

Impact evaluation of skills development initiatives

Summary of the impact evaluation
of the European Social Fund's programme area 1
2014-2020



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A multibillion kronor investment in the skills of the future

285
projects

A total of 285 projects were funded across the country.

2.5 billion
kronor

The ESF invested just over SEK 2.5 billion in the period 2014–2020.

Between 2014 and 2020, the European Social Fund (ESF) invested just over SEK 2.5 billion to strengthen the skills of employees in Sweden. Through programme area 1 (PO1), the aim was to provide individuals with better opportunities in the working life while also helping employers meet their needs for the right skills. Ramboll has, at the request of the Swedish ESF Council, evaluated how well the programme has succeeded in achieving its goals. The purpose has been to investigate to what extent the initiatives improved participants' position in the labour market, and to offer lessons for future investments. This summary is based on Ramboll's extensive impact evaluation of the programme for the period 2014–2020. The full report is available on the Swedish ESF Council's website.

This evaluation is the first of its kind within the ESF – a comprehensive analysis of what the projects within PO1 have meant for the participants, based on individual data provided by Statistics Sweden. Thus, for the first time, we can provide a comprehensive overview of the effects of the ESF's investments in skills development. The results are important not only for understanding what the investment yielded, but also for designing future programmes in such a way that provides the greatest possible benefits for both employees and employers.

The overarching evaluation question is what labour market outcomes the PO1 initiatives provide for the participants. The focus is on how the initiatives have affected the participants' incomes and how the initiatives have influenced willingness to work. The unique aspect of the evaluation is that it is based on register data about income and employment over time. Participants can, thus, be compared with similar individuals who did not participate. For the first time, it is therefore possible to see the overall effect of the ESF's investments in skills development in Sweden.

How the evaluation was conducted

In order to say something about the effect of the ESF's investments, one needs to know not only how those who participated fared – but also how they would have fared if they had not participated. Since we cannot track the same person in two realities at the same time, we create a comparison group of individuals who are as comparable with the participants as possible. We then track both groups over time and compare their development.

In the main analysis, we focus on participants who received at least four hours of skills development. This is a limitation, so that we can study initiatives that are sufficiently extensive to actually affect the individual's situation in the labour market.

Results in brief

Income



Those who participated in a initiative of at least four hours earned about SEK 5,000 more the year after the initiative.



The longer the initiatives last, the greater the effect becomes.

The clearest result concerns income, specifically the total income from work during the year. Our analyses show that those who participated in a PO1 initiative of at least four hours earned approximately SEK 5,000 more in the year following the initiative than comparable individuals who did not participate. The effect is strongest immediately after the initiative and is also visible the following years, although it becomes more uncertain further down the line.

Higher income can have several causes. It may be due to pay rises, that participants worked more hours, or a combination of both. It is, therefore, more accurate to view the result as a sign of a stronger anchoring in working life, rather than a pure salary increase.

When we break down the results between women and men, a clear difference emerges. Women account for the entire effect on income, while men on average do not receive any income increase at all from participating in the project initiatives. If we look only at women, the effect corresponds to about SEK 8,000 in increased annual income in the year following the initiative.

Another important pattern is that the longer the initiatives last, the greater the effect for the participants becomes. In a breakdown of participants by initiative length (4-24, 25-40 and 41+ hours), the income effect grows step by step, with the longest initiatives yielding the largest outcomes. This not only shows that longer initiatives have a greater effect, but also strengthens the interpretation that the pay rises depend on the initiative itself, and not just on the participants' background and motivation.



Participation in the labour force

The second central outcome is working, which in this context means having some form of earned income during the year. Unlike the income effect, this effect is only visible a few years after the initiative. Four years after participation, on average, 0.6 percentage points more of the participant group have a job compared to the control group.

At first glance, a difference of 0.6 percentage points may seem small. But since 97.5 percent are already participating in the labour market, in practice it means that the initiative has reduced the remaining gap between reality and full participation by about 25 per cent.

Here too, the results follow the pattern where the effect increases gradually with the length of the initiative. The effect is particularly evident for participants aged 45–60, who show the largest increase in labour market participation four years after the initiative. This suggests that skills development can play an important role in extending working life and keeping more people in work for longer.





The majority of participants were women.



Many worked in health and social care.

Who participated?

The participants in PO1 already had a strong position in the labour market from the start. Compared to the rest of the working population, they had been unemployed to a lesser extent, had higher education levels, and on average slightly higher incomes. The majority were women, and many worked in the public sector, primarily in healthcare and education. In the private sector, it was also common for participants to be in engineering professions and other qualified roles.

