

# Does Case Management Help Unemployed Jobseekers? A Review of the International Evidence

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**DOES CASE  
MANAGEMENT HELP  
UNEMPLOYED JOB  
SEEKERS?**

A REVIEW OF THE  
INTERNATIONAL  
EVIDENCE

by Tony Eardley and  
Merrin Thompson

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The views expressed in this publication do not represent any official position on the part of the Social Policy Research Centre (formerly the Social Welfare Research Centre). This report was produced to make available the research findings of the individual authors, and to promote the development of ideas and discussions about major areas of concern in the field of social policy.

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# Foreword

Case management, a technique first developed and applied in the fields of community care and health services, has more recently been used in countries around the world in a broader range of welfare programs. It is part of a general move involving reform of welfare services so that they can better identify the needs of those they are designed to assist and more effectively deliver services to meet those needs.

In Australia, case management has become a feature of labour market programs designed to assist unemployed people in their search for appropriate forms of paid work. Although application of case management in this area has yet to be fully evaluated, the approach reflects a more general emphasis on tailoring services more closely towards the needs of those who use them.

Against this background, in May 1996 the New Zealand Department of Labour commissioned the Social Policy Research Centre to carry out a literature review examining the concept of case management and its application to labour market programs. This report is based on that literature review. It presents outlines of initiatives developed and practised in a number of different countries, which include individually tailored elements for job seekers. The countries covered by the review, in addition to Australia and New Zealand, include Canada and the United States, as well as several European nations. The report also discusses the monitoring and evaluation of active labour market programs and concludes with a response to the key policy question: 'What do we know about what works?'.

The report, with its wide-ranging approach to the role of case management in addressing one of the major problems currently confronting many economies, will be of use not only to policy-makers devising programs for unemployed people, but also to those implementing programs for the unemployed in the changing environment of service delivery.

Peter Saunders  
Director

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Needless to say, none of the above bears any responsibility for errors or omissions in the report. That responsibility rests with the authors alone.

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# **1 Introduction: The Development of Active Labour Market Programs**

## **1.1 Background**

Apparently intractable problems of long-term unemployment in recent years have led a number of countries to look for new ways of providing employment assistance to job seekers. There is a widespread feeling that older methods which involve generalised 'processing' of clients have failed, and that targeted and individually-tailored approaches which address people's personal circumstances are likely to be more effective. Increasingly, techniques of 'case management', developed in social work and other human services, are being applied to labour market programs.

This report is based on a review of international literature on these developments, commissioned by the New Zealand Department of Labour in May 1996. The study was intended to serve two main purposes: first, to provide comparative background information on developments and outcomes of programs of case management and other related labour market initiatives for unemployed job seekers; and, secondly, to provide information on the most effective mechanisms for evaluating the operation of particular labour market interventions.

The rest of this introductory chapter discusses the development of active labour market programs and outlines the structure of the report.

## **1.2 The Development of Active Labour Market Programs**

In recent decades most industrialised countries have, to varying degrees, experienced periods of economic recession and restructuring which have led to high levels of unemployment. High unemployment is not in itself new. What has changed particularly since the 1970s is that unemployment levels have often shown themselves resistant to economic recovery, even where the overall number of jobs has increased.

The OECD, in arguing for flexibility in national labour markets, has ascribed this structural element of unemployment to 'the gap between the pressures on economies to adapt to change and their ability to do so' (OECD, 1994a: 7). It can

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also be seen as *reflecting* economic change. In Australia, for example, Gregory (1990) has shown that in spite of an aggregate increase in jobs between 1975 and 1988 which was greater than that of the 1930s, official unemployment continued to increase. This was because many of the jobs were part-time, in services rather than in traditional manufacturing industries, and were filled by people - particularly women - from outside the previous labour market.

Developments of this kind, which reflect change in both the demand and the supply sides of labour markets, have led to a shift in emphasis away from macro-economic policies, particularly demand stimulation, and towards what have come to be known as 'active labour market policies', aimed at mobilising labour supply, improving the quality of the work force and strengthening job search processes (OECD, 1990).

The move towards active labour market policies has been influenced by a wide range of econometric theories, particularly those focusing on the effect of labour market policies on wage formation, such as in the work of Layard and Nickell (1985) and Layard, Nickell and Jackman (1991). This work is based on the longstanding idea that there is an equilibrium rate of unemployment - the 'non-accelerating inflation rate of unemployment' or NAIRU - below which inflationary effects may be felt on national wage bargaining processes, partly because the competitive power of the unemployed vis-a-vis waged workers is weakened. In most OECD countries in recent decades unemployment has not fallen back to previous levels after the end of recessions and thus the NAIRU has been rising - an effect denoted in the economic and labour market literature as 'hysteresis'.

Layard, Nickell and Jackman (1991) have developed this argument further by demonstrating that inflationary processes can also occur if there is an increase in the proportion of job seekers who are long-term unemployed. Because the long-term unemployed tend to be less effective in competing for jobs than recently unemployed job seekers, an increase in their numbers may not exert the moderating influence on the wage/price spiral to be expected from a general increase in unemployment. Therefore, policies aimed at reducing the numbers of long-term unemployed and increasing their job search effectiveness should reduce the NAIRU. The analysis by Layard and colleagues suggests that countries with higher spending on active labour market policies tend to be more successful at an aggregate level in lowering the NAIRU. This argument has been challenged by some other economists. Calmfors and Forslund (1991), for example, have suggested that extra expenditure on active labour market policies, in the Nordic countries at least, tends to generate higher wages by reducing an employee's expected welfare loss in the event of a layoff. More recently, Heylen (1993) has

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compared the varying results of studies of the impact of unemployment on wages and attempted to derive from them an indicator reflecting the broad range of estimates. He concludes that wage moderation responses are greater where active policies emphasise job search and training aimed at improving unemployed people's effectiveness in the job market, and less so where subsidised private employment is concerned.

One possible way of enhancing incentives for effective job search by the long-term unemployed is to restrict eligibility and/or reduce entitlements to unemployment benefits. In promoting more active labour market policies, the OECD has been in the forefront of encouraging member countries to reform their 'passive' programs (social security benefits for unemployed people), which, it is argued, can prolong unemployment and create obstacles to necessary labour supply adjustment (OECD, 1994a). This argument is controversial and the evidence for it is inconclusive. The OECD (1994b) has reported the results of various cross-country studies, some of which indicate a significant relationship between benefit structures or replacement rates and unemployment levels and others of which do not. Where there is a significant relationship, it often only occurs when extended time lags between changes in benefit rates or eligibility are taken into account. A number of individual country studies indicate that the effects may be marginal. In the UK, for example, even before a decade of change which saw eligibility for unemployment benefits tightened considerably, Lancaster and Nickell (1980) found only a marginal sensitivity of unemployment duration to benefit levels - a sensitivity which Atkinson and Micklewright (1991) later found was statistically insignificant if calculations were based on actual rather than hypothetical entitlements. Other comparative studies (for example, Heylen, 1993) have concluded that the *duration* of benefit entitlement tends to influence the probability of remaining in unemployment, but the *replacement rate* of benefits often does not have a significant effect.

Whether or not benefit levels or duration can be shown systematically to prolong unemployment, fiscal pressures in many countries have in any case encouraged governments to reduce expenditure by enhancing work incentives, restricting eligibility and tightening benefit control through activity testing. The benefit control features of active labour market policies are discussed later in the report, as they raise particular questions in relation to the case management process.

Critics of harder line approaches to treatment of the unemployed have argued that the new emphasis on active labour market programs is based on an analysis which places an unreasonable level of responsibility for unemployment and labour market failure on unemployed people themselves. Yet it is arguable that one positive consequence has been to focus greater attention on the varying needs and

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difficulties of different groupings within the unemployed. There is evidence from many countries that there are certain groups of people who, if they become unemployed, face particular disadvantages in looking for work, whether through youth and lack of experience, older age or skills regarded as redundant, gender, educational disadvantage, disability, poor literacy, or membership of a social or ethnic group which faces discrimination. Furthermore, the longer people remain unemployed the more difficult it tends to be for them to get back into work. This happens because they lose confidence, their connections to the world of work and the informal networks through which much employment is found, and because employers are 'risk averse' to taking them on (White, 1991).

This suggests that active policies will be most effective if they are targeted at these special groups and towards the long-term unemployed - an approach recommended by the OECD, based on surveys of the effectiveness of different programs (OECD, 1993a, 1994b). On the other hand, there is also an argument that effort is best located at the earliest stages of joblessness, to prevent the accumulating disadvantage that can build up over time. Indeed, the labelling of people as unemployed or requiring the provision of special programs may itself be counter-productive - sending employers negative signals about job seekers' capabilities. As White has put it:

The problems of unemployed people in finding jobs are reminiscent of the story which Bertrand Russell liked to tell, of the man who asked the way to Winchester. 'Ah', replied his rustic guide, 'if I was going to Winchester I wouldn't start from here.' Unemployment is the worst place from which to start looking for a job. (White, 1991: 145)

Sloan (1993) makes a similar point, describing the effect on recipients of special unemployment schemes as 'scarring'. Thus, while there is increasing recognition of the special difficulties facing some groups of unemployed people, there have also been uncertainties about the most effective strategies for assisting them. The OECD, in promoting active labour market programs, has emphasised the need for careful evaluation of their effectiveness and has produced two major reviews of evaluation results (OECD, 1993a; Fay, 1996). This report draws on these reviews and on other collected summaries of evaluation findings, notably from the USA, where program evaluation has been the most advanced. It should be noted, however, that useful as many of these reviews are, few examine specifically or in any detail the 'black box' of process and delivery in job search assistance where case management is located.

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So what do we mean by active labour market policies, and what range of activities is included? Broadly, the accepted usage of this term encompasses six main types of possible intervention:

- training and education programs;
- public sector job creation or special temporary employment schemes;
- subsidies to private sector employers;
- subsidies to help the unemployed start up enterprises; and
- job search assistance.

In addition, there is a range of financial work incentives linked with benefits, such as re-employment bonuses and earnings disregards within means-tested income support. The emphasis placed on different elements within individual countries' labour market policies varies, and the programs are often linked. In discussing case management and individually-tailored assistance, this report is concerned principally with the last type of program, except in so far as the public employment service, or agency providing job search assistance, acts as the gateway to the other types of provision, or where case management is a key feature of these other programs.

## **1.2 The Structure of the Report**

The report is a revised and updated version of the literature review carried out for the New Zealand Department of Labour. It is organised as follows. Section 2 discusses the concept of 'case management', its roots in the delivery of community and health services, and its adoption for labour market programs. Section 3 then summarises and discusses the range of active labour market programs operative in a number of European countries plus Canada and New Zealand, highlighting those which include individualised, client-oriented initiatives similar to the case management approach. Section 4 focuses on the United States, where the concept of case management initially developed and has been applied in a number of labour market and welfare programs. This is followed by a study of Australia, where case management was a key element of the Jobs Compact introduced as part of the *Working Nation* (Australia, Prime Minister, 1994) policy package from 1995. Section 6 then outlines and discusses methods of evaluation for labour market programs. Section 7 concludes the report by drawing together the key lessons which emerge from the literature on the design and organisation of effective programs.

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## 2 What is Case Management?

### 2.1 History

The term 'case management' is generally recognised as deriving from practices in social work and health care provision. It has been particularly identified with the proliferation of human services during the 1960s in the United States, including child welfare, social work, probation, mental health services, and care for older and disabled people following the closure of residential institutions (Rubin, 1992). Funding for these services and access to them tended to be provided through categorical channels, creating a network of services which Intagliata (1982: 655) described as 'highly complex, fragmented, duplicative and uncoordinated'. Recognition of the problems clients faced in dealing with multiple, specialised programs led, in the 1970s, to a series of federal and state level demonstration projects to assess the possibilities of service integration and coordinated community support (Morrill, 1976; Turner and Schiffren, 1979). These involved the establishment of core support agencies and 'one-stop' service centres, within which individual staff were allocated responsibility for coordinating resources on behalf of their clients and were accountable for clients' passage through the service system. The central feature of case management, therefore, was its focus on addressing the needs of individuals by pulling together resources from different service agencies.

Since the 1970s, the case management approach has become a leading paradigm for client-driven service delivery in social work and other human services fields, wherever the demand for coordination, rationalisation and accountability has arisen (Rose, 1992). In the United Kingdom, for example, in the 1980s, it began to emerge as a specific element of new projects concerned with the efficient delivery of care services for older people outside institutional settings (Challis and Davies, 1986; Renshaw, 1988). It has also become a key feature of social work practice under the new 'care in the community' policy framework. Some social workers have thus become 'care managers' charged with the responsibility both for assessing the needs of clients and for purchasing services from a range of providers, both public, community and private.

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## 2.2 The Objectives of Case Management

Rothman (1992) points to a paradox that while case management has become accepted as a key tool for engaging with a set of societal problems, its character is 'indistinct and amorphous' (1992:1) and that the practices involved vary considerably according to the setting. A further paradox is that promotion of case management often comes from very different perspectives. Rose for example, puts forward an advocacy view of case management in social work as an indictment of existing organisational patterns of service delivery and the lack of client-centred resources, and argues that:

As a consequence of the absence of these social prerequisites, case management must become a system reform strategy with responsibility for direct practice with individuals and/or families. (Rose, 1992: vii-viii)

On the other hand, case management is also frequently recommended as primarily a means to improve efficiency and contain costs in service delivery - one of the central planks of the UK community care reforms, for example. This paradox is of some importance in the context of case management for job seekers and underlies some of the differences in approach evident in the Australian experience discussed later.

## 2.3 The Functions of a Case Manager

In spite of differences in approach to case management and the variety of contexts in which the term is used, there is some general agreement about the basic nature of the model and the core functions involved. First, case management is an organisational principle: a process of establishing goals, agreeing strategies and checking on progress. Secondly, it is concerned with:

- addressing the problem of provision being 'service-shaped' rather than 'client-shaped', by working outwards from clients' needs;
  - providing continuity in the relationship between client and case manager, by allocating managers a specific caseload; and
  - improving efficiency of service delivery.
-

The core generic functions of a case manager can be defined as follows (Challis and Davies, 1986; Renshaw, 1988; Rubin, 1992; Commonwealth Rehabilitation Service, 1994):

- assessment: of a client's circumstances and needs;
- planning: of the range of support or assistance needed;
- linking: of the client with necessary external services;
- monitoring: of a client's progress through an agreed series of steps or the supply of a set of services; and
- closure: the achievement of an outcome and closing of the case.

Others would add advocacy to this list of functions, both in the individual client's interests and for structural change (Rose, 1992; Kearney, 1994). This literature on case management in social work and other human service settings does not specifically address the question of coercion and sanctioning, although it is inevitably present in certain areas of work such as child protection, probation and parole.

## **2.4 Variations in Practice**

Although there may be broad agreement on the core functions of case management, the literature indicates that there are still a number of important dimensions within which practices vary. These include:

- whether case management for an individual client is carried out by a single worker or can be delegated to other workers or agencies;
  - the degree of client contact;
  - the size of caseloads;
  - specialisation or task sharing;
  - professional status;
  - control over resources by case managers;
-

- authority over service providers; and
- enforcement of client participation.

The extension of the concept of case management into employment services is a relatively new development, occurring first in the United States from the mid-1980s. Labour market programs involving features of case management - though not necessarily described in these terms - now operate in several European countries. With the *Working Nation* policy package, Australia became perhaps the first country outside the United States to implement an explicit large-scale case management model within its employment services, and probably the first to apply this model on a uniform national basis. Subsequent chapters discuss these uses of tailored assistance techniques, starting with Europe, Canada and New Zealand.

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# **3 Tailored Assistance Programs for Job Seekers in Europe, Canada and New Zealand**

## **3.1 Introduction**

While there is a substantial comparative literature on labour market programs in the European countries, details of particular schemes are harder to find, especially where operational mechanisms are concerned. A number of countries have tried or adopted individually-oriented forms of assistance. Yet it does not appear that systematic case management is commonly used as yet in European labour market programs. We discuss a number of programs operating in selected countries where it has been possible to obtain reasonably detailed information on tailored assistance schemes and where some form of evaluation has taken place. As far as possible, programs are described according to the criteria of objectives, intended outcomes, target groups, constituent components, and characteristics of participants. Where evaluations have taken place, we summarise the objectives, methodologies and findings.

It needs to be remembered, however, that many of these schemes are elements within wider policy packages, which include training and education, subsidised private or public employment schemes, business start-up grants, re-employment bonuses and a range of other measures (discussed in OECD 1993a; Mosley, 1995; Fay, 1996).

Table 3.1 brings together information on standardised unemployment rates and estimates of the proportions of GDP spent by different countries on active labour market policies in 1993-94. It is interesting to note that despite the considerable publicity devoted to welfare-to-work programs, the country with the lowest estimated proportionate expenditure on active labour market policies was the USA, although it also had one of the lowest levels of long-term unemployment. Sweden had easily the highest level of expenditure, followed by the other Nordic countries.

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**Table 3.1 Labour Market Data On Selected OECD Countries, 1993-1994**

Country	Standardised Unemployment Rate, as a percentage of total labour force, 1994	Rate of Long-Term Unemployment (12 months +), as a percentage of total unemployment, 1993	Percentage of GDP Spent on Active Labour Market Policies, 1993-1994
Australia	9.7	36.5	0.75
Austria	..	..	0.35
Belgium	9.7	52.9	1.26
Canada	10.3	11.4	0.64 <sup>(a)</sup>
Denmark	..	25.2	1.81
Finland	18.2	30.6	1.70
France	12.5	34.2	1.21
Germany	6.9	40.3	1.32
Greece	..	50.9	0.39 <sup>b</sup>
Ireland	14.7	59.1	1.47 <sup>c</sup>
Italy	12.0	57.7	0.90 <sup>b</sup>
Netherlands	7.2	52.3	1.21
New Zealand	8.1	33.2	0.74
Norway	5.4	27.2	1.49
Portugal	6.8	43.4	0.84
Spain	23.8	50.1	0.53
Sweden	8.0	10.9	2.95 <sup>a</sup>
United Kingdom	9.6	42.5	0.59
United States	6.0	11.7	0.24

Notes: a) 1994-95

b) 1992

c) 1991

Sources: OECD (1995), Tables L, Q and T; Mosley (1995), Figure 5.

## 3.2 Belgium

Labour market programs in Belgium have traditionally tended to concentrate on reducing labour supply through early retirement schemes, career breaks, and restructuring and displacement schemes, coupled with relatively generous insurance benefits. Nevertheless, since the mid-1980s when unemployment became a serious problem, a number of job search assistance schemes have been introduced to address the question of making labour supply more effective.

Job Clubs were started in 1987, in the Flemish region, for people unemployed for one year or more. These were followed in 1989 by the 'Work Again' scheme.

This provides individually-based counseling, assessment and placements, based on the drawing up of mutually agreed action plans and follow-up interviews. The scheme is targeted towards 'difficult-to-place' clients, but is not compulsory and carries no sanctions for non-participation. In 1991, around 10 000 long-term unemployed people went through the scheme and, according to the results of an unspecified survey quoted by Geers (1992), 60 per cent of participants achieved some form of successful placement.

More recently, compulsory one week Labour Force Seminars were introduced for all job seekers. Since 1993, all those aged under 46 years who have been unemployed for nine months or more also have to agree a compulsory 'supervision plan' with the national public employment service (Mosley, 1995). It is not yet clear what impact the supervision plans have had.

### **3.3 Denmark**

Until 1994, the main Danish strategy to combat long-term unemployment centred on a scheme of training, counseling, and job placements called the Job Offer/Education Offer (ATB/UTB) (Nielsen, 1992). The objectives of the ATB/UTB schemes were to provide unemployed people with guidance, and to formulate an individualised plan for retraining. Significantly, this process was separated between the public employment service (PES) and the training institutions. Thus the program did not provide the job seeker with continuity in the counseling staff they saw. The schemes operated with fixed periods of 2.5 years between offers, so there was little opportunity for responding to individual needs. There was also increasing evidence of 'carousel' effects, whereby participants went through repeated patterns of 2.5 years unemployment followed by short periods of special employment (Baekgaard, 1996).

This strategy has been superseded (since 1994) by a new initiative, the Individual Action Plan (IHP) (Arbejdsmarkedsstyrelsen, 1993; Baekgaard, 1996). The program aims to balance the 'rights-obligation' principle, based on individuals' right to a job offer in return for having to demonstrate their employment availability, with the principle of individually-tailored assistance. The target group is unemployed persons covered by labour market insurance. IHPs are compulsory for all those participating in a subsidised work program or in most formal training schemes. In other cases, the unemployment insurance fund notifies the employment service when a job seeker has been unemployed for 20 months, at which point the IHP becomes compulsory. Individuals can also volunteer for IHPs after around six months of unemployment.

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An action plan is prepared by the client in collaboration with a PES officer and includes the client's employment goals, plus arrangements for job or training offers through the employment service. The action plan becomes a binding agreement once signed, though it is amendable at the initiative of either the client or the PES. It also emphasises the role of the job seeker in taking the initiative to pursue the agreed plan. If agreements are not met, the client can be deemed 'voluntarily unemployed'. If the job seeker is not happy with the plan, they can appeal to the Regional Labour Market Council, though surveys suggest that 90 per cent of unemployed are satisfied with the administration of action plans (OECD, 1996a). Introduction of the IHP has involved employment of around 420 extra staff at the regional level, and the re-training of 400-500 existing employees.

No detailed evaluative data have emerged as yet. There were some initial implementation problems in moving from the old to the new scheme, during which the number of people in labour market programs fell. By the end of 1994, however, IHPs had been signed by around 120 000 people (41 per cent of the total number of insured unemployed people).

The OECD (1995, 1996a) has noted that involvement in an IHP has normally been linked to compulsory entry into a labour market program. This, it argues, may result in diversion of effort away from the priority of looking for an ordinary, unsubsidised job. The IHP scheme is also only available to unemployed people who are covered by insurance. Although social assistance recipients may also have some form of activity agreement at the discretion of their local authority, they tend not to have access to the mainstream labour market programs - a criticism made of a number of countries where unemployment benefits are primarily insurance based (Nicaise et al., 1995).

### **3.4 France**

'Program 900 000' was introduced in 1992 by the public employment service (ANPE) as a special placement scheme for long-term unemployed people. It involves personal interviews to assess the employment prospects of people unemployed for more than 12 months and judged to have generally adequate skill levels and qualifications but to experience personal or social barriers to employment. The interviews are used to identify training requirements and to tailor active labour market programs to individual needs, but it is not clear whether individual case management continues beyond the initial phase.

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Comprehensive evaluation findings are not available, but initial monitoring data (reported in OECD, 1993a) showed that by eight months after implementation, over one million interviews had taken place, covering almost all long-term unemployed clients and resulting in an actual placement in 17 per cent of cases. A further 17 per cent received an offer of a job or training through the community work program or solidarity scheme. A decision was made in almost 30 per cent of cases for interviewees to be offered a job or training scheme in the future, while in 25 per cent of cases no immediate solution or proposal was reached. Approximately 16 per cent of those interviewed ceased registration following the interview, for a variety of reasons.

While long-term unemployment fell by around five per cent over the time of the monitoring exercise, this gain was counteracted by a sizable flow into short-term unemployment, which rose by two per cent over the same period. The number of placements of long-term unemployed people rose substantially by October 1992, but fell correspondingly for other unemployed client groups, so that the overall placement rates remained stable. This suggested that targeting the long-term unemployed led to some displacement of job creation, while not affecting the overall labour market situation. The OECD noted, however, that these observations were made early in the program's operation, that economic conditions were particularly difficult in 1992, and that the initiative appeared to improve the employment prospects of the long-term unemployed at a relatively low cost.

### **3.5 The Netherlands**

#### **The Job Opportunities Program (JOP)**

The Job Opportunities Program operated in the town of Helmond from 1986, and is discussed in van den Berg and van der Veer (1992). The program was based on a 'tailor-made' and 'mediating' approach, aimed at addressing both supply- and demand-side obstacles to the employment of 'difficult-to-place' unemployed people, by providing individually-tailored training and work experience. It also aimed to address the negative stereotyping which influences employers' recruitment of long-term unemployed people by building links with local employers.

