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New deal for young people: national survey of participants: stage 2

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Policy Studies Institute

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**New Deal for Young People: National Survey
of Participants: Stage 2**

March 2001

Commissioned by the Employment Service

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The views expressed in this report are those of the authors, and do not necessarily reflect the views of the Employment Service or the Department for Education and Employment.

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Abbreviations and acronyms

BTEC	Business and Technical Education Council
EGW	Extended Gateway
EMP	Employment Option
ES	Employment Service
ETF	Environment Task Force Option
FTET	Full-time Education and Training Option
GCSE	General Certificate of Secondary Education
GNVQ	General National Vocational Qualification
GW	Gateway
HNC	Higher National Certificate
HND	Higher National Diploma
JSA	Jobseekers' Allowance
JUVOS	Joint Unemployment and Vacancies Operating System
LASER	London and the South East Region
ND	New Deal
NDED	New Deal Evaluation Database
NDPA	New Deal Personal Adviser
NDYP	New Deal for Young People
NVQ	National Vocational Qualification
OLS	Ordinary Least Squares
ONC	Ordinary National Certificate
OND	Ordinary National Diploma
SOC	Standard Occupational Classification
SVQ	Scottish Vocational Qualification
TEC	Technical Education Council
TTWA	Travel-To-Work Area
UoD	Unit of Delivery
VS	Voluntary Sector Option

Executive summary

The evaluation approach

This report is based on a national survey of entrants to New Deal for Young People Deal Options (Employment, Full-time Education and Training, Voluntary Sector and Environment Task Force) in relation to three main outcome measures – employability, employment entry and unemployment exit, and job quality. The report also carries out a detailed investigation of the New Deal experience of disadvantaged groups and the impact of sanctions. The primary evaluation approach adopted is known as the method of matching. This technique makes use of the wide range of background information on respondents that was collected from the survey, supplemented by information from the New Deal Evaluation Database (NDED), to construct a comparison group for the sample who entered each Option that consists of people with very similar characteristics.

Employability

The objective of increasing employability applies to all participants in New Deal. It is intended that New Deal should help individuals to become better equipped and prepared for employment, including through gains in skills and qualifications, through more effective job search, through the development of positive attitudes and motivations, and by reducing or overcoming barriers to employment.

The *Employment Option* performed strongly in relation to employability. It had the most advantageous effects in terms of:

- access to training, including long-period training
- attachment to the labour market
- ratings of the helpfulness of New Deal for employability
- self-efficacy.

The *Voluntary Sector Option* also performed consistently well on the employability measures. It scored highly on number of job search methods used, and on self-confidence, while on human capital and perceived helpfulness of New Deal it was bracketed with or close behind the Employment Option. It gave some help to disadvantaged groups with self-efficacy, although less so than the Employment Option. It scored low only on willingness to move area in search of work.

The *Full-time Education and Training Option* performed poorly in relation to work-based training outcomes but its participants gained the highest level of qualifications. It scored relatively low on attachment to the labour market, and in its ratings of New Deal's helpfulness, both in relation to job search and jobs, and to self-confidence. It scored relatively high on attitudes of being in control in seeking a job, and towards further training and development. However, Full-time Education and Training was less effective

in creating a desire for further training and development among disadvantaged participants than among those who were less disadvantaged.

The *Environment Task Force Option* was second only to the *Employment Option* on the training outcomes, but did less well on qualifications than either *Full-time Education and Training* or *Voluntary Sector*. However, it did seem to help those who had no previous job experience to gain qualifications. Its participants searched widely for jobs, but were relatively low on willingness to move area. They also rated New Deal low on helpfulness and had relatively negative attitudes towards being in control of their own job search.

Employment entry and unemployment exit

Two types of analysis were used to consider the relative effects of the New Deal Options on a range of outcome measures. First, results based on the matching methodology were used to estimate the relative effects of the New Deal Options on the likelihood of being in work and the likelihood of claiming JSA. *The results show the Employment Option to be the strongest performer in both regards.* Second, duration analyses were used to ascertain whether some New Deal Options were able to encourage respondents to move into employment more quickly than others and to consider a broader range of outcomes such as entry into non-New Deal full-time education or training. *The Employment, Environment Task Force and Voluntary Sector Options were each seen to encourage movement into employment at a quicker rate than the Full-time Education and Training Option, but the latter was more effective in encouraging people to continue in full-time education or training upon leaving New Deal.*

Job quality

Analyses of factors relating to job quality showed that:-

Job satisfaction was generally high among respondents who were in employment at the stage 2 interview. Those who went through the *Full-time Education and Training Option* reported higher levels of job satisfaction than they would have obtained if they had participated in the *Voluntary Sector Option*.

Among those in employment at the time of the stage 2 survey, *wages* were lower for those who had been through *Full-time Education and Training* than if they had been on the *Voluntary Sector Option*, while those who went through the *Environment Task Force* route earned more than if they had been on *Full-time Education and Training*. There were no wage effects associated with participation in the *Employment Option*.

The New Deal experience of disadvantaged groups and the impact of sanctions

While *ethnic minorities* did very well on the *Employment Option*, this was outweighed by their under-representation on it so that, overall, there was evidence that ethnic minorities had less favourable experiences on New Deal than those of the white majority.

The results of the duration analyses showed that ethnic minorities had a substantially lower likelihood of entering employment than the white majority once other characteristics were taken into account.

There was some evidence from the employability analyses that *multiply disadvantaged* participants performed relatively well on the Employment Option but this was not found in the analyses of employment entry and unemployment exit. Here, the finding that they would have been no more likely to enter work had they participated in the Employment Option (which, for the full sample, improves the chances of finding work) suggests that the obstacles to their employment were of substantial magnitude. The relative performance of those with multiple disadvantages tended to be boosted most by the Full-time Education and Training Option, since this would have addressed their most fundamental needs.

There was no evidence that being *resident in an inner city area with high unemployment* was indicative of labour market disadvantage. In fact, in relation to barriers to employability, the clear evidence from the stage 1 survey was that those in inner city areas experienced fewer barriers than those living in other areas. By the time of the follow-up survey, there had been some slight narrowing of the difference between the inner city areas and the remainder, especially regarding the perceived lack of jobs in the locality. None the less, the inner city disadvantaged localities continued to report fewer barriers to employability overall. This suggests that individual barriers to employability in the inner city areas were less to do with personal barriers and more to do with local labour market conditions or with the general fit between the young unemployed job seekers in inner cities and the jobs available in such areas. This point is of course a relative one: there were many barriers to employability in the inner city areas of disadvantage, but more in other areas.

Disadvantaged groups were no more likely to experience sanctions or benefit penalties than other New Deal entrants, except in the case of those with basic skills problems. There was no evidence that the experience of sanctions affected the chances of entering employment but it was associated with spending longer periods of time on New Deal.

Introduction

New Deal for Young People

New Deal for Young People (NDYP) is an important part of the government's welfare or more, plus others in the same group with shorter unemployment spells who are deemed to have particular difficulties and therefore likely to benefit from early assistance.

How New Deal works

The programme marks a break with earlier British labour market programmes in two respects. First, as discussed below, its design is unusual. It incorporates a period explicitly designed to assist participants in choosing their route through the programme. Secondly, participation in the programme is compulsory for the target group, in the sense that failure to participate results in benefit sanctions.

After an initial interview with a New Deal Personal Adviser (NDPA), participants enter what is known as the Gateway period of the New Deal programme. During Gateway, they receive intensive advice, help and counselling about job search, job opportunities, and other opportunities under the programme. Gateway provision 'aims to get young people into work, and includes help with job search, careers advice and guidance, and preparation for and submission to a range of options' (Department for Education and Employment, 1998:1).

After a period of up to four months those still on the programme may enter one of four Options: subsidised employment, Full-time Education and Training, work for the Voluntary Sector, or work with the Environment Task Force. Options can be of variable length, but most are expected to last around six months, except in the case of the Full-time Education and Training programme, which can last anything up to a year. The third component of the programme is Follow-through. The objective of Follow-through is 'to ensure that New Deal clients are helped throughout their participation on an Option, to progress towards the goal of finding and sustaining work, and are given further assistance if they return to unemployment' (Department for Education and Employment, 1998:2). In practice, Follow-through is often used to describe continuing advice and assistance once participants have been through an Option but have not left New Deal.

The evaluation of New Deal for Young People

The Employment Service have commissioned a very extensive programme of evaluation to establish whether NDYP benefits participants and to establish the programme's impact on the wider labour market (Hall and Reid, 1998).

The evaluation considers the following impacts:

- The micro level impact, that is the effect on participants, employers, providers, the Employment Service and its partners;
- The cost-effectiveness and quality of the different delivery arrangements;
- The macro-economic impact of New Deal;

The survey of participants

As part of the first strand, the Employment Service commissioned the Policy Studies Institute and BMRB Social Research to carry out a large-scale survey of participants, in two stages. Stage one of the survey was designed to capture participants' early experiences of the programme by interviewing them face-to-face six months after programme entry. Stage two was designed to obtain information on their experiences and attitudes at the end of the programme by following up on the same participants approximately nine months later. The September-November 1998 cohort of programme entrants was chosen as the basis for the study. The first stage survey was reported on in Bryson, Knight and White (2000).

Survey method

A random sample of 11,197 participants was selected from the September-November 1998 cohort of NDYP entrants. The survey was carried out face-to-face in respondents' homes, using Computer Assisted Personal Interviewing (CAPI). For the stage 1 survey, 6,010 interviews were carried out between 26 February and 18 July 1999, with 54 per cent of all sample cases interviewed, or 67 per cent of those where a correct address was available. For the stage 2 survey, 3,391 interviews were carried out between 15 February and 1 June 2000, with 56 per cent of those interviewed at stage 1 being re-interviewed, or 66 per cent of those where a correct address was available.

Objectives of the stage 2 analyses

The primary objectives of the stage 2 analyses are to look at the role of the New Deal Options in:

- improving job entry rates
- increasing time in employment
- improving long-term employability
- improving job search behaviour

- increasing wages

Structure of the report

After Chapter One outlines the main activity of respondents at the time of the stage 2 survey, Chapter Two describes the method of matching, which is the main evaluation technique used in the report. The next three chapters report analyses based on this technique: Chapter Three examines the impact of Options upon employability, Chapter Four looks at Option impacts on the rate of employment entry and unemployment exit and Chapter Five assesses whether different Options encouraged participants into jobs of different quality. Chapter Six integrates findings from various parts of the report on the New Deal experience of disadvantaged groups and presents some analysis in this context of the impact of the sanctions regime. Chapter Seven concludes.

1. Background

The New Deal for Young People (NDYP) programme is an important part of the government's welfare-to-work strategy. The target group are 18-24 year olds who have been claiming unemployment benefits for six months or more, plus others in the same group with shorter unemployment spells who are deemed to have particular difficulties and therefore likely to benefit from early assistance. The programme begins with a Gateway period lasting for up to four months, on which entrants receive advice, guidance or help from a New Deal Personal Adviser. They then move on to one of four options – Employment (Emp), Full-time Education and Training (FTET), Environment Task Force (ETF) or the Voluntary Sector (VS) Option.

The Policy Studies Institute has carried out an extensive evaluation of the programme, based primarily upon two surveys of young people who entered NDYP in September–November 1998. A stage 1 survey was carried out in spring 1999 and reported on in Bryson, Knight and White (2000). The stage 2 survey was carried out in spring 2000 and analysis of this survey is the main subject of this report.

At the time of the stage 1 survey, six in 10 (59 per cent) respondents were still on the programme, most commonly participating in an Option. Around twelve months later, however, by the time of the stage 2 survey, most respondents (71 per cent) had left the programme. Table 1.1 indicates respondents' main activity at the time of the stage 2 survey¹ and shows how this varied according to the first New Deal option they had entered.²

Among the stage 2 sample as a whole, around a third of respondents (32 per cent) were in employment.³ A further three in 10 (29 per cent) were still on New Deal. The remaining two-fifths of the sample were in a variety of different states, most commonly claimant unemployment.

Respondents' main activity at the time of the stage 2 interview varied substantially according to the first New Deal Option they had entered. Half of those whose first Option was Employment were in employment, a proportion considerably greater than that achieved by those who had been through one of the other three Options, 20-27 per cent of whom were in employment. Just over a third (37 per cent) of those who had never entered a New Deal Option were in work, a higher proportion than for any Option other than Employment.

¹ Respondents were asked about the main activity they were doing in the previous week. This provided the information on 'non New Deal activities' shown in Table 1.1. The New Deal Evaluation Database (NDED) was examined to investigate whether respondents were still on New Deal at the time of the stage 2 interview. If so, they were classified as undertaking the relevant 'New Deal activity' in Table 1.1.

² Attention was focused on the first New Deal Option entered by respondents because examining multiple Option entry would have made the analyses excessively complicated. In any case, the majority of respondents had only entered one option by the time of the stage 2 survey.

³ Information from the stage 2 survey was compared with the NDED to ensure that respondents were referring to unsubsidised employment. If respondents said their main activity was employment but the NDED suggested they were on the Employment Option at the time of the stage 2 interview, they were re-classified as being on a New Deal Option.

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Table 1.1 Main activity at the time of the stage 2 survey

Activity	(column percentages)					
	Emp	FTET	VS	ETF	No option	All
<i>Non New Deal activities</i>						
Employment	50	27	22	20	37	32
Full-time education and training	1	7	3	1	5	4
Claimant unemployment	19	19	22	26	24	22
Non-claimant unemployment	2	3	3	2	6	4
Long-term sick	2	4	3	4	7	5
Looking after home	1	1	3	1	6	4
Something else	*	*	2	*	1	1
<i>New Deal activities</i>						
Gateway	6	10	9	12	12	11
Option	12	13	12	13	2	8
Follow-through	7	16	21	21	1	10
<i>N</i>	264	857	369	381	1487	3358 ⁴

Among those who had been on at least one Option, being engaged in full-time education and training at the time of the stage 2 survey was most common among those whose first Option was full-time education and training.⁵ While only 7 per cent of FTET entrants were in education or training, this was a higher proportion than for other Options, especially Employment and ETF. The proportion of respondents who said they were unemployed and claiming benefits at the time of the stage 2 survey did not vary a great deal by Option, ranging from 19 per cent in the case of the Employment and FTET Options to 26 per cent in the case of ETF.⁶

Those respondents whose first Option had been FTET, VS or ETF were considerably more likely to still be on New Deal than those whose first Option was Employment or who had not been on an Option. Whereas a quarter of those who had been through the Employment route were on New Deal around 18 months after programme entry, this was the case for 36-42 per cent of those who had been through the other three Options. Only about one in six (15 per cent) of those who had not entered on Option were still on New Deal at this time. Where entrants to FTET, VS and ETF were still on the programme, this was most commonly because they were on Follow-through, meaning that they were receiving continuing advice and assistance on New Deal

⁴ Of the 3,391 respondents interviewed at stage 2, six were not in the cohort – these respondents would have been interviewed in error. A further 27 had missing or unreliable data in relation to the spell of unemployment that qualified them for New Deal. After dropping these 33 cases, there were 3,358 stage 2 respondents who provided usable data for analysis.

⁵ The NDED was checked to ensure that the full-time education and training to which respondents referred at the stage 2 interview was not carried out as part of New Deal.

⁶ It should be noted that respondents were classified as being in claimant unemployment according to self-definition. This figure will understate the proportion of the sample who were claiming Jobseekers' Allowance (JSA) at the time of the stage 2 survey because many of these respondents were simultaneously on New Deal and are classified according to their activity on the programme.

having been through an Option. After this, they were most likely to still be on an Option, which was the most common status for those whose first Option was Employment and who were still on New Deal. It is not necessarily the case that these respondents would still have been on their first Option at the time of the stage 2 interview – in this case, of course, they would have been on the Option for longer than was intended when the programme was devised. Some of these young people would be on their second or third Option in a New Deal spell and others might be on their first Option in a second or third New Deal spell. As would be expected, those who had never been on an Option but were still on New Deal were usually still on Gateway. The stage 1 report highlighted the tendency for many young people to remain on Gateway for longer than the four month ‘maximum’ and many of these respondents would fall into this category.

The remainder of this report considers the relative effects of the New Deal Options on outcomes such as employability, employment entry and wages. Those respondents who did not enter an Option could not be included in these analyses in any straightforward way, since their experience of New Deal was not equivalent to that of most of the sample. Where respondents had stayed on Gateway longer than four months, however, without entering an Option, this activity was characterised as an ‘extended’ Gateway that could in some sense be considered an alternative to entering an Option. Respondents who had stayed on Gateway for this length of time were, therefore, included in the analyses of relative Option effects. The evaluation method is described in more detail in the next chapter.

2. The evaluation approach

2.1 Introduction

There are a number of possible ways of evaluating programme effects and the choice of best approach is determined in large part by practicalities. Specifically, the nature of the programme and the quality of data available for analysis are key factors. Both of these were important in selecting the approach used for the evaluation of New Deal and in this chapter, the details of this approach are presented.

It should be noted that the aim of the quantitative survey is not to estimate the *overall* effect of New Deal; this 'macro' analysis is performed elsewhere. Rather, the aim is to consider the *relative* effects of the New Deal Options. These effects are estimated in respect of a range of outcomes but all are based on the preliminary analysis discussed in this chapter. The analysis is based on those entering the programme between September and November 1998.

2.2 The method of matching

The evaluation approach adopted is known as the method of matching. This section attempts to provide an intuitive understanding of the technique. A fuller description is provided in Appendix 2.1. For the purposes of illustration, the effect is considered of programme participation on the probability of having found employment at a subsequent point in time.

The obvious way of doing this is to compare the proportion employed among those who participated and those who did not participate. However, the results of such comparisons will be misleading if certain characteristics of participants differ substantially from those of non-participants. More specifically, if participants had more favourable labour market characteristics than non-participants before entering the programme, one would expect them to have had more success in finding employment even if they had not taken part in the programme.

In order to identify the effect of the programme on employment, one must therefore take account of the participants' likely employment prospects had they not participated. Subtracting this from the actual result yields an estimate of programme effect. However, the difficulty arises from the fact that only actual employment is observed rather than hypothetical employment prospects that would have resulted from participants not participating. What is needed in order to estimate the programme effect is the employment prospects for those who participated *had they not participated*.

The results provided by the simplistic approach of comparing the proportion employed among participants and non-participants implicitly assume that the prospects of non-participants provide a reasonable estimate of the prospects of participants had they not participated. The method of matching improves upon this by considering only that subset

of non-participants who are in some sense similar to participants. Hence, their employment prospects can be regarded as a better indicator of the employment prospects of participants had they not participated since the comparison is essentially of like with like.

In the case of the New Deal programme, a number of Options are considered simultaneously. Hence, an estimate is needed for each Option of how individuals in that Option would have fared had they instead entered a different Option. This means that, when considering the employment effects of that Option for its participants, a set of 'similar' individuals from each of the other Options must be identified. This makes it possible to derive an estimate of the employment effect of the Option relative to each of the other Options.

It is useful to provide an outline of the process involved in carrying out the matching. There are essentially two stages. First, models of Option participation are estimated. Second, individuals are matched using the resulting estimates of probability of Option participation.¹ This operationalises as follows. When considering the effect of a given Option (for example, the Employment Option) compared to another Option (say, ETF), the starting point is to estimate the probability of participating in the Employment Option for those who participated in either the Employment Option or the ETF. Next, each individual in the Employment Option is matched with that individual in ETF with the most similar probability of being in the Employment Option. Comparing the proportion in employment of the Employment Option participants with that of this matched group provides an estimate of the employment effect of the Employment Option relevant to the ETF. This process can be done for all combinations of Options to provide the relative effects of all Options.

2.3 The structure of the analysis

As noted in the introduction, the aim of the analysis is to estimate the relative effect of the New Deal Options on a range of outcomes. For example, there is a need to know how an individual in the Employment Option, for example, would have fared in one of the other Options. Given the design of New Deal, those participating in an Option will have earlier participated in the Gateway. Hence, the overall effect of the New Deal for those in a given Option is not just the effect of that Option but instead is the combined effect of the Option and the earlier Gateway. In fact, those participating in an Option are only doing so because they did not find work while on the Gateway.

There is no attempt to capture the separate effect of Gateway. A comparison of those people who participated in the Gateway but did not enter an Option with those who did proceed to an Option is complicated by the fact that the matching approach controls for factors that led people into different Options. Those who did not enter an Option cannot be considered because they did not reach the 'starting line' for the analysis. However, analysis revealed that the intended Gateway maximum duration of four months was being

¹ See Appendix 2.1 for a discussion of the rationale behind this.

exceeded in a substantial number of cases.² This is depicted in Figure 2.1. There is a noticeable increase in exits at about four months after Gateway entry (approximately 122 days). Clearly, a significant minority of people remain on Gateway for longer than four months - some for much longer. This presents a possibility for analysis. Specifically, those individuals who did not enter an Option but who remained on Gateway for longer than intended can be regarded as a reference group against which the other Options can be compared. The characteristics of this group of people will be considered more fully below, but it is conceivable to regard them as a group of untreated individuals. Whereas those participating in an Option can be regarded as having received a treatment of Gateway plus Option, those who simply remain on the Gateway can be regarded as receiving a treatment of Gateway plus more Gateway. In fact, such evidence as is available suggests that the intensity of Gateway diminishes with time such that those on an Extended Gateway can be regarded as receiving little additional attention beyond their initial Gateway experience. For example, analysis of administrative data reveals that the number of action starts and referrals grows initially with gateway duration but levels off after about 20 weeks.

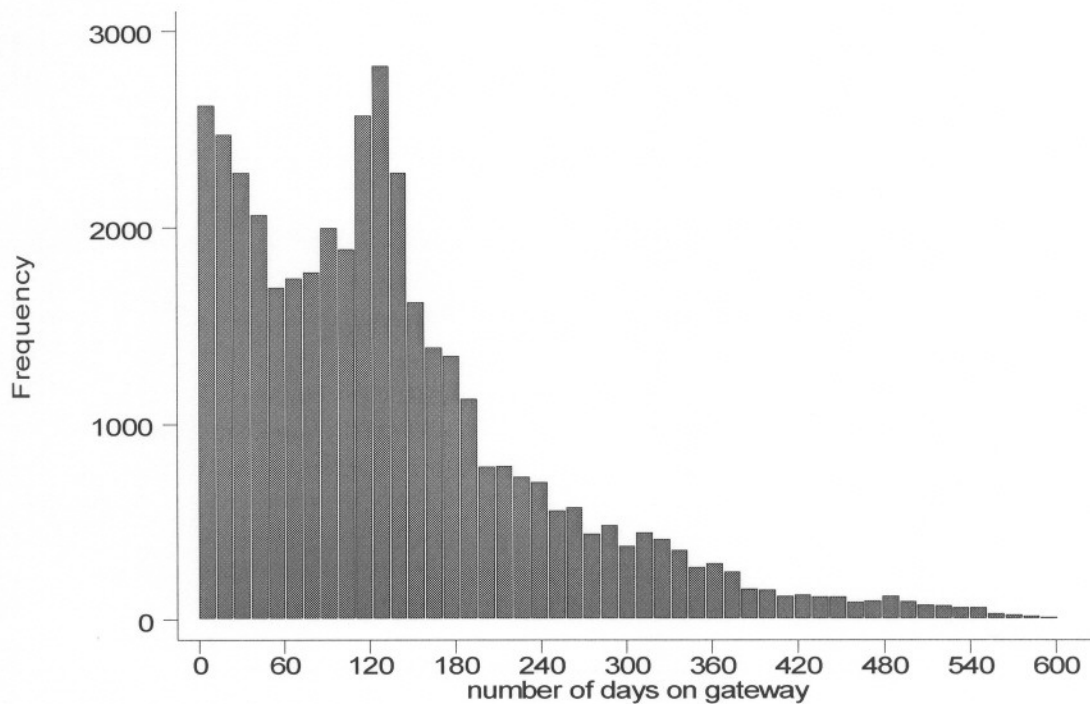


Figure 2.1: Number of days spent on the Gateway (from administrative data)

² This calculation of time on the Gateway excludes interruptions in claims.

Hence, in the analysis that follows, five routes through New Deal (ie combinations of treatments) are considered. The first four routes correspond to the Gateway followed by one of the New Deal Options. The fifth route corresponds to the Gateway followed by remaining on the Gateway. It is the closest available approximation to a no-treatment group (at the Option stage). It is important to be clear on what this captures; the analysis will allow examination of the effect of remaining in Gateway rather than moving to an Option, but will not allow quantification of the Gateway effect for those who leave Gateway in the intended timeframe. For the purpose of this analysis, the Extended Gateway group is defined as those individuals who do not enter an Option and who remain on Gateway for longer than five months (150 days).³

2.4 Matching results

In this section, the results of the matching approach are presented. The analysis is based on those members of the September-November 1998 cohort who responded to both the first interview and the follow up interview. There was substantial depletion of the sample since only 30 per cent of individuals sampled responded in both waves. In order to take some account of this, and to lessen the consequent biases in the estimates of programme effects, sample weights were constructed. These were used in the estimation of Option participation (the first stage of the matching process). Full details are provided in Appendix 2.2.

Descriptive statistics

Before proceeding to the analysis proper, it is helpful to consider how the characteristics of the sample differed across Options. Some indication of this is provided in Table 2.1 below.⁴

These figures show some marked differences in the characteristics of those entering different Options.⁵ While there was a predictable similarity across Options in the average age, women were under-represented in the ETF. Women were over-represented in the Voluntary Sector Option. There is some suggestion that the circumstances of those in the ETF may have been more settled than in the cohort as a whole since they showed a greater tendency to be partnered and to have dependent children. They were also more likely to live in social rented accommodation. Those in subsidised employment were the most likely to live in owner-occupied accommodation. The ETF participants also appeared very different from the sample as a whole with regard to their ethnicity. Due to sample size considerations, it is only possible to draw a distinction between whites and non-whites but, on this basis, there were very few ethnic minority participants in the

³ Five months was chosen rather than four in order to exclude those individuals who remain on the Gateway only slightly longer than intended and to avoid splitting the sample at the peak Gateway duration.

⁴ To keep the evaluation methodology manageable, only the first Option was considered. Of those responding to the follow-up survey, 18 per cent had participated in more than one Option in their first New Deal spell. Furthermore, 4 per cent had had more than one spell on New Deal.

⁵ For simplicity, the Extended Gateway will be referred to as an Option.

Table 2.1: Descriptive statistics of the sample, by Option

	Emp	FTET	VS	ETF	EGW	All
Age at entry to first new deal spell	21	21	21	21	21	21
Female (%)	28	27	40	7	28	26
Partnered (%)	7	6	5	9	6	6
Dependent children in household (%)	8	7	6	10	8	8
Disability indicator (%)	15	14	13	14	11	14
From ethnic minority (%)	13	27	33	7	32	25
<i>Housing tenure:</i>						
- Social housing	47	51	54	60	50	52
- Owner occupier (%)	37	28	23	21	28	27
- Private renter (%)	12	15	14	13	16	14
- Other (%)	4	6	9	6	6	6
Any academic qualifications (%)	75	65	62	48	59	62
Drivers licence (%)	36	17	16	16	24	20
Literacy or numeracy problems (%)	14	27	26	29	24	25
Has prison record (%)	2	2	3	4	3	3
% time in employment 93-97	35	26	23	31	29	28
No. JSA claims since Jan 1995	4	4	4	5	4	4
Total days unemployed before ND	560	656	656	783	716	680
Length of current claim at ND entry (days)	230	295	299	324	333	303
Been on govt programme before NDYP (%)	29	29	26	35	21	28
Time on Gateway (days)	92	117	178	172	273	169
<i>Delivery model:</i>						
- ES joint partnership (%)	10	12	12	11	13	12
- ES consortium contract (%)	6	6	6	7	6	6
- Private sector led	4	10	8	6	9	8
Time from ND entry to Gateway (days)	21	20	25	25	23	22
TTWA unemployment rate at ND entry (%)	6	6	5	6	5	6
Rural area (%)	4	2	1	2	1	2
<i>ES region:</i>						
- Scotland (%)	14	8	8	14	6	9
- Northern (%)	9	11	7	8	6	9
- North west (%)	21	17	10	21	16	17
- Yorks/humb (%)	13	14	16	16	9	13
- Wales (%)	7	4	5	10	4	5
- West mids (%)	6	8	6	5	11	8
- East mids. & eastern (%)	9	10	11	10	8	10
- South west (%)	3	2	1	2	3	2
- Laser (%)	18	26	36	14	37	28
<i>Cluster:</i>						
- A: rural, tight labour market (%)	1	2	2	3	3	2
- B: rural, high unemployment (%)	9	6	6	11	3	6
- C: rural/urban, tight labour market (%)	6	9	9	10	11	9
- D: rural/urban, high unemployment (%)	14	9	7	20	7	11
- E: urban, tight labour market (%)	16	12	16	14	13	14
- F: urban, high unemployment (%)	29	28	28	23	22	26
- G: inner-city, high unemployment (%)	24	34	33	19	40	32
<i>N</i>	264	857	369	381	476	2347

Guide to acronyms: Emp – Employment Option, FTET – Full-time Education and Training Option, VS – Voluntary Sector Option, ETF – Environment Task Force Option, EGW – Extended Gateway.

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ETF.⁶ They were similarly under-represented among those in subsidised employment. In fact, it was mainly among the Voluntary Sector Option and the Extended Gateway that ethnic minorities were concentrated.

There is a clear indication that those who entered subsidised employment had more favourable labour market characteristics than the cohort as a whole. For example, they were more likely to have academic qualifications and a driving licence, and were less likely to have any basic skills problems. By way of contrast, those in the ETF were the least likely to have any academic qualifications. This hierarchy was evident also in the employment and unemployment histories. Those in subsidised employment had spent the greatest proportion of the 1993-97 period in employment and, correspondingly, the least time claiming unemployment benefits. The average length of qualifying claim was also shorter than for the other Options. Those in the ETF had the longest unemployment experience (followed by those on the Extended Gateway) yet those in the Full-time Education and Training and the Voluntary Sector Options had spent a smaller proportion of the 1993-97 period in employment. Those in the ETF were the most likely to have previously participated in a government employment programme; those on the Extended Gateway were the least likely. The length of time spent on Gateway was shortest for those moving into subsidised employment. Those in the Voluntary Sector Option and in the ETF spent the longest time on Gateway before entering their Option.

Turning to local area characteristics, there was little tendency for Option entry to vary according to the local unemployment rate prevailing at the time of New Deal entry. There was some tendency for those in subsidised employment to be in a rural area. The variation by ES region and cluster show a fairly mixed pattern. Those in the Extended Gateway were over-represented in the inner-city areas (cluster G) while subsidised employment and, particularly, ETF were under-represented.

It is informative to consider specifically those in the Extended Gateway since this group has not been identified in previous research. As a summary comment, they appeared to occupy a middle ground with characteristics, for the most part, quite comparable with those of the sample as a whole. However, there were some notable differences. For example, members of this group were more likely to be from an ethnic minority and to have substantial unemployment experience, despite the fact they appeared to be relatively well qualified. The fact that they do not appear anomalous raises the question of why and how they did not enter an Option. However, their concentration in the inner cities makes them an important group from a policy perspective.

⁶ It is worth noting that more detailed breakdowns of participation by ethnic group are published in the Department for Education and Employment's monthly *Statistical First Release* series (www.dfee.gov.uk/statistics/DB/SFR).

Results of estimating participation equations

Having examined the characteristics of the Option participants, *the first stage in the matching process is to model the probability of participating in one Option rather than another*. Since there are four Options and the Extended Gateway, ten probability models must be estimated.⁷⁸ From these models, ‘propensity scores’ are calculated as the estimated probability of participating in one Option rather than another. It is these scores that are used to perform the match, as noted earlier. In view of the central importance of these scores in deriving an adequate match, it is instructive to consider the estimation results. These are given in Appendix 2.3.

It is only necessary to include those variables that influence both participation and outcomes. The outcomes under consideration are those relating to labour market effects. For example, the effect of Options on the probability of finding unsubsidised employment. ‘Softer’ outcomes such as employability are also considered. The rationale for including variables that influence both participation and outcomes is that if a variable influences participation but not outcome, there is no need to control for the differences between the treatment and the control groups for this variable since the outcome variable of interest is unaffected. Alternatively, if the variable influences outcome but not participation, there is no need to control for it since it will be insignificantly different in the treatment and comparison groups.⁹ Variables that affect neither participation nor outcome are clearly unimportant, so the only remaining type of variable is the kind that influences both participation and outcome – and these are the ones needed to match. To include additional variables may increase the probability that there is no close match for a treated individual or, to use the technical term, that the treated individual has no support in the comparison sample. However, as shown later, the proportion of the sample eventually discarded due to lack of support was quite small so the approach adopted was to estimate all participation models using a common set of explanatory variables.

Entry into the Employment Option

There is a lot of information in the results reported in Appendix 2.3 and it is perhaps most useful to focus on the results of entering each Option for those people who are either in that Option or on the Extended Gateway (since the latter is as close as possible to a no-treatment group). As a general comment, the results tend to confirm the differences shown in the simple descriptive statistics given above. For example, the fourth column of estimates shows that people from ethnic minorities were less likely to enter subsidised employment than remain on the Extended Gateway, while those with some academic

⁷ The probability of entering Option A compared with Option B is 1 minus the probability of entering Option B compared with Option A, hence the probability model need only be estimated once for each pair of possible Options.

⁸ An alternative would be to estimate the probabilities of entering each Option simultaneously using, for example, a multinomial probit model. Appendix 2.1 explains briefly why the pairwise approach is preferred.

⁹ An example of a variable that might affect outcomes but not participation would be disability. This was found to be unrelated to participation in Options but has been shown by a number of studies to reduce the chances of employment entry.

qualifications were more likely to enter subsidised employment. Similarly, those with a longer current claim were more likely to remain on the Extended Gateway, while those with previous experience of a government programme were more likely to enter subsidised employment. A higher local rate of unemployment at the time of New Deal entry appears to have been more associated with the Employment Option than the Extended Gateway. Those whose preferred job was clerical or secretarial were more likely to enter subsidised employment and, finally, where the average length of JSA claim at the time of New Deal entry was longer for a particular Unit of Delivery, individuals were more likely to remain on the Gateway than they were to enter subsidised employment.

Entry into the Full-time Education and Training Option

Considering the Full-time Education and Training Option, there appear to have been some differences in education between those who entered this Option and those who remained on Gateway. Those who first left full-time education at the age of 18 rather than 16 were more likely to enter the Full-time Education and Training Option than remain on Gateway. However, those who stayed in full-time education beyond the age of 20 were more likely to remain on Gateway than enter the Full-time Education and Training Option. This is perhaps to be expected since the Full-time Education and Training Option is intended to be targeted at those lacking basic skills. Indeed, the estimated coefficient for literacy and numeracy problems shows that those with such problems were more likely to enter the Full-time Education and Training Option than to remain on the Extended Gateway. As with the comparison with subsidised employment, those on the Extended Gateway were less likely to have had previous experience of government programmes. There were also variations in the types of jobs sought. Those entering the Full-time Education and Training Option were more likely to state a preference for professional, technical or clerical/secretarial positions. They were also likely to have higher local unemployment rates at the time of New Deal entry than those on the Extended Gateway. Finally, there was some tendency for participants in the Full-time Education and Training Option to be concentrated in the Northern ES region.

Entry into the Voluntary Sector Option

The tendency for women to enter the Voluntary Sector Option is evident when estimating the probability of entering this Option rather than remaining on the Gateway. Conversely, those in owner-occupied accommodation were more likely to remain on the Gateway than enter the Voluntary Sector Option. There were some differences in education with those entering this Option more likely to have remained in full-time education until the age of 19. While those going into the Voluntary Sector Option were equally likely to have a driving licence as those on the Extended Gateway, the latter were more likely to have access to a car. As with the other Options, those on the Voluntary Sector Option were more likely to have been on a government programme before the New Deal than those on the Extended Gateway. Furthermore, they were more likely to want jobs that were professional or clerical/secretarial or in sales. As with the Employment Option, where the average length of JSA claim at the time of New Deal

entry was longer for a particular Unit of Delivery, individuals were more likely to remain on the Gateway than they were to enter the Voluntary Sector Option. There were some further area differences. For example, those in the East Midlands and Eastern ES region were more likely to enter the Voluntary Sector Option than remain on Gateway. The opposite was true of those in the two rural/urban cluster areas (C and D).

Entry into the Environment Task Force Option

The last Option is the ETF. Those entering this Option were more likely to be male than those remaining on the Gateway. They were also more likely to be white. As with the Voluntary Sector Option, they were less likely than those in the Gateway to be living in owner-occupied accommodation. Once again, the Extended Gateway group were more likely to have had no previous experience of a government programme. There was some tendency for those in the ETF to have a preference for a craft or related job. As with the Employment Option and the Full-time Education and Training Option, ETF participants typically lived in areas characterised by higher local unemployment at the time of New Deal entry than was the case for those people remaining on the Gateway.

Identifying the counterfactual

Having estimated the probability models and associated propensity scores, *the next step in the matching process is to identify the counterfactual for each treated person*. This was done by finding, for each individual in a given Option, that individual in each other Option with the most similar propensity score. Since there are five Options being considered, this results in 20 pairwise matchings. These matchings are not symmetric. That is to say, identifying a comparator group for those in the Employment Option from among those in the ETF, for example, is a separate exercise from identifying a comparator group for those in the ETF from among those in the Employment Option. This is because the comparator group in each case is determined by the composition of the Option in question.

