market integration issues. There are about 436 agencies spread across France and 13,600 caseworkers. They are mainly providing a labor market related assistance, but they can also provide a broader social assistance related to health, administrative or housing issues. A natural question is to what extent caseworkers impact youths' professional trajectories?

Empirical strategy

Caseworkers' assignment

To measure the influence of caseworkers, we use their propensity to enroll young people in a formalized program called PACEA (*Parcours contractualisé d'accompagnement vers l'emploi et l'autonomie*). Our identification strategy relies on two main conditions: 1) the assignment of caseworkers to youths is quasi-random with respect to youths' characteristics; and 2) caseworkers systematically differ in their propensity to enroll new youths into the PACEA program. Our analysis focuses on one of the main *Mission Locale* in France for which empirical evidence as well as background information support both conditions (N = 5423).

Caseworkers' Fixed Effects

To construct our caseworkers fixed effects, we follow the methodology initiated by Dahl et al. (2014). Let's consider:

$$E_i = C_{jat} + \gamma X_{iat} + \epsilon_{iat}$$

where:

- $E_i = 1$ if youth i has been enrolled in the PACEA program.
- X_{iat} include agency and month fixed effect related to youth i first meeting.
- C_{jat} is the caseworker fixed effect.

The quasi-random allocation of caseworkers – within agency and month - implies that $\epsilon_{iat} | X_{iat} \perp C_{jat}$. We can then compute aggregated leave-one-out caseworker fixed effects.

$$C_{ij} = \frac{1}{n_{jQ}-1} \left(\sum_{i' \in I_{jQ}(i' \neq i)} E_{i'}^* - E_i^* \right) \text{ where } E_i^* = E_i - \hat{\gamma} X_{iat}$$

with n_{jQ} denoting the number of youths who had a first meeting with caseworker j in quarter Q and I_{jQ} is the associated set of youths.