The JOP was financed through a regional development project, the aim of which was to enhance the general condition of disadvantaged districts and communities. The project was based on the assumption that improving labour market

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opportunities would contribute to the resolution of other associated regional problems. During its first year of operation, the JOP was targeted towards 'unemployable' people from one part of the Helmond district who were aged less than 30 and unemployed for more than a year. The program was subsequently widened to target all categories of difficult-to-place clients from the whole Helmond district.

The project encompassed 'an intensive form of employment mediation aimed at the individual, in which social guidance plays an important role both before and after job placement' (van den Berg and van der Veer, 1992: 190). Assistance began with an assessment of clients' individual capacities, the opportunities available, the extent to which further training or vocational education was needed and the actual requirements of suitable employers. The development of trusting relationships between employment workers and clients was seen as central.

The JOP was established under a collaborative framework involving the local employment office, the municipal council and the community services office for the area. JOP was run separately from the public employment service and was not compulsory. Members of the target group could volunteer for the project, were referred by other organisations, or were approached by JOP workers on the recommendation of the employment office. The project also made use of variable or individually-negotiated wage subsidy schemes, again reflecting a tailored approach. In addition, individual agreements were reached about on- and off-the-job supervision and guidance, which was not necessarily provided by JOP staff.

Over its first three years, a total of 530 job seekers were registered for the JOP, representing around 23 per cent of the total eligible client group registered at the local employment office. Of this total, 52 per cent were migrants, 34 per cent were women, and nearly half were aged under 23 years. Sixty per cent had no more than a few years of secondary education. At the time of registration with the JOP, over 60 per cent had been unemployed for more than one year and 30 per cent for more than three years.

The evaluation outlined by van den Berg and van der Veer (1992) covers the number of successful placements, characteristics of the placements, the rate of successful intervention for various categories of participants and the types of paths pursued in the JOP. The methodology appears to have been based on administrative data which track all JOP participants over a three year period from late 1986 to late 1989.

The rate of drop-out for the project was six per cent, while 11 per cent of participants required repeated counseling. Of the 530 participants (38 per cent of

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whom had started in the project during the last year), 66 per cent gained employment. Nearly four-fifths of these job placements were for an indefinite period, while a fifth were short-term contracts with the possibility of further tenure. No apparent relationship was found between chance of placement and educational background, previous work experience or length of unemployment.

The findings suggested that the chance of successful intervention was high. At the point of registration with the JOP each person had on average a 55 per cent chance of gaining employment within one year, and a 78 per cent chance within two years. Probabilities did not vary substantially for different categories of participants.

When compared with the success rates achieved by the public employment services for categories of women, migrants, school leavers and all registered unemployed persons, the individualised JOP approach appeared to be considerably more effective. Also, no empirical evidence was found to support the proposition that the program merely 'shuffled the pack' of unemployed people according to their unemployment duration. However, it should be noted that it was not an experimental evaluation and there was no true control group. It is not clear how far selection biases may have affected the results. As with all small, local projects, the results are also highly dependent on the characteristics of the particular local labour market, and are thus not easily generalisable.

Nevertheless, according to van den Berg and van der Veer, the project demonstrated that even the group of so-called 'hard core' unemployed can be assisted by using an individualised approach. This 'guarantees that in principle every unemployed person, regardless of his or her individual or social background, is suitable for, or can be made suitable for, a permanent job' (1992: 198).

### **Reorientation Interviews**

The Reorientation Interview was a larger initiative operating throughout the Netherlands from 1988 to 1990 and continuing since then in some regions. The program involved individualised assessment, leading to the drawing up of an action plan for each participant, covering training, orientation, work experience and placement. The objective was to promote long-term unemployed people's reintegration into the labour market.

The initiative was targeted towards people unemployed for more than three years, or two years in the case of people from minority ethnic groups. Participation was

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compulsory. Units staffed jointly by the public employment service and municipal social services interviewed all members of the target population and drew up individual action plans. On average, 2.1 interviews were conducted with each client. The program led to the development of another, known as 'route placement', based on follow-up and assistance at more regular intervals, such as guidance through a training program, followed by a job placement. This assistance is now maintained by all public employment service regions.

Some basic statistical data are available on the Reorientation Interview initiative, collected by the Dutch Ministry of Social Affairs and Employment. A quasi-experimental study of the program was also carried out by Bouman (OECD, 1993a) involving a participant group of 1100 people and a control group of 1400.

The administrative data showed that of the 130 000 people called for interview, 15 per cent did not attend, 13 per cent were found not to be available for work, four per cent 'did not want to work', 20 per cent were placed in vocational education or training, 16 per cent gained a job placement, eight per cent entered work experience and around 10 per cent were provided with some other kind of training or counseling.

Bouman's study found a modest positive impact on the labour market performance of the participant group. In discussing this research, the OECD (1993a) suggests that the impact of the initiative may have been underestimated, in that the experimental group could have included some clients who did not turn up for counseling, while the control group may have included people who requested and received counseling by another route. The OECD also notes that the study's results should only be considered tentative, as the control and experimental groups were not selected in the same way.

### **Youth Unemployment Schemes**

Another more recent Dutch study looked at two youth unemployment schemes: the AAJ, which provides counseling and job search assistance for young people aged up to 23, and the Youth Work Guarantee (JWG), which offers subsidised temporary work placements to AAJ participants. The evaluation (Koning, Gravesteyn - Ligthelm and Olieman, 1994, cited in Fay, 1996) used interviews with officials, national survey data and administrative data. The results suggested that the counselling activity had little impact on either the probability of finding a job or enrolling in education. The JWG did have some impact, by increasing participants medium-term chances of subsequent regular employment by an estimated 20 per cent.

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Other findings from an experimental approach to intensive job search were recently reported by Gorter and Kalb (1996). A sample of people becoming unemployed and registering for benefit in seven regional offices between November 1989 and 1990 were randomly assigned to either a control group receiving the normal level of help applied to job seekers or to a treatment group receiving more intensive 'counseling and monitoring'. This mainly consisted of spending more time with each client, identifying appropriate activities, training or referrals, and checking information on job search activity. The study found that counseling and monitoring reduced the time taken to re-enter work as a result of the treatment group making extra applications. The success rate for applications was unaffected, however, and although the direction of the results was positive they were not statistically significant.

### **3.6 Other Continental and Northern European Countries**

In addition to those discussed earlier, several other European countries have some form of employment counseling schemes, special assessment interviews or job club arrangements. In both Austria and Sweden, for example, when unemployed people register with the employment service, a job counseling session is followed by the drawing up of a 'service plan' or 'individual action plan' respectively (OECD, 1996b). However, unlike in Denmark or the UK, these plans are not signed by the client and are not formally binding, though they may be used to test work availability. Both countries have job clubs, which are generally seen by PES staff as a useful way of helping people who need more than the basic counseling interviews, but there is no evidence as to their effectiveness. In Sweden, as in other Scandinavian countries, the provision of social assistance is highly decentralised and discretionary (Eardley et al., 1996). Depending on claimants' circumstances and the policy of the particular local authority, job counseling or assistance of a case management type may be provided by local social workers, but little information is collected at a national level on how such counseling operates.

Sweden has an additional counseling resource in its vocational rehabilitation facilities (AMIs). These are mainly for disabled people, but are also available to some other job seekers, particularly those considered 'vocationally undetermined', such as refugees (Swedish Labour Market Board, 1986; OECD, 1996b). The AMIs provide longer-term, personalised and in-depth counseling and job search assistance.

Norway too has job clubs and in 1991 introduced counseling interviews for all job seekers, with follow-up interviews after one year of unemployment (OECD,

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1993c; Torp, 1995). Similar interviews were introduced in Spain in the early 1990s, with three-day job seeking courses for people in need of special advice (OECD, 1993c).

### 3.7 The United Kingdom

Policy towards unemployment in the UK in recent years has increasingly been following a twin track of greater individualised and targeted job search assistance, along with increased surveillance and enforcement of activity testing. There has also been a series of changes in the structure of employment and training services. This has involved a move towards amalgamation of the role of benefit payment and control with that of employment counseling and placement, and a devolvement of responsibility for training and vocational education to local private sector Training and Education Councils (TECs).

#### Components of UK Job Search Strategy

The main components of recent UK job search and labour market strategy are described below. Some of these are part of a structured process most job seekers go through as duration of unemployment increases, while others are for people assessed as needing special help or for those failing to participate in one of the obligatory activities. Others again are part of the menu of labour market programs to which job seekers might be referred. Table 3.1 therefore indicates the status of the various initiatives and the points during an unemployment spell at which people might be referred to different components.

**Restart:** Introduced in 1986, initially as a pilot program, Restart became, in 1987-88, a national system of interviews for all non-exempt unemployed benefit recipients at six monthly intervals after their first six months of unemployment. Interviews involve job search counseling, check on benefit entitlement, and referral to other services or a job vacancy. Since 1989 the role of Restart counselors has been merged with that of Claimant Advisers at benefit offices. Clients needing extra support may be given further interviews, or may be taken on to a 'caseload' and given a continuing program of assistance. Attendance at Restart interviews is compulsory and failure to attend can affect benefit entitlement.

**Training for Work (formerly Employment Training):** Employment training courses organised by local TECs. Each entrant is offered help to establish an individual Action Plan (Darling, 1992).

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**Job Clubs:** For long-term unemployed people with adequate qualifications and experience and who are sufficiently motivated to carry out intensive job search.

**Job Interview Guarantee:** Since 1991 all those unemployed for six months or more and judged 'job-ready' have been guaranteed an interview with a local employer.

**Back to Work Plans:** As part of a new 'active signing framework', from 1991 all new claimants undergo a new claims interview at which Back to Work Plans must be agreed. A rolling program of further counseling interviews (Job Review Interviews) to check progress on these plans was also introduced.

**Table 3.2: Schematic Model of Main Staged Interventions During Unemployment in the United Kingdom: as at late 1996**

Period of Unemployment	Event	Action
Week 1	Initial interview	Claim benefit and agree <b>Back to Work Plan</b>
Week 13	Review of <b>Back to Work Plan</b>	Job search advice and possible selection for <b>Job Review Interview</b>
Week 15-17	<b>Job Review Interview</b>	Advice on in-work benefits and make new <b>Back to Work Plan</b> . Referral to <b>Jobsearch Plus</b> workshop
Week 26	1st <b>Restart Interview</b>	Review <i>Back to Work Plan</i> and job seeking activity. Possible referral to <b>Training for Work, Job Club, Business Start-up</b> , or other programs Possible selection for <b>Jobplan Workshop, 1-2-1 Interview, or Workwise</b> Referral to employer under <b>Job Interview Guarantee</b>
Week 52 <b>Restart Interview</b> repeated every six months	2nd <b>Restart Interview</b>	As above Referral to a range of compulsory courses as unemployment duration increases, including (after two years and in pilot areas) <b>Project Work</b> (organised job search followed by work experience). Jobmatch pilot also allows people unemployed for two years to receive non-means-tested top up allowance if they start part-time work.

**Jobplan Workshops:** Job seekers failing to attend Restart interviews or judged in need of intensive assistance can be directed to attend job search workshops.

**Jobfinders Grant:** Since April 1995, people unemployed for two years or more, who find full-time work of no less than six months duration paying less than £150 per week, can receive a grant of £100-200 towards the costs of starting employment.

**I-2-1 Interviews:** In April 1995 a new system of 'caseload' interviews was introduced for unemployed people aged 18-24 who refuse places on government schemes at their 12 month Restart interview (Unemployment Unit, 1996a). These involve a course of six mandatory in-depth interviews with claimant advisers. If the interviews produce no positive outcomes, clients can be referred to a 'remotivation' course (Workwise).

From April 1996, 1-2-1 interviews were extended, on a voluntary basis, to people who qualify for early entry to government schemes (disabled, ex-prisoners, work returners) or who have been unemployed for six months and would benefit from extra support. They were also made compulsory for two groups: all those, including people over 25, who are unemployed for over 12 months and refuse a place on a scheme at the Restart interview (replaces Jobplan Workshop, or client could be referred to both); all those unemployed for over 18 months who refuse a place on a scheme and have not already been through a 1-2-1, Jobplan or Workwise program.

**Jobsearch Plus:** Also introduced in April 1996, this program combines older Jobsearch seminars and Job Review Workshops, for all those unemployed for 13 weeks or more.

**Jobseeker's Allowance:** Although not a labour market program, JSA is a key element in the Government's strategy towards the unemployed. From October 1996, JSA replaced Unemployment Benefit and Income Support for the unemployed. The non-means-tested insurance element lasts only for six months, rather than the previous 12 months. At the beginning of a claim period all recipients have to complete and sign a Jobseeker's Agreement which sets out the steps they intend to take to find work and meet the actively seeking work conditions of benefit receipt. JSA considerably reinforces the emphasis on job search in income support for unemployed people and the sanctions for breaches of the activity test. However, it comes as part of a work incentive package which includes a Back-to-Work Bonus. This offers an incentive to take small amounts of part-time work. It allows 50 per cent of earnings above the disregard level

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while in receipt of benefit (up to a maximum of £1000) to be accumulated and paid out as a bonus if benefit recipients obtain work of sufficient hours or earnings to take them out of entitlement to JSA.

**Placement, Assessment and Counseling Teams (PACTS):** PACTS grew out of reform of a range of specialist employment services for disabled people which began in 1990. Review of the existing range of specialist services had identified problems of coordination and effectiveness. PACTS were established to provide easier access to specialist services, to increase integration of counseling and assessment and to increase the involvement of external organisations in rehabilitation services. In many ways they represent a classic case management response to problems similar to those noted in early US experience. Early research on the establishment of PACTS found that the links between them and the mainstream Employment Service were complex and still developing (Dalglish, 1994). Areas needing action included: improving appropriate referrals from mainstream staff; providing appropriate help for people with mental health problems; reducing waiting times or assessment and referral to rehabilitation; and improving the specification of clients' action plans or rehabilitation programs so that the performance of external agencies could be monitored.

### **Evaluations of UK Schemes**

The initiatives listed above indicate that the UK has placed increasing emphasis on organised interventions at various stages of joblessness, some of which involve intensive counseling and continuing links with individual claimant advisers. All of the schemes are also increasingly reinforced by tough benefit sanctions. So how effective has this strategy been?

Several of the schemes have been subject to evaluation of various kinds, and monitoring data are also available. Until recently, experimental evaluation through the use of random participant assignment was not a feature of public social security and employment programs in the UK. In the last few years a small number of such evaluations have taken place, and legislation was recently passed which allows social security programs to be piloted before being introduced nationally.

**Restart:** One of the first experimental evaluations was that of the Restart scheme (White and Lakey, 1992; Dolton and O'Neill, 1996). The evaluation was based on analysis of the Restart Cohort Study which took place in 1989-90. This involved the random selection of a national sample of unemployed people

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approaching six months out of work. Those selected were interviewed 12 and 18 months after their unemployment started and their experiences were compared with a control group who were not offered Restart interviews. The main findings were as listed below.

- The Restart process significantly reduced the length of time on benefit and the time taken to leave the unemployment register - by an estimated five per cent overall.
- Restart significantly reduced the average time taken to enter employment or training.
- It did not appear to affect wage levels or stability in employment obtained.
- The effect on movement into non-employed but non-claimant status varied for different periods of the study. Initially it appeared to accelerate movement in this direction, then later the pattern reversed.
- The main reasons for moving into non-employed but non-claimant status concerned benefit entitlement, child care and ill-health, but with numerous short-term periods of inactivity.
- The financial position of people moving into non-claimant status because of benefit entitlement appeared to be slightly better than that of those remaining as claimants.
- There was no significant evidence of differing effects for men and women, or by age group.

Overall, White and Lakey (1992) judged that Restart did not depend on any one type of effect. It did not achieve its effects by primarily stimulating a higher level of job search activity or by increasing job seekers' labour market flexibility, although there was some evidence that people put forward for a placement but not actually placed did subsequently have a higher level of job search. Nor did it work primarily as a deterrent to ineligible benefit claims or just as a link to training programs. White and Lakey argue that Restart should rather be interpreted as a process which 'adds value' to other programs and services for unemployed people. This happens through linkage with other labour market options, through facilitating a variety of different activities, and by imposing a form of time discipline or review on the diffuse range of events and developments which take place as people enter long-term unemployment.

Dolton and O'Neill (1996) have since carried out further analysis of the Restart Cohort Survey, using a 'competing risks model', in order to estimate the relative influence at work in movements into employment, into training or education, or out of the labour market. They conclude that the effect of the Restart interviews on exits from unemployment into training were slight, whilst exit to the state of 'not signing on' was common among women and other groups who might be seen as not genuinely unemployed. The key conclusion, however, is that the chance of exiting to a job was significantly different for the participant and control groups over the whole 18 month period. Thus exclusion from an initial interview at six months of unemployment had a lasting (proportional) detrimental effect on the control group's probability of exiting to a job. The authors suggest that this raises some questions about whether conducting an experiment which may permanently affect someone's lifetime prospects is ethically justifiable.

One further examination of the Restart effect came in an econometric study of the relationship between the general state of the labour market, assistance to the unemployed through three government programs (the Community Programme, the Enterprise Allowance Scheme and Restart), and outflow rates from unemployment (Disney and Carruth, 1992) concluded that Restart (probably acting as a proxy for the full range of Employment Service measures) accounted for a large share of the reduction in long-term unemployment which took place between 1986 and 1990.

The UK Government's positive interpretations of the results of the Restart study (see, for example, Employment Department, 1992) have been subject to a number of criticisms. Finn (1993), for example, has pointed out that while the Cohort Study only examined the effect of the first six-monthly interview, interviews actually take place every six months. Thus the survey only related to perhaps 30 per cent of Restart interviews which took place annually (a point acknowledged by White and Lakey). The original sample was also drawn at a time when unemployment was falling rapidly, so that the circumstances of people reaching six months of unemployment at the time of the initial survey could be quite different from those facing people in 1992, after two years of rising unemployment. Finn also noted that by 1993 major changes had taken place to Restart itself and to other linked programs, including reductions in places available in many of the schemes to which Restart offers access.

Others, such as Bryson and Jacobs (1992) have argued that the increasing emphasis on enforcement and sanctions through the Restart process in the early 1990s had a perverse effect, by penalising those foolish or honest enough not to provide the 'right' answers when completing forms, while leaving the 'hard-core' unemployed untouched. Their interviews with staff in claimants in local offices

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also suggested that pressure on staff to police activity testing, while partly resisted, still detracted from claimant advisers' ability to provide useful job search assistance.

**Jobplan Workshops:** Jobplan Workshops were evaluated by the Employment Service in 1993-94, using a combination of experimental and non-experimental techniques (Birtwhistle, 1994):

- a tracking study which followed the progress of randomly assigned participant and control groups of people judged at a Restart interview to meet the criteria for referral to a Workshop;
- analysis of register off-flows, to compare rates before and after the introduction of Jobplan;
- a postal survey of a sample of all clients crossing the 12-months unemployed threshold and a separate sample of all clients completing Jobplan Workshops.

The combined results of the evaluation suggested that the likely increase in flows off the register due to Jobplan was in the region of 40 000 people (around five per cent), and that taking account of deadweight (but not substitution or displacement effects)<sup>1</sup> around an extra 10 000 people found work. It is also estimated that the 'net exchequer cost per person leaving the unemployment count' (or NEPPOC) as a direct result of Jobplan in 1993-4 was around £350, with an extra estimated £50 for referrals from Jobplan to Training for Work. The report discusses alternative methods of arriving at net cost estimates and indicators of value for money in such programs. What the official evaluation does not reveal, however, is that according to the postal survey, the percentage of those in work three months after the course was more than two and half times higher among *non-participants* than among those who did take part (Murray, 1996a). It is not clear what these apparent contradictory results imply, but the latter finding does suggest that compulsory attendance at such courses can divert effort from more effective job search.

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1 'Substitution' refers to when the work gained by an unemployed person substitutes for a job someone else might have done. 'Displacement' is when this job might have gone to another unemployed person. 'Deadweight' refers to the wasted effort providing assistance to people who could achieve results without the extra help. See Section 6 for further discussion of these concepts.

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**Other Evaluations:** Further data on the relative success of some of the UK employment schemes in the early 1990s are outlined briefly in an OECD report on the public employment services in a number of countries (OECD, 1992). Drawing on Employment Service data, this suggests that around half of participants in Jobsearch seminars found jobs within five weeks and that Job Clubs also had a 50 per cent success rate. Around a quarter of people given an interview with an employer through the Job Interview Guarantee were successful.

One final study from the UK Employment Service reports on a project aimed at estimating the number of clients unemployed for two years or more who had 'special needs', and measuring the extent to which different types of disadvantage are related to an individual's chance of leaving the unemployment register (Berry, 1993). The study involved a categorisation, with advice from an Employment Service psychologist, of a range of characteristics which would be likely to create difficulties for clients in finding work. These included criminal records, health problems, substance abuse, literacy problems, debt, English language problems, older age, 'negative attitudes' and 'unrealistic outlook'. Restart interviewers in a stratified sample of employment offices were asked to identify any clients who had been unemployed for over two years and fell into any of the needs categories, and to record basic information about them. All those identified were followed up 13 weeks after the interview to see whether they had left the unemployment register.

Employment Service Advisers identified 78 per cent of clients in the survey as having at least one special need, and the largest categories of need identified were the most subjective ones, concerning attitudes. The number of clients leaving the register after the 13 week period was too small to identify sub-categories of need, but more clients identified as having special needs were unemployed for ten years or more, or were aged 55 and over. Overall, the study suggests that more sophisticated assessment instruments would be needed to make a useful contribution towards identifying appropriate advice and referral for clients (see Chapters 4 and 5 for more discussion of assessment in case management).

### **Changes Announced in the 1996 Budget**

The November 1996 Budget announced a number of further changes in employment programs. These include a new Contract for Work scheme, whereby private employment agencies will be paid to find supported work placements for long-term unemployed people (Unemployment Unit, 1996b). It appears that the

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scheme is based on America Works programs which operate in a number of US cities. There, private companies receive a percentage of the employee's pay plus a fee from government for each placement.

A further element will also be added to the array of monitoring and re-motivation mechanisms listed above, by making people unemployed for more than two years attend 'intensive advisory interviews'. The Project Work pilots are to be extended from two to 29 areas nationwide, and the Jobmatch part-time work top-up allowance pilots are to become a national program, but only for people aged 18-25 years. This last change follows an initial evaluation which suggested that despite some limitations the scheme is one of the most popular and successful of work incentive initiatives (SIA Ltd., 1995).

## **Conclusion**

The last few years in the UK has seen intensive counseling and monitoring schemes for job seekers proliferating. These tend to involve greater degrees of individually-tailored assistance, but they stop short of full-scale case management. In general, the evidence does seem to suggest that these forms of assistance can be effective in reducing claimant numbers and opening up some employment and training opportunities. Evidence from the Restart program also suggests that intervention may be more effective if it takes place relatively early in a spell of unemployment.

At least part of the overall effect, however, is likely to stem from an increasingly tough benefit control regime. This regime has been widely criticised as punitive and indiscriminate (see, for example, Gray, 1987; Bryson and Jacobs, 1992; Finn and Taylor, 1990; Finn, 1996). Certainly it has led to a substantial increase in the level of sanctions and penalties imposed on claimants. In 1995-96, for example, more than 300 000 people experienced a cut in their benefit : three times the level of 1993-94, in spite of a reduction in the number of beneficiaries (Murray, 1996b). Most sanctions related to availability for work or actively seeking work, while around a quarter were because of failure to attend one of the compulsory re-motivation courses.

## **3.8 Canada**

Canada has run a number of targeted labour market programs which have been evaluated by quasi-experimental methods. The programs, however, have mainly been in the field of training or job skills education rather than in job search assistance (see OECD, 1993a for an outline of these schemes).

