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Effectiveness of One-Euro-Jobs: Do programme characteristics matter?

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3 **Full Title: Effectiveness of One-Euro-Jobs: do programme characteristics matter?**
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13

14
15 Recent German labour market reforms introduced a large scale workfare programme called
16
17 One-Euro-Jobs to activate welfare recipients and improve their employment prospects. In
18
19 programme design leeway is left to regional actors. Using administrative data and Propensity
20
21 Score Matching, this article investigates the association between programme design and
22
23 effectiveness, so as to provide insight on how to increase programme effectiveness. First,
24
25 effects of different types of One-Euro-Jobs according to planned duration and weekly
26
27 working hours compared to 'waiting' are estimated. Second, programme types are compared
28
29 directly to disentangle selection and programme effects.
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32

33
34 As expected lock-in effects are larger for participations with a longer planned duration, but
35
36 not for those with longer weekly working hours. One-Euro-Jobs do not generally increase the
37
38 employment prospects for East German men beyond 2 years after programme start and longer
39
40 and more intensive participations even decrease employment prospects. In West Germany,
41
42 One-Euro-Jobs generally increase the employment chances and longer participations lead to
43
44 slightly greater employment opportunities roughly 2 years after programme start. The initial
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46 advantages of short participations decrease over time. Following these results, a reallocation
47
48 of participants might improve programme effectiveness.
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I. Introduction

Many OECD countries implemented welfare reforms to move welfare recipients into work and out of benefit dependency during the last decades. A major German reform introducing the law on Basic Income Support for Job-Seekers in 2005 likewise shifted policy towards a stronger activation of welfare recipients. The reform introduced a workfare programme called ‘One-Euro-Jobs’ on a large scale. One-Euro-Jobs aim at enhancing the labour market prospects of participants. However, they can also be used to check the welfare recipients’ availability for job placement.

Although One-Euro-Jobs were introduced on a national level, the legislature set only key features of One-Euro-Jobs: To prevent crowding out of regular employment, One-Euro-Jobs have to be additional jobs of public interest for those unemployed persons who are particularly hard to place. Participation is only temporary. With respect to further programme aspects, wide scope is left to regional actors to respond to regional and individual factors of the unemployed. This leads to a heterogeneous design of One-Euro-Jobs.

This article uses Propensity Score (PS) Matching to investigate how heterogeneity in programme design is associated with heterogeneous employment effects for participants. It compares different types of One-Euro-Jobs according to planned duration of participation and average weekly working hours. First, the participation effects for the different types of One-Euro-Jobs compared to non-participation (‘waiting’) are estimated. Second, to control for selectivity of the different programme types, the types are also compared directly.

Knowledge on the relationship between programme features and effectiveness is scarce so far. Most of the existing studies evaluate programmes diverging in more than one aspect (e.g., Biewen *et al.*, 2007). Furthermore, only few studies disentangle selectivity and participation effects. Consequently, most studies cannot trace back differences in effects to programme features (e.g, Caliendo, 2006). Moreover, only few studies so far look at welfare recipients,

1
2
3 for whom programme characteristics may play a different role than e.g. for unemployment
4 insurance benefit recipients, who have better labour market prospects on average.
5
6

7
8 From a theoretical point of view, expected effects of participation in general and of certain
9 programme features are ambiguous: E.g., longer programme participations may on the one
10 hand lead to larger treatment effects because participants receive more treatment. On the other
11 hand, a longer duration may reduce the participants' job search efforts and thus lead to
12 stronger lock-in effects. Similarly, a higher level of working hours may make it easier for
13 welfare recipients to get used to regular work schedules, but it may also increase lock-in
14 effects. Looking at working hours and duration provides knowledge on the emergence of
15 lock-in effects. A correlation between working hours and lock-in effects hints at the role of
16 time available for job search. A correlation between planned duration and lock-in effects
17 instead indicates the relevance of motivation.
18
19

20 The analysis is of practical relevance: Previous evidence showed that the employment effects
21 of participation are moderate (e.g., Huber *et al.*, 2011; Hohmeyer and Wolff, forthcoming).
22 By analysing effects of different programme types, this article can shed some light on how
23 One-Euro-Jobs can be designed to be more effective.
24
25

26 The article is organized as follows: Section II describes the institutional framework of One-
27 Euro-Jobs. Subsequently, section III uses the theoretical job search framework to derive
28 hypotheses on the effects of programme characteristics. Section IV summarizes the lessons
29 learned from previous research. Methods and data are described in sections V and VI. Section
30 VII discusses the results. Section VIII provides the conclusions.
31
32

33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 **II. Institutional Framework** 58

59 Responding to increased job insecurity, changing family structures and an aging population,
60 several OECD countries carried out extensive reforms of their social protection systems in the

1
2
3 last decades (OECD, 2009). In Germany, a major reform in January 2005 introduced the
4
5 Basic Income Support for Job-Seekers (Social Code (SC) II) merging the former
6
7 unemployment assistance and social assistance benefits to form the new welfare benefit
8
9 ‘unemployment benefit II’ (UB II) for needy individuals capable of working. The reform
10
11 emphasized the activation of welfare recipients: On the one hand, it demands a certain effort
12
13 of the unemployed to search for employment and benefits can be cut if job search efforts are
14
15 insufficient. On the other hand, the new system provides more possibilities of assisting
16
17 welfare recipients towards taking up employment.¹ Since 2005 a workfare programme called
18
19 ‘One-Euro-Jobs’ (SC II, Art. 16d) is one option of activating welfare recipients. It was
20
21 implemented on a large scale with more than 600 000 participants (inflow) per year between
22
23 2005 and 2009 (Department for Statistics of the Federal Employment Agency, 2006-2010).²
24
25
26
27
28

29 One-Euro-Jobs have various *goals* (Federal Employment Agency, 2005). They should raise
30
31 the employment prospects of the long-term unemployed. Furthermore, they aim at their social
32
33 integration by providing them with a task and a daily routine. Moreover, One-Euro-Jobs are
34
35 also used to test an unemployed individual’s willingness to work. Benefits can be cut if
36
37 benefit recipients fail to start or discontinue participating in One-Euro-Jobs that they are
38
39 placed in. Overall, One-Euro-Jobs have both a supporting (‘carrot’) and demanding (‘stick’)
40
41 nature like other active labour market programmes (ALMPs) (Graversen and van Ours, 2008).
42
43 In principle, all UB II recipients capable of working are *eligible* for participation in a One-
44
45 Euro-Job. As One-Euro-Jobs are a measure of last resort (if nothing else is available or
46
47 suitable), unemployed persons with specific difficulties to find a job should be more likely to
48
49 participate in One-Euro-Jobs than those with better job finding prospects. However, in 2005
50
51 One-Euro-Jobs did not target hard-to-place unemployed people (Hohmeyer and Kopf, 2009).
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¹ For a comprehensive description of the reforms see Jacobi and Kluge (2007).

² All data in this study exclude the 69 districts in which only local authorities are in charge of administering the UB II. For these districts, no systematic information is available in the period just after the reform due to problems with data collection. According to estimates of the Federal Employment Agency, around 13% of all welfare recipients were residents in these districts in 2005.

