

Money matters – Evidence from a large-scale randomized field experiment with vouchers for adult training

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In most European countries, public subsidies encourage adult people to engage in continuous training. Although a huge variety of instruments are used to stimulate continuous education, almost none of these instruments are thoroughly evaluated. Hence, not only the effectiveness of the millions of Euros spend every year by governments is unknown but there is also a serious lack of information about the optimal design of such instruments.

The proposed paper makes would make use of information gathered in a unique large scale randomized field trial, specifically set up to analyse the mechanisms and the usefulness of vouchers to stimulate the engagement of adults in continuous education. The experiment was “blind”, following the so-called “gold-standard” of evaluation instruments, but very rarely achieved in social experiments. In the experiment a randomly selected group of participants (2'400 people) in the Swiss Labour Force Survey (SLFS) was given vouchers to be used for adult education. The vouchers were given to them as a gift for their regular participation in the survey. The rest of the participants in the survey (some 14'000 people), used as the control group, did not receive vouchers. Both groups, the treatment and the control group were not informed about the experiment and no information about it was disclosed to the public.

The experimental group was then randomly divided in six sub-groups, according to two parameters of the vouchers, nominal value and counselling. Three nominal values were used (120 Euros, 450 Euros and 900 Euros) in order to analyze the price-sensitivity of the demand and half of each sub-group got the offer for free counselling.

All participants of the SLFS were surveyed before the experiment started and at the point of time when the validity of the vouchers had expired. The first results in a nutshell are that the voucher had a significant causal impact on participation in training modules. Nevertheless, the increase was partially offset by a dead-weight loss in excess of fifty percent. There was significant price-sensitivity of demand and the vouchers of the lowest nominal value, although used, did not have any causal impact on demand. People with tertiary degrees used the vouchers more frequently than other people but the windfall gain in this group was almost ninety percent. The offer for free counselling was also used but had also no causal impact on the redemption rates of the vouchers. Contrary to commonly shared beliefs among practitioners and policy-makers, money mattered much more than counselling. Finally an analysis of the type and nature of courses taken by people with vouchers shows that the demand is not just more of the same but that there was a pattern that is different than the one observed in the control group. We believe that this unique experiment is potentially of great interest for economic policy and science. For economic policy because voucher models already exist in half a dozen of European countries and millions of Euros are spend every year on them without any evidence on their effectiveness. The results of our experiment show that most of these real models have features that can not be judged as efficient when compared to our results. For scientific purposes our experiment is groundbreaking as it shows the potential gains in insight when appropriate models of social experimentation are applied to questions that in the past were only researched with ex-post methods.