

# PLANNING AHEAD FOR LABOUR MARKET RESEARCH: LMPG'S RESEARCH AND EVALUATION STRATEGY

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## Abstract

*The Labour Market Policy Group (LMPG) of the Department of Labour maintains a labour market research and programme evaluation function. Their purpose is to carry out high-quality policy-relevant research and evaluation and to provide quality assurance and peer review on research, survey and policy work. In addition, policy advisory staff from portfolio-based policy teams in NZIS, IRS, OSH and LMPG also carry out and commission research projects. With respect to any potential research area we ask: is there a 'problem that needs fixing', how can or do existing policies affect the 'problem', and are there other policies that might be effective in achieving policy goals. This paper outlines the criteria for choosing research and evaluation projects, lists the priorities for 2001 and beyond.*

**Keywords:** *Research strategy, policy priorities*

The Labour Market Policy Group of the Department of Labour contains a team of research and evaluation staff. Their function is to carry out high-quality policy-relevant research and evaluation; and provide quality assurance and peer review on research, survey, and policy work. In addition, policy advisory staff from portfolio-based policy teams in NZIS, IRS, OSH and LMPG also carry out and commission research projects. This paper outlines the criteria for choosing research and evaluation projects, lists a number of recent projects and outlines the initiatives for 2001 and beyond.

## Criteria for choosing research and evaluation projects

The department's capacity for conducting research and evaluation is exceeded by the range of potential projects. Priorities must therefore be established to ensure that resources are applied where they are likely to be worthwhile. The following criteria are proposed for determining which projects make the best use of resources.

Strategic importance (in terms of Department and Government objectives)

- Does the programme address one or more of the Government's strategic objectives?
- Does the programme support the Department's strategic goals?
- Has the Cabinet or a Minister directed the Department to carry out the evaluation?

Broad applicability of the question to be answered

- Is the answer relevant for a range of decisions?
- Is it a question that we do not already have an answer to?

Feasibility of the project

- Is there a well-defined empirical question?
- Are relevant and sufficiently accurate data available or obtainable?
- Are the resources available? (skills, time, money)
- Are suitable research or evaluation methods available?

Utility of the project

- Who are the primary stakeholders for the project?
- How will project findings be used?
- How valuable are project findings expected to be?

Nature of the policy intervention (for evaluation projects)

- Pilot project
- Full-scale programme implementation
- Mature programme

Risk management

- In some areas of research, it is rare to get robust results, and we may choose not to undertake projects where the expected reliability of findings is low;
- We should *not* limit our choice of projects to projects that we expect will support current policies. Finding out what does not work is as important as finding out what does. Research on politically sensitive topics will be subjected to close outside scrutiny and our research must stand up as objective and high quality research.
- What ethical or practical risks are raised by the preferred methodological approach (e.g., is it necessary to randomly select a control group)?
- What responses are expected to positive or negative findings from key stakeholders?
- Is the policy environment likely to change while the project is underway?

In weighing up projects on the basis of importance, feasibility and risk, there will need to be some weighting of different criteria. However, weighting alone will be insufficient. Some criteria will effectively have 'veto rights'. For instance, if there are no data available or obtainable, it would be senseless to embark on an empirical research project, no matter how important the question! The choice of which projects to undertake will be based on judgments about the relationship between the expected value of the project and the resources that would be required. A higher (subjectively valued) benefit to cost ratio would make the project more attractive.

## Resources

The criteria outlined above lead to a ranking of projects. The number of projects that get done, and the speed with which they get done will depend on the resources available.

The primary resources needed to produce research and evaluation outputs are money, the time of skilled staff in-house, and the availability of external resources as needed.

A permanent team:

- ensures some measure of continuity in the work programme,
- ensures a staff with specialist knowledge for formulating, managing and contracting out specialised projects where hands-on involvement is needed;
- provides effective quality assurance on an ongoing basis;
- promotes an effective and stable working relationship between policy or operations staff and researchers for the purpose of integrating research or evaluation results into policy decisions,
- is more cost-effective than relying exclusively on outside providers on a long-term basis.

The availability of non-salaried funding for research and evaluation is desirable to:

- fund access to existing datasets;
- fund data collection;
- provide access to a broader range of specialised expertise;
- manage more flexibly the changing mix of inputs necessary for policy advice (scale up or scale down the research and evaluation inputs).