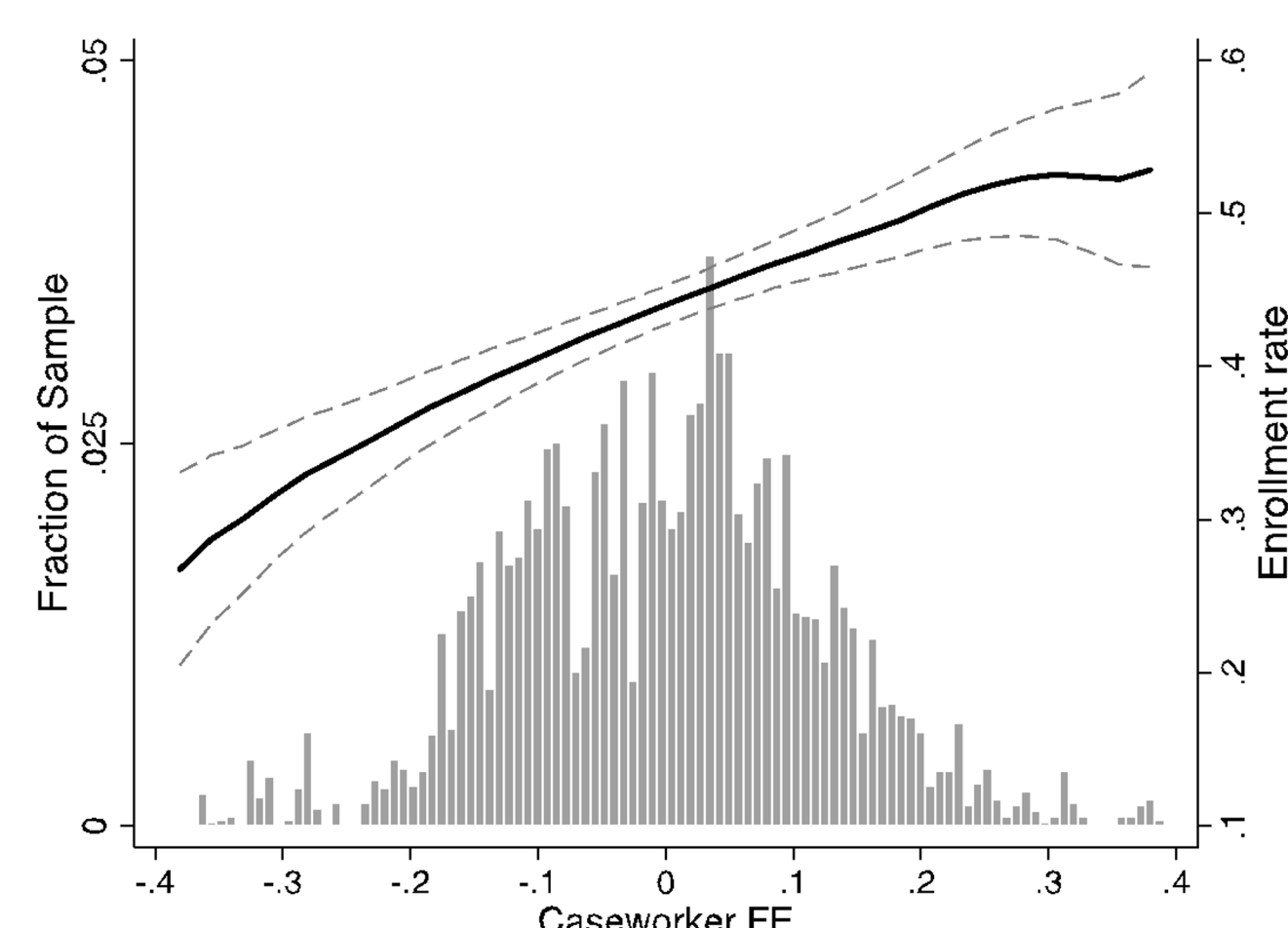


Fig 1. Predictive power of caseworkers' fixed effects

Note: Figure 1 presents the distribution of our caseworkers-by-quarter fixed effects. The solid black line results from a local linear regression of actual enrollment rate on caseworkers fixed effects. The positive relationship is positive and statistically significant: a one standard deviation increase in caseworker fixed effect is associated with a 4.2 %p increase in the enrollment rate.

Results

Figure 2 present an event-study-like analysis where we estimate the differential in the number of days of employment between youths who have been assigned to a caseworker in the top tercile of fixed effects distribution and youths assigned to a caseworker in the bottom tercile.

