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The way to success: do not copy a policy measure before you understand the mechanisms that are triggered

Presentation International EQUAL-congress
 'School4job: School together, work together'
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Overview

- Why work?
- Trends on the labour market
- Screening and matching
- Age and education
- International comparison
- Policy implications
- What can we learn from each other?


2 

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Why work?

According to Greek and Roman philosophers work was a kind of punishment by the gods.
 To educate yourself permanently was the optimal way of life.
 Economic theory: working is not nice, you only do it if you get paid for it.
 But some people say: give me a nice job and I never have to work again


Labour can be seen as a **production factor**, but also as a **social factor**: besides work the labour market allocates also income, financial security, self-esteem, social contacts, prestige

3 

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Aim of School4job

- Improve the internal care organization in schools in such a way that young people do not leave school early before graduation
- Coordinate the internal care in schools with external care by other partners
- Enhance the participation of youth in education and in paid labour
- Smoothen the transition from education to the labour market

4 

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Trends on the labour market

- Quantitative:
 - Economic recovery
 - Aging society
- Qualitative: **education** and occupation
 - Economic restructuring from industry → services
 - Increasing knowledge intensity → education level
 - Choice of school and type of education
 - Early school leavers
 - Many open vacancies exist together with a huge pool of long-term unemployed, partly disabled, etc.

5 

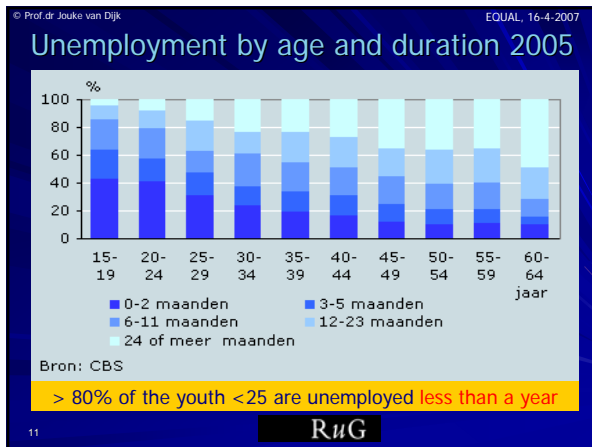
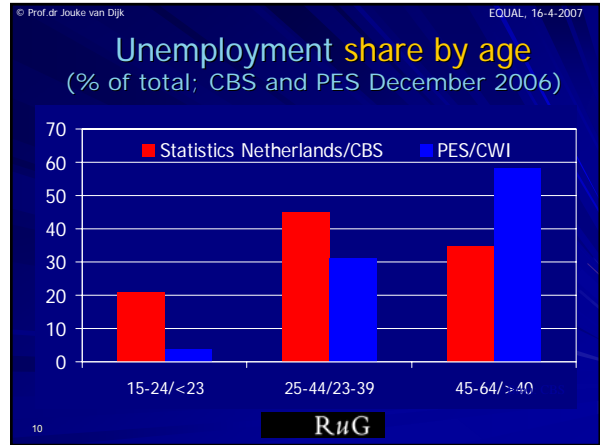
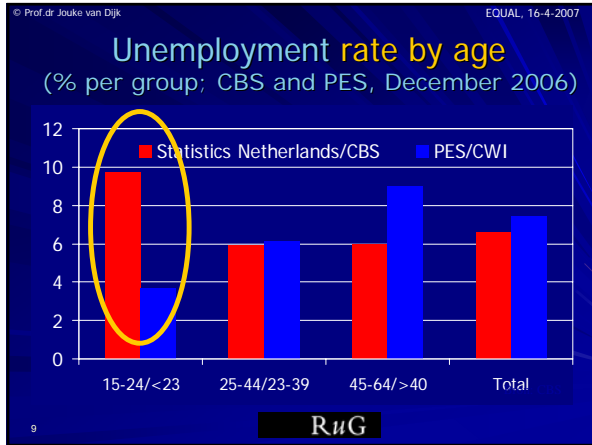
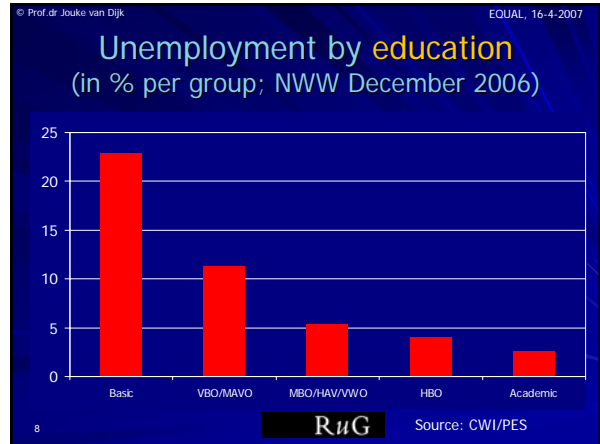
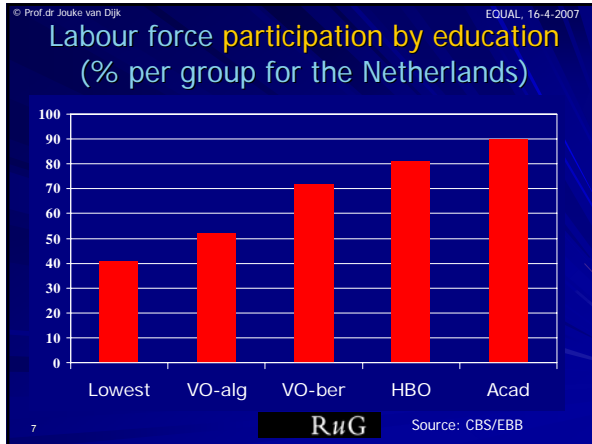
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Labour market: matching outcomes