Currently, Services within the Department of Labour choose to put resources into their own research and evaluation work. In addition, some funds from each Vote are allocated to the Labour Market Policy Group to support the activities of the research and evaluation team. It is important that the Labour Market Policy Group's research programme, which aims to provide general insights that are relevant for a range of policy areas, is not seen as a replacement for the more tightly policy-focused research that is currently undertaken by Services.

We need to balance the advantages of pooling of resources against the need for advisers in particular policy areas to play the lead role in shaping projects that are of particular relevance to them.

## Recent research projects

LMPG have commissioned a number of projects over recent years. As the listing in Appendix 1 shows these deal mainly with labour market outcomes, the effect of current policies and conceptual/comparative policy studies.

## Research Priorities

It is important that there is support within the Labour Market Policy Group and more broadly within the Department for the priorities that we choose. The goal is to ensure that, over a three-year period, we make significant progress in all policy areas, even if in any particular year, there is limited progress in any one area. Getting agreement on priorities will not guarantee that any particular policy area will have their immediate research or evaluation priorities met.

Table 1a and b provides a taxonomy (one of many possible such taxonomies) of labour market research areas, and indicates which areas will be high priority areas in each of the four fiscal years shown. A discussion of the logic of these choices follows. As the entries indicate, not every area is a high priority in every year. Also note how the 99/00 'Labour Market Adjustment' area has been subdivided into three areas for subsequent years. The following sections provide some background about why particular areas have been selected as high priority in particular years. Pics within each area are listed in the table that is Appendix 2.

## Research in 1999/2000

### *Employment related skills and knowledge*

LMPG and the Department of Labour decided that this was an area in which we needed to increase our policy involvement, in order to ensure that labour market considerations were adequately covered in education and training policy discussions. The choice of this as a priority area for research reflects a perceived lack of relevant New Zealand information to support this policy push.

### **Non-wage conditions of employment**

Foundation work is being done in this area to focus our information needs. This will develop into more substantive projects in future years.

### **Labour Market Adjustment**

Business cycles, structural changes, policy changes, and other longer term changes in New Zealand have uneven impacts on the labour market. We need to look at how

**Table 1a. High priority areas for labour market research**

HIGH PRIORITY AREAS FOR LABOUR MARKET RESEARCH	99/00	00/01	01/02	02/03
Employment Related Skills and Knowledge	✓	✓		✓
Job quality (non-wage conditions of employment)		✓	✓	✓
Labour Market Adjustment	✓	This area has been split into the three headings that follow		
• Macroeconomy and labour market		✓	✓	
• Location and the labour market		✓	✓	
• LM dynamics		✓		✓
Disparities	✓		✓	
Health and Safety Outcomes	✓			

adjustment takes place, so that we can anticipate issues, and design policies that take account of this unevenness. The range of topics under this heading is broad (as reflected in the fact that we have split it up in subsequent years). In 1999/2000, regional issues are prominent. This reflects the regionalisation of employment policy (signalled at the time of WINZ's being established), and regional disparities. The subsequent renewed focus on regional development, as a result of the current Labour Government's policy priorities adds greater relevance to the work

being done here.

### Disparities

Inequality of outcomes is a perennial source of policy concern. The projects here are a continuation of a well-established stream of research looking at earnings inequality. Projects are also included that investigate particular sub-populations who experience relatively poor labour market outcomes (Māori, women, immigrants). In addition, we

**Table 1b. High priority areas for evaluation**

HIGH PRIORITY AREAS FOR EVALUATION	99/00	00/01	01/02	02/03
Employment Evaluation Strategy:				
■ capacity building projects	✓	✓		
■ strategic projects		✓	✓	✓
Domestic Purposes Beneficiary (DPB) evaluations	✓	✓	✓	
Sickness and Invalid Beneficiary (SB/IB) monitoring & evaluation		✓	✓	
OSH-related evaluation (e.g., advice on compliance cost assessment)	✓	✓		
Evaluation of Changes to Accident Compensation	✓	✓	✓	
Immigration Longitudinal Survey (LisNZ)	✓	✓	✓	✓
Employment Relations Act monitoring & evaluation		✓	✓	✓

are looking at how poor labour market outcomes affect different people differently (happiness project), and how experience of unemployment differs across individuals (administrative data project).