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One study of job search assistance in the late 1980s used labour force, job seeker and employer surveys to assess the effectiveness of the National Employment Service in different labour market contexts (Employment and Immigration Canada, 1989). The study found that the employment service only had a measurable impact under adverse labour market conditions and for people whose job prospects were poor. One positive factor identified was the use of initial Service Needs Determinations, which had been partly implemented as a standard procedure just before the evaluation took place. The study recommended that these should be developed further.

More recently, two other evaluations looked at job search assistance for workers made redundant and for Unemployment Insurance recipients. Both reached negative conclusions. The first, a quasi-experimental study of the Industrial Adjustment Services program, found that participants took significantly longer to begin active job search than the comparison group and then took longer on average to find a job (Ekos Research Associates, 1993, cited in Fay, 1996). The second was a survey of employment centres undertaken to evaluate the Claimant Re-employment Service, which attempted to target those unemployed people needing most support and to improve coordination between employment and insurance offices. The study found that coordination was not improved and that the main impact was through easier-to-place UI recipients being helped at the expense of others (Human Resources Development Canada, 1992).

### **3.9 New Zealand**

Between 1986 and 1991, in the course of a program of radical economic reform, the rate of unemployment in New Zealand more than doubled, to around 10 per cent of the work force. Since then the country has experienced a period of sustained economic growth which has led to a substantial increase in both full- and part-time employment and to a fall in unemployment which was more than large enough to absorb increases in the labour force (Chapple and Mare, 1995). In June 1995, official unemployment stood at 6.2 per cent of the labour force, which represented a fall of 22 per cent in the year from June 1994. In late 1995 unemployment fell further but then rose again by March 1996 to about the same level as the previous year. Household Labour Force Survey figures show that in March 1996 the number of people unemployed for more than 26 weeks was more than one-fifth lower than at the same time in 1995. However, it still stood at 35 per cent of total unemployment (Statistics New Zealand, 1996). Changes in the unemployment register suggest that unemployment has fallen not so much because the number of people becoming unemployed has changed significantly, but more because the outflow from unemployment has become more rapid

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(Fletcher, 1995). Long-term unemployment actually fell more rapidly than short-term unemployment between 1993 and 1995, with registration figures for those unemployed for more than one year falling by almost 34 per cent. Long-term unemployment nevertheless remained at a higher level in 1995 than in 1991, when the overall rate of unemployment was similar (though it was still in the lower range for OECD countries - see Table 3.1).

Although growth has forecast to slow down over the next period, the decline in unemployment was remarkable by international standards. One factor which appears to have made some contribution to the decline in registered long-term unemployment was the gradual introduction, from September 1994, of Job Action - a new program which was originally aimed at job seekers approaching their 104th week of unemployment, but which as their numbers fell was been extended to people with shorter periods out of work. The New Zealand Employment Service (NZES) had previously operated 'work focus interviews' for people unemployed for 26 and 52 weeks. Job Action was an extension of this strategy and involves an initial assessment interview, a back-to-work plan, a job finding workshop if the client cannot immediately be placed in a job or training, a follow-up interview and ongoing case management if necessary. A similar scheme (Youth Action), involving an interview, work plan, case management and post-placement support, was also introduced for young people aged 16-20 years who had been unemployed for 13 weeks or more.

An evaluation of Job Action (New Zealand Department of Labour, 1995) found that the program had a modest but positive effect on moving participants into paid work, particularly into full-time work and was improving participants' job search commitment. However, one of the major effects in terms of reducing the number of registered job seekers came through increased rates of lapsed registrations prior to the Job Action interview, an effect noted in a number of similar programs internationally. Some of the main issues arising from the evaluation included a need for more effective ways of measuring the relative impact of different stages of the Job Action process, and a need to define the parameters of case management more clearly.

Case management is also present in two other employment-related schemes in New Zealand: the Boost scheme introduced in pilot form towards the end of 1994 to provide support services to young people between 16 and 18 years who receive the Independent Youth Benefit (Evans et al., 1995); and the Compass scheme, which provides education and training assistance to sole parents, and is loosely modelled on Australia's Jobs, Education and Training (JET) scheme (Rochford, 1995).

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The New Zealand Government has been building on the case management element of its labour market programs in plans announced in October 1995, following proposals from the Prime Ministerial Task Force on Employment (1994). The main initiatives, announced in *Focus on Employment* (New Zealand Government, 1995), were:

- Job Action to be extended to all job seekers unemployed for two years or more (from January 1996);
- Youth Action to be extended to all those aged 16-20 years registered as unemployed for over 13 weeks (from January 1996);
- all job seekers in tailored assistance programs to receive more personal help, which can continue for up to 13 weeks after starting a job (from July 1996);
- each year, 5000 job seekers assessed as likely to become very long-term unemployed after 12 months of registration will be able to access personalised employment assistance through Job Action (from July 1996);
- Job Connection to be piloted from late 1995 - a program of full wage subsidy to employers for taking on job seekers unemployed for over four years;
- a special strategy to be introduced for Maori and Pacific Island communities, including contracting out Job Action services to the communities, a pilot program for self-esteem enhancement for youth, and case management for 'at risk' Pacific Island youth; and
- the Compass scheme for sole parents to be extended nationwide.

This section has discussed what is known about individualised forms of assistance for unemployed people in a number of European countries, plus Canada and New Zealand. With the exception of the latter, case management as such has not yet been adopted in any major way in these countries. It is, however, a feature of some programs in the United States and as there is considerably more program documentation and evaluation available we devote the next section of the report to the US.

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## **4 Case Management in Labour Market Programs in the United States**

### **4.1 Introduction**

The United States has been a leader in the development of case management as a tool in administration of human services. It is not surprising, therefore, that this technique should have been extended to the delivery of US labour market and 'welfare-to-work' programs. The United States has also been at the forefront of scientifically rigorous evaluation of program delivery and effectiveness, dominated to a considerable extent by the work of the influential Manpower Demonstration and Research Corporation (MDRC) - a private body with financial support from large foundations and from government. The MDRC has conducted the majority of program evaluations for the US Government, starting with welfare-to-work projects set up under the Omnibus Reconciliation Act (OBRA) of 1981. It has also explicitly promoted experimental techniques of random client assignment for program evaluation.

It might be expected, therefore, that unambiguous findings would have emerged on the effectiveness of the various programs and program components. However, it is not at all clear that this is the case. Brasher (1994), for example, argues that despite widespread experimentation in the United States from the 1980s onwards, relatively little clear knowledge has been gained on which initiatives are the most effective in reducing 'welfare dependency'. To some extent this is a consequence of the time needed for medium and long-term effects to emerge. It is also partly a result of the complexity and differentiation in the decentralised structure of policy in the United States, where the individual State administrations have considerable discretion in both welfare delivery and labour market assistance. Furthermore, analysts with reservations about the MDRC approach have argued that the way some of the experiments have been organised has limited their value as wider policy lessons (Greenberg and Wiseman, 1992; Brasher, 1994). Evaluation techniques are discussed further in Section 6 of this report.

The available literature also indicates a predominance of services targeted towards recipients of the main means-tested welfare program, Aid to Families with Dependent Children (AFDC), rather than to unemployed people in general.

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The preponderance of sole parents among the former group hinders the generalisation of program results to the wider population of unemployed and long-term unemployed people. A number of the demonstration projects included recipients of AFDC-U (couples with children where the main earner is unemployed), where participation by an adult in at least the minimum job search requirements under the Work Incentives Program (WIN) was mandatory, but it is not always easy to distinguish different results for AFDC-U and AFDC-R recipients (sole parents).

The role played by case management in such programs varies greatly, both within and between specific initiatives. As is the case with initiatives around the world, case management may be just one component of an overall program, and its particular impact on the client group is often difficult to discern. In the early 1990s, it was generally agreed by experts in the field that little evaluative evidence existed about case management, despite the increasing role it had been playing in labour market programs over the previous decade (see Friedlander and Gueron, 1990; Gueron and Pauly, 1991; Doolittle and Riccio, 1992). Moreover, little rigorous evaluation regarding the relative cost effectiveness of various approaches had taken place. Since then some further results have emerged from particular experiments which incorporate case management, and some 'best practice' lessons have been assimilated. Later in this section these are discussed in detail. First, we provide a descriptive summary of the key labour market and welfare-to-work programs in the United States which involve case management or other techniques of tailored assistance.

## **4.2 US Labour Market Programs**

### **Job Search Assistance Programs for Unemployment Insurance Recipients**

There is a basic distinction in the United States between those unemployed people who have, for a period, an entitlement to Unemployment Insurance (UI), and those receiving means-tested assistance through the major welfare programs, such as Aid to Families with Dependent Children (AFDC) or Food Stamps. Traditionally, most UI recipients, even those whose benefits are exhausted, do not receive job search assistance or training beyond registration with the Employment Service. A 1988 study, for example, found that only six per cent of unemployed UI recipients who had exhausted their benefits were receiving job search assistance and only 1.4 per cent attended training programs (Richardson et al., 1989).

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During the 1980s and early 1990s a number of experimental or pilot projects using random assignment examined the effectiveness of various forms of job search assistance for newly unemployed UI recipients. These have been summarised by Leigh (1989), the US Department of Labor (1995) and Fay (1996). They indicate that clients receiving assessment and job search assistance found work more quickly than those in the control groups; that the programs were mainly cost effective in terms of benefit reduction and increased tax revenue; and that on average participants initially achieved higher paid jobs than non-participants, though this effect dissipated after one or two years. The results were more pronounced in the two States which provided the most intensive job search assistance, including individual case management. Re-employment bonuses paid to unemployed workers in one State also appeared to have had a substantial effect, while tighter monitoring of the UI work test in another resulted in benefit savings, though primarily through benefit sanctions rather than as a result of greater re-employment.

The main effort in labour market and training programs, however, has been directed towards the more disadvantaged welfare recipients. These have mainly come under the ambit of the federally-mandated Jobs Opportunity and Basic Skills Training (JOBS) program, together with the Job Training and Partnership Act (as amended in 1992).

### **The Job Opportunities and Basic Skills Training program (JOBS)**

The JOBS program was a Federal initiative delivered via individual States, under the Family Support Act of 1988. The Act ratified the maintenance of basic income support to families of poor adults and their dependent children through AFDC, while aiming to encourage recipients to move from welfare to financial independence. Under the JOBS program, States were meant to provide comprehensive employment and training programs, while AFDC recipients were required to pursue employment, and in doing so to take part in such programs where directed.

Implemented from October 1990, with goals set through to 1995, the JOBS program provided Federal funds to match state provision, without specifying program design. States were given discretion to set up program structures that would satisfy basic target objectives and service mode requirements (Gueron and Pauly, 1991). In line with this, the Act affirmed the role of case management in welfare employment programs, without laying down precise guidelines for how this might be delivered in a consistent manner. Thus the role that case

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management played within any JOBS program has varied considerably (Doolittle and Riccio, 1992).

The broad objectives of the JOBS program were to increase the earnings of individuals in the target group, to decrease their long-term welfare dependency and to maximise welfare savings. In principle, participation was mandatory for all adult recipients of AFDC with children aged three years and over (or one year and over at the discretion of individual States).

JOBS stipulated that program providers carry out an initial assessment of clients and develop a plan of assistance. Case management was optional. While the JOBS agency had to take overall responsibility for the program, it could subcontract a wide range of activities and was required to coordinate with the Job Training Partnership Act (JTPA) and other education systems. JOBS had three main emphases: initial assessment, followed by education or training and other intensive employment-related services; transitional support services; and special assistance to long-term recipients and those seen to be at risk of becoming long-term dependent.

The assistance plan, developed by case manager and client, set out the client's employment goals, the job search, training and education activities to be fulfilled in pursuit of the goal, and support services, such as child care, to be provided by the agency in order to facilitate participation. While the agency was required to take the needs and preferences of the client into account, it had final say on the contents of the plan. JOBS regulations explicitly allowed for subcontracting of case management to non-governmental agencies, but the delegation of some welfare department tasks was proscribed (Doolittle and Riccio, 1992).

State and county programs under the JOBS umbrella employed diverse case management approaches. In some instances, welfare departments and external agencies had complementary assessment, motivational, monitoring and brokering roles. In other cases, these roles were shared between case managers within a department. In still others, one case manager performed all such roles for his or her caseload. There was considerable variety in the emphasis attributed to different case management activities, such as counseling versus monitoring and enforcement. Caseload size also varied.

Gueron and Pauly (1991) have observed that the early trend under JOBS was a movement away from relatively simple and rigid programs towards more complex initiatives. These placed greater emphasis on assessment of individual needs, taking account of client preferences, use of counseling and case management, concentrating on people who volunteered for assistance and long-term recipients,

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and providing education and training. However, budget constraints meant that comprehensive services were not provided to all within the program's target group.

One State program within the JOBS scheme which has received particular attention in evaluation studies, including some assessment of the role of case management, is California's Greater Avenues to Independence scheme (GAIN).

### **The California GAIN Program**

The aim of the GAIN program, in line with the overall JOBS strategy, was to increase employment and reduce welfare dependency among people receiving AFDC who had children aged six years and over, by providing job search assistance, vocational education and training.

Client participation within the target group was compulsory and participants had to follow a defined back-to-work plan which was tailored to the education, employment and welfare history of the individual. How this was to be tailored was subject to detailed regulations.

Once an individual registered at the income maintenance office of the welfare department, they were referred to a GAIN office. An orientation session took place, and the client was assessed for referral to an initial activity, for support needs such as child care, and for literacy and numeracy. Following assessment, a contract with the welfare department was signed. Most clients were then either referred to one of two main 'service tracks', directed to continue an education or training program in which s/he was already enrolled, or temporarily exempted from participation. The first service track involved the provision of basic education for those assessed as requiring it, while the second track normally involved job search activities.

Usually only those individuals who failed to gain employment after these initial activities were given full vocational assessments, and only then was an action plan developed over which the client could exercise choice. The plan was drawn up between the client and the case manager, outlining each party's responsibilities.

Counties had some discretion as to the subcontracting of case management functions to other organisations (Riccio et al., 1989; Doolittle and Riccio, 1992).

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**The Job Training Partnership Act (JTPA)**

The Job Training and Partnership Act (1982) is a federally-mandated but decentralised initiative, whereby delivery structures and program objectives are determined according to local labour markets, within certain guidelines. By 1992, more than 600 Service Delivery Areas (SDAs) were operating under the JTPA, organised through Private Industry Councils which involve the local business and community sectors.

The broad objectives of the JTPA are to increase the employment and earnings of economically disadvantaged people and to reduce their dependency on public assistance, primarily through the provision of employment, education and training programs (Hotz, 1992). Eligible groups are those receiving AFDC or Food Stamps and/or members of households whose income during the six month period prior to enrolment in the program falls below a designated level. However, the program is both voluntary and selective. Selectivity operates whereby SDAs are required to provide services to those deemed to benefit from the program, and to those most in need of such services. The Act stipulates, however, that 40 per cent of funds must be spent on young people between the ages of 16 and 21 years. The Act also has sections (Titles) covering older workers and those retrenched from employment.

Components of JTPA programs include job search assistance, jobs skills training, classroom training such as in English as a second language, and on-the-job training (Private Industry Council of San Francisco, 1995). Amendments to the Act in 1992 specified the need to increase both the extent of service to 'hard-to-serve' clients and the quality of services provided. In particular the amendments required not only that SDAs provide assessment, service planning and ongoing case management, but also that services must be client centred in order to help them reach their appropriate employment goals (Dickinson, Kogan and Means, 1994).

In 1989 the US Department of Labor commissioned the Manpower Development Research Corporation to carry out a national evaluation of JTPA using classic experimental methods. The objectives of the JTPA study were to evaluate the impact of the program in terms of participants' employment, earnings, household income, welfare receipt, family composition, educational attainment and criminal behaviour.

The study involved random assignment of more than 20 000 JTPA applicants to control and experimental across 16 local areas. Hotz (1992) gives a detailed

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description of the issues and practical problems involved in the design of the study, which is instructive in considering the merits of experimental program evaluation. Data were also collected to aid the improvement of non-experimental evaluation design. These issues are discussed below in Section 6.

The main findings on the job search assistance elements of JTPA were that the services provided varied considerably, being based on individual clients' needs, but that they brought large and statistically significant gains for adult women over the 30-month evaluation period (Bloom, 1994). For men, while the gains were positive they were not statistically significant.

### 4.3 JOBS Evaluations

The design of the JOBS scheme was strongly influenced by a series of demonstration projects and evaluations run in the 1980s by the Manpower Demonstration Research Corporation (MDRC), under the Work Incentive Program (WIN) and Community Work Experience Program (CWEP) (United States Congress, 1989). The results of these evaluations and those of initial JOBS programs have been discussed by Gueron and Pauly (1991). The MDRC was later contracted by the Federal Department of Health and Human Services to carry out an eight-year evaluation of the JOBS program, some results of which are discussed below.

Gueron and Pauly's synthesis attempts to discern both the overall net impact of welfare-to-work programs and their differential impact - that is, whether certain welfare-to-work services, or methods of organising such services, are more effective than others. However, it proved difficult to distinguish the impact of case management *per se*, as opposed to other service mechanisms.

Drawing on the experience of the earlier welfare-to-work programs, Gueron and Pauly argue that whatever the budget of particular JOBS programs, administrators face a decision between three potential ways of organising assistance:

- emphasising low-cost services (primarily job search assistance) for a large portion of the caseload;
  - targeting more intensive, higher cost components and case management on a smaller, more narrowly defined group and leaving the rest unserved; or
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- a mixed strategy, with low-cost services for certain groups and higher-cost services to others, and thus reaching a share of the caseload in between those reached by the other two options.

Gueron and Pauly (1991) distinguish between studies of whole service delivery systems and those of component elements of larger programs. The former were associated with 'broad coverage' programs, where participation was generally a compulsory condition of benefit receipt, while the latter are described as 'selective-voluntary', in that either clients could choose to take part or agencies could select from amongst their clientele.

The results, across various welfare-to-work programs for each of the three options outlined above, are summarised as follows (note that increases, gains and savings refer to differences between the experimental and control groups in the studies):

**Option 1.** Low cost, broad coverage programs (primarily mandatory job search)

These tended to produce:

- consistent and sustained increases in employment and earnings;
- relatively large welfare savings per dollar spent;

but -

- earnings gains came mostly from increases in the number of people working and not from increases in earnings for those employed (that is, not from improved job quality);
- increases in welfare recipients' total income were modest : many remained in poverty and on welfare;
- not all groups benefited: there was little or no impact on the most job-ready; earnings gains were concentrated in a middle group. Most of the welfare savings were concentrated among the more disadvantaged, who showed no consistent earnings gain.

**Option 2.** Higher cost, selective-voluntary programs (primarily subsidised employment)

These produced:

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- consistent and sustained increases in employment and earnings;
- some improvement in job quality: earnings gains came mostly from increases in hours of wages and less from increases in the number of people working;

but -

- relatively small welfare savings per dollar spent;
- little information about success with the most disadvantaged (except in the National Supported Work Demonstration<sup>2</sup>);
- many clients remained in poverty and on welfare.

**Option 3.** Mixed-strategy programs (combining higher-cost and lower-cost services)

- could meet diverse objectives;
- some improvement in job quality;
- relatively large earnings gains, and, in one of the two programs tested, substantial welfare savings and success with more disadvantaged groups.

Both Friedlander and Gueron (1990) and Gueron and Pauly (1991) reported mixed findings on the effectiveness of low intensity as compared to higher intensity programs. They suggested that there may be a threshold of service level below which if staff can only process and sanction cases and provide virtually no direct assistance, even in the job search component, a program may have no effect on earnings.

It appears that within given budgets, there may be a trade-off in meeting different policy objectives, between producing more substantial earnings gains for some individuals, maximising welfare savings, or reducing long-term dependency. Providing mandatory job search assistance to large numbers of people may maximise welfare savings and re-employment, but by itself usually will not help

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2 This involved structured, paid work experience, targeted on extremely disadvantaged AFDC recipients.

people find better-paying jobs or benefit the more disadvantaged. Providing mainly higher-cost, more intensive services to a selected population can improve people's earnings somewhat, but may produce lower welfare savings per dollar invested. It was not clear whether high-cost programs are effective for the most disadvantaged job seekers because few programs of this type were tested.

### **Case Management in JOBS Programs**

Gueron and Pauly concluded that very little was known about the effectiveness of assessment and case management, but argued that better knowledge in these areas is essential because they act as key determinants of both who is assisted and the kinds of assistance people are judged to need. These decisions may be crucial in multi-component programs, designed to assist people with a diversity of work-related characteristics. Moreover, sorting and decision making processes act as 'implicit or explicit targeting policies that are key to allocating services of varying cost and intensity' (Gueron and Pauly, 1991: 242).

One significant variation in design was whether programs were structured along a prescribed sequence of activities or use an individualised approach. While most of the broad-coverage programs evaluated in the late 1980s had a fixed-sequence structure, JOBS programs increasingly began to employ the classic features of case management: intensive up-front assessment, followed by the development of a personal back-to-work plan and referral to other service programs as required.

Finally, the authors argue that the sizeable proportion of JOBS resources spent on case management activities, and the central role played by case management in some programs, testify to the importance of a greater understanding of the cost effectiveness of various intensities and modes of case management.

While the MDRC work has been path-breaking and influential, some analysts have reservations about its wider application. Brasher (1994), for example, suggests that in the absence of other methodologically rigorous studies, the MDRC welfare-to-work studies were 'oversold', not because of flaws in their own methodology but because of the nature and scope of the programs evaluated. The problems he highlights include low rates of participation in many of the programs in spite of their being supposedly compulsory; short periods of participation, in which the effects of job search for some people with serious disadvantages could not usefully be tested; and the lack of demonstration projects which included non-sole parent AFDC clients, in spite of their being a substantial proportion of caseloads in some states. Brasher also argues that the two-to-three year follow up period for most of the early MDRC studies was insufficient given

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that half of all AFDC recipients had been on benefit for five years or more. He suggests that a longer time period is required to measure the full effects for the 'least employable' group, which the evaluations suggested did not tend to respond to the programs.

While observing that other non-MDRC evaluations of Omnibus Reconciliation Act (OBRA) programs (mainly carried out by State administrations) were of inferior quality to those of the MDRC, Greenberg and Wiseman (1992) have expressed similar reservations about the lessons from the OBRA studies. They point out that the variations in design, implementation and evaluations of the welfare-to-work programs were so large that,

... the likelihood of identifying relations between outcomes and inputs sufficiently clear-cut to serve as a basis for forecasting the national replication of such innovations is small. (Greenberg and Wiseman, 1992: 35)

Since Gueron and Pauly (1991) produced their synthesis review, the first in a series of MDRC evaluation reports on the JOBS programs has been published (Hamilton, Brock and Farkas, 1994). This is an interim report mainly describing the evaluation process, some characteristics of program participants, and observations on the nature of programs in the seven demonstration sites.

The full evaluation is expected to utilise a total sample of over 55 000 people and uses two methodological models. First, in order to deal with the problems of cross-site comparisons where sites can differ in terms of the characteristics of welfare recipients, labour markets, and styles of management, 'side by side' within-site comparison is being carried out of the impacts of various program approaches within four sites. In three sites, the comparison is based on the effectiveness of two alternative approaches to employment preparation:

- a 'human capital development' approach, which encourages clients to invest in education and training under the assumption that better jobs will be gained; and
- a 'labour force attachment' approach which encourages quick entry to the labour market, in order that clients enhance their skills and work habits and advance themselves on the job.

In the fourth site, the evaluation assesses the effectiveness of two different case management approaches:

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- a 'traditional' approach in which the income maintenance and case management roles are carried out by two separate workers; and
- an 'integrated' approach in which one worker fulfils both roles, with a smaller caseload.

Within each of these four sites, AFDC recipients for whom JOBS participation is compulsory are randomly assigned to one of three groups: a program group eligible for one type of JOBS intervention; a program group eligible for another type of JOBS intervention; and a control group not eligible for JOBS, but who may access community employment and training services.

