

ACTIVE LABOR MARKET POLICIES' EFFECTIVENESS AND IMPLEMENTATION: A REVIEW OF EVALUATION STUDIES

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THE TOPIC

The objective of Active Labor Market Policies (ALMP) is to increase employment opportunities for the unemployed. To increase these opportunities, ALMPs primarily target the unemployed themselves with the aim of triggering the individual changes that are needed to strengthen their skills and make them able to meet the labor demand. To a lesser extent ALMPs aim at catalyzing the dynamics of labor demand generation. On the basis of these assumptions, the design and effectiveness of ALMPs depend on their ability to address heterogeneity. Heterogeneity refers, first, to geographic and sectoral contexts characterizing the labor markets within which they are implemented. Alternatively, it refers to differences in the starting conditions of individuals seeking employment. ALMP interventions are grouped into Services (where the main activity is job-search related and participation usually does not change of employment status) and Measures (where the main activity is other than job-search related and usually results in change in the employment status, vocational qualifications or self-employment):

A. JOB SEARCH ASSISTANCE (Services)

- a1. Basic counselling, profiling of the unemployed and definition of basic job search actions
- a2. Specialized counselling, skills assessment, analysis of training needs
- a3. Direct support to job search
- a4. Services for specific targets - young people, women, disabled people, marginal people

B. TRAINING (Measures)

- b1. Vocational training for job placement and self-employment
- b2. Training on the job

C. BUSINESS START-UP (Measures)

- c1. Targeted counselling for self-employment
- c2. Incentives for self-employment (start-ups)
- c3. Tutoring for business start-up and consolidation

D. SUBSIDIES TO EMPLOYERS (Measures)

- d1. Temporary and permanent incentives
- d2. Specific measures for specific targets - young people, women, disabled people...

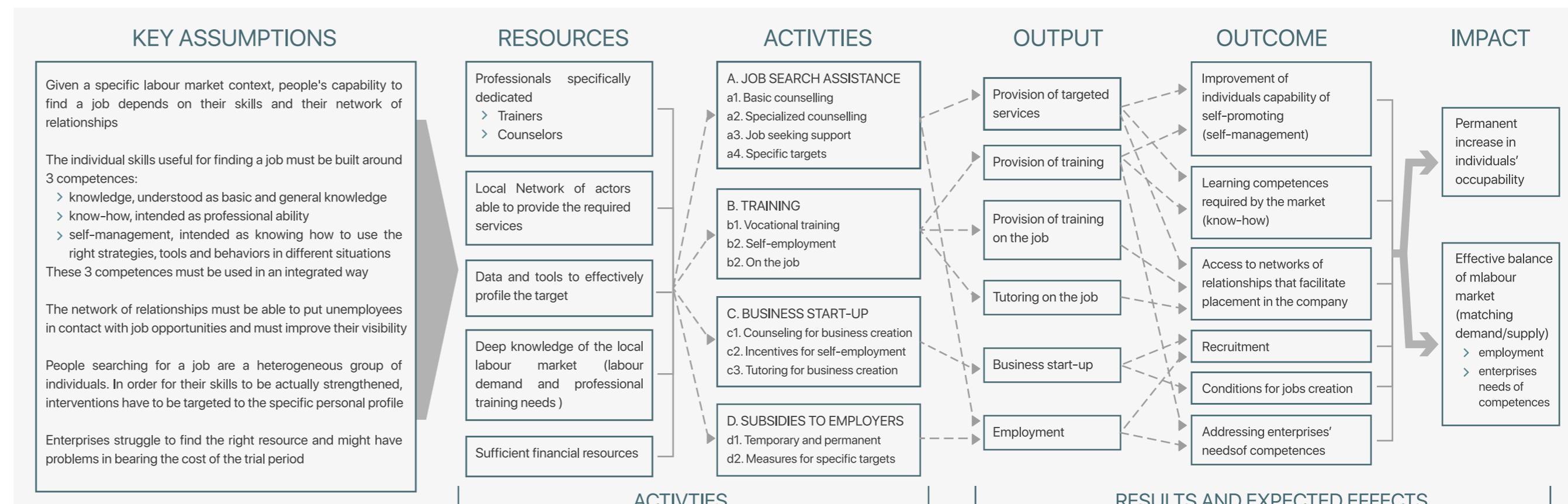


Figure 1. The interpretation frame of PAL interventions connects key assumptions to expected changes (outcomes and impacts) in the medium and long term

OBJECTIVE AND RESEARCH QUESTIONS

The goal is to understand which interventions to promote and how to implement them in order to increase the individuals' employability and to facilitate job placement in different contexts of implementation.

