

XXXIII AIEL Conference 2018

The Youth Guarantee: a real opportunity for NEETs?

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In summary

- ❑ **Objective:** to evaluate the effect of the participation in the Youth Guarantee (YG) program on the employment outcomes of young people.
- ❑ **Methodology:** counterfactual analysis based on nearest neighbor matching.
- ❑ **Context:** an Italian region, Tuscany.

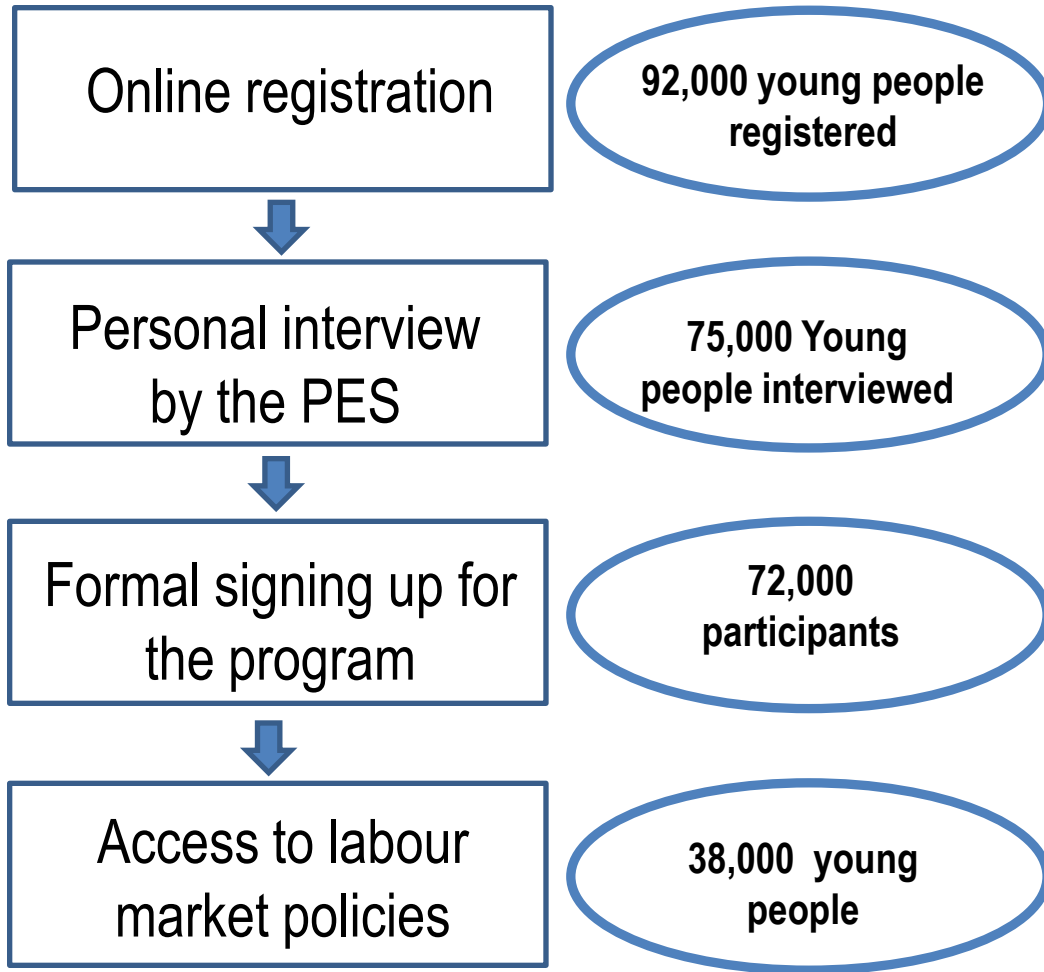
Background

- ❑ Literature on the impact of the European YG is limited because of the recent implementation (DARES, 2016; Loison-Leruste et al, 2016).
- ❑ Some evaluations are available for pioneer countries in the activation of early versions of YG (Blundell et al, 2004; Hämäläinen et al., 2017).
- ❑ In Italy some regions are involved in the **monitoring** of YG but the only **impact evaluation** has been conducted by the Senate Impact Assessment Office (2017).
- ❑ Literature on the broader field of **active labour policies for young people** provides ambiguous results, although a number of studies stress **the importance of programs**, instead of single actions, in favoring better employment performances (Kluve et al. 2016).

