



International
Labour
Organization

Policy brief on activation strategies for youth employment *

1. Introduction

This brief reviews the strategies to support unemployed young people in finding work. It is based on the analysis of evidence of similar strategies that have been put in place by EU countries over the past two decades.

Activation strategies have been a core pillar of many governments' efforts to support the labour market integration of young people, especially during economic downturns.¹ As such, their main features targeting young people (job search assistance, counselling and guidance services, individual action planning, monitoring and sanctioning) are included in national YG plans.

In general, activation strategies make unemployment support conditional to active job search and participation in active labour market measures, employment services and other labour market measures that promote the return to work.² These strategies usually combine the provision of unemployment benefit with active labour market policies and conditionality. A key feature of activation is that unemployed individuals are required to attend mandatory interviews with employment counsellors, seek job vacancies and apply for jobs, accept offers of suitable work, formulate an individual action plan, and participate in training or job-creation programmes.

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¹ W. Eichhorst W and U. Rinne: *Youth activation policies*, ILO (Geneva, 2015). This paper contains an appendix with a comparative table that summarizes youth activation strategies of 33 countries, http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_322411.pdf

² Unemployment benefits systems consist of two main aspects: unemployment insurance and unemployment assistance. Unemployment insurance protects individuals against loss of income during unemployment and is based on an insurance principle. Unemployment assistance seeks to prevent unemployment-related poverty and it is granted to individuals who are not covered by unemployment insurance. It is based on means-tested welfare principles. Some 15 countries of the EU have unemployment assistance as part of their unemployment benefit system.

Non-compliance with active job search triggers "sanctioning", which consists of the progressive decrease or suspension of benefit payments.³ The obligation of the unemployed is mirrored by that of the public employment service (PES) to provide effective employment services and labour market integration measures (mutual obligation).⁴ In recent years, the use of sanctioning mechanisms as a key feature of activation strategies has come into question, as it could potentially lead to poor matching and placements in low quality jobs, often unrelated to jobseekers' qualifications, which could undermine future employment and earning prospects, and result in dissatisfaction with, and even withdrawal from, the labour force.⁵

2. Activation measures in national Youth Guarantees

The term "activation" in the Youth Guarantee (YG) relates to the means and action that are put in place to mobilize and engage young people who are neither in employment nor in education or training (NEET) through labour market interventions, continued education or training.

Activation approaches in the YG are based on outreach and mutual obligation: "outreach" comprises action aimed at identifying and engaging young people not enrolled in education, training or registered as unemployed with the PES.⁶ "Mutual obligation" relates to the obligation of young people, once registered with the PES, to use the services available to improve employability and labour market prospects and the obligation of the PES to offer a job, continued education, apprenticeship or traineeship opportunities based on an individual action plan.⁷

Some countries have established specialized youth counselling teams within the existing PES structure, while others are strengthening cooperation with private employment agencies. For instance, activation rules (job search monitoring and sanctioning) are included in national YG plans in Belgium, Ireland and Germany.

³ Access for young people to unemployment benefits is very limited in most EU countries.

⁴ Increased investment in employment services and programmes is therefore a key component of activation strategies. See J. P. Martin: *Activation and active labour market policies in OECD countries: Stylized facts and evidence on their effectiveness*, IZA Policy Paper No. 84 (2014); and H. Immervoll and S. Scarpetta: *Activation and employment support policies in OECD countries. An overview of current approaches*, IZA Journal of Labor Policy (2012).

⁵ See A. Nivorozhkin and J. Wolff: *Give them a break! Did activation of young welfare recipients overshoot in Germany? (A Regression Discontinuity Analysis)*, Institute for Employment Research (Bonn, 2013). This research reviews the impact of the special rules introduced in Germany for the activation of young beneficiaries (aged 15–24) of unemployment and social assistance benefits.

⁶ Outreach approaches are the subject of the ILO technical brief *The Youth Guarantee in Europe: Outreach strategies targeting young NEETs* (Geneva, 2017).

⁷ See European Commission, *Commission staff working document accompanying the proposal for a Council recommendation on establishing a Youth Guarantee*, European Commission (Brussels, 2015).

