ESTIMATING THE IMPACT OF A RUSSIAN JOB SEARCH PROGRAM TARGETED ON THE UNEMPLOYED IN VERY LOW-INCOME FAMILIES

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ABSTRACT

This paper presents an impact evaluation of an active labor market program operating in over a dozen Russian cities. The program provides job search assistance and significant financial and social services support to unemployed workers who are members of very poor families. It is of interest because of high success (job acquisition) rates previously documented. The analysis shows that participants are significantly more likely to find and retain a job than a control group of similar workers who registered at the local Employment Centers at the same time. On the other hand, these workers were found to take jobs paying significantly lower wages than the controls. Importantly, data for an earlier participant cohort (but no controls) show that 75 percent of program participants remained employed more than a year after exiting the program.

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The countries of Eastern Europe have devoted considerable resources to active labor market programs (ALPs); those in the Commonwealth of Independent States (CIS), considerably less. For example, data for three of the Vizegrad countries for 1995/1996 suggest around 0.5 percent of GDP was spent on ALPs.[1] In contrast, in 1999 Russia's spending on all employment programs was only 0.21 percent of GDP; merely 18 percent of this went for ALPs (World Bank, 2002). Additionally, unemployment benefits were nugatory and often months late in being paid.[2]

Even for Eastern European countries, however, there have been few impact evaluations of active labor market programs. The analyses for Hungary, Poland, and the Czech Republic summarized in the monograph by Fretwell, Benus, and O'Leary (1999) constitute the major exception.[3] This paper presents the results of an impact evaluation of an active labor market program pioneered in Perm, Russia and since employed by several additional jurisdictions. Because an early assessment of the Perm program indicated that it was very successful in placing workers in jobs (Alexandrova, Chagin, and Struyk, 2004), the program proved attractive to other jurisdictions. By 2003, the program had been adopted by a dozen cities in Perm Oblast and the capital city in another region. It is, therefore, important to evaluate the program rigorously before it is adopted more generally.

The next section provides background on ALPs in Russia. This is followed by a description of the Perm Benefit-to-Wages program. After this the evaluation is outlined and then the results presented. The paper finishes with some conclusions.

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[1] Dar and Tzannatos (1999), Table 3.1; figures are provided for Hungary, Poland, and the Czech Republic.

[2] Dmitriev and Maleva (1997) report that in mid-1997 the average unemployment benefit was about 67 percent of the subsistence income level (poverty line); but 43 percent of recipients received benefits equivalent to the minimum wage, or about 18 percent of the subsistence income (p.1520). Employment benefits are limited to 12-15 months and there is no provision under Federation laws for assistance for those who exhaust these benefits and are still unemployed. The persons rely on assistance from local governments. Also see Gimpel'son and Magun (1995); Javeline (2003).

[3] For additional detail, see O'Leary (1997) and O'Leary et al. (1998). A general review of evaluation results of such programs is in Dar and Tzannatos 1999).

BACKGROUND

As is well known, in the early stages of the transition Russian unemployment rates were lower than in Eastern European countries. Russian workers tended to cling to their jobs longer. In part this was attributable to traditional low labor mobility, especially in mono-industry towns. Workers held on even when wages were not being paid or were greatly delayed (Boeri and Terrell, 2002), in part because social benefits were associated with being officially on the rolls. Besides, being on the work rolls did not prevent participation in the informal labor market. Moreover, it was cheaper for employers to keep workers on their rolls than to release them because of the severance payment and payment of all unpaid wages at separation mandated by the Soviet Labor Code (World Bank, 2002, Chp.3). Finally, the national government abetted labor hoarding by pressing the national gas and electric monopolies and the social funds to exercise lenient collection policies (Hough, 2000).

As social functions were transferred from enterprises to municipalities, more enterprises failed and greater numbers of workers quit enterprises who were not paying them, open unemployment rose.[4] By 1997, the unemployment rate in Russia, for example, was running at 11-13 percent of the labor force—about the same as most countries in the CEE region.[5] Nevertheless, overmanning and labor hoarding is still present at state enterprises (Broadman and Recanatini, 2001).

