Public welfare policies and private responses: Studies of European labour market policies in transition

This dissertation focuses on European labour market policies in transition and the individual-level effects these policies generate. Previous studies have mainly been concentrated on aggregated re-employment effects, while mental health effects or the effects for the more vulnerable groups of unemployed have not been taken into account. The aim of the dissertation is therefore to broaden the context of the previous studies and: 1) to analyse effects of contemporary labour market policies on multiple individual-level outcomes; 2) to increase the understanding of the complex interrelationship between mental health-related and employment-related effects; and 3) to improve the knowledge of how diverse groups of unemployed individuals respond to these policies, especially with the focus on the more vulnerable groups of unemployed.

Two quantitative data sets are analysed of which the first is the evaluation of job search programmes by a randomised field experimental design, with half-a-year follow up. The second data set is based on a large comparative survey-data on youth unemployment totally consisting of 10 European countries and almost 17,000 young persons. Totally the dissertation consists of a summary article and five separate studies.

The results show that employment effects can be increased by the use of tough labour market policies, such as financial incentives or enforcement by means of financial sanctions, however only among the resourceful groups of unemployed. Among the vulnerable groups it is measures aiming at improving these groups coping with the unemployment situation that has favourable effects on mental health, whereas the effects of tough labour market policies appear to be harmful regarding outcomes on mental health as well as re-employment. The main policy implication of this dissertation is that in order to achieve optimum success, diverse labour market policies ought to be targeted to the needs and conditions of different groups of unemployed persons.

Keywords: labour market policy, unemployment, welfare research, randomised field experimental design, comparative design.