

## Reducing the maximum duration of unemployment benefits increases the job finding rate of the unemployed



*Evidence from seven studies shows shortening the maximum duration of unemployment benefit entitlement has a small effect on the job finding rate of the unemployed.*

### What is the aim of this review?

This Campbell systematic review examines the impact of reducing the maximum duration of unemployment benefits on job-finding rates. Seven studies were included in the review, all of which are from European countries.

Reducing the maximum duration of unemployment benefits is one strategy used to reduce unemployment. Evidence from seven studies confirms such an effect. However, the effect is small and more studies of higher quality are needed to give more detailed findings to inform policy.

### What did the review study?

Policymakers may wish to reduce the generosity of the unemployment benefits system in order to reduce unemployment levels. Reducing benefit levels may be politically more difficult than shortening the length of the unemployment benefit eligibility period to create work incentives for the unemployed.

This review summarizes studies that measure the effects of shortening the maximum duration of unemployment benefit entitlement on job finding rates.

### What studies are included?

Included studies had to examine the effect of a reduction in the maximum duration of entitlement of any kind of unemployment benefits on employment using a well-defined control group.

Whilst 41 studies were identified, after allowing for study quality and data issues, only seven studies were included in the review. The included studies covered Austria (2 studies), France, Germany (3 studies) and Slovenia. Maximum entitlement ranged between 26 and 209 weeks. The studies analyzed reductions between 9 and 179 weeks, with an average of 43 weeks. The studies analyze data from 1,154,090 unemployment spells.

### What are the main results of this review?

Reducing the duration of unemployment benefits increases the exit rate from unemployment.



### How up-to-date is this review?

The review authors searched for studies published up to December 2016. This Campbell Systematic Review was published in February 2018.

### What is the Campbell Collaboration?

The Campbell Collaboration is an international, voluntary, non-profit research network that publishes systematic reviews. We summarise and evaluate the quality of evidence about programmes in the social and behavioural sciences. Our aim is to help people make better choices and better policy decisions.

### About this summary

This summary was prepared by Howard White (Campbell Collaboration) based on the Campbell Systematic Review 2018:02 Reducing Unemployment Benefit Duration to Increase Job Finding Rates: A Systematic Review by Trine Filges, Anders Bruun Jonassen and Anne-Marie Klint Jørgensen (DOI 10.4073/csr.2018:2). Tanya Kristiansen redesigned and edited the summary. Financial support from the American Institutes for Research for the production of this summary is gratefully acknowledged.



Data from seven studies show that the exit rate from unemployment for those with reduced duration of benefit entitlement on average is 10 per cent. This corresponds to a 52% chance that those with reduced duration will find a job before an unemployed person with the existing, longer duration (no effect corresponds to a 50% chance).

There is not enough evidence to determine effects on the exit rate from re-employment or on the wage rate in the job found. There are insufficient high-quality studies to allow an examination of variation of effects.

### What do the findings in this review mean?

On the basis of this limited number of studies, shortening the maximum duration of unemployment benefit entitlement has a small effect on the job finding rate of the unemployed. Whether unemployed workers responding to a shorter potential benefit entitlement may be worse off, in the sense that they accept “lower quality” jobs, has not yet been fully investigated.

But the review finds a surprisingly low number of studies with a sufficiently low risk of bias to be used for synthesis to determine the effect size of shortening the maximum duration of unemployment benefit entitlement. Many studies had to be excluded as they had a high risk of bias. This is a finding in its own right.

There is a need for future studies to more thoroughly discuss the assumptions of the study design and justify the choice of method by considering and reporting all relevant data and tests. Future studies should also use data with all relevant information, in particular, information on whether eligible individuals actually received unemployment benefits and information on individual maximum entitlement duration.