At the Russian Federation level, in 2003 ALPs were the responsibility of the Ministry of Labor and Social Development (MSLD); in the Subjects of the Federation (provinces) they were developed by MSLD regional employment agencies and the executive authority of the Subjects. The costs of ALPs were in principle shared between the Federation and Subject governments.[6] But sharing was not by a formula and the initiative clearly rested with the regions. The small programs funded have strongly favored job creation/preservation and vocational training programs; job creation/preservation accounted for the greater majority of spending in the early transition period and the two enjoyed about the same support at the end of the decade (World Bank, 2002, Chp.4). The combination of low funding levels for ALPs from higher level governments and local governments' strong interest for economic development has spurred local governments to action in the employment area. Recently some have begun implementing active labor programs of their own to hurry the process of reemployment for who have been made jobless during bouts of economic instability.

Broadly, local governments are beginning to become more performance oriented. So it is natural that one of the key questions in assessing their ALPs is the success of programs in achieving the desired outcome of reemployment. A second is which groups of the unemployed benefit from training and other types of assistance. With local government budgets in Russia notoriously tight,[7] efficient targeting is critical. Note that targeting can have two dimensions in this context. The first is the direction of ALP

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[4] Aslund, 2002, Chp. 8; Dmitriev and Maleva (1997); Kapeliushnikov (2002).

[5] Boeri and Terrell (2002, p. 68) argue that the high rates of unemployment in Central European countries have been fostered by the comparatively generous levels of nonemployment benefits available to the long-term unemployed in these countries.

[6] Until 2001, unemployment benefits and ALPs were funded through payroll taxes to the State Employment Fund and supplemented by appropriations from the Federal budget. Starting in 2001, cash unemployment benefits and associated administrative expenses have been funded directly from the Federal budget.

[7] Freinkman, Treisman, and Titov (1999), Saburov, Tipenko, and Cherniavskii (2001).

resources to different groups defined on the basis on their employability. Some argue that the available resources should go to the hard-to-reemploy while others argue for using them to maximize the number of placements.[8] The other aspect of targeting is the allocation of ALP resources to unemployed persons from households with very low incomes. In other words, design allocations to make ALPs an explicit tool for combating poverty. The 1996 reform of the welfare system in the U.S. was a change in this direction; the reforms both restricted the time a family could receive cash welfare payments and greatly increased the assistance to employable adults in preparing for work and finding a job.[9]

THE PERM BENEFITS-TO-WAGES PROGRAM

The BtW program was created in early 2000 and has been reauthorized and funded annually by the local legislature (Duma) since. The program offers a time-limited cash benefit to very low-income families with a child present and having at least one unemployed adult member. Among participants surveyed for this analysis, over 70 percent stated that they spent two-thirds or more of their income on food. Officially, the program serves families with per capita income less that 70 percent of the per capita subsistence minimum income, which is equivalent to about $2 per day.

In exchange for the cash benefit, the unemployed person agrees to actively look for a job and possibly participate in training, job clubs, and other activities. The unemployed person volunteers to participate. Hence, this is an anti-poverty program using ALP interventions. The program was piloted on a smaller scale in 2001 and the lessons learned in that effort were incorporated in the design of the current program that began operations in 2002.[10]

Participation is limited by the budget appropriated for each year; typically 150-200 participants are served. For eligible families that choose to participate, the benefit replaces a poorly targeted semi-annual poverty benefit available to all low-income families citywide. The benefit of the current program is paid monthly but computed quarterly. It is defined on the basis of household size, with the benefit ranging from 10 percent of the monthly per capita subsistence level for a one person household to 75 percent of the monthly per capita subsistence level times the number of persons in the household for a household of nine or more persons.[11] (See Table 1 for a program summary.) Critically, the payments typically continue for a three-month period after the participant obtains a job, providing a strong incentive to find work. The first 200 rubles of earnings are disregarded in computing the benefit payment.[12]

Participants also can obtain help from social workers assigned to the program in accessing an array of social services. These range from childcare to counseling for alcohol or drug abuse problems. Unemployed members of participating families are required to meet employment-focused service

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[8] For a discussion, see Puhani and Steiner (1999), Fretwell (1999), and Fay (1996).

[9] For an overview of these reforms, see Weil and Finegold (2002).

[10] The results and lessons of the pilot are summarized in Gallagher and Struyk (2001). The current program was subjected to a process evaluation in 2002; see Alexandrova, Chagin, and Struyk (2003).

