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Activating low-skilled unemployed mothers: an evaluation of the Belgian job monitoring scheme

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Abstract

In the past decades, the Belgian unemployment benefit system has received national and international criticism for being exceptionally generous because benefit duration is in principle unlimited. Therefore, the Belgian federal government introduced in July 2004 a systematic monitoring scheme of the job search effort and willingness to work of long-term unemployed.

Recent evaluation research indicates that just the threat of monitoring already increased transitions to employment ('announcement effect'). However, the evaluation also shows that the effect is much smaller for low-skilled unemployed, who are the most difficult to re-integrate in employment. Moreover, the evaluation does not take into account that concurrent with the monitoring system, the regional employment offices also introduced additional counselling measures, which may explain why the effect of the monitoring system is not only observed among the prime targets of the system (in 2004 only unemployed younger than 30), but among all unemployed. Finally, the evaluation does not pay attention to family responsibilities, while Belgian unemployment protection is believed to serve as an alternate parental leave system, especially for low-skilled mothers.

An evaluation of the employment transitions following increased monitoring and counselling of unemployed low-skilled mothers is therefore the target of this paper. As in the previous evaluation we exploit the discontinuity in the treatment at the age of 30 in order to evaluate possible policy effects. Furthermore we use variation between the Belgian regions with regards to the counselling measures, as an additional source of identification. We find that the threat of monitoring increases employment transitions merely slightly. For the low-skilled long-term unemployed the effect of the job monitoring scheme is similar to that of the high-skilled, although labour market prospects are much worse for the low-skilled in general. Moreover, despite efforts to reduce gender inequality in unemployment insurance law, long-term unemployed women are still worse off, making much more transitions to inactivity instead of transitions to employment, in comparison with men.

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1 Introduction

In the past decades, the Belgian unemployment benefit system has received national and international criticism for being exceptionally generous because benefit duration is in principle unlimited. Therefore, the Belgian federal government introduced in July 2004 a systematic monitoring scheme of the job search effort and willingness to work of long-term unemployed.

Recent evaluation research indicates that just the threat of monitoring already increased transitions to employment ('announcement effect'). However, the evaluation also shows that the effect is much smaller for low-skilled unemployed, who are the most difficult to reintegrate in employment. Moreover, the evaluation does not take into account that concurrent with the monitoring system, the regional employment offices also introduced additional counselling measures, which may explain why the effect of the monitoring system is not only observed among the prime targets of the system (in 2004 only unemployed younger than 30), but among all unemployed. Finally, the evaluation does not pay attention to family responsibilities, while Belgian unemployment protection is believed to serve as an alternate parental leave system, especially for low-skilled mothers. An evaluation of the employment transitions following increased monitoring and counselling of unemployed low-skilled mothers is therefore the target of this paper.

The outline of the paper is as follows. In the next section we describe the institutional setting of Belgian unemployment insurance and the 2004 job monitoring scheme. A comparison of the features of unemployment policy is made before and after the 2004 reform as well as between the different governmental levels. In section 3 we formulate some theoretical predictions. The data and estimation methods are presented in section 4. Section 5 reports the treatment effects for Belgium and its three different regions, as well as particular effects for women with dependent children, on both work and inactivity transitions. A final section concludes.

2 Institutional setting

In Belgium the foundations for a large-scale monitoring scheme for the long-term unemployed have been laid in 1993. From the start its goal has been twofold: to support and to discipline. On the one hand the aim is to facilitate job search and to re-integrate the unemployed into the labour market ("support"). On the other hand an important endeavour is to monitor the behaviour of the unemployed because unemployment insurance is costly to the Belgian state and a lack of work incentives for unemployed individuals may make it even more costly ("discipline") (Cockx & Dejemeppe, 2010). Although the specific measures and modalities have changed throughout time, the twofold basic principle has remained the same (Cockx, Defourny, Dejemeppe, & Van der Linden, 2007).

The need for accompanying and monitoring the long-term unemployed during their job search by means of a monitoring scheme has emerged in the light of the particular and frequently criticised features of the Belgian unemployment insurance system. Since 1975 Belgium has faced high levels of persistent unemployment. Because of far-reaching employment protection legislation the risk of unemployment is relatively low, but at the same time chances of

returning to employment are relatively small. Consequently, Belgium features a high proportion of long-term unemployment (see Table 1). Moreover, these high levels of long-term unemployment are distributed unequally between the regions and between socio-economic groups of the Belgian population (Cockx et al., 2007, pp. 4-5). In Brussels and Wallonia, for example, more than three out of four of the registered unemployed are in unemployment for at least 12 months (respectively 82 and 76%, Table 1, row E).

Table 1 Unemployment in Belgium and its three regions (administrative data for 2008)

	Flanders	Wallonia	Brussels	Belgium (total)
A. Labour force	2.880.757	1.483.550	491.644	4.855.951
B. Number of NEO beneficiaries	453.440 15.74% of A.	391.844 26.41% of A.	109.397 22.25% of A.	954.681 19.66% of A.
C. Number of job-seeking unemployed	152.925 5.31% of A. 33.73% of B.	205.820 13.87% of A. 52.53% of B.	73.755 15.00% of A. 67.42% of B.	432.500 8.91% of A. 45.30% of B.
D. Number of job-seeking unemployed aged 25-30	18.823 4.15% of B. 12.31% of C.	30.311 7.74% of B. 14.73% of C.	12.270 11.22% of B. 16.64% of C.	61.404 6.43% of B. 14.20% of C.
E. Number of job-seeking long-term unemployed	71.697 15.81% of B. 46.88% of C.	156.215 39.87% of B. 75.90% of C.	60.503 55.31% of B. 82.03% of C.	288.415 30.21% of B. 66.69% of C.
Notes: A. The labour force is the population aged 15-65 at work or willing to work, it is the sum of the working and job-seeking jobless population. B. The NEO beneficiaries as defined here are the registered unemployed (complete not partial unemployment) who are entitled to an unemployment insurance benefit and employees supported by the national employment office (NEO) in the light of activation measures. Although the system of career breaks is also supported financially by the NEO, it is not taken into account in this number of NEO beneficiaries. E. The number of job-seeking long-term unemployed are the job-seeking unemployed who have been unemployed for at least one year.				

Source: www.rva.be and www.werk.belgie.be

Furthermore, Belgian unemployment insurance, in principle, grants unemployment benefits indefinitely, even though these indefinite-duration benefits are subject to severe criticism (Cockx & Ries, 2004; OECD, 2005, pp. 175-178). In order to compensate for the indefinite-duration unemployment benefits, mechanisms of entitlement suspension and penalties are provided for, although these mechanisms in turn have been criticised for discriminating women (De Lathouwer, 1996, pp. 11-13) (see also below).

A third and final element constituting the particular Belgian context is the complex distribution of responsibilities among different governments. Counselling, training and activation of the unemployed has become the responsibility of the Communities and Regions¹, while unemployment insurance and benefits remain a federal matter. Because of these responsibilities at different governmental levels, a lack of coherence of objectives is frequently mentioned (Ministerie van Tewerkstelling en Arbeid, 1996).

2.1 Policy before the 2004 reform

Because of different governmental levels responsible for different matters concerning unemployment policy, the issue of tackling unemployment, and long-term unemployment in particular, has historically grown into a fragmented set of policy measures at different policy levels.

At the federal level the National Employment Office (NEO hereafter) actively fosters activation of the unemployed. However, national measures encouraging employment are far from plentiful and even only one of them focuses on the long-term unemployed target group: the “Activaplan”. By lowering the employers’ social security contributions when hiring long-term unemployed and subsidising the individual’s net wage for a monthly amount of 500 EUR, the “Activaplan” aims at easier activation of the long-term unemployed (Rijksdienst voor Arbeidsvoorziening, 2003, pp. 85-86).

The more important core activities of the NEO are payment-related though. The NEO verifies (1) whether the applying unemployed are entitled to unemployment benefits, (2) calculates the exact amount of benefits, (3) advances the total amount of unemployment benefits to the labour union organisations² (Marx, Van Rie, & Horemans, 2011) and (4) controls whether benefits have been paid correctly afterwards (Rijksdienst voor Arbeidsvoorziening, 2003). Furthermore, the NEO is authorised to suspend entitlements to unemployment benefits which is of particular relevance for the target group of long-term unemployed.

