Employment for Stability
in Liberia and Kyrgyzstan

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Household Life, Employment and Stability in Kyrgyzstan Workshop
27 April 2017

Background and Purpose

- Almost 2,500 employment interventions in fragile and conflict-affected scenarios in last decade (Brück et al., 2016)

- "Stability" an explicit backdrop to many of these interventions and an implicit one in many more

- At least 432 interventions regarded as "employment for stability" programmes

- Notion relies on cross-pollination of two separate ideas: that employment interventions work; and that access to employment improves stability

Background and Purpose

- Despite ubiquity of the concept, little firm evidence to support veracity of concept
- Only two articles (so far) focus specifically on this topic:
  - Blattman et al. (2014): Impressive economic gains but no impact on stability from cash transfers intervention in Uganda
  - Mercy Corps (2015): Employment gains from INVEST programme in Afghanistan but no impacts on stability
- Both studies focus on "acceptance of political violence"
  - More likely a measure of social norms than individual willingness to engage in violence
- None of Brück et al's (2016) 432 employment for stability programmes measures impact of intervention on stability
- Accordingly, little idea of what works, why it works, or what might work best

Background and Purpose

- Two approaches to overcoming this:
  1. Use location of employment interventions as an 'exogenous' change to local labour markets and analyse evolution of stability indicators
  2. Use panel data on changes in individual employment, linked to stability indicators

Background and Purpose

- Two approaches to overcoming this:
  1. Use location of employment interventions as an 'exogenous' change to local labour markets and analyse evolution of stability indicators
     - If employment leads to stability, variation in employment rates should correlate with spatio-temporal indicators of stability
     - (Successful) employment programmes are a potential source of this variation
  2. Use panel data on changes in individual employment, linked to stability indicators

Background and Purpose

- Two approaches to overcoming this:
  1. Use location of employment interventions as an 'exogenous' change to local labour markets and analyse evolution of stability indicators
  2. Use panel data on changes in individual employment, linked to stability indicators
     - If employment leads to stability, variation in an individual's employment should correlate to spatio-temporal variation in stability indicators
     - An individual moving into (or out of) employment over time is a potential source of this variation

Background and Purpose

- Two approaches to overcoming this:
    1. Use location of employment interventions as an 'exogenous' change to local labour markets and analyse evolution of stability indicators
    2. Use panel data on changes in individual employment, linked to stability indicators
- This presentation presents evidence generated from case-studies of both approaches:
    - Liberia – "interventions approach"
    - Kyrgyzstan – "panel approach"

Definitions and Preamble

- Defining Stability:
  - Multidimensional concept based on multiple indicators
  - An improvement in any domain of this "index" improves stability
  - Three components to stability:
    1. **Economic Inclusion:** based on individual capacity to generate a living income, regardless of age, gender, race, sexuality, religion, etc.
    2. **Social Cohesion:** based on individual capacity to be involved in, to belong to, and to influence the society in which he or she lives
    3. **Human Safety:** based on protecting the individual from any and all forms of political violence, other violence and other abuses of human rights

Definitions and Preamble

- Defining Employment and Employment Programmes:
  - **Employment:** Defined as an individual performing tasks or other forms of work (self-employed or wageworkers) for monetary remuneration
  - **Employment Programme:** Any intervention designed with a primary or subsidiary aim to (permanently) increase employment, or an individual's opportunity to gain employment

Definitions and Preamble

- **Theories of Change:** why might employment build stability?
  1. **Opportunity**
     - A combination of socio-economic circumstances, time and place that reduces the (broadly) defined costs of engaging in actions that drive instability
  2. **Grievance**
     - A feeling of resentment over something that is, or is perceived, to be unfair
  3. **Contact**
     - A combination of socio-economic circumstances, time and place that makes it difficult to breakdown preconceptions or overcomes averse experiences with outgroups