[11] Although the citywide benefit was limited to families with incomes below the subsistence minimum, each family was provided with the same cash benefit, regardless of the depth of poverty or the size of the family.

[12] Benefit amounts are computed each three months, regardless of changes in employment status. Therefore, participants finding jobs before the end of a three-month period receive the original subsidy until the end of the period. The benefit amount is reduced by 25 percent of earned income after the disregard.

requirements, such as job search or job training, in order to continue benefit receipt. A formal contract is assigned between the agency and the participant regarding the responsibilities of both parties.

In addition to the introduction of a new means-tested benefit, the pilot involved considerable administrative reforms. Most notably, the city developed a new application for use with the new benefit that was considerably more detailed than applications for other municipal social assistance programs. The initiative also involved new forms of cooperation among social protection agencies. The employment service requirements of the jobs benefit required development of links between the jobs benefit office and the federally administered local Employment Center (EC). Local EC offices are present in each district.

Table 1
Characteristics of the Benefits-to-Wages Program

Target Population	• The eligibility age for a child was changed to 18 or up to 23 if a child is a high school student. • The eligibility family per capita income is 70% of the subsistence minimum. • An unemployed family member must not be an officially registered private entrepreneur.[13]
Benefits	Monthly cash benefit determined as follows. Per capita benefit equals 70% of subsistence minus the sum of monthly per capita unearned income plus 75% of monthly per capita earned income.[14] The per capita benefit is multiplied by an equivalence scale to determine monthly benefit. If the participant obtains a job, the first 200 of earnings is not counted in computing the benefit.
Maximum Benefit	2,300 rubles per capita per month.[15]
Benefit Maintenance Requirements	The unemployed member of the family must participate in employment service requirements as determined by the caseworker and receive assigned social services.
Penalties for non-compliance	A differentiated system of penalties, with the severity of the penalty depending on the severity of the violation.
Coverage	Limited entitlement. For example, in 2003 there were a maximum of 148 families at any point of time in all 7 city districts.
Implementing Agencies (level of government)	Municipal and District Departments of Social Protection (local); District Employment Centers (federal).
Dates of Implementation	May 2003 – December 2003

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[13] This requirement was made because according to federal legislation employment services are not provided to officially registered private entrepreneurs.

[14] The calculation is done for the household first and then the per capita benefit is computed by dividing the household benefit by the number of persons in the household.

[15] As of January, 2004 the exchange rate was about RUR 29 = $1.

In terms of the actual program operations, two in-take/case workers are assigned on a part-time basis in each district office. The earlier assessment identified significant variance across offices in the degree of interaction with participants, owing to the initiative of the assigned staff and the time they were able to devote to the program. Nevertheless, the compliance of participants with the terms of their contracts was quite closely monitored. The social workers checked weekly with the EC office about job search, monitored the use of social services for which the beneficiary had signed up, and met monthly with the beneficiary to check overall participation.

The ECs were to give priority to program participants in terms of training and job referrals. However, from interviews with staff at the ECs at the time of the prior assessment we learned that the Centers discharged their agreed duties in varying degrees. On balance, the program is best characterized as a labor attachment strategy (emphasizing quick job acquisition) with elements of a human capital development strategy.

Table 2 shows the job acquisition results for the 2002 and 2003 program years. A program year corresponds to the calendar year, which is also the fiscal year, with new appropriations required each year. Participants are recruited from spring to autumn.

The table also shows that the program has enjoyed a high degree of success in placing workers in jobs. Indeed, in 2002 nearly three-fourths of participants had obtained jobs by the time of the survey and for many of the unemployed there were still a couple of months remaining before they would leave the program. As of December 2003, the number of participants in Perm totaled 148 (Table 2). In 2003, the results were not as strong but still impressive: 60 percent of participants found employment during their participation to date in the program. Broadly, the results are consistent with those for other programs where the program design emphasized raising the net income from employment.[16]

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[16] Evaluations of the Earned Income Tax Credit in the U.S. have found a substantial impact of these payments on workforce participation (Liebman, 1998; Meyer and Rosenbaum, 1999); also, a positive impact on earnings was found in the Michigan welfare program when the earnings disregard was increased (Werner and Kornfeld, 1996).