Suspension of unemployment benefit entitlement³ could possibly follow after abuse of unemployment insurance or when unemployment spells become too long and availability and willingness to work of the unemployed is assumed to be inadequate. The latter suspension could be interpreted as a response to indefinite-duration benefits criticism. The maximum allowed unemployment duration is set at 1.5 times the average sub-regional unemployment duration accounting for age and gender (FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 5-8). However, according to article 80 of Belgian unemployment insurance law, only the cohabitating long-term unemployed are eligible for entitlement suspension, which results in an overrepresentation of women among the suspended, an unintended discriminatory effect of the suspension rules (De Lathouwer, 1996, pp. 11-13; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 5-8).

¹ Special Law August 8 1980, institutional reform

² In Belgium it is three private organizations founded by trade unions (christian, socialist and liberal) and one impartial public organization who actually carry out payments of unemployment benefits.

³ Royal Decree November 25 1991, article 80

At the regional level, the Public Employment Services (PES hereafter) have outlined and continue designing unemployment policy since 1989, each with their own set of policy measures and their own timing. Although the Flemish, Walloon and Brussels PES are free to design their own policy measures according to the features and needs of their particular population of unemployed and particular labour market, what all three of them have in common is a traditionally strong emphasis on a preventive approach. Obviating jobseekers from becoming long-term unemployed has traditionally been the main focus, while tackling persistent unemployment on the other hand has received far less attention (Cockx et al., 2007; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008).

The Flemish PES, the “Vlaamse Dienst voor Arbeidsbemiddeling” (VDAB hereafter) has two major activities. VDAB firstly offers a universal basic service to all unemployed. This basic service on the one hand consists of registration and on the other hand of access to a database. Database access implies the possibility of exposing curriculum vitae to potential employers and suitable vacancies being offered regularly (Vlaamse Dienst voor Arbeidsbemiddeling, 2011).

Secondly, a more thorough counselling program is organised as well. This program is structured as six additional modules on top of the universal basic service. At first an intake interview takes place during which a diagnosis and a tailor-made action plan is designed. The action plan consists of one or a sequence of the remaining five modules: (1) individual or collective training on job search techniques, (2) professional training as regards to various crafts, (3) training of personal and social attitudes, (4) training on the work floor in order to gain work experience and (5) additional supervision throughout the whole procedure in order to re-orient quickly if necessary. In the light of the emphasis on a preventive approach, this six-module program is compulsory for unemployed aged less than 25 without a diploma of secondary education after three months of unemployment, for unemployed aged less than 25 with a diploma of secondary education and for unemployed over 25 during their first unemployment spell after four months of unemployment (Cockx et al., 2007, pp. 34-39; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, p. 15; Vlaamse Dienst voor Arbeidsbemiddeling, 2011).

In Wallonia, “Forem” (“le service public Wallon de l'emploi et de la formation”) is the Public Employment Service fostering re-integration of the unemployed into the labour market. The universal service offered by Forem is very similar to the one offered in Flanders: besides the administrative part of registration the basic mediation service consists of offering vacancies online and posting jobseekers’ resume on the world wide web (FOREM, 2011).

In addition to this universal service a threefold more systematic counselling program is offered. Firstly, for the unemployed aged less than 25, “le Plan Jeunes +” consists of (1) a personal interview uncovering specific needs and shortcomings, (2) an action plan which is the equivalent of a contract stipulating future job search actions and (3) monitoring on a monthly basis. This “Plan Jeunes +” covers for 9 up to 24 months of counselling. Secondly, for the unemployed older than 25 a complementary program of more elaborated counselling is organised. For these unemployed three possible individual or collective modules of counselling

are offered after a diagnostic interview: (1) training in job search techniques, (2) orientation into one's own competences and professional aspirations and (3) personal counselling in order to agree upon well defined future actions in case the diagnostic interview was not sufficient to design an appropriate action plan. Thirdly, several educational and professional trainings are offered by Forem and its various partners. Following the focus on preventing long-term unemployment, the systematic counselling program is only mandatory for low-skilled unemployed aged less than 25 from the third month of unemployment and is completely voluntary for all other unemployed (Cockx et al., 2007, pp. 44-51; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 14-15; FOREM, 2011).

Actiris⁴, the Brussels' Public Employment Service offers a universal service which consists of registration and a corresponding interview. In addition, suitable vacancies are collected and offered at several information desks in the region of Brussels (Actiris, 2011).

Two more thorough programs of counselling according to age are offered by Actiris as well. The unemployed aged less than 25 are offered a collective information session and are invited to a personal interview uncovering specific needs later on. Afterwards, by means of a tailor-made action plan the unemployed engage in looking for a job actively or some kind of training or internship. Several monitoring sessions are organised and the process of assistance is terminated with a final evaluation. The unemployed older than 25 are offered two kind of modules: (1) one professional module covering a professional orientation, a professional training and/or support for active job search, (2) a second module, more socio-professional in nature, offering orientation, basic training, professional training and integration into the labour market. In the Brussels' region as well, following the focus on preventing long-term unemployment, the systematic counselling program is only obligatory for low-skilled unemployed aged less than 25 and is completely voluntary otherwise (Actiris, 2011; Cockx et al., 2007, pp. 26-32).

Summarising, all regional employment offices facilitate job search through information exchange (resumes versus job offers) and all differentiate their actions between youngsters and other unemployed persons. Variation exists in the offer of more intense counselling and in the voluntary versus compulsory nature of these more targeted services.

2.2 The 2004 reform

2.2.1 The federal level

In 2004 the federal government introduces a reform for the activation of job search in order to monitor the long-term unemployed in a more systematic, more efficient and more equitable way than before and to foster cooperation between the NEO at the federal level and the PES at the regional level. On the one hand the most essential feature of the 2004 reform is the gradual abolishment of the discriminatory article 80 of federal unemployment insurance legislation and its replacement by a stepwise monitoring scheme which enables reduction or suspension of benefit entitlement in case of inadequate job search efforts. Consequently, the

⁴ Until 2006 Actiris was known as "Brusselse Gewestelijke Dienst voor Arbeidsbemiddeling" or BGDA.

NEO continues to monitor willingness to work of long-term unemployed and is able to control active job search from now on as well, while it were solely the PES who could monitor these job search efforts before. On the other hand, at the regional level, the PES reinforce and extend their own procedures of counselling and activation. Furthermore, the poor cooperation between the NEO and PES is strengthened by means of large-scale data exchange administered by the “Crossroads Bank for Social Security” (Cockx et al., 2007; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008).

The job monitoring scheme introduced in 2004 is specifically aimed at the long-term fully unemployed jobseekers. For members of this target group aged less than 25, the monitoring procedure enters into force after seven months of full unemployment, for those over 25 the monitoring scheme is applied after 13 months of full unemployment. Furthermore, introduction of the monitoring procedure is phased in time. For the target group aged less than 30 the procedure starts from the 1st of July 2004. For the target group aged less than 40 the procedure begins one year later from the 1st of July 2005. From the 1st of July 2006 the monitoring scheme is aimed at the long-term fully unemployed aged less than 50 as well (Cockx et al., 2007, pp. 17-18; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 17-19).

Structurally, the blueprint of the job monitoring scheme is a stepwise evaluation procedure (Cockx et al., 2007, pp. 12-14; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 19-22; Rijksdienst voor Arbeidsvoorziening, 2011). Firstly, from July until October 2004, a letter of notification is sent to the target group aged less than 30 after 13 months of unemployment (or seven months of unemployment for the target group aged less than 25). The notification letter reminds the target group to engage actively in job search and counselling activities and notifies them that in case no job is found after eight months from that moment on (after 21, respectively 15 months of unemployment), NEO will invite them for a first evaluation of their job search actions. Furthermore, the notification letter invites the unemployed to keep written proof of their job search activities and to re-contact their PES in order to subscribe for counselling or training modules as those could postpone the evaluation interviews. Moreover, attached to the notification letter a standardised NEO leaflet describes the entire 2004 reform procedure step by step and warns for potential consequences in terms of benefit reduction or suspension. Secondly, the monitoring scheme provides for a sequence of three evaluation interviews with a NEO counsellor. These evaluation interviews are obligatory and non-appearance may lead to temporary suspension of unemployment benefits until the interview is attended. In case no job is found eight months after the notification was sent, the unemployed is invited for a first evaluation interview. The aim of this first interview is to evaluate the job search efforts realised during the past 12 months of unemployment. If the NEO counsellor deems these efforts as sufficient, a new first evaluation interview is planned 16 months later. In case job search activities were inadequate, an action plan is drawn up and a second interview is scheduled four months later. Non-appearance or a refusal to sign the action plan may lead to temporary benefit suspension. The second interview takes place four months later in case the first evaluation was negative and still no job is found after four more

months. The goal of this second interview is to control whether the unemployed has complied with the action plan drawn up during the previous evaluation. If the evaluation is positive, a new first interview follows after 12 months. In case the evaluation is negative, the threefold consequence is a sanction, a second and more severe action plan and a third interview four months later. Potential penalties are temporary suspension of benefits in case of non-appearance, a temporary reduction or suspension of benefits in case the action plan was not complied with and a definite suspension of unemployment benefits if the unemployed refuses to sign the second action plan. The third interview follows after four months in case the second evaluation was negative and still no job is found after four additional months. The aim of the third interview is to assess whether the unemployed has complied with the second and more severe action plan. In case the evaluation is positive, a new first interview is scheduled 12 months later and the penalty corresponding with the previous negative evaluation is abolished. If the evaluation is negative again, the unemployed is suspended from unemployment benefits definitely. In Table 2 an overview is given of the number of notification letters sent and monitoring interviews held during the period July 2004-June 2006.