The most general results when using a matching approach are obtained when all effects are calculated across a common group of individuals. In this case, the effects associated with one Option relate to exactly the same group of individuals regardless of which other Option is being used to generate the counterfactuals. This allows general statements to be made about the relative effects of each of the Options without having to qualify such assertions with provisos about the composition of the primary Option being different in each case. Furthermore, such an approach allows one to calculate not just the effect of “treatment on the treated” (that is, the effect of participating in an Option for those who did participate in it) but also the effect of the Option for somebody drawn randomly from any of the Options. However, this requires common support across all Options for every other Option (that is, that there is a group of individuals each of whom had a reasonable chance of participating in any one of the four Options). In the case of our analysis, this proved to be too severe a restriction since half of the sample was being discarded for non-support reasons. This would seriously compromise the representativeness of the results. Hence, the approach taken was to ensure that there was support in the comparison group

for the Option being considered, but not to enforce a common support across all Options. While this means that the results cannot be viewed as being as general as those based on a common support, they have the advantage of being more representative of the Option in question.

Having discarded unsupported individuals, of whom there were very few, *the matching process concludes by finding, for each Option participant, a counterfactual person from the comparison Option*. This may result in individuals being used as comparators more than once. Should this happen, such individuals receive a weight that corresponds to the number of times they serve as comparators. Hence, the sum of weights in the comparator Option is equal to the number of observations in the treatment Option.¹⁰

2.5 Assessment

In this chapter and its associated appendices, the matching approach has been described and the results of implementing the matching have been presented. This forms the basis for much of the subsequent analysis of programme effects associated with the New Deal Options hence it rewards detailed consideration. The results have shown that the models of Option participation appear plausible and include a number of significant variables in all cases. This, together with the rich variable set used in the modelling, provides some reassurance that the matching approach is successfully controlling for those characteristics which might be expected to result in differences in outcomes between participants in the different Options. The information on the resulting matching weights and the remaining differences between the treatment and comparison groups in each case appear acceptable. In view of this, it is appropriate to examine the effect of the different Options by simply comparing mean differences. The matching approach is assumed to have successfully controlled for variations in outcome caused by differences in the characteristics of participants in different Options.

The remaining sections of this chapter provide detailed discussions of the application of the matching methodology to the analysis of employability (carried out in Chapter Three) and job quality (Chapter Five). These are provided for readers with a particular interest in these issues, or those who consider they would benefit from further description of the way in which matching is used to estimate the effect of Option participation on a range of outcomes. Other readers are advised to proceed to the next chapter.

¹⁰ More detailed information on the matching process and how well it performed can be found in Appendix 2.4.

2.6 Methods used to assess impacts on employability

Matched comparison method

The main question posed in relation to employability is the following:

How much better, or worse, would individuals who took a particular route have fared in terms of employability if instead they had taken a different route?

As outlined above, each of the four Options are compared relative to the other Options. An 'Extended Gateway' group is also included in the set of comparisons. The Extended Gateway is of particular interest in relation to employability. Comparisons with the Extended Gateway permit some assessment of the added value, in terms of progress towards employability, which resulted from Option participation rather than a continuation of assisted job search.

The group that left Gateway before the end of the fifth month from entry is referred to as the 'normal Gateway' group, to distinguish them from 'Extended Gateway'. For reasons explained above, the 'normal Gateway' is not regarded as properly comparable with the Options and the Extended Gateway.

The evaluation method used for the main analyses of employability outcomes is, as described earlier in this chapter, multiple treatment comparisons with nearest neighbour matching. The assumption made is that the same factors that influence employment in the absence of the programme, would also influence progress towards employability in the absence of the programme. Although this seems reasonable when considering outcomes such as continuing training and education, it may seem more questionable for attitudinal or motivational outcomes, where outcomes might depend to some extent on attitudes or motivational states before entry to New Deal. Evidently, there were no direct measures available of prior attitudes or motivation that might be included in the matching procedures, although it could be argued that the breadth of the measures used in matching proxies or 'covers'¹¹ these missing variables. For example, if a person has obtained no qualifications at school and has subsequently experienced a great deal of unemployment, this would tend to lead to low self-esteem and low self-confidence. Although this appears reasonably plausible, the assumption is a strong one and the analyses concerning attitudes and motivations should be interpreted with particular caution.

Subgroup analyses with matching

In addition to comparing routes in New Deal on each outcome measure, it is important to consider how the relative effects of the Options and Extended Gateway *differ for various subgroups*. For example, are some routes more favourable for young men (relative to particular comparators) while others are more favourable for young women? It is of

¹¹ The idea of 'cover' in multivariate analysis is explained in Mosteller and Tukey (1977). In outline, the explanatory power of a variable can often be captured by a set of other variables correlated with it and with the outcome variable. These other variables 'cover' the effect of the missing variable.

special interest to assess the relative impact of each route on employability for more disadvantaged and less disadvantaged subgroups. To assess these issues, a re-matching procedure is carried out for each of the subgroups. For example, the sample is first split into a male subgroup and a female subgroup. Then, still using the propensity scores, matches are found for the men in a particular route with other men in each other route, and similarly for women. It is then possible to analyse the male and female subgroups separately, if that is helpful, or it is possible to combine them for certain purposes.

Two practical problems arise with subgroup analysis. First, some subgroups may be rather small, especially once they are further broken down between Options. For example, there were just 22 women in the Environment Task Force Option. Typically, around half of these will be selected as comparators for other Options. Where numbers become small, results are unreliable. Some comparisons are still worth making with subgroups, but others are not. The second problem is that, once subgroups are introduced, the amount of information to be processed and assessed becomes large. Twenty outcome measures were used in the employability analysis, and each generated 20 comparisons among the five routes - a total of 400 outcome statistics. This 400-fold set of information is available for each subgroup considered. To make subgroup analysis of practical use, it is helpful to restrict the number of subgroups used to a reasonably small number, and to have a method of sifting the information and focusing on what is of significance.

In Chapter Three, five subgroup comparisons are systematically considered: (i) men and women, (ii) white and non-white ethnic groups, (iii) those with employment experience or credentials, and those without, (iv) those with multiple disadvantages (three or more) and those with not more than two disadvantages, (v) those from disadvantaged inner-city areas, and the remainder. To make subgroup analysis feasible in relation to sample size, it is necessary to formulate each subgroup as a dichotomy. This is problematic only for the analysis of ethnic minority differences. As is now well established, comparisons between a 'white' group and an overall 'non-white' group tend to be highly misleading since differences *between* ethnic minorities tend to be at least as great as between ethnic minorities and the white majority.

In sifting the information, the question is posed (for each comparison made): *Is the difference between the route and its comparator the same for both subgroups being contrasted?* The subgroup comparison only adds to knowledge if the result of the comparison for the first subgroup (say, for men) is different from the result for the other subgroup (women)¹². Otherwise, the result for the overall sample can be regarded as equally true for both subgroups and there is nothing to be gained from looking further at the subgroup results.

Once the comparisons with very small numbers were eliminated, and the statistical sifting procedure had been applied, it was found that there were relatively few additional findings from the subgroup analyses.

¹² Technically, this is evaluated through a significance test on the route x subgroup interaction.

Matched comparison where sample selection applies

In some cases, the outcome measure is only applicable on the condition that individuals have entered a particular labour market status. In Chapter Three, this arises for job search activity measures which are conditional on being unemployed at around the time of the follow-up interview. To deal with this situation, the matching procedure is re-applied to the sub-sample that is available for the outcome measure and then proceed as before. However, it is apparent that employment status at the time of the follow-up interview is determined by a selection process (with one or more stages), and that the people in a particular status are not a random sub-sample of the original sample. Accordingly the group to which the job search questions apply do not have the same characteristics as the whole sample. The assumption in applying matching in these circumstances is that when participation in Options is modelled, there is incidental control - at least to a large extent, though not perfectly¹³ - for those factors which select into subsequent labour market status. However, the analysis for these groups must be regarded as approximate and provisional since the selection process has not been formally modelled.

An alternative approach would be to develop a statistical model of respondents' unemployment (hence their availability for the job search questions), and use the results to adjust a second statistical model of job search. This approach has not been pursued here, because the method is complex and it would be presentationally confusing to introduce a wholly different approach from the matching method on which most of the evaluation is based. The matching method, though approximate, provides reasonable guidance.

Supporting descriptive analysis

Alongside the results from matched comparisons, which provide the key information in Chapter Three, descriptive information of various types is presented. Sometimes this is presented purely as supplementary information to the main analyses. On other occasions, descriptive methods are used when it would be preferable to use the matched comparison analysis. For example, some outcomes only apply to a minority: receiving help with problems of literacy or numeracy only applies to those who have such problems. Ideally, the matching procedure should be re-applied within a minority of this type, but numbers are too small. Here, descriptive tabulations are used once more rather than matched comparisons, and although they are interpreted along with the other results, more caution has to be shown when doing so. An attempt is made to clarify when matched comparisons are being used and so drawing conclusions about the direct impacts of New Deal, and when descriptive information is being presented from which causal conclusions cannot be directly drawn.

¹³ Employment status at the follow-up interview may be affected by recent changes that are not included in the original participation model; these changes (e.g., changes in household composition) may also be jointly determined with employment status, and so endogenous.

2.7 Methods used to assess impacts on job quality

This section discusses methodological issues that arise when analysing programme impact on job quality. It begins with a discussion of selection into programme options. Then, it considers the additional selection into employment and the last subsection investigates the problems faced when analysing job stability.

Selection into programme Option

Chapter Five uses the pair-wise variant of the matching methodology. The common support requirement of the overall matching method would leave too few observations for a meaningful analysis. These issues are discussed in more detail above.

Selection into employment

The analysis of job quality was restricted to the sample in employment at the time of the stage 2 survey. This adds another non-random selection process. Characteristics that influence employment probabilities also influence job quality aspects. For example, educational qualifications increase the probability of employment and at the same time increase wages. Yet it is not possible to control for the selection into Options and the selection into employment simultaneously. The main focus of this study is on controlling for selection into Options using the matching techniques.

However, when analysing wages models were also estimated that controlled for selection into employment ignoring the selection into Options. This can be seen as an informal test for robustness of the results. It was found that the results did not differ considerably. An intuitive interpretation of this is that the two selection processes are highly correlated and controlling for one leaves the impact of the other one ignorable.

3. Impacts on Employability

Summary

The objective of increasing employability applies to all participants in New Deal. There is no easy definition or simple measure of employability, but rather a series of factors that are known from previous research to be associated with increased chances of entering work, including gains in skills and qualifications, more effective job search, the development of positive attitudes and motivations, and overcoming barriers to employment.

The main evaluation question is: *How much better, or worse, would individuals who took a particular route have fared in terms of employability if instead they had taken a different route?* This question was assessed through systematic comparisons between five New Deal routes, consisting of the four Options and Extended Gateway participation.

The **Employment Option** performed strongly. It had the most advantageous effects in terms of:

- access to training, including long-period training
- attachment to the labour market
- ratings of the helpfulness of New Deal for employability
- self-efficacy.

It also performed well on qualifications, and on most other measures it was not at a disadvantage to other New Deal routes. There was some evidence that it was particularly helpful for women (in terms of qualifications gained) and for disadvantaged groups (in terms of gains in self-efficacy).

The **Voluntary Sector Option** also performed consistently well on the employability measures. It scored highly on number of job search methods used, and on self-confidence, while on human capital and perceived helpfulness of New Deal it was bracketed with or close behind the Employment Option. It gave some help to disadvantaged groups with self-efficacy, although less so than the Employment Option. It scored low only on willingness to move area in search of work.

The **Full-time Education and Training Option** performed poorly in relation to work-based training outcomes but its participants gained the highest level of qualifications. It scored relatively low on attachment to the labour market, and in its ratings of New Deal's helpfulness, both in relation to job search and jobs, and to self-confidence. It scored relatively high on attitudes of being in control in seeking a job, and towards further training and development. However, Full-time Education and Training was less effective in creating a desire for further training and development among disadvantaged participants than among those who were less disadvantaged.

The **Environment Task Force Option** was second only to the Employment Option on the training outcomes, but did less well on qualifications than either Full-time Education and Training or Voluntary Sector. However, it did help those who had no previous experience to gain qualifications. Its participants searched widely for jobs, but were relatively low on willingness to move area. They also rated New Deal low on helpfulness and had relatively negative attitudes towards being in control of their own job search.

The **Extended Gateway** appeared to be systematically disadvantageous in terms of employability measures, relative to being on an Option. It scored at the bottom end on training, qualifications, attachment to the labour market, helpfulness of New Deal, self-efficacy and self-confidence. The differences were often large and highly significant. It did better only on willingness to move area, and feeling in control on job search.

3.1 Introduction

This chapter considers how New Deal has affected the 'employability' of its participants. The introductory section briefly reviews the concept of employability and discusses its potential importance. The second section of the chapter reviews the analysis requirements. The next six sections present results on six different aspects of employability

- human capital
- job search
- perceived help with employability
- self-efficacy
- other attitudes
- assistance with special problems.

The chapter concludes with an overview of the main findings and a discussion of the policy implications.

The concept of employability

Increasing the employability of participants is one of the major stated objectives of New Deal. This does not simply mean increasing the proportion that enters jobs in the short-term. Increased employability is an objective for *all* participants. It includes outcomes that are *steps towards* employment by the participant, or towards the participant becoming better equipped to compete in the job market long-term. These most obviously include improvements in job search, and in skills and qualifications which have a value in the job market. It includes assistance in overcoming, or beginning to overcome, any barriers to employment faced by the individual. In addition, it includes the development of attitudes and motivations that are helpful for getting and keeping a job, such as self-confidence and self-development.

Associated with employability is the notion of 'distance travelled' by the unemployed person towards 'job readiness'. This recognizes, in a realistic way, that many long-term unemployed young people are far from being able to compete in the job market. They may need to develop through several stages or steps before being equipped to compete. A programme that incorporates the notion of employability will help the participant to make progress along this path.

An important aspect of the employability concept is its inclusiveness, in the sense that everyone is intended to gain something from the programme, whether or not they actually get a job. Programmes that increase employability for a wide range of disadvantaged people can be regarded as a potentially important way of combating social exclusion. In principle, it is appropriate to assess their value in terms of the welfare gains to the participants as well as of the efficiency gains to the labour market or the economy.

3.2 Assessing impacts on employability

The concept of employability has considerable implications for the evaluation of labour market programmes. In the past, most evaluations have focused on a limited range of economic outcomes, notably employment rates and wages. For an analysis of employability, a wider range of intermediate outcomes must be considered. The main headings have already been noted: training and qualifications (or more generally, human capital acquisition), job search, assistance with special problems and with overcoming barriers to employment, attitudes and motivation, and perceptions of help. Each of these areas in principle has many elements. This chapter will present findings from about 20 indicators relating to employability. Although this still does not constitute a comprehensive picture, it adds up to a considerably wider assessment than in previous labour market evaluations in Britain.

It would also be desirable to consider the relationship between these intermediate outcome measures, and employment outcomes over the medium-term, say up to three or four years from programme entry. Since the follow-up survey took place about 18 months from programme entry, this link is not within the scope of the present research.

The methods used in this chapter are described in detail in Chapter Two and especially in section 2.6.

3.3 Acquiring human capital

One of the likely reasons why some young people have difficulty in establishing themselves in employment is a lack of work experience, skills and qualifications, or in economic parlance, a deficit of 'human capital'. In the New Deal follow-up sample, 33 per cent had no previous paid employment, 27 per cent had no qualification (whether educational or vocational), 22 per cent experienced difficulties arising from a lack of literacy or numeracy, and in all 62 per cent either had no previous job, or no qualification, or experienced difficulties through a lack of literacy and numeracy, or through lack of employer job references. This lack of human capital may continue to be a problem even if an individual enters a job, if for example it is in a low-skilled occupation with few opportunities for acquiring transferable skills or qualifications. Conversely, gains in human capital may be valuable in the medium-term even if an individual does not obtain a job in the short-term. The job eventually obtained may be of a better quality, the individual may learn to value and seek further skills and qualifications, and the experience of gaining a skill or a qualification may itself increase self-confidence or other facets of motivation which build towards job-readiness.

Work-based training

Placement providers for all work-based Options (Employment¹, Voluntary Sector, and Environment Task Force) were required to provide access to formal training for at least one day per week. The Stage 1 survey in 1999 obtained information about training received up to that point: results from this interim picture (when many New Deal participants had not yet entered an Option) were described in Bryson, Knight and White (2000). The follow-up survey considered what training had been received during the period between the Stage 1 survey interview and the follow-up interview, a period of about 12 months. By combining the information from the two surveys, a measure is obtained of *any training received* from entry to New Deal. The information from the follow-up (or 'Stage 2') period, however, is also of interest in its own right, because it provides a picture of training at a time when more of the sample were in market jobs, including jobs which were obtained after taking part in Options.

The measure of interest is the receipt of training, either from a work-based Option or from a market job. Periods on the Full-time Education and Training Option are excluded, since this was not a work-based Option. However, training in jobs or in work-based Options entered *after* being in Full-time Education and Training are included. The measures of training are partly but not wholly objective. Participants' reports of training are affected by their interpretation of the word and by their perception of their experience in an Option or a market job. For example, if the instruction provided is regarded by the recipient as of little practical use, no training may be reported. Accordingly, any personal report of training contains a qualitative or judgemental element.

The main results concerning any training received since entry to New Deal are summarised in Table 3.1. In this table, each figure means the difference (in percentage points) between the participants who went along the route shown in the row and their matched counterparts in the route shown in the column heading. For example, the number '42' in the second column of row 1 means that those in subsidised employment were more likely to get work-based training than those in Full-time Education and Training, by a margin of 42 percentage points. A number with a minus sign (as with all the entries in the first column of figures) means that the row route were *less* likely to get work-based training than their counterparts in the column route. Empty cells mean that the relevant percentage point differences were not statistically significant.

The results are clear. Those on Options, with the exception of Full-time Education and Training, had substantially higher access to work-based training than they would have done had they followed the Extended Gateway. Conversely, those on Extended Gateway would have had more work-based training if they had been in any Option except Full-time Education and Training. The Full-time Education and Training participants and the Environment Task Force participants would have had more access to work-based training

¹ The Employment Option is also referred to as 'subsidised employment'.

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if they had been in the Employment Option. Those in the Employment Option would only have had significantly less work-based training if they had been in the Full-time Education and Training Option.

Table 3.1 Any work-based training received since entry to New Deal

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		42**	15	12	37**
FTET	- 46**		- 24**	- 10	
VS		24**			23**
ETF	- 27**	21**			20**
EGW	- 35**		- 23**	- 24**	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

The relatively negative results for Full-time Education and Training are partly a consequence of that Option *not being counted* as 'work-based training', and partly a consequence of its participants not subsequently getting sufficient work-based training through market jobs to close the gap with the work-based Options. Similarly, the Extended Gateway participants were not able to close the gap with the work-based Options. It is notable that the work-based training results were very similar for the Full-time Education and Training Option and for the Extended Gateway Option, both of which were dependent on market jobs to provide access to work-based training.

The next results relate to work-based training for the follow-up year only. These are shown in Table 3.2. Nearly all the differences are smaller than in Table 3.1. The reduction in differences reflects the larger part that market jobs played in the follow-up period. However, this increased role of market jobs was far from being sufficient to even out the differences completely. The statistical significance of the major differences was not altered and the overall pattern was the same. Broadly speaking, subsidised employment continued to provide the greatest access to work-based training, followed closely by Environment Task Force and the Voluntary Sector, with Full-time Education and Training and Extended Gateway at a considerably lower level.

Table 3.2. Any work-based training received in the follow-up period
Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		36**		4	27**
FTET	- 38**		- 18**	- 2	
VS		18**			16**
ETF	- 24**	18**			12**
EGW	- 27**		- 16**	- 18**	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Incidence of training in work-based Options and in market jobs

The higher levels of training for those who entered work-based Options, relative to their counterparts in Extended Gateway provision, could arise because the former have two chances of getting training (either from the Option or from a subsequent market job), whereas those in Extended Gateway only get training from a market job. It could also be that the rate at which training was provided was higher in periods in Options than in periods in market jobs. The incidence of training can be directly examined in the work-histories collected from people in the follow-up sample, covering the period between the two survey interviews. Most respondents reported from one to three spells for the period, with a few reporting more frequent changes of status.² Since the interest here is in training incidence across all work-based Option spells, and all market jobs, *those who left during the normal Gateway period are included*, as well as those in Extended Gateway. Table 3.3 shows the incidence of training by Option and by market jobs over the period, breaking down the results between the current and earlier spells in the work-history.

² These spells could be periods of employment, unemployment, time on New Deal or time in other activities such as looking after the home.

Table 3.3 Incidence of training, by work-based Option or job status and stage in follow-up year: all work-based spells for the total sample at follow-up

	Current		<i>Spell within the follow-up period</i>				All earlier spells		ALL
	Total	% with training	1 spell previous		2 spells previous		Total	% with training	%
			Total	% with training	Total	% with training			
Subsidised employment	230	64	236	58	77	53	38	55	60
Voluntary Sector	66	58	83	46	28	38	21	33	47
Environment Task Force	67	65	97	45	38	42	13	69	52
Market job	924	51	549	31	259	32	111	33	42

Market jobs had a lower incidence of training, in total and at every stage of the follow-up year, than any of the work-based Options, and subsidised employment had the highest overall incidence of training.

It is notable that reports of training were higher for the current spell than for spells that happened earlier in the work-history. This might be because respondents tend to forget or disregard training they have received earlier, perhaps because it is less relevant to the present. Alternatively, respondents may be more likely to leave a work-based Option or a market job if they feel training is inadequate. Neither interpretation affects the overall conclusion that work-based Options produced a higher incidence of training than did market jobs.

Longer period work-based training

Short periods of training, which may have little value in the job market, are next excluded, and attention confined to work-based training periods of three months or more, or training that was given on a continuing basis. With this outcome measure, the results - shown in Table 3.4 - remained similar to the overall training measure of Table 3.2. If anything the advantage of the Options over Extended Gateway was still more marked than before, with all Options including Full-time Education and Training significantly better off than if they had remained in Extended Gateway. Conversely, those in Extended

Gateway would have got significantly more long-period training on a work-based Option (though not in Full-time Education and Training).

Table 3.4. Longer-period work-based training received in the follow-up period
Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		36**	15*		31**
FTET	- 39**		- 14**		6*
VS		17**			22**
ETF	- 19*	16**			17**
EGW	- 32**		- 21**	- 24**	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Qualifications gained

A potentially important dimension of employability is gain in qualifications, since this is likely to enhance transferability in the job market. The training provided in work-based Options, as well as in Full-time Education and Training, was required to contribute towards a recognised qualification. Full-time Education and Training, however, provided both more intensive study or training and a longer period (up to one year) for participants to reach a qualification. At the time of the Stage 1 survey interview, 91 per cent of Full-time Education and Training participants regarded themselves as working towards a qualification (Bryson et al., 2000: 99).

The survey provided information on both educational and vocational qualifications gained in the period between Stage 1 interview and follow-up interview. Purely educational qualifications (such as GCSE examinations passed) were too few to be separately analysed. Table 3.5 presents the combined results for educational and vocational qualifications, while in Table 3.6 the focus is on vocational qualifications, which constituted 88 per cent of the total. Vocational qualifications as defined here were not necessarily work-based, and could arise from any of the Options, or from a market job, or from independent study. The question being considered is not whether a particular Option directly produced a qualification, but whether different routes were linked to subsequent qualifications.

Table 3.5. Any qualification received in the follow-up period

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		- 12**			12*
FTET				12*	26**
VS				14*	22**
ETF		- 14**			14**
EGW	- 9*	- 23**	- 24**	- 12*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Participants in all the Options were more successful in gaining vocational qualifications than they would have been by remaining on an Extended Gateway. The gain was significant in all cases, and ranged from 12 percentage points in the case of subsidised employment to 26 percentage points in the case of Full-time Education and Training. The converse also applied, as Extended Gateway participants would have gained significantly more qualifications if they had been on any of the Options.

The other main question of interest here is the relative position of Full-time Education and Training. The results suggest that the advantage of Full-time Education and Training was not as great as might have been expected. Those who went into Full-time Education and Training got significantly more qualifications than if they had entered Environment Task Force, but would have got virtually as many in subsidised employment or Voluntary Sector Options. Those in subsidised employment, as well as those in Environment Task Force, would have had a significantly higher qualification rate if they had entered Full-time Education and Training, but Voluntary Sector participants would have gained few additional qualifications.

Confining the analysis to vocational qualifications (Table 3.6) provides a very similar picture, which is not surprising since they constituted the great majority of qualifications gained. The main changes from Table 3.5 are that the differences between subsidised employment participants and their Full-time Education and Training and Environment Task Force comparators are no longer statistically significant, although they remain in the same direction.

Whichever measure is used, Extended Gateway emerges as disadvantageous from the viewpoint of getting qualifications, while Full-time Education and Training is the most advantageous overall. However, the advantage of Full-time Education and Training was perhaps less marked than might have been expected, and Voluntary Sector participants in particular did about as well as they would have done in Full-time Education and Training.

Table 3.6. Any vocational qualification received in the follow-up period
Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		- 8			
FTET				12*	23**
VS				13*	20**
ETF		- 9*			11**
EGW	- 9*	- 18**	- 22**	- 12*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Altogether, 26 per cent of the follow up sample who were either Option participants or in Extended Gateway obtained some type of qualification while 23 per cent obtained a vocational qualification. Additional descriptive details of the level of vocational qualifications obtained are shown in Table 3.7. Much the biggest group (42 per cent) consisted of qualifications at NVQ/SVQ level 2 or GNVQ intermediate, and a further 18 per cent were at NVQ/SVQ level 1 or GNVQ foundation.

Table 3.7 Levels or types of new vocational qualifications obtained
Those at follow-up interview who had been in an Option or in Extended Gateway

Qualification	% of all with new qualification
NVQ/SVQ 1 / GNVQ foundation	18
NVQ/SVQ 2 / GNVQ intermediate	42
City & Guilds craft/intermediate/ordinary	8
NVQ/SVQ 3 / GNVQ advanced	8
BTEC/TEC ONC/OND / City & Guilds advanced	4
BTEC/TEC HNC/HND / City & Guilds full	3
NVQ/SVQ 4 or 5	2
Base: those reporting new vocational qualification	542

It is not possible to make a direct comparison between qualification sought and qualification obtained at individual level, since details of the qualification aim were only obtained at the first interview from those on the Full-time Education and Training Option. However, the distribution of qualifications obtained was roughly in line with, or marginally higher than, the distribution of qualifications sought, where the latter was available. Whereas 18 percent of new vocational qualifications were at NVQ/SVQ level

1 or GNVQ foundation level, 23 per cent of specified qualification targets were at this level; and the corresponding figures for NVQ/SVQ level 2 or GNVQ intermediate level were 42 per cent as the attainment and 38 per cent as the target.

Subgroup differences for New Deal's effects on human capital

The main findings concerning impacts on human capital have now been reviewed. It remains to consider whether these impacts varied between different groups of participants. The broad approach to subgroup analysis was outlined earlier in the chapter. Overall, there were very few ways in which the human capital impacts differed significantly between subgroups. This indicates that in general, each subgroup (e.g., a more disadvantaged subgroup) fared no better or worse if they were in a particular New Deal route than the overall picture for that route.

A small number of significant exceptions to the above general conclusion will be examined in detail. Where an outcome variable is *not* discussed for a subgroup, this means that there was no significant subgroup difference to report, or that any apparent difference was unreliable because of insufficient sub-sample numbers for the matching procedure. For example, findings are not presented below concerning men and women in relation to work-based training. This is because there was no indication that the overall results reported earlier for receipt of work-based training, and for receipt of long-period work-based training, differed significantly between men and women.

After describing all the main findings concerning subgroup differences, some descriptive information is also presented about human capital outcomes by subgroup.

(a) *Gender.* Higher percentages of women got more advantage in terms of qualifications through the Employment Option than their counterparts in the Full-time Education and Training Option, while the reverse applied to men. Also, while for both men and women Full-time Education and Training produced far more qualifications than if they had remained on Extended Gateway, the gap was appreciably greater for men, because a higher percentage of women were successful in getting qualifications after being on Extended Gateway.

In interpreting the results, one needs to be conscious of the subgroup numbers. There were 79 women in the subsidised employment sub-sample, who were matched by 51 women in the Full-time Education and Training Option. This is probably sufficient, but not with a large margin to spare. The differences in results between subsidised employment and its Full-time Education and Training comparators were particularly large, and significant at the 99 per cent confidence level³. The chief results, summarised in Table 3.8, can in view of this be regarded as reasonably reliable.

³ The Gender x Option interaction term in a model of gaining any qualification had a t-statistic of 3.03, while in a model of gaining a vocational qualification the interaction term had a t-statistic of 2.75.

It must be stressed that these results apply only across these particular Options. For example, there were no significant differences between men and women with respect to the Voluntary Sector Option relative to any of the other Options. For other comparisons, the results for the whole sample shown in Tables 3.5 and 3.6 remained true for men and for women considered separately.

Table 3.8 Female-male differences in New Deal impacts on new qualifications: the subsidised employment and Full-time Education and Training Options

(a) Per cent getting any qualification				
	Subsidised employment	FTET counterparts	FTET Option	Sub. emp. counterparts
Female	42	30	31	49
Male	22	42	36	26
(b) Percent getting a vocational qualification				
	Subsidised employment	FTET counterparts	FTET Option	Sub. emp. counterparts
Female	37	24	27	45
Male	20	36	31	26

(b) *Non-white ethnic minorities.* In order to assess whether Options affected human capital outcomes in the same way for ethnic minorities as for the white majority, it was necessary to consider all non-white minorities as a single group, because sample sizes were too small in ethnic subgroups such as Indian or Black Caribbean. Evidently, this analysis can only be regarded as extremely crude, since as noted earlier in this chapter, differences between ethnic minority subgroups are often as great as between the ethnic minorities as a whole and the white majority. Even with this simplification, the numbers of ethnic minority members in the Employment Option and the Environment Task Force Option were too small for the matching procedure to be reliably applied.

The sole result of statistical significance arose when total qualification rates for those in the Extended Gateway were compared with counterparts in Full-time Education and Training. Within Extended Gateway, the non-white sample attained a marginally higher qualification rate than did the white sample (13 per cent against 10 per cent). Within the Full-time Education and Training counterparts, however, the white subgroup had a considerably higher qualification rate than the non-white subgroup (41 per cent against 27

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per cent). However, in view of the absence of any other significant effects involving Full-time Education and Training, this result should be viewed with caution.

(c) *Lack of job experience.* The third subgroup consisted of those who had either never been in a paid job, or whose search for employment was hampered by lack of references from a previous employer. Some 44 per cent of the sample being analysed were in the subgroup that lacked job experience in this broad sense.

The most clearly significant results related to differences in qualification rates (both overall and vocational) when those in the Employment Option were compared with their counterparts in Full-time Education and Training. Those lacking job experience did as well or better in getting qualifications in the Employment Option as they would have done in the Full-time Education and Training Option, whereas those who had job credentials would have done about twice as well in Full-time Education and Training. These results are shown in Table 3.9. The converse did not apply, at least not to a significant degree.

Those in subsidised employment and lacking job experience also did better in getting qualifications than if they had been in the Environment Task Force Option (Table 3.10). The comparator sub-samples fell just below 50 for these analyses, but on the other hand the results concerning vocational qualifications were significant both when comparing subsidised employment with Environment Task Force and vice versa.

Table 3.9 Differences for those with and without job experience: New Deal impacts on new qualifications in the subsidised employment and Full-time Education and Training Options

	(a) Per cent getting any qualification		(b) Per cent getting a vocational qualification	
	Subsidised employment	FTET counterparts	Subsidised employment	FTET counterparts
Has experience	22	45	20	41
No experience	37	35	35	29

Table 3.10 Differences for those with and without job experience: New Deal impacts on new qualifications in the subsidised employment and Environment Task Force Options

(a) Percent getting any qualification				
	Subsidised employment	ETF counterparts	ETF Option	Sub. emp. counterparts
Has experience			19	11
	(not statistically significant)			
No experience			14	32
(b) Percent getting a vocational qualification				
	Subsidised employment	ETF counterparts	ETF Option	Sub. emp. counterparts
Female	20	26	19	11
Male	34	16	14	32

(d) *Multiple disadvantage indicator.* The multiple disadvantage indicator used in this set of analyses was a development from the indicator used in the report on the Stage 1 survey (Bryson et al., 2000: 24). It counted each of the following as one disadvantage: lack of job experience (as defined above), absence of any qualification at time of first survey interview, having a problem of literacy or numeracy, lack of a driving licence, report of a stigmatising social problem at the first interview (drugs or alcohol problems, problems with the law, problems of housing), being a lone parent, being in social rented accommodation or ‘other’ housing (such as lodgings or hostel). There was a very marked negative association between the number of these disadvantages and the proportion in employment at the follow-up interview, which suggests that the indicator is valid⁴. The indicator was used to split the sample in two roughly equal halves: 51 per cent of the analysis sample had three or more of these disadvantages, and these were classified as the multiply disadvantaged group.

The results with this variable concerning human capital variables were very simple. There were no significant differences between the multiply disadvantaged subgroup and the remainder that would modify the overall results.

(e) *Disadvantaged urban location.* An alternative way of defining disadvantage is in terms of location in areas experiencing multiple social and economic problems. A

⁴ Specifically, it can be claimed to have criterion validity as well as face validity.

variable supplied by the Employment Service provided an indicator of this type, and it identified 24 per cent of the sample being analysed as living in a disadvantaged inner urban area. Because of the relatively small size of the disadvantaged subgroup according to this indicator, comparisons involving the Employment Option or the Environment Task Force Option could not be carried out reliably.

Results with this indicator of disadvantage were, as with the multiple disadvantage indicator, entirely non-significant. So the original results hold for the subgroup in disadvantaged urban locations as much as they do for those in other locations.

(f) Overview of subgroup analysis of human capital gains: Across the five subgroups analysed, there were few cases where the original results needed to be modified. The two general indicators of disadvantage produced no significant subgroup differences. Results relating to receipt of training across the whole survey period, or in the follow-up year, and receipt of long-period training, were wholly unaffected across all the subgroup analyses. The few new findings related entirely to attainment of qualifications, and chiefly to differences by gender and by job experience / references. There was also one significant difference for the ethnic minority subgroup, but this was possibly unreliable.

Both women and those without job experience who were in the Employment Option got a particular boost towards qualifications, which they would not have got in Full-time Education and Training. Those without job experience in the Environment Task Force Option got a similar boost towards qualifications, which again they would not have got in Full-time Education and Training. These are the main new findings from the subgroup analysis.

The lack of significant findings in all other respects does *not* mean that the subgroups were unaffected by which route they took in New Deal. It only means that they were affected in the same way as the whole sample, as shown in the earlier part of the section.

Descriptive information about human capital gains for subgroups

To supplement the subgroup analyses, summary descriptive tables are provided to show how each subgroup fared on the human capital outcome measures. Before, the analysis was limited to matched sub-samples (for example, matched subgroups of men and matched subgroups of women), but now everyone is included. Although this provides a more complete description, it also means that the tables only show associations and not causal relationships.

Table 3.11 brings together the descriptive results for the five human capital outcome measures, and for the five subgroup variables. Table 3.12 shows the results in more detail for the full breakdown of ethnic group that is available in the survey. The latter table illustrates the point made earlier, that differences between ethnic minorities can be large, and this also shows why a simple split into white and non-white ethnic groups is unlikely to be effective.

Table 3.11. Descriptive summary of human capital outcomes by subgroups

	Any training since ND entry	Any training in follow-up period	Long-period training in follow-up	Any qualification gained	Any vocational qualification	N
Female	40	33	22	27	23	633
Male	40	35	21	24	21	1714
Non-white	34	29	14	22	19	454
White	42	35	24	25	22	1893
Job exp.	44	39	23	24	20	1293
No job exp.	35	29	19	22	19	1054
Not mult. dep.	45	39	24	28	24	1140
Mult. dep.	35	29	19	22	19	1207
Not inner city	39	33	22	25	22	1782
Inner city	41	35	20	23	20	565

Table 3.12 Human capital outcomes by ethnic group

	Any training since ND entry	Any training in follow-up period	Long-period training in follow-up	Any qualification gained	Any vocational qualification	N
Black-Caribbean	34	29	12	30	29	75
Black-African	28	28	6	18	13	33
Black-other	19	14	2	11	9	20
Indian	38	38	20	27	20	47
Pakistani	32	29	11	28	24	138
Bangladeshi	40	33	22	20	12	41
Other non-white	40	34	13	18	16	49
White	42	35	24	25	22	1939

3.4 Job search impacts

An individual's employability depends in part on persistent and effective job search and this form part of the assessment of New Deal. Job search behaviour has many different facets - for example search effort, flexibility, and wage expectations - and each of these can be measured in different ways. It is not possible to arrive at a single summary measure capturing job search effectiveness. In addition, many people who already have jobs do not engage in job search, and others drop out of the labour market completely, for health, family or other reasons. So many of the questions about job search can only be asked of a selected sub-sample who are currently in the job market. The implications of this have been discussed in section 2 of this chapter.

(a) Attachment to the labour market: One indicator of job search that does apply to the whole sample is labour market 'attachment' (also sometimes referred to as economic activity). This is usually defined as either having a job, or seeking a job. Here, the usual definition is extended by also including those who were continuing in a New Deal Option or Follow-through at the time of the second survey interview. In all, 87.8 per cent of the analysis sample were 'attached' on this definition while 12.2 per cent were 'detached'.

The usual analysis using matching was carried out and the results are shown in Table 3.13. Those who had been in the Employment Option had a significantly higher attachment rate than if they had been in Full-time Education and Training or Extended Gateway. Those from the Extended Gateway had lower attachment rates than if they had been in any of the Options, and these differences were statistically significant except in the case of Full-time Education and Training. All other differences in the table were not significant.