The strong anchoring is also evident in the employment history – many had been with the same employer for a long time and thus had a stable position even before the initiative. Overall, this shows that those participating in PO1 were largely already in a relatively strong position in the labour market.

What did those who participated gain?

The initiatives within PO1 varied in both purpose and structure, making it difficult to provide a uniform picture of the content. However, it is possible to clearly describe their length.

The analysis of recorded hours shows that shorter training-sessions dominated. The most common was an initiative of no more than four hours. At the same time, there is variation: about seven per cent of the initiatives lasted 25–40 hours, and about the same proportion were even longer.

This means that the typical PO1 initiative was short, but a smaller group of participants benefited from more in-depth skills development initiative. This variation in scope is central to the results, as we see that longer initiatives yield greater effects – both on earned income and on participation in working life.

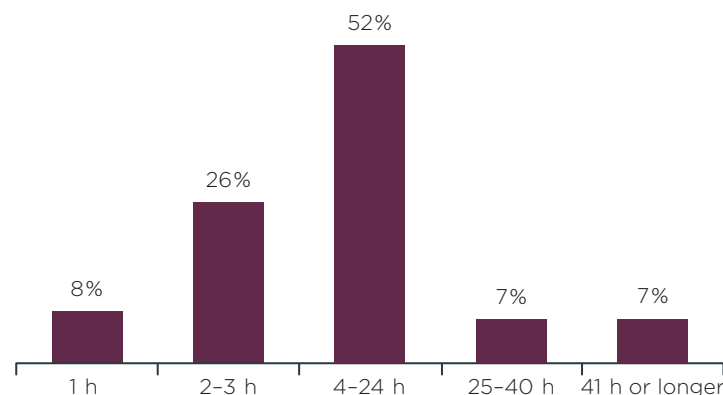


Figure 1. Distribution of the length of initiatives.

Conclusions

Significant effects

In light of the fact that the participants already had a strong position in the labour market, one could expect that further skills development would only yield small effects. However, we see a clear difference. Those who participated in initiatives of at least four hours increased their annual earned income by an average of SEK 5,000 the year after the initiative. The effect is also visible in the following years, albeit with greater uncertainty in the longer term.

However, not everyone benefits from the initiative in the same way. Women account for the entire income effect, while men do not show any measurable increase. For women alone, the effect corresponds to about SEK 8,000 the year after the initiative. When it comes to participation in working life, the effects emerge more slowly, but become clear after a few years for both genders.

A recurring pattern is that the effect grows with the length of the initiative. Longer initiatives lead to greater improvements in both income and labour market participation. This shows that it is the scope of the initiative that makes a difference.

At the same time, short initiatives are the most common. About a third of all initiatives lasted between one and three hours, which provides limited opportunities to influence the individual's position in the labour market. This means that a large part of the initiatives have had limited conditions for producing any noticeable effect.

Participants are already strong

PO1 largely reached individuals who already had a stable position in the labour market. Since participation requires both the employer's support and the individual's motivation, the initiatives have often been targeted at established and key employees. This also means that the programme has reached those with weaker anchoring to a lesser extent – where the need for skills development is often greatest.



Recommendations

1 More time per participant

Recipients: Swedish ESF Council

The results clearly show that the longer the initiative – the greater the effect. The short training courses that dominate today rarely make any noticeable difference, while initiatives of at least 25 hours yield significantly greater results.

The Swedish ESF Council should therefore steer the projects towards more comprehensive initiatives. This may involve setting requirements in the calls for a certain number of hours per participant, and following up on how much time the participants actually receive. At the same time, it is important that the content is of high quality – the hours themselves are not the point, the focus should instead be on what they lead to.

2 Move from quantity to results

Recipients: The Swedish Ministry of Employment and the European Commission

Today, the ESF is primarily steered by how many participate and how much money is paid out. This means that short initiatives are often favoured, despite their limited effect. This is reflected in the fact that around a third of the participants received initiatives lasting less than four hours.

The government's management of the ESF should be more focused on results than on volume. This means that follow-up indicators and goals need to take into account the length, quality, and effects of the initiatives for the participants. It may also mean lowering the target number of participants in order to facilitate longer and more meaningful initiatives instead.

3 Make it more attractive to run projects

Recipients: Swedish ESF Council

Competition for project funds is low, which reduces the Swedish ESF Council's ability to select the most effective projects. An important explanation for this is that many operators are deterred by complicated rules and heavy administration, especially operators outside the public sector.

To increase interest, it needs to become easier and more attractive to run PO1 projects. Key here is reducing administration, targeting the calls more clearly with the help of needs analyses, and actively working to attract new project owners.

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ideas.
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