

Active labour market measures for young people¹

Active Labour market programmes and Policies (ALMPs) if properly designed can help young people access decent work. Over the past 25 years, they have increasingly been used to facilitate the labour market integration of young people. Their function is to mediate between labour supply and demand, to mitigate education and labour market failures, and to promote efficiency, equity, growth and social justice. They complement rather than substitute for macroeconomic policies and, if properly designed and implemented, can facilitate the entry of, in particular, disadvantaged young people.

There are many forms of ALMP for young people and their type and scope varies widely across countries and over time, although they frequently combine different measures, targeting both labour demand and supply.

Some general design features which impact evaluation studies have found to increase the effectiveness of **Youth-targeted active labour market measures** are:

- **Early intervention:** Programmes applied to young people at an early stages of joblessness (unemployment, discouragement or inactivity) are more likely to improve their employment prospects – They are less costly and more effective in maintaining labour market attachment.
- **Responsiveness to the Labour market context:** programmes that respond and correspond to labour market needs improves their effectiveness. Good labour market information and programme monitoring is also central to this.
- **Impact Evaluation & Targeting:** Control-group based evaluation is important for reviewing and improving initiatives. Targeting and tailoring to individual needs and labour market disadvantages have produced better programme results. Generic targeting based only on age may benefit better-off young people. Evaluation based only on post-programme employment rates will tend to erroneously favour the more advantaged and lead to mistaken targeting of more advantaged young people.
- **Comprehensive packages of services** that combine various components relating to both labour demand (e.g. tax incentives, entrepreneurship) and supply (e.g. training, career guidance and job-search assistance) can be more effective than single measures. More generally, in designing programmes it is important to be aware of what alternative options are available to potential programme participants.
- **Links to the private sector:** Programmes providing work experience in private firms (e.g. through in-company training, work placement) and/ or programmes which are designed with the input and support of workers and employers organisations tend to be more effective. Involvement of the social partners contribute to the effectiveness of programmes and help connect youth with the world of work.

¹ This background note is based on previously-published material of the ILO's Programme on Youth Employment. More information can be obtained from www.ilo.org/youth (email: youth@ilo.org)

- **Attitudes and Aspirations:** ALMPs can help in guiding young people towards expectations which are in line with available opportunities. At the same time care needs to be taken that they do not do the opposite – providing training in skills does not create employment by itself. If such training is inappropriate to the opportunities effectively available to young people, there is the danger that participants will become disillusioned and disaffected by programme participation.
- **Economic context** – programmes need to be tailored to prevailing economic conditions. Some programmes, for example public works, may be particularly suited to economic downturns, whilst others, for example Job Search Assistance, may be more effective when job opportunities are on the increase.

Types of ALMP for Young People

1) Public work programmes and community services

Public works and community services (improvement of public infrastructure, temporary work in public services, etc.) are common in the context of economic downturns or in the wake of natural disasters. They involve subsidised employment on public projects (usually) for infrastructure construction.

Advantages:

- can easily target certain groups of young people, priority sectors and geographical areas
- They provide work experience and income support to participants;
- They develop physical and social infrastructure, with benefits for the local economy and business development;

Limitations/Drawbacks

- They don't usually enhance the long-term employment prospects of participants, but they can increase the productivity of low-skilled workers when combined with other interventions and support services (such as training, job search and counselling);
- Participation in such programmes can send a negative signal (stigma effect) to potential employers which can act as a barrier to post-programme employment this can also lead to negative self-selection into programmes

2) Subsidised employment in private firms

These take the form of wage subsidies and/or other financial incentives (e.g. tax or social security exemptions for a limited period) for employers who hire young people. There is a wide array of schemes for sharing initial hiring costs between employers and government. The main

design elements regard: subsidy duration and amount; conditions attached (e.g. on training, post-programme employment etc.) and contractual arrangements. In general, such measures combined with training can be amongst the most effective type of ALMP in promoting the longer term employment prospects of participants.