#### *Health and Safety*

The lack of information on workplace health and safety is a long-standing acknowledged gap. This area is a priority because of the perceived high returns of anything that we do in this area. Some of the work here will feed into the evaluation of ACC/ Accident Insurance policy changes in the recent past and near future.

#### *Employment Evaluation Strategy*

Further work is underway on an interdepartment evaluation strategy developed during 1998/99 by DWI, MSP, and LMPG. The short-term focus is on 'capacity building' work such as definition of outcome measures to be consistently used for future evaluations. Initial work will be done on 'strategic' projects such as evaluation of employment programmes for Maori.

#### *DPB evaluations*

Research is underway on the impact of changes to requirements for DPBs. A sample of DPB clients will be interviewed during this financial year and the next to determine how they are responding to work search requirements and other elements of recent changes in DPB conditions. Trends in benefit receipt will be monitored during this year and the subsequent two.

#### *Occupational Safety and Health (OSH) related work*

LMPG is continuing to advise OSH staff on a series of efforts, such as a joint DoL/Ministry of Economic Development project on compliance costs of the Health and Safety in Employment Act.

#### *ACC evaluation*

A series of research projects was initiated in 1998/99 to assess changes in the delivery of workplace accident compensation from a government provider to a private market. This research will be continued, although with some changes to methods and questions, as the government provider is re-established.

#### *Immigration research*

LMPG and the Immigration Service are jointly conducting surveys and other research into immigration to New Zealand. This research is generally funded through the settlement services levy paid by migrants. A set of short-term research projects is underway, focusing on questions of immediate policy interest. The major line of effort is the Longitudinal Immigrant Survey: New Zealand (LisNZ), which is being conducted over a 7-8 year period in partnership with Statistics New Zealand.

### **Research in 2000/2001**

#### *Employment related skills and knowledge*

The emphasis in this area represent a continuation of the

work programme started in 1999/2000 (future skill needs), and a focusing down on to more specific questions. The projects on training, and the consideration of needs for workplace information on training reflect the paucity of information currently available.

#### *Non-wage conditions of employment*

Investigating funding options for collecting information on workplace relations and health and safety is a priority in 2000/2001. Workplace relations information will be particularly relevant given the changes to industrial relations legislation. Data from the Time Use Survey will be analysed to shed light on working time patterns. The broad list of potential projects in this area reflects an acknowledgement that not enough is known about patterns and changes in some of the more difficult to measure and difficult to summarise dimensions of jobs. Not all will develop into research projects. It is envisaged that some of the topics investigated this year will develop into more substantial projects in future years.

#### *Macroeconomy*

This is an area that the Department of Labour has not been very active in recent years. Planning sessions within Labour Market Policy Group have highlighted the need to extend our work on the links between labour market performance and the macroeconomy. The focus in this year will be on the demand for labour.

#### *Location*

As noted above under the heading of labour market adjustment, there is a renewed policy focus on regional development and devolution.

#### *Dynamics*

Relatively little work has been done on firm dynamics in recent years. A project in 2000/2001 will advance our knowledge of firm dynamics, prior to further examining individual dynamics in the following year.

#### *Employment, DPB, ACC evaluations*

These areas of work will continue in 2000/01.

#### *SB/IB evaluation*

This work will primarily consist of monitoring trends in entry to and exit from benefits. Specific evaluation projects may be undertaken if funding is available.

#### *Immigration research*

During this financial year it is expected that a pilot test of the longitudinal survey of migrants (LisNZ) will be initiated. The first of two waves of interviews will be conducted with a sample of approximately 500. Further short-term research will be conducted.

#### *Employment Relations Act monitoring and evaluation*

A two-three year effort will be initiated to assess the implementation and effects of changes to the industrial relations regime (contingent on approval of funding requested for the 2000/01 financial year).

## Research in 2001/2002

### *Non-wage conditions of employment*

This year's activities represent a continuation a multi-year effort to obtain better information to support research in this area.

### *Macroeconomy*

This is a continuation of the stream of work started in 2000/2001.