The second model, carried out in three sites, entails the random assignment of JOBS-mandatory AFDC recipients to either an experimental group in which they are eligible for all services provided under the JOBS program, or to a control group. The study compares the two groups for up to two years, in terms of employment, welfare, and other relevant experiences, and assesses the net impacts of the approaches used on different sites.

Initial findings indicate that more than 40 per cent of participants had pre-school age children. Many had no prior work experience (between 23 per cent and 61 per cent, depending on the site). The percentage of long-term (over two years) AFDC recipients ranged from 50 to 76 per cent, and at least one-third were assessed as having low levels of literacy and numeracy. Child care was a barrier for more than two-thirds of participants, while a quarter indicated that they had other caring responsibilities.

In terms of the service delivery models, the 'human capital development approach' was observed to be emphasised in sites characterised by poor local labour markets, highly disadvantaged welfare populations and readily accessible education and training services. Greater emphasis was placed on individualised assistance within this approach than where 'the labour force attachment' approach predominated.

Programs integrating case management with the income maintenance role also tended to emphasise individualised attention, partly because of the need to maintain full knowledge of the family's circumstances in order to fulfil checks on continuing benefit entitlement. Sites varied greatly in the size of caseloads, in the use of information technology, and in the employment of specialised staff to assist in case management.

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Over two-thirds of people referred to the program eventually attended orientation meetings. Some data indicated that people were more responsive where case managers had direct control over benefit payments.

## 4.4 Evaluations of GAIN

A number of separate reports on elements and stages of the GAIN program evaluation have been published to date by the MDRC. These include Wallace and Long (1987), which reports on planning and implementation; Riccio et al. (1989), which covers implementation and program participation in the first two years; by Riccio and Friedlander (1992), which addresses program strategies, participation rates and first-year impacts; Friedlander, Riccio and Freedman (1993), on two-year impacts, and Riccio, Friedlander and Freedman (1994), which reports on overall achievements over three years. Here we summarise the methods and findings from these evaluations as they apply to case management.

### Wallace and Long (1987)

The aim of this study was to assess the program's implementation by analysing the institutional response of state and local agencies to GAIN, and by documenting participants' involvement in the program, the services they received and staff decision making processes. Information was gathered over the year 1986 through structured interviews, attendance at meetings and review of GAIN documents. Programs operating in nine counties were included.

The key findings concerning case management were as follows:

- case management was universally regarded as crucial for the process of linking participants to services, monitoring participation, and providing assistance where required. However, both case management responsibilities and caseloads varied across county programs;
  - information monitoring systems were experienced as problematic;
  - early experiences of monitoring the activities of participants were widely perceived as difficult, in that inter-agency liaison and tracking and referral procedures received insufficient attention during the planning phase.
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Riccio et al. (1989)

This study aimed to evaluate the first two years of the GAIN program, by analysing how counties interpreted and implemented the program, the overall participation rate for GAIN, as well as its components, and the factors which contributed to the program's participation outcomes.

It used an experimental design, whereby a sample of people eligible to enter the GAIN program were randomly assigned to treatment and control groups. The sample was drawn from projects across eight counties. In this instance, client case files were the primary source of data. A staff activities and attitudes survey was also administered one year after implementation to all GAIN staff and supervisors in the sample counties. A similar survey was administered to a random sample of assessment workers and supervisors. Interviews were conducted with GAIN and service provider staff, and observations were carried out, with researchers spending two to three weeks in each county.

The study's main findings, in terms of case management, are presented below.

A majority of counties had initially separated the case management and income maintenance functions of their work, primarily because the eligibility and calculation focus of the latter was seen to be at odds with the positive environment desired for GAIN initiatives. Over time, however, most counties sought to strengthen the links between the two functions, because income maintenance staff were not well equipped to inform clients about GAIN or encourage them to participate.

Monitoring and enforcing clients' participation was more difficult and time-consuming than had been anticipated, with the result that procedures had to be modified.

Counties with larger welfare (as distinct from GAIN) caseloads, and more complex service networks, progressively specialised their case management functions in order to improve liaison with service providers, and to facilitate monitoring of participation.

Caseload sizes varied substantially between counties (from 50 to 200 participants per case manager) and this was seen in part to explain differences in monitoring and enforcing practices. However the effect that this had on participation rates was unclear.

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In those counties with generalist case managers and lower caseloads, staff tended to conduct more in-depth client assessments and appeared to facilitate greater client choice. This, not surprisingly, took more time.

Staff generally found that they had to spend large amounts of time with participants where attendance problems were occurring. Counties with smaller caseloads per case manager had several advantages:

- greater opportunity to intervene soon after participation problems emerged;
- more opportunity to intervene constructively to avoid major disruptions to participation; and
- greater ability to use informal efforts to achieve compliance before turning to formal sanctions.

The study recommended that:

- greater emphasis be placed on provision of information to clients, and that their involvement and choice be maximised;
- adequate information systems be established to assist in monitoring; and
- greater resources be allocated to monitoring.

Riccio and Friedlander (1992)

This study sought to analyse the effectiveness of the program, during its first year of operation, in increasing employment of participants and decreasing their dependency on welfare. Again, a random sampling methodology was used. Participants were later followed up, and data were collected on differences in employment, earnings and receipt of welfare benefits. Staff activities and attitudes surveys were also administered one and two years after implementation in each county. In addition, a series of in-depth interviews with GAIN case managers and administrators were conducted. The staff surveys gathered data on the background characteristics and educational qualifications of case managers. They also attempted to assess staff views on the overall value of GAIN initiatives and attitudes to questions such as the relative advantage of quick job entry versus more education and training; experience of performance standards; the effect of financial incentives for job placement (where these existed); the kind of

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personalised attention given to clients, attitudes to welfare recipients; job morale and satisfaction; and attitudes to enforcement of sanctions for non-compliance.

In terms of case management, the study tried to explore the relationship between participation rates, program impacts and the elements of case management practice, namely:

- the degree to which staff encouraged clients to find employment quickly or to raise their skill levels first;
- the extent to which they provided personalised assistance to clients; and
- the degree to which they enforced participation through the use of formal sanctions.

Examples of 'personalised attention' included the appointment in one county of an educational social worker in each local office who was responsible for all ongoing case management of clients assigned to an educational activity. Another county created a special post of program ombudsman to help participants understand their rights and responsibilities in GAIN. Sometimes this personalised attention was contracted out to other providers: one county contracted with the Department of Education for 'transition counsellors' to help and monitor participation by clients undertaking educational programs. This counseling often involved issues such as housing, parenting, and drug and alcohol problems.

Counties varied on all three of the above dimensions and no single case management method or approach emerged as producing higher program participation rates. One county (Riverside) emerged as achieving the largest impact for all categories of clients during its first year, and this was interpreted as reflecting its emphasis on the goal of quick employment and on formal enforcement of participation, in addition to its comparatively low emphasis on individualised attention. Friedlander, Riccio and Freedman (1993) also note that this county's high achievements may be partly attributable to the case managers having job placement standards and good contacts with local employers. However, the evaluations caution that this result should be viewed tentatively, given the short-term nature of the study.

Riccio, Friedlander and Freedman (1994)

This was designed to examine the overall effects of the GAIN program on employment, income, welfare receipt and other outcomes. It also set out to

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produce a comprehensive cost-benefit analysis. The participant and control groups were followed up over a three year period and a survey of staff philosophies and practices was also conducted.

The study suggested that, while relatively expensive, the GAIN program did achieve some modest success overall, especially for sole parent participants. In two counties this group's earnings and employment were increased as a result of the program, and budgetary savings were achieved. In three other counties, employment and income gains were made, but no welfare savings were produced.

The program had a smaller effect on case closures (where participants were employed and no longer receiving any AFDC payments). Across the six counties, 56 per cent of the control group were in receipt of AFDC at the end of the three years, while this was the case for 53 per cent of the participant group.

Over five years, the welfare departments studied were estimated to have spent an average of US \$2900 per sole parent participant, about 60 per cent of which accounted for case management functions. An additional average of \$1515 was spent on education and training. Thus the total average cost per participant was \$4415. The net cost per participant was calculated as government net outlays, including education and training received by participants after leaving the program, less the cost of equivalent services for the control group. Over five years, across all counties, the average was \$3422, although this varied widely across counties. Expenditures were found to be greatest for job search, basic education, vocational training and post-secondary education.

The six counties varied in their emphasis on quick entry to the labour market as compared to adopting more expensive approaches of building participants' human capital through education and training. All were assessed as successfully conveying to clients that the participation requirement was real and would be enforced, although there was variation in the extent to which counties resorted to the formal sanctioning process.

It did appear that the stronger a county's emphasis on quick job entry, the higher its impact on earnings and on welfare savings. However the achievements of Riverside County may have distorted this result, since no such relationship was found when Riverside was excluded.

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### **Conclusions from the GAIN Studies**

Riccio and Orenstein (1996) have recently attempted to synthesis the results of the GAIN evaluations. Taken together, studies suggest that GAIN is more effective overall than the programs of the previous decade, which focused primarily on job search, but not uniformly so. While the program increased the earnings of long-term beneficiaries, the effects were not consistent across counties. Client groups did not perform consistently well, leading evaluators to caution against prioritising certain groups over others, and suggesting that a broadly focused strategy may be more effective.

The studies also indicated only a weak correlation between personalised attention, as measured in the surveys, and earnings impact across counties and across offices within counties. The relationship between personalised attention and welfare savings was found to be stronger, and statistically significant, at the office level. Perhaps surprisingly, however, this relationship was negative, that is, welfare savings were greater where personalised attention was lower. This suggests that savings may be achieved mainly through increased 'throughput' of clients.

The particular success of the program in Riverside County, which has rapidly achieved the status of a model for welfare-to-work enthusiasts, did not seem to be traceable to special labour market conditions or client characteristics, and the county shared many program features with the others. What was distinctive to Riverside appeared to be its particular combination of the following factors:

- a strong emphasis on the purpose being to gain employment, of any kind;
- a broader use of job search and education for participants needing basic education;
- a strong commitment to ensuring the participation of all mandatory clients;
- job placement performance standards for case managers; and
- reliance on formal enforcement procedures.

The Riverside model has been critically examined by Peck (1996). He argues that it has been oversold and that its achievements are modest, appearing impressive only in comparison with the historic pattern of failure in US welfare-to-work

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programs. Perhaps the most telling criticism concerns the relationship between approaches like Riverside's and local labour markets. For such schemes to succeed they depend on a plentiful supply of low-wage job vacancies. By covering the costs of recruitment and creating a 'work at any price' environment, the program effectively provides a subsidised work force for low-wage employers. However, according to the Economic Policy Institute (Mishel and Schmitt, 1995), welfare reform along the lines recently enacted in the US, and in line with the Riverside approach, could result in an average fall in wages of nearly 12 per cent in the low-wage labour market, and more in states with high welfare rolls. According to Peck 'Riverside is a crude method for driving people off welfare, which is actively indifferent about the wider effects on poverty and labour market conditions' (1996: 28).

Riverside County was also the site of a separate study (cited in Riccio, Freedlander and Freeman, 1994) to assess the employment, earnings and welfare savings effects of assigning GAIN participants to case managers with different sized caseloads. Participants and case managers were randomly assigned to caseload groups, one of which had double the number of participants. The 'enhanced' group had a participant to case manager ratio of 53 to 1, while the 'standard' group had a ratio of 97 to 1. Impacts were examined for both sole parent AFDC recipients and two-parent family AFDC-U recipients, with follow-up taking place each year for three years.

The study suggested that smaller caseloads, where monitoring was enhanced and case management more intense, did not produce larger impacts in terms of earnings and welfare savings. Both the enhanced and standard case management groups attained measurable earnings gains and substantial reductions in welfare payments, but the gains were actually greater for the standard group. In the first follow-up year, welfare reductions were larger for the enhanced group, but this did not continue through subsequent years. Thus the authors concluded that caseload size did not appear to affect the success of GAIN participants, apart from a possible small increase in welfare savings. While the difference in earnings impacts between groups was not statistically significant over the full three-year period, it did become significant in the third year. There was little difference in the findings for sole parent and two-parent families.

The authors note that the results may have been influenced by the fact that welfare recipients in this county were less likely than those in other counties to remain in receipt of welfare for long periods. Thus they speculate that enhanced case management may have greater impacts when targeted to participants likely to remain unemployed and on AFDC after having received the standard level of assistance.

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Riccio, Friedlander and Freeman (1994) conclude overall that there may be little advantage to operating a GAIN program - at least one like Riverside's - with caseloads of substantially below 100 clients per case manager, and that keeping them in the moderate range of about 100 to one may be one way of containing program costs without jeopardising effectiveness.

## **4.5 The Wisconsin Experiments**

The State of Wisconsin is of particular interest, as it has been at the forefront of policy experimentation aimed at reducing welfare dependency. It has also had a very low level of official unemployment (two per cent in 1995), together with relatively high levels of AFDC payments. Since the early 1990s it has promoted a vigorous and proactive policy of reform aimed at reducing welfare rolls, within a strong 'tough love' philosophy.

Current policy aims include the total replacement of AFDC with active work programs and placements by 1999. A number of experimental programs have been run under the Family Support Act (1988) 'waivers' (mandated variations in rules and conditions), including Work First (emphasis on work rather than training), Work not Welfare (time-limited welfare), Learnfare (aimed at keeping children at school) and Children First (related to child support). Other current or recent trials include:

- time limiting entitlement to welfare to two years;
- reductions in benefit for failure to participate in JOBS activities;
- delaying AFDC payments until applicants have proved willingness by undertaking some job search activities;
- defining performance targets as part of contracts with service agencies; and
- defining performance standards for caseworkers.

Mead (1995) has carried out an evaluation of the initial Wisconsin waiver experiments. His general conclusions, in line with some of the initial findings from the JOBS evaluations, are that emphasising getting any job is more effective than aiming for a good job or undertaking training, and that schemes are more effective when they enforce participation quickly and with clear threat of immediate sanctions. Case management is regarded as one of the key elements, along with strong follow-up and supervision: a 'help and hassle' philosophy.

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Wiseman (1995), however, has pointed out that the decline in Wisconsin's welfare caseload resulted from a unique combination of circumstances. The state economy has been particularly strong, benefit eligibility and payment levels have both been restricted, and there has been a level of expenditure on welfare-to-work programs that was only possible because of an exceptional fiscal bargain with the Federal Government. This bargain, possible largely because of astute political effort on the part of the State Governor, allowed the federal share of money saved by reduction in benefits to be offset against costs incurred elsewhere in labour market programs. This does not normally happen as part of the federal-state cost sharing arrangements.

Wiseman argues that opportunities for further welfare savings are unlikely without harsh deterrent policies, because of a prospective state deficit and moves towards more restrictive federal block funding arrangements. Thus other states should not assume that expanded state discretion will allow similar gains without either expensive employment and training programs or severe restrictions on applications for welfare.

Having outlined the main lines of US labour market program evaluation, we now move on to discuss two pieces of work which concentrate specifically on case management and individually-tailored interventions.

## **4.6 Case Management in Welfare-to-Work Programs**

### **The Role and Functions of Case Managers**

As was mentioned earlier, Doolittle and Riccio (1992) noted that little specific research had then been carried out on the role and functions of case management within labour market programs. Their chapter, in a collection on evaluating welfare programs, is based around four key themes :

- case management has several core functions, but the prominence of each one, and the way it is executed, depend in part on a program's overall design;
  - case management approaches also vary widely even within the same program model, reflecting alternative beliefs among administrators about how best to achieve the program's ultimate goals;
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- because so little is known about the influence of different case management approaches on program participation and impacts, administrators' methods of assessing their case managers' performance may not always encourage staff behaviour that best serves the program goals; and
- case managers play a central role in evaluation of programs, so evaluators cannot ignore their perceptions of research design.

As in the literature cited in Section 2, the authors identified four primary functions of case management:

- assessing a client's service needs and setting goals;
- developing an action plan to reach these goals;
- arranging and coordinating the services to carry out the plan; and
- monitoring the use of services and assessing the continuous appropriateness of the plan.

The authors also discuss several dimensions along which the organisation and staffing of case management can be structured. Again, there is wide variation in structures adopted across the US, and thus also in the way services are delivered, in the experiences of participants, and in the use of resources. Alternative approaches create significant trade-offs which policy makers and program administrators must grasp in order to make informed choices in designing and delivering services.

Doolittle and Riccio (1992) cite four main dimensions of variation observable in labour market programs. The first concerns the degree of specialisation in case management functions, and the choice is between a 'generalist' model, a 'sequential specialist' model and a 'team of specialists' model.

In a generalist model, a single case manager carries out all the core functions of the program from the point of intake until the achievement of an outcome. This can bring the advantages of continuity of service, greater knowledge of the client by the case manager and clarity in the worker's responsibilities over time. The disadvantages may be that in complex programs individual case managers may lack requisite expertise. Monitoring and communication with other service providers can also be difficult and inefficient, if clients are receiving help from a number of different agencies.

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Within the sequential specialist model, different case managers assume a particular role as participants pass through the program. This allows staff qualifications (and remuneration) to vary according to assigned roles, and case managers can develop specialisations. It may also be easier to ensure consistent treatment of clients at the different stages. On the other hand, case managers may have less grasp of clients' overall situation and progress, gaps in coverage may occur if client transition between stages is not carefully managed, and overall program success may gain less attention than case management components.

In the team of specialists model, one worker acts as coordinator and consistently liaises with the client, but specialist workers are involved as needed. This model can combine the merits of the previous two, but may be more costly.

Doolittle and Riccio (1992) suggest that research to date has not indicated that any one of these approaches is more effective in gaining higher rates of program participation or more successful long-term outcomes.

The second dimension of variation concerns whether case management is located within the public employment service or contracted out to other agencies. Although community and private sector organisations are heavily involved in the supply of training and education programs, and the local administrative units for the JTPA are private industry councils, there has not in fact been a strong tradition of contracting out core case management functions within US labour market programs. The main arguments Doolittle and Riccio see in favour of in-house case management are that it allows for greater control of this component of programs, it fosters greater awareness of implementation, and allows greater flexibility to adapt the model according to staff expertise, funding and other conditions. The disadvantages include that case management may require skills which current departmental staff do not possess, such that new staff must be recruited, or extensive training provided. Such an approach can also be at odds with widespread government commitments to reductions in public sector staffing or may be problematic where future funding is not guaranteed. Subcontracting case management may have the advantages of reducing expenditure through competition between providers. Also, if program funding is reduced, cut-backs are politically and administratively easier. However, it requires public departments to develop detailed contracts and conditions, and to sustain involvement in some aspects of case management, such as determining client exemptions and imposing penalties for non-participation. Moreover, the development and amendment of performance indicator systems becomes more complex, while contracted-out case management may result in fragmentation of delivery and administration.

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The third level of variation is in client to staff ratios. The size of caseloads may have important implications for client-staff interactions and thus for participants' experiences of the program. The Riverside experiment cited above gave some indications that smaller caseloads are not necessarily more productive than larger ones, but these findings may not be generalisable to other types of program or location. In general, the relationship between caseload size, client participation and longer-term outcomes remains unclear.

The fourth dimension concerns staff training and qualifications. It raises questions about the qualities required for effective case management and whether departmental staff, who are accustomed to a role which emphasises eligibility determination and monitoring of client's fulfilment of allowance conditions, are capable of a transition to the case management role. While the evidence of Riccio et al. (1989) suggests that this transition is possible, the same authors found that a combination of the case management and obligation monitoring roles can produce role conflict for workers. This can lead to case management being made secondary to the worker's income maintenance role, particularly where caseloads are high and where performance standards and regulations are more concrete for monitoring functions than for case management, as is typically the case.

### **Performance Evaluation in Case Management**

Another question Doolittle and Riccio (1992) discuss is that of performance indicators for case management as a means of evaluating the overall achievement of program objectives. In the absence of clear evidence regarding which kinds of case management activities are most effective, a range of measurement systems have been developed.

**Client-count Assessment:** These fairly crude systems include measures such as the total number of clients on a worker's caseload. By themselves, they assume that the benefits to participants are equal, that the costs of service are the same for all clients, and offer no recognition or reward for work or achievements with people who require more work than others. Caseload is taken to represent workload. Thus, these systems may undermine an individualised approach, and/or may encourage 'creaming' of easier-to-assist clients.

**Input-based Assessment:** This relies on judgement as to what constitutes good services and procedures. Thus the individual performance of a case manager may be assessed according to the number of client contacts, the fullness of documentation of reasons for case management decisions, and the standard of individual return to work plans. The dangers of such methods are the potential subjugation of quality of service to quality of documentation and associated time

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management problems. Further, they can again lead to greater attention being given to easier cases at the expense of more demanding ones.

**Client Participation-based Assessment:** This measures client participation as a way to assess the extent to which the terms of his or her 'activity agreement' are being fulfilled. As such, it assumes that participation is the primary means by which outcomes are achieved, which may not be the case. Case managers are evaluated according to their success in involving clients in program components. Measures of participation are difficult to define, however: simple measures may underestimate the complexity of programs, while more complex ones pose problems for data collection and analysis.

**Client Competency-based Assessment:** This focuses on the client's achievement of employment-related competencies while participating in the program. While the authors report that such systems are rare in the US, they hold that they could prove useful if research was able to establish a relationship between the achievement of particular competencies and program outcomes.

**Outcome-based Assessment:** This method is generally based on documenting the number of job-related outcomes. It has the advantage of focusing attention on the key policy issue of what happens to people after they participate in case management. However, it may have the disadvantage of encouraging case managers to pursue short-term results which may not be the most beneficial for the client in the longer term, and may reduce the program's general effectiveness. Similarly, it may encourage recruitment of clients more likely to succeed.

Finally, Doolittle and Riccio (1992) contend that while there is a growing body of research evidence on the types of services and target groups for whom achievements are greater and cost-benefit ratios superior, there continues to be insufficient knowledge about the relationship between impacts and program decisions which operate 'at the coalface', such as those made by case managers.

## 4.7 Best Practices in Case Management

In order to address some of the dilemmas and problems identified above, which were seen as particularly pervasive in the decentralised programs of job search assistance and training under the Jobs Training Partnership Act (JTPA), the United States Department of Labor commissioned a handbook entitled *JTPA Best Practices in Assessment, Case Management and Providing Appropriate Services* (Dickinson, Kogan and Means, 1994). The handbook was developed following 1992 Amendments to the Act, designed to enhance both the quality and scope of assistance to disadvantaged or 'hard-to-serve' clients, that is, those who lack

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basic skills and education, recipients of cash welfare payments, people with a disability, ex-offenders, and/or who are homeless. The amendments are seen by Dickinson and colleagues as encompassing a shift away from a program-centred approach to one which is client-centred.

The guide was developed through consultation with 20 service delivery areas (SDAs) identified through a national survey as having well-developed JTPA practices. Information was gathered through interviews, observations of work and a review of case files. The authors identify a series of challenges faced by SDA staff in delivering client centred services, and present strategies to address them. Three key sets of strategies are canvassed: those for assessment, those for service planning, and those for ongoing case management. In addition, a resource book was produced for improving assessment of clients' training or job search assistance needs, which includes summaries of a range of assessment tools and methodologies (Means et al., 1993).

The handbooks are very detailed, but they are likely to be of interest to those involved in designing case management policy and practice, so the main planks of the suggested strategies are summarised in Appendix One to this report. It should be noted, however, that their origins are in a specific US program which is primarily oriented towards training and is not compulsory for participants. It is also worth remembering that the handbooks make no claims that their suggested practices have been demonstrated to be particularly effective overall at moving clients into work.

## **4.8 Summary**

This chapter has summarised and discussed the use of case management in US labour market programs. Case management techniques have clearly become significant within these programs, and there is now considerable evidence of the variety of ways in which they are practised. A few studies have also begun to trace the links between different ways of organising case management and overall program effectiveness. However, the modest achievements of most welfare-to-work programs and the particularities of many of the experiments and demonstrations still make it difficult to draw clear lessons for policy in other contexts.

