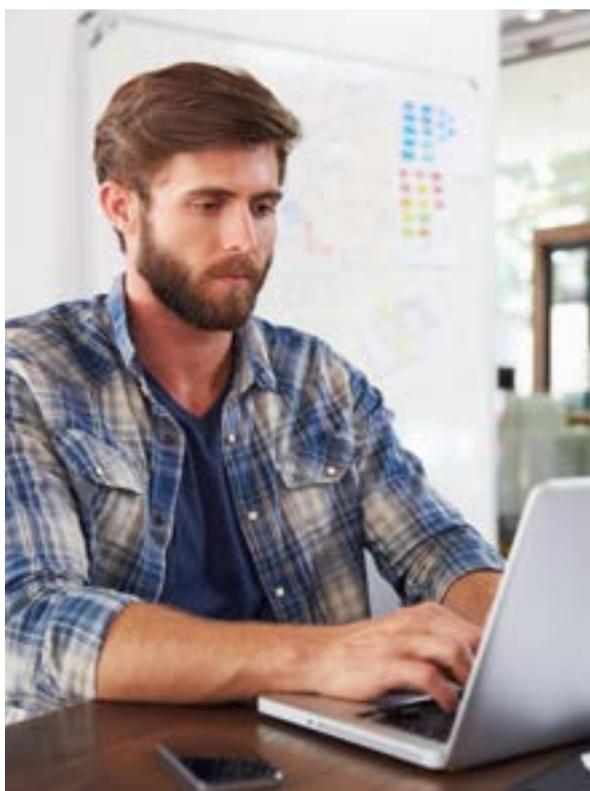


Exhaustion of unemployment benefits leads to an increase in job-finding rates among the unemployed



Review assesses the impact of exhaustion of employment benefits on the job-finding rate for unemployed people

What is the aim of this review?

This Campbell systematic review assesses the impact of exhaustion of employment benefits on the job-finding rate for unemployed individuals. The review summarises findings from 47 studies. The majority of studies were conducted in Europe, with just two of the studies taking place in the USA and one in Canada. Participants were unemployed individuals receiving any form of time-limited benefit during their period of being unemployed.

There is evidence that the exhaustion of unemployment benefits encourages unemployed individuals to find work.

What did the review study?

Since the 1970s unemployment rates in Europe and the USA have diverged, with unemployment persistently higher in the USA. The generosity of the benefits system is one possible factor behind this difference.

Shortening the length of unemployment benefit eligibility period is a policy instrument intended to decrease unemployment. The policy is intended to encourage productive job searches and reduce the overall unemployment level.

This review assesses the impact of exhaustion of employment benefits on the job-finding rate for unemployed individuals.

What studies are included?

Included studies tested unemployed individuals' exit rate out of unemployment and into employment prior to benefit exhaustion or shortly thereafter. The studies tested the exit rate from the re-employment job as a secondary outcome. Non-randomized studies as well as study designs that used a well-defined control group, i.e. unemployed persons whose benefit expiration was not immediate, were also included.

Whilst 47 studies were identified, after allowing for study quality and data issues, only 12 studies are included in the meta-analysis. The countries represented in the meta-analysis include Canada, USA, Portugal, Spain, Slovenia, Germany, Czech Republic, Austria, and Poland. The participants were unemployed individuals who received some sort of time-limited benefit during their period of unemployment.



How up-to-date is this review?

The review authors searched for studies published until March 2011. This Campbell Systematic Review was published in March 2013.

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 Ada Chukwudozie and Howard White (Campbell Collaboration) based on the Campbell Systematic Review 2013:4 Unemployment Benefit Exhaustion: Incentive Effects on Job Finding Rates: A Systematic Review by Trine Filges, Lars Pico Geerdsen, Anne-Sofie Due Knudsen, Anne-Marie Klint Jørgensen and Krystyna Kowalski (DOI 10.4073/csr.2013:4). Tanya Kristiansen (Campbell Collaboration) redesigned and edited the summary. Financial support from the American Institutes for Research for the production of this summary is gratefully acknowledged.



What are the main results in this review?

The exhaustion of unemployment benefits encourages unemployed individuals to find work. The exhaustion of benefits results in an increase of about 80% in the exit rate from unemployment to employment. The effect starts to occur approximately two months before benefits expire, increasing as the expiration date approaches. There was no significant effect observed prior to the two months before benefits expire.

Shortening the benefit eligibility period may increase productive job searches

There was insufficient evidence to address the secondary outcome of whether the prospect of benefit exhaustion has an impact on the exit rate from the re-employment job, i.e. workers soon leave the new job and return to benefits. Thus, the evidence that exhaustion of unemployment benefits reduces overall unemployment level is inconclusive.

What do the findings in this review mean?

Exhaustion of unemployment benefits leads to an increase in job-finding rates among the unemployed but only shortly prior to exhaustion and at the time of exhaustion.

Inconclusive evidence that exhaustion of unemployment benefits reduces overall unemployment level

The hypothesis that shortening the benefit eligibility period may increase productive job searches has been confirmed. However, only a small number of studies provide data for re-employment exit rates so additional research is needed to assess the overall effect on unemployment.