1
2
3 Cream skimming, the use of One-Euro-Jobs as a work test or the scarcity of suitable One-
4 Euro-Jobs for hard-to-place benefit recipients may be reasons for the scarce targeting.
5
6

7
8 Like in other countries (Kaltenborn *et al.*, 2008; van Berkel and Borghi, 2008) legislature
9
10 gave a wide-ranging freedom of action to local levels and set only key *features of One-Euro-*
11 *Jobs* to ensure that One-Euro-Jobs do not crowd out regular employment: The tasks carried
12
13 out have to be of public interest and additional in the sense that they would not be completed
14
15 without the subsidy. Participation is only temporary.
16
17

18
19 Local actors can set further programme aspects to respond to regional specifics and the
20
21 personal situation of the unemployed (Federal Employment Agency, 2005). Participation
22
23 usually lasts up to 6 months (Department for Statistics of the Federal Employment Agency,
24
25 2006-2010). Weekly working hours are typically limited to 30 hours to ensure that
26
27 participants have sufficient time to search for regular jobs. Participants still receive their
28
29 welfare benefit plus 1 to 2 € per hour worked. Thus, welfare recipients working 30 hours per
30
31 week receive about 150 € per month on top of their UB II.³
32
33
34
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40 **III. Theoretical Framework: The Job Search Model**

41
42
43 The framework of the job search model enables us to discuss the impact of One-Euro-Jobs
44
45 and their characteristics on the employment chances of participants (Mortensen, 1970; Burdett
46
47 and Mortensen, 1978; Cahuc and Zylberberg, 2004). Unemployed individuals maximize their
48
49 expected utility by choosing the reservation wage x (the lowest wage that they will accept)
50
51 and the job search intensity e . The reservation wage x is defined by
52
53
54

$$55 \quad x = b - c(e) + \frac{\alpha\lambda(e)}{r + q} \int_x^{+\infty} (w - x) dH(w)$$

56
57
58
59
60

³ UB II consists of a base benefit currently (since 01/2011) of 364 € per month for a single person plus costs of accommodation and heating.

1
2
3 with gains b (e.g., unemployment benefits) and costs c associated with job search periods, an
4
5 indicator of the labour market state α and the arrival rate of job offers $\lambda(e)$ and the real interest
6
7 rate r . In each short period, jobs disappear with the rate q . The real wage w is the only relevant
8
9 aspect of jobs offered. The job seekers do not know the exact wage each job pays but only the
10
11 cumulative distribution $H(w)$ of possible wages. The expected unemployment duration is
12
13 determined by the reservation wage and the arrival rate of job offers, which are themselves
14
15 influenced by factors such as job search intensity, personal characteristics or One-Euro-Job
16
17 participation.
18
19
20
21

22 23 24 *Effects of participation in One-Euro-Jobs*

25
26
27 One-Euro-Jobs can have various effects on the employment prospects of participants
28
29 (Calmfors, 1994). In the short term, participation might decrease the participants'
30
31 employment prospects as participants reduce their job search efforts (lock-in effects) because
32
33 the time available and/or the motivation for job search decrease during participation.
34
35

36
37 In the medium term, One-Euro-Jobs may raise the participants' employment probabilities
38
39 through several mechanisms: First, qualifications of job searchers may adjust to requirements
40
41 of job vacancies, since participants are trained on the job. Second, participants could signal
42
43 potential employers their willingness to work. Both might increase the participants'
44
45 probability of receiving a job offer above their reservation wage. Finally, One-Euro-Jobs
46
47 serving as a work test could raise the search effort of participants if they reduce the value of
48
49 benefit receipt because they reduce leisure and the opportunity to work in the shadow
50
51 economy.
52
53

54
55 Not all these positive impacts may, however, in fact apply. There may be negative effects as
56
57 well. E.g., the gained work experience possibly is of little value for employers because One-
58
59 Euro-Jobs should be additional to regular employment. Moreover, participation could
60

1
2
3 stigmatize participants because One-Euro-Jobs are supposed to target people with specific
4
5 difficulties to find a job.
6
7
8
9

10 *Effects of programme duration and working hours*

11
12 The effectiveness of the programme presumably varies over programme designs. A longer
13
14 planned participation has two effects going in opposite directions (Calmfors, 1994): On the
15
16 one hand, a longer programme participation could strengthen lock-in effects. On the other
17
18 hand, it can impart more knowledge and achieve larger treatment effects. A similar
19
20 relationship is plausible for working hours with a more intensive treatment leading to larger
21
22 lock-in effects as well as to larger treatment effects.
23
24
25

26
27 However, shorter programmes are possibly more often used as a work test because they can
28
29 check availability at lower costs. This could also be the case for more intensive programmes
30
31 that can more easily rule out illegal employment than less intensive treatments. Then, the
32
33 activation effect could be stronger for shorter and for more intensive participations and lock-
34
35 in effects should be weak.⁴
36
37

38
39 Furthermore, targeting should play a role: More intensive or longer One-Euro-Jobs could be
40
41 used predominantly for unemployed people who have more severe difficulties finding a job
42
43 because case managers assume they need more treatment (e.g. to get used to regular work
44
45 schedules) and lock-in effects play a minor role. If this is the case, lock-in effects should not
46
47 increase with working hours and duration compared to non-participation, but in the direct
48
49 comparison of different levels of working hours and duration when selection effects are
50
51 controlled for. Looking at the selectivity of different programme types can give us
52
53 information on the way One-Euro-Jobs of a certain type are used, i.e. whether they are used as
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58
59 ⁴ However, we can only observe this effect if welfare recipients actually start the One-Euro-Jobs they are
60 assigned to. If they never start the programme (but, e.g., leave UB II receipt), they do not belong to our treatment group (but possibly to the control group). This would lead to a downward bias of short-term effects for all programme types compared to 'waiting', fading away in the longer term. In pairwise comparisons, this should play a minor role.

1
2
3 a work test or rather for hard to place individuals (see section *Selectivity of different*
4 *programmes*).

5
6
7
8 Overall, if One-Euro-Jobs are not only seen as a 'stick' but also as a 'carrot' and selectivity is
9
10 not overly strong, we expect stronger lock-in effects for longer and more intensive One-Euro-
11
12 Jobs, but increased treatment effects in the longer run.
13
14
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16
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18 **IV. Previous Findings**

19
20
21
22 Evidence on the effectiveness of One-Euro-Jobs is still scarce (Thomsen and Walter, 2010;
23
24 Wolff *et al.*, 2010; Huber *et al.*, 2011; Hohmeyer and Wolff, forthcoming). In the short term,
25
26 small lock-in effects emerge. Only some groups of participants (such as women and
27
28 participants who have not been employed for several years) moderately benefit from
29
30 participation 20 months after programme start (Hohmeyer and Wolff, forthcoming).
31
32

33
34 Only few studies analyse the role of single programme characteristics for effectiveness. No
35
36 previous study investigated the effect of working hours on programme effectiveness. Some
37
38 recent studies explored the role of programme duration, but mainly for training and not for
39
40 employment programmes.
41
42

43
44 Larger lock-in effects are found for longer programmes by van Ours (2004), who compares
45
46 two types of subsidized jobs in the Slovak Republic that differ only in programme length (6 to
47
48 24 months). Stephan and Pahnke (2011) achieve similar results for Germany comparing
49
50 different types of provision of skills and job creation schemes according to their actual length.
51
52

53
54 The evidence on medium-term effects is mixed: Biewen *et al.* (2007) find shorter training
55
56 programmes to be more effective. Kluve *et al.* (2007) show that a programme length longer
57
58 than 100 days does not add any value compared with shorter participations. Both studies look
59
60 at different German training programmes. Flores-Lagunes *et al.* (2007) find decreasing
revenues of programme length for a US training programme for young people. Stephan and

1
2
3 Pahnke (2011) find that longer programmes are superior or equivalent regarding the
4
5 employment prospects 3.5 years after programme start indicating that the advantages of
6
7 shorter programmes decrease over time.
8
9

10 These studies have several drawbacks. Most of them use actual length instead of planned
11
12 length of programme participation (Flores-Lagunes *et al.*, 2007; Stephan and Pahnke, 2011).
13

14 As actual length of participation is endogenous, the effect of shorter participation could be
15
16 overestimated, if participants drop out of a programme because they found a regular job.⁵
17
18

19 Moreover, Biewen *et al.* (2007) compare programmes differing not only in length.⁶
20

21 Furthermore, all of these studies, except for Flores-Lagunes *et al.* (2007), investigate
22
23 programmes for unemployment insurance and assistance benefit recipients, who have better
24
25 labour market prospects on average than welfare recipients. Consequently, length of
26
27 participation might play a different role for them because employment effects could be
28
29 achieved faster than for long-term nonemployed welfare recipients.
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40 **V. Evaluation Approach and Method**

41 We are interested in the effect of starting a One-Euro-Job in a certain period on the
42
43 employment prospects of participants. First, we evaluate the effects of different types of One-
44
45 Euro-Jobs compared to non-participation in the sense of ‘waiting’, which means not starting a
46
47 One-Euro-Job in a given period.⁷ Second, we investigate the effects of participation in one
48
49 type of One-Euro-Job compared to participating in a One-Euro-Job of another type.
50
51
52
53
54
55

56 ⁵ If participants dropping out of programmes retreat from the labour market, effects of short participations could
57 also be underestimated.