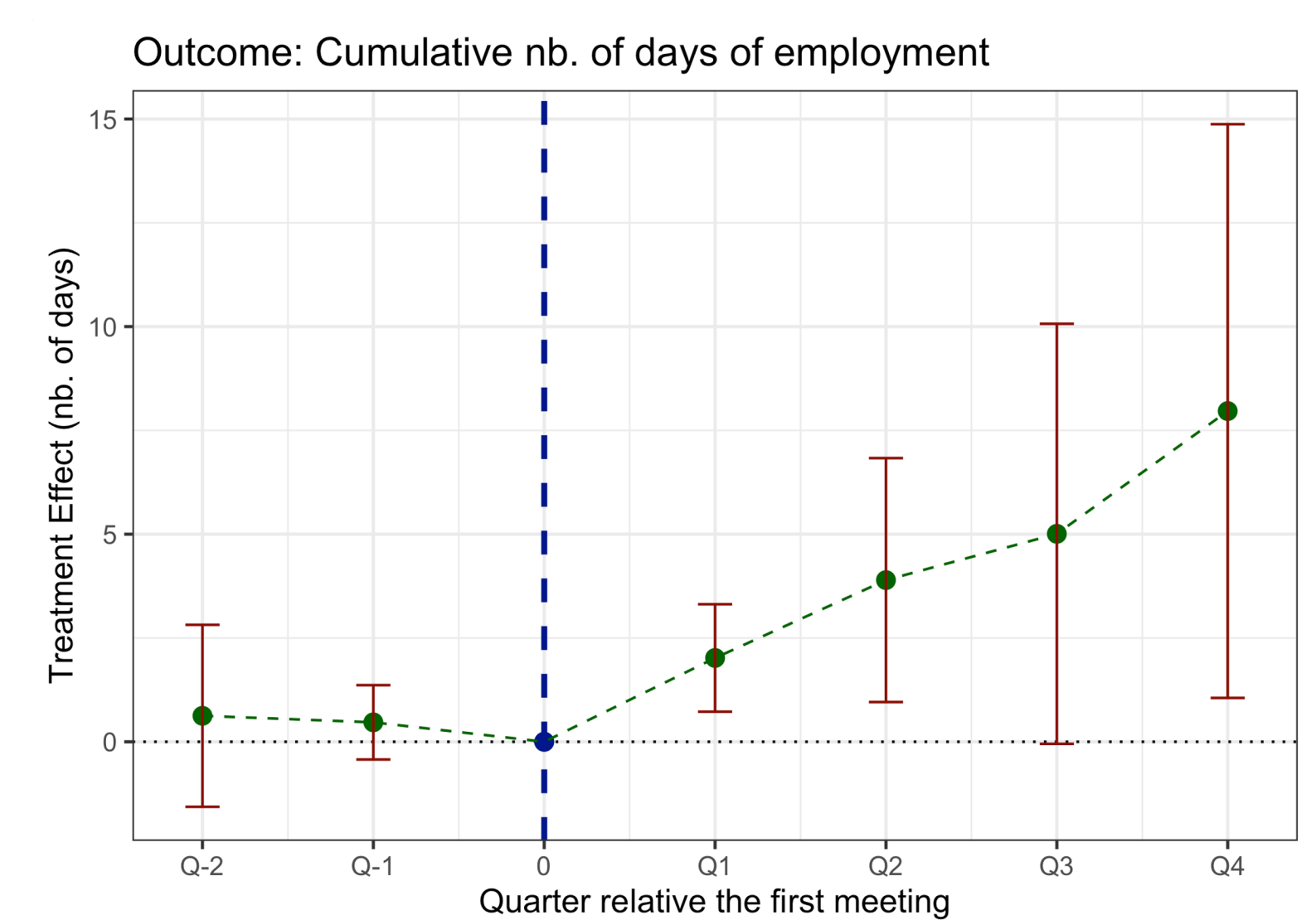


Fig 2. Effect of being assigned to a caseworker in the top tercile of fixed effects distribution (vs. bottom tercile)

Note: Green dots represent point estimates and red error bars represent the associated 95% confidence intervals.

On average, one year after the first meeting, when assigned to a caseworker in the top tercile, youths have worked about 7.5 additional days, which corresponds to a 9% increase compared to youths assigned to caseworkers who lies in the bottom tercile of fixed effects distribution. Heterogeneity analysis shows that positive effects are mostly encountered by young males with low educational background.

Caseworkers' profile

On average, the statistical analysis indicates that above the median caseworkers are younger, more often females, perform fewer individual meetings and animate more collective workshops than below the median caseworkers. Figure 3 also indicates that caseworkers' connectedness – the number of youths they have in common with other caseworkers – does not seem to relate with caseworkers' fixed effects.