Table 2
Number of Participants and Successful Job Seekers by Municipal District,
for Program Years 2002 and 2003

District	2002		2003	
	Participating Families	Number who Found Jobs[17]	Participating Families	Number who Found Jobs
Sverdlovsky	45	39	30	30
Dzerzhinsky	45	30	24	6
Motovilikha	45	31	30	15
Industrialny	45	33	30	24
Leninsky	--	--	14	4
Ordzhonikidzevsky	--	--	10	4
Kirovsky	--	--	10	5
Total	180	133	148	88

THE EVALUATION

This discussion first outlines the questions addressed and then the structure of the evaluation.

Questions addressed. The evaluation addresses the three primary questions listed and discussed below.

1. *Do program participants find jobs at a higher rate than similar workers who do not participate?* There are grounds for believing that the answer may be "yes." A senior program administrator in each district did a final screening of workers for "work readiness." This procedure is not documented but it appears to have involved judgments about the applicant's willingness to work. In addition, in the earlier assessment of the program, participants reported that the extra income was instrumental in permitting them to search for jobs. These factors, combined with the monitoring of participants' compliance with program requirements, suggest grounds for believing the program could be effective.

2. *Do program participants find jobs that pay higher wages than the jobs found by similar workers?* The evidence from the prior assessment was that participants generally secured low-wage, modest-skill level jobs and that there was little differentiation in the likelihood of finding a job with qualifications. Only 40 percent of employed participants stated that their current job corresponded with their usual occupation. On the other hand, there was evidence of wages varying positively with qualifications. One interpretation of these findings is that the program put considerable pressure on participants to find jobs quickly, including the incentives of the benefit structure that recomputed the benefit level only each three months. Thus, a worker who found a job very quickly would receive both wages and the benefit calculated without the new wages taken into account for two months or more. Our maintained hypothesis, therefore, is that the wages of program participants may be lower than other recently employed workers, other factors held constant.

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[17] Three participants had found jobs and lost them by the time of the interviews. They are not included among those counted as having a job.

3. *Did program participants continue to be employed after they left the program?* The prior assessment was completed while many of the workers in the group recruited during 2002 were still receiving benefits. So we do not have prior information on this point. If, however, participants took relatively low-wage jobs as a result of their participation in the program, one could expect high mobility to other, better paying jobs and to unemployment while they search for a better paying job.

Evaluation structure. A quasi-experimental approach is employed for the analysis.[18] To address questions 1 and 2 it was necessary to construct a control group. For this purpose, we matched BtW participants during 2003 to controls. It is well-known that the key problem in impact evaluations is selection bias in forming the control group. The analysis presented here employs two control groups. The controls in both groups meet the general standards of program participation: unemployed adult present, income below 70 percent of the subsistence minimum, one or more children present. They are also individuals who applied for assistance in obtaining employment. The first group—referred to hereafter as *overflow controls*—are persons who applied for the BtW program but who were rejected in the final screening. There were 43 such applicants, 13 of whom were disqualified because they were pregnant or physically disabled. Because the other 30 who constitute the control group were judged not to be sufficiently "work ready," one anticipates that they would fare less well in finding a job than the experimentals.[19] This group does well in terms of minimizing selection bias because it consists of individuals who tried to join the program. The team succeeded in interviewing 21 of these applicants.

In terms of the analysis by Frielander et al. (2000, pp.264-7) of the impact of selection bias in quasi-experimental evaluations of ALPs on observed post-program earnings, the rejection of less work ready applicants is an instance of "selection on observables." Where selection of program participants is only on the basis of observed characteristics, the estimated additional participants' earnings can be unbiased. The special aspect of the current case is that one observed attribute is work readiness. So we expect positive earnings and job acquisition differentials in favor of program participants, assuming the administrators' judgments are valid. The estimated differences should be the upper bound of program impacts because they contain the program effect and the effect of the observed readiness difference.[20]

Despite the strong attributes of the overflow controls, we were concerned about the small number in this group. Therefore, we selected random samples of unemployed workers who applied for benefits in

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[18] We are aware of the differences documented in comparative impact analyses between those using quasi-experimental and random assignment methods. In an attempt to ensure that our findings approximate those of an experiment, we followed the lessons drawn by Glazerman, Levy and Myers (2002, pp.46-7) based on their detailed analysis of the factors that apparently account of differences in results between quasi-experimental experimental results. In particular, the control group was drawn from a very similar population, and we include pre-intervention variables of the outcomes in the regression models employed. Our control group selection is also consistent with the results of specific analyses comparing experimental and quasi-experimental impact estimates. Heckman and Hotz (1995), Friedlander and Robins (1995), and Michalopoulos, Bloom and Hill (2004) find that drawing controls from the same local labor market and data sources results in lead to less biased results for quasi-experimental estimates.