58 ⁶ When looking at short training programmes, Biewen *et al.* (2007) do not distinguish between in-firm and
59 classroom training. However, in-firm training has considerably higher positive effects than classroom training,
60 probably due to the employer contact during the programme (Wolff and Jozwiak, 2007; Stephan and Pahnke, 2011). Thus, the higher effectiveness of short programmes found by Biewen *et al.* (2007) could be driven by the employer contact during short in-firm training.

⁷ For the discussion of different non-treatment definitions see Sianesi (2008) or Stephan (2008).

1
2
3 With $R - 1$ different types of One-Euro-Jobs we have R potential outcomes for an individual
4
5
6 i : $Y_i^0, Y_i^1, \dots, Y_i^{R-1}$. We cannot observe all R potential outcomes for a single individual
7
8
9 at the same time but only one. Consequently, the causal effect $Y_i^r - Y_i^s$ of receiving treatment
10
11 r and not treatment s is not ascertained. A standard framework to solve this *fundamental*
12
13 *evaluation problem* in a nonexperimental design is the Roy (1951) - Rubin (1974) - model of
14
15 potential outcomes.⁸ Imbens (2000) and Lechner (2001) extended this approach for the
16
17 analysis of multiple treatments. As Lechner (2002) achieved similar results with pairwise and
18
19 multinomial matching, we conduct pairwise comparisons of the different treatments
20
21 comparing only two treatments r and s at a time.
22
23
24
25

26 The basic idea of the approach is to find a control group within the treatment group s
27
28 resembling participants in r in all relevant characteristics influencing both treatment status
29
30 and labour market outcomes. Then, differences in labour market outcomes can be traced back
31
32 to treatment. The crucial, nonverifiable assumption is that we observe all such relevant
33
34 aspects and selection is solely on observables (conditional independence assumption, CIA).
35
36
37

38 Our parameter of interest is the Average Treatment Effect on the Treated (ATT)

$$E(Y_i^r - Y_i^s \mid D = r)$$

39
40
41
42
43 which is the expected difference in the outcomes for participants in r . D indicates the
44
45 received treatment.
46
47

48 If the CIA holds, the ATT can be estimated by the difference of labour market outcomes of
49
50 participants in r and of the control group participating in s :
51
52

$$E(Y^r - Y^s \mid D = r) = E(Y^r \mid D = r) - E(Y^s \mid D = s, X).$$

53
54
55
56 Exact matching on all covariates is not feasible due to a dimensionality problem. We apply
57
58 the PS as a balancing score, i.e. we match treated and controls on the probability to receive
59
60

⁸ For a comprehensive description of the method, see Caliendo and Kopeinig (2008) and Frölich (2004).

1
2
3 r and not s given the pre-treatment characteristics X estimated by a probit model
4
5
6 (Rosenbaum and Rubin, 1983).

7
8 A further assumption is the existence of a *common support* $p(D = r | X) < 1$ requiring
9
10 persons with the same values of X to have a probability smaller than 1 of participating in r
11
12 as well as in s (Lechner, 2000). Furthermore, the distributions of the probabilities
13
14 $p(D = r | X, D = r)$ and $p(D = r | X, D = s)$ have to *overlap* such that there is for each participant
15
16 a sufficient number of non-participants with a similar PS value (Frölich, 2004).
17

18
19 The consideration of the effect for single individuals requires that neither the participation
20
21 probability nor the effect on the labour market performance of an individual is influenced by
22
23 the participation decision of other individuals (*stable unit treatment value assumption*,
24
25 *SUTVA*). The large number of participants in One-Euro-Jobs gives reason to question this
26
27 assumption (Frölich, 2004). However, the SUTVA should not be too critical if the
28
29 counterfactual world is similar, e.g., if the only option is a marginal change in the scale of the
30
31 policy. In our case, we have to interpret the effects with care and for small changes only.
32
33

34
35 Without random assignment the groups of participants in r and s differ. Thus, the treatment
36
37 effects on the treated are probably not symmetric (Lechner, 2000):
38
39

$$40 \quad E(Y^r | D = r) - E(Y^s | D = r, X) \neq -[E(Y^s | D = s) - E(Y^r | D = s, X)]$$

41
42 Therefore, we compare treatments r and s in both directions.
43
44
45
46
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48
49

50 **VI. Data and Implementation**

51
52 The analyses are based on rich administrative data from the German Federal Employment
53
54 Agency containing information on individual characteristics, programme characteristics and
55
56 labour market outcomes of individuals. The treatment group constitutes the total inflow into
57
58 One-Euro-Jobs from February to April 2005 of individuals who were both registered as
59
60 unemployed and receiving UB II on 31 January 2005. It comprises only unemployed persons

1
2
3 aged 15 to 62 years, since older welfare recipients rarely enter One-Euro-Jobs and might retire
4 within the observation window. The potential controls stem from a 20% random sample of
5
6 UB II recipients, who were unemployed on 31 January 2005 and who did not start a One-
7
8 Euro-Job from February to April 2005. However, they can start a different programme in that
9
10 period or a One-Euro-Job later on. Furthermore, we computed for control group members
11
12 random programme starts following the distribution of programme starts of the treatment
13
14 group. We excluded those individuals who exited from unemployment before the (calculated
15
16 random) programme start (Lechner, 1999).
17
18
19
20
21

22 The sample sizes for men and women in East and West Germany are large, encompassing
23
24 50 000 and more potential controls and at least 9000 treated per group (Table 1). To analyse
25
26 programme heterogeneity, we estimate the ATT for three groups by planned duration (>0 to
27
28 ≤ 4 , >4 to ≤ 8 , >8 to 12 months) and by weekly working hours (1 to 20, 21 to 29, 30 to 40). The
29
30 number of observations for these subgroups is large, ranging from more than 800 to 15 000
31
32 (Table 1). Most One-Euro-Jobs in our sample have a planned duration of between four and
33
34 eight months and a working time of 30 hours per week.
35
36
37

38 The information on the characteristics of participants and non-participants before (potential)
39
40 programme start is used to estimate the PS. Rich information on the individuals helps
41
42 diminish the selectivity of programme assignment so that causal effects can be identified
43
44 (Heckman *et al.*, 1998). Our data contains information on sociodemographic characteristics
45
46 (such as age, family status, education, migration background and health status) and on the
47
48 labour market history (such as periods of (non)employment and benefit receipt, previous
49
50 ALMP participations, characteristics of the last job). In contrast to most evaluation studies, it
51
52 additionally comprises the information just described not only for the persons in the treatment
53
54 and control group, but also for members of their needy household. Hence, our set of
55
56 covariates that potentially determines the PS is richer than that of many other comparable
57
58 studies. Regional information on the labour market was available, such as a classification of
59
60

the labour market situation by Rüb and Werner (2008). Table A1 in the Appendix displays descriptive statistics for selected variables used for the analyses.⁹ Given the large variety of covariates, which is available for the estimation of the PS, we are confident that the CIA holds.