Subgroups

Subgroup analysis was carried out as in the case of the human capital variables, but there was no reliable evidence that the relative attachment rates were affected by subgroup differences. Accordingly, no tables are presented from these analyses. A descriptive summary of subgroup attachment rates is shown in Table 3.14. Attachment was somewhat lower for women than men, and it was also somewhat lower for those with multiple disadvantages. The overall comparison between white and non-white subgroups should be ignored, since there was a wide variation in the figures for the various ethnic minorities.

Table 3.13. Labour market attachment at the end of the follow-up period
Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		11*			8*
FTET					
VS					
ETF	- 4				
EGW	- 13**	- 5	- 9**	- 8*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Table 3.14. Labour market attachment rates by various subgroups

Female:	80%	Male:	90%
Job experience:	89%	No job experience:	86%
Not mult. dep.:	91%	Multiple deprivation:	84%
Not inner city dep.:	89%	Inner city deprivation:	85%
White:	89%	Non-white:	84%
Black - Caribbean	79%		
Black - African	77%		
Black - Other	80%		
Indian	96%		
Pakistani	90%		
Bangladeshi	93%		
Other non-white	79%		
White	88%		

(b) *Wage expectations*: attention is focused next on the wages sought by people in the sample who did not have a job and were seeking one. The ability of individuals to find jobs depends in part on the minimum wages they seek and are prepared to accept. This is referred to as their 'wage expectation'. The concept is related to, but not identical with, the economic concept of the reservation wage. A relatively high wage expectation reduces the range of jobs that are available to an individual. It should be appreciated, however, that job seekers often accept job offers which are lower than their stated wage expectations.

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Average weekly wage expectations at the follow-up survey were £140.24 for female job seekers and £153.28 for male job seekers. On an hourly rate basis, the wage expectation was virtually the same for women and men (£3.85 and £3.86). In April 2000, national average weekly full-time earnings for women not on adult rates of pay were £159.20, while the corresponding earnings for men were £177.30. Hourly rates for women not on adult rates averaged £4.35 while for men they averaged £4.49. In terms of the overall national distribution of earnings, the wage expectations fell well within the bottom decile (source for all national figures: New Earnings Survey 2000 volume A: see Tables A32 – weekly earnings, A33 – hourly earnings, A1 – earnings distributions).

For the 1604 people seeking a job at both the Stage 1 interview and the follow-up interview, the 1999 wage expectation was £132.60 while the 2000 wage expectation was £145.50. The expected hourly wage averaged £3.42 in 1999 and £3.75 in 2000. The increase over the year was £13, or 33p per hour. Average earnings rise rapidly with age in the 18-24 age group, and this probably influences wage expectations over time. Wage expectations may also have been affected by the National Minimum Wage, introduced in April 1999.

After excluding those already in jobs and those who had not been actively seeking a job during the past nine months, a re-matching procedure was carried out to assess the impact of New Deal routes on wage expectations. This analysis considered weekly, rather than hourly, wage expectations as the outcome variable, because some people did not state their weekly hours sought, resulting in further loss of sample. The full results will not be shown, since only one of the 20 differences was statistically significant. In 20 significance tests, one of them would be expected to be significant at the 95 per cent confidence level even if all differences were wholly random. Accordingly, there is no reliable evidence that the route followed in New Deal affected wage expectations. Although at the descriptive level there were some differences in average wage expectations between the routes, the results indicate that these could be attributed to the different composition of participant groups, which were controlled by the matching procedure. For example, the Voluntary Sector Option had the lowest average wage expectation at the follow-up (£133.20 per week), but it also had the highest proportion of female participants.

Subgroup comparisons across routes for the wage expectation variable were not carried out. A practical reason for this was the diminishing sample size after excluding those in jobs and those not seeking work in the past nine months. A descriptive summary of average weekly and hourly wage expectations is shown in Table 3.15. The white/non-white comparison is not shown since this can be highly misleading. Small subgroup numbers also render a more detailed breakdown by ethnic minority group meaningless. Differences in wage expectations were generally quite small. The higher wage expectations of those in areas of inner city deprivation possibly reflect urban as against non-urban wage differentials.

Table 3.15. Average net wage expectations by various subgroups

(a) Wage expectations in £/week (N in brackets)			
Female:	140.24 (429)	Male:	153.28 (1370)
Job experience:	152.89 (991)	No job experience:	147.01 (808)
Not mult. dep.:	153.25 (857)	Multiple deprivation:	147.60 (942)
Not inner city dep.:	144.58 (1365)	Inner city deprivation:	162.49 (434)
No ill-health break:	150.39 (1492)	Ill-health break	149.39 (307)

(b) Wage expectations in £/hour (N in brackets)			
Female:	3.85 (407)	Male:	3.86 (1321)
Job experience:	3.90 (950)	No job experience:	3.81 (778)
Not mult. dep.:	3.92 (824)	Multiple deprivation:	3.81 (904)
Not inner city dep.:	3.69 (1308)	Inner city deprivation:	4.22 (420)
No ill-health break:	3.86 (1434)	Health break:	3.86 (294)

(c) *Number of search methods used:* The next outcome measure, number of search methods, is an indicator of the intensity of job search⁵. It is assumed that the more methods people use to find jobs, the more in touch they will remain with a wide range of opportunities. In addition, wide search may be indicative of motivation to get a job.

Individuals were asked to state which job methods they had used in the preceding four weeks, from a list of six (they were also able to state any additional methods which were not listed). The average number of methods used, among those seeking a job at least within the past nine months, was 3.32. After restricting the sample to current and recent job-seekers, a re-matching procedure was carried out to assess whether New Deal routes had made an impact on search intensity for those still out of work. Several significant impacts were identified and the complete results are summarised in Table 3.16.

⁵ Another available measure is the number of job applications made. This however has two disadvantages. Job applications are influenced by the vacancies available, and hence to some extent may reflect local labour market demand as well as individual search effort. Also, not all respondents can give an exact number of job applications made, so the data are in banded form, which makes analysis more complicated.

Table 3.16 Number of search methods used at the time of follow-up

Differences in means for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp					
FTET			-0.29		
VS	0.56*	0.45*			0.39
ETF	0.88**				
EGW			-0.38*		

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Those in the Voluntary Sector Option had higher search intensity than if they had been in other routes in New Deal - significantly more so than if they had been in subsidised employment or Full-time Education and Training. The other routes, except Environment Task Force, would have had higher search intensity if they had been in the Voluntary Sector Options, but this was a significant effect only in the case of Extended Gateway. Those in the Environment Task Force Option also had high search intensity, and significantly higher than if they had been in subsidised employment. The results for Voluntary Sector and Environment Task Force Options gainsay the argument that work experience programmes in the non-market sector may weaken motivation to compete for jobs.

Subgroup analysis by the matching method was not carried out, because of diminished sample size. However, descriptive statistics for the subgroups are summarised in Table 3.17. Women searched a little less widely than men, and the more disadvantaged groups also tended to search somewhat less widely.

Table 3.17. Average number of search methods used by various subgroups

Means, with Ns in brackets.

Female:	3.12 (345)	Male:	3.38 (1153)
Job experience:	3.42 (783)	No job experience:	3.21 (715)
Not mult. dep.:	3.39 (656)	Multiple deprivation:	3.27 (842)
Not inner city dep.:	3.40 (1145)	Inner city deprivation:	3.13 (353)
No ill-health break in work-history	3.33 (1243)	Ill-health break	3.24 (255)

A further question of interest is whether search intensity had increased, decreased or remained unchanged between the two survey interviews. This however can only be assessed for those people who were out of work and seeking work at both points in time. There were 886 such people within the stage 2 analysis sample, a number that is much too small for the matching method to be applied. Also, this group contains a disproportionate number of the participants who found it hardest to get a job. Despite these limitations, the descriptive information is of some interest.

Overall, search intensity for this group had significantly increased between the two survey interviews, the mean difference in number of job search methods being 0.23⁶. Table 3.18 shows how the change in mean search methods varied across subgroups. Every subgroup showed some increase in number of search methods over the period, but the increases were slight among women and among those from deprived inner city areas. There were particularly large increases in search intensity among those with multiple deprivations and those whose previous work-history had been affected by ill health.

⁶ With a subsample size of 886, and a standard deviation of 1.567, this value was significantly different from zero.

Table 3.17. Average change in number of search methods by various subgroups

Only those out of work and seeking work at both survey interviews are considered. Mean differences (a positive figure indicates an increase at the follow-up), with Ns in brackets.

Female:	0.03 (186)	Male:	0.26 (700)
Job experience:	0.22 (470)	No job experience:	0.20 (416)
Not mult. dep.:	0.14 (386)	Multiple deprivation:	0.26 (500)
Not inner city dep.:	0.28 (695)	Inner city deprivation:	0.03 (191)
No ill-health break:	0.19 (746)	Ill-health break	0.32 (140)

(d) Search flexibility: Employability may be adversely affected if job seekers place restrictions on the types of jobs which they are willing to consider or the spatial areas where they are willing to work. It is known from previous research (White and Forth, 1998) that in the 1990s, large proportions of job seekers used either temporary or part-time jobs as a means of gaining employment, so much so that those unwilling or unable to consider these possibilities would be at a considerable disadvantage. Unwillingness to move to where jobs are available is also potentially a disadvantage, especially for those who are living in an area that is economically depressed. The survey asked questions about these three aspects of flexibility of all respondents, not just those who were currently out of work. They reflect general attitudes towards flexibility in search, rather than what the participants had been doing recently in their own job search.

It was hoped that responses would be sufficiently correlated to indicate an underlying tendency, across the three questions, either towards flexibility or inflexibility in job search. It transpired, however, that the correlations were weak so that there was no justification for constructing a composite scale. Each question therefore had to be analysed separately. Of the follow-up analysis sample, 57 per cent stated that they would consider a temporary job, 42 per cent said they were prepared to work either full-time or part-time, and 32 per cent would consider moving to a different area for the sake of getting employment.

Analyses with the matching method did not reveal much impact from the New Deal routes. There was just a single significant comparison in the set of analyses concerning willingness to work either full-time or part-time, and the same applied to the set concerning willingness to take a temporary job. There was therefore no substantial evidence that New Deal routes impacted on these aspects of flexibility. There was a little more of interest in the analysis concerning willingness to move area. Those in the

Employment Option and in Full-time Education and Training were both significantly more willing to move than if they had been on the Voluntary Sector Option: the differences were 12 and 11 percentage points respectively⁷. Additionally, those in the Extended Gateway were more willing to move area than if they had been on the Environment Task Force Option, with a difference of 14 percentage points⁸. Even these results, however, do not have a clear interpretation.

Subgroup analyses were carried out with the re-matching procedure, and for the most part these also produced little new information. The main exception concerned differences between men and women in willingness to move area. Men tended to be less willing to move area if they were in any other Option than if they had been in subsidised employment, while for women it was the opposite. An example is shown in Table 3.18, which compares willingness to move area across the subsidised employment and Voluntary Sector Options. Other similar and significant interactions between gender and New Deal route were found for subsidised employment and Full-time Education and Training, in the case of willingness to take a temporary job; and for Full-time Education and Training and subsidised employment, Voluntary Sector and subsidised employment, and Extended Gateway and subsidised employment, relating to willingness to move area.

Table 3.18 Difference in willingness to move area relative to same-gender counterparts

% expressing willingness				
	Sub. emp.	Vol. sect. counterparts	Vol. sect.	Sub. emp. counterparts
Female	37	49	53	25
Male	55	36	56	59

While results from the flexibility measures are generally weak, it is of some interest to consider how responses to the questions had changed over the two surveys. Within those people who had answered the questions on both occasions, willingness to move area had hardly changed as a proportion of the total (34 per cent at the Stage 1 survey, 32 per cent at the follow-up). There were larger changes in willingness to take temporary jobs (down from 63 per cent to 57 per cent) and especially in willingness to take either part-time or full-time work (down from 53 per cent to 42 per cent). This increasing 'choosiness' probably reflects both the improving job market and the improving average position of the participants.

⁷ The respective t-statistics for these differences were 2.26 and 2.89.

⁸ The t-statistic for this difference was 3.16.

3.5 Perceived helpfulness of New Deal

The steps towards employability that have been considered so far are of a reasonably objective type, although the questions about flexibility also had an attitudinal dimension. In this and the following section, attention is turned to measures of employability which are explicitly of an attitudinal nature. The employability concept, as suggested in the introductory section, includes the development of attitudes that make individuals readier to compete for and obtain jobs.

A component of New Deal's intermediate effects may consist in participants' feelings of having been helped and made ready for employment by the programme. A set of five questions (presented in Table 3.19) assessed this part of the employability concept, covering perceived help with skill acquisition, with work experience, and with job search⁹. Answers to these questions in part are a direct personal evaluation of the programme, in terms of its contribution to employability, by the participants. They are closely related to questions about *satisfaction with the programme*, but do not have the general disadvantage which applies to all satisfaction measures, namely that judgements of satisfaction are made relative to expectations and are therefore inflated when expectations are low or depressed when expectations are high (Locke, 1976).

In addition to being attitudinal evaluations of the programme, the questions about the helpfulness of the programme should convey something about the *motivational state* of the participants. People who feel that they have received substantial help to deal with their problems are more likely, other things being equal, to feel capable themselves of coping and acting positively (Bandura, 1989).

Responses were strongly correlated across this set of questions and it is appropriate to regard them as a set reflecting an overall feeling of how much the individual had been helped towards employment by New Deal. The five items when summed constituted a measure with adequate scale properties¹⁰.

⁹ The questions were not asked of those having no recall of New Deal participation, who amounted to six per cent of the follow-up sample.

¹⁰ The five items formed a scale with a statistical reliability (Cronbach alpha) of 0.76.

Table 3.19. Items measuring the perceived helpfulness of New Deal

Has New Deal been helpful in ...	% responding positively
Improving your skills	47.4
Learning new skills	47.5
Getting work experience	40.4
Looking for work	57.7
Getting a job	30.5

Base: 2325 respondents in the analysis of the follow-up survey.

The results of the matched comparison procedure are shown in Table 3.20, using the average scale score (with range 0-5) as the measure. Here the superiority of the Option experience over the Extended Gateway was very marked, for all Options. In interpreting these results, however, one should note that the wording of the questions included direct reference to the New Deal. If some in the Extended Gateway had had a relatively low level of involvement with New Deal, they would be likely to say that they had not received help, even if they had in fact made substantial progress towards employability. This would tend to inflate the difference between Options and Extended Gateway. On the other hand, the general pattern of results was similar to that encountered with the more objective human capital measures, so it is not unreasonable that people on Extended Gateway should feel that they have had relatively little help to move towards employment.

Among the Options, those in subsidised employment found New Deal more helpful for employability than if they had been in Full-time Education and Training or in Environment Task Force. The converse also applied, that is, those in Full-time Education and Training or Environment Task Force would have found New Deal more helpful towards employability if they had been in subsidised employment. Those in the Voluntary Sector Option also had significantly more favourable views of New Deal's helpfulness towards employability than their counterparts in Full-time Education and Training. Here however the converse did not hold.

The interactions of subgroups with this pattern of differences can be reported very briefly. After eliminating those comparisons that were invalidated by small subgroup numbers, no single significant interaction was found across all the five subgroups. Accordingly, there was no indication from these results that New Deal was perceived as more helpful by Option participants in any disadvantaged subgroup than in the remainder of the sample, nor among men compared with women or vice versa.

Table 3.21 Perceived helpfulness of New Deal for employability

Differences in mean helpfulness scores for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		0.54*		0.85**	1.57**
FTET	-0.49*				1.03**
VS		0.53**		0.36	1.33**
ETF	-0.62*				0.90**
EGW	-1.56**	-0.69**	-1.33**	-1.21**	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Also, inspection of the descriptive statistics for the subgroups showed that the differences on the average helpfulness scale were generally rather small. The exception to this was the analysis by ethnic group, which is shown in Table 3.22. This table exemplifies the quandary in analysing ethnicity, since the mean differences are apparently large, but many of the subgroup sizes are too small to draw any conclusion. However, if one confines attention to the Black Caribbean and Pakistani subgroups, having sample numbers of 73 and 137 respectively, one finds lower perceptions of New Deal's helpfulness towards employability than in the case of the white subgroup¹¹. Comparison with the Stage 1 survey is not possible since one of the questions used in the scale was added at the follow-up survey only.

Table 3.22 Perceptions of helpfulness for employability, by ethnic group

	Mean score	N
Black - Caribbean	1.76	73
Black - African	2.27	33
Black - Other	1.31	20
Indian	2.01	45
Pakistani	1.81	137
Bangladeshi	2.37	41
Other non-white	1.81	47
White	2.20	1924

¹¹ The differences were separately significant at the 95 per cent confidence level, having t-statistics of 2.08 (Black Caribbean v. White) and 2.49 (Pakistani v. White).

3.6 Self-efficacy

A central position in social-psychological theories of motivation is occupied by the concept of self-efficacy (Bandura, 1997). Feelings of capability, developed through past experience and self-imaging, lead people to attempt goals, and achievement of goals further develops feelings of capability. A labour market programme that helps to initiate this virtuous circle may be particularly effective in developing employability.

To examine this concept, a five-item scale of 'job search self-efficacy' was included in the survey. The items constituting the scale are shown in Table 3.23. Responses to each item were scored 0-4, with higher scores indicative of greater confidence in capacity to carry out an aspect of job search. Responses to all the items were positively correlated, indicative of an underlying construct, and this was also confirmed by factor analysis with a wider set of attitudinal variables, where the five items emerged as a distinct factor¹².

Table 3.23. Items measuring job search self-efficacy

	% giving positive responses
I know the best ways to apply for the kind of work I want	74.1
I know how to write a good application letter	72.2
I do well at job interviews when I get them	66.7
I have lots of experience relevant to work	63.1
I have many work related skills that would make me a good employee	76.1

Base: 2347 respondents used in analysis of the follow-up survey

Table 3.24 shows the counterfactual differences for the Options, produced by the matched comparison procedure. All Options, except Voluntary Sector, had higher self-efficacy scores than their counterparts in the Extended Gateway, but this difference was significant only in the case of the Employment Option¹³. Those in the Extended Gateway would have had higher self-efficacy scores in any Option, and significantly so in all Options except Voluntary Sector.

Comparing among Options, subsidised employment was dominant since its participants would have had lower self-efficacy in any other Option and the participants of any other Option would have had higher self-efficacy in subsidised employment. Although two of these relationships fell short of statistical significance, the overall picture was one of subsidised employment having the most beneficial impacts on self-efficacy.

¹² The statistical reliability of the scale (Cronbach alpha) was 0.80.

¹³ The difference in the case of the Full-time Education and Training Option had a t-statistic of 1.8.

Table 3.24 Job search self-efficacy at the follow-up interview

Differences in mean self-efficacy scores for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		0.90*	1.17*		1.42**
FTET	-1.65**				0.83
VS					
ETF	-1.82**		1.10*		
EGW	-2.03**		-0.95*	-1.37**	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

This last conclusion might be undermined if the self-efficacy outcome measure was biased by attitudinal states before New Deal, that were uncontrolled in the matching procedure and persisted to the follow-up stage. Here the subgroup analysis was helpful in supporting the interpretation of a genuine impact of the Employment Option on self-efficacy. The main group of significant subgroup interactions with the self-efficacy measure arose in the case of the indicator of multiple disadvantage¹⁴. The analysis showed that the main reason for the strong showing of subsidised employment was its particularly high scores in the subgroup with multiple disadvantages. Whereas in the other New Deal routes¹⁵ those with multiple disadvantages had depressed levels of self-efficacy, in subsidised employment the group with multiple disadvantages scored virtually as high on self-efficacy as the remainder. The Voluntary Sector Option also performed relatively well in this respect, although not as well as subsidised employment. It seems, therefore, that subsidised employment and to a lesser extent Voluntary Sector were particularly effective in lifting levels of self-efficacy in deprived groups. This is not the only possible interpretation of the results, but it is the simplest and is plausible in view of the other findings in this chapter concerning the advantages of subsidised employment and, to a somewhat lesser extent, of the Voluntary Sector Option. Illustrative results are summarised in Table 3.25.

¹⁴ Some similar results were also found with the 'job experience' variable but they were less clear.

¹⁵ However as usual we could not apply the subgroup analysis procedure to comparisons involving Environment Task Force, because of small numbers.

Table 3.25 Subsidised employment and Voluntary Sector impacts on self-efficacy for multiple deprivation subgroup

Comparisons of mean self-efficacy scores for selected pairs. A higher score indicates a more positive view by respondents of their own efficacy in job search.

	Sub. emp.	Extended Gateway comparator	Sub. emp.	FTET comparator
Not mult. dep.	15.9	16.0	16.0	15.2
Multiple deprivation	15.5	12.9	15.5	14.3
	Vol. sect.	Extended Gateway comparator	Vol. sect.	FTET comparator
Not mult. dep.	14.8	15.7	14.8	15.2
Multiple deprivation	13.4	11.5	13.4	12.9

3.7 Other attitudinal measures

While job search self-efficacy was the most important attitudinal measure available in the survey, other questions of an attitudinal type were also asked. In this section, results are considered from three of these which also appear important for employability, relating to self-confidence, feelings of control, and self-development.

Self-confidence

Self-confidence is conceptually related to self-efficacy. In the survey respondents were asked “Has New Deal been helpful to you in increasing your confidence?” Overall 42 per cent of the analysis sample answered this question positively. Here significant differences were indicated between all the Option groups and their counterparts in the Extended Gateway, the results appearing much stronger than in the case of the self-efficacy measure. This may be in part because the question referred explicitly to ‘New Deal’ and (as noted earlier) the Extended Gateway participants may identify less with the programme.

The only significant difference among the Options was that the Voluntary Sector participants were more likely to feel that their self-confidence had been helped than their counterparts in Full-time Education and Training: the difference, at 14 percentage points, was substantial¹⁶. Table 3.26 summarizes differences between Options and Extended Gateway, but omits the other results since nearly all were non-significant. Subgroup analysis produced no results of significance, except that people lacking job experience

¹⁶ The t-statistic was 3.14.

were less likely to report a boost in self-confidence if they were in the Extended Gateway, relative to subsidised employment. Not much importance can be attached to this as an isolated result (so no table is shown), but it may add a little weight to the interpretation concerning subsidised employment and self-efficacy in the previous section.

Table 3.26. Perceived helpfulness of New Deal for self-confidence: Options contrasted with Extended Gateway

Percentage point differences: all are significant at the 95 per cent confidence level.

Differences of Options from Extended Gateway comparator		Differences of Extended Gateway from Option comparators
Subsidised employment	20	-19
Full-time educ. & training	23	-14
Voluntary Sector	20	-26
Environment Task Force	22	-22

Feelings of control

The extent to which an individual feels that her future is in her own control, or conversely is largely a matter of luck or external forces, may have a bearing on her capacity to plan and pursue goals in life. In this vein, a question in the survey asked for agreement or disagreement with the statement “Getting a job is more down to luck than the effort you put in”. The question split the analysis sample evenly, with 42 per cent agreeing, 42 per cent disagreeing, and 18 per cent in the middle. Taking disagreement as the positive outcome, results are summarised from the matched comparisons in Table 3.27.

Unusually, subsidised employment was not involved in any of the significant results from this analysis, but all the other routes were. Participants in Full-time Education and Training had a more positive sense of control than their counterparts in Environment Task Force, and this was also the case for Extended Gateway compared with Environment Task Force. Results for the Voluntary Sector Option somewhat confused the picture, for they were more positive about control than the Extended Gateway counterparts but less positive than their counterparts in Full-time Education and Training.

Table 3.27 Getting a job - luck or effort?

Percentage point differences in the proportion responding 'effort', for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp					
FTET				13*	
VS		- 12*			12*
ETF		-15**			
EGW		- 7		12*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Commitment to development

The final attitude question to be considered concerns development intentions. The wording was “I want to continue to train and develop so that I maintain and add to my work skills”. In the analysis sample, 59 per cent gave a positive reply to this question. It seemed likely that those who had been in the Full-time Education and Training Option would be particularly committed to development, and the matched comparison analysis supported this to some extent (see Table 3.28), but not very strongly. Those who had been in Full-time Education and Training had significantly more positive responses than counterparts in Environment Task Force and in Extended Gateway, but differences from the other two Options were non-significant. The salient feature of the results was that subsidised employment and Voluntary Sector as well as Full-time Education and Training were all more positive towards development than counterparts in Extended Gateway. The relatively low levels of human capital acquisition for those in Extended Gateway appeared to be projected forward by their relatively weak commitment to development.

Subgroup analysis involving the multiple deprivation indicator produced one further finding which helps to explain why the Full-time Education and Training Option was less dominant here than might have been expected. For those *not* in the multiple deprivation group, Full-time Education and Training produced high commitment to development, relative to both Voluntary Sector and Extended Gateway, but this advantage did not apply to the multiple deprivation group. These results are shown in Table 3.29. The suggestion is that Full-time Education and Training was advantageous for those with lower levels of disadvantage but less so for those with high levels of disadvantage.

Table 3.28 Attitude towards future training and development

Percentage point differences in the proportion responding positively, for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp					14*
FTET				13*	9*
VS					15*
ETF					
EGW			- 13*		

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Table 3.29 Full-time Education and Training, multiple deprivation, and attitude towards training and development

Comparisons of positive responses.

	FTET	Voluntary sector comparator	FTET	Extended Gateway comparator
Not mult. dep.	73%	62%	70%	52%
Multiple deprivation	49%	60%	51%	52%

3.8 Special problems and barriers

Some types of intervention may be intended to increase employability for those with particular problems or difficulties. Examples examined in the survey include:

- the provision of careers guidance, which might be particularly relevant to those with very poor career starts, problems of indecision, or low aspiration;
- referral to specialist assistance for ex-offenders;
- referral for problems of health or disability;
- assistance with problems stemming from a low level of literacy or numeracy, for instance by referral to special advisory or educational services.

The ability to link clients to assistance of such varied types is part of the 'case management' concept, whereby a personal adviser acts as the broker and advocate for the client with a wide range of assistance services. In this final section of results concerning employability, two of these areas are considered: help with literacy and numeracy, and

careers guidance. The other two examples of specialised help mentioned above do not lend themselves to statistical analysis, because they applied to very small numbers within the survey.

There are several problems or limitations in analysing this kind of information. First, because of reduced sample numbers, the matching procedure cannot be applied to the subgroup in question and instead a descriptive cross-tabulation is carried out. Any causal inferences must accordingly be tentative. In addition, the available measures concern referral to various services, and not the improvement which that referral is meant to produce. To measure improvement, for example either in literacy and numeracy skills, or in career decision, would require much more detailed and complex measures than could be included in a general survey. The analysis here concerns more the *attempt* to help people with special disadvantages than definite progress in doing so.

In addition to collecting information about these special kinds of help, the survey asked questions about various barriers to employment which the participants might face, without any follow-up questions about help received with these problems. Examples include lack of job references, lack of permanent housing, problems with the law or a criminal record, and drug or alcohol problems. Since for most of these information about help given with these problems through New Deal is unavailable, it is impossible to attribute any change to the programme. None the less, it is of interest to know whether these problems tended to persist, to recede or to begin within the study period. A reduction of these problems forms part of improved employability, even if it cannot be directly linked to New Deal.

Literacy and numeracy

Nearly one in four (24 per cent) of the sample available for analysis stated at the Stage 1 survey interview that they were adversely affected by problems in reading, writing or using numbers. At both the Stage 1 and the follow-up interview, all respondents were asked whether they had received a referral to a course specifically connected with reading and writing problems, or had been helped in any way in connection with these problems. Altogether 14 per cent of the sample received help, but about three in 10 of these were people who did not describe themselves as having literacy or numeracy problems. Of those saying they had these problems, 37 per cent reported receiving help either by the first survey interview or between the Stage 1 and follow-up interviews (or both). Help was somewhat more likely to be given by the first survey interview (26 per cent of those with problems), than in the subsequent period (20 per cent).

How far did the New Deal route influence access to help with problems of literacy and numeracy? Though this question could not be assessed by the matched comparison procedure, by limiting the analysis to those with a literacy or numeracy problem a degree of comparability between the Options is ensured. The results, summarised in Table 3.30, must be regarded cautiously not only because of incomplete matching, but also because

some of the figures derive from small cell numbers, with the Employment Option particularly affected¹⁷.

Despite these limitations, a potentially important point stands out from these figures. Setting aside subsidised employment because of the small sub-sample number, provision of help was at a similar level across the Options and Extended Gateway as well. Two Options which appeared to be relatively advantageous in providing help for those with literacy and numeracy problems were Full-time Education and Training, and Environment Task Force, but the differences were not statistically significant. Overall, the picture is very different from the earlier analyses of training, qualifications, or perceived help with employability, where there were big differences between the Options and especially between Options and Extended Gateway. A likely explanation is that access to help was provided not through Options but through the general New Deal provision, that is through the Gateway process and the New Deal Personal Advisers. This can be further tested in the next example of specialised help to be considered.

Table 3.30. Help with literacy and numeracy problems

	Percentage receiving help			N
	Up to first survey	Between first & follow-up survey	Any time	
Subsidised employment	12	9	18	33
Full-time educ. & training	29	22	41	213
Voluntary Sector	22	19	34	93
Environment Task Force	29	21	43	112
Extended Gateway	23	18	32	111
All with lit./num. problems	26	20	37	562

Careers guidance

Referral to careers guidance, or help with career problems, was reported by nearly one third (32 per cent) of the sample in our overall analysis of the follow-up. Here it is less clear that the intervention is applicable only to a disadvantaged subgroup, since careers guidance can be of value in a wide range of circumstances (Killeen et al., 1992; Killeen and White, 2000). However, those who had never had a paid job prior to entering New Deal, or who had not acquired any references from a previous employer, might be one

¹⁷ Independence is rejected only at the 10 per cent level for this table.

group particularly in need of careers guidance: this group was defined earlier in the chapter and labelled 'lack of job experience'. By focusing on careers guidance for the group with this type of disadvantage, results are also made somewhat more comparable between the various New Deal routes.

As Table 3.31 shows, careers help was given to just over one in three of those lacking job experience, a similar proportion to the whole sample (see above). The majority of those receiving careers help were being assisted early in New Deal, by the time of the Stage 1 survey interview, but a considerable number received assistance either later, between the first and second survey interview, or in both periods.

Table 3.31 Help with careers advice for those lacking job experience

Received help before first survey interview only	19 %
Received help between first and second survey interview only	8 %
Received help in both periods	7 %
Received help at any time	34 %
Base (those in analysis sample lacking job experience/references)	1054

Table 3.32 shows the proportions receiving careers help by New Deal route. None of the differences in this table was statistically significant. So the conclusion is similar to that for help with literacy problems. Careers help was equally accessible to participants in all Options, and in Extended Gateway as well. The result lends further support to the interpretation that these special forms of referral and assistance did not depend on the Option entered, but on the common features of New Deal, namely the Gateway and New Deal Personal Advisers.

Table 3.32. Provision of careers help to those lacking job experience, by New Deal route

	Percentage receiving help			N
	Up to first survey	Between first & follow-up survey	Any time	
Subsidised employment	29	8	29	90
Full-time educ. & training	27	16	35	416
Voluntary Sector	31	17	41	185
Environment Task Force	21	12	29	154
Extended Gateway	23	14	32	209
All with lit./num. problems	26	20	34	1054

Changes in personal barriers to employment

The Stage 1 survey and the follow-up survey both asked which if any of a list of 11 problems had been barriers to finding a job in the time before the interview. A simple way to assess the collective progress towards overcoming these barriers is to compare the proportion that reported them at the two time-points. This information is presented in Table 3.33.

The overall picture from the comparison is that barriers to employment had diminished over the follow-up year. The largest reductions were in perceived barriers to job access, including transport and employer references. There were also decreases in the proportions referring to debts and money problems, lack of settled accommodation, and problems with the law or a previous criminal record. There were however increases in the proportions referring to personal health problems, and (from a very low initial level) childcare, while drug and alcohol problems remained at the same level. In interpreting this information, one must assume that problems that carry some social stigma, such as crime or drug abuse, were under-reported so that analysis of change is less reliable.

Table 3.33 Barriers to employment at the first and second survey interviews

	% reporting problem	
	at first survey	at follow-up survey
Own ill-health	14	16
Ill-health of other family member	5	4
Childcare	1	2
Lack of public transport	12	10
Lack of personal transport	27	22
Lack of jobs in locality	32	27
Lack of employer references	17	12
Debts or money problems	12	10
Lack of permanent accommodation	5	3
Prosecution or criminal record	7	5
Drugs or alcohol	2	2

Base: 2347 participants in Options or Extended Gateway, interviewed at both surveys
Respondents could name more than one problem, one problem, or no problem.

The collective figures can also be broken down to an individual level, showing how many people persisted in the problem over this period, and how many 'exited' or 'entered'. Table 3.34 shows the actual numbers involved in these categories for each of the 11 problem areas.

Table 3.34 Persistence, exits and entries to problems affecting employment

	Number in each category		
	persistence	exits	entries
Own ill-health	163	168	223
Ill-health of other family member	21	99	65
Childcare	9	13	39
Lack of public transport	72	202	169
Lack of personal transport	250	375	275
Lack of jobs in locality	300	443	329
Lack of employer references	121	283	183
Debts or money problems	84	196	162
Lack of permanent accommodation	20	86	57
Prosecution or criminal record	68	96	60
Drugs or alcohol	15	30	30

Base: 2347 participants in Options or Extended Gateway, interviewed at both surveys
Respondents could name more than one problem, one problem, or no problem.

A notable point from this table is that new entries were generally a larger part of the barriers reported at the follow-up interview than were cases of persistence across the two surveys. This suggests the potential importance for this group of having continuing access to personal support and assistance, from which help can be sought as new problems arise. The persistence of problems was greatest in the case of personal health,

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where nearly one half (49 per cent) who regarded this as a barrier at the first survey interview mentioned it again at the follow-up interview. Newly mentioned problems of transport and of employer references may in some cases have reflected increased engagement with job search, which would have made individuals more conscious of practical barriers.

To what extent were the barriers to employment, and the persistence of barriers, associated with wider disadvantage? Since several of the barriers reported at the first survey interview (offending, drugs or alcohol abuse, housing problems, lack of employer references) were used in deriving the summary indicators of multiple disadvantage, the latter cannot be used for investigating this issue. Instead, use can be made of the locality indicator that distinguishes inner city areas of high unemployment. Table 3.35 shows how the barriers were reported at the two surveys, in the inner city areas of disadvantage, and in all other areas. The striking point from this table is that for *every* barrier, the proportion *at the Stage 1 survey interview* was *lower* in the disadvantaged inner city areas than in the remainder of the survey. This suggests that individual barriers to employability in the inner city areas were initially less to do with personal barriers and more to do with local labour market conditions or with the general fit between the young unemployed job seekers in inner cities and the jobs available in such areas. This point is of course a relative one: there were many barriers to employability in the inner city areas of disadvantage, but more in other areas.

By the time of the follow-up survey, there had been some slight narrowing of the difference between the inner city areas and the remainder, especially regarding the perceived lack of jobs in the locality. None the less, the inner city disadvantaged localities continued to report fewer barriers to employability overall.

Table 3.35 Barriers to employment at the first and second survey interviews, by type of locality

	% reporting problem			
	at first survey		at follow-up survey	
	inner city disadvantage	other	inner city disadvantage	other
Own ill-health	12	15	13	18
Ill-health of other family member	5	6	4	4
Childcare	*	1	2	2
Lack of public transport	7	13	5	12
Lack of personal transport	16	30	14	25
Lack of jobs in locality	24	34	25	27
Lack of employer references	16	18	13	13
Debts or money problems	10	12	9	11
Lack of permanent accommodation	4	5	3	3
Prosecution or criminal record	4	8	4	6
Drugs or alcohol	1	2	1	2
Base	565	1782	565	1782

Another question is whether individuals in the inner city disadvantaged areas were more likely, or less likely, than others to find their barriers persistent ones. Table 3.36 provides the relevant information. For some of the barriers, the base number in the inner city subgroup was very small and in these cases the apparent differences in percentages are unreliable. There was only one barrier, lack of employer references, for which there was even weak evidence of greater persistence in the inner city disadvantaged areas than in other areas¹⁸. The general picture across the barriers was that the other areas had at least as high a persistence of barriers as in the areas of inner city disadvantage. This evidence further supports the view that high unemployment rates among young people in certain inner city areas do not primarily stem from especially high levels of personal barriers to employability.

¹⁸ The difference in means, conditional on reporting the barrier in either survey interview, was significant only at the 90 per cent confidence level on a one-tailed test.

Table 3.36 Persistence of problems affecting employment, by type of locality

	% persistent barrier (N for % in brackets)			
	inner city disadvantage		other	
Own ill-health	28	(109)	30	(445)
Ill-health of other family member	16	(50)	10	(135)
Childcare	0	(13)	19	(48)
Lack of public transport	10	(62)	17	(381)
Lack of personal transport	15	(151)	30	(749)
Lack of jobs in locality	21	(229)	30	(843)
Lack of employer references	25	(127)	19	(460)
Debts or money problems	13	(99)	21	(343)
Lack of permanent accommodation	19	(36)	10	(127)
Prosecution or criminal record	31	(35)	30	(189)
Drugs or alcohol	0	(7)	22	(68)

Ns for cells are the totals reporting a barrier of this type at either survey.