Table 2 Number of notification letters and monitoring interviews during July 2004-June 2006

	Flanders	Wallonia	Brussels	Belgium (total)
Letter of notification received	66.200	105.604	30.568	202.372
<i>First interview</i>				
Convoked	25.420	51.481	13.782	90.683
Search efforts judged adequate	10.130	26.458	6.351	42.939
<i>Second interview</i>				
Convoked	3.308	6.979	1.556	11.843
Search efforts judged adequate	991	2.934	660	4.585
<i>Third interview</i>				
Convoked	265	469	118	852
Search efforts judged adequate	37	82	28	147

Source: Cockx, B., Defourny, A., Dejemeppe, M., & Van der Linden, B. (2007). *Le nouveau système de suivi des chômeurs: une évaluation*. Louvain: Institut de Recherches Economiques et Sociales.

Substantively, through the monitoring scheme NEO counsellors in fact perform three essential activities: evaluating job search efforts, designing well defined action plans and imposing sanctions (Cockx et al., 2007, pp. 14-16; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 19-22). Firstly, during the evaluation interviews the job search efforts of the unemployed are assessed. The NEO leaflet attached to the letter of notification previously

informed the target group of long-term unemployed about possible and much appreciated job search efforts. Evaluation by the NEO counsellors is based on detailed information stemming from the PES and transmitted through the Crossroads Bank for Social Security. Furthermore the unemployed is invited to demonstrate efforts by means of additional written proof such as copies of covering letters sent, newspaper or online vacancies to which was responded, potential responses of employers, etc. Moreover, this evaluation is a highly individual matter as for each unemployed it accounts for his/her specific socio-economic situation and sub-regional labour market circumstances. Secondly, the goal of the action plan is for the NEO counsellor and the unemployed together to draw up a contract which stipulates future well-defined job search activities. These future job search efforts in which the unemployed will engage are drawn from a standardized list of nine items. For the first action plan (during the first interview) at least three actions from the list need to be included in the action plan, for the second and more severe action plan (in case of non-compliance with the first action plan) the number of job search actions is increased and/or previous actions listed are intensified. Re-contacting the Public Employment Service is the one item compulsory in any action plan, furthermore the NEO counsellor is free to choose from the range of possible actions accounting for the individual's specific socio-economic situation and sub-regional labour market circumstances. Again, the unemployed is invited to demonstrate efforts by means of additional written proof in every possible way. Thirdly, although statutory minimum and maximum unemployment benefit amounts exist⁵, the NEO counsellor is able to impose sanctions, which means reduction of benefits or suspension from benefit entitlement. Penalties vary in function of type of misbehaviour and family situation. Besides non-appearance at the evaluation interviews, which is punished by temporarily suspension of benefits, two types of misbehaviour give rise to penalties: (1) refusing to sign or non-compliance of the first action plan drawn up during the first evaluation interview or (2) refusing to sign or non-compliance of the second action plan set up during the second interview. Misbehaviour of type 1 implies suspension of benefit entitlement for four months in case the unemployed is cohabitating but without dependent family members. In case annual net disposable household income is less than 18.131,56 EUR an exception is made and suspension of benefit entitlement is limited to two months. If the unemployed is cohabitating with dependent family members or is single then unemployment benefits are reduced to 33,05 EUR, respectively 24,79 EUR, per day during four months in case of inadequate behaviour type 1. Misbehaviour of type 2 leads to an immediate suspension of benefit entitlement for cohabitating unemployed without dependent family members. An exception is made when annual net disposable household income is less than 18.131,56 EUR: in that case the unemployed receives a flat rate unemployment benefit of 15,58 EUR per day during six months before benefit entitlement is suspended. If the second action plan is violated and the

⁵ Minimum and maximum unemployment benefit amounts depend on duration of unemployment and family situation. For cohabitating long-term unemployed (more than one year) with dependent family members the minimum amount is 40,32 EUR per day and the maximum amount is 46,71 EUR per day. For long-term unemployed singles, the minimum and maximum are 33,87 EUR, respectively 41,89 EUR per day. The minimum and maximum for cohabitating long-term unemployed without dependent family members are 25,39 EUR and 31,14 EUR respectively.

unemployed is single or cohabitating with dependent family members, then the unemployment benefits are reduced to 24,79 EUR, respectively 33,05 EUR, per day during six months before benefit entitlement is totally suspended. Decisions to temporarily or definitely reduce or suspend the unemployment benefits can be contested after the third interview and within a specified period.

2.2.2 The regional level

At the same time the 2004 reform gives rise to the expansion of regional unemployment policy. The Flemish, Walloon and Brussels' Public Employment Services have extended or have introduced new policy measures, and particularly important measures aimed at the long-term unemployed.

From 2004 onwards the Flemish Public Employment Service VDAB firstly modifies its universal basic service. In this basic service the aspect of registration is extended with an informative letter sent to all newly registered jobseekers one month after registration. This letter describes VDAB's services and the new federal job search activation monitoring scheme in detail. Furthermore, as regards the basic mediation service, at the time of registration a personal file is created and based on this personal information the unemployed is offered immediately (maximum) 20 matching vacancies to which he is invited to respond to (minimum 5). Afterwards, (maximum) 5 suitable vacancies are offered to the registered unemployed on a weekly basis (Cockx et al., 2007, pp. 34-39; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 24-26; Vlaamse Dienst voor Arbeidsbemiddeling, 2011).

Secondly, VDAB intensifies its counselling program introducing an intermediate stage of assistance. The six additional modules on top of the universal basic service are now preceded by (1) a letter and (2) telephonic screening. The letter informs the unemployed about VDAB's range of services and announces the upcoming telephonic screening during which the jobseeker is interrogated about job search efforts and unemployed in need of additional and more systematic counselling are identified. The telephonic screening is provided for unemployed aged less than 25 or unemployed without a diploma of secondary education after three months of unemployment and after six months of unemployment for unemployed over 25 or those succeeded in secondary education. In case still no job is found three months after the activating telephonic screening, the unemployed is invited to the intake interview. The last step of the stepwise assistance model is then similar to the earlier counselling program containing the intake module and the sequence of one or more of the five training modules (Cockx et al., 2007, pp. 34-39; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 24-26; Vlaamse Dienst voor Arbeidsbemiddeling, 2011).

Thirdly, and particularly of interest for evaluating the activation of long-term unemployed, VDAB introduced a specific kind of curative counselling focussed on the target group of long-term unemployed who have not been assisted by VDAB for two years. This curative counselling program addresses long-term unemployed aged less than 25 after 15 months of unemployment and those over 25 after an unemployment spell of 21 months. As such this particular scheme targets a specific subgroup of the NEO-scheme, namely the extremely long-

term unemployed. Put differently, it starts when the first stage of the NEO-scheme has ended without success and the NEO is about to schedule the first interview (after 13+8 months on unemployment for the 25+).

The VDAB curative counselling programme is organised in three different stages. The first step consists of a one-week collective session during which the long-term unemployed are informed about VDAB services and the local labour market situation. On the last day of the week a comprehensive intake interview takes place in order to draw up an action plan. In a second stage the long-term unemployed participates in the same modules VDAB offers in its regular counselling program. The long-term unemployed thus make use of intense counselling, educational and/or professional training, work experience or more personal services tackling less work-related problems as deemed necessary. The last step comprises intense monitoring at a rate of at least one monitoring session each month during which the VDAB counsellor evaluates efforts, motivates the unemployed, offers additional vacancies and adjusts the future actions stipulated when needed (Cockx et al., 2007, pp. 34-39; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 24-26; Vlaamse Dienst voor Arbeidsbemiddeling, 2011).