Definitions and Preamble

- **Theories of Change:** why might employment build stability?
  1. **Opportunity**
     - A combination of socio-economic circumstances, time and place that reduces the (broadly) defined costs of engaging in actions that drive instability
     - By boosting employment, individuals income and prospects increase, thus increasing the costs of engaging in actions that drive instability
  2. **Grievance**
     - A feeling of resentment over something that is, or is perceived, to be unfair
     - By boosting employment, (perceptions of) inequality between groups can be improved
  3. **Contact**
     - A combination of socio-economic circumstances, time and place that makes it difficult to breakdown preconceptions or overcomes averse experiences with outgroups
     - Individuals meet ingroups and outgroups in productive environments, such as the workplace, thus increasing trust, acceptance and mutual reliance

Case Studies

- **Case Study One:** Employment Programmes in Liberia
  - Database of employment programmes implemented in Liberia by multiple international and local actors
  - Matched to secondary data from multiple waves of Afrobarometer data
  - **Hypothesis**: (Large and successful) pro-employment programmes boost employment, leading to knock-on reduction in instability

- **Case Study Two:** Employment and Stability in Kyrgyzstan
  - Individual-level record of changes in employment status, (changes in) job quality and employment history from Life in Kyrgyzstan Study (LiK) data
  - Matched to stability data also collected in the LiK survey
  - **Hypothesis:** Movement into (out of) employment, increases (decreases) in job quality and good (poor) work history lead to reductions (increases) in personal engagement in acts of instability

Case Studies

- Measuring "Instability"
  - Focus on earlier definition and three domains of (in)stability:
    - Economic Inclusion
    - Social Cohesion
    - Human Security
  - Glean variables (uniquely) linked to each domain from Afrobarometer / LiK surveys
  - Case-studies focus on one variable linked to each domain from each survey:
    - **Economic Inclusion**: satisfaction with relative living condition (Afrobarometer) and satisfaction with economic situation (LiK)
    - **Social Cohesion**: trust in parliament (Afrobarometer) and trust in government (LiK)
    - **Human Security**: fear of bring a victim of crime (Afrobarometer) and perceptions of neighbourhood 'peacefulness' (LiK)
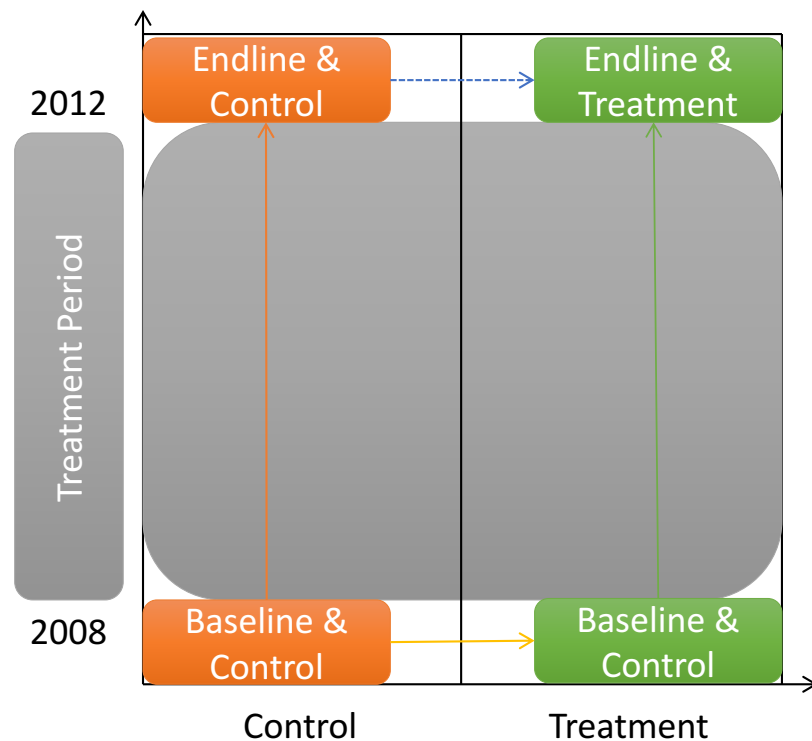
Case Study 1: Liberia