Advantages:

- Can overcome cost and informational barriers to the initial hiring of young people;
- Can easily be targeted at disadvantaged young people
- Can easily incorporate training provision

Limitations/Drawbacks

- Subject to abuse by employers – it is essential that effective monitoring mechanisms are in place to avoid the exploitation of young participants.
- Subject to deadweight, displacement and substitution effects – young people are employed where they (or others) would have been in any case – again careful monitoring is essential to avoid this

3) *Self-employment and entrepreneurship programmes*

This type of intervention is the most widespread form of ALMP for young people in low and middle income countries. These involve several elements:

- i) Developing entrepreneurial attitudes amongst young people;
- ii) Training for business start-up
- iii) Access to finance
- iv) Support for business development

Specific programmes are likely to be more effective if embedded in an enabling policy and regulatory environment that is conducive to youth entrepreneurship. Group-based youth entrepreneurship brings together complementary skills and experience that are valuable for starting and running an enterprise. Cooperatives can also be an important means of promoting decent jobs for young people. In many instances they combine social and economic goals. Many of the obstacles that young entrepreneurs face could be addressed by acting collectively. Employers' organizations provide young entrepreneurs with an opportunity to voice their concerns participate in decision-making and pool their resources.

Advantages:

- Introduction of the entrepreneurship option to young people can help them find additional career options. It encourages young people to find new solutions, ideas and ways of doing things;
- Can help overcome some of the major barriers to business start-up by young people – in particular access to know-how and finance;

Limitations/Drawbacks

- Not all young people have the aptitudes or abilities to become entrepreneurs – such programmes cannot provide a general solution to young people’s labour market entry;
- Interventions need to include several elements – entrepreneurial training and/or access to finance need to be combined, neither will be very effective on its own – ongoing support services for business development are also important to ensure that businesses once formed do not collapse when support is removed - mentor support is particularly important for young entrepreneurs during the first years of business start-up when youth enterprises tend to have high failure rates.

4) *Labour market training*

Labour market training programmes aim at increasing the employability of young people through skills development. Increasingly, they target especially disadvantaged young people by offering a package of services including literacy and remedial education, vocational and job-readiness training, job search assistance, career guidance and counselling, and other support services. The implementation of these programmes involves public employment services, local authorities and other partners, including private employment agencies and training providers, frequently working under contract to the public sector.

Advantages:

- Labour market based training can help remedy problems of disadvantaged young people who leave school with few employment related skills;
- Training programmes are most effective when linked to, or incorporated with, other elements such as subsidised employment and job search assistance, for example, the “*Jóvenes*” programmes in Latin America. Targeted training and the design of comprehensive packages have been identified as a major success factor in these programmes.

Limitations/Drawbacks

- Training needs to be carefully calibrated to suit local conditions and opportunities – training on its own does not create employment;

5) *Job Search Assistance and other Employment Services*

Regardless of a country's stage of development, labour market information (LMI), job-search techniques and career guidance have important roles in guiding young people in their career choices. This support can take many forms. LMI improves the quantity and quality of job matches between employers and jobseekers, reduces unemployment spells and increases labour market efficiency. The collection, analysis and dissemination of LMI have a pivotal role in informing young jobseekers about employment opportunities and in providing indications for policy and programme design. Provision of support in the form of how to go about look for a job, how to write a CV and job application can be cost effective ways of facilitating the entry of young people into employment. Increasingly Internet or call centre technology has been used to provide information on job, career, and education and training opportunities in many countries.

Job-search assistance techniques for young jobseekers are commonly used as a matching tool. They are usually integral components of comprehensive labour market packages, although in some cases they are offered as stand-alone programmes. This type of assistance aims at preparing young people for the labour market and improves information on job opportunities. It includes self-help provision, job-search techniques, career guidance and counselling.

Career guidance and counselling together match the skills and aspirations of young jobseekers with employment or education and training opportunities. They are an important instrument for facilitating the school-to-work transition. If offered at the first stage of labour market programmes, guidance and counselling can play a key role in identifying and tailoring employment and training opportunities and in making realistic choices. Individualized assessment makes it possible to map vulnerability and target labour market programmes to the most disadvantaged jobseekers.

Main Advantage:

- Impact Evaluation studies have found JSA to be the most cost-effective type of intervention;

Main Limitation:

- This type of programme promotes the efficiency of matching it does not increase employment opportunities so that in times of recession, its usefulness is necessarily limited