In the Walloon region Forem enhances its regional policy following the 2004 reform. The basic universal service containing registration and mediation remains unchanged, but adjustments are made to the more systematic counselling program. On the one hand differences in counselling according to age no longer exist, which implies the 'Plan Jeunes +' for youngsters is abolished. On the other hand the counselling program is expanded substantively and now consists of four distinguishable steps regardless of age. The first step is called 'basic counselling' during which the unemployed receives an invitation to attend an informative collective session highlighting the fact that misbehaviour in terms of absence from guidance sessions is transmitted to the NEO and has possible consequences for benefit entitlement. Furthermore, a second collective session is organised during which the NEO job monitoring scheme, the Forem services and the different steps that need to be taken in order to find a job are presented. Within the next two months a personal interview systematically takes place in order to diagnose possible shortcomings and to sum up future job search actions. Moreover, a contract is signed stipulating future job search actions and stemming from the first two of the remaining steps of the systematic assistance program. These remaining steps are (1) complementary counselling implying training in job search techniques, orientation into one's own competences and professional aspirations and personal guidance in order to agree upon well defined future actions in case the diagnostic interview was not sufficient to draw up an appropriate action plan, (2) a range of educational and professional trainings offered by Forem and its partners and (3) potential monitoring sessions to ensure the unemployed implements the action plan as agreed upon⁶ (Cockx et al., 2007, pp. 44-51; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 22-24; FOREM, 2011).

The systematic counselling program is mandatory from October 2004 onwards for unemployed aged less than 25 who have been unemployed for three to six months and for unemployed

⁶ These monitoring sessions were only introduced in May 2006.

aged between 25 and 30 with an employment spell of six to twelve months. From July 2005 (respectively July 2006) systematic counselling is obligatory for the unemployed aged less than 40 (50) as well after an unemployment spell of six to twelve months. With regards to tackling long-term unemployment following the 2004 reform, the systematic assistance program is mandatory for the long-term unemployed who have received the NEO notification letter as well. Within two months after notification Forem convokes this target group thereby adopting the same “age-phased” scheme (Cockx et al., 2007, pp. 44-51; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 22-24; FOREM, 2011). Like VDAB, Forem offers systematic counselling to a wider group of unemployed than those targeted under the NEO-scheme. Differently, it introduced the new scheme on par with the introduction by NEO (by age group), while VDAB realised its new scheme in 2004 for all age groups at once. Moreover, Forem did not develop a specific scheme for extremely long-term unemployed.

Finally, also Actiris has extended its policy measures on the occasion of the 2004 reform for the activation of job search. As in Wallonia the universal basic services remain unchanged, but it is the counselling program that is re-organised and adjusted. The main adaptation of the counselling program is its simplification by abolishing different programs according to age and thereby reaching out to a larger target group. The former two different counselling programs for unemployed aged less than 25 and over 25 are now replaced by one program: “Le Contrat de Projet Professionnel” (CPP). CPP is a stepwise program containing six sequential steps. At first the unemployed aged less than 25 or having received the NEO notification letter are convoked to attend a collective information session⁷ mainly presenting the 2004 job monitoring scheme. The second step entails a collective information session in order to outline the services offered by Actiris and to propose⁸ one or more personal interviews which constitute the third step of the program. The aim of these personal interviews (maximum three) is to assess the socio-professional situation of the unemployed and to develop an action plan, the CPP, containing concrete future job search activities. As a fourth step, this action plan is formally signed. A fifth step entails participating in (at least) one or several possible modules: (1) individual or collective support on job search techniques, (2) specific individual counselling in case of particular personal problems, (3) professional orientation and outline of a professional project for those not knowing what they want to do in their professional lives and (4) several educational and professional trainings. The last and sixth step of the assistance program is the organisation of monitoring sessions to ensure actual activation and to adjust the program when needed. For the unemployed aged less than 25 these sessions are held on a monthly basis, for those over 25 monitoring sessions are organised each three months (Actiris, 2011; Cockx et al., 2007, pp. 26-32; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 27-28).

⁷ In case the unemployed is over 25, he or she is immediately invited for a personal interview and thus skips the first two of the six sequential steps.

⁸ Unlike the Walloon policy, long-term unemployed in Brussels are not systematically invited to a personal interview in order to sign a CPP. Therefore by the end of 2004 only 23% of long-term unemployed in Brussels having received the notification letter have signed a CPP as well.

From 2004 onwards CPP is mandatory for all unemployed aged less than 50 from their third month of unemployment as regards to preventing persistent unemployed. As regards to a curative approach, from 2004 onwards systematic counselling is compulsory for all unemployed who have received the letter of notification from the NEO. Actiris convokes these long-term unemployed within two months after receiving the notification letter and thereby adopts the same age-phased approach as well (Actiris, 2011; Cockx et al., 2007, pp. 26-32; FOD Werkgelegenheid Arbeid en Sociaal Overleg, 2008, pp. 27-28). In other words, Actiris expanded its services to all unemployed (<50) at once in 2004, but paid special attention to the target group of the NEO-scheme, following its gradual expansion between 2004 and 2006.

3 Hypotheses

This paper evaluates the effectiveness of the newly introduced federal job search monitoring scheme (the NEO-scheme). We exploit the discontinuity in the introduction of the job search monitoring scheme to identify its effect, that is to distinguish the latter from the effect of other monitoring and counselling efforts, especially at the regional level.

Our empirical focus is on the target group of the federal job search monitoring scheme, the long-term unemployed or, more exactly individuals of 25 and over, who had been at least 13 months fully entitled to unemployment benefits at the start of the new scheme, 1 July 2004. As described above, the new scheme targeted in its first year only individuals younger than 30 years. Because the scheme was expanded to a second age group (30-40 years) on 1 July 2005, we have a one year window of observation where we can distinguish between the treatment group (25-29 years) and a non-treated group (30+ old). Given the one year window of observation, we limit our evaluation to the first step of the new monitoring scheme, the letter of notification.

Furthermore, a word of caution applies to the specification 'non-treated group'. The latter means that the long-term unemployed belonging to this group were not (yet) touched by the new scheme. However, they were obviously informed of the coming scheme, by the general media, but also more specifically by the regional employment offices. We detailed above the counselling activities of the regional Public Employment Services (PES) and highlighted their role as information brokers. All three PES intensified their actions towards the unemployed in parallel with the new federal monitoring scheme, yet with various time schedules and varying target groups. All unemployed, for instance, were informed of the upcoming federal monitoring scheme. Moreover, in 2004, all PES reformed their counselling system, in Flanders and Brussels for all unemployed at once, in Wallonia following the same age-specific pattern as in the federal case. Yet, in all three regions the scope of counselling is much wider, because the PES take action after 3 to 6 months of unemployment.⁹ Finally, PES may deploy specific

⁹ Assuming that the PES expansions are somewhat successful, the target group of the NEO-scheme is likely to become smaller with every stage of its gradual introduction. Moreover, the reduction is likely to be selective, because those with the highest probability of job-finding are most likely to be helped by

actions for narrow target groups, such as the VDAB intensive programme for those unemployed 21 months or more.

Consequently, unemployed persons have been the subject of counselling efforts long before they are notified by the NEO of the start of the monitoring scheme and the counselling efforts may have been diverse. However, the potential consequences of the contacts are different. The PES are counselling services not directly involved in the distribution of the unemployment benefits, while the NEO's prime responsibility is to ensure payments of unemployment benefits. More explicitly, the NEO's monitoring scheme involves the temporary or definitive and the partial or full withdrawal of the benefit as a sanction. Before the reform in 2004, the PES could inform the NEO of a person's serious unwillingness to cooperate in the job counselling process, after which the NEO withdrew the benefit, but this did not happen frequently and in a regionally different way. In short, the threat of a monetary sanction is likely to be perceived as more credible when coming from the NEO. Therefore, we hypothesize that the start of the new NEO scheme will have an effect on the unemployment duration of the benefit recipient.

Obviously, the effect is likely to be mixed. On the one hand, international research suggests that unemployment benefit recipients may intensify their job seeking efforts when confronted with a credible threat of a monetary sanction. On the other hand, it must be clear that the new NEO-scheme targets the long-term unemployed, a notoriously difficult group to re-integrate in the labour market. We cannot obviate the possibility that the pressure exerted by the scheme may push some individuals out of the labour market, causing them to choose for inactivity altogether and making it even harder to 'activate' them. To get an idea of the relative importance of both effects, we will analyse below the likelihood of being pushed out of the labour market in contrast with the likelihood of getting effectively in work.