We investigate the effect of participation on the probability of being regularly employed (i.e. unsubsidized contributory employment) at the beginning of each month after programme start and on the cumulated months in regular employment in the 28 months after programme start.

VII. Results

Matching quality

Common support and overlap. For PS Matching, we have to assume that a common support exists. Indeed, the distributions of the PS for the treatment (main groups and subgroups) and ‘waiting’ groups are very similar.¹⁰ For the pairwise comparisons, differences in the shape of the distribution of the PS occur in some cases, but nevertheless we can find for each participant a sufficient number of non-participants with a similar PS value

Balancing of the covariates. Applying PS Matching requires the balancing of the determinants of the PS. The mean standardized absolute bias measures the average distance in the marginal distribution of the covariates over all covariates.¹¹ For the estimations of effects compared to waiting, the bias ranges from about 7 to 17% before matching (Table 2). After matching, it decreases considerably for the four main groups to values below one and for the subgroups to values between 0.3 and 2%. Hence, the balancing of the covariates appears to

⁹ The exact specification of covariate sets for the probit estimations differs over the subgroups. First, some variables have to be defined in a broader way for smaller sample sizes. Second, a number of covariates are not important for the selection and have been deleted. The probit estimations are available on request.

¹⁰ The distributions of the PS are available on request.

¹¹ The standard absolute bias for a single covariate is defined as

$$|100 \cdot (\bar{X}_{treat} - \bar{X}_{controls}) / \sqrt{0.5 \cdot [V_{treat}(X) + V_{controls}(X)]}|.$$

1
2
3 work well. Concerning the pairwise estimation of effects, the bias before matching ranges
4 from 5.5 to 11%; after matching it is less than 2.5%. Furthermore, *t*-tests on means of single
5
6 covariates show that the differences between treatment and control group in the covariates are
7
8 not significant after matching in the majority of cases. The results are available on request.
9
10
11

12
13
14
15 **Robustness and sensitivity analyses.** We used different matching methods to check the
16
17 robustness of results. We estimated the effects using nearest neighbour matching with five
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19 neighbours and replacement and radius caliper matching with two different calipers. We set
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21 the calipers as the 90th and 99th percentile of the differences between the PS of treated and
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23 controls resulting from nearest neighbour five-to-one matching. Nearest neighbour matching
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25 performed slightly worse in terms of matching quality than radius caliper matching, whereas
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27 radius caliper matching using the two different calipers achieved a sufficient and similar
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29 matching quality. However, results are robust across the different matching algorithms. The
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31 results displayed here are based on Radius Caliper Matching with a caliper as the 99th
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33 percentile of the differences between the PS of treatments and controls.¹²
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41 *Selectivity of different programme types*

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44 Case managers might use different programme types for different types of welfare recipients.
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46 E.g., they may be inclined to arrange a longer participation with hard-to-place benefit
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48 recipients. Thus, knowing about the selectivity of different programme types is important for
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50 the interpretation of our results. Table 3 displays the probability of holding a regular job 28
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52 months after programme start of potential and matched controls. Overall, participants are a
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54 positive selection of the stock of the unemployed welfare recipients as the share of matched
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56 controls holding a regular job 28 months after programme start is higher than the share among
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¹² The exact calipers implemented for matching are available on request.

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3 all control individuals (except for men in East Germany). This confirms the lacking focus of
4 One-Euro-Jobs on hard-to-place individuals found in selectivity analyses (Hohmeyer and
5 Kopf, 2009).
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10 Selectivity among the different programme types is not particularly strong. Those with worse
11 labour market prospects are on average assigned to One-Euro-Jobs with a longer planned
12 duration (except for men in West Germany) and to One-Euro-Jobs with 30 hours or more per
13 week (Table 3). Apparently, intensive and long One-Euro-Jobs are rather used for those with
14 more severe difficulties in finding a job. The moderate selectivity among the different
15 programme types indicates that case managers did not respond to observable personal
16 characteristics at the beginning of 2005. This is not particularly surprising, given the large
17 number of participants in the demanding introduction period of SC II.
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32 *Overall effects of participation*

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34 Observing the employment outcomes of participants and non-participants for a sufficient
35 period is necessary in order to assess whether One-Euro-Jobs improve employment prospects
36 of participants. Tables 4 and 5 and Fig. 1 show the ATTs of One-Euro-Job participation on
37 the probability of having a regular job and on cumulated months in a regular job for 28
38 months after programme start for men and women in East and West Germany.
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47 In the short run, lock-in effects emerge that are comparable to previous studies: Compared to
48 similar non-participants, the participants' probability of being regularly employed is up to
49 four percentage points (Fig. 1) and they spend roughly 0.2 months less in regular employment
50 in the first year after programme start (Table 5).¹³ Lock-in effects are larger in West than in
51 East Germany reflecting the better labour market conditions in West Germany.
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¹³ Overall, East German men and women in our sample spend on average two to three months in regular employment within the 28 months after programme start, whereas West German men and women are on average regularly employed for three to four months in that period.

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3 Participants start to catch up in the second year after programme start: The effect on
4 cumulated employment during months 13 to 28 after programme start becomes insignificant
5 for East German women and West German men and positive for West German women (0.3
6 months). Only for East German men do the effects remain significantly negative in that
7 period.
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9
10 Small positive employment effects emerge for women in West Germany 16 months after
11 programme start. The effects increase and female participants in West Germany have a three
12 percentage points higher probability of being employed than comparable non-participants at
13 the end of the observation window. The effects for West German men and East German
14 women become positive around 2 years after programme start. 28 months after programme
15 start, effects are positive for East German women and for West German men and women,
16 whereas effects for men in East Germany are not significant.
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20 Overall, One-Euro-Jobs contribute to some extent to leading unemployed (back) to regular
21 employment at around 2 years after programme start.
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32 33 34 35 36 37 38 39 *Effects by planned duration* 40

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42 The ATTs on the cumulated months and the share in regular unsubsidized employment for
43 three different categories of One-Euro-Jobs according to planned length of participation (≤ 4
44 months, > 4 to ≤ 8 months, > 8 to 12 months) are displayed in Tables 4 and 5.
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49 Participations with a planned duration of more than 4 months lead to stronger lock-in effects
50 than shorter participations. Whereas no lock-in effects occur for participations up to 4 months
51 1 year after programme start, negative effects can for the most part still be observed for the
52 longer participations (Tables 4 and 5). This short-term advantage of short participations is
53 affirmed by the pairwise comparisons, although not all effects are significant (Tables 4 and 5).
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3 The medium-term effects of different lengths of One-Euro-Jobs are best discussed against the
4 background of the general treatment effects for the particular group.
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8 The treatment effects for men in East Germany in general were zero in the medium term.
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10 Concerning the different lengths of participation, effects on the employment chances 28
11 months after programme start are zero for those participating in a One-Euro-Job with a
12 duration up to 8 months and negative for longer participations. The better performance of
13 short programmes is affirmed in the pairwise comparisons. Thus, participation does not
14 increase the employment chances of men in East Germany and longer treatments tend to
15 perform worse than short ones.
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19 For East German women by contrast, small employment effects occur 2 years after
20 programme start, which is also true for different lengths of participation. No significant
21 effects arise in the pairwise comparisons.
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25 Furthermore, effects on the employment prospects 2 years after programme start for men and
26 women in West Germany are small but positive. There are zero effects for short participations
27 up to 4 months and positive effects for longer participations compared to waiting.
28 Employment effects compared to waiting are slightly larger for participations of more than 8
29 up to 12 months than for One-Euro-Jobs with a length of more than 4 to 8 months. This result
30 indicates that longer One-Euro-Jobs catch up in the long term. However, pairwise
31 comparisons do not show significant effects. The results are in line with Stephan and Pahnke
32 (2011) who found the short-term disadvantage of longer participations to decrease over time.
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34 To assess whether longer programmes outrun short ones over time, a longer observation
35 period would be desirable.
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Effects by working hours

Tables 4 and 5 show the ATTs on the probability to hold a regular job and on the cumulated months in regular employment stratified by working hours (1 to 20, 21 to 29 and 30 to 40 hours).