The country where case management has been most explicitly adopted on a national basis is Australia, and the report continues by examining its implementation and operations since the Australian labour market policy reforms of 1994-95.

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# 5 Case Management in Australian *Working Nation* Programs

## 5.1 Background

After emerging from recession in the early 1980s, Australia experienced unusually strong economic and employment growth in the years up to 1990. This period, however, saw little reduction in the number of people who were long-term unemployed. Thus, as Australia came out of a further recession after 1992, influential labour market economists such as Chapman (1993a, 1993b) argued that it was necessary to learn from earlier experience in order to avoid the problems of the former recovery. At the same time, welfare organisations such as the Australian Council of Social Service (ACOSS) and Brotherhood of St Laurence, as well as academics such as Bettina Cass, were highlighting the social costs of unemployment (McClelland, 1993; Cass 1994).

This period also saw increasing interest in the 'active society' approach to unemployment promoted by the OECD. Australia had already embraced some of these measures as part of the Social Security Review which began in 1988. The initial Newstart strategy, for example, which ran from February 1989 to June 1991, introduced intensive interviews for long-term unemployed clients, conducted jointly by staff from the Department of Social Security (DSS) and the Commonwealth Employment Service (CES), together with higher levels of job search and placement activity, as part of a broader concept of 'reciprocal obligations' between unemployment benefit recipients and the state. The official evaluation of the Newstart strategy suggested that the strategy was broadly successful, despite difficulties with implementation and some methodological uncertainties in measuring outcomes (DSS and DEET, 1993).

Most of the features of the initial strategy were incorporated, from July 1991, into the second Newstart package, which replaced existing unemployment benefit arrangements with a new two-tier payment structure and more intensive labour market program interventions. An interim evaluation of the second Newstart phase (Sakkara et al., 1994) found that prioritising long-term unemployed people for provision of assistance seemed to be effective, but problems with identifying the type and degree of disadvantage clients experienced tended to limit the effectiveness of assistance for some groups. The distribution of assistance led to older unemployed people and those with multiple disadvantages receiving less

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help than other job seekers, while groups such as women, younger job seekers, sole parents and non-disadvantaged clients achieved better labour market outcomes than others.

The evaluation also suggested that problems of coordination between the CES and DSS were undermining program efficiency. The evaluation did not include a comprehensive assessment of case management, but there were indications that the ability to carry out personalised assistance had been impeded by excessive caseloads, high turnover of CES staff, and insufficient resources for training. Further, the report questioned whether CES staff possessed the appropriate skills for case management. Options for change included redefining target groups to focus assistance on the most disadvantaged clients, and thus providing less formal assistance to the short-term unemployed (except those identified as requiring early intervention). Newstart was implemented at a time when the economy was going into recession and unemployment increased substantially. This tended to shift the emphasis from individualised services to a more mechanistic approach. Nevertheless, surveys suggested that clients at the lower end of the spectrum of long-term unemployment maintained their levels of access to work, especially part-time work, even in the poorer labour market environment of 1991 (Kalisch, 1992). The positive effects of Newstart, identified particularly with the initial interviews and, possibly, participation in Jobstart (which provided subsidised work placements) were later found to have continued in an attenuated form into the following year (Bradbury and Doyle, 1993).

Job Clubs were also already running as part of the labour market assistance program. People entering Job Clubs in June 1992 were followed up 10 months later, in an official evaluation, and were compared with non-entrants (Redway and Patston, 1994). The results suggested that the Clubs were more effective for clients with low educational attainments, for those who had been unemployed between six and ten months, and for men. People who had joined a Job Club after pursuing other labour market programs tended to benefit less than other clients. The results were subject to some uncertainty, however, because there was no correction for selection bias in the comparison group.

Following its re-election to office in 1993, the Federal Labor Government set up the Committee on Employment Opportunities (CEO) to canvass potential solutions to the problem of unemployment. The CEO had seven members, each with an academic or public service or union background. Its report, *Restoring Full Employment: A Discussion Paper* (hereafter referred to as the Green Paper) was published in December 1993 (CEO, 1993).

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## 5.2 The Green Paper

The Green Paper underlined the imperative of addressing unemployment, both from an economic perspective and in terms of social equity. Advocating a commitment to full employment, it identified two central elements to its restoration: first, increasing Australia's rate of economic growth to between 4.5 and five per cent per year; and secondly, executing specific policies to reduce the numbers of long-term unemployed people.

Case management for long-term unemployed people was proposed as one such policy. This was intended to improve the delivery of services to job seekers by relating them more closely to their individual needs and preferences, while also taking into account variations in regional and local labour markets. The Green Paper highlighted the complexity of program structures and pointed to a number of problems in the way that the CES operated, including:

- a tendency to process rather than actively assist clients;
- inflexibility in program administration; and
- inflexibility towards the services offered by the community sector and other groups.

Case management approaches to service delivery already existed to some extent in the Newstart program, as we have seen. They had also already been present in the Jobs, Education and Training (JET) program for sole parents (DSS, 1992) and in some disability services (Lee and Patston, 1992). JET is a voluntary scheme established in 1989. By 1994 nearly 160 000 sole parents had participated in JET, of whom 29 per cent found employment (DSS, 1995) and nearly half engaged in some form of labour market program placement (Jordan, 1994). JET has been regarded by the Department of Social Security as a 'great success' (DSS, 1995), although others have pointed out that the voluntary nature of the scheme has made for high levels of potential deadweight (take-up by those who would have found jobs without assistance) (Shaver et al., 1994). There has also been evidence of continuing gender segregation through JET, in that training has tended to be provided in 'women's jobs' carrying low pay and poor career prospects (DSS, 1992), which often lead to sole mothers returning to the social security pension (Zanetti, 1994).

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The Green Paper proposed an extension and consolidation of case management within the CES as a method for addressing problems of effective service delivery. It asserted that:

Under a case management approach, barriers to employment faced by each client would be identified and an action plan developed to overcome them ... Working together, the job seeker and case management staff would make choices from the available range of options. (CEO, 1993: 147)

The Green Paper recommended that case management should be targeted towards those clients who most needed assistance (identified as the long-term unemployed and other 'equity' groups) in order to minimise costs, and argued that there was scope for community sector involvement.

The Green Paper received a mixed response. Economists such as Wooden (1994) and Mitchell (1994) suggested that it was characterised by an over-reliance on micro-economic reform at the expense of active macro-economic policy. Probert (1994a) expressed doubts as to whether there was a genuine policy objective of full employment, while Sloan (1994) summarised the Green Paper as a conservative document and doubted whether the necessary economic growth rates could be achieved. She questioned the Job Compact's ability to make an impact on long-term unemployment. Nevile (1994) argued that the Green Paper lacked an effective analytical framework, but supported its richness in policy suggestions to reduce unemployment.

Most responses to the Green Paper concentrated on the wider Job Compact proposals or on the document as a whole, and few commented specifically on the suggestions for case management. However, Carter (1994), a member of the CEO, reported that consultations following the Green Paper's release indicated a general endorsement of both case management as a service tool and the non-governmental sector's potential involvement. Carter added an early caution, however, warning that case management might easily become a 'coercive, rule-bound, disempowering activity rather than an individualised, needs-based experience aimed at realising human potential' (1994: 55). She also signalled the difficulties associated with qualitative assessment of case management delivery.

### **5.3 The White Paper: *Working Nation***

Following a period of consultation, the Government released its White Paper policy statement, *Working Nation*, in May 1994. By this time the number of

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people long-term unemployed was over 350,000 (or more than 36 per cent of all those unemployed) (Australia, Prime Minister, 1994a; OECD, 1995), although the economy was showing growth again.

*Working Nation* attempted to integrate policies for macro-economic management, micro-economic reform, industrial relations, industry and regional development, education, training, labour market programs and income support. The document affirmed the Government's commitment to the broad objectives of increasing employment, reducing unemployment, particularly long-term unemployment, and maximising economic growth. *Working Nation* restated the goal of 'full employment', but expressed this as an unemployment rate of five per cent, to be reached by the turn of the century.

To this end, the Labor Government committed itself to additional expenditure of \$6.5 billion over four years. In its first full year of operation (1995-96), *Working Nation* was projected to involve an extra \$1.7 billion, including \$2.1 billion on employment and training programs (in part offset by anticipated savings of \$800 million in social security allowances). This extra expenditure was estimated as increasing Australia's commitment of resources to addressing unemployment from 0.76 per cent to one per cent of GDP (Commonwealth of Australia, 1994b: 110).

The labour market programs introduced or expanded under *Working Nation* are well known and were detailed in *Working Nation: Policies and Programs* (Australia, Prime Minister, 1994b) and the *White Paper Initiatives: Questions and Answers* (Employment, Education and Training Portfolio, hereafter EETP, 1994). Apart from the expansion of case management, the major innovation was the introduction of the Job Compact, which guaranteed an offer of a job placement of between six and 12 months to all people in receipt of an unemployment allowance for more than 18 months. This was based on the principle of 'reciprocal obligation' between the Commonwealth Government and the long-term unemployed person. In return for a guaranteed job placement, long-term unemployed people were obliged to accept any reasonable offer, or lose their income support for a period which escalated according to the person's length of joblessness and the number of previous 'breaches'. These stronger penalties represented an enhanced commitment to active income support measures.

The Job Compact made use of the full range of new and existing labour market programs, so the job offer concerned could consist of any one of the following:

- a subsidised job with a private or public sector employer, through Jobstart;
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- a subsidised job under the National Training Wage;
- a self-employment opportunity under the New Enterprise Incentive Scheme (NEIS);
- a work experience and training placement under the JobSkills, or the Landcare and Environment Action Program (LEAP); or
- a work experience and training placement under the New Work Opportunities scheme.

The Job Compact was introduced progressively from July 1994, with a total target population of 559 000. Yearly targets were set at 77 000 clients in 1994-95, rising to a projected 165 000 in 1996-97. In its first year of operation, placements were to be offered to all those reaching 18 months duration of unemployment allowances, to all people receiving such allowances for more than five years, and to long-term unemployed people who volunteered for assistance, subject to availability of placements. Over the following two years, the remainder of clients in the eligible group were to take up the Job Compact, with priority given to people in receipt of allowances for more than three years throughout the second year of operation. By the end of the four year period, all Job Compact clients were to have received a job offer.

*Working Nation* received some support for its overall aims of tackling long-term unemployment from a fairly wide spectrum of opinion, but elements of the strategy met criticism from both the political right and left. The then opposition Coalition parties, for example, attacked it as bureaucratic and expensive. From the employers' perspective, the Business Council of Australia (1994), while welcoming the new training wage, rejected the wage subsidy approach and argued that little could be achieved without substantive reform of the industrial relations and wage determination systems. Many within the academic and community sectors, while supportive of the declared aims, were sceptical about the details. A number of critics (for example, Junankar, 1994; Pixley, 1994; Probert, 1994b; Quiggin, 1994) were disappointed in what they saw as an abandonment of any real commitment to full employment through job creation and demand management, and argued that wider problems resulting from structural changes in the labour market had been narrowed down to a question of personal adjustment by long-term unemployed and disadvantaged people. The emphasis on economic growth as the prime means of reducing unemployment was also criticised by Stilwell (1994), who described it as a 'panacea', and by Green (1994). They too

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saw the White Paper as tending to redefine the problem of long-term unemployment in terms of job seekers' personal characteristics.

Relatively few responses to *Working Nation* dealt directly with case management, although both Chapman (1994a, 1994b) and Kenyon (1994) concluded that case management was likely to contribute to the success of the Job Compact. Kenyon however, cautioned that success for groups receiving extra assistance might be at the expense of others:

It would appear that job-search assistance and case management by the Public Employment Service is effective for targeted groups with poor labour market characteristics when the overall unemployment rate is high. However, such improvements in the re-employment of the targeted group may be at the expense of the non-targeted unemployed. (Kenyon, 1994a: 289)

Concerns about the possible coercive uses of case management were also raised by community sector and welfare rights groups, who opposed the plans to increase the level of sanctions for breaches of the activity test. On the whole, however, it is fair to say that in spite of anxieties about the consequences of contracting services out to non-government agencies, there was widespread support for the principles underlying the case management approach.

So how was case management implemented in practice in the Australian context? The next sections describe the structure put in place under *Working Nation*. We then analyse the results of a series of studies evaluating the impact of the policy package as a whole and case management in particular.

## **5.4 Case Management in *Working Nation***

Case management formed a central element of *Working Nation's* restructuring of service delivery arrangements. As suggested in the Green Paper, the tailoring of assistance to the individual circumstances and needs of job seekers, as well as to local labour market conditions was intended to improve flexibility and efficiency in services both to the unemployed and to industry. The significant point of difference on case management between the Green Paper and *Working Nation* was that the latter went substantially further, proposing a competitive model of services contracted out to community and private sector organisations rather than merely cooperation with the non-government sectors.

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*Working Nation* described the objectives of case management as:

- the provision of assistance tailored to the needs of individual job seekers;
- better linkage between training and employment opportunities; and
- a shift in emphasis away from processing large numbers of job seekers through rigid national programs.

The primary goal was to secure unsubsidised employment for clients and to achieve this goal case managers were required to do the following:

- identify and assess a job seeker's barriers to employment and prepare a plan of assistance with each job seeker to address those barriers;
- organise activities such as training, counseling or volunteer work so that the client becomes job ready, and monitor each client's progress;
- actively seek work for their clients and arrange Job Compact placements;
- follow up clients finishing labour market program places, provide job search training and actively match job seekers to suitable vacancies; and
- report activity test breaches where they occur.

The key components of *Working Nation's* service delivery arrangements for case management were as follows:

- the opening up of existing CES case management functions to effective competition from non-government providers;
  - the establishment of a new regulatory agency, the Employment Service Regulatory Authority (ESRA), to promote fair and open competition between public and non-governmental agencies;
  - the establishment of a new case management service drawn from the CES, called Employment Assistance Australia (EAA);
  - the development of client assessment tools for the CES to assist in the identification of clients requiring case management and to determine the level of assistance likely to be needed; and
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- provision of incentives for case managers to place clients into employment and to find new vacancies.

Case management was targeted towards:

- all short term unemployed people identified as being at high risk of becoming long-term unemployed;
- all Youth Training Initiative clients;
- all new Newstart Allowance recipients (people unemployed for more than 12 months);
- all Job Compact participants; and
- a proportion of all those already long-term unemployed but who were not being assisted under the Job Compact.

Sole parents continued to be case managed throughout the voluntary JET program and people with severe disabilities also continued to receive assistance through the Disability Reform Package. Clients who remained unemployed after participating in the Job Compact program would receive intensive job search assistance for a subsequent three month period. Following this, if they were still unemployed, they would be deemed short-term unemployed again, because of their intervening time in a job placement. At this point they would be assessed to determine whether they remained a priority for case management.

## **5.5 Contracted Case Management**

A significant feature of case management under *Working Nation* was the introduction of competition through contracting out to community and private sector organisations. Exposing the CES to competition from other sectors was intended to lift service standards and encourage the adoption of best practice.

For some time the Department of Employment, Education and Training (DEET) had made use of community and private sector organisations in the delivery of labour market programs. Contracted case management was seen as a further step in the Department's relationship with such providers, which would harness a broader range of skills and approaches. An incentive-based funding structure was seen as encouraging case managers to achieve the best results for their clients,

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while competition would also give clients the opportunity to choose between services.

All public, community and private sector case managers were required to fulfil the roles described above. All case managers carried out activity testing, but the CES continued to bear the responsibility for imposing sanctions for breaches of client obligations, based on information provided by case managers, including those in the contracted-out sector.

### **The Employment Services Regulatory Authority (ESRA)**

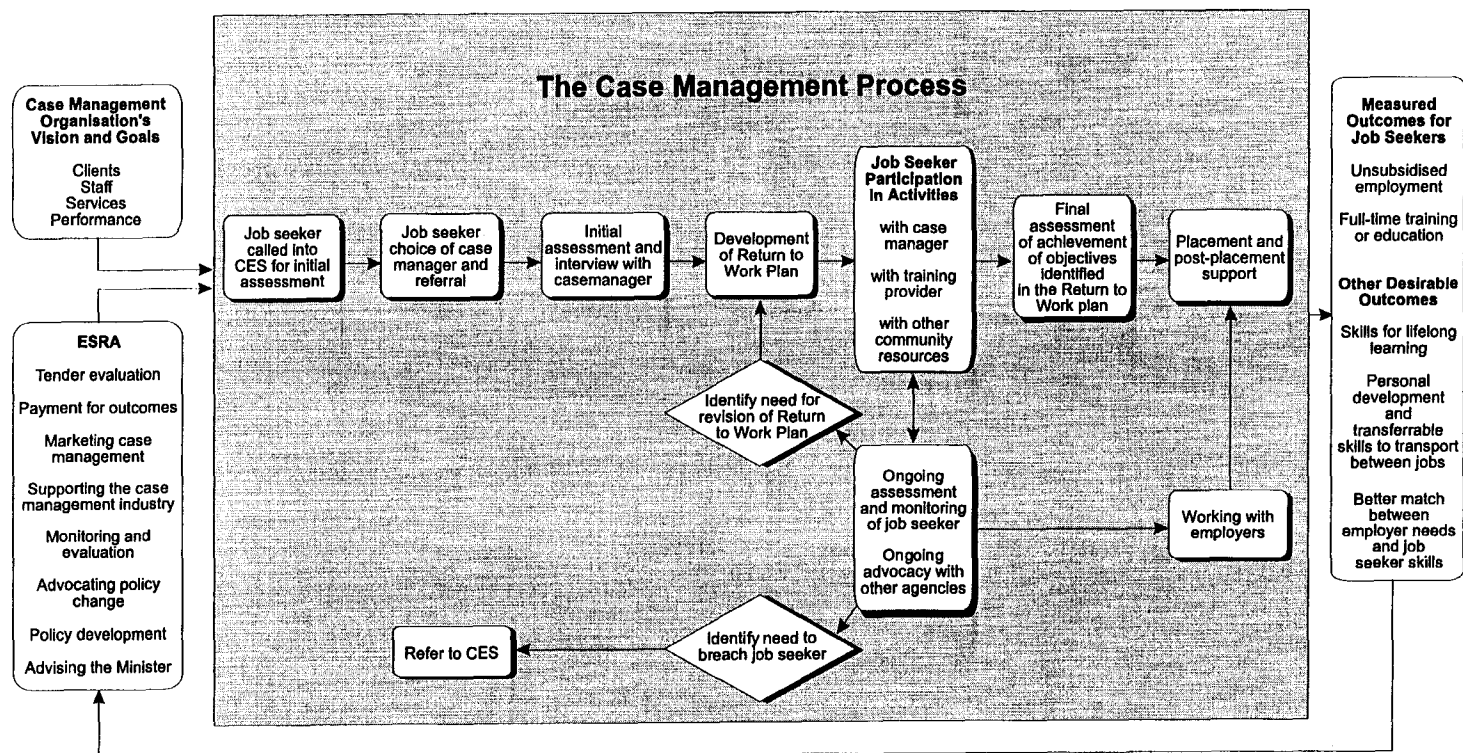
ESRA was set up to promote and ensure fair competition between contracted agencies and the public agency in case management provision. Although established within the Employment, Education and Training portfolio, it was independent of the Department, with direct access to the Minister. The role of ESRA was to (Kirner, 1995: 42):

- accredit and establish contracts with case managers in the private and community sectors;
- promote fair and open competition between Contracted Case Managers (CCMs);
- establish the general parameters for the provision of case management services;
- monitor, evaluate and report on the case management system as a whole;
- in consultation with DEETYA and Contracted Case Managers, develop, implement and monitor best practice principles in case management;
- make payments to providers, according to employment outcomes; and
- report to the Minister and Parliament on issues associated with promoting competition in case management.

ESRA was also charged with development of community and private sector expertise in case management and provision of advice on funding arrangements. Figure 5.1 shows how ESRA saw the case management process for job seekers.

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Figure 5.1: The Case Management Process in Australia: 1995-6



Source: ESRA 1996a.

### **Employment Assistance Australia (EAA)**

Case management within the public employment service was undertaken by a separate wing of DEETYA, Employment Assistance Australia. Although it attracted separate funding and was administered independently, it operated through CES outlets at this stage.

At the time of *Working Nation's* release, it was anticipated that approximately 10 per cent of case management would be contracted out during the 1994-95 period. This would increase to 20 per cent the next year, and then to 30-40 per cent in following years, subject to evaluations of capacity and performance.

### **Client Assessment**

Under the new arrangements for case management, client assessment happened in two stages. First, an initial assessment took place to indicate whether new clients were at risk of becoming long-term unemployed and therefore should enter the case management process early. This was based on a points system, with clients scored according to factors such as age, educational attainment, country of birth, disability, Aboriginality and State. Secondly, once clients were accepted as falling into one of the target groups for case management, they received an assessment of relative disadvantage at the CES office before being offered the choice of referral either to the EAA or to a local contracted-out case management agency.

The assessment instrument, which grouped job seekers into one of four Client Classification Levels (CCLs) was crucial to this process, since it determined both the level of funding the client carried with them to the case management agency and, to some extent, which agencies were likely to take them on. Clients were meant to be offered a choice of available agencies in the area with vacancies, though some specialised in the needs of particular groups, such as older people, youth, or those from non-English speaking backgrounds. The EAA had an obligation to act as agency of last resort. The client classification was carried out using a questionnaire, covering recent employment patterns, access to transport, ill-health or disability, learning difficulties and level of English speaking, recent criminal record and an assessment of any employment difficulties related to psychiatric history, substance abuse, violence or motivational problems. Both the CCLs and the choice mechanisms for job seekers proved to be matters of some controversy and are discussed in more detail later in the chapter.

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A client's CCL was a representation of his or her assessed barriers to employment. CCL1 represented a single barrier; CCL2, double; CCL3, multiple; and CCL4, severe. In the year to 29 February 1996, the distribution of job seekers in case management across CCLs was as follows: CCL1, 19 per cent; CCL2, 56 per cent; CCL3, 20 per cent; and CCL4, three per cent (ESRA, 1996b).

### Funding Structure

Contracted case management was based on a fixed priced tender, so case managers competed for clients on the basis of quality, which ESRA perceived to include organisations' experience, expertise, proven success in similar initiatives, financial feasibility, agency stability and intended case management administration (Kirner, 1995).

Case managers were paid in two parts, each determined according to individual job seekers' client classification level. An upfront fee was paid once a Case Management Activity Agreement (CMAA) was negotiated with a client, and an outcome fee was paid once a successful placement had been achieved. The fee scale for the 1994-95 period was set so that the funding for contracted case management would not exceed that of case management already carried out by EAA (Kirner, 1995). The following table summarises the initial funding structure for case management.

**Table 5.1: Funding Structure for Case Management in Australia: 1994-95**

Client Classification Level	Initial Fee	Outcome Fee		
		Unsubsidised Employment	Other Suitable Outcome	Other Terminating Event
1	\$150	\$200	\$150	nil
2	\$300	\$400	\$250	nil
3	\$600	\$900	\$500	nil
4	\$2 000	\$1 500	\$1000	nil

Source: ESRA, 1995, Table 1.

The outcomes which attracted payment were the following:

- unsubsidised employment of at least 20 hours a week and lasting for at least 13 consecutive weeks. Clients seeking full-time employment of more than 35 hours per week could choose to remain in case management;
- employment subsidised by the Commonwealth through programs such as JobStart, JobSkills, LEAP or New Work Opportunities, lasting for at least 13 consecutive weeks;
- a traineeship under the National Training Wage, Career Start or Australian Traineeship system, lasting for at least 13 weeks;
- unsubsidised self-employment, to the extent that the job seeker was not otherwise available for employment for at least 13 consecutive weeks and earned enough to lose eligibility for the Job Search Allowance, Newstart Allowance or Youth Training Allowance;
- subsidised self-employment under programs such as New Enterprise Initiative Scheme (NEIS) lasting for at least 13 consecutive weeks, and providing earnings sufficient to lose eligibility for the Job Search Allowance, Newstart Allowance or Youth Training Allowance; and
- a course of education or training that made the client ineligible for Jobsearch Allowance, Newstart Allowance or Youth Training Allowance.