### *Location*

The 2001 census will enable us to provide a stronger empirical account of the patterns that will have been identified in earlier years.

### *Disparities*

After a year of relatively little focus on disparities, we will return to these issues, updating previous work, using Income Surveys, and the 2001 Census.

Employment, DPB, SB/IB, ACC, and Employment Relations Act evaluations will continue in this year. Further pilot testing of the longitudinal survey of migrants will continue.

There is some unallocated capacity in this year, to enable us to respond to emerging issues that will arise in 2000/2001.

## Research in 2002/2003

The workplan this year is relatively sketchy. The focus on:

- Employment Related Skills and Knowledge;
- Non-wage conditions of employment ; and
- Labour Market Dynamics

reflects a wish to maintain momentum in all areas over a three year horizon.

The indicated list of priorities and projects will not fully occupy our currently available level of research resources. It is anticipated that new issues or changing priorities will emerge in 2000/2001 and 2001/2002. The inclusion of spare capacity in the strategic plan will enable us to respond effectively. Further work is expected on the evaluation areas described above.

## Appendix 1 Examples of recent LMPG research projects (Relative) Outcomes

**Bururu, R.**, 1999 Self Employment in New Zealand In Morrison, P.S. (ed.) *Labour, Employment and Work in New Zealand. Proceedings of the Eighth Conference* Institute of Geography, Victoria University of Wellington, Wellington, November 1998: 61-73

**Callister, P.**, 1997 Trends in Employee Tenure, Turnover, and Work Scheduling Patterns: A Review of Empirical Literature *Department of Labour Occasional Paper 1997/1*.

**Chapple, S & Rea, D.**, 1998 Time Series Analysis of Disparity between Māori and non-Māori Labour Market Outcomes *Labour Market Bulletin* 1998, pp. 127-144.

**Chapple, S & Rea, D.**, 1999 Time Series Analysis of Disparity between Māori and non-Māori Labour Market Outcomes in the Household Labour Force Survey. In Morrison, P.S. (ed.) *Labour, Employment and Work in New Zealand. Proceedings of the Eighth Conference* Institute of Geography, Victoria University of Wellington, Wellington, November 1998: 18-29

**Dixon, S.**, 1998 Growth in the Dispersion of Earnings: 1984-97 *Labour Market Bulletin*, pp. 71-107.

**Dixon, S.** 1999 The growth of earnings inequality, 1984-1997: trends and sources of change. In Morrison, P.S. (ed.) *Labour, Employment and Work in New Zealand. Proceedings of the Eighth Conference* Institute of Geography, Victoria University of Wellington, Wellington, November 1998: 74-84

**Dixon, S.**, 1996 Labour Force Participation over the last ten years, *Labour Market Bulletin*: 2, pp. 71-88.

**Dixon, S.**, 1996 The Distribution of Earnings in New Zealand 1984-94 , *Labour Market Bulletin* 1996:1, pp. 45-100.

**Dixon, S.** 1997 The distribution of earnings in New Zealand, 1984-1995. In Morrison, P.S. (ed.) *Labour, Employment and Work in New Zealand. Proceedings of the Seventh Conference* Institute of Geography, Victoria University of Wellington, Wellington, November 1996: 31-42

**Dixon, S.** 1995 The Inter-industry wage structure , *Labour Market Bulletin* 1995:1, pp. 41-71.

**Morrison, P.S.** 1997 A regional labour market profile. In Morrison, P.S. (ed.) *Labour, Employment and Work in New Zealand. Proceedings of the Seventh Conference* Institute of Geography, Victoria University of Wellington, Wellington, November 1996: 77-88

**Morrison, P.S.** 2000 Regional Labour Market Outcomes *Department of Labour Occasional Paper*

**Morrison, P.S. and O. Berezovsky** 2001 Labour market dynamics in regional labour markets: an application of gross flows. In Morrison, P.S. (ed.) *Labour, Employment and Work in New Zealand*.

*Proceedings of the Seventh Conference Institute of Geography, Victoria University of Wellington, Wellington, November 2000: (this volume)*

**Watson, R. et al.**, Predicting the duration of unemployment spells, *Labour Market Bulletin* 1997:2, pp. 51-65.

**Winkelmann, R&L.**, 1998 Immigrants in New Zealand: A Study of their Labour Market Outcomes *Department of Labour Occasional Paper 1998/1*.