[19] Analysis of the effects of this type of screening are comparatively rare. Bell and Orr (2002) is one exception.

[20] An analysis by Bell et al. (1995) of the AFDC Homemaker-Home Health Aide Demonstration comparing experimental results with those for quasi-experimental analyses employing three different types of control group found that the control group consisting of the "screened out," i.e., those judged not to be appropriate for the program by in-take staff, produced the most accurate non experimental results.

two district ECs. These are called *EC controls.* The samples were structured broadly to match the time profile of when participants joined the BtW program, i.e. the same share of participants and controls joined their respective programs in the same month. Importantly, this group of controls also had to apply for assistance. Applicants found to be eligible receive an unemployment benefit for 3 months on average. The benefit is computed as a certain part of client's wage at his previous work place but not exceeding 75 percent of the subsistence level. In late 2003 the average payment was 1000 rubles per month. The low benefit amount suggests that applicants were interested as well in possible assistance in finding a job. This control group should not have the type of difference from BtW participants as the overflow controls. Both groups of participants are likely to have similar earnings potential, especially for the kinds of jobs available through the EC.

Records at the EC offices contained all information needed to match EC with BtW participants except income. So a larger sample than required was selected and actual controls were identified through the income questions contained in the household interviews with EC participants. The final sample in this case was 204, which compares with the 123 program participants successfully interviewed.

The analysis of differences between program participants and controls was conducted separately for each control group. In addition to looking at differences in mean outcomes, we also estimated regression models that controlled for differences in human capital endowment and work experience between participants and controls. The control variables are described in the next section. Impact estimates obtained from such multivariate regression models are termed *regression adjusted program impacts.*

To address the third question, on continuing employment, we track the outcomes for persons who participated in 2002. As suggested, we anticipate finding substantial mobility among jobs. Of the 174 persons interviewed in January 2003 for the earlier analysis, 145 were re-interviewed about their current employment status, type of work, and wages in April 2004. Because there was no control group in the prior analysis, we cannot identify differential outcomes associated with the program.

Three types of information were assembled for the evaluation.

1. Data from administrative records—applications forms, records on social services received, training received, job search and employment experience.

2. Structured interviews with the senior program administrator in the city administration.

3. Structured Interviews with program clients and controls in their homes.

The household interviews with participants gathered detailed information on the demographic and economic structure of the participant's household, information on the education and prior work experience of the participant, training and other services received by the participant from the Employment Center, additional social services received by the household from the program, and the participant's job search and work experience in the program. The interviews with controls covered similar domains, except for questions on BtW; controls were asked about receipt of the general poverty benefit and various social services.

The senior program administrator was interviewed in January 2004 and the participant interviews were conducted in April-May, 2004.

Comparison of treatment and control groups. Table 2 presents information on some of the key characteristics of workers included in the four groups under analysis: BtW participants in 2003 (PP03), BtW participants in 2002 (PP02), rejected 2003 BtW applicants (REJ), and controls from the Employment Service centers (EC). The samples for 2003 are similar in terms of percent male, the distribution of years of education, and the distribution of type of job last held. But they differ in terms of mean age and the distribution of time out of work, with the control samples both containing a higher share of persons relatively recently unemployed.

Table 2. Characteristics of Experimental and Control Samples

Variable	Group			
	PP03	REJ	EC	PP02
Percent male	10.6	0	7.4	6.9
Mean age	36.9	39.3*	34.2*	36.8
Education-percent distribution				
Primary school or below	0	0	0	0
Incomplete secondary school	4.9	9.5	5.4	3.4
Secondary general	18.7	19.0	10.3	18.6
Vocational school	53.7	42.9	56.7	55.2
Incomplete higher education	4.1	4.8	3.4	2.1
Higher education	18.7	23.8	24.1	20.7
Time out of work				
Up to 3 months	16.4	52.9*	48.0*	No data
3-6 months	23.8	17.6	11.5	No data
6-12 months	24.6	5.9	8.5	No data
Over a year	35.2	23.5	32.0	No data
Type of position in last job				
Low skilled worker	20.7	25.0	18.8	No data
Skilled worker	40.5	56.3	29.5	No data
Service person	9.5	12.5	11.4	No data
Specialist, engineer	12.9	0	9.7	No data
Manager, department head	3.4	0	1.1	No data
Other	12.9	6.3	29.5	No data
Sample size	123	21	204	145