2.1. Job search assistance and personalized employment planning

With regard to job search assistance, most countries in the European Union (EU) conduct mandatory interviews between the jobseeker and an employment advisor (caseworker). Young people are also required to report regularly on their job search effort, while the PES provides referrals to vacant jobs, training on job search techniques, counselling and guidance.

Box 1: Profiling systems in the Youth Guarantee plans

In the context of the YG, some EU countries (Ireland, Latvia and Portugal) have adopted an integrated approach whereby statistical profiling systems are used at registration to identify young people most at risk and fast-track them to an interview with a caseworker. During the counselling session, the caseworker uses diagnostic tools to add otherwise unobservable characteristics to the profile of the individual at risk. An employment service strategy based on available impact evaluation results is agreed by the young person and the caseworker and set out in an individual employment plan. The young client is then monitored throughout the course of integration into the labour market.

The Ballymun pilot project in Ireland developed a specific profiling procedure in line with the needs of disengaged young people. The profiling system, which was set up at national level, assigns a PEX score to each young person who registers with the employment service. The score indicates the probability of the individual exiting the unemployment register (Live Register), placing them in one of three categories: low, medium and high probability of exiting the register within 12 months. After this first broad profiling exercise, the young beneficiaries in each PEX score category are invited to an engagement session, during which they are informed about available services. They then participate in a second individualized profiling exercise, through a one-to-one interview with a caseworker. Those with a medium or high PEX score meet the caseworker once or twice to develop an initial personal career plan, while those with a low PEX score benefit from a comprehensive and highly personalized profiling exercise conducted over three to five meetings. A new profiling interview form has been developed specifically to support caseworkers in one-to-one interviews with young people. This tool gives pointers to steer the interview, which cover the objective barriers and subjective beliefs that prevent young people from developing labour market attachment, and helps caseworkers to measure young people's self-awareness, resilience, employment motivation, hope and adaptability.

The profiling system used by the Portuguese PES divides young unemployed into three categories – high, moderate and low risk – based on the probability of them remaining in the unemployment register for one year or longer. For each category there is a recommended list of services and programmes that the caseworker may consider. For young people at low risk, the recommended approach includes job search training, job placement, motivation training and continuous vocational training. For those at high risk, the intervention strategy also includes core work skills and self-esteem training, intensive employment counselling and guidance, literacy and numeracy training, and referral to active labour market programmes. The final assignment to specific services and programmes, however, remains at the discretion of the caseworker.

Source: European Commission, *Identification of latest trends and current developments in methods to profile jobseekers in European Public Employment Services: Final report* (Brussels, 2015).

EU countries also rely increasingly on screening and profiling to differentiate service delivery across different groups of individuals (see Box 1). Most labour offices use the personal information collected at registration to build an initial profile of the young person. More information is collected during a one-to-one interview with a

caseworker, which usually takes place a few weeks after registration.⁸ Based on the difficulties the young person is likely to experience in the labour market, he or she will be referred to different types of services and programmes included in an individual employment plan.⁹

Job search assistance and individualized counselling and guidance are the most common activation measures in national YG plans. These can be provided by specialized youth counsellors or branches of the PES. In Latvia, for example in-depth individualized assistance is provided by youth counsellors in the first months of unemployment. In Croatia, the professional profile of youth counsellor was introduced during the broader restructuring of the PES, which is one of the components of the YG implementation plan. In Germany, youth employment agencies, youth welfare services and job centres deliver youth employment services, together with community-based organizations and the social partners. These agencies provide a combination of prevention and curative services to support young people who are in school or looking for work. Services include individual needs profiling, career guidance, vocational counselling and job search assistance. In Ireland, engagement with unemployed young people is set out in the "Pathways to Work" model, which distinguishes the nature and intensity of services according to the risk of long-term unemployment. Within three weeks of registration, young people at risk are given individual counselling sessions, in which caseworkers provide job search assistance, job referral services and support for developing an action plan (known as a "progression plan").