3.9 Conclusion

The objective of increasing employability applies to all participants in New Deal. It is intended that New Deal should help individuals to become better equipped and prepared for employment, including through gains in skills and qualifications, through more effective job search, through the development of positive attitudes and motivations, and by reducing or overcoming barriers to employment.

The main evaluation question considered in this chapter was: *How much better, or worse, would individuals who took a particular route have fared in terms of employability if instead they had taken a different route?* This question was assessed through systematic comparisons between five New Deal routes, consisting of the four Options and Extended Gateway participation.

Findings are summarised in three ways: (a) by employability outcome, (b) by route through New Deal, (c) by some broader conclusions that can be drawn.

(a) Main findings by employability outcome

Work-based training

Participants in subsidised employment, Voluntary Sector and Environment Task Force Options all had substantially more exposure to work-based training than if they had been in Extended Gateway provision, that is, if they had remained in guided job search.

Considering *longer-period* work-based training, participants from all four Options (i.e., including Full-time Education and Training as well as the three Options mentioned above) gained more access than if they had remained in Extended Gateway provision.

Participants in Environment Task Force would have had greater access to work-based training, including long-period training, if they had been on the subsidised employment Option instead. This also applied to Full-time Education and Training, compared with subsidised employment, but the participants in Full-time Education and Training were of course receiving additional classroom instruction in place of work-based training.

Market jobs generated less access to work-based training than any of the three work-based Options, especially subsidised employment. This helps to explain the gap between Extended Gateway and the work-based Options.

New qualifications

Altogether, one in four (26 per cent) of the sample obtained a new qualification. Across all types of qualification, participants in any Option were more likely to get a new qualification than if they had been on Extended Gateway, and those on Extended Gateway would have gained more qualifications if they have been on any Option.

Among the Options, Full-time Education and Training and Voluntary Sector were more advantageous for qualifications than Environment Task Force, with subsidised employment intermediate.

Vocational qualifications constituted nearly 9 in 10 of the qualifications gained, with NVQ/SVQ level 2 and GNVQ intermediate the largest group. An analysis confined to new vocational qualifications produced very similar results to the foregoing results for all qualifications.

Women got more advantage in terms of qualifications through the Employment Option rather than the Full-time Education and Training Option, while the reverse applied to men. Women were also more successful than men in getting qualifications after being on Extended Gateway. Those without job experience or lacking employer references before entering New Deal got more of a boost towards qualifications in the Environment Task Force Option than they would have got in Full-time Education and Training.

Attachment to labour market

Eighty-eight per cent of the sample were either employed at the time of the follow-up, or in New Deal Options or follow-through, or actively seeking a job, or had been seeking a job during the preceding nine months. On this broad definition of 'attachment', those from the Extended Gateway had lower attachment rates than if they had been in any of the Options except Full-time Education and Training. Those who had been in the Employment Option had a significantly higher attachment rate than if they had been in

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Full-time Education and Training or Extended Gateway, with Voluntary Sector intermediate.

Wage expectations

The lowest wage acceptable to a job seeker is designated her or his wage expectation. The average wage expectation among job seekers at follow-up was £145 per week, less than half of national average earnings. No reliable differences were found between Options and Extended Gateway provision.

Number of job search methods used

The number of search methods can be regarded as an indicator of search intensity. People who had participated in Voluntary Sector and Environment Task Force Options tended to use a wider range of search methods than people in subsidised employment and Full-time Education and Training.

Among those who had been seeking work both at the Stage 1 interview and the follow-up interview, the number of search methods had on average increased over the period.

Search flexibility

There were no differences across Options or Extended Gateway in willingness to take part-time or temporary jobs. There was some indication that those in subsidised employment, Full-time Education and Training or Extended Gateway were more willing to move area in search of work than Environment Task Force or Voluntary Sector participants.

Men tended to be less willing to move area if they were in any other Option than subsidised employment, while for women it was the opposite.

Across the sample, willingness to take part-time or temporary jobs had decreased a little between the Stage 1 survey and the follow-up survey.

Perceived helpfulness of New Deal with employability

On a set of five questions concerning help from New Deal with seeking and getting a job, all four Options rated New Deal more favourably than did those in Extended Gateway. Those in subsidised employment and Voluntary Sector Options tended to rate New Deal more highly than those in Full-time Education and Training or Environment Task Force.

There was some indication that people from Black Caribbean and Pakistani ethnic groups rated New Deal's helpfulness less positively than did participants from the white majority group. The views of other ethnic minorities could not be gauged reliably because of small numbers.

Self-efficacy in job search

Participants' self-efficacy (roughly, their belief in their own ability to make progress) was assessed by an attitude scale based on questions about job search. People who had been on Extended Gateway rated their self-efficacy lower than if they had been on Options, with the exception of Full-time Education and Training. Overall, those who had been in subsidised employment had the highest self-ratings.

Comparisons between more and less disadvantaged subgroups suggested that subsidised employment and to a lesser extent Voluntary Sector were particularly effective in lifting levels of self-efficacy in these deprived groups.

Other attitudinal measures

Self-confidence. Voluntary Sector participants were more likely to feel that their self-confidence had been helped by New Deal than their counterparts in Full-time Education and Training. There were no other significant differences between Options. All Option participants rated New Deal higher on helping their self-confidence than did the participants in Extended Gateway.

Feelings of control. Asked whether getting a job was a matter of luck or effort, those in Environment Task Force tended to have the most negative views, especially compared to Full-time Education and Training and Extended Gateway.

Commitment to development. The question asked about the desire to continue to train and develop. Full-time Education and Training participants had somewhat the most positive attitudes on this. Subsidised employment and Voluntary Sector as well as Full-time Education and Training were all more positive towards continuing development than counterparts in Extended Gateway.

Full-time Education and Training had the most positive impact on attitudes towards development among those with lower levels of disadvantage, but less so for those with high levels of disadvantage.

Special problems and barriers

Of those with *literacy and numeracy problems*, 37 per cent reported some relevant help by the time of the follow-up survey. Provision of help was at a similar level across the Options and Extended Gateway as well.

About one in three of the sample had received some specialised *careers guidance or advice*, and this proportion also applied to those who entered New Deal without previous job experience or employer references and therefore might have been in special need of

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guidance. Provision of careers help was at a similar level across the Options and Extended Gateway as well.

Personal barriers to employment were assessed by means of a list of 11 items, including ill-health, lack of transport, lack of references, no permanent housing, a criminal record, and problems with drugs or alcohol. At the follow-up, such barriers were mentioned less often than they had been at the Stage 1 survey. However, while for many people the barriers had ceased to be a problem, for many others new problems had started.

Those living in inner city areas of high unemployment had *fewer* of these personal barriers to unemployment, both at the Stage 1 interview and at the follow-up. Also, there was no indication that barriers were more persistent in the disadvantaged inner city areas than elsewhere.

(b) Summary by route through New Deal

The *Employment Option* performed strongly. It had the most advantageous effects in terms of:

- access to training, including long-period training
- attachment to the labour market
- ratings of the helpfulness of New Deal for employability
- self-efficacy.

It also performed well on qualifications, and on most other measures it was not at a disadvantage to other New Deal routes. There was some evidence that it was particularly helpful for women (in terms of qualifications gained) and for disadvantaged groups (in terms of gains in self-efficacy).

The *Voluntary Sector Option* also performed consistently well on the employability measures. It scored highly on number of job search methods used, and on self-confidence, while on human capital and perceived helpfulness of New Deal it was bracketed with or close behind the Employment Option. It gave some help to disadvantaged groups with self-efficacy, although less so than the Employment Option. It scored low only on willingness to move area in search of work.

The *Full-Time Education and Training Option* performed poorly in relation to work-based training outcomes but its participants gained the highest level of qualifications. It scored relatively low on attachment to the labour market, and in its ratings of New Deal's helpfulness, both in relation to job search and jobs, and to self-confidence. It scored relatively high on attitudes of being in control in seeking a job, and towards further training and development. However, Full-time Education and Training was less effective in creating a desire for further training and development among disadvantaged participants than among those who were less disadvantaged.

The *Environment Task Force Option* was second only to the Employment Option on the training outcomes, but did less well on qualifications than either Full-time Education and Training or Voluntary Sector. However, it did help those who had no previous experience to gain qualifications. Its participants searched widely for jobs, but were relatively low on willingness to move area. They also rated New Deal low on helpfulness and had relatively negative attitudes towards being in control of their own job search.

The *Extended Gateway* appeared to be systematically disadvantageous in terms of employability measures, relative to being on an Option. It scored at the bottom end on training, qualifications, attachment to the labour market, helpfulness of New Deal, self-efficacy and self-confidence. The differences were often large and highly significant. It did better only on willingness to move area, and feeling in control on job search.

(c) Broader conclusions

Several broad conclusions may be suggested by the employability analysis.

- Participation in Options contributed substantially more to gains in employability than remaining in Extended Gateway (that is, continuing with job search alone). This was true of all Options. The overall impact of New Deal on employability would have been higher if fewer people had remained in Extended Gateway.
- Overall, subsidised employment and Voluntary Sector Options appeared to make the greatest contributions to employability.
- Specialised help in relation to literacy and numeracy problems, or career problems, were equally available across all New Deal routes. This suggests that access to these kinds of specialised help was controlled by Gateway processes and the New Deal Personal Advisers, rather than being influenced by Options.
- Barriers to employment decreased somewhat over the period of the evaluation, but in many cases new problems arose long after New Deal entry. This suggests the potential value of continuing counselling support for young people who have experienced prolonged unemployment and associated difficulties.
- There were very few examples of the impacts of Options on employability being different between the more disadvantaged participants and the less disadvantaged participants. With only a few exceptions, each New Deal Option appeared to develop employability for its different types of participants to a similar extent, relative to the other Options or to Extended Gateway.
- The preceding conclusion should be taken in conjunction with Chapter Two, which showed that the chances of entering the various Options were affected by individuals' characteristics, including various disadvantages. In particular, those with less

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disadvantages were more likely to enter subsidised employment, and as this chapter has shown, subsidised employment was particularly effective in increasing employability.

4. The effects of the New Deal Options on employment entry and unemployment exit

Summary

This chapter uses two types of analysis to consider the relative effects of the New Deal Options on a range of outcome measures.

First, it uses results based on the matching methodology outlined in earlier chapters to estimate the relative effects of New Deal Options on the likelihood of being in work and the likelihood of claiming JSA. *The results show the Employment Option to be the strongest performer in both regards.*

Second, it uses duration analyses to ascertain whether some New Deal Options were able to encourage respondents to move into employment more quickly than others and to consider a broader range of outcomes such as entry into non-New Deal full-time education or training. *The Employment, Environment Task Force and Voluntary Sector Options are each seen to encourage movement into employment at a quicker rate than for the Full-time Education and Training Option, but the latter is more effective in encouraging people to continue in full-time education or training upon leaving New Deal.*

Considering a number of sub-groups revealed a broad consistency in the dominance of the **Employment Option**. For some priority groups the added value associated with the Employment Option appears particularly high. Ethnic minorities who participated in this Option were both more likely to be employed and less likely to be claiming JSA. For women and those with no labour market history the Employment Option was also a strong performer, while for other sub-groups there was no real difference from the sample as a whole.

There were also some differences in the effectiveness of the **Extended Gateway**. Again, ethnic minorities were notable in this case. Those ethnic minorities who remained on the Gateway were more likely to be employed than had they participated in another Option, yet participants in other Options would not have benefited from staying on the Gateway. In this sense, those ethnic minority participants staying longer on the Gateway appear to have followed a route through New Deal which maximised their probability of finding work.

For other sub-groups, however, the situation was very different. **Multiply deprived individuals**, for example, appeared to benefit little from remaining on the Gateway. For them, the Full-time Education and Training Option was relatively strong. This is particularly impressive given that these courses can last up to one year, so it is perhaps only in the longer run that the benefits associated with participation in this Option will be observed.

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Finally, for those living in the inner cities, the Environment Task Force appeared a very weak Option.

4.1 Introduction

In this chapter, the effects of the New Deal Options on employment entry and unemployment exit are considered through two types of analysis. First, we present findings based on the matching results presented earlier, which take the form of simple comparisons in average levels of a particular outcome for those participants in one Option relative to those in another Option. A number of outcome measures are considered drawing on both the survey data and the administrative data and these will be described in more detail below. However, all of them aim to capture the relative effect of the Options on being employed or on claiming JSA. Second, we carry out duration analyses to ascertain whether some New Deal Options were able to encourage respondents to move into employment more quickly than others and to consider a broader range of outcomes such as entry into non-New Deal full-time education or training.¹

4.2 The effect of the Options on the chances of being employed and on the chances of ceasing to claim JSA

The effect of the Options on employment entry

The results in this section relate to the probability of being employed at the time of the follow-up interview conducted in February-May 2000, some 15-21 months after entering the New Deal during the Autumn of 1998. After this length of time, very few of the respondents were still on their first New Deal Option.² As part of this interview, respondents were asked to identify their current economic status. For the purposes of this analysis, those who classified their main activity as being employed (part-time or full-time) or self-employed are regarded as being employed in a generic sense. The estimated relative effects of participation in the different New Deal Options are presented in Table 4.1.

¹ Puhani (1998) uses a similar combination of matching techniques and duration models.

² There were 110 individuals still on their first Option. This is mainly accounted for by late entrants to the Full-time Education and Training Option.

Table 4.1: Employed at time of follow-up interview³

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Comparison group				
	Emp	FTET	VS	ETF	EGW
Participant group					
Emp	50	18**			
FTET	-19**	27			
VS	-26**	-8	22		-11
ETF	-28**	-8		20	
EGW	-17*				32

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Since the results for all outcome variables are presented in a similar way, it is worth considering this first set of results in some detail so that later results can be appreciated more readily. As noted, the outcome considered is the probability of being employed at the time of the follow-up interview. The bold figures on the diagonal show how this varies across the Options. For instance, exactly half of those who had been in the Employment Option were in employment at the time of the follow-up interview, while the corresponding figure for those in the Environment Task Force was 20 per cent. Clearly, there were some sizeable differences: the Employment Option appears the most favourable followed by the Extended Gateway. Of the remaining three Options, those who participated in Full-time Education and Training fare slightly better than the Voluntary Sector and the Environment Task Force.

These figures take no account of the differences in characteristics between participants in each Option, however.⁴ The off-diagonal cells draw on the matching results to give the estimated effect of being in the row Option compared to the column Option for those who were in the row Option. A positive value indicates that the participants in the row Option are more likely to be employed than they would have been had they participated in the column Option.⁵ To illustrate, those who participated in the Employment Option were more likely to be in employment than had they participated in the Full-time Education and Training Option. The size of this effect is quite large, amounting to 18 percentage points. That indicates that the average level of employment for those who participated in the Employment Option was 18 percentage points higher than it would have been had these same people participated in the Full-time Education and Training Option instead. This difference is smaller than would have been expected by simple inspection of the employment levels by Option. On this basis, the estimated effect would have amounted

³ The following abbreviations are used throughout this chapter. Emp = Employment Option; FTET = Full-time Education and Training Option; VS = Voluntary Sector Option; ETF = Environment Task Force Option; EGW = Extended Gateway.

⁴ As such, they are not a central concern in the analyses that follow and the equivalent figures are not provided in subsequent tables.

⁵ Asterisks denote the level of significance; those marked with a double asterisk indicate significance at the 1% level, a single asterisk denotes significance at the 5% level and no asterisk denotes significance at the 10% level. Empty cells indicate that the significance of the difference was below the 10% level.

to 23 percentage points (the difference in the levels of employment by Option, 50 minus 27). The difference between this and the matching estimate of 18 is due to the matching estimate controlling for differences in the characteristics of Employment Option participants relative to Full-time Education and Training Option participants.⁶ The results suggest that those in the Employment Option were advantaged relative to those in the Full-time Education and Training Option but that the experience of participating in the Employment Option had a positive effect as well. All cells in Table 4.1 can be interpreted in a similar way.

The over-riding conclusion is that, on the whole, participating in the Employment Option improves the chances of being employed at the time of the follow-up interview. The lack of symmetry in these results is interesting. Specifically, it appears that while participants in any of the other Options would have benefited more from subsidised employment, those who had been in this Option would have fared equally well in anything but the Full-time Education and Training Option. This suggests that the outcome of those who entered the Employment Option is relatively unaffected by their choice of Option (excepting the Full-time Education and Training Option), but for those on other Options, subsidised employment would have improved their employment chances, particularly for those who were in the Voluntary Sector or ETF Options.

In Table 4.2 the period from the end of the first Option to the time of the follow-up interview is considered.⁷ Each cell shows the effect of the row Option on the proportion of time spent in employment over this period. An even more marked pattern is revealed than when considering employment at the point of the follow-up interview. Again, the Employment Option emerges as the dominant Option but now the effects are even larger. This suggests that not only did participation in the Employment Option have a positive effect on the employment chances relative to the other Options, but that this positive effect may have been quicker to emerge than the corresponding effects of the other Options. Furthermore, there is now a significant effect of subsidised employment relative to the Voluntary Sector Option for those in the Employment Option.

⁶ Although such differences may be accounted for in part by individuals in given comparisons being dropped due to non-support.

⁷ The Option end date of those on the Extended Gateway is set to 150 days after entering the Gateway.

Table 4.2: Per cent of time employed from leaving first Option to follow-up interview

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		24**	19**		10
FTET	-24**			5	
VS	-29**				
ETF	-37**				
EGW	-22**	5			

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

It is clear from this that the most emphatic results involve comparisons with subsidised employment. The other differences that feature in Table 4.1 are only significant at the 10% level. As we have seen, for those in the Employment Option, subsidised employment appears to dominate the Full-time Education and Training Option but not the other Options.⁸ However, considering those participating in the other Options, the results show that all would have been more likely to be employed had they entered subsidised employment instead. This is evident from the first column of figures: those in the Full-time Education and Training Option or on the Extended Gateway would have increased their chances of being employed by a quite similar amount (about 17 to 19 per cent) while the increases for those in the Voluntary Sector Option or ETF were even higher, at over 25 per cent. The remaining Options appear quite similar in their effect although there is some suggestion that participants in the Voluntary Sector Option or ETF would have benefited more from the Full-time Education and Training Option. Voluntary Sector Option participants may also have fared better had they remained on the Gateway.

The effects of the Options on unemployment exit

We are also interested in the relative effect of the Options on JSA claims. Table 4.3 presents the results relating to the chances of claiming JSA in the week commencing 26 June 2000. It is important to note that those participating in a New Deal Option are recorded as not receiving JSA, hence this outcome captures the relative effect of the Options on being on JSA and not a New Deal Option.⁹ This information is taken from administrative records and is the latest week for which JSA information is available. The results show some parallel with the employment results already discussed. The Employment Option emerges as the most dominant and its members would have been

⁸ It is worth noting that the support requirement means the size of the Option under consideration varies with the comparison group. This reduces the comparability of the results.

⁹ Individuals may still be on their original New Deal Option or a subsequent Option, possibly associated with a later New Deal spell.

Employment entry and unemployment exit

more likely to be claiming JSA in June 2000 had they instead entered the Voluntary Sector or ETF Options. There would have been no significant difference had they instead participated in the Full-time Education and Training Option. Apart from the Extended Gateway, participants in all the other Options would have been less likely to be claiming JSA had they instead been in the Employment Option. Again, this shows similarities with the employment outcomes. However, the position of those in the Extended Gateway is now distinct from the other (non-employment) Options. Subsidised employment no longer dominates the Extended Gateway. In fact, the Extended Gateway dominates the Voluntary Sector Option; remaining on the Extended Gateway reduces the chances of claiming JSA relative to entering the Voluntary Sector Option.

Table 4.3: Claiming JSA in w/c 26 June 2000

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp			-16*	-15*	
FTET	13*				
VS	15*				15**
ETF	21**				
EGW			-15**		

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

In Table 4.4, we consider the probability of claiming JSA or being on a New Deal Option. The results for this outcome variable differ in several ways from those for the unadjusted JSA outcome. The most striking change is that the relative strength of the Extended Gateway increases. Specifically, remaining on the Gateway now dominates all the non-employment Options; participating in one of the non-employment Options would have actually reduced the chances of moving away from JSA or New Deal. The other main difference from Table 4.3 is that the benefit of subsidised employment relative to the Voluntary Sector Option for those in the Employment Option has become less significant (insignificant at conventional levels, in fact).

Table 4.4: Claiming JSA in w/c 26 June 2000 or on New Deal Option

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp			-13	-15*	
FTET	17**				12**
VS	22**				20**
ETF	22**				
EGW		-9*	-19**	-14*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

These two outcome measures capture different effects. If one is interested in the move away from any kind of employment support, be it through support during job search in the form of JSA or more active support through the New Deal Options, the results of Table 4.4 are relevant. If, however, participation in a New Deal Option is viewed as a positive outcome in itself, perhaps suggestive of an intermediate step on the path to unsupported employment, Table 4.3 is more relevant. In any event, it is interesting to compare the results with those of the Option employment effects.

With the exception of the Extended Gateway, the JSA outcomes are a mirror image of the employment outcomes. Table 4.3 (and, to a lesser extent Table 4.4) indicates that Employment Option participants would have been more likely to be claiming JSA had they instead have been in the Voluntary Sector or ETF Options. The earlier results show there is no such similar effect in respect of employment outcomes. This implies that the increased tendency associated with the Voluntary Sector and ETF Options to claim JSA arises from a reduced tendency to inactivity. Hence, the Employment Option, even where it appears to have no effect on employment chances, may be influential in moving individuals from inactivity to actively seeking work, relative to the Voluntary Sector and ETF Options. The same appears to be true for those in the Extended Gateway. Again, those who remained in the Gateway would have been more likely to be claiming JSA and no more likely to be in work had they entered one of the non-employment Options. With regard to the Full-time Education and Training Option, the finding of no JSA effect for those in the Employment Option coupled with the negative effect on employment chances suggests an increase in inactivity associated with this Option. This may be partly accounted for by individuals not yet having completed their course. There is also evidence that participants in the Full-time Education and Training Option were more likely to participate in some form of full-time education following their exit from New Deal.

As with the employment outcome, we can examine the relative effects of the Options on the proportion of time from leaving the first Option to the point of follow-up interview

during which the individual claimed JSA. This is considered in Table 4.5 where, in line with the results presented in Table 4.4, those on a New Deal Option are regarded as claiming JSA. The results excluding this adjustment are not presented since they are ostensibly the same. Some differences from the results relating to the chances of claiming JSA in June 2000 (Table 4.4) are evident. The two main differences are with respect to those who entered the Employment Option and those who remained on the Gateway. Unlike the 'snapshot' June outcome, there is a negative effect associated with the Full-time Education and Training Option for those in the Employment Option; entering this Option instead would have increased the proportion of time during which they either claimed JSA or were on an Option. Furthermore, whereas the snapshot outcome showed that these individuals would have been more likely to be claiming JSA had they entered the Voluntary Sector or ETF Options, no such effect is evident when considering the proportion of time spent on JSA. This suggests that the Full-time Education and Training Option involves a longer-term period of being on JSA or a New Deal Option, whereas this does not appear to be true for the Voluntary Sector or ETF Options, possibly indicating a short-term effect associated with these Options but an eventual return to JSA. It should be noted that the results (not presented) for the JSA outcome unadjusted for New Deal Option participation show an effect for the Full-time Education and Training Option only slightly smaller than that in Table 4.5, indicating that most of the effect is due to claiming JSA rather than being on a New Deal Option. The other difference is the effect of the Voluntary Sector and ETF Options for those who remain on the Gateway. The snapshot outcome shows that these Options would result in an increased tendency to claim JSA, while the proportion of time spent on JSA is unaffected. Again, this is possibly suggestive of these Options offering a temporary reduction in claiming JSA.

Table 4.5: Per cent of time on JSA or ND from leaving first Option to follow-up interview

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		-13**			
FTET	17**				8*
VS	26**				13*
ETF	31**				7
EGW	10	-10**			

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

4.3 Sub-group analyses

In addition to evaluating the effect of the New Deal Options on the participants as a whole, it is also interesting to consider how this effect may vary across particular groups of individuals. In this section, the following groups¹⁰ are considered:

- Women
- Ethnic minorities
- Multiply-disadvantaged individuals
- Individuals with no labour market history
- Individuals living in an inner city
- Individuals for whom the programme was delivered by a model other than an ES individual contract

Some indication of the numbers in each Option for the sub-groups considered is given in Table 4.6.

Table 4.6: Sample numbers by sub-group¹¹

	Option				
	Emp	FTET	VS	ETF	EGW
Women	79	239	153	28	134
Ethnic minorities	29	184	91	22	128
Multiply-deprived	85	446	207	226	243
No labour market history	90	416	185	154	209
Inner city (cluster G)	51	228	81	59	146
Not ES individual contract	56	262	114	99	161

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

It is also worth noting that there is some overlap between the sub-groups that are considered. For example, ethnic minorities are concentrated in inner city areas, so we would expect some degree of correlation between the results of the ethnic minority sub-group analysis and that of individuals living in the inner city.

In order to keep the results within manageable proportions, only two outcomes will be considered. These are snapshot outcomes considered earlier. The first is whether the individual is employed at the time of the follow-up interview (presented in Table 4.1) and the second is whether the individual is claiming JSA or on a New Deal Option in the week commencing 26 June 2000 (presented in Table 4.4).

¹⁰ Fuller definitions of each of the sub-groups are provided in the relevant section.

¹¹ The number used to calculate an effect may be smaller than the numbers appearing in Table 4.6 due to the support requirement.

Women

Of those respondents who entered one of the Options or were on the Extended Gateway, 27 per cent were female. In view of the unequal sizes of the Options and the tendency for women to be under-represented in some Options (particularly the ETF) the number of women in some Options is too small to allow assertions to be made with any confidence about the whether the relative effects of the Options for women are any different from those among New Deal participants as a whole.

The employment effects are shown in Table 4.7. Across all Options, the level of employment at the time of the follow-up interview was higher than for men and women as a whole. The exception to this was the Extended Gateway. To the extent that the Employment Option appears dominant, the findings for women appear quite similar to those found for the full sample. There were some differences, however. First, women in the Employment Option appeared to fare better from participation in this Option than had they participated in another Option or remained on the Gateway. For the sample as a whole, participants in the Employment Option would have done equally well in any other Option apart from the Full-time Education and Training Option. Hence, it appears that the experience of subsidised employment was especially helpful to those women who received it. The second main difference was that those women who remained on the Extended Gateway would not have benefited from subsidised employment. However, this is possibly a reflection of the small sample size since the actual effect was equal in size to that for the population as a whole but did not achieve statistical significance.

Table 4.7: Employed at time of follow-up interview (women)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		19*	18		19
FTET	-25**				
VS	-29**				
ETF					
EGW					

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

The effects on either claiming JSA or being on a New Deal Option at the time of the follow-up are presented in Table 4.8. Consistent with the generally higher levels of employment for women, the proportion on JSA or the New Deal is lower than for the full sample. All the significant effects were also found in the results for a sample as a whole, but there are some full-sample effects that were not evident when considering women in isolation. Again, there is the ambiguity about whether this is due to small sample

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numbers or whether it truly indicates the absence of an effect. In the case of those women in the Employment Option, the former appears likely since these results are based on very few women and the effects in the sample as a whole (Table 4.4) were only marginally significant in the comparison with the Voluntary Sector Option and conventionally significant in the comparison with the ETF Option which has few female members. However, the comparison of the Voluntary Sector Option with those in subsidised employment was strongly significant in the full sample but insignificant among women. This suggests that women who participated in the Voluntary Sector Option would not have benefited from participating instead in the Employment Option. In fact, remaining on the Gateway would have improved their chances of moving away from JSA and New Deal.

Table 4.8: Claiming JSA in w/c 26 June 2000 or on New Deal Option (women)
Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp					
FTET	27**				15*
VS					22**
ETF					
EGW			-21*		

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Overall, the Employment Option was particularly effective in getting women into employment but women were little different from men in the effect that the Options had on moving them away from JSA or New Deal. The one exception to this was the Voluntary Sector Option: it appears that for women participating in this Option, there would have been little benefit from instead having a period of subsidised employment.

Ethnic minorities

In order to assess whether the effects of Options were the same for ethnic minorities as for the white majority, it was necessary to consider all non-white minorities as a single group, because sample sizes were too small in ethnic subgroups such as Indian or Black-Caribbean. Evidently, this analysis can only be regarded as extremely crude, since it is well known that differences between ethnic minority subgroups are often as great as between the ethnic minorities as a whole and the white majority (Modood, Berthoud, Lakey, Nazroo, Smith, Virdee and Beishon, 1997). Even with this simplification, the numbers of ethnic minority members in the Employment Option and the Environment Task Force Option were very small (see Table 4.6).

Employment entry and unemployment exit

For ethnic minorities, the Employment Option appears to have been particularly successful. While this is based on only a very small number of people one would expect this to reduce the likelihood of finding a significant effect. Instead, it can be seen that those participating were significantly more likely to be employed at the time of the follow-up interview than had they participated in any other Option. This is evidence that the period in subsidised employment was very helpful for ethnic minorities, although some qualification must be attached to this finding given the small sample size. More confidence can be shown regarding the results associated with the Extended Gateway. These show that those individuals who remained on the Gateway actually did better in terms of finding employment than they would have done had they instead participated in one of the non-employment Options. However, remaining on the Gateway would not have yielded any benefit for those who entered one of the Options. To this extent, the Gateway overstayers are following the New Deal route that is most likely to result in employment for them.

Table 4.9: Employed at time of follow-up interview (ethnic minorities)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		28*	46**	39*	29*
FTET	-34*				
VS	-43**				
ETF	-57**				
EGW		15*	16	23*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Table 4.10 shows that those who participated in the Employment Option were more likely to have moved away from JSA and New Deal than had they participated in the Voluntary Sector Option or remained on Gateway. This dominance over the Extended Gateway was not evident when considering the full sample and again points to the effectiveness of the Employment Option for ethnic minority individuals those who take part in it. Another difference from the full sample results relates to those who participated in the education Option or the Voluntary Sector Option. For ethnic minorities, participating in one of these Options did not increase their chances of claiming JSA or being on the New Deal in the week commencing 26 June 2000 compared to participating in the Employment Option or remaining on the Gateway.

Table 4.10: Claiming JSA in w/c 26 June 2000 or on New Deal Option (ethnic minorities)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp			-31*		-29*
FTET					
VS					
ETF					
EGW	-24		-18		

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Taking these two sets of results together, the Employment Option appears very strong for those ethnic minority individuals who participated in it. While those participating in the Full-time Education and Training or Voluntary Sector Options would have been more likely to find employment had they instead entered the Employment Option, they would not have been any more likely to have moved away from JSA or New Deal. This suggests that this increased employment was accompanied by a reduced tendency to inactivity, leaving unemployment largely unchanged.

Individuals with no labour market history

The third sub-group consists of those who had either never been in a paid job, or whose search for employment was hampered by lack of references from a previous employer. Some 44 per cent of the sample being analysed were in the subgroup that lacked job experience in this broad sense.

For this sub-group, Table 4.11 shows the Employment Option to be very strong. Participants in all other Options would have been more likely to have found work had they participated in it. While this is similar to the sample as a whole, there are some differences in the size of the effects. Most noticeably, those in this sub-group who remained on the Gateway would have done benefited from entering the Employment Option more than the Extended Gateway members in the sample as a whole. There are some significant differences that appear for this sub-group but not for the sample as a whole. Those participants in the Employment Option were more likely to have been in employment at the time of the follow-up interview than had they entered the Voluntary Sector Option instead. Also, those in the Employment and Voluntary Sector Options were more likely to have found work than had they instead entered the ETF.

Table 4.11: Employed at time of follow-up interview (individuals with no labour market history)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		21**	23*		
FTET	-20*			13**	
VS	-20			16**	
ETF	-27*	-10			
EGW	-27**				

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Similar effects on claiming JSA or being on the New Deal are evident. For those in the Employment Option, the chances of being in employment were lower than had they participated in one of the other Options. Only the Extended Gateway is not dominated by the Employment Option. The weakness of the ETF is quite apparent; participants in all other Options apart from Full-time Education and Training would have been more likely to be claiming JSA or on the New Deal had they instead entered the ETF.

Table 4.12: Claiming JSA in w/c 26 June 2000 or on New Deal Option (individuals with no labour market history)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		-31**	-31**	-22	
FTET	30**				12*
VS	31**	-10		-18*	
ETF	25*				
EGW		-18**		-19*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

For those lacking job experience, the results are quite similar to the sample as a whole. However, the Employment Option appears more dominant, and the ETF weaker.

Multiply disadvantaged individuals

The multiple disadvantage indicator used was a development from the indicator used in the report on the initial survey (Bryson et al., 2000: 24). It counted each of the following as one disadvantage: lack of job experience (as defined above), absence of any qualification at time of first survey interview, having a problem of literacy or numeracy, lack of a driving licence, report of a stigmatising social problem at the first interview (drugs or alcohol problems, problems with the law, problems of housing), being a lone parent, being in social rented accommodation or 'other' housing (such as lodgings or hostel). There was a very marked negative association between the number of these disadvantages and the proportion in employment at the follow-up interview, which suggests that the indicator is valid. The indicator split the sample in two roughly equal halves: 51 per cent of the sample had three or more of these disadvantages, and these were classified as the multiply disadvantaged group.

The level of employment among those multiply deprived individuals who remain on the Gateway (21 per cent) is considerably lower than the corresponding level for the sample of respondents as a whole (32 per cent). Table 4.13 shows that those who did remain on the Gateway would have been more likely to find employment had they instead entered the Employment Option. However, they still were more successful in finding work than they would have been had they entered the ETF. A notable feature of the multiply deprived is that those participating in the Full-time Education and Training Option would have been no more likely to find work had they instead participated in one of the other Options. In fact, they were more likely to be in employment than had they entered the ETF. The finding that they would have remained equally unattractive to employers had they participated in the Employment Option (which, for the full sample, improves the chances of finding work) suggests that the obstacles to their employment were of substantial magnitude. In view of this, these individuals were perhaps best served by entering the Full-time Education and Training Option since this would have addressed their most fundamental needs.

Table 4.13: Employed at time of follow-up interview (multiply disadvantaged individuals)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		17*			19*
FTET				15**	
VS	-26**				
ETF	-20				
EGW	-27**			10*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

From Table 4.14 we see a similar pattern to the sample as a whole. However, the Extended Gateway appears a less successful means of moving away from JSA. Those who entered the Employment Option appear to have been less likely to be claiming JSA or on the New Deal than had they remained on the Gateway. Furthermore, those in the Full-time Education and Training and Voluntary Sector Options were no more likely to have moved away from JSA and New Deal than had they remained on the Gateway.

Table 4.14: Claiming JSA in w/c 26 June 2000 or on New Deal Option (multiply disadvantaged individuals)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp				-28**	-17
FTET	16				
VS	21*				
ETF	29**				
EGW		-14*		-18*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Hence, for multiply deprived individuals, remaining on the Gateway appears to do little to improve the prospects of moving into employment or away from unemployment.

Individuals living in an inner city

The extent to which the employment chances of individuals living in high-unemployment, inner city areas were affected differently by the Options from the sample as a whole is considered in Table 4.15. The differences are very slight. Perhaps most noticeable is that the Extended Gateway was not dominated by the Employment Option for this sub-group. Rather, those remaining on the Gateway would have been no more likely to find work had they participated in the Employment Option. Furthermore, they were more likely to have been employed than had they entered the Full-time Education and Training Option.

Table 4.15: Employed at time of follow-up interview (individuals living in an inner city)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		25**			
FTET	-22				
VS	-27				
ETF	-26		-34		
EGW		14*			

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

The most striking finding from the results presented in Table 4.16 is the weakness of the ETF. Those participating in any of the other Options or remaining on the Gateway would have been much more likely to still be unemployed had they instead entered the ETF. Furthermore, those who did enter the ETF would have fared much better had they entered the Employment Option.

Table 4.16: Claiming JSA in w/c 26 June 2000 or on New Deal Option (individuals living in an inner city)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp				-30*	
FTET				-28**	12
VS				-36**	
ETF	42**				
EGW			-16	-37**	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

For those living in the inner city areas, all Options outperformed participation in the ETF, which was associated with higher unemployment than participation in any of the other Options. The Employment Option does not appear as dominant as when considering the sample as a whole.

Individuals for whom the programme was delivered by a model other than an ES individual contract

There are a number of possible delivery models for the New Deal. The most common of these was the ES individual contract. This accounted for 70 per cent of the sample. The alternative delivery models are considered in this section. Once again, because of the small sample size, it is necessary to combine all models other than the ES individual contract.

Table 4.17 considers the employment effects for this sub-group. There are some differences from the sample as a whole. First, the Employment Option dominated both the ETF and the Extended Gateway. However, it is no longer the case that, for those in the Employment Option, there would have been any reduction in their likelihood of being employed had they entered the Full-time Education and Training Option instead. Second, those who remained on the Gateway would not have benefited from entering the Employment Option instead.

Table 4.17: Employed at time of follow-up interview (non-ES individual contract)
Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp				32**	29**
FTET	-35**		12*		
VS	-35**	-14			
ETF	-33**				
EGW					

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

The unemployment effects are considered in Table 4.18. On the whole, these are similar to the findings for the full sample. The dominance of the Employment Option persists, and those on the Extended Gateway would be at least as likely to be unemployed had they entered one of the other Options instead.

Table 4.18: Claiming JSA in w/c 26 June 2000 or on New Deal Option (non-ES individual contract)

Percentage point differences for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp		-27*	-28*		
FTET	19				17*
VS	28*				
ETF	32**				30**
EGW		-17*		-22*	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Overall, the results when considering individuals for whom the programme was delivered by a model other than an ES individual contract were similar to the results for the sample as a whole.