**Winkelmann, L and R.** Winkelmann 1998 Immigrants in the New Zealand *Labour Market Labour Market Bulletin* 1& 2: 34-70

### **Effects of Current Policies**

**Chapple, S.** 1997 Do Minimum Wages have an adverse impact on employment: Evidence from New Zealand, *Labour Market Bulletin*: 2, pp. 25-50

**Englert, P.**, and Smith, M., NBA <Meta-evaluation> *Proceedings of Australasian Evaluation Society Conference*

### **Conceptual/ Comparative policy studies**

**Chapple, S.**, 1997 Displacement Effects of Active Labour Market Policies, *Department of Labour Occasional Paper 1997/3*

**Dixon, S.**, 1994 Work sharing: Its potential to reduce unemployment in New Zealand, *Department of Labour Occasional Paper 1994/2*

**Vaithianathan, R.**, 1995 Equality: Outcomes or opportunity, *Department of Labour Occasional Paper 1995/2*

**Wylie, C et al.** 1997 Childcare/ early Childhood education in a labour market context in Australia, Sweden and the United Kingdom, *Department of Labour Occasional Paper 1997/2*

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Appendix 2. Table 1A. Possible Research Projects Within Each Stream

	99/00	00/01	01/02	02/03
<b>Employment Related Skills and Knowledge</b>	<ul style="list-style-type: none"> <li>Literacy</li> <li>training decisions</li> <li>Gibson OJT</li> <li>Future skill needs methods</li> <li>Industry and occupation mix</li> </ul>	<ul style="list-style-type: none"> <li>Changing (future) skill needs</li> <li>Migration and Skills</li> <li>Training and skill composition</li> <li>Workplace information [workplace training] Refine info needs</li> </ul>	<ul style="list-style-type: none"> <li>Workplace information [workplace training] Feasibility study</li> <li>Workplace information [Employment relations] Refinement and Feasibility study (depends on funding for ERB monitoring)</li> </ul>	<ul style="list-style-type: none"> <li>Possible workplace survey (pilot?)</li> <li>Skill composition of labour force and of employment, using 2001 Census data.</li> </ul>
<b>Job quality (non-wage conditions of employment)</b>	<ul style="list-style-type: none"> <li>Workplace info needs</li> </ul>	<ul style="list-style-type: none"> <li>Design and secure funding for feasibility study of collecting workplace information? (IR/ H&amp;S)</li> <li>Analysis of working time patterns (using Time Use Survey)</li> <li>Workplace management behaviour</li> <li>Job creation</li> <li>Nature of work</li> <li>technology</li> <li>industry</li> </ul>	<ul style="list-style-type: none"> <li>Workplace information [future work] Feasibility study (depends on future work funding)</li> </ul>	<ul style="list-style-type: none"> <li>Possible workplace survey (pilot?)</li> </ul>
<b>Labour Market Adjustment</b>	<ul style="list-style-type: none"> <li>regional adjustment</li> <li>Poot/ Papps wage curve</li> <li>Morrison/ Beresowsky transitions</li> <li>Joint with Treasury - Eco geography</li> </ul>	[This area has been split into the three headings that follow]		
<b>Macroeconomy and labour market</b>		<ul style="list-style-type: none"> <li>Natural rate</li> <li>Who suffers in cycles?</li> <li>Trade and Labour productivity and real wage growth</li> <li>LM effects of current account deficit</li> </ul>		
<b>Location and the labour market</b>		<ul style="list-style-type: none"> <li>internal and international migration</li> <li>Communities</li> <li>regional</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of internal migration patterns using 2001 census data</li> </ul>	
<b>LM dynamics</b>		<ul style="list-style-type: none"> <li>for firms (creation and destruction)</li> </ul>	<ul style="list-style-type: none"> <li>for individuals (Gross flow/ income dynamics)</li> </ul>	