Differently than expected there is no evidence that lock-in effects increase with working hours (Table 4). Do working hours thus not matter for job search intensity and lock-in effects? Are lock-in effects rather caused by a lack of motivation than by a lack of time available for job search? This is only one possible explanation among others: First, the level of working hours does not necessarily indicate the time left for job search. Second, lock-in effects could interact with treatment effects in the sense that a more intensive treatment rapidly leads to treatment effects, which just neutralize lock-in effects. Third, more intensive One-Euro-Jobs could be more often used as a work test. Fourth, for our group of mainly long-term nonemployed working 20 hours could already interfere with job search.

A correlation between working hours and treatment effects arises only for women in East Germany: One-Euro-Jobs with a medium level of working hours (21 to 29) perform best in comparison to waiting as well as in the pairwise comparisons in terms of employment chances at 12 and 28 months after programme start (Table 4). As effects are confirmed in the pairwise comparisons, selection effects cannot (entirely) explain the advantage of One-Euro-Jobs with 21 to 29 hours, but programme type effects are also at work.

For the other three groups, differences between different types of One-Euro-Jobs according to working hours are only small. East German men in a One-Euro-Job of 30 hours or more would have benefited from participating in a One-Euro-Job of up to 20 hours. Thus, results again support that One-Euro-Jobs do not increase employment chances of East German men and more treatment leads to worse employment effects for them.

In West Germany, there are no significant differences in the pairwise comparisons between the different types of One-Euro-Jobs according to working hours.

VIII. Conclusions

In 2005 major labour market reforms which put a stronger emphasis on the activation of welfare recipients came into force in Germany. As one means of activation, a workfare programme called 'One-Euro-Jobs' was implemented on a large scale. Legislation set only key features of One-Euro-Jobs. Regarding further programme aspects, regional actors have considerable leeway. This article investigates how flexible programme aspects are associated with effect heterogeneity. One-Euro-Jobs of different planned duration and weekly working hours are compared applying PS Matching.

This study finds that programme characteristics make a difference for both, lock-in effects as well as medium-term treatment effects. The following conclusions can be drawn: First, lock-in effects increase with length of participation whereas no clear relationship appears between working hours and lock-in effects. The results at hand suggest that lock-in effects are not only caused by time restrictions for job search, but also by motivation. However, others mechanisms could also be at work.

Second, the results for West Germany indicate that while short treatment might not harm in terms of lock-in effects, it might also be too restricted to achieve positive treatment effects in the medium term. For West German men and women, medium-term effects are zero for short participations of up to 4 months and positive for One-Euro-Jobs longer than 4 months. The better short-term performance of short programmes comes at the cost of lacking employment effects in the medium term.

Third, participation does not help men in East Germany, and longer and more intensive treatments even harm them in terms of employment prospects. Following our results, a reallocation of participants for this group might improve effectiveness. E.g., letting those who participate in long One-Euro-Jobs (>4-12 months) participate in a short One-Euro-Job (≤ 4

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3 months) would be better. Also, those working 30 hours and more per week would preferably
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5 be treated by One-Euro-Jobs with a working time of up to 20 hours.
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8 For future research, observing the labour market outcomes of participants and control group
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10 for a longer period would be worthwhile to gain more certainty about effects, particularly for
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12 different lengths of participation. Moreover, to learn about underlying mechanisms and to
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14 further improve programme effectiveness, knowledge on the role of further programme
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16 characteristics (such as the industry in which the One-Euro-Job is located) is desirable.
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Appendix:

Table A1. Selected variable means for participants and controls*

	P	NP	d1	d2	d3	w1	w2	w3
<i>Age in years</i>								
15-20	0.05	0.03	0.08	0.05	0.05	0.05	0.05	0.05
21-24	0.16	0.05	0.21	0.16	0.13	0.18	0.18	0.16
25-30	0.10	0.13	0.11	0.09	0.10	0.09	0.10	0.10
31-35	0.10	0.13	0.10	0.10	0.10	0.10	0.10	0.10
36-40	0.14	0.16	0.12	0.14	0.14	0.13	0.13	0.14
41-45	0.16	0.17	0.15	0.16	0.17	0.16	0.15	0.16
46-50	0.14	0.14	0.12	0.14	0.14	0.14	0.14	0.14
51-57	0.15	0.18	0.11	0.15	0.16	0.16	0.14	0.15
58-62	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01
<i>Health status</i>								
Impairment of health	0.12	0.15	0.12	0.12	0.12	0.11	0.14	0.12
<i>Nationality</i>								
German without migration background	0.89	0.79	0.87	0.91	0.88	0.91	0.89	0.89
German with migration background	0.04	0.05	0.04	0.04	0.04	0.03	0.04	0.04
Turkish	0.02	0.06	0.03	0.02	0.03	0.01	0.02	0.02
Soviet Union	0.02	0.03	0.03	0.02	0.02	0.03	0.02	0.01
Other foreigners	0.03	0.08	0.04	0.03	0.04	0.03	0.03	0.03
<i>Family Background</i>								
No partner	0.64	0.58	0.68	0.63	0.65	0.64	0.67	0.64
Partner, not married	0.10	0.09	0.10	0.10	0.09	0.10	0.10	0.10
No children	0.68	0.66	0.72	0.68	0.68	0.66	0.69	0.69
One child	0.16	0.17	0.15	0.17	0.16	0.18	0.17	0.16
Two children	0.10	0.11	0.09	0.11	0.10	0.11	0.10	0.10
Three and more children	0.05	0.06	0.04	0.05	0.05	0.05	0.04	0.05
<i>Education /training</i>								
No secondary schooling degree/no vocational training	0.14	0.21	0.17	0.14	0.15	0.10	0.12	0.16
Secondary school, no vocational training	0.20	0.21	0.23	0.19	0.20	0.16	0.18	0.21
Secondary school, vocational training	0.28	0.25	0.26	0.29	0.26	0.29	0.28	0.28
GCSE, no vocational training	0.05	0.05	0.06	0.05	0.06	0.05	0.06	0.05
GCSE, vocational training	0.27	0.21	0.22	0.29	0.26	0.34	0.30	0.26
A-levels, no vocational training	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01
A-levels, vocational training	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
A-levels, college	0.02	0.03	0.02	0.02	0.03	0.02	0.02	0.02
<i>Cumulated duration of unemployment (02/2004-01/2005)</i>								
0 to 6 months	0.17	0.23	0.23	0.16	0.17	0.17	0.17	0.17
7 to 9 months	0.16	0.12	0.18	0.16	0.17	0.17	0.16	0.16
10 to 12 months	0.66	0.65	0.59	0.67	0.66	0.66	0.67	0.66
<i>Cumulated duration of unemployment (02/2000-01/2004)</i>								
0 months	0.07	0.12	0.09	0.06	0.07	0.06	0.06	0.07
1-6 months	0.11	0.10	0.13	0.10	0.10	0.11	0.11	0.10
7-12 months	0.12	0.11	0.14	0.12	0.12	0.12	0.12	0.12
13-18 months	0.12	0.11	0.13	0.12	0.12	0.12	0.13	0.12
19-24 months	0.13	0.11	0.12	0.13	0.13	0.12	0.13	0.13
25-30 months	0.12	0.10	0.11	0.12	0.12	0.12	0.12	0.12
31-36 months	0.12	0.10	0.10	0.12	0.11	0.12	0.11	0.12
37-48 months	0.22	0.25	0.18	0.23	0.22	0.23	0.22	0.22
Out of labour force in 2004	0.24	0.29	0.32	0.22	0.23	0.22	0.23	0.24

Notes: * P: participant; NP: non-participant; d1: ≤4 months; d2: >4-8 months; d3: >8-12 months, w1: 1-20 hours, w2: 21-29 hours, w3: 30-40 hours per week.