In 1996, ESRA (1996a) provided forward estimates of spending on contracted case management payments based on the target numbers of clients outlined earlier, as follows (at 1995-6 prices):

- \$40.12 m
- \$60.18 m
- \$80.24m

## **5.6 Evaluating the *Working Nation* Reforms**

One of the major difficulties associated with an analysis of any single element within *Working Nation's* package of initiatives is that its effects are difficult to

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differentiate, precisely because the programs were delivered as a package (Kenyon, 1994b). Thus a person who was classified as long-term unemployed and received case management under the Job Compact could have been referred, as part of their back-to-work plan, to other labour market programs such as a vocational course, a Jobstart subsidised placement or a Job Club. It is also difficult to discern the influence of key features of case management itself, such as its coercive element or its individualised approach.

In 1994, DEET (as it was then) established an official evaluation strategy for the *Working Nation* package, which included the following main elements (DEET, 1995a).

### **Longitudinal Cohort Study**

This is a longitudinal and cross-sectional analysis of a cohort of job seekers selected through the CES, initially set up to track clients for four to five years. It was to include an analysis of the quality of assistance received and would form the basis for assessment of the net impact of different components of the policy. It was not clear from the initial strategy document how net impacts would be assessed, but a number of possible comparison groups were canvassed, including clients not covered during phase-in periods for certain initiatives, shorter-term unemployed people and benchmarks derived from ABS survey data. There was no agreed formula for calculating offsets in benefit expenditure against the cost of the strategy (as there was for Newstart).

### **ABS Survey of Employment and Unemployment Patterns (SEUP)**

Carried out as a complement to the longitudinal cohort study, this survey is intended to measure changes in the number of people unemployed for different durations following the implementation of *Working Nation*, to provide information over time on the labour force characteristics and experiences of a representative sample, and to facilitate net impact studies.

The survey is made up of random samples of approximately 8000 job seekers, and 2500 other people from the working age population, in addition to a sample of 1000 Job Compact participants gathered through DEETYA sources. A report on the first wave was published in February 1997 (ABS, 1997).

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### **Surveys of Employers and Clients**

Changes in attitudes and behaviour on the part of employers following *Working Nation's* implementation were assessed through a cross-sectional survey in late 1995, including both users and non-users of the CES services. Client surveys have also been used to examine different forms of assistance, as a supplement to the cohort study.

### **Surveys of CES Network Staff and Case Managers**

These form a major component of the evaluation of case management, which was a joint responsibility of DEETYA and ESRA. They were used to examine implementation and delivery issues, with specific reference to availability, quality and effectiveness of services.

### **Qualitative Research**

Case studies, focus groups and in-depth interviews, with subjects including job seekers, employers and CES employees, were used to gather information on attitudes and experiences, to test the results of other quantitative studies, and as exploratory tools.

The change of Government following the 1996 election has resulted in the dismantling of many of the programs which made up the overall policy package and the planned evaluation has been partly truncated. Thus what was planned as an interim report on the employment and training elements of *Working Nation* in 1996 became the final report on the policy structures as they were, although elements of the evaluation strategy are continuing. A separate, official evaluation of case management, which was originally planned, has not appeared, although a considerable amount of information has appeared from both official and non-governmental sources.

## **5.7 Did *Working Nation* Work?**

To a large extent the answer to this question depends on one's expectations. Those who expect or require labour market programs to have a large impact on unemployment may be disappointed in the achievements of the *Working Nation* policies, while those with more modest expectations could justifiably point to some successes. The Employment Department's own assessment of the first-year implementation of *Working Nation* indicated that the expansion of case

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management had succeeded in increasing the level of assistance to its target groups. During 1994-95, a total of 376 900 job seekers underwent case management, of whom nearly 30 per cent volunteered rather than being formally required to participate (DEET, 1995b). More than 155 000 case-managed clients achieved an outcome leading to the termination of their registration with the CES. These outcomes were not necessarily jobs, nor were terminations necessarily long-term, but DEET argued that case management was proving effective, on the grounds that during the June 1995 quarter, 73 per cent of all outcomes achieved involved the person finding or being placed in a job.

At the end of the first year, more than 2000 case managers within Employment Assistance Australia (EAA) were providing case management services, plus more than 250 contracted providers in 444 sites throughout Australia. Contracted case management was implemented progressively from April 1995 and in the period to June 1995 approximately 30 000 clients commenced case management with a private or community provider (DEET, 1995b).

A report of the Economic Planning and Advisory Commission, based largely on DEETYA data (EPAC, 1996), received publicity for questioning the cost-effectiveness of some programs. Based on (at that point) unpublished data, EPAC estimated that 56 per cent of JobStart participants were placed in unsubsidised jobs within three months of completing the program, compared to 32-40 per cent of people going through the various training programs. However, once deadweight, substitution and displacement effects were taken into account, the estimated proportion of extra jobs created through wage subsidies dropped to between 11 per cent and one-fifth. The report did note, however, that the chances of obtaining employment were still 50 per cent higher for participants in training schemes such as Jobtrain and SkillShare than for non-participants. It is not clear how far this comparison controlled for differences in characteristics between participants and non-participants, though EPAC did emphasise that many SkillShare participants, for example, experienced higher levels of labour market disadvantage than those taking part in JobStart or NEIS.

The report also produced estimates of the relative costs of the different programs, suggesting that as well as having the highest nominal success rate JobStart was also the cheapest after Jobclubs, with an estimated cost of \$1900 per participant, or \$3500 for unsubsidised employment outcome. This latter figure compares with \$4500 for SkillShare and \$21 900 for Jobtrain. The problem with the EPAC analysis, in so far as it was picked and used by the media to suggest that *Working Nation* labour market programs were ineffective and costly, is that most of the data on which it was based preceded the implementation of *Working Nation*, and especially the new case management structure. Even so, by international

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standards the estimated outcomes were not, in fact, particularly low (see OECD, 1993a). Also, as the report itself points out, the aim of many of the programs is to enhance clients self-esteem and their long-term opportunities. Thus the short-term outcome measures used by DEETYA may have limited value.

As was stated earlier, what was planned to be an interim report on the employment and training elements of *Working Nation* turned out to be the final evaluation, although some work on longer-term impacts is continuing. The evaluation (DEETYA, 1996a) was released just before the 1996/97 Budget, in which major changes to labour market were announced, and the results are interesting not least in the way they show how difficulties with individual elements of a complex policy strategy can affect the overall impact. In general, the evaluation concluded that the increase in labour market program places was a contributory factor in a reduction in the percentage of people in long-term unemployment; that although the effectiveness of programs varied, participation tended to increase the chances of finding a job afterwards; and that this effect tended to persist for at least a year irrespective of the type of assistance.

However, the Job Compact had only a limited success in helping long-term unemployed people find ongoing work, for a number of reasons. First, the flow into the target group became much larger than predicted, because of a fall in the level of assistance going to people unemployed between 12 and 18 months. Consequently, rather than declining by 47 per cent in the 18 months up to December 1995, as forecast in *Working Nation*, the Job Compact group was reduced by only 20 per cent. One reason why the balance of assistance shifted was that after an initial fall the share of help going to the shorter-term unemployed (one year or less) actually increased. This was mainly, it appears, because higher than expected numbers of people were assessed as being 'at risk' of long-term unemployment and therefore in need of early intervention. Ironically this bulge in the assessment process often led to delays in entry to case management, so that some of those assessed as needing early help would have automatically been entitled to it by the time they actually received assistance.

The other significant shift resulting from *Working Nation* was in the balance between different types of programs. In particular, placements for those unemployed for 18 months or more (Job Compact clients from 1994-95) in JobStart dropped from 29 per cent of all labour market program placements in 1993-94 to 10 per cent in 1995-96 (to February), while those in 'brokered' programs like New Work Opportunities and JobSkills increased significantly. The main problem seems to have been that employers showed greater resistance than had been anticipated to wage subsidies being extended to more disadvantaged job seekers. If unemployed people were not regarded as 'job

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ready', higher subsidies were not necessarily a deciding factor. Other reasons for low take-up of JobStart included employer perceptions that placements were too long and that dismissal of unsuitable employees was too difficult. Increasing competition in the private sector from New Work Opportunities, which attracted higher subsidies without an obligation to offer extended employment, is also likely to have been a contributory factor. As the DEETYA (1996a) evaluation notes, the shortfall in Job Compact placements through JobStart was then made up by increasing placements in the more expensive brokered programs.

Figures for unsubsidised employment outcomes (again referring to the proportion in work three months after completing a program) suggest that the success rate across the board was actually falling. For JobStart the figure for 1995-96 (to February) was 41 per cent, compared to the 56 per cent quoted in the EPAC report, while for JobSkills the rate fell from 40 per cent to 21 per cent. As we observed earlier, however, these outcome measures present only a limited picture of the impact of programs in the longer run. The DEETYA evaluation itself emphasises that it was too early in mid-1996 to judge the effect of a policy package of which many elements had been in effect for less than two years.

How far then, in this light, can we say whether case management was working or not? The DEETYA evaluation discusses the implementation of case management. Informal discussions undertaken with staff from DEETYA, ESRA and a number of contracted case management agencies (CCMs) also produced some impressions of the operation of the case management strategy and point to some of the key issues and problems. In addition, a number of non-governmental organisations involved in or concerned with case management have produced their own evaluations or working papers. The next section reviews these findings and suggests that in spite of differing perspectives there was a considerable congruence of views on the achievements and shortcomings of case management under *Working Nation*, even if this did not lead to agreement on directions for reform.

## 5.8 Evaluation of Case Management

Some early indications as to how case management was going were provided in a speech by ESRA's President Joan Kirner, delivered at an Australian Council of Social Service (ACOSS) conference in May 1996 (Kirner, 1996). She stressed that as the case management structure had been operating in Australia for less than a year it was too early to assess its long-term impact, but made the points listed below.

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- Services provided by case managers were perceived by job seekers and employers to be more personalised and an overall improvement on the service previously provided by the CES.
- Employers perceived that some case management was leading to more satisfactory assessment of clients and more appropriate referrals to vacancies. Employers also saw services provided by industry specialist case managers as particularly satisfactory, reflecting a well-developed appreciation of the requirements of employers and industry.
- Some groups of case-managed clients (such as Aboriginal and Torres Strait Islander people, young people and sole parents) were achieving higher successful outcome rates than the average rate for all case-managed job seekers. Relatively disadvantaged clients were also more likely to be assisted by a contracted provider.
- The length of organisations' involvement in service delivery appeared to affect success rates. ESRA's study of the outcomes achieved by a cohort of job seekers who entered case management in May to July 1995 indicated that the average outcome rate for EAA was 24 per cent, while the average rate for contracted providers was 18 per cent. By the end of March 1996, however, the average outcome rate for community and private providers had risen to 25 per cent of commencements, whereas the average of successful outcomes for community and private providers operational since 1995 was 33 per cent.
- Correspondingly, at the end of the first quarter of 1996, the highest performing 10 per cent of contracted providers had achieved successful outcome rates in excess of 35 per cent (though this comparison is based on the best performing CCMs and the whole of EAA).

The DEETYA *Working Nation* evaluation suggested that by 1996 EAA and CCMs were on average achieving more or less the same level of outcomes (27-28 per cent in the six months to April 1996). Between July 1994 and April 1996 nearly 690 000 job seekers entered case management, of whom 76 per cent were long-term unemployed, 15 per cent 'at high risk' of long-term unemployment, and eight per cent clients of the Youth Training Initiative (DEETYA, 1996a, Table 3.1). In the year from when contracted case management was introduced, 23 per cent of clients were dealt with by CCMs.

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As in the earlier remarks by Kirner (1996), the DEETYA evaluation found that progress had been made towards making services more personalised, and that both job seekers and employers tended to see case management as an improvement on previous CES practices. It was also seen as an effective deterrent for allowance recipients who were already in employment or not genuinely seeking work. On the other hand, because case management had only been operating for a short time, it was not possible to assess the longer-term outcomes for job seekers. The evaluation also identified a number of difficulties with the operations of case management which limited its effectiveness. Assessment of the competitive framework of contracted-out case management was outside the report's terms of reference, and no separate official evaluation of this has been published, but some of the problems highlighted related to competition. Many of the issues raised in the evaluation were also those identified by community sector organisations in their evaluations and in discussions with the authors of this report.

## **5.9 Issues in Case Management for Job Seekers in Australia**

In spite of a view from some commentators that there was a danger of *Working Nation* concentrating too much on micro-economic reform of the labour supply and too little on the demand side, there has been considerable support in Australia for the principle of case management as a means of countering labour market disadvantage. Where views differ has been primarily on the design and implementation of the policy, and the extent of resources devoted to it. Even here there is a recognition amongst most participants that one year of operation was too short a time for all the problems to be solved and that continuous improvements were being achieved.

It is evident, however, that there are a number of common themes and issues which are fundamental to the design and implementation of a case management strategy for job seekers. Some of these echo themes from the European and US literature reviewed earlier, while others spring more directly from the particular experience of case management in Australia. The following discussion draws particularly on interviews with staff of DEETYA, EAA, ESRA, community sector case management providers including the Brotherhood of St Laurence and National SkillShare, on the official evaluation by DEETYA (1996a), and on mainly qualitative reports by organisations including Uniya (the Jesuit Social Research Centre) (M. Thompson, 1995), the Australian Council of Social Service (ACOSS, 1996) and SkillShare (Strategic Research Consultants, 1996).

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Looking at case management as a chronological process, the first key issue concerns the assessment and classification of job seekers, as this determines their admittance to case management.

### **The Assessment Process and Classification Instrument**

There were two stages in this process. First an initial assessment took place to indicate whether CES clients were at risk of becoming long-term unemployed and therefore should enter the case management process early. This assessment was clearly less effective than was hoped, as the percentage of the overall clientele assessed as at risk was much higher than anticipated. This led to backlogs in entry to case management, so that some people assessed as needing early intervention did not gain access to the program for up to a year, thus blurring any distinction between groups for evaluation purposes. These backlogs in turn led to internal prioritisation of clients through operational targets.

Once a client was referred for case management, a full assessment took place of their employment-related needs or disadvantages. This was a key to the whole process of case management, as described earlier, since it determined funding levels and influenced the menu of services or support likely to be offered to individual job seekers. However, the instrument used has been widely recognised as inadequate. One problem highlighted by CCMs was that duration of unemployment was not in itself a factor which counted towards a high disadvantage score. Also, when assessment took place without clients having had much previous contact with CES, they did not always feel able to disclose details of factors such as poor literacy, substance abuse, criminal records or other stigmatising characteristics which could affect their job prospects. This, it is argued, resulted in inappropriate referrals or classifications.

DEETYA and ESRA were aware of these problems and amended the instrument early on (partly because it originally produced an unexpectedly high proportion of Level 4 clients). ESRA also had some concerns about confidentiality and training for CES staff using it. There was a recognition that well-designed instruments already existed for testing areas such as literacy (see the US handbook on assessment procedures, Means et al., 1993), but the CCI did not draw on these instruments.

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### **Client Choice of Case Manager**

Once accepted for case management, clients were supposed to be given information on all possibilities in their area and could then specify three preferences in order, but vacancies in the ones they selected were often limited. Location could be important: often CES offices were much closer or more conveniently located than CCMs. ESRA's monitoring suggested that client choice was not a major problem, but the experience of at least one community sector provider was that clients did not always experience genuine choice, either because preferred providers had no vacancies or because they were 'steered' in a certain direction by CES. This was problematic in the context of competition between the contracted case managers and Employment Assistance Australia, which was still an arm of CES. There was also considerable regional variation in how CES offices operated.

### **Caseload Levels**

A shortfall in resources led to caseloads being much higher in EAA than for CCMs, because the former had to act as agency of last resort. Consequently EAA staff sometimes had caseloads of 200-250 clients, whereas contracted providers were limited to 100 per case manager. This made it difficult for EAA to provide genuinely individualised assistance and could lead to inappropriate training referrals (D. Thompson, 1995a). Client activity agreements within EAA could also thus be little more than *pro formas* and tended to be heavily compliance-oriented. ESRA client satisfaction surveys indicated improvements in the EAA service over time, but problems remained. EAA case managers in particular were reported to be suffering stressful conflicts between their benefit control role and the counseling aspects of case management, and staff turnover was often high, leading to frequent change for clients. It is arguable that this defeats the object of case management, which is built on an expectation that clients generally maintain contact with the same case manager throughout the period of assistance.

On the other hand, case managers also reported difficulties with caseloads that were too small, because of the need to have a sufficiently large and varied flow of jobs and training referrals. This tends to support the evidence from the Californian GAIN program, that efficiency may best be achieved with moderate caseload sizes, depending on the circumstances and type of clientele.

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## **Funding**

A view expressed by several CCMs was that funding levels for case management were likely to prove problematic for the longer-term viability of some agencies, particularly smaller ones without other sources of capital funding for premises or equipment. ACOSS (1996) argued that in the tendering process, minimum levels of business needed to be laid down for planning purposes. The partial back loading of outcome funding could also lead to pressure for inappropriate outcomes, with the result that some unemployed people may have been missing out on necessary, intermediate forms of assistance which did not attract an outcome payment (D. Thompson, 1995a). The resources available were also seen as insufficient to allow for cases where long-term support was needed.

On the other hand, there was a common view by both DEETYA and CCMs that the differential funding mechanism was reasonably effective at reducing 'creaming' of the more easy to assist clients. There was some evidence that creaming did take place, but less in case management itself than in other labour market programs.

## **Definitions of an Outcome**

Linked to the question of funding, but more problematic, was the definition of an outcome. There was a widespread view among the community sector that outcomes were too narrowly defined, particularly in terms of the 13-week rule. This, it was argued, tended to push case managers into searching for inappropriate short-term outcomes for people who might need longer-term assistance to reach job readiness. It also led to 'churning', whereby clients continually re-entered the system after the end of short-term placements but lost their priority. There are differing views about the question of churning. On the one hand, there is an argument that any work experience, however limited, helps to keep people in touch with the labour market and thus improves their long-term opportunities. The danger, however, is that people are stigmatised as recipients of multiple special assistance and become unattractive to employers - the so-called 'scarring' effect (Sloan, 1993).

There was also some evidence that the frustration experienced by some clients in being churned through the system led to aggression and violence towards case management staff. Both DEETYA and community sector providers referred to this problem and suggested that, for EAA case managers in particular, insufficient attention was paid to stress and health and safety issues.

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One idea canvassed by community sector providers as an alternative to the outcome measures was for CCMs to be paid for 'milestones' achieved on a client's activity agreement, rather than just for a narrow outcome. An ESRA view, however, was that the initial client acceptance payment was designed to cover such achievements, including alternative outcomes such as movement on to a different benefit, and final payments should be reserved for clear job-related outcomes. However, this question was given some recognition in relation to clients who were especially difficult to help (see below). The DEETYA evaluation took a stronger position on outcomes, arguing that even more emphasis should be placed on 'sustainable' outcomes in the form of unsubsidised work, rather than on other forms of placement.

### **Duration of Case Management and the Problem of Hard-to-assist Clients**

Exits from case management became an issue in the course of the year. According to DEETYA, initial costings were based on an idea of three months average duration in case management per person, but by May 1996 the average had reached six months (and was thus much longer for some clients). The group of 'hard-to-assist' clients, or people with serious disadvantages which presented barriers to employment beyond the expertise of the employment service, also became an increasingly large percentage of the stock of job seekers in case management at any one time. This led to calls for a finite period of obligation to provide assistance, or for considerably increased resources. Some of the hard-to-assist group were people who had previously been recipients of invalidity or disability pensions before eligibility for these was restricted. Many had been out of work since previous recessions and thus their difficulties were often compounded by multiple years of unemployment. However, since Australia does not offer a guaranteed, unconditional minimum income, many people whom the employment service had effectively judged as unemployable were still, at least in theory, subject to an activity test. One view in ESRA was that many of these clients did not in practice receive much assistance, especially within the EAA, and they tended to be left aside as too hard deal with, whereas results could perhaps be achieved with greater resources and more personal attention.

While community sector providers recognised that there were people who were extremely difficult to help, the general view was that the 12-month limit on initial case management could often be too short, especially for people with severe disadvantages or those from non-English-speaking backgrounds. In this context, involvement in a labour market program was often the beginning rather than the end of a process for some clients. Thus the funding mechanism needed to allow for the necessary extra levels of support.

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Recognition of these problems led to the implementation during 1996 of a Severe Barriers policy (ESRA, 1996a). Job seekers in this situation could be referred (voluntarily) to Job Seekers Support Panels, made up of representatives of DEETYA, DSS and the community. Panels could decide between four options for further assistance:

- continuation in standard case management;
- Enhanced Case Management, with greater labour market program flexibility to assist with non-vocational needs;
- alternative income support, such as voluntary referral to an appropriate alternative pension or benefit that did not have an activity test; or
- Special Assistance, of a non-vocational nature, such as a drug or alcohol program, a literacy course, family or personal counseling, housing assistance, or voluntary work.

Both Enhanced Case Management and Special Assistance provided funding arrangements for 'milestone' payments for case managers as an alternative to the mainstream outcome funding. The DEETYA evaluation, however, called for ways of 'ensuring resources are not wasted on those who are unable to benefit from assistance' (1996: ix), - a proposal taken up in the 'Capacity to Benefit Test' outlined in the Coalition's 1996 Budget statement (see below).

### **Managing Competition**

A number of commentators on the *Working Nation* proposals were critical of the idea of competition in case management. Smyth (1995), for example saw competition as counterproductive to the objectives of *Working Nation*. He argued that while cutting back on government costs, it would undermine organisations' ability to tackle unemployment collectively, reduce job seekers' choices and disempower the community sector. David Thompson (1995b) questioned the assumption within the notion of competition that providers are motivated by self-interest and profit. Clarke (1995), too, was uncomfortable with the philosophy of competition, advocating cooperation and collaboration instead, and arguing that there was no evidence for the efficacy of competition in the arena of unemployment. In general there was a view that competition among providers could militate against necessary collaboration in local areas and against sharing best practice.

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Problems with competition in case management emerged in three main areas: relative costs and funding; comparisons of effectiveness; and access to other labour market programs. There have been conflicting views about the relative costs of public versus contracted case management. Initial DEETYA estimates indicated that CCMs cost substantially more per client than EAA for similar outcomes. ESRA, however, has disputed this and argued that comparative costings are not at all clear, because of difficulties in knowing how to attribute items such as CES infrastructure and buildings. There were also some initial indications that private agencies were more cost effective than other CCMs, but this seems likely to have resulted from creaming and from differences in characteristics and attitudes of clients going to different kinds of agency. Private agencies still represented only 10 per cent of the CCM market in 1995-96, and some were apparently questioning the financial viability of their participation.

In the early days of contracted case management, CCMs seemed particularly disadvantaged in access to labour market programs and job vacancies compared to EAA, because of the latter's base in CES. This appears to have improved over time but was still not ideal. Community sector providers gave examples of cases where CCMs received notice of training vacancies or placements the day after the closing date for applications. One positive result, however, was that CCMs were prompted to develop further their own links with employers and brokers.

On the other hand, EAA case managers tended not to have the same level of professional skills and qualifications as among the CCMs. Both official and community sector studies found problems with training and expertise in EAA and client perceptions of an inferior service in the public agency. Clearly it takes time to change the culture and re-orient skills and attitudes in a large and traditional organisation, as DEETYA and ESRA have pointed out, and considerable resources have been put into training programs for case managers, as well as into a graduate certificate course at Deakin University.

The community sector studies also pointed to some problems of coordination between DEETYA and ESRA, as well as contradictions in ESRA's role as the manager of competition, in which it acted as both regulator and organiser of contracted out provision.