Especially for women with care responsibilities, the inactivity option seems relatively likely. All Belgian regions are characterised by a shortage of childcare services, which makes it in many municipalities necessary to apply for a childcare slot twelve months in advance. Clearly, this makes it hard for prime carers to accept a job offer within a reasonable period of time. Furthermore, homemakers compensations (e.g. joint taxation) are gradually being abolished in Belgium and are replaced by employment related compensations like parental leave. Therefore, it is argued that some mothers use the unemployment benefit scheme as an alternative parenthood compensation scheme, while not really being interested in employment. Whatever the reason, a more intense scrutiny of their search effort may motivate prime carers to withdraw from the labour market, even before they are effectively sanctioned by the system. Therefore, we will below pay specific attention to the effect of the new NEO scheme on mothers with young children.

the intensified PES-actions. Therefore, the NEO target group of the second stage (30-40 year olds) can be expected to be harder to "activate" than the first NEO target group (18-29 year olds).

4 Method

In order to evaluate the effect of the notification letter sent on the duration until transition to work we make use of the age-phased introduction of the monitoring scheme and hence the discontinuity in treatment at the age of 30 during July 2004 - June 2005. The question we want to answer is how the duration until transition to work would be different in case the target group aged less than 30 in the first phase of the monitoring scheme would not have received the notification letter. As the entire target group aged less than 30 has received the treatment, and therefore comparison between treated and non-treated target group is impossible, we exploit the discontinuity in treatment at the age of 30 in order to construct an adequate control group enabling comparison. For it is not until the 1st of July 2005 (the second phase of the monitoring scheme) the target group aged between 30 and 40 receives a notification letter, those aged between 30 and 34 possibly serve as a control group (van der Klaauw, 2008). Assuming that the target group of long-term unemployed just below 30 have entirely similar characteristics to those just above 30, except for treatment status, any difference in duration until transition to work between these two groups can be traced back to the notification letter sent¹⁰. However, a comparison of the target group solely just below and just above 30 would render our analyses imprecise because of too limited sample sizes. Therefore we extend the interval around the age of 30 and compare the target group of the monitoring scheme aged 25-29 to those aged 30-34.¹¹

We exploit panel data from the National Employment Office which monitors a large sample of NEO beneficiaries between January 2000 and December 2007. The initial sample of about 300.000 beneficiaries is drawn during the first quarter of 2000 and is supplemented on a quarterly basis with additional samples of new beneficiaries on the one hand and former unemployed re-entering the population of NEO beneficiaries on the other hand. Besides monthly information on the specific status of the beneficiaries in relation to the NEO, these data also contain personal and household information stemming from the National Register and quarterly wage information from the National Social Security Office (NSSO) which allows us to construct indicators of labour market experiences and concurrent socio-professional status.

The sample from the NEO panel data we use to evaluate the effect of the notification letter contains all unemployed job-seeking NEO benefit claimants (except for those taking a career break at one point in our observation window) who were between 25 and 34 years old and who had been at least 13 months fully entitled¹² to unemployment benefits on the 1st of July

¹⁰ In addition to this notification letter which differentiates the target group aged 25-29 and those aged 30-34, in Wallonia systematic counselling has been introduced selectively for the target group aged 25-29 in this period.

¹¹ Sensitivity tests with various age intervals (from 1 to 5 years) indicate that the bandwidth chosen does not affect the point estimates of the effect.

¹² Only the long-term unemployed jobseekers who have been exclusively entitled to unemployment benefits for at least 13 months constitute the target group of the monitoring scheme. Furthermore, the period of at least 13 months is calculated in a slightly different manner instead of the common unemployment spell duration as used by EUROSTAT. For more information see

2004. This sample of long-term unemployed is observed from June 2003 (13 months before July 2004) until June 2005, another 11 months later. In principle all unemployed aged less than 30 in our sample have received the NEO letter of notification¹³, for which the dispatch occurs between July and October 2004.

As an instrument of the notification letter, we recoded the age of the unemployed into a dummy variable (aged 25-29 = 1) indicating whether the unemployed is less than 30 years old and therefore has received the NEO notification letter.

Furthermore, we introduce a limited number of control variables, which we assume to influence the likelihood of ending the unemployment spell: (1) age of the youngest child in the household, (2) region of living and (3) socio-professional status. For age of the youngest child in the household we constructed several dummy variables (aged 0-2, aged 3-11, aged 12-17, aged 18+) accounting for different intensities of care at different ages and compared to having no child care responsibilities (no children in the household = reference category). For the region of living we constructed dummy variables as well. In order to construct an indicator of socio-professional status we make use of potential wage information stemming from the NSSO during the entire observation period of the NEO panel data. The NEO panel data provide a harmonised daily wage¹⁴ for those quarters the observed cases were employed, whether this employment was full-time or part-time¹⁵. Based on these harmonised daily wages we calculated the maximum daily wage ever earned during 2000-2007 and recoded the distribution of the latter into three equally sized groups roughly indicating a low, medium and high socio-professional status. As a consequence of this construction we lose the cases who

http://www.rva.be/frames/Frameset.aspx?Path=D_opdracht_VW/Regl/Werknemers/&Items=1/2/25&S electie=T83&Language=NL

¹³ In reality the NEO selects the unemployed who will receive a notification letter two or three months before the letter of notification is actually sent because of a certain delay in information about payments of unemployment benefits. Therefore the selected target group is unemployed for a slightly longer period than 13 months at the moment they receive the letter. In contrast, we selected all fully entitled long-term unemployed who were unemployed for at least 13 months at the 1st of July 2004. As a consequence of our selection procedure we possibly slightly overestimate the target group in the NEO panel data.

¹⁴ The daily wage is calculated as follows:

for full-time employment: (regular gross remuneration NSSO + flat-rate gross remuneration NSSO) / # regularly remunerated full-time days

for part-time employment: ((regular gross remuneration NSSO + flat-rate gross remuneration NSSO) * 7.6) / # hours of part-time work

This indication of gross daily wage is harmonised as for part-time employees a daily wage is calculated for a full-time day based on a 38 hour-week.

¹⁵ The downside of these daily wages is the fact they are quarterly data. This entails that unemployed who found a job during e.g. January and February, but lost that job again in March, have no available daily wage for that quarter. In contrast, unemployed who were unemployed during the entire quarter, but found a job on the 31st of March, are given a daily wage for that first quarter. As a consequence of this quarterly data short-term employment is not accounted for in constructing the daily wage. Furthermore, self-employment is not incorporated in calculating a daily wage.

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have never been employed throughout the whole seven years of the panel, which means we do not incorporate the most severe and least employable cases in our analyses¹⁶.

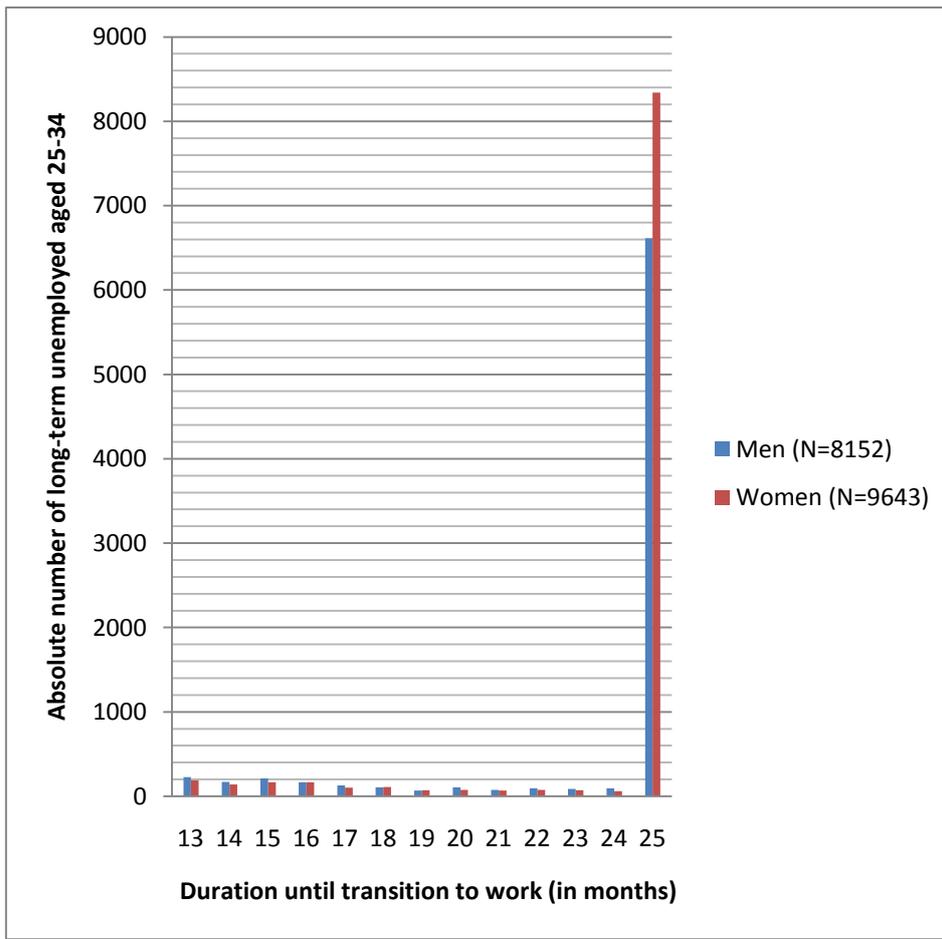
The dependent variable we explore is the duration of unemployment spell until transition to work measured in months. This duration possibly ranges between 14 and 25 months because of the precondition of 13 months of fully entitled unemployment before a notification letter is sent and because of our observation window starts in June 2003 and ends in June 2005. For all unemployed unable to make a transition into work during our observation window the duration is set at 25 months.