Table A1 (cont.). Selected variable means for participants and controls

	P	NP	d1	d2	d3	w1	w2	w3
<i>Cum. duration out-of-labour force (01/2000-12/2004)</i>								
0 months	0.38	0.33	0.28	0.40	0.37	0.40	0.37	0.38
1-6 months	0.24	0.27	0.26	0.24	0.25	0.23	0.24	0.25
7-12 months	0.09	0.09	0.11	0.09	0.09	0.09	0.10	0.09
13-18 months	0.05	0.05	0.06	0.05	0.05	0.05	0.05	0.05
19-24 months	0.05	0.04	0.06	0.05	0.05	0.05	0.05	0.05
25-30 months	0.04	0.04	0.04	0.03	0.04	0.04	0.03	0.04
31-36 months	0.04	0.03	0.05	0.04	0.04	0.04	0.04	0.04
37-42 months	0.03	0.03	0.04	0.03	0.03	0.03	0.03	0.03
43-60 months	0.08	0.12	0.11	0.07	0.08	0.07	0.08	0.08
UI ben. receipt, 31/12/2004	0.03	0.04	0.04	0.03	0.03	0.04	0.03	0.03
UA ben. receipt, 31/12/2004	0.75	0.68	0.67	0.76	0.74	0.76	0.76	0.75
<i>Cumulated dur. of regular employment (01/2000-12/2004)</i>								
0 months	0.44	0.46	0.43	0.45	0.44	0.46	0.41	0.45
1-6 months	0.17	0.13	0.17	0.17	0.16	0.16	0.17	0.17
7-12 months	0.10	0.09	0.11	0.10	0.10	0.11	0.11	0.10
13-18 months	0.11	0.11	0.11	0.11	0.12	0.11	0.12	0.11
19-24 months	0.06	0.07	0.06	0.06	0.06	0.06	0.06	0.06
25-30 months	0.05	0.05	0.05	0.04	0.05	0.04	0.05	0.05
31-36 months	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.03
37-42 months	0.02	0.03	0.02	0.02	0.02	0.02	0.02	0.02
43-60 months	0.01	0.03	0.01	0.01	0.01	0.01	0.01	0.01
<i>ALMP participation in last five years (yes)</i>								
Job creation schemes	0.25	0.12	0.18	0.27	0.24	0.27	0.24	0.25
Private employment subsidy	0.07	0.07	0.07	0.08	0.07	0.07	0.07	0.07
Further vocational training	0.22	0.16	0.22	0.22	0.22	0.22	0.19	0.23
Retraining	0.04	0.03	0.04	0.04	0.04	0.03	0.03	0.04
Short-term classroom training	0.37	0.29	0.41	0.36	0.38	0.37	0.31	0.38
Short-term in-firm training	0.11	0.07	0.11	0.11	0.09	0.10	0.11	0.11
Start-up subsidy	0.01	0.02	0.02	0.01	0.01	0.01	0.02	0.01
Private placement service, some tasks	0.05	0.04	0.05	0.05	0.04	0.05	0.04	0.05
Private placement service, all tasks	0.06	0.04	0.07	0.06	0.05	0.06	0.05	0.06
Other ALMP	0.10	0.05	0.12	0.10	0.09	0.10	0.11	0.10
<i>Time since end of last ALMP</i>								
1-6 months	0.24	0.15	0.27	0.24	0.24	0.25	0.23	0.24
7-12 months	0.16	0.11	0.16	0.16	0.15	0.16	0.16	0.16
13-24 months	0.16	0.13	0.15	0.16	0.16	0.16	0.15	0.16
>24 months	0.44	0.61	0.43	0.43	0.45	0.43	0.46	0.44
ALMP during last year	0.40	0.27	0.42	0.41	0.39	0.41	0.39	0.40
<i>Number of ALMP participations in the last five years</i>								
None	0.23	0.40	0.25	0.22	0.25	0.22	0.26	0.23
One	0.27	0.27	0.26	0.27	0.27	0.28	0.31	0.26
Two	0.23	0.17	0.21	0.23	0.23	0.24	0.22	0.23
Three	0.14	0.09	0.13	0.15	0.14	0.14	0.12	0.15
Four	0.07	0.04	0.07	0.07	0.07	0.07	0.06	0.07
Five and more	0.06	0.03	0.07	0.06	0.05	0.05	0.04	0.06

Table A1 (cont.). Selected variable means for participants and controls

	P	NP	d1	d2	d3	w1	w2	w3
<i>Last professional status</i>								
Blue-collar worker	0.36	0.35	0.37	0.36	0.36	0.32	0.35	0.37
Skilled worker/foreman	0.16	0.16	0.15	0.16	0.15	0.15	0.16	0.16
White-collar worker	0.13	0.14	0.12	0.12	0.16	0.13	0.13	0.13
Part-time	0.20	0.17	0.16	0.22	0.18	0.25	0.21	0.20
No job yet	0.15	0.18	0.19	0.14	0.15	0.15	0.14	0.15
<i>Last monthly real wage (deflated with CPI, 2000=100)</i>								
Zero	0.03	0.05	0.03	0.03	0.03	0.03	0.03	0.03
>0-500 €	0.05	0.05	0.07	0.05	0.05	0.06	0.06	0.05
>500-1000 €	0.26	0.20	0.25	0.27	0.25	0.29	0.28	0.25
>1000-1500 €	0.32	0.26	0.28	0.33	0.32	0.31	0.31	0.32
>1500-2000 €	0.12	0.15	0.11	0.12	0.13	0.10	0.12	0.12
>2000 €	0.06	0.11	0.06	0.06	0.07	0.05	0.06	0.06
<i>Time since end of last contributory job</i>								
1-6 months	0.13	0.10	0.13	0.13	0.12	0.12	0.13	0.13
7-12 months	0.10	0.07	0.10	0.10	0.09	0.09	0.10	0.10
13-24 months	0.18	0.15	0.18	0.18	0.18	0.19	0.18	0.18
25-36 months	0.14	0.13	0.13	0.15	0.15	0.14	0.16	0.14
37-48 months	0.10	0.11	0.09	0.11	0.10	0.11	0.10	0.10
>48 months	0.20	0.27	0.18	0.20	0.20	0.20	0.19	0.20
<i>Average duration of contributory jobs (01/2000-12/2004)</i>								
1-6 months	0.26	0.21	0.28	0.26	0.25	0.27	0.28	0.25
7-12 months	0.25	0.20	0.23	0.26	0.24	0.25	0.24	0.25
13-18 months	0.13	0.12	0.11	0.13	0.14	0.13	0.13	0.13
19-24 months	0.04	0.04	0.03	0.04	0.04	0.04	0.04	0.04
25-36 months	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.03
37-60 months	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Missing	0.13	0.19	0.12	0.13	0.14	0.13	0.13	0.13
<i>Number of contributory jobs in last five years</i>								
One	0.41	0.36	0.39	0.42	0.40	0.43	0.41	0.41
Two	0.23	0.20	0.22	0.23	0.23	0.22	0.24	0.23
Three	0.06	0.06	0.06	0.06	0.07	0.06	0.07	0.07
Four or more	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01
Minor employment, 31/01/2005	0.06	0.12	0.05	0.06	0.06	0.07	0.07	0.06
<i>Partner was unemployed between 01/2000-12/2004 for</i>								
0 months	0.09	0.12	0.08	0.09	0.09	0.08	0.08	0.10
1-12 months	0.09	0.10	0.09	0.09	0.09	0.08	0.08	0.09
13-60 months	0.05	0.06	0.05	0.06	0.05	0.06	0.05	0.05
25-30 months	0.02	0.03	0.02	0.02	0.02	0.02	0.02	0.02
31-36 months	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
37-42 months	0.02	0.02	0.01	0.02	0.02	0.02	0.02	0.02
43-60 months	0.06	0.07	0.04	0.07	0.06	0.07	0.06	0.06
No partner	0.64	0.58	0.68	0.63	0.65	0.64	0.67	0.64
Partner information missing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table A1 (cont.). Selected variable means for participants and controls