### **Breaching and Sanctions**

A key element of the Job Compact was reciprocal obligation. This meant that sanctions for breaches of the activity test or case managed activity agreements were seen as a necessary tool in making programs effective and to deter people

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not genuinely seeking work. The DEETYA view was that CCMs tended not take this element of their responsibility seriously enough, whereas community sector organisations argued that the role of case managers in reporting breaches of the activity test represented a conflict of interests (for example, Cappel, 1995). Thompson identified a discordance in the case management role: 'on the one hand as friend/counsellor, on the other as inspector/big brother' (D. Thomson, 1995: 62).

A CCM view was that while breaching might be necessary on some occasions, there were usually more effective tools. Also, clients who case managers might consider breaching (for deliberate non-compliance) were often the most resourceful at having sanctions overturned, or had the best access to other financial support, thus making breaching ineffective. According to this approach it was more fruitful to concentrate on developing effective activity agreements which clients could 'own'. On the other hand, appearing to be 'too soft' could also have a negative effect on the local reputation of a CCM by attracting clients who might not be genuinely seeking work.

### **Monitoring and Evaluation**

Evaluating the whole *Working Nation* package was made difficult by a rushed timetable of implementation. It has also been difficult to isolate the effects of case management because of a continually changing environment. Attention needs to be paid both to the overall impact, the component effects and the linkages between them. For example, one of the *Working Nation* goals was to improve services to employers, but in the short term case management may have had some negative effects, by referring clients with greater disadvantages than might have happened under the previous system. There was only limited screening in place because of the priority to assist longer-term unemployed clients.

There were also difficulties with the data necessary to monitor and evaluate performance. For example, the main performance indicators related to simple outcomes, but, according to DEETYA, in about 20 per cent of cases reported by DSS as lapsed from benefit receipt no reason for lapsing was recorded: some clients may have gained employment, but this was not always known.

A further difficulty lies in assessing the effectiveness of different forms, levels and intensity of case management. From ESRA's perspective the evaluation strategy implemented was costly, but the bulk of resources went into outcomes and little into evaluating service delivery. Thus there was little information on

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the actual levels of service individual clients received. Case managers were not required to record each contact and specify what was offered. One option would have been to set in place from the beginning a computerised Management Information Service which would collect data from all the organisations involved. Aggregated service data could then give pointers to what levels and forms of provision were more effective, where training was needed and so on. This is expensive and case managers tend to resist complying because of extra demand on their time, but it would have been easier to make it work from the beginning of a new program than to impose it later. Without such a system, the evaluation data cannot provide clear answers about the effectiveness of case management.

Overall, many of the criticisms of the structure of case management have stemmed from fundamentally conflicting views about its nature and purpose. One of the effects of contracting out case management to community sector providers has been that differences have arisen between a more social work oriented or 'holistic' view of the process and the performance requirements of a government department. For funding purposes the latter has inevitably had to demonstrate some relatively short-term gains in terms of reduction in social security benefit expenditure. Contracted case managers have pointed to the multiple disadvantages faced by many of their clients and argued that longer-term perspectives are needed, that they must have the opportunity to develop a trusting and empowering relationship with clients, and that many clients need access to resources and support beyond the scope of labour market programs, including housing and health. A departmental response to this has been that while there is an argument for a broader approach, this would need to tap into resources beyond those of DEETYA, which has to concentrate on job and training outcomes.

Many of the conclusions reached in the DEETYA evaluation of the employment and training elements of *Working Nation* pointed to a major revision of the structure of both labour market programs and the organisation of case management. The Coalition Government's proposals for this restructuring were outlined in the 1996 Budget Statement *Reforming Employment Assistance: Helping Australians into Real Jobs* (DEETYA, 1996b).

## **5.10 Reforming Employment Assistance: The 1996 Budget**

The main changes outlined in the budget statement were as listed below.

- Overall resources for labour market programs are to be reduced by \$1.8b over four years (28 per cent), compared to forward estimates.
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- A new 'one-stop' Service Delivery Agency is to be set up, combining the DSS payment and CES registration, monitoring and referral functions initially, plus other government services at a later stage.
- A 'contestable market' is to be established in employment services, involving the full-scale corporatisation of EAA as the Public Employment Placement Enterprise (PEPE), and a greater role for private and community sector Employment Placement Enterprises (EPEs).
- Funding for employment services and case management is to be focused on longer-term outcomes, financed by 'cashing out' most existing programs. Only NEIS, part of special Aboriginal programs, Entry Level Training, and regional programs will be retained in the longer term, but wage subsidy schemes will be phased out gradually. EPEs will have much greater discretion in how they apply the funds available.
- The current screening and classification instruments will be refined and combined into a single Jobseeker Classification Instrument (JCI).
- 'Intensive Employment Assistance' (combined case management and program assistance) will be available only for those unemployed 12 months or more, or assessed, using the JCI, as being at risk of long-term unemployment.
- Job seekers will also have to undergo test of their 'capacity to benefit' from intensive employment assistance. Those excluded will only have access to lower-level assistance.
- Labour exchange services will also be contracted out and restricted to unemployed people receiving certain benefits and to young people.
- Other unemployed clients will receive only self-help services or low-level assistance.

The timetable for full implementation of these measures is uncertain at present, as some elements are still being negotiated through the Senate. In early April it was announced that the start of the tendering process for Employment Placement Enterprises was being put back from Easter to late June and that the full program of contracted-out services would begin in March 1998 rather than December 1997 as planned.

The Government invited comments and submissions on aspects of the Budget proposals, although it suggested that the main outline of the new package was set. In November 1996 DEETYA released a report on the consultation (DEETYA,

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1996c). In spite of only a short period of time being allowed for comment, the consultation clearly provoked considerable interest, attracting submissions from around 230 organisations and 120 individuals.

The report indicates that certain aspects of the proposals have met with fairly widespread support, particularly the increased flexibility available to case managers to develop individually-focused support for clients, and the amalgamation of income support and employment service functions in the service delivery agency. Other elements, however, are much more controversial. There is evidently considerable hostility, for example, towards the contestable market approach, with doubts and anxieties expressed by both the public and non-governmental agencies about whether such a model can work to the benefit of clients, especially once finance moves from fixed funding to a price-competitive format. Concerns were also expressed at the apparent lack of quality control or monitoring of levels and type of provision built in to the proposed regulatory structure for EPEs and at the consequent possibilities of corruption. Thus greater flexibility and control over resources by case managers were generally welcomed, but expansion in competition was held to be based on unproven value.

Views were more mixed on the move towards job-related outcomes, with some organisations seeing this as a positive sharpening of focus on the real goal of employment assistance and others pointing out the problems of restricting allowable outcomes for people with greater disadvantages and higher support needs, or for job seekers in areas where employment is virtually non-existent. One of the questions which attracted the highest level of critical attention in the consultation was that of the capacity to benefit test. This is clearly being widely interpreted as giving up on people who may be in need of the most assistance. Many submissions expressed strong views that people excluded from intensive assistance under such a test must have access to acceptable alternative help, should have clear rights of review and appeal and should not be 'marked for life' as unemployable.

The final shape of the new employment services regime is thus yet to be determined, but clearly it represents a substantial policy move towards further exposure of public services to private competition. Critics have also argued that expanding the legal power of the individualised contract between a job seeker and a case manager, especially where these case managers will increasingly be in the private sector, leads further down the road towards individualised relations of welfare and away from concepts of rights and entitlements (see, for example, Carney, 1997 forthcoming).

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## 5.11 Conclusion

This chapter has reviewed the introduction of case management into employment assistance programs in Australia as part of the *Working Nation* package. The evidence on the effectiveness of the policy package as a whole is mixed. It appears that the short-term results being achieved overall were comparable with those from labour market programs internationally, but program effectiveness was uneven. Resource constraints and administrative difficulties also led to a shift in the balance of assistance towards the less effective but more expensive programs. It is too early to tell what the longer-term effects might be, but any such analysis will be hampered by recent changes in policy.

There is little evidence as to what specific contribution case management has made to the wider outcomes. Operational and perceptual data has suggested that it was beginning to prove of value to both job seekers and employers, but that there were a number of teething problems in the implementation and organisational structure. These were being addressed, but again the policy shift following the 1996 Budget means that the original structure was only in place for a short period. This makes it difficult to reach a mature assessment of its effectiveness, although it is not clear in any case that the methods of evaluation available would provide a definitive answer.

The new structure for employment services outlined in the 1996 Budget represents a further shift in competition policy from an idea of partnership between complementary but different sectors (as proposed in Labor's Green Paper), through managed competition by tender between sectors treated as similar (under *Working Nation*), to a fully contestable market. There are still many unanswered questions about how this will work in practice and whether, in the context of a much reduced budget for employment services, it will have any beneficial effects for job seekers.

A full evaluation of the new policy framework is promised after three years of operation, but it is not yet clear what this will involve or whether it will be designed in such a way as to be able to isolate the impact of particular forms of employment assistance. As the report has pointed out earlier, our understanding of case management approaches internationally has been inhibited by these problems in evaluation. Before we draw together the overall conclusions from the review, therefore, the next section looks at principles and methodologies in evaluation of labour market programs.

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# 6 Monitoring and Evaluating Tailored Assistance for Job Seekers

## 6.1 Introduction

This section of the report draws together lessons from the literature on monitoring and evaluating labour market programs, particularly those elements involving case management and tailored assistance for job seekers. The OECD has published a number of reviews of this topic (OECD, 1991, 1993a; Fay, 1996) and we draw on these, together with other recent work from Europe, Australia and the United States.

We discuss the range of methodological choices available for evaluation and the questions which will influence such choices. We then summarise the advantages and disadvantages of different approaches, using examples from some of the evaluation studies described in earlier sections of the report. This section begins by giving a broad overview of the principles involved in labour market program evaluation.

## 6.2 Evaluation Principles

What do we mean by evaluation? This question is worth asking because the term is used to apply to a wide range of differing activities. Here we follow Hasan (1991:7) in describing it broadly as 'systematic, critical examination of the objectives, implementation and impact' of policies. Hasan further suggests that discussion of evaluation can be organised around four key questions of *what*, *how*, *when* and *by whom* evaluation should be conducted.

Areas to be evaluated may encompass broad policy objectives, an administrative system's ability to devise and implement appropriate programs from specified policy directions, and the impact of policies put into operation to meet objectives set once policy problems have been identified. Although these types of evaluation may be seen as distinct, there is a strong case for viewing them as a linked package if the likely diversity of evaluation needs are to be met. As Hasan states:

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A highly developed impact analysis will not be terribly useful if its results do not inform discussions of policy design. Similarly a programme's unsatisfactory results may be mistakenly attributed to poor policy design when the real problem lies in programme design and implementation. The three elements need to be equally well developed and coordinated. (Hasan, 1991: 10)

Underscoring these activities, Hasan argues, should be an administrative commitment to the evaluation, in terms of resources, continuity and dissemination of findings to the public. The collection of data needs to be well-developed, and both policy objectives and evaluation results need to be transparent.

Questions of how, when and by whom evaluation should be conducted are examined below. First we discuss specific factors involved in evaluating labour market programs.

### **6.3 Evaluating Labour Market Programs**

Many factors contribute to the effects of labour market programs, not least the level of demand in a given economy. If there is no increase in the number of employment vacancies or opportunities for self-employment, labour market programs may merely redistribute work in the short term, through what are known as 'substitution' and 'displacement' effects. These happen where the work obtained by an unemployed person substitutes, perhaps because of a subsidy to an employer, for work which someone else might have done, or simply displaces a job which would have gone to another unemployed person.

Similarly, since not all unemployed people are equally disadvantaged, some would be likely to achieve work without the additional input from a labour market program. The costs of providing them with a service are therefore wasted: the effect known as 'deadweight'.

This raises the question of trade-offs in labour market programs. As Fay (1996) points out, early intervention may reduce longer-term unemployment if the chances of finding work decline as the period of unemployment increases, but deadweight costs can be high. This suggests a targeted approach, but there are trade-offs here too. Small programs may be relatively costly if there are high fixed costs involved and may have only a marginal effect on unemployment overall, while larger, more generalised programs have decreasing returns if quality and efficiency decline as the size grows.

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Substitution and displacement effects may not necessarily be entirely negative, for two reasons. First, 'shuffling the pack' may still allow some unemployed people to regain work experience, which can improve their confidence and employment prospects in the longer term. Secondly, if the economic theories outlined earlier are correct, an increase in effective labour supply through active programs can help to limit wage pressures at a given level of aggregate demand and may thus open up more employment opportunities. Nevertheless, in assessing the effects of a program or set of programs, the possibilities of substitution and displacement cannot be ignored, though in practice they are difficult to estimate accurately. The UK Employment Service, for example, uses a standard assumption of only ten per cent 'additionality' when costing programs for which there is insufficient evidence on displacement and substitution (Birtwhistle, 1994, Appendix B).

Generally such effects are estimated using macro-economic studies which examine the impact of policies on aggregate employment or earnings. Micro-economic studies aim to look at the effect for individuals, which may be positive irrespective of deadweight or substitution. Yet there may also be a whole range of other consequences arising from labour market programs which neither type of evaluation can easily detect. These include a range of social effects such as in health and health-care costs, crime, social services or the environment. Thus Kenyon (1994a) questions the adequacy of measuring program success or failure based on employment outcomes. Instead, he argues that a rigorous economic assessment of a program will involve a careful examination of both the social benefits and social costs derived. In addition, as Fay (1996) points out, it is not enough to determine that the net social benefits (even if measurable) are greater than their costs. Evaluation ideally ought to be able to determine what sort of interventions bring the greatest return relative to other options. The ideal process therefore involves three questions (Fay, 1996:7):

- what are the estimated impacts of the program on the individual?
- are the impacts large enough to yield net social gains?
- is this the best outcome that could have been achieved for the money spent?

Most evaluations of individual programs or sets of programs concentrate on the first question, while macro-economic impact studies address the second. Few studies have attempted to deal with the third.

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Kenyon (1994) outlines a number of methodological problems with the assessment of the macroeconomic effects of active labour market programs such as Australia's Job Compact. First, because public expenditure on unemployment both responds to and affects labour market conditions, it is difficult to establish a causal relationship and interpretation of macro-economic effects can be problematic. Secondly, the effects of each component program of policies such as *Working Nation*, which comprises a complex range of initiatives, are difficult to extricate. This means that questions about the effectiveness of relatively cost-free program components such as 'reciprocal obligation', as compared to that of more expensive components such as individualised assistance through case management, are not easily answered.

According to Daly (1993), the major concern for any evaluation of labour market programs is what would have occurred in terms of an individual's employment and/or earnings had s/he not participated in the program. We can think of this as the *counterfactual* in this context, and in its purest form micro-economic evaluation involves a comparison between this and the observed outcome following program participation (Fay, 1996).

However, there are a range of different possible outcomes which arise from participation in a labour market program, including employment, further unemployment, participation or non-participation in a training scheme or other program, or withdrawal from the labour market. Not only are the policy implications of each outcome different, but the time scale over which longer-term effects may emerge also varies.

Also, as was stated earlier, an evaluation may not only be concerned with the net impact of alternative programs. We may also want to know about the implementation of a program or about how processes within the organisation of programs lead to particular outcomes. This is especially important where the effectiveness of case management or other individually-tailored programs is at issue, but with the exception of a few examples from the US the counterfactual here has rarely been tested. Manski and Garfinkel (1992) have made a similar point about the use of performance standards by governments to achieve certain administrative objectives in labour market programs. Because we know little about how such performance or incentive systems affect the behaviour of program administrators, and because process evaluations have rarely asked counterfactual questions, it is usually only possible to speculate about the effects performance standards or targets have had on a program.

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## 6.4 Options for Evaluation Methodology

We now outline the main methodological approaches to establishing the impact of a labour market program, that is, the difference between observed outcome and the counterfactual outcome. The choices of which methods are appropriate are likely to be influenced by a number of technical, social and ethical questions (Hasan, 1991), and these are also discussed. The main methods in common use can be identified as follows:

- interview surveys of participants and/or employers which do not involve a comparison group;
- 'before and after' time series data, either through surveys or administrative tracking;
- cross-sectional comparison of outcomes from different programs;
- quasi-experiments, involving the construction of a comparison group; and
- random assignment experiments.

### Interview Surveys Without Comparison Groups

Program participants and employers may be interviewed to ascertain their likely behaviour in the absence of the program. Thus, participants would be asked whether they would have gained a job without the particular program, and employers would be asked whether they would have employed a person without a subsidy or other intervention. This method is commonly used to estimate deadweight, substitution and displacement effects.

Although widely used, such interviews have several disadvantages. Clearly, they are both subjective and speculative, and thus are unlikely to yield precise information. Neither participants nor employers may be able accurately to assess their behaviour in the absence of the program. Moreover, the robustness of results will be contingent upon the composition of samples, especially those of employers (Hasan, 1991; Fay, 1996).

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### **Use of 'Before and After' Data**

Here, participants' employment and or earnings just before and at stages following the program, can be compared. Criticisms of such methods include the arguments that results may be influenced by changes in the economy and labour market over the observation period. Allowances can be made for this by comparing trends in exit probabilities over similar economic cycles, but the number of variable parameters may be too large for precise comparison.

Results also do not generally differentiate net and deadweight effects and so cannot determine how much change is to be attributed to the program and how much would have occurred anyway. Thus findings may overstate the program's achievements (Gueron, 1991; Hasan, 1991).

Post-program data can also be used to monitor participants' labour market status at successive points after program completion. For example, the proportion of participants who gained employment might be compared with the proportion of non-participants who gained employment. Results from such methods are likely to be interesting, and may in some circumstances be the most effective method available. Fay (1996) argues that these methods are unlikely to be robust, however, and shed little on whether the outcome would have been observed without the intervention.

### **Comparison of Different Programs**

This may not commonly be thought of as an evaluation method as such, but it is relevant particularly in the context of countries like the US, where a wide range of different programs and experiments have been used in different states or in different counties within states. Clearly the process of generalising from the outcomes of one program to other situations are hazardous and the possibilities are limited. None the less, this is the process that is continually used in any form of comparative review, such as those by the OECD and this report.

The limitations of the methods listed above have led many commentators to recommend the use of at least quasi-experimental if not fully randomised experimental methods.

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### Quasi-experiments

Quasi-experimental evaluations involve the creation of comparison groups of non-participants of a program against which the outcomes for participants can be compared. Attempts are made to match the two groups for characteristics such as age, gender, occupation, training and education. By way of example, in Australia, the Department of Employment, Education, Training and Youth Affairs (DEETYA) has used a longitudinal survey of Job Compact participants combined with a separate broader survey of unemployed people from which to construct a comparison group (DEET, 1995a).

While such methods are again widely used, and can overcome the ethical issues associated with experimental methods (see below), their main shortcoming is in the possibility of selection bias. That is, it is difficult to know exactly which characteristics need matching and to control fully for non-apparent characteristics such as motivation, which may affect outcomes. Thus one cannot be completely sure that outcome differences between the groups can be ascribed to the program (Hasan, 1991; Fay, 1996). Clearly, insufficient care to match for known characteristics will yield unreliable results. Indeed, comparison groups may be difficult to create where programs are narrowly targeted. Thus, data requirements and sources must be considered early, that is, from the program design phase. Lastly, where comparison groups are tracked over long periods, recall bias may be a problem (Fay, 1996).

Although it can be difficult to assess the adequacy of matching processes, the problem of bias may be overcome to some degree, by using a range of statistical models. Hotz (1992) notes that different non-experimental or quasi-experimental methods are based on different assumptions about the nature of variations between program participants and comparison groups. One assumption is that there are observable individual-level characteristics which can be controlled for using regression analysis or other matching techniques. Another is that there are permanent, unobservable differences between individuals which influence their likelihood of selection into programs. The latter requires pre- and post-program outcome measures in order to account statistically for the differences between the participant and control groups. These different approaches are likely to produce different results even using the same data, which can account for some of the variability of estimates found in different non-experimental studies. Hotz (1992) has argued that these assumptions can be tested by seeing whether particular methods can eliminate differences in *pre-program* outcomes between participant and control groups.

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In Australia, DEET has argued in favour of quasi-experimental methods, which, while labour intensive and thus expensive, can produce results with high confidence levels (DEET, 1991).

### **Experimental Methods**

The classic experimental method involves randomly assigning individuals within a target group to either a treatment group, which participates in the program, or a control group, which does not. The impact of the program is taken to be the difference in outcomes between groups.

Generally speaking, random assignment is regarded as the most reliable assessment technique, in that when properly conducted, it can ensure that there are no systematic differences between the groups (Gueron, 1991; Hasan, 1991). It can also overcome the systematic bias of 'creaming' whereby more active job seekers self-select for programs, and/or are selected by program administrators (Kenyon, 1994a). However, Torp et al. (1993) have suggested that selection bias can still become an issue when program administrators are not fully supportive of the experiment and may influence the formation of the participant group.

A second potential problem which randomisation of initial selection may not overcome is that of sample 'contamination'. Contamination takes place where members of the control group selected as non-recipients of a service or program actually receive it at some stage during the experiment, either through self-selection or by some other means. This happened to a sizeable proportion of the original control group in the UK Restart evaluation (White and Lakey, 1992). It was also identified as a problem in the Dutch Re-orientation Interview scheme (OECD, 1993a), and Fay (1996) suggests that it happens more often in experimental studies than is sometimes thought. One consequence is that the positive results of evaluations may be underestimated.

A further limitation of experimental studies is that they may be unable to offer precise estimates of the number of people who benefited or were harmed by the program; nor are they necessarily able to assess the distribution of gains across the sample (Heckman and Smith, 1995). Without invoking additional statistical or econometric assumptions, simple randomisation studies can only quantify the mean impact of the program.

Finally, there needs to be a clear specification of the null hypothesis in random assignment experiments. We need to know whether it is the absence of a service, the service provided relative to other services, the offer of a service, or the impact

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of a program relative to other streams of service provided in the program. The null hypothesis will often depend on the exact stage in the process in which randomisation is introduced (Heckman, 1992).

The use of experimental design also raises a key ethical question of whether it is justifiable to withhold participation, and its potential benefits, from some individuals through random assignment (Hasan, 1991). This question may be particularly potent where the outcomes appear to show that non-participants have been clearly disadvantaged (Dolton and O'Neill, 1996). On the other hand, some programs may be perceived by participants as having negative impacts, especially where they involve increased supervision. In Australia the experimental approach to evaluating labour market programs has been rejected on the grounds that governments' commitments to access and equity rule out random selection and exclusion (DEET, 1991), although it is difficult to see why such experimentation should be impossible when there are well established ethical principles for such studies in the medical research field.

Experimental methodologies have been most widely used in the US: indeed they were legislatively mandated under the Family Support Act 1988. There the ethical dilemma has been influenced by a view that the experimental approach represents an 'investment' in better designed programs, which will have longer-term benefits for both potential participants and taxpayers. A large proportion of the US studies of 'welfare-to-work' programs have been carried out by the Manpower Demonstration Research Corporation using experimental methods. We saw in Section 4 that a number of concerns were raised about these evaluations (Greenberg and Wiseman, 1992; Brasher, 1994). In general, in spite of their methodological rigour, the US experimental evaluations have been carried out on programs conducted in such diverse and specific labour markets, with equally diverse and specific programs components, that their external validity is questionable. As Brasher states:

Experimental designs that are limited to one socioeconomic and political environment cannot be generalised easily to other populations and economic conditions. (Brasher, 1994: 525)

## **6.5 Choice of Methodology**

Clearly there is no one correct choice of methodology for evaluating labour market programs. Choices will be influenced by, among other things, program objectives, evaluation objectives, available resources, and how quickly results are needed. New programs can lend themselves to experimental or quasi-

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experimental studies if the ethical question of the former can be resolved. Completed programs require a quasi-experimental approach, while ongoing programs may use both.

Hasan (1991) argues that the experimental approach is most appropriate when demand for the program outstrips supply, and when the cost of the experiment is amenable to control. Yet it is also when demand for a program outstrips supply that the ethical dilemma may be most acute. Conversely, well-designed quasi-experimental studies may be most appropriately used where the exact size of impact is not sought, but rather the direction of the impact, particularly when supplemented by sensitivity analyses.