Figure 1 shows that the number of women and men in our sample making a transition to employment during our observation window is remarkably low. This group of long-term unemployed approached by the NEO job monitoring scheme is a notoriously difficult group to activate as already stated above. Merely 14% of long-term unemployed women aged 25-34 in our sample and 19% of their male counterparts make a transition to work during the period July 2004-June 2005. Moreover, in our sample of long-term unemployed aged 25-34 women are slightly overrepresented. This small female overrepresentation of long-term unemployed women occurs in all three regions¹⁷ except for Brussels.

Figure 1 Duration until transition to work in months for women and men

¹⁶ We lose 5.30% of the Flemish women, 6.18% of Walloon women, 7.33% of Brussels' women, 2.86% of Flemish men, 5.25% of Walloon men and 4.70% of Brussels' men in our target group because of no daily wage being available for the entire period of the NEO panel data (2000-2007).

¹⁷ The proportion of women in our sample in Flanders is 57%, 55% in Wallonia and 48% in Brussels.



In order to estimate the effect of a notification letter sent on duration until transition to work we use Ordinary Least Squares (OLS) regressions in which duration until transition to work is a linear function of treatment status, age of the youngest child in the household, region of living and socio-professional status. We perform separate regressions for men and women as these independent variables are expected to have quite different impacts on the duration till transition to work for both sexes. Furthermore, we first run a separate regression for Belgium as a whole and afterwards, using interaction terms, we incorporate the three distinct regions accounting for differences in regional policy and labour market situation. In a further step additional interaction terms are added accounting for different effects of treatment for certain subsamples such as low-skilled unemployed or young mothers.

Furthermore, in order to get an idea to what extent the job monitoring scheme pushes the long-term unemployed out of the labour market, we examine our sample of long-term unemployed who made the transition to not being dependent on unemployment benefits anymore during our one year window of observation for having any job information stemming from the National Social Security Office in the dataset. We assume that leaving NEO benefits combined with NSSO registration during our window of observation signifies that the unemployed has been activated and genuinely has found a job. When NEO unemployment benefits were terminated, but no NSSO data was registered during the entire window of

observation, we assume the unemployed to be pushed out of the labour market and choosing for inactivity altogether¹⁸. Using logistic regressions we estimate the likelihood of becoming inactive after terminating unemployment benefits for women and men separately. The model specification we use is similar to that in our OLS estimations, which allows us to account for differences between the regions and specific subsamples.

5 Results

5.1 The effect of the notification letter for the entire Belgian sample

As a first step we run separate OLS regressions for women and men for the entire Belgian sample of long-term unemployed aged 25-34. Table 3 reveals that at the end of June 2005 for this entire Belgian sample a small, but significant effect of the notification letter on the duration until transition to genuine work is found. The letter of notification sent to our sample of long-term unemployed Belgian women between 25 and 29 years old shortens their unemployment spell with 0.17 months. This effect is slightly larger for men, reducing the duration until transition to genuine work with 0.37 months. Moreover, additional differences between men and women exist in estimating the duration until transition to genuine work. Having relatively young children in the household elongates the unemployment spell for women significantly (reference category = no children), while this does not apply to the fathers in our sample. The indication of socio-professional status has the expected impact on duration of unemployment spell. Low socio-professional status lengthens the unemployment spell and a high socio-professional status speeds up the transition to employment for both sexes.

Table 3 OLS estimates for duration until transition to genuine work for Belgium, long-term unemployed 25-34

	Women	Men
Independent Variables	Coeff. (SE)	Coeff. (SE)
Age youngest child 0-2	0.38 (0.09) ***	-0.22 (0.12)
Age youngest child 3-11	0.54 (0.08) ***	-0.21 (0.14)
Age youngest child 12-17	0.29 (0.21)	-0.51 (0.24) *
Low socio-professional status	0.53 (0.07) ***	0.81 (0.9) ***
High socio-professional status	-1.12 (0.07) ***	-0.99 (0.09) ***
Letter of notification received	-0.17 (0.06) **	-0.37 (0.08) ***

¹⁸ For examining whether the job monitoring scheme entails an activating effect or rather pushes long-term unemployed out of the labour market we make use of our sample of long-term unemployed who had been unemployed for at least 13 months on the 1st of July 2004 and are no longer dependent on unemployment benefits. During this comparison we distinguish between those who were genuinely activated and found a job and those who were pushed out of the labour market and became inactive. For our OLS regressions we incorporated a similar distinction, thereby observing a transition to employment only whenever NSSO data for our window of observation was found. In case NSSO data was lacking but the unemployed was no longer a NEO benefit claimant, the unemployed was assumed to have become inactive and his/her duration until transition to work was set at the maximum of 25 months in our window of observation.

Intercept	22.86 (0.08) ***	22.89 (0.08) ***
Adj. R-squared	0.064	0.049
Sample	N=9118	N=7855
Notes: *p<0.05, **p<0.01, ***p<0.001		

This is evidence that the notification sent to the target group of long-term unemployed less than 30 years old accelerates the transition to employment. However, the estimated differences between women and men with regards to childcare responsibilities in the household suggest that the effect of the notification letter possibly varies between mothers and fathers at different life stages. Furthermore, diverse regional counselling efforts and labour market situations call for incorporating the region of living into the analysis.

5.2 The effect of the notification letter in the Flemish, Walloon and Brussels' region

Accounting for the distinct regional counselling activities of the PES described above, we include the region of living in the analysis. When running separate regressions for the Flemish, Walloon and Brussels' region for women and men (results not shown), we continue to find a small, but significant effect of the notification letter sent on the duration until transition to employment except for Brussels (Table 4). Therefore we use the Brussels' region hereafter as the category of reference in the analyses including dummy variables indicating region of living. Except for the non-significant effect of the letter of notification in Brussels, the same trends apply for this region in comparison with the entire Belgian sample: having young children elongates women's unemployment spell and low and high socio-professional status influences duration until transition to genuine work as expected for both sexes (Table 4).

Table 4 OLS estimates for duration until transition to genuine work for Brussels, long-term unemployed 25-34

	Women	Men
Independent Variables	Coeff. (SE)	Coeff. (SE)
Age youngest child 0-2	0.53 (0.21) *	-0.24 (0.23)
Age youngest child 3-11	0.57 (0.19) ***	-0.28 (0.32)
Age youngest child 12-17	0.20 (0.53)	-0.28 (0.43)
Low socio-professional status	0.58 (0.19) ***	0.58 (0.19) **
High socio-professional status	-1.14 (0.19) ***	-0.73 (0.21) ***
Letter of notification received	0.21 (0.16)	-0.14 (0.17)
Intercept	22.70 (0.20) ***	22.78 (0.18) ***
Adj. R-squared	0.074	0.022
Sample	N=1428	N=1603
Notes: *p<0.05, **p<0.01, ***p<0.001		

Table 5 displays the results of separate OLS regressions for women and men including dummy variables for region of living in a first step and including interaction terms with the region of living in a second step. Introducing dummy variables for region of living for women and men, does not alter the estimates of the control variables in a significant way. Living in the Flemish region reduces the unemployment spell significantly for both women and men in comparison with the Brussels' region. This effect does not apply for unemployed in Wallonia, reflecting the more favourable labour market situation in Flanders. Furthermore, a small but significant shortening effect of the letter of notification is found as well for both sexes, reducing the duration until transition to genuine work with 0.17 months for women and 0.39 months for men.