Career guidance services targeting young people registered in national YG schemes use a wide spectrum of approaches. These include one-to-one counselling delivered by PES front staff or specialized careers advisors, group counselling, peer counselling, enterprise visits and work trials. In Latvia, for instance, there are workshops that offer young people the opportunity to explore three vocational training programmes (combined theoretical and practical learning) for two weeks each, in order to understand the tasks required by a certain occupation and to help them make an informed choice of the training programme of most interest. In France, the YG plan offers a few days or weeks of work exposure in a local company. Through this experience, young people can identify the pathway that best fits their job aspirations and capabilities.¹⁰ The Estonian PES uses job clubs to help groups of young people who are unsure about their career choices or unable to engage in autonomous job search.¹¹

Evidence from evaluation suggests that career guidance interventions are most effective when they are targeted to and focused on the development of positive attitudes such as increased self-confidence.¹² Young people who have benefitted from

⁸ The European Network of Public Employment Services, *Report on PES implementation of the Youth Guarantee*, Publications Office of the European Union (Luxembourg, 2015).

⁹ ILO, *Profiling youth labour market disadvantage*, (Geneva, 2017).

¹⁰ Mutual Learning Programme, *The French Guarantee for Youth: Experiencing a new approach to help young vulnerable people to gain autonomy. Host Country Discussion Paper*, Publications Office of the European Union (Luxembourg, 2016).

¹¹ European Commission, *The Youth Guarantee and Youth Employment Initiative three years on*. European Commission Staff Working Document. Publications Office of the European Union (Luxembourg, 2016).

¹² S. Neary et al.: *The impact of career guidance on progression in learning and work: A literature review*, DBIS (London, 2015).

career guidance services are, on average, 2.7 times more likely to find employment than those who have not.¹³

In most EU countries, the PES also provides career guidance to young students to prepare them to look for jobs once they finish their studies.¹⁴ Career guidance services are increasingly combined with coaching and mentoring support (either face-to-face or through customized online services).¹⁵

Box 2: Impact of job search assistance and individual action planning on youth employment

Job search assistance yields positive results for young people and adults alike. On average, these services increase the transition rate from unemployment to employment by 20 per cent and employment duration by 10 per cent, with stronger duration effects for young men than for women. Positive long-term effects of job search assistance suggest that it not only helps young people find employment faster, but also to enter higher equality employment.

France has four main counselling schemes, which aim to raise the rate of transition from unemployment to work and decrease recurrence of unemployment. These schemes include skills assessment, job search assistance and training, and job vacancy referral. Impact evaluation has shown significant positive effects on both unemployment duration and recurrence, which declined from 33 to 26 per cent. Skills assessment schemes were more efficient for young jobseekers, probably because new entrants tend to be less informed and need help to align their search strategy with labour demand. Further research on the impact of job placement assistance on the labour market outcomes of young, educated job seekers found that intensive counselling programmes had a positive impact on employment. This effect, however, came partly at the expense of other (untreated) unemployed, who took longer to find employment.

In Denmark, the impact evaluation of the various types of meetings between unemployed individuals and counsellors (guidance, job planning, CV writing, and so on) were found to have significant positive effects on the rate of transition to work (around 25 percent increase in jobs found after the first meeting and 55 per cent increase after the second meeting). The peak in the transition to work occurs 40 weeks after the first meeting, with a stronger effect for young women than for young men.

In the United Kingdom, personalized advice and job search training increased the probability of finding a job by approximately 31 per cent among unemployed aged under 24. In Sweden, young people participating in mandatory job search assistance, career counselling and job search monitoring had a 30 per cent higher rate of employment than those who did not receive those services.

Source: B. Crépon, M. Dejemeppe and M. Gurgand: Counseling the unemployed: Does it lower unemployment duration and recurrence? IZA Discussion Paper No. 1796 (2005); M. Caliendo and R. Schmidl: Youth unemployment and active labor market policies in Europe, IZA Discussion Paper No. 9488 (2015).

Most of the activation services in national YG implementation plans include the development of an individual action plan, which is agreed between the young person and the caseworker within a few weeks of registration, and which details activities to

¹³ S. Liu S, J. Huang and M. Wang: "Effectiveness of job search interventions: A meta-analytic review". *Psychological Bulletin* (2014), 140 (4).

¹⁴ The European Network of Public Employment Services. *Report on PES implementation of the Youth Guarantee*, op.cit.

¹⁵ European Commission, *Sustainable activation of young people not in employment education or training (NEETs)*, Publications Office of the European Union (Luxembourg, 2016).

help the young person find work. These may include participation in labour market integration measures that are included in the national YG plan. In Sweden and the United Kingdom, participation in individualized re-employment programmes is compulsory after a period of unsuccessful job search.

