

Comments on paper *Job Placement Agencies in an Agent-based Model of the Local Labor Market with the Long-term Unemployed and on-the-job Flows* by Marcin Wozniak

Jozef Orczyk, 15.07.2016

The paper explores the effectiveness of active labor market programs in an agent-based labor market framework. In general it seems to me, that this is an interesting paper on an important topic. In the beginning, I want to mention some issues which in my opinion are valuable contribution:

- The calibration section presents a high degree of sophistication: the Author employs LHS technique to set up global parameters with designed calibration criteria.
- The sensitivity analysis section is comprehensive and invokes advanced techniques: the Author uses two global techniques: Morris screening and Sobol indices.
- In general, the results are interesting and well stated, including cross-effects evaluation.

Besides the strengths of the paper, there are also several issues which need to be resolved:

- The literature review section needs to be rewritten at some points: 1) Division into mainstream and agent-based papers is not clear; 2) Some papers are reviewed ambiguously (eg. Cahuc and Barbanchon (2010); 3) Some statements are not explicit (eg. *Counselling can lower the unemployment rate, however, its true effect could be opposite; replicate some stylized empirical facts* pp. 3 ).
- Some details of model design should be justified: 1) why the Author choose the grid of 20 patches? 2) why there are 5 skills levels in the model (reference 4 is not a suitable explanation of this fact)? 3) why there are 600 job seekers and 200 firms in the model? I did not find any explanations in the text.
- There are also some editorial issues which should be fixed: 1) the last sentence from the *Labor market – the setup* section does not seem to match the context. 2) NUTS2 shortcut is not explained (pp.13); 3) sentence: *levels=6 and grid.jump=3* (pp.21) should be converted to the human language. 4) I do not know what conclusion 7 exactly means (pp29). Maybe it should be divided into two sentences?

My general conclusion is that the paper adds some valuable points to the ALMP evaluation research and presents a solid analytical work. I found it interesting to read. In my opinion, the weakest point is the

literature review section. If it is possible the Author should reduce it to the minimum eg. enumerate the key papers only. Another issue is to justify or rebuilt some aspects of the model design, which I have pointed above.