	P	NP	d1	d2	d3	w1	w2	w3
<i>Partner not employed or job-seeker in the last 5 years for</i>								
1-12 months	0.08	0.09	0.06	0.08	0.07	0.08	0.07	0.08
13-24 months	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
25-30 months	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
31-36 months	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
37-42 months	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
43-60 months	0.12	0.15	0.12	0.11	0.12	0.10	0.11	0.12
<i>Regional information</i>								
Local unempl. rate, 01/2005	18.44	17.12	17.46	18.84	18.01	18.65	16.54	18.72
%age change	10.94	12.81	12.30	10.89	10.43	10.70	9.71	11.08
Percentage of LTU, 01/2005	36.54	36.20	34.42	37.02	36.31	36.15	35.00	36.87
%age change	-1.61	-1.43	-2.28	-1.26	-2.34	-2.00	-1.86	-1.53
Vacancy-unemployment ratio, 01/2005	0.02	0.03	0.03	0.02	0.02	0.02	0.02	0.02
%age change	-8.86	-9.48	-13.69	-9.01	-6.91	-16.75	-23.83	-5.24
<i>Cities in West Germany (WG)</i>								
with average labour market conditions (LMC)	0.07	0.11	0.16	0.03	0.13	0.02	0.04	0.08
Cities in WG with above-average LMC	0.02	0.03	0.04	0.02	0.02	0.05	0.02	0.02
Rural areas in WG with average LMC	0.09	0.11	0.08	0.10	0.07	0.06	0.04	0.10
Rural areas in WG with above average LMC and high seasonal dynamics	0.04	0.03	0.03	0.05	0.02	0.05	0.02	0.04
Rural areas in WG, very favourite LM cond., seasonal dynamics and low LTU	0.03	0.03	0.04	0.02	0.03	0.03	0.05	0.02
Rural areas in WG, very favourite LM cond. and low LTU	0.05	0.05	0.04	0.05	0.04	0.06	0.12	0.04
Urban areas with average LMC	0.07	0.11	0.14	0.08	0.03	0.10	0.04	0.07
Rural areas with below average LMC	0.09	0.05	0.07	0.09	0.08	0.06	0.15	0.09
Rural areas in East Germany with severe LMC	0.21	0.12	0.14	0.23	0.17	0.35	0.22	0.18
Rural areas in East Germany with very severe LMC	0.09	0.07	0.05	0.12	0.04	0.06	0.02	0.11

Table 1. Sample sizes of treated and potential controls

	East Germany		West Germany	
	Men	Women	Men	Women
Potential control group	60 240	50 915	101 443	70 199
Total sample of treated	21 217	19 064	20 891	9413
<i>Planned duration</i>				
≤4 months	1876	1504	2704	1257
>4 to ≤8 months	14 044	12 578	12 732	5510
>8 to ≤12 months	5206	4891	5053	2476
<i>Weekly working hours</i>				
1 to 20h	3884	3809	2294	1529
21 to 29h	2118	1688	1708	858
30 to 40h	15 065	13 433	16 225	6684

Table 2. Mean standardized absolute bias

	East Germany				West Germany			
	Men		Women		Men		Women	
	before	after	before	after	before	after	before	after
	matching		matching		matching		matching	
<i>Total sample</i>	8.06	0.39	7.11	0.36	9.69	0.28	11.44	0.41
<i>Planned duration in months</i>								
≤4 versus waiting	16.84	1.63	11.66	1.31	12.01	0.42	11.66	0.52
≤4 versus >4-8	9.96	0.90	10.90	0.86	6.60	0.92	8.20	1.33
≤4 versus >8-12	9.94	1.13	8.47	0.69	5.85	0.81	5.12	0.87
>4-8 versus waiting	9.23	0.36	8.56	0.47	9.66	0.29	11.80	0.34
>4-8 versus ≤4	9.96	1.64	10.78	1.68	6.60	1.10	8.20	1.61
>4-8 versus >8-12	6.53	1.04	5.87	1.17	5.55	0.91	7.30	1.03
>8-12 versus waiting	7.53	0.48	8.86	0.48	10.36	0.47	12.74	0.51
>8-12 versus ≤4	9.94	1.10	8.47	1.32	5.85	0.82	5.12	0.81
>8-12 versus >4-8	6.53	0.68	5.87	0.86	5.55	1.28	7.30	1.25
<i>Weekly working hours</i>								
1-20h versus waiting	12.32	0.53	10.30	0.75	14.06	0.52	14.19	0.64
1-20h versus 21-29h	7.25	1.22	7.25	1.28	7.39	1.15	7.04	2.00
1-20h versus 30-40h	5.69	0.74	5.71	0.83	6.44	0.80	8.83	1.03
21-29h versus waiting	11.49	1.36	12.10	1.04	13.85	0.67	15.99	0.69
21-29h versus 1-20h	7.25	1.22	7.25	1.29	7.39	0.82	7.04	1.21
21-29h versus 30-40h	6.46	0.53	6.69	0.68	7.92	0.73	9.88	1.24
30-40h versus waiting	7.69	0.29	7.60	0.37	9.03	0.24	12.01	0.42
30-40h versus 1-20h	5.69	1.10	5.71	1.28	7.25	1.55	8.83	1.49
30-40h versus 21-29h	6.46	2.26	6.58	2.35	7.92	1.51	9.88	1.48

Table 3. Proportion in regular employment for all and matched controls 28 months after programme start (in %)

	East Germany		West Germany	
	Men	Women	Men	Women
<i>All controls from the following groups</i>				
Waiting	16.7	12.5	20.3	16.7
≤4 months	19.9	16.1	25.3	22.0
>4-8 months	17.5	14.5	25.2	23.6
>8-12 months	14.7	13.8	26.1	24.4
1-20h	18.8	14.0	26.2	24.5
21-29h	18.0	17.8	27.9	25.5
30-40h	16.4	14.2	25.0	22.9
<i>Matched controls in the following comparisons</i>				
<i>One-Euro-Job versus waiting</i>				
	17.1	13.7	24.0	20.4
<i>Planned duration (in months)</i>				
≤4 versus waiting	20.4	15.6	24.8	20.4
≤4 versus >4-8	20.2	16.1	26.1	23.7
≤4 versus >8-12	17.3	16.6	26.4	23.9
>4-8 versus waiting	17.3	13.6	24.0	20.4
>4-8 versus ≤4	19.9	15.3	25.0	23.3
>4-8 versus >8-12	15.4	14.4	25.5	22.3
>8-12 versus waiting	16.4	13.2	23.1	21.0
>8-12 versus ≤4	17.1	15.1	24.9	22.4
>8-12 versus >4-8	16.4	14.3	24.9	25.0
<i>Weekly working hours</i>				
1-20h versus waiting	18.5	14.1	24.9	21.0
1-20h versus 21-29h	17.9	17.3	26.6	25.6
1-20h versus 30-40h	18.7	15.0	26.5	24.8
21-29h versus waiting	17.8	14.6	25.5	21.4
21-29h versus 1-20h	18.0	14.6	28.4	24.4
21-29h versus 30-40h	17.5	15.9	26.8	24.0
30-40h versus waiting	17.0	13.4	23.7	20.4
30-40h versus 1-20h	17.8	14.1	24.1	24.2
30-40h versus 21-29h	16.0	17.2	23.6	23.2