4.4 Duration analyses

The impact of New Deal Options on employment entry and other outcomes of interest was also estimated through a type of multivariate analysis called duration modelling. These analyses complement the matching work in two ways. First, they add an important time dimension to the analyses, by ascertaining whether some New Deal Options were able to encourage respondents to move into employment *more quickly* than others. Second, they consider a broader range of outcomes such as entry into non-New Deal full-time education or training. This allows us to test whether some New Deal Options are more effective than others in encouraging movement into outcome states that are not based on employment but which might nevertheless be considered as conducive to enhancing employability.

Methodological note

The following section provides a non-technical description of the methodology adopted here and the motivation behind a multivariate approach.

When the relationship is analysed between two variables, say age and income, it is often found that they are related; as one goes up the other goes up, or as one goes up the other goes down. Statistically, it can be said that the two variables are 'correlated' and there are a range of measures of correlation that indicate the strength of the relationship. A shortcoming of looking at the relationship between the two variables *in isolation* is that there may be a third variable (that may not have been measured) which is the real cause of the observed relationship.

For example, if it is found that there is a correlation between living in the north of England and measures of poor health, it might be assumed that there is something to do with the north of England that is bad for one's health. However, if the fact that people in the north tend to be older than people in the south is taken into account and that older people tend to be less healthy than younger people, the correlation between region and health disappears. This is essentially what multivariate analysis allows one to do. It makes it possible to analyse the *simultaneous* effects of many variables on one variable of interest (in this case a person's destination on completing a New Deal Option).

The present situation involves interest in the factors affecting an individual's likelihood of, for instance, moving into unsubsidised employment. Using multivariate techniques, it is possible to incorporate a whole range of predictor variables – age, qualifications, employment sector, whether individual attended an Option, number of NDPA interviews – and the model will identify those factors which are important in determining whether an individual moves into unsubsidised employment.

For example, it might be found that having a degree increases the odds of moving from the New Deal to unsubsidised employment by X%, while controlling for all other variables in the model. What this means in practice is that, irrespective of whether you are male or female, young or old, your sector of employment and so on, your chances of moving into unsubsidised employment are X% higher if you have a degree. This form of modelling is called multiple regression of which we utilise a special type called discrete time hazard modelling or discrete time competing risks modelling (where we are modelling more than one possible destination state). Furthermore, this particular technique allows us to address the question of how the probability (or hazard¹²) of moving off the New Deal changes over time (a more in-depth explanation of the modelling procedures and the statistical assumptions is provided in Appendix 4.1).

The modelling process

A discrete time competing risks model was constructed in which there were three destination, or outcome, categories – 'moved into unsubsidised employment', 'moved into continued education' and 'remained on New Deal or claiming JSA'.

Starting at the point when individuals left their first Option and moving forward one month at a time, the odds are modelled that someone entered a job or continued education in the next month, relative to the odds of not entering a job or continued education in the next month, given that the person had not entered a job or continued education up to that point. Based as it is on Option leaving dates, the analysis is carried out only for those individuals who ever progressed to an Option. This makes it possible to evaluate the extent to which certain groups do well or badly having reached an Option and, more

¹² The hazard rate is defined as the probability that an individual will survive to the next period, given that they have reached the present period.

importantly, it allows us to evaluate the relative effects of the various Option programmes.¹³

Propensity to move into unsubsidised employment

The following results are presented in tables summarising the most significant variables. The aim of these simplified tables is to provide an easy 'look-up' reference, although for detailed findings recourse to the appendices is necessary.

Table 4.19 provides information on the probability of moving into unsubsidised employment for those who entered a New Deal Option. The table includes the most significant characteristics, their effect (i.e. whether individuals with a certain characteristic are more or less likely to move into, in this case, unsubsidised employment) and the size of the effect in percentage increase or reduction relative to the base odds. For instance having accounted for all other factors, we can see that respondents who rated their mental health as poor (between zero and two on a scale of zero to four) are only 77% as likely to move into employment, when compared to those with good mental health (a score of three or four on the mental health indicator).

Most of the modelling results reported in Table 4.19 are in accordance with prior expectations. It can be seen that those who possess academic qualifications on entry to the New Deal and those who achieve a qualification as a result of their time on the New Deal are more likely to move into employment. Similarly, those with 12 or more months employment in their work history prior to New Deal are also more likely to leave it for unsubsidised employment. Those who have been unemployed six months or more prior to their New Deal spell, have experienced numeracy or literacy problems, have mental health problems, a dependent child or children, were members of an ethnic minority group, or have attended a government programme prior to New Deal, are less likely to move into employment.

There were a number of variables that had significant effects but where there was no strong prior expectation as to the type of effect they might have. It was found, for example, that respondents living in areas in which the ES Individual Contracts model of New Deal delivery was not in operation were more likely to enter unsubsidised employment than respondents living in ES Individual Contract areas. Respondents who were aged over 22 upon entry to New Deal were also more likely to enter unsubsidised employment, as were those who were eligible for New Deal through the six-month flow were less likely to enter employment.

Two surprising results were that leaving education at age 17 or more was associated with a reduced likelihood of entering employment, as was living in an area in which the local unemployment rate was 5 per cent or lower. The positive effect of education on employment propensity is presumably captured by whether the respondent had academic

¹³ The absence of an 'Option leaving date' for those with an Extended Gateway means they cannot be included in this analysis.

qualifications, while the local unemployment rate effect might be because those who enter New Deal in low unemployment areas are more likely to have unmeasured labour market disadvantages, as they have entered New Deal having not obtained a job in a buoyant labour market.

Programme effects

Our primary interest, of course, is in the programme effects. Indicators of the first Option entered by respondents were entered in the model as time-invariant covariates. These variables provide evidence of the relative effects of attending either the Employment Option, the VS Option or the ETF Option, relative to those who attend the FTET Option.¹⁴ Each of the Employment, VS or ETF Options is seen to move people into unsubsidised employment more quickly upon New Deal exit than the FTET Option.

Propensity to continue with education

From Table 4.20 it can be seen that movements from New Deal into full-time education or training were more likely where a respondent was aged 22 or more upon entering the programme; where they were an owner occupier or private renter rather than in social housing; where the unemployment rate in their local area was low prior to New Deal; and where they had achieved a qualification as a result of New Deal. This latter effect was particularly large, with those who had obtained a qualification through the programme being more than twice as likely to continue in full-time education or training upon exit from the programme. This suggests that New Deal qualifications are in some sense a 'stepping stone' to further educational participation, which is clearly a desirable outcome.

Movements from New Deal into full-time education or training were discouraged by poor mental health, having literacy or numeracy problems, having attended government programmes prior to New Deal, being in a consortium or private sector led unit of delivery and having a dependent child. It was also less likely if the respondent had had a relatively small number of NDPA interviews, which suggests that where respondents had enjoyed a large amount of contact with the NDPA they were more likely to continue in education after the programme. Entering full-time education or training after New Deal was less likely for those who left full-time education at the age of 17 or more, who had a driving licence or who had vocational qualifications prior to New Deal. While these three results seem surprising, they can probably be explained in that people who already had relatively large amounts of education or qualifications prior to New Deal were less likely to consider that they needed more after the programme.

¹⁴ The FTET Option was used as the 'reference' category because it was numerically the largest of the Options.

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Table 4.19: Propensity to move into unsubsidised employment

Characteristic	More Likely	Less likely	Per cent
Age	Aged 22 or more on entering New Deal		123
Ethnic minority		Member of ethnic minority group	64
Mental Health		Poor mental health	77
Type of New Deal model	None Employment Service (Contract with a consortium or Private sector led)		156
Academic qualifications	Have academic qualifications		122
Age left education		Left education aged 17 or more	63
Unemployment in local area		5% or lower unemployment in local area	53
Months in employment 1993-1997 (prior to New Deal spell)	12 or more months employed prior to New Deal		129
Length of unemployment qualifying spell prior to New Deal		6 or more months qualifying spell	61
Whether have dependent Children under 18 years old		Have dependent children under 18 years old	65
Whether qualification achieved as a result of New Deal	Qualification achieved as a result of New Deal		227
Whether respondent has previously attended a government programme		Respondent has previously attended a government programme	76
Literacy or numeracy problems		Experienced literacy or numeracy problems since age 16	45
New Deal eligibility		Eligible for New Deal through six month flow	63
Effect of attending Options, relative to attending the FTET Option	Attended the Employment Option		163
	Attended ETF Option		122
	Attended VS Option		183

Employment entry and unemployment exit

Table 4.20: Propensity to Continue with Education

Characteristic	More Likely	Less likely	Per cent
Age	Aged 22 or more on entering New Deal		116
Mental Health		Poor mental health	57
Housing status	Owner occupier or private renter		132
Unemployment in local area	5% or lower unemployment in local area		118
Type of New Deal model		None Employment Service (Contract with a consortium or Private sector led)	61
Literacy or numeracy problems		Experienced literacy or numeracy problems since aged 16	84
Age left education		Left education aged 17 or more	89
Vocational qualifications		Have vocational qualifications	69
Possess licence		Possess driving licence	49
Whether have dependent Children under 18 years old		Have dependent children under 18 years old	46
Whether qualification achieved as a result of New Deal	Qualification achieved as a result of New Deal		223
Whether respondent has previously attended a government programme		Respondent has previously attended a government programme	82
NDPA interviews		0-5 NDPA interviews	49
New Deal eligibility		Eligible for New Deal through six month flow	72
Effect of attending Options, relative to attending the FTET Option		Attended the Employment Option	24
		Attended ETF Option	53

Programme effects

The programme effects are again our primary interest, of course. Perhaps not surprisingly, those who attended the Employment or ETF Options were considerably less likely to enter continued education than those whose first Option was FTET. Thus, while FTET was relatively unsuccessful in encouraging entrants into unsubsidised employment, it was much more successful in stimulating their interest in further educational provision. As human capital acquisition is an important element in enhancing employability, this is a positive finding.

5. Job Quality

Summary

Different aspects of job quality can be seen as an indirect measure of employability. Therefore they are central to the evaluation of the New Deal programme. The following aspects of job quality were investigated: job satisfaction, satisfaction with training, wages, wage determination, wage progression and job stability.

Generally, the differences between Options were small and it is different Options that dominate for the different outcomes considered. The main findings that emerged were as follows:-

- *Job satisfaction* was generally high among respondents who were in unsubsidised employment at the stage 2 interview. Those who went through the Full-time Education and Training Option reported higher levels of job satisfaction than they would have obtained if they had participated in the Voluntary Sector Option. Those who experienced an Extended Gateway achieved higher levels of job satisfaction than if they had been on the Voluntary Sector Option or the Environment Task Force.
- *Satisfaction with training* provided by the job reported at the stage 2 interview was also high regardless of which route participants had taken through New Deal. There were no significant differences between Options.
- *Wages* were lower for those who had been through Full-time Education and Training than if they had been on the Voluntary Sector Option, while those who went through the Environment Task Force route earned more than if they had been on Full-time Education and Training. Those who had taken the Voluntary Sector route obtained better-paying jobs than those obtained through the Extended Gateway.
- Most respondents who were in employment at both stages exhibited *wage progression* between the stage 1 and stage 2 interviews. Mean net hourly wages increased from £3.54 at stage 1 to £4.21 at stage 2, an increase of 19 per cent. Relatively few respondents were in work at both interviews, however, and there were no significant differences between Options with regard to wage progression.
- There was very little evidence that *job stability* varied by Option. The only statistically reliable finding was that those who went through the Full-time Education and Training Option obtained first jobs of shorter duration than would have been obtained through the Voluntary Sector Option.

5.1 Introduction

This chapter examines the impact of New Deal Options on job quality. Four aspects of job quality are analysed:

- job satisfaction
- satisfaction with training
- wages and wage progression
- job stability.

The chapter is structured as follows. The next section contains a description of the sample considered and some key definitions. Sections 5.3 to 5.7 analyse the different aspects of job quality: job satisfaction, satisfaction with training, wages, wage progression, wage determination and job stability. For all outcomes, the analysis followed a similar pattern. A descriptive analysis was carried out in the first instance. If the sample size permitted this was followed by a ‘matching’ analysis and other estimation techniques. The matching technique is described in detail in Chapter Two. The other estimation techniques that were used in this chapter are discussed particularly in section 2.7.

5.2 Sample Description

Table 5.1 gives an overview of the sample. Of the 3391 individuals responding to the stage 2 survey just over 44 per cent (1,520) never entered an Option; 14 per cent (476) were classified as Extended Gateway and 30.8 per cent (1,044) fall into the ‘residual’ category Gateway. Among the Options Full-time Education and Training was most popular with 25.3 per cent (857) of the sample, followed by Environment Task Force (11.2 per cent or 381), Voluntary Sector (10.9 per cent or 369), and Employment (7.8 per cent or 264).

To evaluate job quality the sample was restricted to individuals who held a job at the stage 2 interview that was *not* part of New Deal. The selection of post-New Deal jobs is important because of the need to analyse Option impacts on jobs obtained after the

Table 5.1: Sample Description

	Emp	FTET	VS	ETF	EGW	GW	Total
All	264	857	369	381	476	1044	3391
In post-ND job at stage 2	75	190	71	64	139	378	917
<i>As % of all</i>	<i>28.4</i>	<i>22.2</i>	<i>19.2</i>	<i>16.8</i>	<i>29.2</i>	<i>36.2</i>	<i>27.0</i>
With wage information	67	160	67	56	107	323	780
<i>As % of in post ND job</i>	<i>89.3</i>	<i>84.2</i>	<i>94.4</i>	<i>87.5</i>	<i>77.0</i>	<i>85.4</i>	<i>85.1</i>
In 1 st job after ND	119	300	119	125	213	457	1333
<i>As % of all</i>	<i>45.1</i>	<i>35.0</i>	<i>32.2</i>	<i>32.8</i>	<i>44.7</i>	<i>43.8</i>	<i>39.3</i>
1 st jobs censored	91	269	108	104	173	233	978
<i>As % of 1st jobs</i>	<i>76.5</i>	<i>90.3</i>	<i>90.8</i>	<i>83.2</i>	<i>81.2</i>	<i>51.2</i>	<i>73.6</i>

programme. Attention was focused on jobs held at the stage 2 interview – as opposed to all jobs held after New Deal – to maximise the period between New Deal and the observation. This helped to ensure that the medium-term impact of the programme was picked up rather than short-term, transitory effects.

Of the individuals in a post New Deal job 85.1 per cent reported a wage rate (rows four and five of Table 5.1). This meant there was a relatively small sample of wage observations, especially once the sample was split by Option. This restricted the choice of methods to examine the data. Analyses by subgroup, for example, analyses by gender, region or model, were not feasible given the relatively small numbers in employment.

A slightly different sample was defined for the analysis of ‘job stability’. This was because the variable of interest changed, with the number of weeks a job lasted being used as the measure of ‘job stability’. As their jobs were still ongoing, it was not possible for individuals in employment at the stage 2 interview to observe the completed length of job. To ensure that the start and the end of at least some of the jobs in the sample was observed the selection criteria was changed. The first job after New Deal, as recorded by the survey data, was analysed.

This left two different types of observations:

- Completed spells of employment: the start and the end date of employment was observed and thus the completed number of weeks the job lasted.
- Censored spells of employment: only the start date of employment was observed, as the job was still ongoing at the stage 2 interview.

This new selection increased the sample size slightly. The lower part of Table 5.1 gives more details. Nearly 40 per cent of all those interviewed at stage 2 had at least one job after New Deal. The variation of this percentage by Option is smaller than for being in a job at the stage 2 interview. It is the same three Options (Employment, Extended Gateway, Gateway) that have the highest percentage of employment.

These jobs occurred at different times in the ‘New Deal history’ of young people. Table 5.2 gives an overview of where the first job after New Deal was observed relative to the two interviews. Over a quarter of all first jobs occurred before the stage 1 interview. Most of them were ongoing at the time of the stage 1 interview. They were censored at that time. The end date of these jobs was then located from the stage 2 interview work history data. However, this was not convincingly accurate given the inconsistencies of some of the answers and the well-known recall problem. Furthermore, New Deal participants that entered their first job before the stage 1 interview were more likely to be early Option leavers or to have not entered an Option at all. As such they were not representative of the New Deal population as a whole. For these reasons, a sub-sample was defined that consisted of all first jobs after New Deal that started after the stage 1 interview. The description of this sub-sample can be found in the last two rows of Table 5.1.

Table 5.2: Occurrence of First Job and Weeks in First Job

Location of first job relative to interview	Number of occurrences	As % of all	Number of weeks in first job
wave 1: 2 nd past spell ¹	2	0.2	6.5
wave 1: past spell	20	1.5	9.9
wave 1: current spell	329	24.8	32.2
wave 2: 7 th past spell	1	0.1	23
wave 2: 5 th past spell	6	0.5	9.7
wave 2: 4 th past spell	11	0.8	12.2
wave 2: 3 rd past spell	37	2.8	18.9
wave 2: 2 nd past spell	135	10.2	18.8
wave 2: past spell	305	22.9	19.8
wave 2: current spell	483	36.3	28.1

As was the case with other outcome measures discussed in this report, differences in outcomes by Option cannot be taken at face value. This is due to selection bias. If the ‘choice’ of Option – or as is often the case the placement into an Option by the New Deal Personal Adviser – is not at random but depends on the characteristics of the participant, then these differences in characteristics have to be taken into account when interpreting differences in outcomes. As was noted above, such selection mechanisms and the techniques to control for them were discussed in detail in Chapter Two.

5.3 Job Satisfaction

In the data set job satisfaction was a categorical variable. Individuals were asked how satisfied or dissatisfied they are with their job. In Table 5.3 percentages for each response category are presented. Generally job satisfaction was very high. Well over 80 per cent were satisfied and less than 10 per cent reported dissatisfaction with their job. Individuals on the Employment or Environment Task Force Option had the highest probability of reporting complete satisfaction with their job, 28.0 and 28.1 per cent respectively. The highest percentage of responses in the category ‘completely dissatisfied’ was found for the Environment Task Force Option with 3.1 per cent.

¹ Spells are periods of employment in the work history data.

Table 5.3: Job Satisfaction

	Emp	FTE	VS	ETF	EGW	GW	Total
Completely satisfied	28.0	20.5	25.4	28.1	23.0	23.3	23.6
Very satisfied	38.7	39.0	39.4	37.5	35.3	32.5	35.7
Fairly satisfied	21.3	26.8	28.2	21.9	25.9	30.7	27.6
Neither /nor	9.3	6.8	4.2	6.3	7.9	6.4	6.8
Fairly dissatisfied	6.7	4.2	-	2.8	5.0	4.8	4.0
Very dissatisfied	-	1.6	-	-	2.2	1.3	1.6
Completely dissatisfied	-	1.1	2.8	3.1	0.7	1.1	0.8
Mean score	2.20	2.44	2.23	2.28	2.46	2.45	2.40
<i>N</i>	75	190	71	64	139	378	917

Because some of the cells in the table are empty it was not possible to test whether there are differences by Option. To test for such differences a 'mean score' of job satisfaction was created using the categorical responses. All mean scores lay between the categories 'very satisfied' and 'fairly satisfied'. They ranged from 2.20 (Employment) to 2.46 (Extended Gateway). None of the differences by Option was statistically significant at the 1 per cent or 5 per cent level. However, at the 10 per cent level job satisfaction for Gateway was higher than for the Employment Option.

The sample was large enough to perform a matching analysis. As with all the matching analyses the comparison was of the four Options and the Extended Gateway.² For each Option four comparison groups were constructed, one for each of the other Options. This made it possible to conduct a pair-wise comparison of all Options. The results are reported in Table 5.4. In this table, each figure means the difference (in means) between the participants who went along the route shown in the row and their matched counterparts in the route shown in the column heading. For example, the number '0.38' in the third column of row 2 means that for the population on the Full-time Education and Training Option the mean score of job satisfaction was 0.38 higher than had they participated in the Voluntary Sector Option. Similarly, looking at the last row of the table, participants on the Extended Gateway had a higher mean score on job satisfaction than had they been on the Voluntary Sector or Environment Task Force Options. The differences are relatively small however, at less than half of a numerical category. Empty cells mean that the relevant mean differences were not statistically significant, which was the case for 17 out of the 20 comparisons.

² For a discussion of the choice of Options included in the matching analysis see Chapter Two of this report.

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Table 5.4: Mean score differences in Job Satisfaction

Differences in means for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp					
FTET			0.38*		
VS					
ETF					
EGW			0.42**	0.40	

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Satisfaction with Training

Respondents were asked whether they had received any training in jobs held at the time of the stage 2 survey. Satisfaction with this training was measured in the same way as job satisfaction. Again results are reported as percentage of answers in each category and for the mean score. The results are summarized in Table 5.5. The first point to notice is that not everybody in employment received training. Thus, the first row indicates the percentage of employed people receiving training. This varied by Option with an average of nearly 36 per cent. As only about one third of the sample received training, the sample size was reduced accordingly and it was not feasible to perform more than a descriptive analysis.

Table 5.5: Satisfaction with Work-based Training

	Emp	FTE T	VS	ETF	EGW	GW	Total
% receiving training	36.0	35.8	35.2	31.3	33.8	37.3	35.9
Completely satisfied	33.3	27.9	28.0	20.0	25.5	34.8	30.4
Very satisfied	44.4	42.7	40.0	60.0	44.7	34.0	40.1
Fairly satisfied	22.2	26.5	28.0	15.0	25.5	24.1	24.3
Neither /nor	-	2.9	-	-	2.1	3.6	2.4
Fairly dissatisfied	-	-	4.0	5.0	-	2.1	1.5
Very dissatisfied	-	-	-	-	2.1	0.7	0.6
Completely dissatisfied	-	-	-	-	-	0.7	0.3
Mean score	1.89	2.04	2.12	2.10	2.25	2.09	2.09
N	27	68	25	20	47	141	329

Again, satisfaction levels were very high, even higher than for job satisfaction with over 90 per cent reporting that they were at least fairly satisfied with training. For four out of the five Options most respondents were in the category 'very satisfied'. The exception is Gateway, where the largest category was 'completely satisfied'. The highest percentage reporting dissatisfaction with training was found for the Environment Task Force group, where five per cent reported being fairly dissatisfied with their training.

The high satisfaction with training was also reflected in the mean score, which ranged from 1.89 to 2.25. This was roughly around the category 'very satisfied'. None of the differences in mean scores between Options was statistically significant.

5.4 Wages

The analysis of wages at the stage 2 interview was conducted in three parts. The first section contains descriptive analyses, followed by a matching analysis. Finally, a smoothing regression approach is explained and applied.

Descriptive analysis

Table 5.6 reports net hourly wage rates by Option. The differences between Options are not very pronounced; the highest wage was reported by individuals who had been on the Voluntary Sector Option (£4.19), the lowest by individuals who went through the Full-time Education and Training Option (£3.83). Four out of the 15 differences between Options were significant. Two of these were at the 5 per cent level: the wage for individuals on Voluntary Sector and on Extended Gateway was higher than for individuals on Full-time Education and Training. The remaining two were at the 10 per cent level: the wage after Employment and Environment Task Force was higher than after Full-time Education and Training. The relatively low wage after the Full-time Education and Training Option could be due to the fact that the Full-time Education and Training Option lasted longer (up to 12 months) than the other Options (up to 6 months) leaving less time for possible wage progression.

Table 5.6: Wages

	Emp	FTE T	VS	ETF	EGW	GW	Total
Net hourly wage rate	4.06	3.83	4.19	4.07	4.00	4.12	4.04
<i>N</i>	67	160	67	56	107	323	780

Matching Analysis

Table 5.7 summarises the results of the matching analysis. The table has a similar interpretation as Table 5.4 with the matching results for job satisfaction. Four out of the 20 pair-wise comparisons showed significant differences. The table should be read in the following way: take the number 0.36 in the third column and the second row of the table. It shows that the wage rate of individuals on the Voluntary Sector Option was £0.36 higher than had they been on the Full-time Education and Training Option. It can be seen that three of the significant differences involved the Full-time Education and Training Option. After controlling for selection into Options people on the Full-time Education and Training Option would have done significantly better in terms of wages had they been on Voluntary Sector or Environment Task Force. As was discussed above, people on the Voluntary Sector Option did better than had they been on Full-time Education and Training. The fourth significant difference shows that people on Extended Gateway

would have done better had they been on Voluntary Sector. All of the significant differences were in the order of 10 per cent of the wage rate.

Table 5.7: Wage differences

Differences in means for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp					
FTET			-0.46**	-0.41	
VS		0.36*			
ETF					
EGW			-0.48		

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Smoothing regressions

As an alternative to evaluating differences between Options using the matched comparison group method some smoothing regressions were run. Again, the analysis was based on pair-wise comparisons. For each Option a matched comparison group was found for all the other Options. The matching procedure guaranteed that the individuals in the treatment and the comparison group were 'similar'. 'Similarity' was measured as the propensity to participate in a given programme Option. Models to estimate this propensity considered explanatory variables determined before entry into the Options. At the stage of analysing outcomes variables determined after Option entry are also of importance. Smoothing regression techniques take such variables into account.

If the treatment effects from smoothing regressions differ compared to the 'raw' effects reported in Table 5.7 then part of the 'raw' effect is due to differences in variables determined after Option choice. For example, if one Option would place participants more often in small firms it would be expected that wages would be lower than for the comparison group. This would depict indirect treatment effects of the Options.

Table 5.8: Treatment effect on wages

Percentage change in wages for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp					
FTET			-0.10*	-0.10**	
VS		0.07			
ETF		0.06			
EGW			-0.10*		

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Table 5.8 lists the coefficient of the treatment indicator variable, which is the treatment effect, for all pair-wise comparisons. Comparing these to the matching results in Table 5.7 it can be seen that the same differences are significant and that they have the same sign.³ The number -0.10 in the second row and third column of Table 5.8 indicates that participants on the Full-time Education and Training Option had approximately ten per cent lower wages than had they been on the Voluntary Sector Option. All of these significant effects were of similar magnitude as the ones reported in Table 5.7. This indicates that the wage effects were direct effects rather than working indirectly via job characteristics. There was one additional significant difference, albeit only at the 10 per cent level. Wages after Environment Task Force were around six per cent higher than if the same individuals would have been on Full-time Education and Training.

5.5 Wage Determination

The previous two sections examined wage differences by Option, controlling for selection into Options. However, there is also selection into employment; yet it is not possible to control for both selection processes simultaneously. In this section the focus is shifted to selection into employment, ignoring selection into Option for the moment.

The methods used to control for selection into employment differ from the matching technique. They consist of modelling hourly wages as a function of wage determining variables, a variable reflecting the probability of employment and New Deal Options. The modelling of wages provides a picture of wage determination for young people after New Deal and presents another way to check for programme impact on wages.

The following independent or explanatory variables were included in the model: gender, ethnicity, five educational levels, firm size, part-time job, manual occupation, four broad industrial sectors, three broad occupational categories, eight regions, five or six New Deal Options⁴ and the selection correction variable lambda (λ). Lambda is derived from modelling employment probability⁵ according to the familiar approach proposed by Heckman (1979). The procedure eliminates any bias in the estimates caused if unmeasured characteristics that influence job entry are correlated with unmeasured characteristics that influence wages.

Table 5.9 presents the result for the model. The model explained variation of earnings fairly well.⁶ New Deal participants are a relatively homogenous group compared to the

³ As the dependent variable is the logarithm of wages, the coefficients can be interpreted as percentage changes.

⁴ We estimated the models with the full sample, that is including the Gateway category and also with the reduced sample of only the Employment, Full-time Education and Training, Voluntary Sector, Environment Task Force and Extended Gateway Options. The latter estimation allows a comparison with the matching results.

⁵ The results of the model estimating the probability of being employed can be found in Appendix Table 5.1.

⁶ The models had an adjusted R^2 of 0.161 and 0.152 respectively.

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whole population; especially in terms of age, education and labour market experience, which are all variables that explain a high percentage of variation in wages. Thus, it was expected that the model would do less well than similar models applied to a cross-section of the whole population. The vast majority of variables had the expected sign.

Gender, ethnicity, part-time job and manual occupation are dummy variables; that is variables that take the values zero or one. The coefficients of dummy variables are interpreted in the following way: for gender male = 1 and female = 0, thus the coefficient of male (which is 0.053) tells us that males earned about 5.3 per cent more than females. Education, firm size, industry, occupation and region are sets of dummy variables. For each set one variable – the reference category – is omitted from the estimation. The coefficients are interpreted relative to the reference category. For example, the regional reference category is London and the South East. Thus the coefficient for Scotland informs us that young people in Scotland earned about 8.2 per cent less than their counterparts in London and the South East.

Here, the set of dummy variables that indicate New Deal Option are of primary interest. In the model including all observations Gateway was the reference category, for the restricted sample it was Extended Gateway. For both samples the coefficient of Voluntary Sector was significant. Wages of Voluntary Sector participants were about seven per cent higher than for young people on Gateway, and in the restricted regression, ten per cent higher than for individuals on Extended Gateway. These results are consistent with the previous analyses – matching and the smoothing regression showed Voluntary Sector dominated Full-time Education and Training and that Full-time Education and Training and Extended Gateway were dominated by Voluntary Sector.

Table 5.9: Wage Equation

Variable	All Options	Without GW
Constant	1.409***	1.321***
Male	0.071***	0.064**
White	-0.026	-0.040
Education		
Level 1 or level 2	0.044	0.030
Level 3	0.093**	0.094*
Level 4 or level 5	0.060	0.050
Other qualifications	-0.056	-0.236**
Months in employment	0.0002	0.0001
Small Firm (1 – 10 employees)	-0.016	-0.002
Large Firm (100+ employees)	0.097***	0.087***
Part-time Job	0.046	0.037
Manual Occupation		
Production	0.034	0.019
Distribution	-0.017	-0.042
Financial Services	0.104**	0.033
Occupational group 1-3 ('Professional')	0.070**	0.096**
Occupational group 4,5 ('Clerical & Craft')	-0.021	-0.032
Scotland	-0.078**	-0.054
North East	-0.088**	-0.043
North West	-0.095**	-0.073
Yorkshire, Humbs	-0.130***	-0.116**
Wales	-0.146**	-0.060
West Midlands	-0.150***	-0.135**
East Midlands, East Anglia	-0.171***	-0.117**
South West	-0.113**	0.018
New Deal Options		
Employment	0.037	0.067
Full-time Education or Training	-0.011	0.029
Voluntary Sector	0.070*	0.105**
Environmental Task Force	0.044	0.077
Extended Gateway (5+ months)	-0.050	
λ (Selection Correction Variable)	-0.074**	-0.018
R^2	0.161	0.152
N	658	396

Note: bold differences are statistically significant at the following significance levels:
 *** 1%, ** 5%, and * 10%.

Reference categories: 'no qualifications' for education, 'medium firm with 11-99 employees' for firm size, 'other services' for industries, 'occupational groups 6-9', 'London and South East' for regions, 'Gateway' and 'Extended Gateway' for New Deal Options.

5.6 Wage Progression

It is also of interest to examine wage progression from the stage 1 to the stage 2 interview. Wage growth can be seen as an indicator of high quality jobs whereas wage stagnation or decline could suggest that New Deal participants ended up in dead-end jobs with little prospects of improving the situation.

Table 5.10 summarises the results. The number of observations fell dramatically due to restricting the sample to individuals holding a job that was not part of New Deal at the stage 1 and stage 2 interview. Especially at stage 1 this selection criteria proved to be very restrictive as most of those interviewed were still on an Option. This means that the sample is very selective and not representative of the New Deal population as a whole. Individuals from the 'residual' category Gateway are massively over-represented and those recording an Option are more likely to be early Option leavers. Due to these sample restrictions the analysis is of an 'anecdotal' nature and results have to be interpreted with caution.

Table 5.10: Net hourly wage rates

	Emp	FTE	VS	ETF	EG	GW	Total
		T			W		
Wages at stage 1	3.28	3.56	3.50	4.02	3.56	3.53	3.54
Wages at stage 2	3.56	3.97	3.97	3.87	4.42	4.22	4.21
Progression	0.28	0.42	0.47	-0.15	0.92	0.66	0.67
<i>N</i>	3	7	2	3	14	173	202

After the exclusion restrictions were applied there were 202 observations remaining. Most of them, 173, fell into the Gateway category – meaning that they left New Deal before starting an Option. This is not surprising, as these people were more likely to be in a job at the stage 1 interview. For each of the other Options only two to 14 observations were left. In the first row of the table, stage 1 net hourly wages are reported. Row 2 contains wages at stage 2 and row 3 wage progression. Wage progression is positive for five out of the six subgroups. It ranges from minus 15 pence (Environment Task Force) to 92 pence (Extended Gateway). On average, wage progression was 67 pence.

None of the differences in wage progression were significant. The main conclusion was that there was a general tendency for respondents to experience wage growth at early stages of their time in post New Deal jobs rather than wage decline or wage stagnation. The results were gained from a very restricted and small subsample of the survey. Therefore they are purely descriptive in nature and have to be interpreted cautiously.

5.7 Job stability

When analysing the length of the first job after New Deal one has to deal with the problem of censoring. The censoring problem is in addition to possible selection problems. In essence, the censoring problem occurs because it is not possible to observe

the completed length of a job that is still ongoing at the time of interview. Ignoring the censoring and just comparing average job length can bias our results if the number of censored cases varies by Option.

Descriptive results are given in Table 5.11. As was explained in section 5.2, the analysis was concentrated on the first jobs that occurred after the stage 1 interview. In total there were 978 individuals with such a job. The largest percentage of them were on the Full-time Education and Training Option (27.5 per cent) followed by Gateway (23.8 per cent). 17.7 per cent were on Extended Gateway and around 10 per cent on each of the three remaining Options (Employment, Voluntary Sector, Environment Task Force). The number of weeks in the first job varied from 17.9 after Voluntary Sector to 27.6 after Gateway. About half of the differences in job length by Option were statistically significant. However, differences were also observed in the percentage of censored jobs. Thus, based on a descriptive analysis alone it was not possible to say whether these differences were genuine programme effects or due to selection into Options or censoring. To investigate differences by Option further it was necessary to first control for censoring and then for selection into Options. Following this, controls for selection and censoring were combined in the same analysis.

Table 5.11: Weeks in First Job after New Deal occurring after stage 1 interview

	Emp	FTET	VS	ETF	EGW	GW	Total
Number of first jobs	91	269	108	104	173	233	978
<i>As % of total</i>	<i>9.3</i>	<i>27.5</i>	<i>11.0</i>	<i>10.6</i>	<i>17.7</i>	<i>23.8</i>	<i>100</i>
Number of weeks in first job	27.2	21.5	17.9	21.7	24.2	27.6	23.6
<i>Percentage of jobs censored</i>	<i>51.6</i>	<i>54.3</i>	<i>49.1</i>	<i>47.1</i>	<i>46.2</i>	<i>46.4</i>	<i>49.4</i>

To control for censoring a logistic duration model was computed that estimated the probability that a job comes to an end in any given period, given that it lasted up to that period. A set of personal characteristics similar to the ones included in the participation model was included, plus variables indicating the Option the young person went through. A significant coefficient on the programme Option would indicate a programme effect on the length of the first job.

The signs of the significant coefficients were mostly as expected. Qualifications – vocational and academic – reduced the probability that a job ended. Stigmas and health problems increased this probability. None of the programme Options had a significant impact on the probability that the first job ended.

The results from the duration model might still suffer from bias due to selection into Option. Thus, a matching analysis was conducted of weeks in the first job. The results of this exercise can be found in Table 5.12. Eight out of the 20 pair-wise differences were significant. This was much more than in the earlier analyses of job satisfaction and wages. However, this might be due to the fact that we only controlled for selection into Options and no longer for censoring. Thus, Table 5.13 reports results of an analysis that combined the two previous models. This was conducted in a similar way to the smoothing

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regression technique explained previously. Using the observations of young people on a given Option and a 'matched' comparison group from another Option, duration models were estimated that were similar to the one presented in Table 5.11. The only difference being that instead of having four (or five) variables to indicate the Option there is only one variable indicating whether the individual was part of the treatment group or part of the 'matched' comparison group. Table 5.14 reports the coefficients of this treatment variable from all twenty estimated pair-wise duration models. Seven out of the previously significant differences were not significant anymore. The only remaining statistically reliable finding was that those who went through the Full-time Education and Training Option obtained first jobs of shorter duration than would have been obtained through the Voluntary Sector Option.

It is possible to conclude, therefore, that for the most part observed differences in the length of the first job by Option were due to censoring and not due to differences in New Deal Options.

Table 5.12: Differences in job length in weeks

Differences in means for each row route, relative to comparators in the routes shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp			9.28*		
FTET	-5.57*		4.95*		-6.81**
VS	-5.25*				-9.78**
ETF			7.40**		
EGW			6.28*		

Note: ** - significant at 1%; * - significant at 5%; no asterisk – significant at 10%

Table 5.13: Simple Duration Model – 1st Job after New Deal, after stage 1 interview (Dependent Variable: Probability that job comes to an end)

Variable	All Options	Without Gateway (Preferred specification)
Constant	-4.199***	-4.088***
Male	-0.239**	-0.217
White	0.006	-0.093
Vocational Qualifications		
Level 1 or level 2	-0.062	-0.072
Level 3	-0.431**	-0.650**
Level 4 or level 5	-0.445	-0.355
Other qualifications	-0.174	-0.083
Academic Qualifications		
Level 1 or level 2	-0.280***	-0.300**
Level 3	0.155	(a)
Level 4 or level 5	-0.729**	-0.374
Other qualifications	-0.886	-1.104
Long-term health problem or disability	0.303**	0.320**
Ever had long-term health prob. or disab.	0.064	-0.055
Stigma (b)	0.339**	0.257*
Access to a car	-0.114	-0.223
Driving licence	0.047	0.119
Month in employment before New Deal started	0.002	0.004**
Scotland	0.207	0.228
North East	0.259	0.313
North West	-0.040	0.121
Yorkshire, Humbs.	-0.008	0.008
Wales	-0.131	-0.129
West Midlands	0.217	0.170
East Midlands, East Anglia	0.014	0.033
South West	-0.401	0.4231
Weeks since New Deal started	0.015***	0.014***
New Deal Options		
Employment	-0.070	-0.067
Full-time Education or Training	-0.095	-0.098
Voluntary Sector	0.249	0.258
Environmental Task Force	0.003	0.003
Extended Gateway (5+ months)	0.003	-

Note: bold differences are statistically significant at the following significance levels: *** 1%, ** 5%, and * 10%.