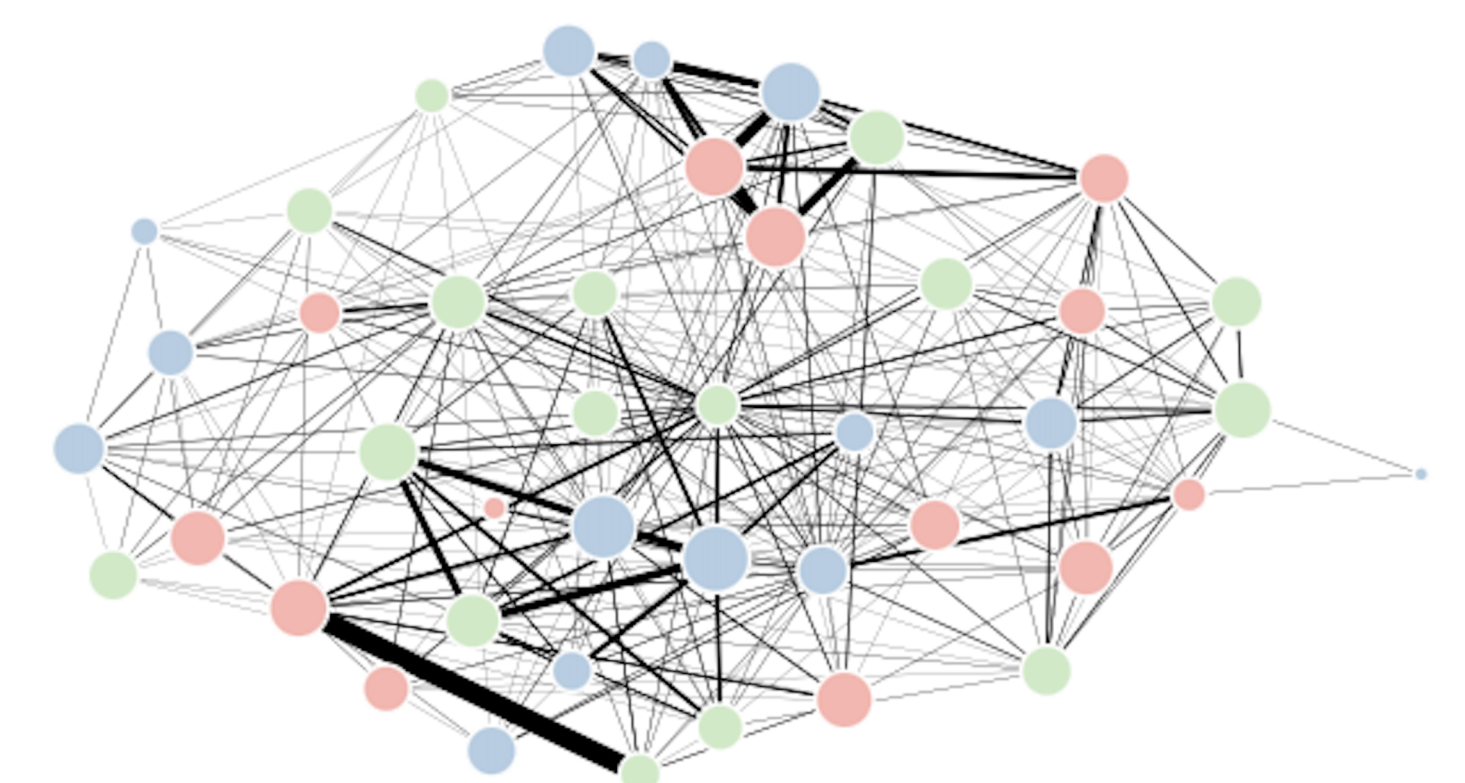


Fig 3. Caseworkers network in 2016

Note: Nodes represent caseworkers. The bigger the node the more youths a caseworker has interviewed in 2016. Blue, green and red nodes represent caseworkers at the 1st, 2nd and 3rd tercile of fixed effects distribution, respectively. Two caseworkers are related by the number of youths with whom they both had at least one meeting, the darker the edge the higher the number of youths.

Discussion

- Our preliminary evidence support the fact that caseworkers can significantly affect youths' trajectories on the labor market.
- Results are in line with related literature on caseworkers' effects that exhibit differentiated effects according to caseworkers' characteristics/strategies (Behncke et al., 2010; Huber et al., 2017).
- We still need to understand more about the reasons that makes some caseworkers more successful than others: in particular, how much of this effect is due to the entry in program itself and to other caseworker's characteristics, correlated with our fixed effects.