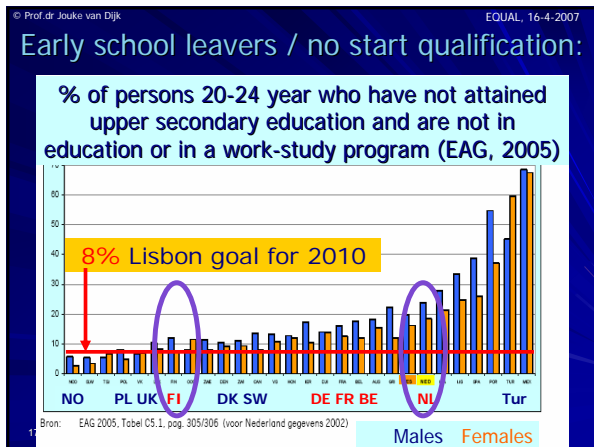
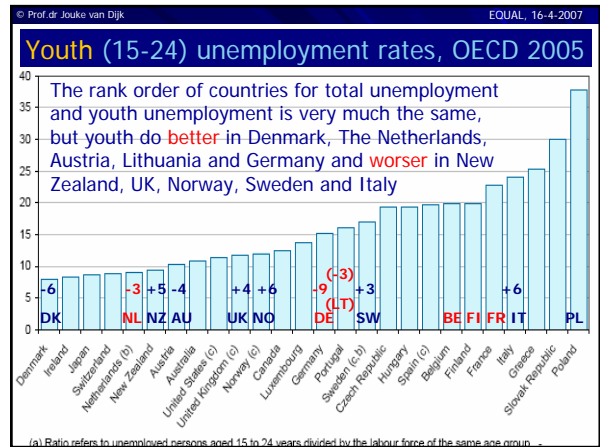
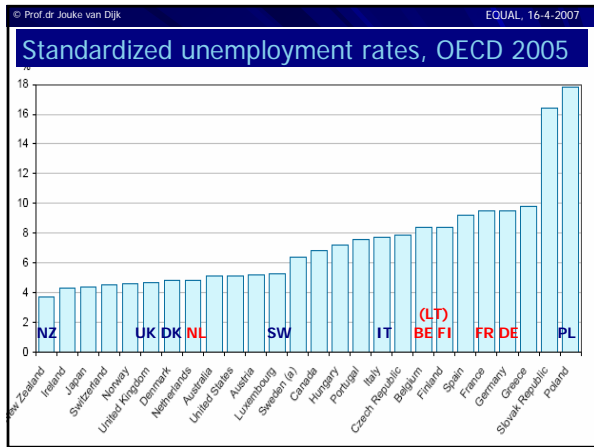
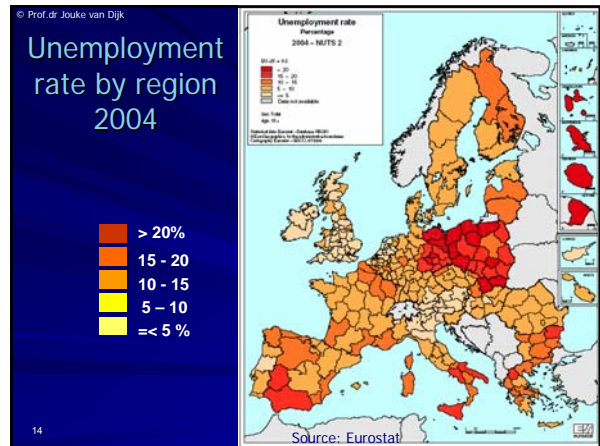
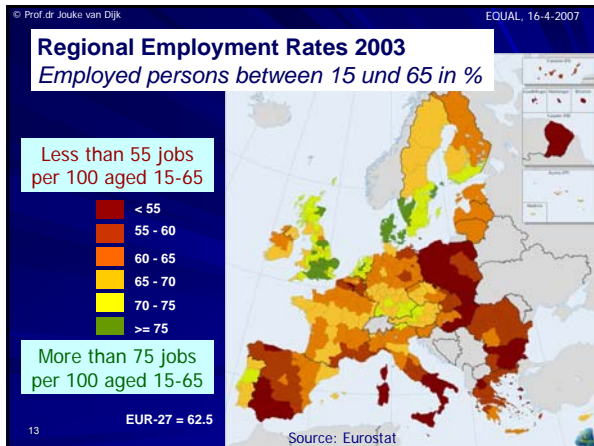
Screening and signaling