(a) Variable dropped as it predicted failure perfectly

(b) Stigma is defined as having one or more of the following characteristics: drug or alcohol problems, problems with the law or previous prison sentence, non-private housing.

Table 5.14: Treatment effects on job length in weeks
Differences in means for each row route, relative to comparators in the routes
shown in the column headings.

	Emp	FTET	VS	ETF	EGW
Emp					
FTET			-0.44		
VS					
ETF					
EGW					

Note: ** - significant at 1%; * - significant at 5%; no asterisk – significant at 10%

6. The New Deal experience of disadvantaged groups and the impact of sanctions

Summary

While *ethnic minorities* did very well on the Employment Option, this was outweighed by their under-representation on it so that, overall, there was evidence that ethnic minorities had less favourable experiences on New Deal than those of the white majority. The results of the duration analyses showed that ethnic minorities had a substantially lower likelihood of entering employment than the white majority once other characteristics were taken into account.

There was some evidence from the employability analyses that *multiply disadvantaged* participants performed relatively well on the Employment Option but this was not found in the analyses of employment entry and unemployment exit. Here, the finding that they would have been no more likely to enter work had they participated in the Employment Option (which, for the full sample, improves the chances of finding work) suggests that the obstacles to their employment were of substantial magnitude. The relative performance of those with multiple disadvantages tended to be boosted most by the Full-time Education and Training Option, since this would have addressed their most fundamental needs.

There was no evidence that being *resident in an inner city area with high unemployment* was indicative of labour market disadvantage. In fact, in relation to barriers to employability, the clear evidence from the stage 1 survey was that those in inner city areas experienced fewer barriers than those living in other areas. By the time of the follow-up survey, there had been some slight narrowing of the difference between the inner city areas and the remainder, especially regarding the perceived lack of jobs in the locality. None the less, the inner city disadvantaged localities continued to report fewer barriers to employability overall. This suggests that individual barriers to employability in the inner city areas were less to do with personal barriers and more to do with local labour market conditions or with the general fit between the young unemployed job seekers in inner cities and the jobs available in such areas. This point is of course a relative one: there were many barriers to employability in the inner city areas of disadvantage, but more in other areas.

Disadvantaged groups were no more likely to experience sanctions or benefit penalties than other New Deal entrants, except in the case of those with basic skills problems. There was no evidence that the experience of sanctions affected the chances of entering employment but it was associated with spending longer periods of time on New Deal.

6.1 Introduction

This chapter focuses particular attention on the New Deal experience of disadvantaged groups. As this has been a central theme of the report, the chapter consists largely of an attempt to synthesise and discuss relevant evidence that has been brought forward in earlier chapters. The major exception to this is that it also contains a detailed analysis of sanctions, which examines the extent to which these affect disadvantaged groups and how they influence labour market outcomes.

The chapter is organised as follows. It begins with the analysis of sanctions and then moves on to consider the New Deal experience of four disadvantaged groups:- ethnic minorities, those with no labour market experience prior to New Deal, multiply-disadvantaged individuals and individuals living in inner city areas with high unemployment. Attention is focused on these groups because they are of particular policy interest and because they appeared in the stage 2 sample in sufficient numbers to make analysing them worthwhile.

6.2 Sanctions

The New Deal Task Force has shown a consistent interest in the sanctions regime. Two issues of particular concern regarding sanctions have been whether disadvantaged groups vulnerable to social exclusion are particularly likely to be sanctioned, and what effects sanctions have on sanctioned individuals – do they increase or decrease chances of entering work or experiencing other types of positive outcome from the New Deal programme? In this section, the survey data is combined with information from the New Deal Evaluation Database (NDED) to shed light on these two questions.

Who gets sanctioned?

In order to investigate whether people from disadvantaged groups are more likely to get sanctioned than other individuals, it is necessary to carry out a multivariate analysis of the factors and characteristics associated with sanctioning. It is important to do this, rather than simply examine the proportion of people from disadvantaged groups that were sanctioned compared to other individuals, because people from disadvantaged groups may also be more likely to have other characteristics associated with a greater likelihood of sanctioning. For example, people with basic skills problems may be more likely to get sanctioned than those without basic skills problems, but such individuals may also tend to have more unemployment in their work histories, which may also be associated with a greater propensity to be sanctioned. In order to arrive at an accurate estimate of the impact of a particular characteristic on the likelihood of being sanctioned it is necessary to simultaneously control for the impact of other relevant factors, and this is what multivariate analysis does.

The analysis of sanctions was carried out using respondents to the stage 2 survey. Respondents were classified as having experienced a sanction if the NDED recorded them as having received an adjudication sanction or disallowance as a result of failing to take part in an Option since New Deal entry. While this variable is somewhat broader than sanctions in that it also includes disallowances, it under-records

sanctioning because it only includes sanctions incurred because of failure to attend an Option and not those imposed for any other reason. However, it remains the most reliable data source on this issue (Moody, 2000). Of the 3,358 stage 2 respondents who had usable data on sanctions, 357 (11 per cent) had received a sanction/disallowance according to this definition by August 2000.

The multivariate analysis of sanctions involved constructing a binomial logistic regression model, where the outcome variable took the value 1 if the respondent had experienced a sanction and 0 if they had not. The explanatory variables used to estimate the model were the same as were used for the matching exercise described in Chapter Two, along with indicators of which New Deal Option the respondent had been on. This was a very comprehensive list of variables that combined information from both the survey and the NDED. Included amongst the explanatory variables were a number of indicators of labour market disadvantage. These included ethnicity, basic skills problems, a self-reported prison or criminal record, whether the respondent self-reported any one of a number of problems including drugs, alcohol, a criminal record or homelessness (STIGMA), a self-reported long-term health problem, registered disability and residence in an inner city area with high unemployment.

The model was able to give a reasonably good explanation of the factors associated with being sanctioned. Rather than list all the model results, Table 6.1 concentrates on the labour market disadvantage variables and those other variables that were statistically significant.

Two of the variables used as indicators of labour market disadvantage were related to sanctions in a way that was statistically reliable. Survey respondents who reported that they had experienced problems with literacy or numeracy since the age of 16 were about one and a third (1.33) times more likely to be sanctioned, given their characteristics, than respondents who did not report such problems. As this is a vulnerable group at risk of social exclusion this may give some cause for concern. In contrast, respondents with a registered disability were only just over half as likely (0.62) to be sanctioned than a respondent with the same characteristics other than that they had no disability. Overall, there was no strong tendency for disadvantaged groups to either be targeted by or sheltered from the sanctions regime.

Amongst the other variables, it was found that women were considerably less likely to be sanctioned than men and that older New Deal entrants were less likely to be sanctioned than younger ones.

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Table 6.1 The factors associated with sanctions/disallowances

<i>Factor</i>	<i>Effect on likelihood of being sanctioned, in terms of multiplicative odds</i>
<i>Indicators of labour market disadvantage</i>	
Member of non-white ethnic group	
Self-reported literacy/numeracy problems since age 16	1.33*
Self-reported prison or criminal record	
STIGMA	
Self-reported long-term health problem	
Registered disability	0.62*
<i>Other variables</i>	
Age on entry to New Deal (years)	0.81**
Female	0.58**
Number of pre-New Deal JSA claims	1.28**
Duration of JSA claim preceding New Deal entry (days)	1.00*
Proportion of time in employment 1993-97	0.55*
Private sector delivery model	2.27*
'Gateway intensity' measure	1.48**
Resident in the North	2.34*
Went on Environment Task Force Option	1.65**

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

Respondents were very much more likely to be sanctioned if they had a large number of JSA claims prior to New Deal. The NDED shows the number of JSA claims going back to January 1995 for each New Deal entrant. All survey respondents had at least one claim of course and the average was four. Each additional claim increased the likelihood of being sanctioned by about one and a quarter times (1.28). Those with a large number of pre-New Deal JSA claims therefore were extremely likely to be sanctioned once they entered New Deal. This was the most powerful variable in the model and may be a proxy for having been sanctioned prior to New Deal, since those with a large number of claims are perhaps more likely to have had claims terminated in the past. The length of JSA claim that qualified respondents for New Deal was also associated with a greater chance of being sanctioned once on the New Deal. This is of some relevance to disadvantaged groups because they are more likely to have longer unemployment records than individuals who are not so disadvantaged – it may be that the effect of labour market disadvantage on the propensity to be sanctioned is operating through this variable rather than the disadvantage itself.

The likelihood of being sanctioned was also related to some features of the way in which New Deal was delivered at the local level. A number of variables were derived that sought to differentiate between the way in which New Deal was delivered in some areas compared to others. One such variable ranked local areas (units of delivery) in terms of 'Gateway intensity'. Those areas in which there were a large number of Gateway interviews per entrant, where there was a short time between the first and second Gateway interviews and where there were a large number of referrals to adjudication per entrant were given a high score in relation to 'Gateway intensity'.

Those areas with the opposite characteristics were given a low score.¹ It is worth noting that this variable was derived on the basis of information relating to the early period of NDYP operation, including some drawn from the Pathfinder areas that started up in January 1998. Much of it was collected prior, therefore, to this cohort's entry to New Deal in September 1998. It also preceded the more general intensification of the Gateway process that occurred in 1999. As such, it might be regarded as providing an indication of the effect that more general Gateway intensification might be expected to have. Respondents who lived in areas in which an 'intensive Gateway' was operated were significantly more likely to be sanctioned than respondents with the same characteristics elsewhere.

Respondents were also considerably more likely to be sanctioned if they lived in private sector led units of delivery, rather than those in which ES individual contracts or some other form of delivery model was in operation. The effect here was also strong, with respondents in private sector areas more than twice as likely (2.27) to be sanctioned than someone with the same characteristics elsewhere.

Other significant variables in the model indicated that respondents were more likely to be sanctioned if they lived in the ES Northern region (2.34) and if they went on the ETF, where they were 1.65 times more likely to be sanctioned than if they went on the Employment Option.² They were less likely to be sanctioned if they had spent a relatively large proportion of the four years preceding New Deal entry in work.

Models were also run to investigate the factors associated with the number of sanctions/disallowances imposed since New Deal entry but these did not reveal any information that was not apparent from the analyses of whether respondents had received any sanctions.

Access to alternative benefits or payments in the event of sanctions or disallowances

Where individuals receive sanctions or disallowances it is important to examine whether they have access to alternative benefits or payments. Again, there is concern that vulnerable groups may be subject to hardship as a result of the sanctions regime. Such information is not available from administrative data sources but respondents to the stage 2 survey were asked whether they had experienced a stop or reduction in JSA since the stage 1 interview (other than due to signing off benefit themselves) and, if so, whether they were able to get any alternative benefits or payments. While it must be noted that those respondents who mentioned a stop or reduction in JSA in the survey were not necessarily those who were recorded in the NDED as having received a sanction, these questions do provide an insight into the kinds of respondent who were able or unable to access alternative payments in the event of JSA reductions.

In order to investigate this issue, a multinomial logistic regression model was constructed where the outcome variable took the value 0 if the respondent had not experienced a JSA stop or reduction, 1 if they had experienced a stop/reduction but

¹ The variable was derived through factor analysis.

² While it is possible that there is some reciprocal causation here, with the imposition of sanctions increasing the chance of entering ETF, it is worth noting that the majority of sanctions were recorded after Option entry.

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were able to get alternative benefits or payments and 2 if they had experienced a stop/reduction and were not able to get any alternative benefits or payments. The explanatory variables in the model were the same as for the previous model. The statistically significant variables from this model are shown in Table 6.2.

Table 6.2 The factors associated with JSA reductions or stops

<i>Factor</i>	<i>Effect on the likelihood of experiencing JSA benefit reduction or stop (but able to obtain alternative payment), in terms of multiplicative odds</i>
<i>Indicators of labour market disadvantage</i>	
Member of non-white ethnic group	
Self-reported literacy/numeracy problems since age 16	
Self-reported prison or criminal record	
STIGMA	
Self-reported long-term health problem	
Registered disability	
<i>Other variables</i>	
Has dependent children	2.21*
Left full-time education at 18	0.46*
Left full-time education at 19	0.15**
Owner occupier	0.57
Number of pre-New Deal JSA claims	1.21**
'Gateway intensity' measure	1.47
Had previously been on government employment programmes	1.47
Resident in Wales	3.07*
<i>Factor</i>	<i>Effect on the likelihood of experiencing JSA benefit reduction or stop (and unable to obtain alternative payment), in terms of multiplicative odds</i>
<i>Indicators of labour market disadvantage</i>	
Member of non-white ethnic group	
Self-reported literacy/numeracy problems since age 16	1.34*
Self-reported prison or criminal record	
STIGMA	1.81**
Self-reported long-term health problem	
Registered disability	
<i>Other variables</i>	
Age on entry to New Deal (years)	0.88**
Female	0.76*
Number of pre-New Deal JSA claims	1.21**
Proportion of time not seeking work due to illness 1993-97	0.47
Resident in Scotland	0.57*
Resident in the North	0.57*
Resident in the North West	0.57*
Resident in Yorkshire and Humberside	0.58
Resident in cluster C (rural/urban tight labour market)	0.44**

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

None of the indicators of labour market disadvantage were associated with receiving JSA stops or reductions but being able to obtain alternative benefits. Amongst significant variables, those with dependent children were more than twice as likely as those without dependent children to report a JSA stop/reduction, but to say that they received alternative payments. This indicates that alternative payments were available to reduce the chances of hardship in the event of JSA reduction where children were present in the household.

Two indicators of labour market disadvantage were associated with experiencing JSA stops or reductions and not having access to alternative payments. The self-reporting of literacy or numeracy problems since age 16 was again seen to be associated with benefit penalties. The composite STIGMA variable, indicating whether the respondent self-reported any one of a number of problems including drugs, alcohol, a criminal record or homelessness, was strongly associated with this type of JSA stop/reduction, with these disadvantaged individuals being almost twice as likely to experience a reduction as those without such problems. It may be, therefore, that these types of social disadvantage are associated with sanctions that are not covered in the NDED.

Overall, while labour market disadvantage was not strongly associated with sanctions and benefit penalties, some groups did appear vulnerable. This was particularly the case for those with literacy and numeracy problems.

How do sanctions affect labour market outcomes?

The second issue explored in this section is whether sanctions had a discernible effect on labour market outcomes during the study period. This issue was explored by constructing a multinomial logistic regression model where the outcome variable took the value 0 if the respondent was in claimant unemployment at the time of the stage 2 interview, 1 if they were in unsubsidised employment, 2 if they were still on New Deal (either the Gateway, an Option or Follow-through) or 3 if they were doing something else (which was most commonly full-time education or training, non-claimant unemployment or long-term sickness). So this model estimates the likelihood of respondents being in one of the states numbered 1-3, as against the reference category of claimant unemployment.

The explanatory variables in this model were the same as for the model explaining who gets sanctioned, other than that a variable was added to indicate whether the respondent had received an adjudication sanction or disallowance as a result of failing to take part in an Option since New Deal entry. This variable, obtained from the NDED, is used to investigate the impact of sanctions on labour market outcomes.

The model was able to offer convincing explanations of why individuals achieved certain labour market outcomes, but our interest here is in the effect of sanctions. Table 6.3 summarises the impact of sanctions as suggested by this model.

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Table 6.3 **The impact of sanctions on labour market outcomes**

<i>Outcome</i>	<i>Effect of sanctions (multiplicative odds)</i>
Unsubsidised employment	none
Still on New Deal	1.40 (significant at 5%)
Other non-employment outcome	0.65 (significant at 10%)

The model suggested that sanctions had no impact on respondents' chances of entering unsubsidised employment by the time of the follow-up survey. This means that, after controlling for other characteristics that influence job entry chances, those who received sanctions were no more or less likely to enter work than those who did not receive sanctions.

Sanctioned individuals were 1.4 times more likely than non-sanctioned individuals to still be on New Deal at the time of the stage 2 interview. In fact, almost half (49 per cent) of those individuals who had been sanctioned after New Deal entry were still on the programme after about 15 months, compared to a quarter (26 per cent) of non-sanctioned New Deal entrants. They were particularly likely to be on Follow-through but were also often still on the Gateway (or perhaps had returned to it in a second New Deal spell).

Conversely, sanctioned respondents were only 0.65 times (or 65 per cent) as likely to have left New Deal for a non-employment outcome than those individuals who had not received a sanction. Here, sanctioned individuals were particularly unlikely to have entered full-time education or training or to be long-term sick.

Overall, therefore, rather than encouraging people to leave New Deal early for non-employment outcomes, sanctions seem to encourage them to remain on the programme longer than is the case for other entrants. It may be that sanctioned individuals are keen to signal that they are complying with the programme in order to reduce the chances of a further sanction, but a detailed explanation for these findings would require a more sensitive analysis that is beyond the scope of this study.

6.3 Ethnic minorities

While extensive attempts were made to investigate the impact of New Deal upon ethnic minority groups and to ascertain where their experiences diverged from those of the sample as a whole, it must be noted that attempts to do this were hampered by the relatively small numbers of ethnic minority respondents in the survey sample. For the most part, comparisons were made between ethnic minorities as a whole and the white majority or the sample as a whole, a rather crude approach since it is well known that differences between ethnic minority subgroups are often as great as between the ethnic minorities as a whole and the white majority (Modood, Berthoud, Lakey, Nazroo, Smith, Virdee and Beishon, 1997). Nevertheless, some findings of interest were uncovered.

Option entry

Ethnic minorities were particularly unlikely to enter the Employment Option, where they represented 13 per cent of entrants against their sample representation of 25 per cent. They were over-represented on the Voluntary Sector Option (33 per cent of entrants) and on the Extended Gateway (32 per cent).

Employability

There was very little evidence that ethnic minorities did particularly well or badly, compared to the sample average, in relation to the employability measures. The only reliable evidence of this nature was that there was some indication that people from Black Caribbean and Pakistani ethnic groups rated New Deal's helpfulness less positively than did participants from the white majority group. The views of other ethnic minorities on this issue could not be gauged reliably because of small numbers.

Employment entry and unemployment exit

Where members of ethnic minority groups obtained access to the Employment Option they drew particular benefit from it, being significantly more likely to be employed at the time of the stage 2 survey than had they participated in any other Option. Ethnic minority group members who participated in the Employment Option were also more likely to have moved away from JSA and New Deal than had they participated in the Voluntary Sector Option or remained on Gateway. This dominance over the Extended Gateway was not evident when considering the full sample and again points to the effectiveness of the Employment Option for ethnic minority individuals among those who took part in it.

While ethnic minorities did very well on the Employment Option, this was outweighed by their under-representation on it so that, overall, there was evidence that ethnic minorities had less favourable experiences on New Deal than those of the white majority. This is evidenced by the results of the duration analyses, which showed that ethnic minorities had a substantially lower likelihood of entering unsubsidised employment than the white majority once other characteristics were taken into account.

6.4 Individuals with no labour market history

Detailed analyses were also carried out of those who had either never been in a paid job or whose search for employment was hampered by lack of references from a previous employer. Some 44 per cent of the sample was in the subgroup that lacked job experience in this broad sense. Previous research has suggested that this group finds it particularly difficult to enter employment from government employment programmes (White, Lissenburgh and Bryson, 1997).

Option entry

Like ethnic minorities, those lacking work experience were least likely to enter the Employment Option. They were most likely to enter the Voluntary Sector Option or Full-time Education and Training.

Employability

There was a reasonable amount of evidence to suggest that those lacking in work experience acquired assistance from the New Deal programme that sought to address their needs. For example, about one in three of them received some specialised careers guidance or advice, a similar proportion as applied to the sample as a whole. Receipt of such guidance for those lacking work experience did not vary across Option, which suggests that these special forms of referral and assistance depended on common features of the New Deal, namely the Gateway and New Deal Personal Advisers.

Those lacking work experience did provide further evidence, however, of disadvantaged groups doing relatively well from the Employment Option. They did as well or better in getting qualifications in the Employment Option as they would have done in the Full-time Education and Training Option, whereas those who had job credentials would have done about twice as well in Full-time Education and Training. Those in subsidised employment and lacking job experience also did better in getting qualifications than if they had been in the Environment Task Force Option.

Employment entry and unemployment exit

In common again with ethnic minorities, those without work experience gained particular benefit from the Employment Option where they were able to gain access to it. The positive effect of subsidised employment on job entry chances relative to other Options was greater for those without work experience than it was for the sample as a whole. The Employment Option was similarly effective for those lacking job experience in encouraging them to leave JSA or the New Deal. As relatively few individuals without work experience or references were seen to enter the Employment Option, however, the overall tendency for this subgroup to enter unsubsidised employment was weaker than for groups without this disadvantage. This is reflected in the negative impact of a lack of work experience in the duration modelling of job entry probabilities.

6.5 Multiply disadvantaged individuals

There is considerable interest in the New Deal experience of those with an accumulation of disadvantages. The multiply disadvantaged are seen to be at particular risk of social exclusion so the capacity of New Deal to address or overcome their problems is of particular importance.

The multiple disadvantage indicator used counted each of the following as one disadvantage: lack of job experience (as defined above), absence of any qualification at time of first survey interview, having a problem of literacy or numeracy, lack of a driving licence, report of a stigmatising social problem at the first interview (drugs or alcohol problems, problems with the law, problems of housing), being a lone parent, being in social rented accommodation or 'other' housing (such as lodgings or hostel). There was a very marked negative association between the number of these disadvantages and the proportion in employment at the follow-up interview, which suggests that the indicator is valid. The indicator split the sample in two roughly

equal halves: 51 per cent of the sample had three or more of these disadvantages, and these were classified as the multiply disadvantaged group.

Option entry

Multiply disadvantaged individuals were less likely than the sample as a whole to enter the Employment Option. For example, those with literacy and numeracy problems represented 25 per cent of the sample but only 14 per cent of those in subsidised employment. The position was similar for those with no qualifications. They represented 38 per cent of the sample but only 25 per cent of those on the Employment Option.

Employability

As one would expect, the multiply disadvantaged tended to perform worse in relation to employability measures than the sample as a whole and this did not vary for the most part according to the New Deal Option that they entered. One exception to this was in relation to participants' self-efficacy (roughly, their belief in their own ability to make progress). An attitude scale based on questions about job search assessed this. Subsidised employment was particularly effective in achieving high scores on this scale for the subgroup with multiple disadvantages. Whereas in the other New Deal routes those with multiple disadvantages had depressed levels of self-efficacy, in subsidised employment the group with multiple disadvantages scored virtually as high on self-efficacy as the remainder.

Employment entry and unemployment exit

While there was some evidence from the employability analyses, therefore, that the multiply disadvantaged performed relatively well in subsidised employment, this was not found in the analyses of employment entry and unemployment exit. Here, the finding that they would have remained equally unattractive to employers had they participated in the Employment Option (which, for the full sample, improves the chances of finding work) suggests that the obstacles to their employment were of substantial magnitude. The relative performance of those with multiple disadvantages tended to be boosted most by the Full-time Education and Training Option, since this would have addressed their most fundamental needs.

6.6 Individuals living in inner city areas with high unemployment

Performance data has consistently shown that New Deal is having less positive impact in inner city areas with high unemployment than in other areas of the country. Detailed analyses of the survey data were carried out to investigate why this might be the case.

Option entry

Respondents from inner city, high unemployment areas represented 32 per cent of the sample but 40 per cent of those on the Extended Gateway. Along with living in London or the South East and being from an ethnic minority, this was the characteristic most strongly associated with remaining on the Gateway for longer than

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five months and not entering an Option. Inner city individuals were particularly unlikely to enter the ETF and Employment Options.

Employability

A striking feature of the employability analyses was the lack of evidence that being an inner city resident in itself was indicative of labour market disadvantage. In fact, in relation to barriers to employability, the clear evidence from the stage 1 survey was that those in inner city areas experienced fewer barriers than those living in other areas. By the time of the follow-up survey, there had been some slight narrowing of the difference between the inner city areas and the remainder, especially regarding the perceived lack of jobs in the locality. None the less, the inner city disadvantaged localities continued to report fewer barriers to employability overall. This suggests that individual barriers to employability in the inner city areas were less to do with personal barriers and more to do with local labour market conditions or with the general fit between the young unemployed job seekers in inner cities and the jobs available in such areas. This point is of course a relative one: there were many barriers to employability in the inner city areas of disadvantage, but more in other areas.

Employment entry and unemployment exit

The extent to which the employment chances of individuals living in high-unemployment, inner city areas were affected differently by the Options from the sample as a whole was very slight. Perhaps most noticeable was that, in relation to employment entry, the Extended Gateway was not dominated by the Employment Option for this sub-group. Rather, those remaining on the Gateway would have been no more likely to find work had they participated in the Employment Option. The ETF performed particularly weakly in inner city areas.

The relatively poor performance of the Employment Option in inner city areas tends to reinforce the point about the importance of local labour market conditions and the absence of fit between the young unemployed job seekers in inner cities and the jobs available in such areas.

7. Conclusion

The purpose of this final chapter is to draw together the chief findings of the evaluation and place them in perspective.

The main findings of the evaluation can be grouped into four categories:-

- Relative Option effects on employment entry and exit from JSA
- Relative Option effects on employability
- Relative Option effects on job quality
- The programme experiences of disadvantaged groups

Employment entry and exit from JSA

Analyses based on the matching methodology suggested that the Employment Option was most effective in encouraging participants to *exit JSA and enter work*. Duration analyses showed that the Employment, Environment Task Force and Voluntary Sector Options encouraged movement into employment at a quicker rate than the Full-time Education and Training Option, but that the latter was more effective in encouraging people to continue in full-time education or training upon leaving New Deal.

Employability

The research showed that the route followed in New Deal made a considerable difference to gains in *employability*, with large differences on a number of the measures. The two Options that appeared, overall, to increase employability the most (relative to other routes in New Deal) were the Employment and Voluntary Sector Options.

The **Employment Option** was particularly effective in promoting access to training, attachment to the labour market and self-efficacy. It also performed well on qualifications. When combined with its success in relation to employment entry and unemployment exit, one judges that Employment was probably the most effective Option overall: its participants gained in terms of *both employability and* in terms of actual employment.

The **Voluntary Sector Option** scored highly on number of job search methods used, and on self-confidence, while on human capital and perceived helpfulness of New Deal it was bracketed with or close behind the Employment option. It scored low only on willingness to move area in search of work. The relative effectiveness of the Voluntary Sector Option suggests that this type of 'intermediate employment' is capable of providing a high quality alternative to subsidised employment.

While less effective than the Employment and Voluntary Sector Options with regard to employability, the **Full-time Education and Training** and **Environment Task Force** were more effective than the Extended Gateway. Participants on the Full-time Education and Training Options gained the highest level of qualifications and it also scored relatively high on attitudes of being in control in seeking a job, and towards further training and development. However, Full-time Education and Training was

less effective in creating a desire for further training and development among disadvantaged participants than among those who were less disadvantaged. The **Environment Task Force Option** was only behind subsidised employment on the training outcomes, but did less well on qualifications than either Full-time Education and Training or Voluntary Sector. However, it did seem to help those without previous job experience with qualifications. Its participants searched widely for jobs, but were relatively low on willingness to move area. They also rated New Deal low on helpfulness and had relatively negative attitudes towards being in control of their own job search.

The Extended Gateway appeared to be systematically disadvantageous in terms of employability measures, relative to being on an option. It scored at the bottom end on training, qualifications, attachment to the labour market, helpfulness of New Deal, self-efficacy and self-confidence. The differences were often large and highly significant. It did better only on willingness to move area, and feeling in control on job search.

Job quality

The findings on *job quality* did not suggest an overall advantage for any particular Option. Job satisfaction was generally high among respondents who were in unsubsidised employment at the stage 2 interview. Those who went through the Full-time Education and Training Option reported higher levels of job satisfaction than they would have obtained if they had participated in the Voluntary Sector Option. Those who experienced an Extended Gateway achieved higher levels of job satisfaction than if they had been on the Voluntary Sector Option or the Environment Task Force. Wages were lower for those who had been through Full-time Education and Training than if they had been on the Voluntary Sector Option, while those who went through the Environment Task Force route earned more than if they had been on Full-time Education and Training. Those who had taken the Voluntary Sector route obtained better-paying jobs than those obtained through the Extended Gateway.

Disadvantaged groups

Overall, there were few examples of the relative impacts of Options being different between the *more disadvantaged participants and the less disadvantaged participants*. In the main, each New Deal Option appeared to achieve outcomes for its different types of participants with similar degrees of success, relative to the other Options or to Extended Gateway. However, ethnic minorities and those who had never been in a paid job, or whose search for employment was hampered by lack of references from a previous employer, were less likely to enter the Employment Option than less disadvantaged participants, which contributed to the lower rates of employment entry experienced by these groups. The relative performance of those with multiple disadvantages tended to be boosted most by the Full-time Education and Training option, since this would have addressed their most fundamental needs.

Conclusions

These findings underline the benefits of multi-faceted programmes for long term unemployed people. While the Employment Option emerged as the most successful

overall, improving prospects in terms of both employment and employability, the other Options each helped participants in a number of respects. They all enhanced employability relative to the Extended Gateway route which, while not analogous to a 'no treatment' pathway, represented the least intensive New Deal experience of those considered. These improvements in employability might reasonably be expected to produce positive employment outcomes for participants over the medium- to long-term.

While these findings can be expressed with confidence, it is important not to over-interpret them or to extrapolate from them in ways that would be unjustified on the basis of the research. While the Employment Option can be regarded as the most effective route through New Deal therefore, this would not necessarily persist if the number of participants going through this Option were greatly increased. The effectiveness of the Option depends partly on the quality of relationship forged in the first instance between the New Deal service provider and the participating employer and in the second case between the employer and the participant. The supply of appropriate employers and participants is obviously limited to some degree, so that any extension in scope of the Employment Option would have to be sensitive to the need to maintain this quality.

Another point to be noted is that the findings relate to a particular context, which includes the whole set of labour market policies and services, as well as the general economic and labour market environment. The sample entered the programme from September to November 1998 and their experiences were tracked up to June 2000. This period coincided with a general improvement in labour market conditions, including those for young unemployed people. While New Deal may have been partly responsible for this improvement, and other parts of the New Deal evaluation are aiming to estimate the extent to which it was, it is not plausible to suggest that New Deal was entirely responsible for the reduction in youth unemployment that occurred in this period. It has sometimes been argued that active labour market policy is more effective in an improving labour market than in a declining one. While it is hard to find systematic data that would either support or refute this argument, it would be sensible to assume that the study findings are not necessarily transferable to a scenario of declining labour market conditions.

A related point is that the results come from a relatively short-term study, focusing on outcomes achieved within about 18 months after entry to the programme. The findings are dependent on the assumption that this time period provides a reasonable estimate of at least the medium-term impact of the programme. This assumption is likely to be safer for some elements of the programme and for some types of outcome than for others. Given the relatively long duration of the Full-time Education and Training Option, for example, which can last for up to 12 months, the evaluation period does not provide much time for this intervention to register an effect. This point is reinforced by the tendency for the benefits from education and training to accrue over a longer period rather than to be felt immediately. Similarly, the length of the evaluation period provided little scope for the enhancements in employability engendered by the New Deal Options to be translated into employment outcomes. For both of these reasons, and doubtless others, it would be useful to follow this cohort over a longer period through the New Deal Evaluation Database to investigate

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whether the effects persisted or altered when progressing from the medium to the longer term.

A final constraint on the evaluation which should be noted is that it has been limited to assessing the programme effects on participants. The demonstrated job advantage for particular routes through New Deal cannot be translated directly into an aggregate effect on the labour market. This is because of the possibility of substitution or displacement. The aggregate effect depends upon the way in which employers respond to the availability of job seekers who have gained whatever advantages are provided by New Deal. If employers adjust their recruitment and wage policies efficiently to take advantage of the improved labour supply offered by New Deal, then an aggregate effect on employment will result. Other parts of the New Deal evaluation are seeking to estimate whether such an aggregate effect has occurred.

Appendix 1: Experiences of the New Deal programme

1.1 Introduction

The primary aim of this appendix chapter is to evaluate the programme experience of New Deal participants and examine how this experience has changed in the 9-15 month period between the stage 1 and stage 2 interviews. The chapter also explores how programme experience was related to the characteristics of the participants and to the routes through New Deal that they followed. While of importance to the programme evaluation, the analyses presented in this chapter are descriptive in nature and as such are not comparable to the results presented earlier based on matching and other econometric techniques. It is for this reason that they are placed in an appendix.

In total, over 6,000 young people were interviewed in the stage 1 survey. Just over half of these 3,391 respondents, were re-interviewed at stage 2. Out of these, six were not in the cohort and 27 had entered the New Deal at the start of their first ever unemployment spell. After dropping these 33 cases, there were 3,358 stage 2 respondents who provided usable data for analysis.

This chapter is divided into three sections. The first looks at the overall perceptions of the New Deal experience and also analyses the more specific ways in which the programme had helped participants. The next section evaluates the experiences of participants with their New Deal Personal Advisers (NDPA) and the final section looks at the experiences of participants on New Deal Options and Follow-through.

1.2 Overall perceptions of the New Deal experience

Change in usefulness of the New Deal

In the stage 1 survey, 61 per cent of respondents found their time on New Deal useful. Table 1.1 shows the change in usefulness of New Deal between the first and second surveys. Most showed no change in their opinion between the surveys. Of those who did not find New Deal useful at the first survey, however, 32 per cent found it useful by the time of the second survey. Only 26 per cent of those who found New Deal useful at stage 1 said it was not useful at stage 2.

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Table 1.1: Change in usefulness of New Deal

How useful have you found your time on New Deal	<u>Survey 1</u>	
	Useful %	Not useful %
<u>Survey 2</u>		
Useful	73	32
Not useful	26	65
Not sure	2	3
<i>Base</i>	2107	931

According to the stage 2 survey, women, in general, found New Deal more useful than men did. Respondents who were married or living with partners found the programme less useful than single men or women (Appendix Table 1.1). Around 22 per cent of married/cohabiting female respondents found that the programme was “not at all useful” compared to 16 per cent of single women.

Table 1.2 shows the change in usefulness of New Deal between the first and second surveys for different subgroups. Two groups stand out for their better opinion about the usefulness of New Deal. More of those with literacy and numeracy problems since age 16 (21 per cent) found New Deal was now useful than did those without these problems (17 per cent). A more general measure of those with job disadvantages¹ also reflects this, as more (20 per cent) of those with job disadvantages found New Deal was now useful than did those without job disadvantages (16 per cent).

Positive assessment of the usefulness of New Deal was also strongly associated with self-assessed good health. One fifth of participants with self-assessed excellent general health said that the programme was “very useful”, compared with only one tenth of those who assessed their general health as poor (Appendix Table 1.2). Similarly, respondents with “poor” mental health were most likely to say that the New Deal was “not at all useful”. Only 12 per cent of those suffering from mental health problems found the programme to be “very useful” as against 21 per cent of those with no such problems.

Respondents who had gained a qualification since the stage 1 survey were significantly more likely than others to state that New Deal had been useful. More than 70 per cent of those who had acquired a qualification found New Deal to be “very useful” or “fairly useful” compared to around 52 per cent of those who had not acquired any qualifications (Table 1.3).

¹ Note this group includes those with literacy and numeracy problems, no prior work experience, no qualifications, no work references.

Table 1.2: Change in usefulness of New Deal, by subgroups

<i>Unweighted frequencies</i>	<i>% More useful</i>	<i>% No change</i>	<i>% Less useful</i>	<i>base</i>
Men	19	71	10	2122
Women	16	74	9	854
Age:				
18-19	18	72	10	765
20-21	19	72	9	999
22-23	18	71	11	722
24-25	17	72	11	488
Qualifications:				
None	20	69	11	771
NVQ Level 1-2	18	73	10	1791
NVQ Level 3,4-5	16	74	10	374
Other qualifications	(25)	(63)	(13)	40
Age left full-time education				
Less than 16	23	67	10	276
16 or more	18	72	10	2634
Drivers licence	17	73	10	647
No drivers licence	19	71	10	2329
No previous job	17	73	10	977
Previous job	19	71	10	1999
Problem reading or writing English, numeracy since age 16	21*	69	10	666
No such problems	17*	73	10	2310
Drugs, alcohol, law or prison or non-private residence	20	70	10	352
No Drugs, alcohol, law or prison or non-private residence	18	72	10	2624
Lone parent	(20)	(75)	(5)	(44)
Not lone parent	18	72	10	2932
Job access problems affect job search	17	72	11	1411
No job access problems affect job search	19	72	9	1565
Domestic/financial problems affect job search	19	70	12	509
No domestic/financial problems affect job search	18	72	10	2467
Ethnic	19	70	11	565
White	18	72	10	2402
Length of qualifying spell of unemployment:				
Less than 12months	18	72	10	1524
12 months or more	16	74	10	845
Self-assessed Mental health				
Very good	18	74	8	1293
Good	17	73	10	830
Fair	19	67	14	520
Poor	21	67	12	309
Health problem	19	70	11	837
No health problem	18	73	10	2139
Job disadvantages (no prior job, no qualifications, literacy/numeracy problems, no work references)	20**	70	10	1849
No job disadvantages	16**	74	10	1127
Self-efficacy in job search				
Very low/low	21	67	12	510
High	18	71	10	1325
Very high	17	74	9	1141
Rural area	15	76	9	587
Rural/urban	20	68	12	692
Urban	18	72	9	1037
Inner city	19	71	10	660

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Table 1.3: Overall usefulness of New Deal by qualification gained since stage 1 survey

	<i>Column Percentages</i>	
	Gained qualification	Did not gain qualification
Very useful	27	14
Fairly useful	44	38
Not very useful	15	19
Not at all useful	10	21
Not sure	1	2
Cannot recall New Deal	4	6
<i>N</i>	<i>681</i>	<i>2677</i>

Base: All those who responded to stage 1 and stage 2 surveys.