**Appendix 2. Table 1A Continued. Possible Reserach Projects within each Stream**

<b>Disparities</b>	<ul style="list-style-type: none"> <li>Income and Earnings distributions</li> <li>Gender and family Wage gap</li> <li>Māori gaps</li> <li>ADP</li> <li>Happiness</li> <li>Input into Immigration longitudinal survey</li> </ul>	<ul style="list-style-type: none"> <li>Input into Immigration longitudinal survey</li> <li>Small scale immigrant labour market outcomes survey (?)</li> </ul>	<ul style="list-style-type: none"> <li>Input into Immigration longitudinal survey</li> <li>Older workers</li> <li>Analysis of labour market outcomes using Census data (some population groups in each year)</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of labour market outcomes using Census data (some population groups in each year)</li> </ul>
<b>Health and Safety Outcomes</b>	<ul style="list-style-type: none"> <li>Documentation of existing research datasets</li> <li>analysis of OSH data</li> <li>ACC trends</li> </ul>			
<b>Employment evaluation strategy</b>	<ul style="list-style-type: none"> <li>Standard definitions &amp; outcome measures</li> <li>Criteria for selecting approaches for impact evaluation</li> <li>Monitoring requirements</li> </ul>	<ul style="list-style-type: none"> <li>outcome measures</li> <li>measures of cost-effectiveness</li> <li>attitudinal change measures</li> <li>evaluation guidelines</li> <li>impacts of employment programmes on Maori</li> </ul>	<ul style="list-style-type: none"> <li>strategic projects being defined</li> </ul>	<ul style="list-style-type: none"> <li>strategic projects being defined</li> </ul>
<b>DPB evaluation</b>	<ul style="list-style-type: none"> <li>short-term impacts</li> <li>monitoring</li> </ul>	<ul style="list-style-type: none"> <li>short-term impacts</li> <li>monitoring</li> <li>longer-term impacts</li> </ul>	<ul style="list-style-type: none"> <li>monitoring</li> <li>longer-term impacts</li> </ul>	
<b>SB/IB evaluation</b>	<ul style="list-style-type: none"> <li>monitoring</li> </ul>	<ul style="list-style-type: none"> <li>monitoring</li> <li>reliability of GP assessment</li> </ul>	<ul style="list-style-type: none"> <li>monitoring</li> </ul>	
<b>OSH-related evaluation</b>	<ul style="list-style-type: none"> <li>outcome measures</li> <li>HSE compliance</li> </ul>			
<b>Changes to Accident Compensation</b>	<ul style="list-style-type: none"> <li>employer case studies</li> <li>self-employed survey</li> <li>treatment providers</li> </ul>	<ul style="list-style-type: none"> <li>employer case studies</li> <li>survey of employers</li> <li>initiate employee survey</li> <li>monitoring</li> </ul>	<ul style="list-style-type: none"> <li>employer case studies</li> <li>employee survey</li> <li>monitoring</li> </ul>	<ul style="list-style-type: none"> <li>monitoring</li> </ul>
<b>Immigration research</b>	<ul style="list-style-type: none"> <li>short-term research</li> <li>LisNZ</li> </ul>	<ul style="list-style-type: none"> <li>short-term research</li> <li>LisNZ</li> </ul>	<ul style="list-style-type: none"> <li>Short-term research</li> <li>LisNZ</li> </ul>	<ul style="list-style-type: none"> <li>short-term research</li> <li>LisNZ</li> </ul>
<b>Employment Relations Act monitoring and evaluation</b>		<ul style="list-style-type: none"> <li>Case studies</li> <li>Qualitative research</li> </ul>	<ul style="list-style-type: none"> <li>Case studies</li> <li>survey</li> </ul>	
<b>Minimum Code</b>	<ul style="list-style-type: none"> <li>Min Wage &amp; Youth wage</li> </ul>	<ul style="list-style-type: none"> <li>Min Wage &amp; Youth wage</li> </ul>	<ul style="list-style-type: none"> <li>Min Wage &amp; Youth wage</li> </ul>	<ul style="list-style-type: none"> <li>Min Wage &amp; Youth wage</li> </ul>

Notes: <These codings have not yet been applied>  
 ① Lead role on a major project (at least 6 weeks' work or \$25,000)  
 ② Lead role on a minor project (up to 6 weeks' work or \$25,000)  
 ③ Significant supporting role for external initiative (more than 2 weeks' time commitment)