- Age: unemployed 45+ less attractive, 15-24 ??
- Education: level and type; work experience
- Language, flexibility, personality, social skills
- Motivation and physical appearance: beautiful people earn more, better careers, less unemployed
- Wage cost, minimum (youth) wage
- Recruitment channel / search behavior
- Internet: recruiting, matching, screening
- Decisions: interview 45 minutes; rules of thumb
- Job opportunities at the regional labour market

6 



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- ### Labour market indicators: regional/national
- Vacancy rate, employment rate
 - Unemployment rate, unemployment duration
 - Social security payments, replacement ratio, eligibility criteria
 - Unions, collective agreements, minimum wage
 - Employment protection, lay-offs, working conditions
 - Age limit compulsory attendance at school
 - Firm policy on-the-job-training: human resource management, internships, training post
 - Labour market policy!!!!
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Conclusions

- Unemployment is lower for everyone if job opportunities are better
- Total unemployment is highly correlated with youth unemployment
- Age and education are important selection criteria on the labour market
- Better educated and those with start qualifications are less unemployed
- **However:** due to differences in the regional labour market situation and differences in the institutional setting (social security, educational system, norms and values, etc.) youth unemployment shows substantial variation between countries and regions

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Policy intervention?

- "Evaluations of ALMP's (Active Labour Market Program's) targeted at youth have shown **disappointing results**. This overall negative assessment holds, not only for training programmes, but also for employment subsidies and direct job creation measures as well. Evaluations carried out both in Europe and in the US – using experimental and observational data – have generally found that active **measures for youths have failed** to improve their labour market situation" (Employment in Europe 2006, p.139)
- **Best results are obtained for early and sustained interventions going as far back as the pre-school period that also have involved their social background**

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Five conditions for success

1. Be market oriented and targeted at jobs with relatively high earnings
2. Offer an appropriate combination of education, occupational skills and on-the-job-training
3. Provide youth with pathways to further education
4. Make available a range of support services adapted to the needs of the youth and their families
5. Monitor outcomes and use this information to improve the quality of programmes

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Policy intervention for youth (1)

- Youth unemployment is not a big problem, the majority of those without start qualification work
- **But:** some specific groups of early school leaving youth are at risk for long-term unemployment, permanent social exclusion and may end up as criminals
- Important question: **How to identify them!**
- This requires detailed insight in the person and the family context
- Carrot or stick? A tailor made personal approach might be more productive than e.g. a work-first approach

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Policy intervention for youth (2)

Next important questions:

1. **How to bring them back to education or work?**
 - Create attractive education for those with less intellectual and more hands-on interests and ability
 - Cooperate with employers and combine school with internships, training posts etc.
2. **How to prevent early school leaving in the future?**
 - Investing in youth care and family programs targeted at youth in the age category of 1-10 year might have a higher pay-off if it prevents early school leaving and avoids the need for a curative policy at a later age

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How can we learn more from each other?

- In order to develop further an European Evaluation Culture, it could be useful to define "guidelines" on how to conduct evaluation exercises
- The gain in knowledge (about "what works and for whom") could be tremendous if member states were to adopt similar ways of collecting data on program evaluations

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Recommendations for data collection:

- Data on target group and program goal
- Data on the program: type, duration, contents
- Data on participants and non-participants: set of socioeconomic variables (age, education, gender, employment history, etc)
- Data on employment and earnings outcomes, e.g. 6, 12, (> 60?) months after program completion
- Evaluation by independent researchers
- Data on direct program costs → cost-benefit analysis
- Take into account the institutional differences

25

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Final remark

- The way to success: do not copy a successful policy measure in another context before you understand the mechanism that are triggered
- Do not hesitate to experiment with innovative ideas from other regions, but monitor outcomes and use this information to evaluate and improve the success of programs and make it tailor made for your youth in your regional situation
- Learning from mistakes is most often better than doing nothing, but wasting money is also a pity

26

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27

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