*Indicates a significant difference for this variable between this group and PP03 at the .05 level or higher. t-tests were used for the differences in means. For differences in distributions, significant differences had to be indicated by at least one of the following two tests: the Mann-Whitney test and the Two-sample Kolmogorov-Smrinov test.

MODEL SPECIFICATIONS

This section discusses definitions for the dependent, control, and program specification variables, as well as the model specification.

Dependent variables. The dependent variables corresponding to each of the questions listed in the previous section are as follows. In the balance of the presentation we refer to the models estimated for the three outcomes as models 1, 2, and 3, respectively.

Question	Variable
1. Do program participants find jobs at a higher rate than similar workers who do not participate?	There are 2 specifications. 1.Var=1, if worker found a job since entering the program, or for controls since registering with the EC or being rejected by BtW. Var=1, whether they still have the job or not. 2. Same as #1 but worker must still have a job, regardless of whether it is the first job or not since applying for a program.
2. Are program participants getting paid more in their new job?	Var=monthly wages. Population used in the analysis is restricted to those workers employed at the time of the survey.
3. Did year 2002 BtW participants continue to be employed after the program?	Var=1, if worker is employed at the time of the interview.

Control variables for models 1 and 2. Because of the significant differences in characteristics between the treatment group (PP03), on the one hand, and the control groups (EC and REJ), on the other, it is important to control for differences in workers' attributes in identifying program impacts. The upper panel of Table 3 lists and defines the control variables employed in the analysis of the first two questions. Many of these are human capital variables. The "needs" variables are designed to capture the pressure the worker may have been under to find a job due to the size and composition of his household. There is a notable measurement problem with the first three of these variables in that they measure the situation at the time of the survey, i.e., they did not explicitly ask for the situation of the family during the period of the job search. The TIMEOUT variables measure the time the worker had been out of work. We expect the longer the worker had been unemployed, presumably the greater financial pressure to take a job, others things equal.

Table 3. Definitions of Control Variables to Use in Multivariate Analysis

Label	Definition[21]
	HOUSEHOLD AND UNEMPLOYED PERSON CHARACTERISTICS
MALE	var = 1, if male
AGE	age
AGE2	age squared
ED2[22]	var = 1, if incomplete secondary school
ED3	var = 1, if completed secondary school
ED4	var = 1, if completed vocational school
POST1[23]	var = 1, if last job was as skilled worker
POST2	var = 1, if last job was as service person
POST3	var = 1, if last job was as specialist, e.g. engineer
POST4	var = 1, if last job was as manager
POST5	var = 1, if last job was as "other" type of position
NEED1	No. of children present
NEED2	No. of unemployed adults/over adults in households
NEED3	No of employed adults /(no. others household members)
NEED4	Var=1, if household made a large purchase in past 6 months
TIMEOUT1[24]	var=1, if person out of work less than 3 months before applying to the program
TIMEOUT2	var=1, if person out of work 3-6 months before applying to the program
TIMEOUT3	var=1, if person out of work 6-12 months before applying to the program
SUPPORT1	var=1, if pensioner present and children under age 12 present.
SUPPORT2	var=1,if an employed adult other than the participant is present
	Services Received
PART	Var=1, if person participated in BtW program
ESREF	Var=1, if respondent (BtW or control) has a job as a result of a referral from the EC
PRVSERV1[25]	var = 1, if household receives employment services
PRVSERV2	var = 1, if household receives discounted home care services
PRVSERV3	var = 1, if household receives food baskets
PRFSERV4	var = 1, if household receives consultations from psychologist, lawyer
PRVSERV5	var = 1, if household receives child care placement
PRVSERV6	var = 1, if household receives free school meals
PRVSERV7	var = 1, if children attend summer camp
	Job Characteristics of Employed BtW Participants and Controls
JOBTIME1[26]	Var=1, if employed under 3 months

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[21] All variables are for the participant unless otherwise indicated

[22] Omitted category is higher education; no one reported having only a primary school education.