Most authorities agree that the 'black box' issues of process and delivery of programs have not as yet been adequately addressed in the design of evaluations. If the main issue at stake is the overall impact of a program or set of programs, this may not matter. But if the questions are whether individually-tailored interventions are more effective than other forms of assistance, or concern the effects of different ways of organising case management, it clearly does matter.

Some questions can be addressed qualitatively, through interviews with participants and program staff. For a more quantitative assessment, detailed monitoring of service provision is likely to be essential. In the discussion on monitoring case management in Australia, the argument was put that in order to understand what kinds and levels of intervention are most effective, a computerised management information system is needed which requires staff to record all actions with and by clients. This would allow a range of comparisons, such as between clients, between types of case manager or between case management sites. However, useful as this would be, it is difficult to see how case managers can be made to comply fully with such a system, and some form of financial incentive may be necessary. It also does not in itself deal with the counterfactual question : how do a random group of clients fare without such interventions or with a set of specified different interventions? Some form of randomised trials may be the only way to answer such questions satisfactorily.

The literature suggests that whatever evaluation approaches are selected must be planned and implemented as early as possible in the life of a program, in order to ensure full and appropriate policy feedback. Demonstration or pilot studies may be one way of doing this, and may employ any of the above methodologies to test new programs and policies. Typically they are conducted in a limited number of sites and tend to have more finite research objectives than evaluations of ongoing programs. Thus pilot studies are usually intended to assess whether a program *might* work, and thus focus on questions of feasibility and the probable direction

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of impacts (Hotz, 1992). The advantages of such studies are that they 'minimise the political risks to the program sponsors' (Hasan, 1991:14), and permit the amendment of policy before it is finalised and institutionalised on a large scale. When conducted on a small scale, experimental evaluations are less expensive, more controllable and raise less ethical objections. The disadvantages are that findings usually evolve more slowly than policy makers would like, and that results may not be fully generalisable to programs instituted on a larger scale, especially if there are local characteristics in pilot areas for which the study cannot adequately control.

A final question concerns who should carry out evaluations. In most countries this work is carried out both inside government and by independent or private organisations, but the mix varies. In-house evaluation has the advantage of access to data and likelihood of closer understanding of the complexity of program organisation than is found outside. There may, however, be a danger of over-commitment to existing policies and programs, and internal evaluations of controversial policies may lack public confidence. External evaluations by academic or private consultative bodies may attract greater public confidence in the results, but can be too detached from immediate policy concerns.

To summarise, the literature suggests the following key points in planning evaluations of labour market programs.

- Full evaluation needs to incorporate the design, implementation and impact of policies.
  - Ideally, not only the net gains for individuals but also the broader yield of social gains (or losses), and the relative value for money need to be assessed.
  - Net impact studies will not by themselves answer questions about the effectiveness of processes such as case management.
  - Non-experimental techniques have their uses, but cannot be expected to provide conclusive answers to counterfactual questions.
  - It may be possible to design effective quasi-experimental studies if care is taken to use a range of methods to test pre-program differences in participant and comparison groups.
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- The most scientifically effective methods involve random assignment experiments. However, they can be expensive, ethically problematic, require full support from administrators and may be subject to 'contamination'. They also require the null hypothesis to be specified carefully, as this is affected by the stage at which randomisation is introduced.
  - Experimental methods are often most appropriate for small demonstration projects or pilot schemes, but these run the risk of not being fully generalisable to a large national scheme.
  - Assessment of the role of case management in labour market or other outcomes ideally requires testing of the counterfactual through experiments. As a minimum, it needs effective systems for monitoring the type and intensity of assistance provided by case managers to their clients, preferably through a computerised management information service.
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## **7 Case Management in Labour Market Programs: What Do We Know About What Works?**

This report has outlined the various forms of labour market programs operating in a range of comparable countries which have some element of case management or individually-tailored assistance for job seekers. By and large the European countries have not embarked on comprehensive systems of case management, but evidence has emerged from some small-scale programs of individually-oriented or intensive employment assistance. The report has focused particularly on the United States, where the use of both case management and scientific evaluation has been more widespread than elsewhere, and on Australia, where an innovative national case management strategy was introduced. We have reviewed the various ways in which such programs are evaluated and considered the strengths and weakness of different approaches. We conclude the report by drawing together the lessons arising from the review about what forms of intervention are effective and manageable.

It is necessary to reiterate that detailed information on how programs operate on the ground is hard to come by, except in a few countries. Also, the case management elements of programs are often inseparable from broader packages of policy in many impact studies and evaluations. There are a number of findings which have broad support from a wide range of literature, but a considerable number of unresolved questions remain.

First, there is general agreement that job search assistance (JSA) is, compared to other forms of labour market program, relatively effective for most groups of unemployed people. Evidence from the UK, from many of the US studies and from a number of other European countries points in this direction. It also seems to be relatively inexpensive, although there is little detailed information about the costs of such provision. The only substantive evidence to the contrary is that from a number of Canadian projects cited in Fay (1996), where JSA programs appeared to have had little impact, or even to have had a negative effect by delaying clients' actual job seeking.

Job search assistance needs to be well targeted, both in terms of clients' needs and in terms of the activities towards which they are directed. It seems to work well for women and for most men, except for some of the most disadvantaged or

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long-term unemployed for whom a wider range of intensive support may be necessary. Job search alone may also not be very effective for young people, and training may often be necessary as well. However, while job search assistance can be effective, the international evidence suggests that its major impact, in the absence of growth in the number of jobs, is to redistribute opportunities among the unemployed, especially between the short-term and long-term unemployed (Nicaise et al., 1995).

This need not be seen as a negative effect *per se*. Given the 'corrosive and self-perpetuating effects of long-term unemployment' (Atkinson and Dolan, 1993:1), helping people to avoid slipping into long-term unemployment is a legitimate aim of public policy. What is less clear is how job search assistance can be provided effectively in a way that compensates for the large likely deadweight and substitution effects. Atkinson and Dolan have discussed in some detail the process of effective job search in the UK context, and have drawn up a useful model of job search activity which is appended to this report (Appendix B). They emphasise the importance of timing, client assessment, a high calibre of staffing, and a complementary relationship between job search and benefit control as four key areas in which employment services may be able to enhance their clients' job search practices. These are discussed below.

The evidence that case management, or other individually-tailored approaches to providing job search assistance and referral, is specifically effective and value for money is not yet conclusive. Evidence from the US, the UK, Australia and to lesser extent from other European countries does suggest that these approaches can have some impact, but there is much less information available at present to indicate how best to organise such services. Initially, at least, the increased administration and training involved may be costly, although some of these costs may eventually be offset through benefit control (MacFarlan and Oxley, 1996)

Individually-tailored interventions seem to achieve their effects in a number of ways. First, they involve assessment or profiling of job seekers, which allows decisions to be made about whether to provide a particular intensive service or not at a certain stage in unemployment. These initial assessments are important in that they can identify people who might be at risk of falling into long-term unemployment and can be given immediate assistance. They also help to minimise deadweight effects by screening out people likely to find work unaided, and there seems to be a strong argument for testing different kinds of assessment instruments for this purpose. The second stage of assessment, which exists in some countries, aims to categorise the level of disadvantage faced by clients judged to be in need of intensive counseling or other help. The Australian experience suggests that this can be a useful way of allocating funding, in order to

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minimise creaming of easier-to-assist clients, but more work is needed on the measures involved. Client assessment tools developed in the USA may be of help, but profiling of clients in this way does not in itself give any clear indication of what sort of interventions would be the most effective for particular groups of job seekers.

It is also not clear at what point intervention is most effective in the duration of unemployment. Initial assessment to identify those at risk seems important. After that, the UK evidence seems to suggest that more intensive help at six months may be necessary. It was hoped that the evaluation of the *Working Nation* programs might also shed some light on this question, but problems with assessments caused delays for clients in accessing assistance. As a result it has been difficult to determine the impact of interventions at different stages of unemployment.

The second way in which individually-tailored schemes operate is in their links with benefit control and surveillance of client's compliance with activity testing. Evidence from several of the US schemes, from the UK Restart, from the French Project 900 000, from New Zealand's Job Action, from Australian case management and from many other similar programs suggest that they achieve a substantial part of their effect, in terms of public expenditure, by deterring claims or by enforcing activity through threat of sanctions. This may perhaps be regarded as a positive effect, but little is known about what happens to people who are deterred and there is some evidence that excessive activity testing can actually divert effort from effective job seeking. Tough enforcement of sanctions may also end up being applied unevenly, and thus unfairly, if some staff are less comfortable with this approach. There can be particular difficulties in reconciling the watchdog and counsellor role where case management is contracted out to non-government providers, as in Australia. There is also a wider question as to whether it is more effective, with most clients, to concentrate on building a supportive relationship and taking the time and effort to construct appropriate activity plans. The US best practice manual of case management suggests that this is the case (Dickinson, Kogan and Means, 1994).

Linked to this is the third way in which individually-tailored approaches work. This is by developing individual 'action plans', 'back to work plans', 'integration contacts' and other similar instruments. The literature suggests that developing these carefully with clients according to their individual needs is the key, rather than prescribing 'off the peg' solutions or routine plans of activity. This allows for appropriate referrals to other services, training schemes or job placements, and for clients to 'own' their plans (see List, 1996, for an Australian manual on the preparation of activity agreements). It also seems to be important to check

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regularly on the progress of action plans and to amend them as necessary. One point emphasised by Nicaise et al. (1995) is that action plans or counseling programs for the unemployed should aim at all times to keep clients routed towards the goal of unsubsidised employment, even if only in the longer term. Otherwise long-term unemployed people especially run the risk of continually being recycled around dead-end or segmented special schemes. The OECD (1993a) points to the need to keep ordinary job search continuing even while unemployed people are participating in training or special employment schemes. The Australian contracted case management experience also suggests that case managers need to have full and free access to job, vacancies, placements and other programs to which the public employment service acts as the gateway. In general, there is an argument that public employment services could more effectively if they broadened their approach to labour market services beyond simply that of helping the unemployed (Finn and Taylor, 1990; White, 1991). On the other hand, there is mixed evidence internationally about the cost effectiveness of the placement services which they do currently offer to unemployed people (Walwei, 1996 forthcoming).

The evidence is also not clear about the value of directing clients into any job available, on the principle that 'any job is better than none'. The US experience suggests that this can produce welfare savings, but people may be trapped in poverty-level employment. Some evidence from the UK Restart scheme, on the other hand, suggests that getting into even a poor job may still be helpful as a way into a better one. The problem is often where jobs turn out to be highly temporary or inappropriate. This is one of the difficulties experienced by some community sector case managers in Australia. They argue that a case management approach needs to take a longer view about clients' incremental achievements rather than being driven by narrow, short-term outcome measures. The new structure of employment assistance which is to be introduced in 1997-98 places more emphasis on longer-term outcomes, but also on unsubsidised jobs as the preferable form of outcome. It remains to be seen how the new incentive structure will affect the kinds of help offered to job seekers by employment placement enterprises.

In general, the evidence about how case management is best organised is scarce and inconclusive. There seem to be a series of trade-offs: first, between relatively low-cost provision for a large, general caseload and intensive assistance for more tightly targeted groups; and secondly between the size of caseloads for individual case managers and the level of assistance possible. Evidence from the one study, in Riverside County, California, where the effects of having different size caseloads have been assessed, seems to suggest that smaller loads were not necessarily more effective, a finding which received some support from

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experiences in the Australian public case management service. It appears that levels of 100-150 clients per case manager may provide an optimum balance between service and cost-effectiveness, though this will depend on the nature of the clientele. However, it appears that caseloads above this level in the Australian public case management service tend to reinforce problems of poor training and skills which lead to ineffective outcomes.

There is little hard evidence as yet on the impact of contracting out case management to the non-governmental and private sectors. Although some training programs in the USA are run almost entirely by private, not-for-profit agencies, there does not appear to be any evidence as to how they might compare with government bodies. The Australian experience was the first major national test of this policy. Although first-year results were encouraging in the sense that contracted case managers were achieving comparable results to those of the public employment service, a number of problems with the competitive framework remained to be addressed. In the course of 1997 and 1998 a new system is to be put in place aimed at creating a 'contestable market' in case management and giving agencies considerably more discretion in their operations. This may provide an interesting test of competition policy if it stays in place for a sufficient time, but given the substantially reduced level of public resources available and the current uncertainty about the eventual structures of employment assistance, outcomes for job seekers are difficult to predict.

Overall, it has to be re-emphasised that, as yet, no evaluations have been able to unravel the particular effect on unemployment which stems from interventions like case management, which act as a gateway to a host of other programs and services. Thus, while it may make sense for other reasons to adopt case management approaches, the question is still open as to whether case management by itself has any major impact on long-term unemployment.

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# **Appendix One:**

## **Summary of the US Jobs Training Partnership Act Best Practice in Case Management Manual (Dickinson, Kogan and Means, 1994)**

### **Assessment Strategies**

No one assessment or set of assessments is likely to be appropriate for a program's entire clientele. Alternatives include:

- a range of assessment instruments and procedures so that clients receive assessments tailored to their particular skill levels and career interests;
- a core assessment for all clients, followed by individual tailored assessments;
- a 'menu approach' set up in advance, whereby sets of assessments are identified for various groups of clients;
- separate assessments for individuals with special needs; and
- group assessment sessions for clients with similar needs.

Assessment can be made to be motivating and non-threatening by:

- conducting assessments in a supportive group environment;
  - using self-administered assessments where appropriate (literacy can be an issue);
  - ensuring that forms and self-assessments are 'user friendly';
  - treating clients as 'customers' and relating assessments to their employment aspirations needs through clear and meaningful feedback.
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- using formal, commercially available instruments to assess aptitudes, skills, interests, values and personality traits;
- using informal instruments and methods such as self-evaluation, group discussions, and guided interviews; and
- starting with workshops combining assessment and career exploration.

Obtaining valid and reliable assessments of supportive service and income needs may be enhanced by:

- clients self-reporting their circumstances on forms, and using these as the basis for individual discussions;
  - guided interviews with staff who are well-trained in building relationships of trust; and
  - ensuring guided interviews are consistent across clients, by using checklists or interview guides.
- Alternative ways of organising effective assessment activities include:
- a centralised or mobile assessment team within the agency;
  - using qualified assessment contractors;
  - enhance the assessment skills of agency staff through expert training; and
  - ensuring assessment results are used in service planning by closely matching assessments to service planning needs.

### **Service Planning Strategies**

- Clients can be assisted in setting appropriate employment goals by:
  - establishing goals with clients before any training or other referral commences in order to increase clients' motivation, to gain a better match between their needs and services provided, and to provide a strong foundation for ongoing case management and placement assistance;
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- developing short-term and long-term employment goals;
- developing goals with reference to client preferences, assessment results and the local labour market;
- providing sufficient information for clients to make informed choices; and
- exploring options through the use of automated systems, client research (visits to work sites and written/audio-visual information) and career counseling.

Development of comprehensive individual action plans is aided by:

- linking client goals, assessment results and planned training, and specifying the sequence of required training, the expected time frame and milestones along the way;
- drawing up plans for support services needed to address barriers to employment or to program participation. This should be conducted at the outset of assistance as it gives weight to a client's training plan;
- making explicit the respective responsibilities of the client and the agency; and
- creating clear documentation of individual action plans in order to ensure all anticipated actions are justified and fit together, as a foundation for ongoing case management, and possibly as a contract between the client and department.

Effective service planning requires that:

- effective linkages are made with other agencies to facilitate clients' progress through the program. It is suggested that inter-agency relationships should not rely on individual staff, but should be formalised in order to ensure coordination and cooperation;
  - staff should be well-trained and have a thorough knowledge of the local labour market, of interpreting assessment results, of the training options available, and of the full range of client services in the community;
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- service planning should be organised so as to ensure appropriate and unbiased assistance to clients, that information regarding the full range of services is available, and that uniform access is provided; and
- having a case manager develop the individual service plan has the advantages of continuity and accountability, and also allows for regular feedback on plan feasibility.

### **Ongoing Case Management Strategies**

The authors identify a number of challenges faced by organisations in providing effective case management for clients as they progress through their designated set of activities. These include:

- tracking clients' progress in the light of their individual action plans;
- revising client plans when obstacles arise or when progress is not as planned;
- providing support and advocacy, while facilitating independence;
- providing continuous case management throughout job search and, importantly, following employment;
- ensuring well-trained staff conduct case management; and
- administration of case management activities.

### **Tracking Clients' Progress**

This is seen as essential for detecting and relieving problems before they manifest as crises. It requires feedback from both clients and agencies to which they are referred for training or job placement. Obtaining feedback from clients involves:

- regularly scheduled interviews to ensure early feedback, generally at least once a month;
  - using all means of encouraging clients to attend appointments;
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- being aware that repeated failure to attend case management meetings may be a signal that the client needs extra assistance, or that case management is not meeting their needs;
- recording details of contact in the case file, to build up understanding of the individual's actions and circumstances, and to aid recognition of behavioural patterns;
- more informal contacts with 'hard-to-serve' clients at their request. This can occur through arranging 'drop-in' hours and/or case manager visits or out-postings with providers;
- varying the frequency and intensity of case management according to the types of clients served, the types of services they are receiving, and the stage of program participation. Group case management can operate for clients who are identified as progressing well towards their goals; and
- using automated case management systems where caseloads are high, by allowing case managers to enter case notes on a centralised system, keep track of appointments, and identify clients not progressing as planned. Further, coordination with other agencies may be increased where other case managers can enter case notes and access information. However, confidentiality can be an issue.

### **Revising Service Strategies**

While a comprehensive initial action plan for each client is essential to effective case management, such plans will often require revision where clients are not progressing as planned, where their circumstances change, where problems are divulged following the establishment of a relationship between case manager and client, and where frequent contact has revealed barriers to employment that were not initially apparent. It should not be assumed that the client will ask for a change of plan as needed.

### **Providing Support and Advocacy while Facilitating Independence**

The role of support in case management is particularly important in terms of helping clients to overcome difficulties, developing problem-solving skills, addressing poor self-esteem and overcoming failings in the past. Support is provided in several ways including:

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- providing encouragement and positive feedback;
- providing a setting where clients can express their feelings;
- acting as a role model for a working lifestyle; and
- teaching problem solving and other living skills.

Case managers can also act as advocates and/or mediators when a problem arises with trainers, other agencies or within the organisation.

Getting the right balance between helping clients with their problems and encouraging clients to solve them themselves can be difficult. Case management based on taking care of everything for clients may reinforce a sense of helplessness and perpetuate dependency. Alternately, providing little or no assistance may mean that the person's barriers to employment are not addressed.

In between these extremes is case management which assists clients to move from dependence to independence. An effective case manager is one who is supportive by teaching clients skills and assisting them to apply those skills as difficulties arise. He or she also clarifies options and allow the client to make choices. Ultimately, the aim is for the client to become sufficiently independent to function without assistance once the program is finished.

### **Providing Placement and Follow-up Assistance**

Job search, training and placements should be consistent with each client's employment objectives. In organisations where the case management and job placement functions are separated, care must be taken that the job placement worker is sufficiently aware of the information gained during the client's assessment, service planning and case management.

There is an argument for continuing case management after clients have found work because:

- clients often require support and assistance in adjusting to the world of work (although a focus on independence should be maintained);
  - problems with employers can be dealt with before they become critical;
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- clients may require additional services in order to maintain their employment; and
- feedback regarding the efficacy of the program can be gathered from clients and employers at this stage.

### **Organising and Staffing Case Management Activities**

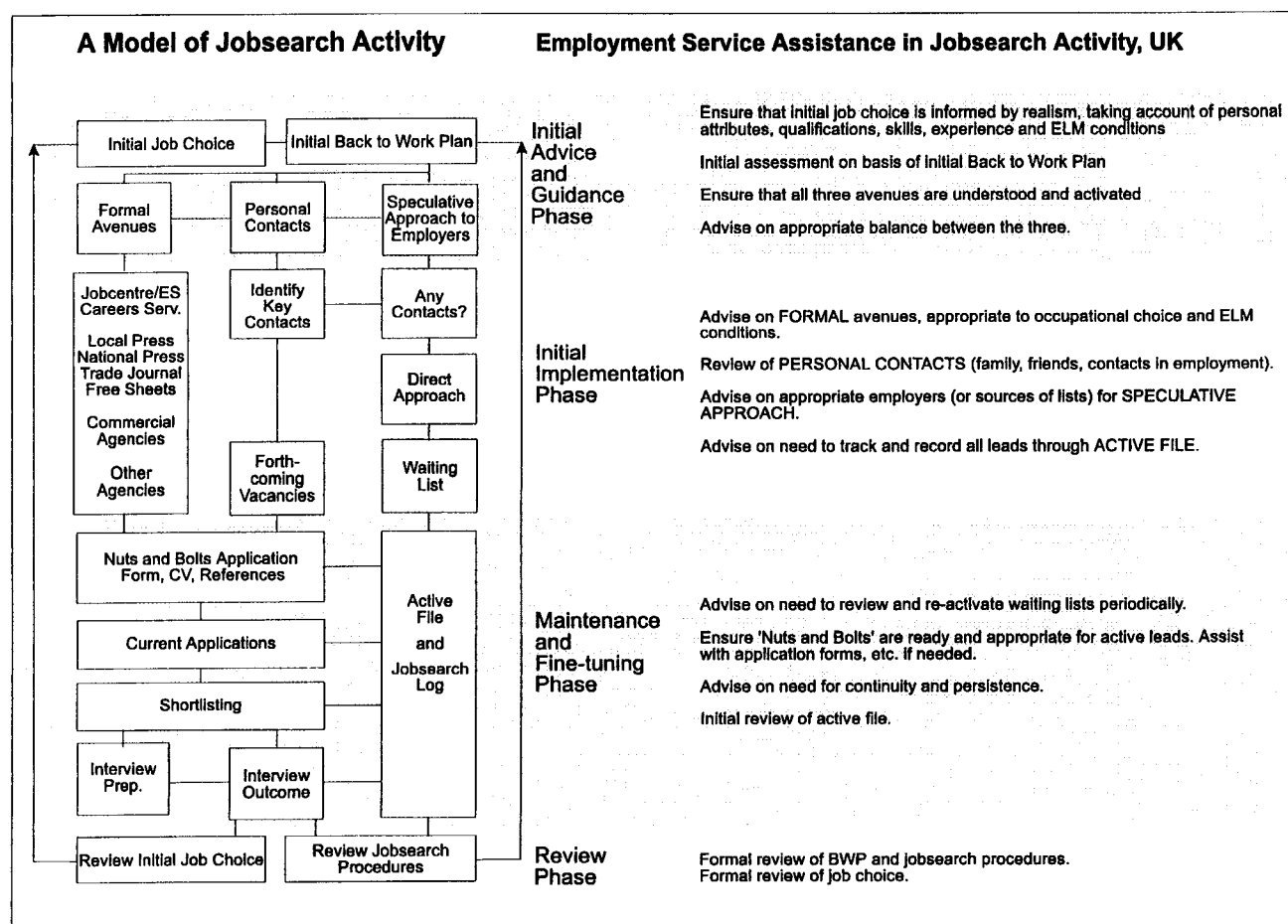
The guide suggests that staff should possess the following:

- personal characteristics of empathy, tolerance and non-judgementalism, objectivity, assertiveness and 'drive';
- skills in interpersonal communication, interviewing, documentation and networking;
- organisational skills such as time management, dealing with paperwork and seeing tasks through to completion and;
- problem solving skills, including negotiation.

Rather than being given a caseload and expected to cope, case managers should be given formal training and assistance while learning the procedures and skills of effective case management. Ongoing training through seminars or short courses can also keep skills up to date. Regular team meetings can also help through:

- group problem solving;
  - capitalising on staff members' different areas of expertise;
  - gaining feedback from other staff who have worked with a client;
  - assisting an equitable distribution of supportive services; and
  - improving staff morale.
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Figure A2.1: A Model of Jobsearch Activity



Source: Atkinson and Dolan, 1993



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