Impact evaluation studies have confirmed the positive effect that job search assistance and action planning can have on young jobseekers' employment and earning potential (see Box 2). Countries investing in reforms to strengthen the capacity of employment services may therefore experience an increase in the rates of young people's transition to employment and shorter school-to-work transition periods.

In many countries (including Austria, Belgium, Lithuania, the Netherlands and Slovenia), considerable effort is being made to expand web-based services as part of the YG, including labour market information, self-assessment tools, automated matching, skills assessment and validation of prior learning, and career guidance. The Portuguese PES, for example, has developed a career guidance portal with free access to information and career management tools. A similar portal has also been introduced recently by the Croatian Employment Service.

The YG has also increased the provision of employment services through social media, which are used to provide information about the services and measures available to young people and to offer job search training (Sweden) and provide additional information on YG offers (the blog on apprenticeship in France).¹⁶

2.2. Job search monitoring and sanctioning

Monitoring and sanctioning allow the PES to monitor compliance with the mutual obligation aspects of activation strategies. These obligations can include accepting suitable job offers, participating in active labour market measures, sending out an agreed number of applications, or attending sessions with caseworkers. Non-compliance with any of the pre-established obligations may result in a sanction that can include the reduction or discontinuation of the unemployment benefit or other benefits to which the participant may be entitled. These sanctions aim to ensure compliance with requirements and increase the unemployment-to-employment transition rate. The severity of sanctions varies considerably between countries. While in some, benefits are completely cut for a pre-determined period, in others they are only reduced. In Greece, Ireland, Italy, Luxembourg, Portugal, Romania, and Slovakia, for example, an initial refusal of a job offer or placement in an active labour market measure can result in a complete cut in benefits. In Denmark, Estonia, and Germany, the duration of suspension is relatively short (one month or less) but longer in Bulgaria, Lithuania, and Poland (six or more months).

The use of sanctioning as an activation tool for young people who are disconnected from the labour market has come under scrutiny for the quality of career opportunities generated for those who found a job. Evidence shows that activation works best for benefit recipients who are relatively job-ready. It can also be successful for single parents with young children, as long as the support provided takes account of childcare issues (as is the case in Ireland). Evidence gathered thus far, however,

¹⁶ The European Network of Public Employment Services, *Report on PES implementation of the Youth Guarantee*, op.cit.

shows that activation strategies and sanctioning mechanisms are less successful for young people facing multiple barriers who tend to withdraw from the labour market (see Box 3).

Box 3: Job search monitoring and sanctioning in Germany and the United Kingdom

In Germany, the 2005 reform of the welfare system introduced strict benefit sanctions for young welfare recipients. The basic cash benefit is withdrawn for three months for any non-compliance. A second non-compliance within a year triggers a complete cut of the benefit for three months. An impact evaluation conducted in 2008 found that sanctioning increases exit rates into employment, in particular for young men, but at the price of lower wages (more than five per cent lower). There are also significant effects on the exit rate from the labour force. This means that in the presence of strong benefit sanctions, welfare recipients tend to either reduce their reservation wage and enter lower-quality employment, or withdraw from their job search.

In the United Kingdom, the Jobseeker's Allowance provides a six-month unemployment assistance benefit to all those registered as unemployed with the PES, with stringent job search requirements. An impact evaluation of the first two years of this allowance found that while initially its effects were positive (it increased the probability of exiting the unemployment register within three months by 15 per cent), they became negative in the medium-term. Young people tended to resort to alternative sources of social benefits, exempting them from job-search activities. Furthermore, it had negative effects on wage levels, which were greater for young people compared to their adult counterparts. These results suggest that while tighter job search requirements succeeded in moving individuals off unemployment benefits, they did not move them into stable or better jobs, with long-lasting unintended consequences on a number of labour market outcomes. There is also evidence that those subject to sanctions often belong to disadvantaged groups (they have family problems, mental health or substance abuse issues) and that sanctions tend to exacerbate their situation.

Source: G. van den Berg, A. Uhlendorff and J. Wolff: *Under heavy pressure: Intense monitoring and accumulation of sanctions for young welfare recipients in Germany*, IAB Discussion Paper No. 34 (2015); B. Petrongolo: "The long-term effects of job search requirements: Evidence from the UK JSA reform," *Journal of Public Economics* (2009) 93(11).

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