The following detailed questions arose from the discussion within the research group:

1. Which interventions worked better and for which specific targets?
2. What implementation tools were planned and how did they work? Or, what resources and what organizational processes have been defined for the implementation of the intervention?
3. Beyond what was planned, through which means the interventions were actually implemented? Which actors, interactions and processes emerged as relevant? Which mix of measures and services were actually provided?
4. How did job creation tools work? What was the actual operation of the incentives for recruitment and self-employment?

METHOD

An interinstitutional research group completed the narrative review of evaluations of ALMP interventions. The group includes members of Evaluation Units and of public research centers. Formed on a voluntary basis, the Group operates within the Network of Public Investment Evaluation Units, a national cooperation structure coordinated by NUVAP, the Evaluation Unit of Italy's Department for Territorial Cohesion.

On the basis of a wide literature review, the group developed a conceptual framework linking hypotheses with changes needed to increase individuals' employability (figure 1). The Group selected the evaluations it used for the review from the database developed by Italy's Observatory of Evaluation Processes (at the bottom of the webpage

<http://www.pongovernance1420.gov.it/it/progetto/assist/>).

Selection criteria were: exhaustive coverage of ALPM services, relevance in decision-making, and methodological robustness.

The work is part of a wider endeavor to synthesize evaluation results for use by decision makers in Italy. It is one of six narrative reviews: other reviews deal with policies to contrast outmigration from the Mezzogiorno, prevention of environmental risks, innovation in enterprise, local development strategies, and social innovation. The Groups conducted the reviews using the same methods both for working collectively and for identifying and combining evidence

(http://www.pongovernance1420.gov.it/wp-content/uploads/2017/09/2019_11_07_NUVAP_DOC-Rete-RAR2019_Casavol_a_Tagle_.pdf).

MAIN FINDINGS

The effectiveness of services and measures implemented are affected by:

- > the tools adopted in relation with the target: services and measures produce only slight effects for individuals at either extreme (too high or too low) of the employability distribution. Instead, they produce a clear benefit for the unemployed who are 'weak but not too much'
- > the local and/or sectorial characteristics of the labor market
- > the time factor (Youth Guarantee)
- > the passing of time: effects become relevant only months after the interventions and with contrasting effects (e.g. internships achieve a strong positive effect measured 18 months after completion, while vocational training has a negative impact which tends to decrease progressively)

Implementation tools are evolving towards a more careful customization of services towards the specific needs of the unemployed. A potential bias comes from the competition among the heterogeneous groups of public/private actors (public agencies, training agencies, cooperatives and other consortia) who provide AMLPs. Some implementation tools have showed they can achieve more than one objective as in the case of an increase in individuals' employability joined with an increase in the innovative capacity of the enterprises. Finally, and in particular for the business creation, tutoring supported both entrepreneurs and self-employed by providing a complex network of services (from consultancy for the business idea and plan to specialists' advice on legal, commercial, and economic matters).

The main issues of implementation tools related to the lack of flexibility (Buoni Servizi Lavoro), to the long duration of the processes and to the high number of organizations with which the unemployed are required to deal.

In **emerging implementation processes**, often actors and practices both diverged, more or less positively, from what was planned tools and/or triggered unexpected mechanisms and effects. Economic theory suggests that, in addition to the specific objective of the intervention, other mechanisms play an important role in producing positive results. In the case, e.g., of on-the-job training, sometimes some unemployed individuals and enterprises fabricate fictional traineeships just to obtain funding—without any real business perspective in sight. An urgent need for human and financial resources in some cases drove small companies to divert their scarce resources towards draining public funding and away from pursuing the core business of the activity. Private consultants are becoming more and more important, due to the needs of dealing with long and often complicated processes. Finally, **business creation** measures became increasingly personalized. This has produced a high survival performance of the enterprises that provided the tutoring (MIP Piemonte), while microcredit for both the creation and consolidation of businesses shows contrasting effects. Entrepreneurs declared to be relatively satisfied by the procedure to access the fund and by its adequacy. They, though had troubles returning the loan by the due deadlines.

OPEN ISSUES

In addition to finding evidences about effects and implementation of AMLPs, the narrative review identified issues that are relevant for future investigation:

- > the effect of a careful profiling of unemployed on the basis of a robust assessment of the employability
- > the effects of the remuneration mechanisms of the agencies in charge of the implementation on the results actually achieved
- > with regard to the design of services and measures
 - the effect of a greater integration among AMLPs and other complementary services
 - careful consideration of the context of implementation
 - the role of administrative simplification, integration between various databases and automation of most controls in strengthening service delivery
- > with regard to the provision of services and measures
 - the effect of a more intense collaboration (and competition) between public and private agencies
 - the effect of higher complementarities among agencies
 - assessing different implementation models (from state-centered to market-centered) and defining the strategies to create and regulate the proper market for these models to be implemented
- > the need for launching groups of comparable ALMPs evaluation studies in order to support both comparative analysis and the cumulative process in order to create a robust knowledge basis for AMLPs evaluation, design and implementation.

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