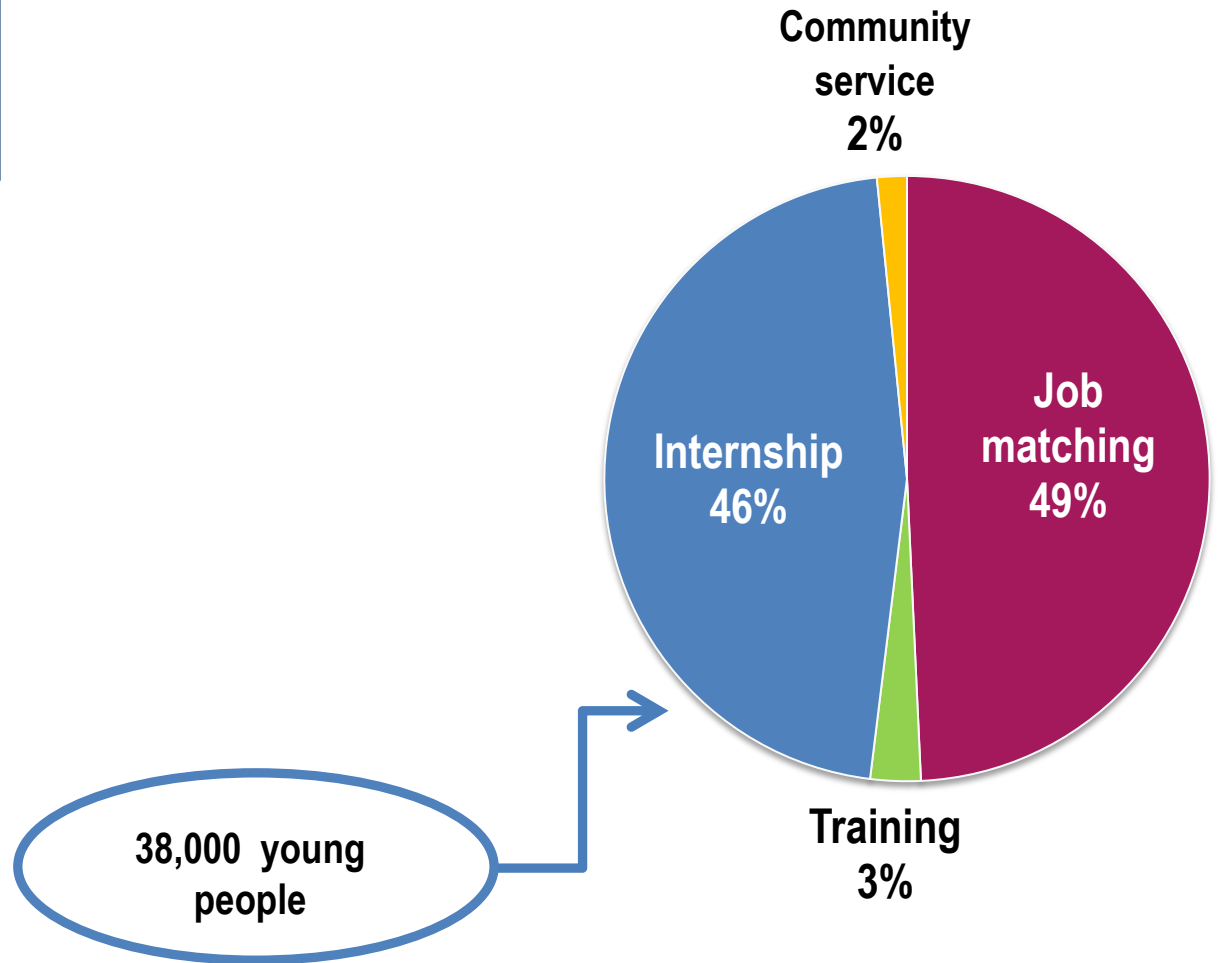
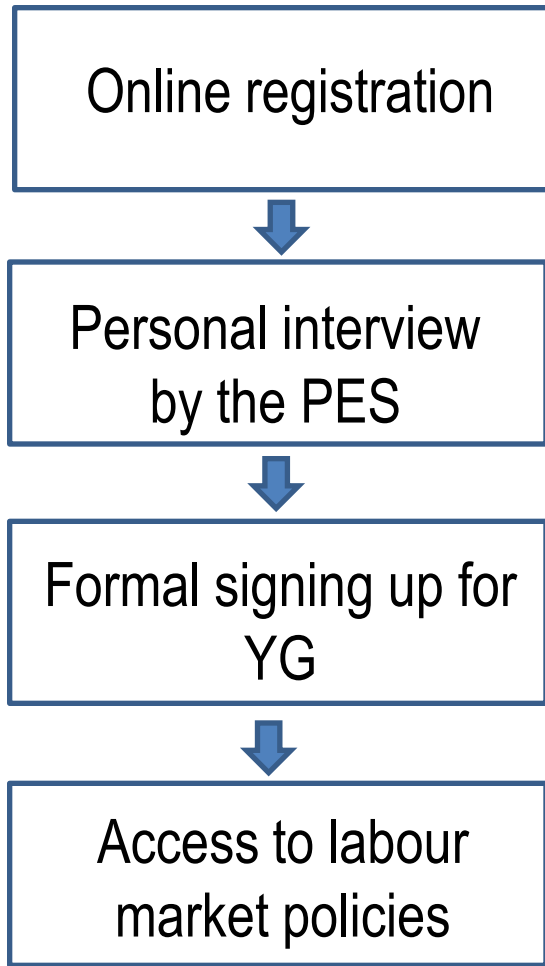
The program (1)