[23] Omitted category is low-skilled worker

[24] Omitted category is out of work over 12 months

[25] These are services received before applying for the BtW program or EC. Omitted category is receipt of housing allowances

[26] Omitted category is employed in job over six months.

JOBTIME2	Var=1, if employed 3-6 months
CPOST1[27]	var = 1, if current job was as skilled worker
CPOST2	var = 1, if current job was as service person
CPOST3	var = 1, if current job was as specialist, e.g. engineer
CPOST4	var = 1, if current job was as manager
CPOST5	var = 1, if current job was as "other" type of position
JOBCOR	Var=1, if job corresponds to main occupation/profession
SALRISE	Var=1, if salary increased since taking job

The final panel contains additional independent variables included in the models for wage determination model for employed workers. These include their current position (CPOSTn), the number of months in the job, and whether the job corresponds to what the worker considers to his skills and training.

Program variables for models 1 and 2. The second panel of Table 3 lists the variables used to capture program impacts in alternative model specifications. The first (PART) is simply whether the person was a BtW participant. As noted earlier, the BtW program tries to arrange for clients to receive the social services they need. The series of dummy variables are defined for various types of social services and assistance received as a result of BtW participation. The final variable indicates whether the job was obtained as a result of a referral from the EC.[28] Controls as well as BtW clients could receive such referrals. The variable is used in the same model as PART so that independent effect of EC referrals can be identified.

Specification of models 1 and 2. The models estimated consist of the control and program variables. We experimented with a variety of specifications using these variables. Model 1 is estimated using as the logit procedure, while for model 2 we employ ordinary least squares.

Specification of model 3. Model 3 differs from the others in that there is no control group. In this case, the objective of the multivariate analysis is not to identify program impact but rather to explain why some BtW participants have remained employed longer than others. The explanatory variables are of three types: human capital, as defined by education, age, and gender of the worker; the family's current economic situation; and, the three job attributes listed below. The last three variables all define job aspects that should increase the willingness of the worker to remain in the position.[29] The model is estimated using the logit procedure.

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[27] Omitted category is low-skilled worker

[28] A surprisingly modest share of 2002 participants—48 percent—reported the ES giving them a concrete job opening referral.

[29] When the survey of BtW participants was done in 2002, the identification of those surveyed was deleted from the records. So it is not possible to link the 2002 and 2003 survey results for these workers. Therefore, we cannot include the initial wage of the job found while participating in BtW or other baseline information in the model.

Variable	Definition
BtWJOB	Var=1, if job found while in the program
BtW-UP	var=1, if job found while in the program <u>and</u> worker has gotten a raise since
JOBCOR	var=1, if job corresponds to main occupation/ profession

RESULTS

Job acquisition effects. The final estimated models are in Table 4 for both control groups. The dependent variable has the value of 1 when the worker had acquired a job and is still employed at the time of the interview. The models are highly significant but explain only a small share of the variation in the odds of being employed.

The key result concerns the regression adjusted program impact for the BtW program: it does increase the likelihood of being employed when compared with the EC control group and has no effect when compared with the smaller REJ group. The result for the EC group is highly significant. The mean odds of being employed are 1.44 for the EC and 1.82 for the REJ control groups, respectively. Evaluating the odds with and without PART for the EC group shows that participation in the BtW program increases the odds about 1.5 compared with those registered with the Employment Center, i.e., it nearly doubles the odds.

The positive program impact contrasts with those from the only other analysis of ALPs in Russia. Akhmedov et al. (2003) studied the effectivness of four ALPs administered to those registered at ECs in two regions. Since not all those registered at ECs participate in an ALP, they were able to identify program impacts on the length of unemployment. They found that in one region, participation in ALPs prolonged the unemployment spell significantly. In the other region some programs accelerated job acquisition.

Several other variables have a significant impact on the odds of being employed in both models, despite the similarities in the treatment and control populations: older age and a low education level reduce the odds of being employed, but a shorter spell of unemployment raises them. Quantitatively the effects are large for education (ED2) and time out of work (TIMEOUT1). In the EC model, low education decreases the odds of having a job by 1.1, while being out of work for only a short time raises the odds by about 1.4. On the other hand, a five-year increase in a worker's age from the average age of those in the sample lowers the odds of having a job by about 0.25. Additionally, in the comparison of the EC and BtW groups only, POST4, the last job being a manager, significantly lowered the odds of finding a job, i.e., by about 1.3.