- Approach:
  - If employment leads to peace, (exogenous) increases in employment should lead to corresponding improvements in stability
  - Generate 'treatment' and 'control' regions in Liberia using bespoke database of location and scale of employment programmes
  - Compare evolution of stability indicators between treatment and control regions over time
  - Matches survey data collected in Afrobarometer Survey (Waves 4 and 5) to location of programmes

- Benefits of Approach:
  - Allows explicit testing of impact of employment programmes on key regional stability indicators by looking at how they change over time in response to employment opportunities
  - Survey data allows us to test a range of hypothesis on different indicators; e.g. trust in government; experience of violence; etc. Allows broad definition of stability
  - Considers impact at the micro- (individual) level, allowing more in-depth understanding of the key dynamics at play

- Weaknesses of Approach:
  - Scale: Even with the focus on large programmes, spot probability of an individual having been enrolled in a programme is small; analysis therefore relies on spatial spillovers
  - Data: Afrobarometer has repeated waves but is not a panel; reliance on pseudo-panel by matching baseline and endline individuals
  - Programme Selection: Location of programmes may not be random, leading to methodological complexities
  - Programme Success: Given generally poor evaluation, programmes may not be successful; in effect limiting analysis to the programme effect

Case Study 1: Liberia

- Methods:
  - OLS approaches likely to be biased; programme location unlikely to be random
    - May take place in regions with worst indicators (negative bias)
    - May take place in more accessible regions (positive bias)
  - Usual panel approaches not available
  - Pseudo-panel created using nearest neighbour matching for baseline and endline surveys
  - Augmented by second set of nearest neighbour matching between 'control' and 'treatment' regions at baseline
  - Final approach uses both sets of matching in combination to 'match' treatment and control individuals in endline
  - Imperfect but proxies more typical propensity score approaches
  - Otherwise, fairly typical(ish) difference-in-differences work

Case Study 1: Liberia

ISDC policies for peace and prosperity

- Matching Strategy

2012

2008

Endline & Control

Endline & Treatment

Baseline & Control

Baseline & Control

Treatment Period

Control   Treatment

Control baseline to endline matched on: Location; education; employment; age; gender; marital status

Treatment baseline to endline matched on: Location; education; employment; age; gender; marital status

Baseline treatment to control matched on: Location; education; employment; age; gender; marital status; outcome variables

Endline treatment to control matches endline partner of baseline control person to endline parter of baseline treatment person matched to that baseline control person

Case Study 1: Liberia

- Results:
  - Some inconsistency across some main findings
  - Interaction routinely positive and significant – implies programme success
  - Thus, across all three measures of stability, the presence of employment programmes seems to have increased stability

Table 1: OLS Regressions of stability indicators on treatment and control regions in Liberia

VARIABLES	(1) lifesat	(2) trust_hor	(3) crime
after	0.145***	-0.008	-0.459***
	(0.062)	(0.074)	(0.062)
treatment	-0.059	-0.169**	-0.059
	(0.061)	(0.073)	(0.061)
interaction	0.376***	0.305***	0.376***
	(0.085)	(0.102)	(0.085)
CONTROLS			
Demographic	YES	YES	YES
Economic	YES	YES	YES
Participation	YES	YES	YES
Education	YES	YES	YES
Personality	NO	NO	NO
Wealth	NO	NO	NO
Computer	YES	YES	YES
Constant	YES	YES	YES
Observations	3,038	3,038	3,038
R-squared	0.007	0.015	0.055

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Case Study 1: Liberia

- Conclusions
  - Findings are relatively strong, if not fully robust
  - Some inconsistency about both the differences between treatment and control regions and in temporal dynamics
    - Life satisfaction is significantly better in the "after" period; fear of crime is significantly worse; and there is no change in trust in the parliament
    - Trust in the parliament is slightly worse in treatment, rather than control, regions; there are no differences between regions for the other two variables
  - The interaction, however, is robustly significant and positive
    - This implies that the presence of unemployment programmes is associated with improvements in stability indicators.
    - If one accepts our matching and analytical strategy, one can then draw a (reasonably) causal line between employment programmes and improved stability across all three domains.