Results for the full model including interaction terms in Table 5 show quite different outcomes for women and men in our sample of long-term unemployed¹⁹. For the long-term unemployed women in our sample a significant interaction effect is found between the letter of notification and the region of living. A significant notification effect is found in Flanders and Wallonia. This suggests that the letter of notification is more effective in these regions as opposed to the (non-significant) effect in Brussels. Furthermore the effect of women's socio-professional status on duration until transition to genuine work does not differ between the regions as these interaction effects prove to be non-significant.

For the long-term unemployed men in our sample, the small notification effect found in the basic model vanishes altogether including interaction terms with region of living. Duration until transition to genuine work for men is mainly a matter of socio-professional status instead of being notified of the job monitoring scheme. Transition to genuine work happens faster for high-skilled long-term unemployed and especially in the region of Flanders. A high socio-

¹⁹ We also tested a model specification that additionally included interaction terms between region of living and age of the youngest child. The interaction effects were all non-significant for women as well as for men indicating the absence of differences between the regions as regards to the effect of childcare responsibilities and were therefore excluded from the model as to avoid high multicollinearity problems.

professional status in Flanders speeds up transition on top of the advantageously single effect of having a high socio-professional status. Possibly the population of high-skilled long-term unemployed in Flanders differs from that in Wallonia and Brussels or perhaps the labour market in Flanders is more favourable for those high-skilled long-term unemployed.

Accounting for the same NEO age-specific pattern of Walloon counselling activities after the 2004 reform (as opposed to counselling activities for all ages in the other regions), one could expect an apparently larger effect of the instrument in Wallonia. However, regression results including the interaction terms between treatment and region of living, reveal - on the opposite - a larger instrument effect on the duration until transition to employment in Flanders than in Wallonia for women. Differences in labour market characteristics, and a more favourable Flemish labour market situation in particular, possibly explain the lack of a larger Walloon effect.

Table 5 OLS estimates for duration until transition to genuine work including region of living, long-term unemployed 25-34

	Women		Men	
	Basic model	Full model	Basic model	Full model
Independent Variables	Coeff. (SE)	Coeff. (SE)	Coeff. (SE)	Coeff. (SE)
Age youngest child 0-2	0.41 (0.09) ***	0.41 (0.09) ***	-0.18 (0.12)	-0.17 (0.12)
Age youngest child 3-11	0.57 (0.08) ***	0.56 (0.08) ***	-0.20 (0.14)	-0.19 (0.14)
Age youngest child 12-17	0.31 (0.21)	0.30 (0.21)	-0.46 (0.25)	-0.45 (0.25)
Low socio-professional status	0.51 (0.08) ***	0.58 (0.19) **	0.77 (0.09) ***	0.57 (0.20) **
High socio-professional status	-1.09 (0.07) ***	-1.15 (0.18) ***	-0.94 (0.09) ***	-0.73 (0.21) ***
Letter of notification received	-0.17 (0.06) **	0.20 (0.15)	-0.39 (0.08) ***	-0.12 (0.17)
Flemish region	-0.34 (0.09) ***	-0.18 (0.18)	-0.45 (0.11) ***	-0.18 (0.21)
Walloon region	0.07 (0.09)	0.32 (0.17)	0.19 (0.10)	0.27 (0.20)
Low socio-professional status X Flemish region		0.13 (0.24)		0.50 (0.27)
Low socio-professional status X Walloon region		-0.21 (0.22)		0.19 (0.23)
High socio-professional status X Flemish region		0.20 (0.22)		-0.60 (0.26) *
High socio-professional status X Walloon region		-0.01 (0.21)		0.03 (0.25)
Letter of notification X Flemish region		-0.53 (0.19) **		-0.38 (0.22)
Letter of notification X Walloon region		-0.38 (0.18) *		-0.30 (0.20)

Intercept	22.92 (0.11) ***	22.73 (0.16) ***	22.91 (0.11) ***	22.78 (0.17) ***
Adj. R-squared	0.067	0.068	0.054	0.056
Sample	N=9057	N=9057	N=7789	N=7789
Notes: *p<0.05, **p<0.01, ***p<0.001				

5.3 Woman-friendliness of the 2004 monitoring scheme

In Table 6 the results are shown for the analyses including additional interaction terms between treatment (receiving a letter of notification) and age of the youngest child on the one hand and between treatment and level of socio-professional status on the other, accounting for different effects of treatment between specific subsamples in our data. For women these results illustrate that the notification effect does not differ across childcare responsibilities nor does this effect vary according to socio-professional status. As in the previous model, a significant effect of the notification letter is found for the Flemish and Walloon region as opposed to Brussels, although living in the less favourable region of Wallonia countervails this notification effect largely.

For men the results in Table 6 demonstrate that the notification effect does not differ significantly between the regions, however, a significant notification effect is found for fathers of children aged 12 to 17. The letter of notification is significantly less effective for fathers of infants, an effect which outweighs the generally accelerative effect of having small children to care for in the household (i.e. Walloon effect cancels Belgian effect).

In general, the extended specifications do not alter the first estimates about variation in the likelihood of an employment transition according to care responsibilities. If statistically significant at all, the estimates show opposite effects for men and women. Men are slightly more likely to leave unemployment for work when having (young) children, while women are less likely to do so.

Table 6 OLS estimates for duration until transition to genuine work including region of living and interaction effects, long-term unemployed 25-34

Independent Variables	Women		Men	
	Basic model Coeff. (SE)	Full model Coeff. (SE)	Basic model Coeff. (SE)	Full model Coeff. (SE)
Age youngest child 0-2	0.41 (0.09) ***	0.24 (0.13)	-0.18 (0.12)	-0.44 (0.16) **
Age youngest child 3-11	0.57 (0.08) ***	0.44 (0.11) ***	-0.20 (0.14)	-0.34 (0.17) *
Age youngest child 12-17	0.31 (0.21)	0.43 (0.26)	-0.46 (0.25)	0.46 (0.43)
Low socio-professional status	0.51 (0.08) ***	0.50 (0.21) *	0.77 (0.09) ***	0.48 (0.22) *
High socio-professional status	-1.09 (0.07) ***	-1.04 (0.20) ***	-0.94 (0.09) ***	-0.59 (0.23) *
Letter of notification received	-0.17 (0.06) **	0.11 (0.19)	-0.39 (0.08) ***	-0.16 (0.20)
Flemish region	-0.34 (0.09) ***	-0.18 (0.18)	-0.45 (0.11) ***	-0.22 (0.21)
Walloon region	0.07 (0.09)	0.34 (0.17) *	0.19 (0.10)	0.26 (0.20)
Low socio-professional status X Flemish region		0.15 (0.24)		0.50 (0.27)
Low socio-professional status X Walloon region		-0.19 (0.22)		0.18 (0.23)
High socio-professional status X		0.21 (0.22)		-0.58 (0.26) *

Flemish region				
High socio-professional status X Walloon region		0.01 (0.21)		0.06 (0.25)
Letter of notification X Flemish region		-0.55 (0.19) **		-0.32 (0.22)
Letter of notification X Walloon region		-0.43 (0.18) *		-0.31 (0.20)
Letter of notification X Age youngest child 0-2		0.30 (0.17)		0.57 (0.23) *
Letter of notification X Age youngest child 3-11		0.25 (0.15)		0.44 (0.29)
Letter of notification X Age youngest child 12-17		0.53 (0.45)		-1.32 (0.52) *
Letter of notification X Low socio-professional status		0.13 (0.15)		0.18 (0.18)
Letter of notification X High socio-professional status		-0.24 (0.15)		-0.35 (0.18)
Intercept	22.92 (0.11) ***	22.80 (0.17) ***	22.91 (0.11) ***	22.81 (0.18) ***
Adj. R-squared	0.067	0.069	0.054	0.059
Sample	N=9057	N=9057	N=7789	N=7789
Notes: *p<0.05, **p<0.01, ***p<0.001				

5.4 Making the transition to genuine work or inactivity

As 53% of long-term unemployed women and 33% of long-term unemployed men in our sample leaving unemployment benefits do not get into work but seem to be pushed out of the labour market, we estimate chances of “choosing” for inactivity when threatened by the job monitoring scheme.