Table 1.4 shows that the perceived usefulness of New Deal was related to New Deal Options. Respondents whose first Option was subsidised employment were most likely to find the programme “very useful” (27 per cent) and those who first entered the Environment Task Force (ETF) Option were least likely to find it so (21 per cent). Twenty-three per cent of those who went through the ETF route found that the programme was “not at all useful” compared to only six per cent of those who went on the Employment Option.

Table 1.4: Overall usefulness by New Deal Options

	<i>Column Percentages</i>			
	Employment Option	FTET Option	VS Option	ETF Option
Very useful	27	22	24	21
Fairly useful	48	45	41	40
Not very useful	17	17	17	15
Not at all useful	6	15	18	23
Not sure	1	1	0	1
Cannot recall New Deal	0	1	0	
<i>Weighted Base</i>	<i>272</i>	<i>842</i>	<i>364</i>	<i>368</i>
<i>Unweighted Base</i>	<i>264</i>	<i>845</i>	<i>368</i>	<i>379</i>

Base: All those who entered an Option.

Respondents, who had previously participated in government programmes aimed to help with training, work experience or job search found New Deal more useful than those who had not participated in similar programmes. Table 1.5 shows that around 61 per cent of those who had previously participated in government programmes found New Deal useful against 55 per cent of those with no experience of prior participation. It may be

that respondents with prior experience of government programmes consider New Deal to be more useful in comparison to these.

Table 1.5: Overall usefulness of New Deal by prior participation in government programmes

	<i>Column percentages</i>		
	Had previously participated in govt. prog.	Did not participate in govt. prog.	Don't know
Very useful	19	17	15
Fairly useful	42	38	35
Not very useful	18	18	25
Not at all useful	16	19	19
Not sure	2	2	4
Cannot recall New Deal	4	6	2
<i>Weighted base</i>	<i>875</i>	<i>2394</i>	<i>80</i>
<i>Unweighted Base</i>	<i>866</i>	<i>2410</i>	<i>75</i>

Base: 3351(9 missing cases)

How New Deal has helped participants

At both stage 1 and stage 2 all those recalling New Deal were asked whether the programme had helped them in any of the following ways:

- increasing your confidence
- improving your skills
- learning new skills
- getting work experience
- looking for work

Two additional questions were introduced at stage 2.

- improving reading, writing or number skills
- getting a job

This was a multiple response question and participants could mention more than one way in which the programme had helped them. At both stage 1 and stage 2 help with looking for work was mentioned by over half of those recalling New Deal (Table 1.6) and more than one third of respondents found that the programme had helped them in increasing confidence, improving skills and learning new skills. As compared to stage 1, more participants had referred to help in getting work experience at stage 2 (34 per cent at stage 2 as against 29 per cent at stage 1). However, respondents at stage 2 were slightly

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more likely to say that the programme was not helpful in any of these ways (27 per cent as compared to 24 per cent at stage 1).

Table 1.6: How New Deal has helped participants

	<i>Percentages</i>	
	Stage 1	Stage 2
Increasing confidence	43	38
Improving skills	38	40
Learning new skills	37	39
Improving reading, writing or number skills	*	10
Getting work experience	29	34
Looking for work	57	54
Getting a job	*	28
No help	24	27
<i>Weighted Base</i>	<i>3175</i>	<i>3168</i>
<i>Unweighted Base</i>	<i>3171</i>	<i>3163</i>

Base: All those recalling New Deal

Notes: * This was not asked in Stage 1.

Multiple response question.

Those who had gained a qualification since the stage 1 survey found New Deal to be significantly more helpful than those who had not gained any qualifications (Table 1.7). For example, more than 60 per cent of respondents who gained a qualification mentioned that New Deal had helped them in improving skills and learning new skills as compared to 34 per cent and 32 per cent respectively of those who had not gained any qualifications. Respondents who had gained a qualification were also least likely to say that the programme was not helpful at all.²

² The relationship between human capital acquisition and perceptions of New Deal usefulness are explored in more detail in Chapter Three.

Table 1.7: How New Deal has helped participants by qualification gained since stage 1 survey

	<i>Column percentages</i>	
	Gained qualification	Did not gain qualification
Increasing confidence	50	35
Improving skills	61	34
Learning new skills	63	32
Improving reading, writing or number skills	14	9
Getting work experience	48	30
Looking for work	60	53
Getting a job	38	25
No help	15	31
<i>Weighted Base</i>	677	2491
<i>Unweighted Base</i>	656	2507

Base: All those recalling New Deal

Overall, respondents with disadvantages were less likely to say that the programme was helpful (Appendix Table 1.3). However, individuals with specific disadvantages found the programme to be helpful in certain respects. For example, 22 per cent of respondents with literacy or numeracy problems mentioned that New Deal had helped them in improving reading, writing or number skills while only six per cent with no such problems mentioned so. Respondents who had previously participated in similar government programmes found New Deal to be more helpful than the other groups. Forty-eight per cent of those who had previously participated in government programmes found that New Deal had helped in learning new skills and only 20 per cent said that it was not helpful in any way, as compared to 36 per cent and 30 per cent of those who had not participated in any programme.

The ways in which New Deal had helped participants was strongly related to Option entry. For example, respondents whose first Option was Full-time Education and Training were most likely to mention that New Deal had not helped them in any way while those whose first Option was Employment were least likely to do so (Table 1.8). Those who took the Employment route were most likely to mention that New Deal had helped them in getting a job and work experience.

Table 1.8: How New Deal has helped participants by Option

	<i>Column percentages</i>			
	Employment Option	FTET Option	VS Option	ETF
Increasing confidence	47	44	52	43
Improving skills	56	55	58	48
Learning new skills	57	57	53	52
Improving reading, writing or number skills	9	15	15	11
Getting work experience	70	35	58	49
Looking for work	67	56	60	59
Getting a job	66	26	29	27
No help	8	20	18	18
<i>Weighted Base</i>	<i>272</i>	<i>837</i>	<i>363</i>	<i>368</i>
<i>Unweighted Base</i>	<i>263</i>	<i>839</i>	<i>367</i>	<i>379</i>

Base: All those who entered an Option

Helpful elements of New Deal

All those recalling New Deal were asked which of the following had been helpful:

- Guidance with careers
- Interviews with a Personal Adviser
- Help with looking for jobs
- Help with getting job interviews
- Work experience
- Further education and training
- Help with reading, writing or language skills
- Anything else

Around 78 per cent of those recalling the New Deal at stage 1 said that they found something helpful while only 60 per cent found something helpful in at stage 2 (Table 1.9). At stage 1 more than half of respondents mentioned that interviews with their NDPA had been helpful but this figure dropped to 32 per cent at stage 2. Stage 2 respondents were more likely to mention that New Deal had helped them in getting work experience. Seventeen per cent of stage 2 respondents stated that programme had helped them in getting work experience compared to 13 per cent of stage 1 respondents. This reflects the fact that at stage 1 most respondents had not moved beyond the Gateway whereas by stage 1 most had started an Option.

Table 1.9: Helpful elements of New Deal

	<i>Percentages</i>	
	Stage 1	Stage 2
NDPA interview	51	32
Help with looking for jobs	39	29
Further education and training	24	19
Help with getting job interviews	21	14
Guidance with careers	14	8
Work experience	13	17
Help with reading, writing or language skills	5	4
Other things	1	1
Nothing helpful	22	40
<i>Weighted Base</i>	<i>3175</i>	<i>3168</i>
<i>Unweighted Base</i>	<i>3171</i>	<i>3163</i>

Base: All those recalling New Deal

Notes: Multiple-response question.

What the participants found helpful varied according to Option entry (Table 1.10). For example, those who took the Full-time Education and Training route were most likely to mention further education and training as the most helpful element of New Deal while those who first went on the Employment Option felt that help with getting job interviews was the more important element.

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Table 1.10: Helpful elements of New Deal by Option

	Emp Option	FTET Option	<i>Column percentages</i>	
			VS Option	ETF
NDPA interview	35	40	43	38
Help with looking for jobs	32	28	35	38
Further education and training	13	38	20	13
Help with getting job interviews	21	15	19	16
Guidance with careers	9	8	13	4
Work experience	30	17	37	26
Help with reading, writing or language skills	2	5	4	6
Other things	1	1	1	0
Nothing helpful	38	31	26	29
<i>Weighted Base</i>	<i>272</i>	<i>837</i>	<i>363</i>	<i>368</i>
<i>Unweighted Base</i>	<i>263</i>	<i>839</i>	<i>367</i>	<i>379</i>

Base: All those who entered an Option

Notes: Multiple-response question.

1.3 Experiences with New Deal Personal Advisers

Number of interviews with the New Deal Personal Adviser

All stage 2 respondents were asked whether they had had any interviews with a New Deal Personal Adviser (NDPA) since the stage 1 survey. Around 57 per cent of respondents said they had one or more interviews (Table 1.11). Men were more likely to say that they had more than one interview and less likely to say that they did not have any interviews. Only 39 per cent of men said that did not have any interviews or could not recall any interviews compared to half of women. Married women were least likely to recall any interviews and 64 per cent of them said that they did not have any interviews or could not recall any interviews.

Table 1.11: Number of interviews with the New Deal Personal Adviser since the stage 1 survey

	All respondents	<i>Percentages</i>	
		Men	Women
Once	9	9	10
More than once	48	52	40
None at all	41	38	48
Don't know	1	1	2
<i>Weighted Base</i>	3358	2379	979
<i>Unweighted Base</i>	3358	2363	995

Base: All stage 2 respondents

Respondents who had gained some qualifications since the stage 1 survey were more likely to say that they had one or more interviews with the NDPA since that time. Sixty seven per cent of respondents who had gained some qualifications had one or more interviews with the Personal Adviser compared to 56 per cent of those who did not gain any qualifications (Appendix Table 1.4).

Respondents with disadvantages were less likely to say that they did not have any interviews or could not recall any interviews. For example, 62 per cent of respondents with literacy or numeracy problems had one or more interviews compared to 57 per cent of those with no such problems. Again, Appendix Table 1.5 shows that only 38 per cent of those without a current driving licence did not have or could not recall interviews with the NDPA compared to 53 per cent of those with a driving licence. This may be associated with the tendency for disadvantaged individuals to stay on the Gateway for longer than other groups (see Chapter Two).

The number of interviews also varied by New Deal Options and respondents who first entered the Employment Option were least likely to have had an NDPA interview since stage 1. Appendix Table 1.6 shows that 47 per cent of respondents who took the Employment route said that they did not have any interviews/could not recall any interviews with the Personal Adviser compared to 27 per cent from the ETF and FTET Options.

Satisfaction with the help offered by the New Deal Personal Adviser

All those who recalled interviews with the NDPA or staff at the Employment Service or Jobcentre were asked how satisfied they were with the help offered by the Personal Adviser/ Employment Service staff. In the first survey it was found that 74 per cent of respondents were satisfied with the help offered by the NDPA. Table 1.12 shows the change in satisfaction with the help offered by the NDPA between the first and second surveys. Of those who were least satisfied at the first survey, 41 per cent were now satisfied and 12 per cent held no strong opinion, slightly less than half (47 per cent) remained dissatisfied. Of those who had been satisfied in the first survey, only 12 per cent

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now felt dissatisfied. Nearly half (47 per cent) of those who held no strong opinion in the first survey, now felt satisfied.

Table 1.12: Change in Satisfaction with help offered by NDPA

Satisfaction with help offered by NDPA/ES/jobcentre	<i>Stage 1</i> satisfied %	neither %	dissatisfied %
<i>Stage 2</i>			
Satisfied	78	47	41
Neither	10	24	12
Dissatisfied	12	29	47
Base	1638	201	281

Base: all with satisfaction measure in both surveys

Focussing specifically on satisfaction with NDPAs as shown by the stage 2 survey, it can be seen that responses varied by Option. Participants in subsidised employment were most likely to be completely satisfied with the help offered (Table 1.13). This was in spite of the fact that they were least likely to have more than one interview. Around 53 per cent of those who went through the Employment Option were completely or very satisfied with the help offered compared to 38 per cent of those who took the ETF and Voluntary Sector Options and 44 per cent of those who took the Full-time Education and Training route.

Table 1.13: Satisfaction with the help offered by the New Deal Personal Adviser by Option

	<i>Column Percentages</i>			
	Employment Option	FTET Option	VS Option	ETF Option
Completely satisfied	20	15	14	15
Very satisfied	33	29	25	23
Fairly satisfied	26	30	32	31
Neither satisfied nor dissatisfied	7	11	9	11
Fairly dissatisfied	6	7	10	8
Very dissatisfied	3	3	5	5
Completely dissatisfied	6	5	5	8
No opinion		0		
<i>Weighted Base</i>	<i>161</i>	<i>663</i>	<i>299</i>	<i>290</i>
<i>Unweighted Base</i>	<i>151</i>	<i>660</i>	<i>300</i>	<i>302</i>

How well they got along with the New Deal Personal Adviser

In the first survey, just over half of respondents (52 per cent) got along very well with their NDPA and 39 per cent got along quite well. In all, 91 per cent got along well with their NDPA, while only 8 per cent did not get along or did not get along very well. The stage 1 report (Bryson, Knight and White, 2000), as well as the qualitative report by Legard and Ritchie (1999), found that the relationship with the NDPA is key to the overall New Deal orientation and outcomes.

Table 1.14 shows the change in how well participants got along with the NDPA between the first and second surveys. Of those who did not get along, most felt relations had improved, 16 per cent now got along very well and 47 per cent got along quite well. Only 37 per cent of those who did not get along still felt relations were not good. Very few felt relations had strongly worsened, with four per cent of those who had got along very well in the first survey not getting along now and nine per cent of those who had got along quite well in the first survey not getting along now.

Table 1.14: Change in how well got along with NDPA

Get along with personal adviser	<i>stage 1</i>		
	Very well %	Quite well %	Not very/at all well %
<i>stage 2</i>			
Very well	65	38	16
Quite well	30	52	47
Not very/at all well	4	9	37
Not sure	1	1	
<i>Base</i>	989	726	117

Base: all with how well got along measure in both surveys

Focussing specifically on responses to this question at stage 2, it can be seen that the quality of relationship with NDPAs varied according to Option. Six in 10 of those respondents who went through the Employment Option said they got on very well with the Personal Adviser, compared with 47 per cent of the ETF and 55 per cent of the VS and FTET groups (Table 1.15).

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Table 1.15: How well participants got along with the New Deal Personal Adviser by Option

	<i>Column percentages</i>			
	Employment Option	FTET Option	VS Option	ETF Option
Very well	60	55	55	47
Quite well	34	40	35	44
Not very well	4	4	4	5
Not at all well	2	2	4	4
Not sure	1	1	2	*
<i>Weighted base</i>	<i>142</i>	<i>602</i>	<i>279</i>	<i>261</i>
<i>Unweighted base</i>	<i>133</i>	<i>602</i>	<i>279</i>	<i>273</i>

Base: All those who entered an Option and recalled interviews with the New Deal Personal Adviser or Employment Service staff.

As was the case at stage 1, there was a strong association between how well the participants got along with their Personal Adviser and satisfaction with the help offered. Appendix Table 1.7 shows that 44 per cent of those who did not get on at all with the Personal Adviser were completely dissatisfied with the help offered. On the other hand, 64 per cent of those who got on very well were either completely satisfied or very satisfied with the help offered.

Issues discussed with the New Deal Personal Adviser

All those recalling interviews with the Personal Adviser or Employment Service/Jobcentre staff were asked to identify from a showcard the issues they discussed with the advisers and also to mention if they had discussed anything that was not on the showcard.

More than 60 per cent of respondents had discussed their experience and skills and what work they might do in the future (Table 1.16). Different ways of looking for a job was mentioned by over half of respondents. The rank order of issues discussed is more or less constant across respondents with different socio-economic characteristics and it also does not vary much across different New Deal Options. However, as expected those in Full-time Education and Training (61 per cent) were more likely to discuss education and training as compared to those in other Options (55 per cent of those in the Employment Option, 54 per cent in VS and 51 per cent in ETF). The rank order of the issues discussed also did not vary across the stage 1 and stage 2 surveys.

Table 1.16: Issues discussed with the New Deal Personal Adviser

	<i>Percentages</i>	
	Stage 1	Stage 2
Experience and skills	72	62
Future work	68	61
Education or training	64	53
Possibilities of self-employment	16	14
Different ways of looking for work	58	54
Job application	44	42
Job seekers responsibilities	50	46
Different things they could do on the New Deal	70	53
Something else	1	2
None of these	3	5
<i>Weighted base</i>	<i>3082</i>	<i>2185</i>
<i>Unweighted base</i>	<i>3081</i>	<i>2164</i>

Base: All those recalling interviews with the New Deal Personal Adviser or Employment Service staff.

Notes: This is a multiple response question.

1.4 Experiences on New Deal Options and Follow-through

This section looks at participant's perception of the current Option. At the time of the survey interview around 18 per cent of participants were on one of the four Options.

Satisfaction with the current Option³

Table 1.17 shows that on the whole three fifths of participants were completely satisfied or very satisfied with the Option they were engaged in at the time of the stage 2 interview. On the other hand, one-tenth of participants were dissatisfied with the Option.

³ The tables in this section refer to respondents who were on particular Options at the stage 2 interview, rather than the first Option entered, which has been the focus of the chapter to this point. The survey questions on satisfaction with Options referred specifically to Options that were current at the time of the interview.

Table 1.17: Satisfaction with current New Deal Option

	Percentages
Completely satisfied	25
Very satisfied	35
Fairly satisfied	26
Neither satisfied nor dissatisfied	4
Fairly dissatisfied	5
Very dissatisfied	2
Completely dissatisfied	3
Too early to say	*
No opinion	*
<i>Weighted Base</i>	<i>598</i>
<i>Unweighted Base</i>	<i>611</i>

Base: All those who were on New Deal at stage 2 survey (self-reported).

Notes: Does not include self-employed.

Participants in the Employment Option were most likely to be completely satisfied with the Option and around 64 per cent of them stated that they were either completely satisfied or very satisfied. Respondents in ETF had the lowest satisfaction rating and 21 per cent said that they were dissatisfied with the Option compared to only 7 per cent of those in subsidised employment (Appendix Table 1.8).

Satisfaction with the training within work-based Options

All those currently on the New Deal Employment, ETF or Voluntary Sector Options were asked whether they were receiving any training and how long that training would last. If the training lasted for one week or more they were asked how satisfied they were with the training. Table 1.18 shows that the majority of respondents (86 per cent) were satisfied with the training offered.

Satisfaction with the Full-time Education and Training Option

Around 23 per cent of respondents in the FTET Option mentioned that they were completely satisfied with the course and another 35 per cent were very satisfied. The respondents were also asked whether the course that they were doing was what they really wanted to do. Eighty six per cent of respondents mentioned that the course was what they really wanted and only 14 per cent said that the course was not what they really wanted or they were not sure (Table 1.19). The majority of respondents who did not want to do the current course or were not sure wanted to attend a different course (39 per cent) or work in a paid job (39 per cent).

Table 1.18: Satisfaction with training received to do the work

	Percentages
Completely satisfied	28
Very satisfied	39
Fairly satisfied	19
Neither satisfied nor dissatisfied	5
Fairly dissatisfied	7
Very dissatisfied	1
Completely dissatisfied	1
<i>Weighted Base</i>	231
<i>Unweighted Base</i>	233

Base: All those currently on New Deal Employment, VS and ETF Options and were receiving training for 1 week or more.

Table 1.19: Is the current course what the participants really wanted?

	Percentages
Yes	86
No	11
Not sure	3
<i>Weighted Base</i>	200
<i>Unweighted Base</i>	213

Base: All those on FTET at the time of the stage 2 interview.

Follow-through

There is considerable interest in the operation and effectiveness of Follow-through. This section compares the satisfaction levels of those who were registered as being on Follow-through according to the NDED at the time of the stage 2 interview with those of other respondents.

Table 1.20 shows that Follow-through compared favourably with other activities in relation to a wide range of satisfaction measures. Three-quarters (76 per cent) of those on the Follow-through at the time of the stage 2 interview said they were completely or very satisfied with the help provided by the NDPA, compared to 69 per cent for the rest of the sample. Similarly, those on Follow-through were more likely to get along very well with their NDPA compared to other New Deal participants. Follow-through was associated with even more positive viewpoints in relation to New Deal effectiveness, with the proportion saying their time on New Deal was useful being higher than for the rest of the

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sample (74 per cent against 58 per cent) and likewise for those saying that New Deal increased their chances of getting a good job (57 per cent against 42 per cent). It should be noted, however, that the satisfaction levels for Follow-through respondents may reflect their entire experience of New Deal and not only Follow-through.

Table 1.20 Satisfaction levels with Follow-through

Measure of satisfaction	<i>Percentages</i>	
	Those on Follow-through	Remainder of sample
Per cent completely or very satisfied with NDPA	76	69
Per cent saying time on New Deal was useful	74	58
Per cent saying that New Deal strongly increased chances of getting a better job	57	42
Per cent getting along very well with NDPA	56	50

So while in an objective sense those on Follow-through might be considered, around 15 months after New Deal entry, to have achieved relatively little in terms of concrete outcomes from the programme, their answers to these subjective questions suggest that their experiences on Follow-through have been positive.

Appendix Table 1.1: The perceived value of the New Deal by sex and marital status

	<i>Column Percentages</i>			
	All men	Single men	Married/cohab men	All women
Overall usefulness of the New Deal				
Very Useful	16	16	17	19
Fairly useful	39	40	35	39
Not very useful	19	19	19	15
Not at all useful	19	18	21	17
Not sure	2	2	2	2
Cannot recall New Deal	5	5	6	7
On New Deal people are pushed into things they don't want to do				
Strongly agree	35	34	40	30
Slightly agree	23	23	22	23
Neither agree nor disagree	11	11	12	10
Slightly disagree	13	13	11	13
Strongly disagree	13	13	10	18
No opinion	3	3	2	4
Not applicable	2	2	3	3
New Deal has improved chances of getting a good job				
Strongly agree	14	15	12	17
Slightly agree	26	27	24	26
Neither agree nor disagree	17	16	17	14
Slightly disagree	12	12	13	11
Strongly disagree	25	24	28	24
No opinion	2	2	2	3
Not applicable	4	4	4	5
<i>Weighted Base</i>	2379	1947	427	979
<i>Unweighted Base</i>	2363	1952	408	995

Base: All those who responded to stage 1 and stage 2 surveys.

Appendix Table 1.2: Overall usefulness of New Deal by general health and psychological well-being

	<i>Row Percentages</i>				
	Very Useful	Fairly Useful	Not very Useful	Not at all useful	Not Sure/ Cannot recall
General Health					
Excellent	20	36	16	19	8
Very Good	18	42	16	16	8
Good	15	42	21	15	7
Fair	15	36	18	24	8
Poor	10	31	21	30	8
Mental Health					
Very Good	21	38	16	16	8
Good	16	42	19	16	7
Fair	14	41	19	21	4
Poor	12	31	20	27	11

Notes: Have not considered those who said don't know or no opinion.

Appendix Table 1.3: Overall usefulness of New Deal by disadvantages

	<i>Row percentages</i>				
	Very Useful	Fairly Useful	Not very Useful	Not at all useful	Not Sure/ Cannot recall
Drug/alcohol/offending/housing problem ¹					
Had Problems	15	35	17	25	9
No Such Problems	17	40	18	17	7
Literacy and/or numeracy problem					
Had Problems	17	38	18	20	7
No Such Problems	17	39	18	18	8
Driving license					
No driving license	18	40	18	19	7
Current driving license	15	37	19	17	11
Long term health problems/disabilities					
Had long-term health problems	19	36	17	22	6
No long-term health problems	17	40	18	17	8
Did not have enough money					
Often	13	35	21	25	6
Sometimes	17	45	17	14	7
No/never	23	39	15	13	10

Notes: 1 The variable is Stigma.

*Denotes small sample size.

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Appendix Table 1.4: Number of interviews with the New Deal Personal Adviser by whether the respondent has gained any qualification since Wave 1 survey

	<i>Column Percentages</i>	
	Gained qualification	Did not gain qualification
Once	12	9
More than once	55	47
None at all	33	43
Don't know	0	2
<i>Weighted Base</i>	<i>704</i>	<i>2654</i>
<i>Unweighted Base</i>	<i>681</i>	<i>2677</i>

Base: All stage 2 respondents

Appendix Table 1.5: Number of interviews with the New Deal Personal Adviser by whether the respondent had current driving licence

	<i>Column Percentages</i>	
	Had current driving licence	Did not have current driving licence
Once	9	10
More than once	39	52
None at all	51	37
Don't know	2	1
<i>Weighted Base</i>	<i>844</i>	<i>2514</i>
<i>Unweighted Base</i>	<i>820</i>	<i>2538</i>

Base: All stage 2 respondents

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Appendix Table 1.6: Number of interviews with the New Deal Personal Adviser by New Deal options

	Employment Option	FTET Option	VS Option	ETF Option
Once	11	10	11	8
More than once	42	63	68	65
None at all	47	26	20	26
Don't know		1	1	1
<i>Weighted Base</i>	272	842	364	368
<i>Unweighted Base</i>	264	845	368	379

Base: All stage 2 respondents

Appendix Table 1.7: Satisfaction with the help offered by the New Deal Personal Adviser by how well the respondents got along with their Personal Advisers

	<i>Column Percentages</i>				
	Very well	Quite well	Not very well	Not at all well	Not sure
Completely satisfied	26	3	1		5
Very satisfied	38	16	2	3	16
Fairly satisfied	23	45	23	6	26
Neither satisfied nor dissatisfied	4	16	16	12	16
Fairly dissatisfied	4	10	18	17	8
Very dissatisfied	2	5	21	17	7
Completely dissatisfied	3	6	19	44	21
No opinion	0	0		1	
<i>Weighted Base</i>	<i>968</i>	<i>764</i>	<i>99</i>	<i>62</i>	<i>13*</i>
<i>Unweighted Base</i>	<i>965</i>	<i>756</i>	<i>102</i>	<i>58</i>	<i>13*</i>

Base: All those recalling interview with the New Deal Personal Adviser or Employment Service staffs.

Notes: * denotes small sample size.

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Appendix Table 1.8: Satisfaction with current New Deal Option, by Current Options

	<i>Column Percentages</i>			
	Employment Option	VS Option	ETF Option	FTET Option
Completely satisfied	28	14	24	23
Very satisfied	36	41	27	35
Fairly satisfied	25	23	23	30
Neither satisfied nor dissatisfied	3	7	5	3
Fairly dissatisfied	4	7	6	3
Very dissatisfied	1	4	3	3
Completely dissatisfied	2	3	12	2
Too early to say	0	1		0
No opinion				0
<i>Weighted Base</i>	<i>249</i>	<i>84</i>	<i>65</i>	<i>199</i>
<i>Unweighted Base</i>	<i>250</i>	<i>86</i>	<i>63</i>	<i>212</i>

Base: All those who were currently on New Deal.

Appendix 2.1 The method of matching

The essential difficulty of programme evaluation is one of missing data. It is possible to observe choices that individuals make or influences they are exposed to, and also to observe outcomes. The problem is that we cannot observe the outcome that would have resulted had the individual made an alternative choice or been subject to an alternative influence. This hypothetical outcome is known as the counterfactual.

Simple inspection of the differences in outcomes between those participating and those not participating in a programme is likely to be misleading since no account is taken of selection into that programme. In other words, there may be systematic differences in characteristics across participants and non-participants that one might expect to influence outcomes. In order to isolate the programme effect from the effect of individual characteristics, these selection effects must be accounted for. As noted earlier, there are a number of methods available to do this.

Generally viewed as the most defensible approach is random assignment. This operates by creating a control group of individuals who are randomly denied access to a programme. The outcomes of those participating in the programme relative to those in the control group provide an indication of the programme effect (subject to some provisos – see Heckman et al., 1999). This approach was not an option for the evaluation of the New Deal since the programme was introduced nationally and universally for the eligible population.

The approach used instead was the method of matching. This is described below. In doing so, the single treatment¹ case is considered first. While the range of Options in the New Deal makes for a more complicated structure, concentrating on the single treatment case allows us to focus on the main principles behind matching (which are common to both the multiple treatment and the single treatment case) before considering the additional refinements necessitated by the multiple treatment nature of the New Deal.

The essence of the approach is that, for each treated person, a non-treated individual is identified who is, in some sense, similar. In effect, this non-treated person becomes the counterfactual for the treated person. That is to say, the outcome of the identified non-treated person can be regarded as the outcome that would have resulted had the treated person not received treatment. Comparing the average outcome of those in the treated group with their matched counterparts provides an indication of the effect of the treatment (in a similar way to the random assignment case).

Implicit in this approach is the key identifying assumption of matching; namely, that if one can control for differences in characteristics between the treated and non-treated group, the outcome that would result in the absence of treatment is the same in both cases. Clearly, this outcome is observed for the group that receives no treatment, but this

¹ Note that in the evaluation literature the term “treatment” is used to denote experience of a labour market programme. The same convention is followed here. The different Options of the New Deal represent separate treatments.

assumption allows the counterfactual outcome for the treatment group to be inferred, and therefore for any differences between the participants and non-participants to be attributed to the effect of the programme. With all relevant differences between the treatment and comparator groups accounted for, the matching technique can be viewed as the non-experimental analogue of a random assignment approach.

For this assumption to be plausible, one must be able to control for all characteristics that will affect both participation and outcomes jointly. This requires very informative data. In the case of the New Deal, such data were available and it therefore appears defensible to apply the matching approach. As will be seen later, rich information (drawn from administrative records and survey responses) was available on the labour market and other characteristics at both the individual and local area level.

A practical difficulty that arises when attempting to match individuals is that, as the number of characteristics to be matched increases, the probability of not finding a match increases. In other words, the chances of finding a 'similar' person fall as one becomes more specific as to what this person should be like. Where a suitable match can be found for an individual in the treatment group, there is said to be *support* in the comparator group for that member of the treatment group. Rosenbaum and Rubin (1983) show that if the identifying assumption for matching holds, it will also hold for certain functions of the controlling variables. One such function is the propensity score; the probability of belonging to the treatment group. Propensity score matching involves judging similarity between individuals purely on the basis of their propensity score. Matching using a single number in this way can prove less demanding in terms of support than matching a large number of characteristics directly. It is also necessary, however, that the propensity score in the comparator group must be greater than 0 but less than 1 for all values of the propensity score in the treatment group. If this condition does not hold, the remedy is to discard those observations in the treated group that are causing the problem. This ensures there is support for the treated group among the comparator group. While it does not cause any real problems where only a small proportion of the sample is discarded in this way, should a more sizeable number of observations be rejected, the representativeness of the estimated effect may be compromised.

There are a number of possible ways of identifying the comparator group. The single nearest-neighbour technique, used in the present research, involves finding for each treated individual that non-treated individual with the most similar propensity score (and, consequently, most similar characteristics). This procedure is usually implemented with replacement: each treated individual has one match but a non-treated individual may be matched to more than one treated individual. Dehejia and Wahba (1998) find that allowing for non-treatment group members to be used more than once as comparators improves the performance of the match. Furthermore, matching with replacement in this way is less demanding in terms of the support requirement since individuals in the comparator group who would provide the closest match to a number of treated individuals remain available. Should a certain type of individual be common in the treatment group but relatively uncommon in the comparator group, the pool of comparators able to provide a close match would become exhausted were matching

carried out without replacement. Allowing replacement in the matching process overcomes this difficulty.

NDYP, of course, is a multiple treatment programme with individuals able to move through a number of Options. The methodology can be easily adapted to suit this. The assumption required to identify effects generalises in an intuitive way. Identification is now possible so long as the outcome that would result from treatment is independent of treatment group, after controlling for differences in individual characteristics. The theory underpinning matching as an evaluation technique for multiple treatment programmes is set out in Imbens (1999) and Lechner (1999a).

A major practical consideration when evaluating multiple treatment programmes using matching is that of support. As before, this is the requirement for ‘similar’ individuals to those in the treatment group to exist in the comparator group. Matching in this context requires comparing each type of treatment with each other type of treatment. It follows that if programme effects are to be estimated across a common group of individuals then there must be support in each type of treatment for every other type of treatment. This can prove too severe a restriction in that it can result in too many people being excluded from the analysis and hence the resulting estimate of the treatment effect not being representative of the whole treated population. The alternative is to not insist upon common support among each type of treatment for every other type of treatment, but instead to just ensure that in all comparisons between two treatments, there is support among the comparator treatment. This has the major practical advantage of keeping the number of excluded people observations to a minimum, but suffers from the drawback that the results are not as general across the Options. For example, comparing the effect of being in the Employment Option rather than the Full-time Education and Training Option may be based on a different group of Employment Option participants than when comparing the effect of being in the Employment Option rather than the Voluntary Sector Option. Hence, one must be more circumspect about assuming that the effects are consistent across the choice of comparison Option.

Appendix 2.2 Weighting to account for sample non-response and attrition

When considering the survey data, it is important to take account of reduced sample sizes due to both survey non-response and sample attrition. Out of the 11,159 individuals identified as the sampling frame, only 5,999 responded. This amounts to a response rate of 54 per cent. Furthermore, of these respondents, only 3373 (56 per cent) responded in the second wave². Hence, only 30 per cent of individuals sampled responded in both waves. This depletion of the sample may lead to biases in the estimates of programme effects.

In order to address this, sample weights were constructed. Two types of weight were derived, reflecting the two means of sample reduction noted above. Both were calculated using probabilistic models. The first weight attempts to correct for non-response. To do this, a probit model of survey response was estimated across all individuals in the sampling frame. The inverse of the estimated probabilities can then be used to weight back to the sampling frame (and thereby to the cohort population from which the sampling frame was randomly drawn). The second weight attempts to account for sample attrition and proceeds in a similar way. A probit model of response to the second wave was estimated across all wave 1 survey respondents. Now, the inverse of the estimated probabilities can be used to weight back to the sample of wave 1 survey respondents. Applying the product of these two weights will allow the sample of wave 2 respondents to be regarded as representative of the cohort population.

It would be possible to derive a single weight based on the probability of an individual in the sampling frame responding to the wave 2 (and therefore also the wave 1) survey. However, there are two reasons why it is helpful to take explicit account of the two stages involved in sample reduction. The first is that the factors affecting non-response are likely to be different from those determining attrition. For example, non-response may be partly explained by individuals being 'anti-survey' yet attrition cannot be explained in this way. Second, estimating the non-response weight relies on administrative data, whereas both survey and administrative data can be used to estimate the attrition weight. Were a single weight capturing both non-response and attrition to be estimated, this would have to be based solely on the administrative data, thereby disallowing the use of the additional variables available in the survey data.

The results of estimating the two response models are presented in the following table. Column (1) is estimated over the 11,045 eligible members of the sampling frame³. Several variables appear significant in determining response. Being older, having a higher number of JSA claims, having a longer time to Gateway entry, and living in the South East are all associated with lower response rates. Positive factors include being

² Note that 12 people responded in wave 2 but not in wave 1. These people were incorrectly assigned to the sample to be interviewed at wave 2, given that they had not been interviewed at wave 1. They have been dropped from the analysis.

³ For 114 people, the measured qualifying spell of unemployment was 0 days – they have been dropped from the analysis.

female, having a partner, being disabled and living in a rural area or an area of high local unemployment. There were also a range of effects associated with preferred occupation and New Deal eligibility. All area 'clusters' are more likely to respond than the high unemployment, inner-city cluster. The model correctly predicted the response of 60 per cent of the sampling frame⁴. This indicates some explanatory power, although there is still a substantial amount of unexplained variation. However, this is only a summary measure of the fit and does not take account of the continuous nature of the predicted probability.

Column (2) in the table is estimated over the respondents to the Wave 1 survey. As a generalisation, many of the variables had effects similar in direction to those found when examining response at wave 1, although there were differences in size and sometimes in significance. However, additional variables drawn from the wave 1 survey information were included in the analysis⁵. This showed an increased tendency towards response at wave 2 for those who remained in education longer. Contradictorily, the effect of having academic qualifications was negative, albeit insignificant. Having vocational qualifications increased the response. In terms of housing tenure, being an owner-occupier predisposes individuals to responding relative to living in social rented accommodation. Conversely, renting privately was associated with non-response. Those in the Gateway or on an Option at the time of wave 1 sampling were more likely to respond than those who stated at the wave 1 interview that they were not on the New Deal. Finally, those who were not sure how useful the New Deal had been were less likely to respond than those who thought it very useful. Overall, the model correctly predicted response for 62 per cent of wave 1 respondents.