Case Study 2: Kyrgyzstan

- Approach:
  - If employment leads to stability, changes in an individual's employment status should lead to corresponding improvements in stability
  - Generate a panel looking at individuals' movements into and out of employment in Kyrgyzstan
  - Test the relationship between these moves and stability indicators

- Benefits of Approach:
  - Panel data setting allows us to control for all (time-invariant) convoluting factors at the individual level
  - Survey data again allows testing of a wide range of different indicators, allowing a broad definition of stability

- Weaknesses of Approach:
  - Movements into and out of employment are unlikely to be exogenous in any classical sense
  - Omitted variables (e.g. personality features) could be correlated to both employment status and attitudes to violence, trust in institutions, etc., leading to biased inference
  - Sample attrition – not all individuals in all four waves of survey; if attrition structural, could lead to biases

Case Study 2: Kyrgyzstan

- Methods:
  - Very early stage in this process, thus:
    - Linear regressions (fixed effects) presented, despite likelihood of biases
    - Panel dataset gleaned for all four waves but not all individuals are in all four waves
    - Restricted focus to those who report they are engaged in employment for monetary or other physical remuneration
  - Next steps:
    - Identification of suitable instrument
    - Conduct instrumental variables analyses
    - Consider other forms of matching between otherwise similar individuals (e.g. matching one individual whose employment status hasn't changed with one whose status has)

Case Study 2: Kyrgyzstan

- Results
  - Inconsistencies in findings – some indicators suggest employment increases stability, some suggest it worsens it.
  - Life satisfaction positively associated with employment as expected from long line of lit
  - Trust in government negative associated, which matched theoretical expectations
  - Mixed results from safety consideration
  - Uncontrolled regressions – likelihood of bias high

Table 2: Fixed Effects Regressions of stability indicators from employm

VARIABLES	(1) lifesat	(2) trust_gov	(3) safety
wage	0.177***	-0.069**	0.440***
	(0.084)	(0.31)	(0.14)
lm_status	-0.244***	0.0568***	0.215***
	(0.0438)	(0.0186)	(0.0817)
employed	0.265***	-0.0750***	-0.337***
	(0.0507)	(0.0232)	(0.0998)
CONTROLS			
Demographic	NO	NO	NO
Economic	NO	NO	NO
Participation	NO	NO	NO
Education	NO	NO	NO
Personality	NO	NO	NO
Wealth	NO	NO	NO
Computer	NO	NO	NO
Constant	YES	YES	YES

Standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Case Study 2: Kyrgyzstan

- Conclusions
  - Some case for optimism, as employment seems to be significantly and positively correlated with (some) measures of stability across multiple employment measures
  - Caution must be urged, however, as many important controls currently excluded from these regressions

Conclusions

- Some evidence of a positive relationship between employment status and stability indicators, across multiple stability domains
- Neither set of results, however, depicts a causal analysis
  - Matching both across treatment groups and forward and backward in time excludes a lot of observations, especially from the control groups
  - Real effects could be masked as individuals with "best" or "worst" indicators in control group are thrown out of data, as are not good matches for treatment group
  - Kyrgyzstan results prone to multiple biases that could just as easily explain the results we find (e.g. "optimism" correlated with both sides of the equation)
- Thus, there are some grounds for cautious optimism that employment can build stability but the focus should be on "cautious"
- Analyses such as these provide important information but are no substitute for rigorous, in-built and well-considered impact evaluations