Table 4: ATT on regular employment, 4, 12 and 28 months after programme start (in percentage points)

Months after programme start...	East Germany						West Germany					
	Men			Women			Men			Women		
	4	12	28	4	12	28	4	12	28	4	12	28
<i>Overall versus waiting</i>	-2.0 ***	-0.9 ***	-0.3	-1.6 ***	-0.6 **	0.6 *	-3.0 ***	-0.8 ***	1.3 ***	-3.0 ***	-0.4	3.0 ***
<i>Planned duration (in months)</i>												
≤4 versus waiting	-1.0 *	-0.3	-0.9	-0.3	0.5	0.3	-0.3	0.0	0.4	0.4	1.0	1.5
≤4 versus >4-8	2.3 ***	1.7 **	-0.5	2.9 ***	1.3	-0.1	3.0 ***	1.4 *	-0.7	5.2 ***	1.9	-1.7
≤4 versus >8-12	2.7 ***	2.5 ***	2.3 **	2.2 ***	1.3	-0.6	4.1 ***	1.2	-1.1	5.0 ***	1.5	-1.8
>4-8 versus waiting	-2.3 ***	-1.3 ***	0.0	-2.0 ***	-0.8 ***	0.8 **	-3.0 ***	-1.1 ***	1.2 ***	-3.4 ***	-0.1	3.1 ***
>4-8 versus ≤4	-3.5 ***	-2.9 ***	-2.4 **	-4.4 ***	-2.2 **	-0.7	-3.6 ***	-1.6 *	0.2	-4.5 ***	-1.3	0.1
>4-8 versus >8-12	-0.1	-0.2	2.0 ***	-0.5	-0.1	0.1	1.7 ***	1.2 *	-0.3	1.5 **	2.4 ***	1.3
>8-12 versus waiting	-2.3 ***	-1.2 ***	-1.8 ***	-1.7 ***	-0.8 **	0.5	-4.1 ***	-0.8 *	2.8 ***	-4.5 ***	-1.4 *	3.3 ***
>8-12 versus ≤4	-2.7 ***	-3.2 ***	-2.4 *	-3.3 ***	-3.0 ***	-1.3	-4.5 ***	-1.6 *	1.1	-5.2 ***	-2.0	2.0
>8-12 versus >4-8	0.1	0.0	-1.7 ***	0.5	-0.2	-0.4	-1.6 ***	-0.1	1.2	-0.2	-1.3	-0.6
<i>Weekly working hours</i>												
1-20h versus waiting	-2.4 ***	-1.0 **	0.1	-1.6 ***	-1.4 ***	-0.1	-3.6 ***	-0.6	1.3	-3.1 ***	-1.2	3.1 ***
1-20h versus 21-29h	0.2	0.7	0.9	0.6	-1.4	-3.2 **	0.5	-0.1	-0.4	-0.6	-1.2	-0.9
1-20h versus 30-40h	-0.7 *	0.0	0.1	0.1	-1.4 ***	-1.0	-0.5	0.4	-0.4	0.0	-0.7	-0.3
21-29h versus waiting	-2.7 ***	-1.1 *	0.0	-2.0 ***	-0.1	3.2 ***	-3.1 ***	-1.0	2.4 **	-2.6 ***	0.1	4.1 ***
21-29h versus 1-20h	-0.7	-1.3	0.0	-0.4	2.1 **	3.0 **	-0.5	-1.3	-0.6	0.3	0.4	1.1
21-29h versus 30-40h	-0.8 *	-0.3	0.3	-0.2	0.7	1.9 *	-0.7	-0.4	1.0	0.8	1.6	1.3
30-40h versus waiting	-2.0 ***	-1.3 ***	-0.8 **	-1.8 ***	-0.5 *	0.7 **	-2.8 ***	-1.0 ***	1.2 ***	-3.1 ***	-0.7	2.4 ***
30-40h versus 1-20h	0.0	-0.9 *	-1.4 *	-0.3	1.2 **	0.2	0.5	0.2	0.8	-0.2	-0.2	-1.2
30-40h versus 21-29h	0.4	0.7	0.5	-0.6	-2.9 **	-2.8 *	0.7	0.7	1.4	0.0	0.1	-0.5

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 5. ATT on cumulated months in regular employment (in months)

Months after programme start...	East Germany				West Germany			
	Men		Women		Men		Women	
	1 to 12	13 to 28	1 to 12	13 to 28	1 to 12	13 to 28	1 to 12	13 to 28
<i>Overall versus waiting</i>	-0.2 ***	-0.1 ***	-0.2 ***	0.0	-0.3 ***	0.0	-0.2 ***	0.3 ***
<i>Planned duration (in months)</i>								
≤4 versus waiting	-0.1	-0.1	-0.1	0.1	0.0	0.1	0.0	0.4 **
≤4 versus >4-8	0.2 ***	0.1	0.2 ***	0.1	0.3 ***	0.1	0.4 ***	0.0
≤4 versus >8-12	0.3 ***	0.4 ***	0.2 ***	0.0	0.3 ***	0.1	0.4 ***	0.1
>4-8 versus waiting	-0.2 ***	-0.1 ***	-0.2 ***	0.0	-0.3 ***	0.0	-0.2 ***	0.4 ***
>4-8 versus ≤4	-0.4 ***	-0.4 ***	-0.4 ***	-0.2	-0.3 ***	-0.2	-0.4 ***	-0.2
>4-8 versus >8-12	0.0	0.2 **	0.0	0.0	0.2 ***	0.1	0.2 ***	0.4 **
>8-12 versus waiting	-0.2 ***	-0.3 ***	-0.2 ***	0.0	-0.3 ***	0.2 **	-0.4 ***	0.2 *
>8-12 versus ≤4	-0.3 ***	-0.5 ***	-0.3 ***	-0.3 *	-0.4 ***	-0.1	-0.4 ***	-0.1
>8-12 versus >4-8	0.0	-0.2 **	0.0	-0.1	-0.1 **	0.1	-0.1	-0.2
<i>Weekly working hours</i>								
1-20h versus waiting	-0.2 ***	-0.1	-0.2 ***	-0.1	-0.3 ***	-0.1	-0.3 ***	0.2
1-20h versus 21-29h	0.0	0.1	0.0	-0.3 **	0.0	-0.3	-0.1	-0.3
1-20h versus 30-40h	0.0	0.1	-0.1	-0.2 **	0.0	0.0	0.0	-0.1
21-29h versus waiting	-0.2 ***	-0.1	-0.2 ***	0.2	-0.3 ***	0.2 *	-0.2 **	0.5 **
21-29h versus 1-20h	-0.1	-0.1	0.1	0.3 *	-0.1	0.0	0.0	0.2
21-29h versus 30-40h	0.0	0.0	0.0	0.1	0.0	0.2	0.1	0.3
30-40h versus waiting	-0.2 ***	-0.2 ***	-0.2 ***	0.0	-0.3 ***	0.0	-0.3 ***	0.3 ***
30-40h versus 1-20h	0.0	-0.2 *	0.0	0.1	0.0	0.2	0.0	-0.2
30-40h versus 21-29h	0.0	0.0	-0.2 **	-0.3 *	0.1	0.1	0.1	-0.1

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Fig. 1. ATT on regular employment (in percentage points)

