

Compelling unemployed people to widen their job search is often counterproductive, researcher finds

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Credit: Tim Gouw/Pexels

Unemployed people often need not only a financial safety net but also a stimulus to look for work. Ph.D. candidate Heike Vethaak researched the effects of incentives used by benefit agencies, such as compelling people to widen their job search. And what happens when the application process is unintentionally long? "The effects are often contradictory."

Popular public and political opinion has it that [unemployment benefits](#) should not be too comfortable because this would remove the incentive

for [unemployed people](#) to seek paid work. Economist Heike Vethaak researched which incentives from the UWV (responsible for unemployment benefits) and the municipality (responsible for social assistance benefits) increase the likelihood of work. That is important for both the individual and society, he says. "The social security system has to stay affordable and people are often happier and healthier when they have work."

In a large-scale experiment by the UWV in the period 2015–2017, 130,000 people who had been receiving unemployment benefits for at least six months had an extra meeting with their client manager about their [job search](#) strategy. The client manager had the option of emphasizing the requirement to widen their search—Looking beyond jobs that matched their qualifications, previous work experience, previous salary or travel time. Their benefits could be cut if it became clear in a follow-up meeting that they hadn't met this requirement.

Job seekers who participated in the experiment did prove to find work sooner. But that effect was not so much due to the requirements they had to meet, says Vethaak. "[The research](#) shows that it is the additional meeting with the client manager that has a positive effect. We discovered that meetings in which the client manager did compel them to widen the search were actually counterproductive."

Why is that? "This specific group often benefits from a targeted search. The requirements meant they had to change their search and focus on jobs that they were less likely to get. And if they did get a job, this was often with fewer hours and it was temporary."

In another study Vethaak researched the effects of how long it takes to apply for social assistance benefits in Rotterdam. These applications were randomly assigned to income consultants from the Municipality of Rotterdam who help people claim benefits. As elsewhere, there proved

to be differences in the time it took to process the claim.

This was not a deliberate Rotterdam policy but was due to administrative reasons, says Vethaak. Having to wait a few weeks longer for your benefits can already have a significant effect, he notes. "It can mean that some applicants do not complete their claims and do not receive social assistance benefits. But these do generally appear to be those who stood the most chances of finding a job. They often found work in the meantime and were therefore less dependent on benefits."

The study found that a longer procedure had negative effects on applicants who did receive social assistance benefits. "They stay on benefits for longer and are less likely to find a job," says Vethaak. "So the question is whether aiming for a long application process is a good tool, if it is beneficial at all to use the duration of this process as a policy tool." Especially because people who do not receive an advance on their benefits payments during a longer application procedure do not fare as well. "Our results suggest that advances reduce the [financial stress](#) caused by a period without an income. And [less stress](#) in turn is more likely to result in a more successful job search."

Vethaak emphasizes how the studies have delivered different insights. "Encouraging benefit recipients to widen their search would seem like a good idea. But requiring all job seekers to do so does not work in practice. We also see that a long application process for social assistance benefits has contradictory effects. The overarching conclusion is that designing good social security schemes is very complex."

More information: Empirical Evaluation of Broader Job Search Requirements for Unemployed Workers.

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