

PROMISING APPROACH # 7

Provide Targeted Employment Services to At-risk Youth

Employment services exist to address the issue of imperfect information in the labor market, which is one cause of unemployment. Although employment services are typically designed to benefit adults, if they are implemented in the right economic conditions and incorporate youth-specific components, they can help young people to enter the labor market and/or reduce the amount of time they are unemployed. This is particularly useful because young people often have more difficulty than adults in finding jobs that pay adequate wages, not only because they have lower skill levels, but also because they tend to have less knowledge about the labor market.

Employment services catering to young people can include job search and placement assistance, counseling (especially during spells of unemployment), labor intermediation services (keeping a register of job vacancies and matching each vacancy to potential applicants), labor information systems (up-to-date data on the labor market and information on the sectors with the greatest demand for labor), help with interviews at employment offices, job clubs, and labor exchanges.¹

In essence, employment services serve a “brokerage” function by matching available jobs with job seekers.² Employment services can be provided in isolation, but they are most successful when they are included in an integrated package that also includes career guidance, education (formal and nonformal), skills training, and help to access social services such as childcare or transport that make it easier for young people to find and keep a job.³ Traditionally, employment services have been provided exclusively by public agencies, but recently public-private partnerships (PPP) have become more common. In PPPs, public employment services usually target the disadvantaged and long-term unemployed, while private agencies focus on employed, skilled, and white-collar workers.

A critical issue is the need to ensure that at-risk youth are able to access these employment services programs. This can be difficult because most at-risk youth live in either marginal urban or rural areas with little or no access to transportation, while most programs are offered in more central locations. One criticism of employment services programs has been that they create a deadweight loss, because those who benefit from the programs are typically more qualified and connected to begin with and therefore more likely to become employed. Therefore, all programs should be rigorously and carefully targeted to youth facing the most employment-related challenges to minimize such losses and to ensure that the program is efficient and cost-effective.⁴

How Do Employment Services Reduce Risky Youth Behavior?

At-risk youth typically have less information about available jobs and job training opportunities and a more limited network of contacts than young people whose parents, peers, schools, and day-to-day lives are more integrated with the labor market. Therefore, employment services programs help to level the playing field between at-risk youth and those with more advantages. By providing at-risk youth with information on job opportunities and preparing them for employment, employment services programs can increase their employability and improve their employment prospects. In turn, employment provides a structured, productive, and constructive outlet for at-risk youth, which increases their self-esteem and self-worth, thereby reducing the chances that they will engage in other risky kinds of behavior. Furthermore, employment reduces the amount of free time youth have during the day, which also reduces the likelihood that they will engage in risky and unproductive behavior.

Research Findings: Providing the Evidence Base

Although international studies have found that employment services tend to be one of the most successful of all active labor market programs—primarily in terms of cost-effectiveness—the evidence on how effective these programs are in improving young people’s lives is scarce and mixed. The mixed evidence may be because these programs are highly dependent on prevailing economic conditions, as well as on the quality of their design and implementation.⁵ An evaluation of the United Kingdom’s *Restart* program, which offers job search assistance, found a positive impact on male participants, who had a 6 percent lower unemployment rate than those in the control group (no long-term effects were observed for women). A major component of the *Restart* program is that it threatens to withdraw any welfare benefits for which participants may qualify if they do not comply with the program’s rules, a factor which might be responsible for the positive evaluation results, because participants have a greater incentive to stay in the program and comply.⁶ The United Kingdom’s *New Deal for the Young Unemployed* program targets youth ages 18–24 who have been unemployed and claiming jobseeker’s allowances for six or more months. The program combines initial job search assistance followed by subsidized options including wage subsidies to employers, temporary government jobs, and full-time education and training. Recent evaluations of *New Deal* showed that young men are about 20 percent more likely (per each one of the three stages of the program) than nonparticipants to find jobs as a result of the program. Results for young women were not as clear due to limitations in the sample size.⁷ It was also found that the job search element of the program is more cost-effective than the other active labor market components because it does not include a subsidy.