	(1)	(2)
	Response to wave 1 interview	Response to wave 2 interview
age at entry to first new deal spell	-0.043 (6.70)**	-0.034 (3.76)**
Gender	0.062 (2.08)*	
Partner	0.253 (5.06)**	
disability indicator	0.082 (2.06)*	0.198 (3.70)**
number of JSA claims since Jan 1995	-0.024 (4.43)**	
rural area	0.233 (2.43)*	0.242 (1.98)*
TTWA unemployment rate at ND entry	0.022 (2.51)*	0.031 (2.59)**
Time from ND entry to Gateway	-0.001 (2.74)**	

⁴ A fitted probability exceeding 0.5 was taken to indicate a predicted response to the survey.

⁵ Although wave 1 survey data were available on preferred occupation, administrative data was used since it has fewer missing values.

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(continued)	(1) Response to wave 1 interview	(2) Response to wave 2 interview
SOC: managers & administrators	-0.057 (0.47)	0.440 (2.35)*
SOC: professional	0.013 (0.10)	0.139 (0.77)
SOC: associate prof & technical	0.016 (0.27)	0.015 (0.17)
SOC: clerical & secretarial	0.131 (3.42)**	0.041 (0.78)
SOC: craft & related	-0.012 (0.28)	-0.102 (1.66)
SOC: personal & protective services	0.004 (0.09)	0.069 (1.12)
SOC: sales	0.058 (1.42)	0.118 (2.12)*
SOC: plant & machine operators	0.055 (1.13)	0.071 (1.08)
NDYP eligibility: Later Restart flows	-0.007 (0.27)	0.052 (1.45)
NDYP eligibility: Disabled	0.224 (2.34)*	-0.204 (1.76)
NDYP eligibility: Literacy/numeracy	0.320 (1.94)	-0.116 (0.59)
NDYP eligibility: English 2nd language	0.098 (0.39)	0.356 (1.00)
NDYP eligibility: Ex-regular	-0.527 (2.34)*	-0.355 (0.96)
NDYP eligibility: Ex-offender	-0.250 (2.66)**	-0.107 (0.76)
NDYP eligibility: Lone parent	0.410 (1.31)	0.829 (2.15)*
NDYP eligibility: Labour market returner	-0.194 (0.58)	0.665 (1.36)
NDYP eligibility: Large scale redundancy	0.650 (1.13)	-0.029 (0.05)
NDYP eligibility: Local Authority care	-0.307 (0.93)	-0.031 (0.06)
NDYP eligibility: 28-day rule	0.314 (1.41)	-0.638 (2.35)*
NDYP eligibility: 6-month+ stock	-0.176 (1.65)	-0.088 (0.54)
NDYP eligibility: ES discretion	-0.122 (0.92)	0.038 (0.20)
ES region: Scotland	0.444 (8.13)**	0.443 (6.07)**
ES region: northern	0.261 (4.31)**	0.280 (3.40)**
ES region: north west	0.241 (5.83)**	0.276 (4.58)**
ES region: yorks/humb	0.314 (6.35)**	0.280 (4.10)**

(continued)	(1) Response to wave 1 interview	(2) Response to wave 2 interview
ES region: Wales	0.269 (4.02)**	-0.035 (0.39)
ES region: west mids	0.324 (6.31)**	0.306 (4.29)**
ES region: east mids. & eastern	0.284 (5.55)**	0.315 (4.49)**
ES region: south west	0.354 (3.24)**	0.085 (0.59)
clusterA	0.162 (1.58)	0.292 (2.13)*
clusterB	0.317 (5.18)**	0.586 (7.09)**
clusterC	0.181 (3.55)**	0.261 (3.64)**
clusterD	0.236 (4.52)**	0.337 (4.80)**
clusterE	0.133 (2.93)**	0.205 (3.22)**
clusterF	0.145 (3.65)**	0.199 (3.59)**
Any academic qualifications		-0.079 (2.01)*
Any vocational qualifications		0.085 (2.33)*
First left FT education at age 15		0.016 (0.22)
First left FT education at age 17		0.057 (1.22)
First left FT education at age 18		0.031 (0.57)
First left FT education at age 19		0.089 (1.38)
First left FT education at age 20		0.137 (1.54)
First left FT education at age <15		-0.101 (1.10)
First left FT education at age >20		0.190 (2.26)*
Housing tenure: other		-0.170 (2.29)*
Housing tenure: owner occupier		0.128 (3.13)**
Housing tenure: private renter		-0.239 (4.60)**
NDYP status at wave 1: follow through		0.108 (1.55)
NDYP status at wave 1: gateway		0.104 (2.32)*
NDYP status at wave 1: Option		0.240 (5.31)**
Perception of NDYP: cannot recall		-0.042 (0.52)

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(continued)	(1) Response to wave 1 interview	(2) Response to wave 2 interview
Perception of NDYP: fairly useful		-0.002 (0.05)
Perception of NDYP: not at all useful		-0.082 (1.36)
Perception of NDYP: not sure how useful		-0.260 (2.19)*
Perception of NDYP: not very useful		-0.031 (0.55)
Missing value: SOC	-0.001 (0.00)	-0.441 (1.19)
Missing value: rural	-1.019 (2.85)**	-0.451 (0.86)
Missing value: TTWA	0.196 (0.62)	-0.024 (0.06)
Missing value: partner	-0.022 (0.25)	
Missing value: cluster	0.216 (0.23)	
Constant	0.577 (3.94)**	0.106 (0.49)
Observations	11045	5947
Absolute value of z-statistics in parentheses		
* significant at 5% level; ** significant at 1% level		

For the categorical variables, the bases are as follows: SOC – “other”; NDYP eligibility – “6-month flow”; ES region – “LASER”; area clusters – “G: inner cities, high unemployment”; first left FT education – “age 16”; housing tenure – “social housing”; NDYP status at wave 1 interview – “not on NDYP”; perception of NDYP – “very useful”.

As a check on the performance of these weights, a number of variables present in both the probability models are considered in the table below. Column (1) shows the profile of the sampling frame (which is assumed to be the same as that of the population since it was identified through random sampling). Column (2) shows the profile of those responding in wave 1. The characteristics outlined above as important determinants of response can be seen to exert their influence, particularly the low response rate associated with living in London and the South East. Applying the weights from the first probability model yields column (3), which has restored the profile of the population. In column (4), the characteristics of the wave 2 respondents are presented. Applying the weights derived from the second probability model achieves a profile similar to that of the wave 1 respondents given in column (2). Multiplying the weights from the two probability models and applying to the wave 2 respondents gives a profile quite similar to that in the population. This is given in column (6).

Appendix 2

	population	W1 unadj	W1 adj	W2 unadj	W2 adj to W1	W2 adj to population
	(1)	(2)	(3)	(4)	(5)	(6)
Age at ND entry	20.8	20.7	20.8	20.6	20.7	20.8
Gender (1=female)	27.8	29.2	28.0	29.8	29.9	28.8
Disability indicator	12.2	13.4	12.2	14.9	13.3	12.2
Non-white indicator	28.7	25.4	28.1	22.3	25.0	27.6
Rural area indicator	1.8	2.2	1.8	2.6	2.2	1.8
TTWA unemployment rate	5.7	5.8	5.7	5.9	5.8	5.7
ES region: Scotland	9.2	10.9	9.2	13.0	10.9	9.2
ES region: northern	7.9	8.7	8.0	9.7	8.8	8.1
ES region: north west	16.6	16.8	16.6	17.3	16.7	16.6
ES region: yorks/humb	13.3	14.8	13.3	16.0	14.8	13.2
ES region: Wales	4.9	5.5	4.9	5.5	5.4	4.8
ES region: west mids	7.2	7.5	7.2	7.5	7.5	7.2
ES region: east mids. & eastern	9.5	10.3	9.5	11.2	10.2	9.5
ES region: south west	1.7	1.8	1.7	1.7	1.8	1.7
ES region: laser	29.8	23.8	29.6	18.2	23.9	29.8
Cluster A: rural, tight labour market	2.1	2.3	2.1	2.3	2.2	2.0
Cluster B: rural, high unemployment	6.1	7.2	6.1	8.7	7.2	6.0
Cluster C: rural/urban, tight labour market	9.9	9.9	10.0	9.6	9.9	10.1
Cluster D: rural/urban, high unemployment	10.6	12.0	10.6	13.8	12.1	10.7
Cluster E: urban, tight labour market	13.2	13.5	13.2	13.5	13.6	13.5
Cluster F: urban, high unemployment	24.7	26.4	24.8	27.8	26.6	25.1
Cluster G: inner-city, high unemployment	33.4	28.7	33.2	24.3	28.5	32.5

Appendix 2.3 Results of estimating Option participation

Each column in Appendix 2.3 gives the results of estimating participation in a given Option for those who are in that Option or in a given one of the other Options. Hence, the first four columns show the results of modelling the probability of being in subsidised employment for those who were either in subsidised employment or the Full-time Education and Training Option, the Voluntary Sector Option, the ETF Option or the Extended Gateway, respectively. The next three columns show the results of modelling the probability of being in the Full-time Education and Training Option for those who were either in the Full-time Education and Training Option or the Voluntary Sector Option, the ETF Option or the Extended Gateway, respectively. The remaining columns have an analogous interpretation.

	Prob of EMP for those in EMP or:				Prob FTET for FTET or:			Prob VS, VS or:		Pr ETF:
	FTET	VS	ETF	EGW	VS	ETF	EGW	ETF	EGW	EGW
Age at ND entry	-0.102 (1.57)	-0.071 (0.89)	0.056 (0.68)	-0.013 (0.19)	0.035 (0.62)	0.217 (3.76)**	0.070 (1.41)	0.162 (2.01)*	0.063 (1.04)	-0.075 (1.14)
Female	0.268 (1.25)	-0.462 (1.75)	1.346 (4.14)**	0.115 (0.49)	-0.521 (2.95)**	1.220 (4.59)**	0.078 (0.47)	2.003 (5.39)**	0.564 (2.87)**	-1.433 (4.66)**
Partnered	0.280 (0.70)	0.002 (0.00)	-0.573 (1.17)	-0.287 (0.59)	0.078 (0.21)	-0.474 (1.44)	-0.062 (0.21)	-0.215 (0.49)	-0.127 (0.31)	0.111 (0.30)
Dependent children	0.112 (0.26)	0.235 (0.43)	0.560 (1.09)	-0.151 (0.30)	-0.055 (0.16)	0.105 (0.34)	-0.373 (1.34)	0.124 (0.32)	-0.383 (0.94)	-0.505 (1.46)
Ethnic minority	-0.905 (3.17)**	-0.590 (1.61)	0.301 (0.71)	-0.932 (2.81)**	0.157 (0.71)	0.890 (2.99)**	0.003 (0.02)	0.679 (1.62)	0.010 (0.04)	-1.081 (3.24)**
Housing tenure: owner occupier	0.104 (0.53)	0.392 (1.50)	0.356 (1.43)	-0.147 (0.60)	0.343 (1.88)	0.210 (1.13)	-0.147 (0.91)	0.052 (0.21)	-0.544 (2.63)**	-0.539 (2.53)*
Housing tenure: private renter	-0.073 (0.21)	0.264 (0.70)	0.195 (0.45)	-0.442 (1.14)	0.389 (1.59)	0.053 (0.22)	-0.138 (0.62)	0.155 (0.45)	-0.370 (1.30)	-0.470 (1.57)
Housing tenure: other	-0.042 (0.10)	-0.609 (1.05)	-0.001 (0.00)	0.025 (0.05)	-0.472 (1.48)	0.007 (0.02)	-0.241 (0.78)	0.452 (0.89)	0.330 (0.91)	-0.453 (1.00)
First left FT education at age <15	0.361 (0.76)	0.830 (1.19)	0.565 (0.69)	0.209 (0.35)	0.217 (0.45)	0.291 (0.60)	-0.297 (0.82)	-0.182 (0.24)	-0.556 (1.12)	-0.509 (0.96)
First left FT education at age 15	0.160 (0.36)	-0.200 (0.42)	-0.338 (0.80)	0.130 (0.29)	-0.620 (1.86)	-0.410 (1.34)	-0.239 (0.83)	-0.115 (0.28)	0.160 (0.44)	0.674 (1.95)
First left FT education at age 17	-0.096 (0.40)	0.014 (0.05)	0.030 (0.10)	0.106 (0.41)	-0.210 (1.02)	0.192 (0.99)	0.104 (0.59)	0.148 (0.55)	0.165 (0.69)	-0.040 (0.17)

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(continued)	Prob of EMP for those in EMP or:				Prob FTET for FTET or:			Prob VS, VS or:		Pr ETF:
	FTET	VS	ETF	EGW	VS	ETF	EGW	ETF	EGW	EGW
First left FT education at age 18	-0.108 (0.42)	-0.340 (0.99)	0.043 (0.13)	0.458 (1.47)	-0.068 (0.29)	0.473 (2.04)*	0.472 (2.10)*	0.644 (2.05)*	0.491 (1.68)	0.289 (0.99)
First left FT education at age 19	-0.026 (0.08)	-0.827 (2.31)*	-0.182 (0.41)	0.457 (1.20)	-0.751 (2.85)**	0.159 (0.47)	0.323 (1.21)	1.169 (2.61)**	0.922 (2.73)**	0.327 (0.74)
First left FT education at age 20	0.423 (0.92)	0.178 (0.24)	-0.218 (0.41)	0.608 (1.16)	-0.521 (1.22)	-0.568 (1.28)	-0.032 (0.09)	-0.247 (0.46)	0.206 (0.44)	0.662 (1.25)
First left FT education at age >20	0.525 (1.19)	-0.899 (1.59)	-0.308 (0.49)	0.151 (0.35)	-1.253 (3.13)**	-0.573 (1.06)	-1.068 (3.22)**	0.839 (1.61)	0.317 (0.84)	-0.020 (0.04)
Any academic qualifications	0.101 (0.47)	0.545 (1.98)*	0.476 (1.95)	0.493 (2.12)*	0.278 (1.52)	0.401 (2.28)*	0.274 (1.73)	0.100 (0.42)	-0.025 (0.12)	-0.138 (0.68)
Drivers licence	0.698 (2.07)*	0.854 (1.88)	0.343 (0.85)	0.535 (1.46)	-0.323 (1.08)	0.039 (0.14)	-0.269 (1.06)	0.278 (0.68)	0.416 (1.16)	-0.287 (0.87)
Drivers licence and car	0.444 (1.23)	0.530 (1.06)	1.308 (2.78)**	-0.083 (0.20)	0.653 (1.75)	0.029 (0.08)	-0.322 (1.07)	-0.408 (0.78)	-1.381 (3.26)**	-0.753 (1.81)
Literacy or numeracy problems	-0.523 (1.97)*	-0.488 (1.69)	-0.569 (1.90)	-0.127 (0.39)	0.137 (0.70)	-0.071 (0.37)	0.367 (2.16)*	-0.070 (0.28)	0.175 (0.81)	0.262 (1.09)
Prison record	-0.511 (0.87)	-0.493 (0.80)	-0.476 (0.79)	-0.444 (0.74)	-0.475 (0.98)	0.039 (0.09)	-0.085 (0.20)	0.231 (0.41)	0.305 (0.61)	-0.481 (1.13)
Disability indicator	0.202 (0.91)	0.174 (0.58)	0.170 (0.61)	0.334 (1.14)	0.094 (0.47)	-0.001 (0.00)	0.184 (0.96)	-0.077 (0.29)	0.088 (0.37)	0.047 (0.18)
Sickness prevented work, 93-97	-0.509 (0.89)	-0.081 (0.11)	1.419 (1.77)	-0.081 (0.14)	0.161 (0.32)	1.289 (2.15)*	-0.138 (0.33)	0.504 (0.76)	-0.196 (0.36)	-1.174 (1.58)
% time in employment 93-97	0.649 (2.13)*	0.897 (2.17)*	-0.088 (0.24)	0.322 (0.89)	0.340 (1.12)	-0.948 (3.34)**	-0.443 (1.75)	-1.087 (2.78)**	-0.484 (1.44)	0.375 (1.13)
No. JSA claims from Jan 95 to ND entry	-0.106 (2.31)*	-0.122 (2.01)*	-0.135 (2.32)*	-0.087 (1.71)	-0.060 (1.48)	-0.041 (1.05)	0.015 (0.40)	-0.027 (0.48)	0.028 (0.63)	0.049 (1.09)
Total days unemployed before ND	0.000 (0.48)	0.000 (0.46)	0.000 (1.18)	0.000 (1.04)	0.000 (0.23)	-0.001 (3.19)**	0.000 (1.52)	0.000 (0.85)	0.000 (0.91)	0.000 (0.59)
Duration of current claim at ND entry	-0.001 (2.45)*	-0.002 (2.44)*	-0.002 (2.24)*	-0.002 (2.92)**	0.000 (0.81)	0.000 (0.69)	0.000 (1.28)	0.000 (0.84)	0.000 (0.18)	0.000 (0.04)
Been on a govt programme before ND	-0.027 (0.15)	-0.170 (0.74)	-0.179 (0.74)	0.464 (2.01)*	0.096 (0.55)	-0.075 (0.45)	0.438 (2.60)**	-0.302 (1.33)	0.394 (1.97)*	0.432 (2.12)*
SOC: managers & administrators	-1.383 (1.32)	-1.320 (1.17)	-0.693 (0.25)	-1.653 (1.71)	-0.470 (0.47)	1.494 (1.01)	-0.423 (0.56)	0.788 (0.31)	-0.700 (0.79)	-1.550 (1.09)

Appendix 2

(continued)	Prob of EMP for those in EMP or:				Prob FTET for FTET or:			Prob VS, VS or:		Pr ETF:
	FTET	VS	ETF	EGW	VS	ETF	EGW	ETF	EGW	EGW
SOC: professional	-0.408 (0.47)	-1.009 (1.03)	0.916 (0.98)	1.398 (1.43)	-0.845 (1.32)	1.158 (1.53)	2.601 (2.07)*	0.603 (0.72)	3.102 (2.58)*	1.034 (1.01)
SOC: associate prof & technical	-0.482 (1.13)	-0.372 (0.71)	0.549 (0.87)	0.403 (0.81)	-0.190 (0.51)	1.162 (2.31)*	0.688 (2.02)*	0.956 (1.48)	0.466 (1.10)	0.388 (0.72)
SOC: clerical & secretarial	0.126 (0.53)	-0.290 (0.86)	0.434 (1.53)	0.813 (2.95)**	-0.748 (3.00)**	0.205 (0.92)	0.421 (2.03)*	1.009 (3.30)**	1.148 (4.08)**	0.327 (1.26)
SOC: craft & related	0.106 (0.35)	0.045 (0.10)	0.140 (0.40)	0.762 (1.93)	-0.149 (0.47)	0.003 (0.01)	0.390 (1.49)	0.198 (0.60)	0.511 (1.33)	0.680 (2.41)*
SOC: pers & protective services	-0.080 (0.23)	-0.334 (0.75)	0.659 (1.41)	0.348 (0.94)	-0.538 (1.88)	0.588 (1.88)	0.158 (0.65)	1.028 (2.58)*	0.574 (1.84)	-0.187 (0.57)
SOC: sales	0.050 (0.18)	-0.855 (2.26)*	0.677 (1.87)	0.251 (0.78)	-1.038 (4.12)**	0.496 (1.83)	0.102 (0.49)	1.406 (4.06)**	1.076 (3.73)**	-0.175 (0.54)
SOC: plant & machine operators	0.087 (0.26)	-0.209 (0.46)	-0.279 (0.66)	0.337 (0.83)	-0.283 (0.90)	-0.233 (0.90)	0.219 (0.83)	0.403 (1.05)	0.534 (1.41)	0.526 (1.62)
TTWA unemployment rate at ND entry	0.007 (0.09)	0.172 (1.76)	-0.069 (0.72)	0.215 (2.38)*	0.108 (1.56)	-0.001 (0.02)	0.170 (2.72)**	-0.111 (1.14)	0.128 (1.63)	0.242 (2.74)**
Delivery model: ES joint partnership	-0.061 (0.15)	-0.115 (0.24)	-0.043 (0.08)	0.064 (0.13)	-0.143 (0.43)	-0.292 (0.82)	0.020 (0.06)	0.375 (0.87)	0.507 (1.15)	0.445 (0.95)
Delivery model: ES consortium contract	0.144 (0.31)	0.499 (0.80)	-0.270 (0.43)	0.089 (0.17)	0.690 (1.51)	-0.407 (0.96)	0.056 (0.14)	-0.725 (1.31)	-0.252 (0.54)	0.081 (0.16)
Delivery model: private sector led	-0.901 (1.24)	-0.061 (0.08)	-0.763 (0.97)	-0.416 (0.57)	-0.166 (0.37)	0.149 (0.31)	-0.032 (0.08)	0.450 (0.71)	0.001 (0.00)	-0.076 (0.13)
Time from ND entry to Gateway	0.003 (1.01)	-0.002 (0.58)	-0.003 (0.89)	0.000 (0.02)	-0.003 (1.56)	-0.006 (2.03)*	-0.003 (1.07)	-0.002 (0.46)	0.002 (0.68)	0.003 (0.72)
Ethnic minority % in UoD inflow	0.009 (0.05)	0.094 (0.41)	0.058 (0.24)	-0.110 (0.49)	0.100 (0.66)	0.178 (1.07)	0.004 (0.03)	0.186 (0.86)	-0.080 (0.45)	-0.223 (1.25)
Disabled % in UoD inflow	0.184 (0.82)	0.392 (1.52)	-0.108 (0.42)	0.280 (1.23)	-0.071 (0.38)	-0.235 (1.26)	-0.117 (0.70)	-0.161 (0.70)	0.002 (0.01)	0.303 (1.50)
UoD mean length of claim at ND entry	-0.283 (1.52)	-0.086 (0.38)	-0.167 (0.67)	-0.489 (2.25)*	0.357 (2.40)*	0.189 (1.07)	-0.058 (0.41)	-0.277 (1.09)	-0.581 (3.22)**	-0.414 (1.86)
Option trialling intensity (factor score)	0.116 (0.73)	0.243 (1.34)	0.160 (0.72)	0.132 (0.75)	0.170 (1.24)	-0.029 (0.20)	0.041 (0.34)	-0.101 (0.56)	-0.013 (0.08)	-0.005 (0.03)
Gateway intensity (factor score)	-0.166 (0.83)	-0.262 (1.12)	-0.128 (0.49)	-0.080 (0.40)	-0.221 (1.35)	-0.045 (0.29)	-0.009 (0.06)	0.183 (0.81)	0.105 (0.64)	0.076 (0.45)
rural area	0.348 (0.82)	1.981 (2.79)**	0.523 (0.94)	0.720 (1.33)	1.116 (1.92)	0.557 (1.29)	0.529 (1.15)	-0.953 (1.38)	-0.767 (1.00)	-0.004 (0.01)

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(continued)	Prob of EMP for those in EMP or:				Prob FTET for FTET or:			Prob VS, VS or:		Pr ETF:
	FTET	VS	ETF	EGW	VS	ETF	EGW	ETF	EGW	EGW
ES region: Scotland	0.482 (1.06)	0.600 (1.17)	0.340 (0.63)	0.415 (0.77)	0.273 (0.72)	0.269 (0.70)	0.434 (1.20)	0.247 (0.52)	0.253 (0.57)	-0.028 (0.06)
ES region: northern	-0.175 (0.33)	0.470 (0.78)	0.457 (0.73)	0.355 (0.60)	0.404 (0.98)	1.027 (2.50)*	0.859 (2.30)*	0.764 (1.40)	0.926 (1.94)	-0.027 (0.06)
ES region: north west	0.251 (0.51)	1.150 (2.08)*	-0.031 (0.05)	-0.010 (0.02)	0.999 (2.44)*	-0.170 (0.42)	0.095 (0.26)	-0.988 (1.90)	-0.777 (1.79)	0.241 (0.51)
ES region: yorks/humb	-0.590 (1.08)	-0.180 (0.30)	-0.717 (1.03)	-0.364 (0.60)	0.274 (0.66)	0.079 (0.18)	0.497 (1.22)	-0.390 (0.76)	0.294 (0.60)	0.370 (0.68)
ES region: Wales	0.147 (0.26)	0.310 (0.52)	0.012 (0.02)	0.214 (0.37)	-0.497 (1.18)	-0.330 (0.82)	-0.347 (0.87)	-0.524 (1.22)	0.301 (0.65)	0.148 (0.34)
ES region: west mids	0.320 (0.62)	0.960 (1.58)	-0.014 (0.02)	0.094 (0.16)	0.613 (1.48)	0.307 (0.61)	0.039 (0.10)	-0.597 (1.03)	-0.475 (0.99)	-0.099 (0.19)
ES region: east mids. & eastern	0.117 (0.26)	0.077 (0.16)	-0.159 (0.26)	0.419 (0.84)	-0.238 (0.71)	0.296 (0.84)	0.405 (1.36)	0.503 (1.07)	0.891 (2.33)*	0.417 (0.98)
ES region: south west	0.273 (0.37)	1.749 (2.01)*	0.453 (0.49)	0.726 (0.90)	1.149 (1.60)	0.156 (0.21)	0.059 (0.11)	-1.270 (1.37)	-0.745 (1.06)	-0.299 (0.41)
Cluster A: rural, tight labour market	-1.400 (1.46)	-1.098 (0.73)	-1.122 (0.75)	-2.177 (1.87)	1.401 (1.96)	0.287 (0.40)	0.179 (0.31)	-1.040 (0.97)	-1.086 (1.43)	-0.526 (0.60)
Cluster B: rural, high unemployment	-0.437 (0.89)	-0.733 (0.92)	-0.572 (0.91)	-0.375 (0.62)	0.568 (1.19)	-0.072 (0.15)	0.804 (1.80)	-0.225 (0.29)	0.061 (0.11)	0.122 (0.18)
Cluster C: rural/urban, tight labour mkt.	-0.702 (1.29)	-0.565 (0.68)	-0.404 (0.56)	-1.210 (1.94)	1.375 (2.98)**	0.070 (0.15)	0.428 (0.98)	-0.617 (0.81)	-1.072 (1.99)*	-0.716 (1.10)
Cluster D: rural/urban, high unemp.	-0.163 (0.33)	0.451 (0.58)	-0.582 (0.87)	-0.498 (0.77)	1.261 (2.68)**	-0.557 (1.12)	0.132 (0.31)	-1.756 (2.24)*	-1.408 (2.41)*	-0.077 (0.12)
Cluster E: urban, tight labour market	0.170 (0.40)	-0.411 (0.64)	-0.023 (0.04)	-0.410 (0.78)	0.238 (0.64)	0.107 (0.24)	0.199 (0.57)	0.133 (0.19)	-0.402 (0.92)	-0.757 (1.25)
Cluster F: urban, high unemployment	0.003 (0.01)	-0.444 (0.71)	0.160 (0.33)	-0.432 (0.88)	0.319 (0.95)	0.226 (0.59)	0.090 (0.28)	0.055 (0.09)	-0.557 (1.31)	-0.576 (1.11)
Constant	1.398 (1.05)	1.073 (0.63)	-0.457 (0.27)	-1.019 (0.71)	-0.473 (0.38)	-3.465 (2.92)**	-2.367 (2.20)*	-2.945 (1.78)	-2.553 (1.95)	0.130 (0.09)
Obs	1121	633	645	740	1226	1238	1333	750	845	857

Absolute value of t-statistics in parentheses

* significant at 5% level; ** significant at 1% level

For the categorical variables, the bases are as follows: SOC – “other”; ES region – “LASER”; area clusters – “G: inner cities, high unemployment”; first left FT education – “age 16”; housing tenure – “social housing”.

Appendix 2.4 Assessing the performance of the match

Appendix Table 2.1 shows the extent to which observations are lost due to non-support. Each cell in the table corresponds to the Option given in the row and the comparison group given in the column and the entry in each cell indicates the percentage of observations in the Options discarded in each case for reasons of non-support. Note that the individuals are only discarded for the comparison in question. The results show that, overall, only a small proportion of observations are discarded. The highest entry is in the comparison of the Full-time Education and Training Option with the Environment Task Force. This suggests that, out of all comparisons, there is least similarity between these two Options. There are also practical considerations. Since it is larger than the other Options, there is more likelihood of finding a match when the Full-time Education and Training Option is used as a comparison group. Hence, for all Options, the level of rejections is lowest when comparing with the Full-time Education and Training Option.

Appendix Table 2.1: Percentage of Option dropped for reasons of non-support.

Treatment group	Comparison group				
	Emp	FTET	VS	ETF	EGW
	<i>Percentage of treatment group dropped</i>				
Emp		0	4.6	1.9	0
FTET	4.7		1.5	6.5	0.9
VS	0.8	0.5		3.0	1.6
ETF	2.6	1.8	4.2		2.1
EGW	1.5	0	4.8	2.3	

Having discarded unsupported individuals, the matching process continues by finding, for each Option participant, a counterfactual person from the comparison Option. This may result in individuals being used as comparators more than once. Should this happen, such individuals receive a weight that corresponds to the number of times they serve as comparators. Hence, the sum of weights in the comparator Option is equal to the number of observations in the treatment Option. Some statistics on the weights are given in Appendix Table 2.2.

The first panel in Appendix Table 2.2 presents the mean weights. Each cell gives the mean weight attached to members of the comparison group indicated in the column when used as comparators for the Option indicated by the row. For example, each Environment Task Force comparator provides a counterfactual for an average of 2.2 Employment Option participants. The second panel gives some indication of the distribution of these weights by presenting the proportion of the Option group accounted for by the decile in the comparator Option with the largest weights. To illustrate, the decile of the Environment Task Force with the largest weights provide counterfactuals for 34 per cent of those in subsidised employment.

As one would expect, the larger Options need higher weights for the comparison members in order to achieve a comparison sample of identical size. Hence the larger Options tend to be associated with larger weights in their comparison samples. There is little

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to judge this against but it appears within the range presented by Lechner (1999b)⁶. The concentration figures vary between 25 and 44 per cent and do not appear unreasonable in the light of the limited available evidence from other studies (Gerfin and Lechner, 2000, Lechner 1999b). Over-reliance on single observations may reduce the precision of the estimates of programme effects.

Appendix Table 2.2: Matching weights – averages and concentration

Treatment group	Comparison group				
	Emp	FTET	VS	ETF	EGW
	<i>Mean weight of column comparison group members for row Option</i>				
Emp		1.4	2.1	2.2	1.8
FTET	4.3		3.3	3.6	2.8
VS	3.0	1.5		2.9	2.0
ETF	3.3	1.7	2.9		2.1
EGW	3.2	1.6	2.4	2.8	
	<i>Concentration of column comparison group members for row Option (%)</i>				
Emp		25	35	34	30
FTET	39		32	44	31
VS	38	25		44	29
ETF	33	26	37		33
EGW	39	25	34	40	

Propensity score matching will not, in general, lead to the participant and comparator groups being balanced in terms of the distributions of the separate independent variables, but Appendix Table 2.3 provides some information on how well the matching exercise performed. Each cell represents the difference between members of the Option given in the row and members of the comparator group given in the column in the variables used to model Option participation. For each variable, the absolute difference in means is divided by the square root of the average of the two associated variances and multiplied by 100. Averaging across all variables yields the entry in each cell. The value in each cell⁷ therefore assesses the extent to which the comparison groups have a similar profile in terms of variables used in estimating the models of Option participation.⁸ Again, there is little available evidence against which to judge whether the level of bias is acceptable. However, the levels appear within the range reported in Gerfin and Lechner (2000) and Lechner (1999b).⁹

⁶ Note that the weights presented in Lechner (1999b) must be scaled by the ratio of sample group sizes in order to be comparable with those presented here.

⁷ These values can be interpreted as bias as a percentage of standard error.

⁸ It is worth noting that the propensity score

⁹ These findings notwithstanding, it should be noted that the conditional independence assumption cannot be directly tested.

Appendix Table 2.3: mean bias from the match

Treatment group	Comparison group				
	Emp	FTET	VS	ETF	EGW
	<i>Mean standardised bias among covariates</i>				
Emp		6.2	9.4	8.6	7.9
FTET	7.4		6.3	7.4	6.1
VS	7.3	6.3		10.1	6.5
ETF	8.4	5.5	7.7		4.9
EGW	7.3	5.5	5.6	9.8	

Appendix 4.1

The model specification

As Lancaster (1990) outlines, we can model the search of the unemployed by assuming that the relevant circumstances of the unemployed individual can be assembled in a vector $X(t)$ - with t denoting the time period during which the individual has been searching. The elements of this vector can include a variety of characteristics including the various stages of New Deal attended by an individual, together with their gender, ethnicity and other associated characteristics.

In this scenario, an individual's optimal job search produces a probability $\lambda(X(t))dt$ that a job offer will be made in the period $t + dt$. There is also a probability $\gamma(X(t))$ that the job offer will be acceptable to the individual. The interaction of these two probabilities provides us with a probability of a transition out of unemployment $P(X(t))dt$ in the time interval $(t, t+dt)$. This *hazard function* represents the probability that an individual will move from the state of being unemployed into, for example, employment in the next short time interval. In a simple extension to this model we can incorporate the possibility that the individual will move into full-time education or training by assuming that there is an analogous function for the transition into this alternative state. In this case the hazard function becomes a set of *transition intensities*.

In order to model these transition intensities we obtain data on individual characteristics such as age, gender, ethnicity and region of residence from JUVOS records, the NDED and responses to the stage 1 and stage 2 surveys carried out by BMRB. However, for the stage 2 variables, the possibility that the response may be endogenous to the model necessitates the use of only stage 1 data. For instance, it is possible that an individual's highest qualification will rise as a result of attendance on the FTET option and if this is recorded from the response provided during the second round of interviews, we will not be reflecting their true educational achievements prior to New Deal.

Thus, the indicators of physical and mental health, housing tenure, partnership status, partner's economic activity, number of dependent children, level of qualifications, whether the respondent has a driving licence and whether they have basic skills problems are recorded from data collected during the first round of interviews. The information on whether they move into employment, unemployment, inactivity or a variety of other states is obtained from a combination of stage 2 data and NDED records. Given the relatively short time period under analysis we assume that the majority of covariates are time invariant.

Thus, we arrive at a person-based file (i.e. having one observation for each individual) which we then turn into a time based file, with one record for each point in time that a person is at risk and follow the methodology suggested by Diamond (1997). Assuming a discrete time hazard rate represented by,

$$(i) P_{it} = \Pr(T_i=t | T_i \geq t-1, X_{it}),$$

where

$$(ii) \Pr(T_i=t) = P_{it} \pi_{i-1} (1-P_{it})$$

In other words, the probability of a transition is assumed equal to the probability that we experience a transition in the t^{th} time period multiplied by the product of the probability that it did not happen in all previous time periods.

The likelihood function can be represented by

$$(iii) L = \prod_{i=1}^n \pi_{i-1} [P(T_i=t_i)]^{\delta_i} [P(T_i \geq t_i)]^{1-\delta_i}$$

for both censored and uncensored observations. Substituting (i) and (ii) into (iii) gives

$$(iv) \text{Log}L = \sum_{i=1}^n \delta_i \log (P_{it_i} / (1-P_{it_i})) + \sum_{i=1}^n \sum_{j=1}^{t_i} \log (1-P_{ij})$$

If we now assume that $y_{it} = 1$ if the person experiences the event at time t and 0 otherwise, expression (iv) becomes,

$$(v) \text{Log}L = \sum_{i=1}^n \sum_{j=1}^{t_i} y_{it} \log (P_{ij} / 1-P_{ij}) + \sum_{i=1}^n \sum_{j=1}^{t_i} \log (1-P_{ij})$$

which is the log likelihood for a logistic regression.

We then model the data as a multinomial logistic regression, estimating one specification with time as a continuous covariate and one with T-1 time dummies. The models are run with both piece-wise and quadratic specifications for time.

Appendix Table 5.1: Probit Estimation: Probability of Being Employed

Variable	All options	Without gw
Constant	0.124	0.331*
Male	-0.240***	-0.315***
White	0.075	0.044
Vocational Qualifications		
Level 1 or level 2	0.152**	0.104
Level 3	0.209**	0.209*
Level 4 or level 5	0.078	0.007
Other qualifications	0.253*	0.125
Academic Qualifications		
Level 1 or level 2	0.236***	0.199***
Level 3	0.514	0.289
Level 4 or level 5	0.549***	0.390
Other qualifications	0.425	0.628**
Literacy and numeracy problems	-0.488	-0.021
Literacy problems	-0.247**	-0.346***
Numeracy problems	-0.148	-0.161
Married or cohabiting	0.999***	1.069***
Long-term health problem or disability	-0.231***	-0.209**
Ever had long-term health prob. or disab.	-0.197*	-0.199
Access to a car	0.298***	0.238***
Partner employed	-0.456***	-0.572***
Number of benefit types claimed	-0.543***	-0.589***
Number of benefit types claimed by partner	-0.317***	-0.320**
Number of additional adults in Household	-0.096***	-0.117***
Proportion of add. adults employed	0.807***	0.737***
Scotland	-0.295***	-0.296**
North East	-0.134	-0.143
North West	-0.241	-0.291**
Yorkshire, Humbs	0.042	0.028
Wales	0.025	0.012
West Midlands	0.053	-0.097
East Midlands, East Anglia	-0.064	-0.111
South West	0.078	-0.131
New Deal Options		
Employment	-0.463***	-0.322***
Full-time Education or Training	-0.356***	-0.250***
Voluntary Sector	-0.489***	-0.402***
Environmental Task Force	-0.465***	-0.365***
Extended Gateway (5+ months)	-0.110	
<i>Pseudo-R</i> ²	0.192	0.163
<i>N</i>	3315	2292

Note: bold differences are statistically significant at the following significance levels:
 *** 1%, ** 5%, and * 10%. Probit estimation

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