Table 7 displays the results of the logistic regression estimating the likelihood of becoming inactive altogether for long-term unemployed women and men in our sample separately. The basic model shows for women that having young children, especially infants, in the household increases chances of becoming inactive. Being low-skilled also enhances inactivity, while a high socio-professional status decreases chances of inactivity significantly. Chances of being pushed out of the labour market do not differ between the regions, nor does the letter of notification has any significant effect. Long-term unemployed women aged 30-34 and not having received any notification letter are as likely to choose for inactivity as our treatment group of long-term unemployed women between 25 and 29 years old. Including interaction terms accounting for regional differences and different notification effects between specific subsamples, we find a significant effect of the notification letter for women whose youngest child is aged between 12 and 17 years old. For these long-term unemployed women, receiving the letter of notification reduces chances of being pushed out of the labour market.

For long-term unemployed men in our sample the results of the basic model demonstrate a low socio-professional status increasing and a high socio-professional status decreasing the likelihood of becoming inactive when the unemployment spell ends. Chances of inactivity do not vary between different childcare responsibilities, nor between the regions, nor between the treatment group having received a letter of notification and our control group. When we include interaction terms accounting for regional differences different notification effects among subsamples of long-term unemployed men, we see that the favourable effect of a high socio-professional status is situated mainly in the region of Flanders. Furthermore, including interaction terms reveals having an infant significantly reduces chances of choosing inactivity. However, this effect is completely outweighed by the effect receiving the letter of notification has for fathers of young children and infants. For these long-term unemployed fathers being threatened with job monitoring increases the likelihood of being pushed out of the labour market instead of getting to genuine work.

Summarising, the estimates add some detail to the starting observation that more women than men (53% versus 33%) make a transition into inactivity after a long spell of unemployment. Having young children increases the likelihood of an inactivity transition for women, while for men this is only the case if they receive the letter of notification. More generally, an inactivity transition is more likely for long-term unemployed of low socio-professional status, irrespective of their gender.

Table 7 Logistic regression estimates for inactivity, long-term unemployed 25-34

	Women		Men	
	Basic model	Full model	Basic model	Full model
Independent Variables	Coeff. (SE)	Coeff. (SE)	Coeff. (SE)	Coeff. (SE)
Age youngest child 0-2	1.36 (0.12) ***	1.32 (0.18) ***	0.08 (0.15)	-0.52 (0.22) *
Age youngest child 3-11	0.33 (0.12)	0.20 (0.17)	-0.00 (0.17)	-0.27 (0.22)

	**			
Age youngest child 12-17	0.01 (0.34)	0.34 (0.43)	-0.11 (0.29)	0.78 (0.57)
Low socio-professional status	1.27 (0.12) ***	1.53 (0.37) ***	1.14 (0.12) ***	1.01 (0.29) ***
High socio-professional status	-1.04 (0.10) ***	-0.88 (0.27) ***	-0.84 (0.12) ***	-0.53 (0.29)
Letter of notification received	-0.10 (0.09)	0.08 (0.29)	-0.08 (0.10)	-0.03 (0.26)
Flemish region	-0.01 (0.13)	0.23 (0.25)	0.05 (0.13)	0.19 (0.26)
Walloon region	0.01 (0.13)	0.36 (0.25)	-0.22 (0.13)	-0.23 (0.27)
Low socio-professional status X Flemish region		-0.35 (0.40)		0.20 (0.33)
Low socio-professional status X Walloon region		-0.44 (0.40)		0.48 (0.31)
High socio-professional status X Flemish region		0.12 (0.29)		-0.63 (0.32) *
High socio-professional status X Walloon region		-0.43 (0.30)		0.05 (0.33)
Letter of notification X Flemish region		-0.44 (0.27)		-0.04 (0.27)
Letter of notification X Walloon region		-0.22 (0.27)		-0.30 (0.26)
Letter of notification X Age youngest child 0-2		0.10 (0.23)		1.16 (0.29) ***
Letter of notification X Age youngest child 3-11		0.29 (0.23)		0.72 (0.36) *
Letter of notification X Age youngest child 12-17		-2.17 (0.90) *		-1.18 (0.67)
Letter of notification X Low socio- professional status		0.15 (0.25)		-0.21 (0.25)
Letter of notification X High socio-professional status		-0.08 (0.20)		-0.12 (0.24)
Intercept	-0.29 (0.16)	-0.49 (0.25) *	-0.67 (0.14) ***	-0.67 (0.23) **
Cox & Snell R Square				
	0.233	0.239	0.110	0.124
Nagelkerke R Square				
	0.311	0.319	0.155	0.175
Sample				
	N=2658	N=2658	N=2227	N=2227
Notes: *p<0.05, **p<0.01, ***p<0.001				

6 Discussion/conclusion

This paper examines the impact of the introduction of the Belgian 2004 job monitoring scheme, which entails controlling job search efforts more strictly at the federal level, on the duration until transition to employment. More specifically, it investigates the effect of a notification letter sent to long-term unemployed benefit claimants younger than 30 due to the

age-phased introduction of the job monitoring scheme. The analysis is performed for women and men separately as we expect women and men to behave differently because of dissimilar labour market prospects and childcare responsibilities. Furthermore, the region of living is included in the analysis accounting for regional differences in labour market circumstances and regional differences regarding the effect of the letter of notification.

In general, the letter of notification has a negative effect on the duration until transition to work and thus shortens the unemployment spell. However, the effect is merely small, speeding up transition to work with approximately a third of one month for men and for women the shortening effect is even smaller (Table 3). Taking into account the high cost of the job monitoring scheme the question arises whether the financial benefits the NEO-scheme yields to the federal government outweigh the high costs. A budgetary review is therefore a potential area for future research.

Despite a parallelism between the federal NEO-scheme and the Walloon regional unemployment policy in terms of the exact same age-phased introduction of additional activating efforts, the effect of the notification letter in Wallonia is not larger than the one in Flanders as could be expected. On the contrary, regression results reveal a larger instrument effect on the duration until transition to employment in Flanders than in Wallonia (Table 5). Differences in labour market characteristics, and a more favourable Flemish labour market situation in particular, possibly explain the lack of a larger Walloon effect. In addition, and especially since the 2004 reform, the intense counselling of VDAB and Forem possibly leaves little room for a real announcement effect to exist.

As opposed to what we initially expected, the letter of notification is not less effective for long-term unemployed with a low socio-professional status in particular (Table 6). Nevertheless, the labour market prospects for low-skilled long-term unemployed are far less favourable in general anyway.

Instead of making a transition to work, long-term unemployed are much more likely to become inactive altogether (53% of long-term unemployed women and 33% of long-term unemployed men in our sample are pushed out of the labour market, while merely 14% of these women, 19% of these men respectively, makes a transition to genuine work). The letter of notification is specifically harmful for fathers of young children aged 0-2. For this subsample of long-term unemployed the letter of notification increases chances of being pushed out the labour market significantly. Fortunately, it is only for this subsample that the letter of notification has a positive effect on chances of choosing for inactivity as the small announcement effect observed above would become really perverse otherwise, even without accounting for the high administrative costs of the instrument. The positive effect of the letter of notification on inactivity transitions could also be evaluated in the opposite way though: encouraging long-term unemployed to withdraw from unemployment insurance benefits if they are not actually intending to engage in employment. Whether the increasing chances of inactivity transitions as a result of the letter of notification are judged as being desirable or not depends on particular visions as regards to the job monitoring scheme, being an 'activating'

point of view or rather a 'return-for-investment' point of view. Unlike long-term unemployed fathers of infants, it is only long-term unemployed mothers of teenage children aged 12-17 who benefit from the notification letter in terms of inactivity transitions (Table 7).

For women, in general the NEO letter of notification is less effective as already mentioned above. There thus exists a discriminatory effect of the notification letter in the sense that NEO activating efforts have less favourable outcomes for long-term unemployed women than for long-term unemployed men. However, because of different labour market prospects between long-term unemployed men and women and because we do not estimate duration until transition to work for both women and men together in one OLS regression, a comparison between point estimates should be made with caution. Nevertheless, despite efforts to reduce gender inequality by abolishing the contested article 80 in unemployment insurance law, long-term unemployed women are still worse off, making much more transitions to inactivity instead of transitions to employment, in comparison with their male counterparts.

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