Studies of programs in other OECD and developing countries have also found that these programs have had a mixed impact on youth employment and wage levels. The *Severely Employment Disadvantaged Option* of the *Job Development/Job Entry* program in Canada, which provides counseling and assessment services as well as training to disadvantaged young people, had a positive impact on the employment and earnings of participants in the short run but had no impact on their longer-term labor market outcomes.⁸ An evaluation of Portugal’s *Programa Inserção para a Juventude (InserJovem)*, which targets long-term unemployed young people and offers them job search assistance and short basic skills courses, indicated that there was no (statistically) significant reduction in the average duration of unemployment for participants, with no gains in wage levels. A 2001 evaluation of the Argentine program *Support for the Job Search* showed that the program motivated participants and offered them useful labor market information, which translated into them carrying out more serious job searches. Yet, learning better job search techniques did not translate into a greater chance of finding a job, which was the ultimate objective of the program. These results should be interpreted with caution, however, because the sample was small and Argentina was in a recession at the time of the evaluation.⁹

Moving Forward: Factors for Success

- ***A favorable macroeconomic context*** will help the program, including a healthy labor market where the demand for labor is high, low structural unemployment, a dynamic private sector, and the availability of public funds for the program.
- ***Combine employment services with other employment interventions***, such as educational opportunities, and with access to transportation and child care options.
- ***Ensure that employment services centers are accessible to the most disadvantaged youth.***

Endnotes

1. Jaramillo, M. 2006. "Youth at Risk in Latin America and the Caribbean: Supporting Youth Facing Labor Market Risks." Policy Note. Group for the Analysis of Development (GRADE). Lima, Peru; Betcherman, G., K. Olivas, and A. Dar. 2004. "Impacts of Active Labor Market Programs: New Evidence from Evaluations with Particular Attention to Developing and Transition Countries." World Bank, Washington, D.C.
2. Jaramillo 2006.
3. Ryan, P. 2006. "Youth at Risk in Developed Economies: Unemployment, Inactivity, and Joblessness." Policy Note. World Bank, Washington D.C., October.
4. Dorenbos, R., D. Tanzer, and I. Vossen. 2002. "Active Labor Market Policies for Youth Employment in Asia and the Pacific: Traditional Approaches and Innovative Programs." Division of Labor and Education, Netherlands Economic Institute (NEI), Rotterdam, January.
5. Betcherman, G., M. Godfrey, S. Puerto, F. Rother, and A. Stavreska. 2007. "Global Inventory of Interventions to Support Young Workers, Synthesis Report." World Bank, Washington, D.C.
6. Betcherman and others 2007.
7. Betcherman, G., K. Olivas, and A. Dar. 2004. "Impact of Active Labor Market Programs: New Evidence from Evaluations with Particular Attention to Developing and Transition Countries." Social Protection Discussion Paper Series # 0402. World Bank, Washington, D.C.
8. Government of Canada. 2000. "Evaluating the Effectiveness of Employment-Related Programs and Services for Youth." Department of Human Resources and Social Development. Ottawa, Ontario, Canada.
9. Jaramillo, M. 2006. "Youth at Risk in Latin America and the Caribbean: Supporting Youth Facing Labor Market Risks." Policy Note. Group for the Analysis of Development (GRADE), Lima, Peru.

Key Implementation Considerations	
Anticipated Outcomes	<ul style="list-style-type: none"> • Greater employment, and lower duration of unemployment spells • Higher earnings, better career paths
Secondary Effects	<ul style="list-style-type: none"> • Greater employability • Increased knowledge of job market
Responsible Agency/Actor	<ul style="list-style-type: none"> • Ministry of Labor, private employment agencies, job training programs
Targeted Risk Group	Types I, II, and III
Target Age Group	15–24
Examples of Cost per Beneficiary	Peru: Approximately US\$50–70 per individual placed in a job ^a
Necessary Initial Conditions	<ul style="list-style-type: none"> • Dynamic labor market (high demand for labor and low rate of structural unemployment) • Widespread availability and use of information technology • Effective targeting and/or outreach mechanisms to reach most at-risk youth • A private sector that is willing to participate in the program • Minimal mismatch between the skills that young people learn in the education system and the demands of the labor market
Specific Examples & Levels of Effectiveness (Strong Evidence and Emerging Evidence)	<ul style="list-style-type: none"> • United Kingdom: <i>Restart</i>—Emerging evidence • United Kingdom: <i>New Deal for the Young Unemployed</i>—Emerging evidence • Argentina: <i>Support for the Job Search</i>—Emerging evidence
Issues to Consider for Replication and Sustainability	<ul style="list-style-type: none"> • Effectiveness largely depends on the health of the labor market, that is, a high demand for labor, low structural employment, a dynamic private sector, and the availability of public funds. • Programs are most effective when delivered in combination with other employment and employment-related interventions. • Programs may not be as successful in countries with large informal sectors, where employers may prefer to hire through informal channels.

Source: a. Jaramillo 2006.