Table 4
Logit Results for Job Acquisition

| | Job Acquired and Retained | | | |
| | Control group—EC | | Control Group-REJ | |
	B	Exp(B)	B	Exp(B)
Constant	1.08**	2.94**	2.65**	14.1**
AGE	-0.034**	0.967**	-0.066**	0.936**
ED2	-1.02*	0.360*		
ED3			-0.828*	0.436*
POST4	-1.44*	0.238*		
TIMEOUT1	0.776**	2.17**	1.48**	4.42**
PART	0.809**	2.24**	0.338	1.40
-2 Log likelihood	414.7		168.8	
Cox & Snell R Square	0.055		0.120	
Nagelkerke R Square	0.075		0.164	
Sign.	0.000		0.000	

*significant at the 0.10 level or higher
**significant at the 0.05 level or higher

Table 5
OLS Results for Wage Rates

| | Control Group | |
	EC	REJ
Constant	3088**	2352**
JOBCOR	698**	999**
CPOST4	1094**	1537**
CPOST5	-1028*	-1626
PART	-629**	-30
Adj. R2	0.084	0.120
F	4.46	3.65
Sign.	0.002	0.009

*significant at the 0.10 level or higher
**significant at the 0.05 level or higher

Impact on wages.   As shown in Table 5, program participants accepted jobs with significantly lower wages than members of the ES control group; there was no difference between wages of participants and those in the REJ group. Thee mean wage of participants were 21 percent lower than EC controls, as an regression adjusted program impact. In both models, workers who believed themselves to be in jobs that corresponded with their training (JOBCOR) had significantly higher wages. Significantly higher wages also accrued to those in managerial positions (CPOST4), while there was a weak negative effect of having a job in the "other type of job" category.

The results reviewed for job acquisition and wages give quite different patterns for the two control groups. Those for BtW participants compared with EC controls appear to tell a very interesting story. Program participants are finding and accepting jobs more quickly than controls, but in doing so they are accepting jobs with significantly lower wages than those taken by controls.

On the other hand, no statistically significant difference was found between BtW participants and REJ controls. The probable explanation is that the REJ sample size is very small at 21 observations and therefore the absence of significant results is to be expected. But the result is also consistent with overflow controls being no less "work ready" than participants and more motivated than workers who merely signed up at the Employment Center. In other words, the result supports the contention of some in the city that at least some applicants were rejected arbitrarily.

Job retention by program participants.   Of the 2002 program participants interviewed, 76 percent were employed at the time of the interview. Of these, about one-third was still in their original position and two-thirds had shifted to a different position. In short, there is no support for the idea that program participants took a job just to maximize payments during the program period and then when program benefits were exhausted. The majority did shift to another job, possibly to achieve higher wages. We were unsuccessful in estimating models that could discriminate among program participants who had continued to be employed and those who were not working at the time of the survey.

CONCLUSIONS

The lack of leadership in developing and funding active labor market programs by the responsible Russian national and regional governments has pressured local governments into experimenting in this area. The analysis of the program developed by the City of Perm to assist participants to obtain jobs indicates that the program is effective with participants being more likely to obtain a job than non-participants for the larger EC control group. This is consistent with the strong incentives for quick acquisition and the close monitoring of search effort by administrators. Because 60 percent of BtW participants were out of work for over six months when they joined the program, getting them re-employed is clearly an important step to sustained employment. It is also consistent with other analyses of the effectiveness of alternative ALMs, which indicate that job search assistance is more effective than training programs or funding entrepreneurial activities (Fretwell et al., 1999).

On the other hand, the incentives for quickly finding a job may be too strong, as indicated by the finding that participants are accepting lower paying jobs than controls.   It is clear that participants are remaining employed at a high rate after exiting the program, although we do not have a control group for

comparison. One can conjecture that the high employment rate of the 2002 BtW participant group and the large share that has shifted jobs suggests that the job acquisition pressure may not be misplaced. Getting the unemployed back to work, with some extra cash in the household as a result of program payments, seems to be successful in keeping BtW participants at work.

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