- ❑ In 2013 the European Commission launched the European YG, a programme aimed at ensuring that **NEET individuals** reactivate within a period of **four months** after becoming unemployed or leaving formal education.
- ❑ The programme guarantees that NEET individuals receive a **good-quality offer** of employment, education, training or internship, in order to exit the NEET condition.
- ❑ The YG has been carried out in Italy since April 2014 and its management is in charge of the **Regions** through the **Public Employment Service (PES)** network. Italy implemented the YG programme extending the maximum age for eligibility from 24 to 30 years of age.

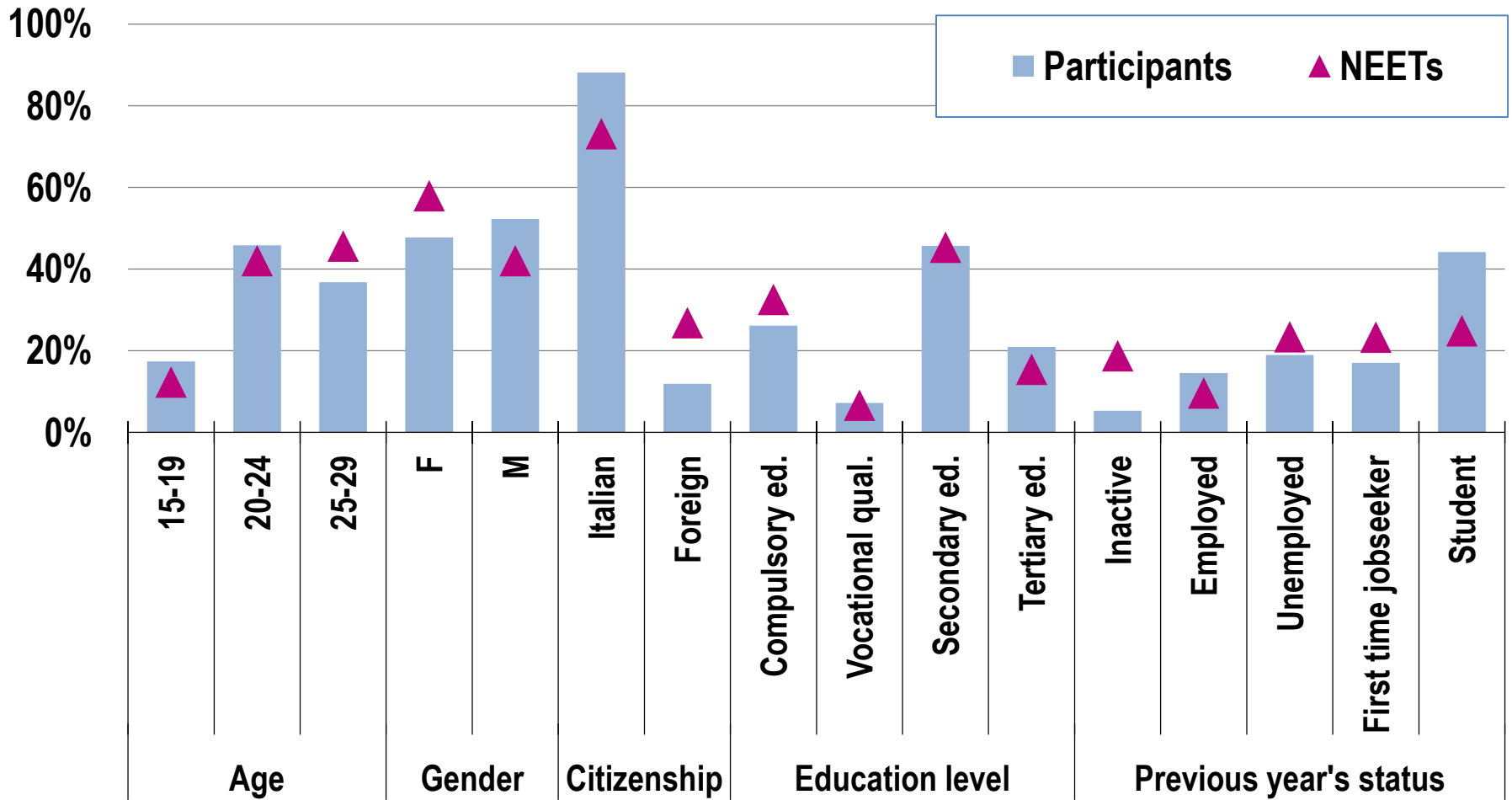
The program (2)



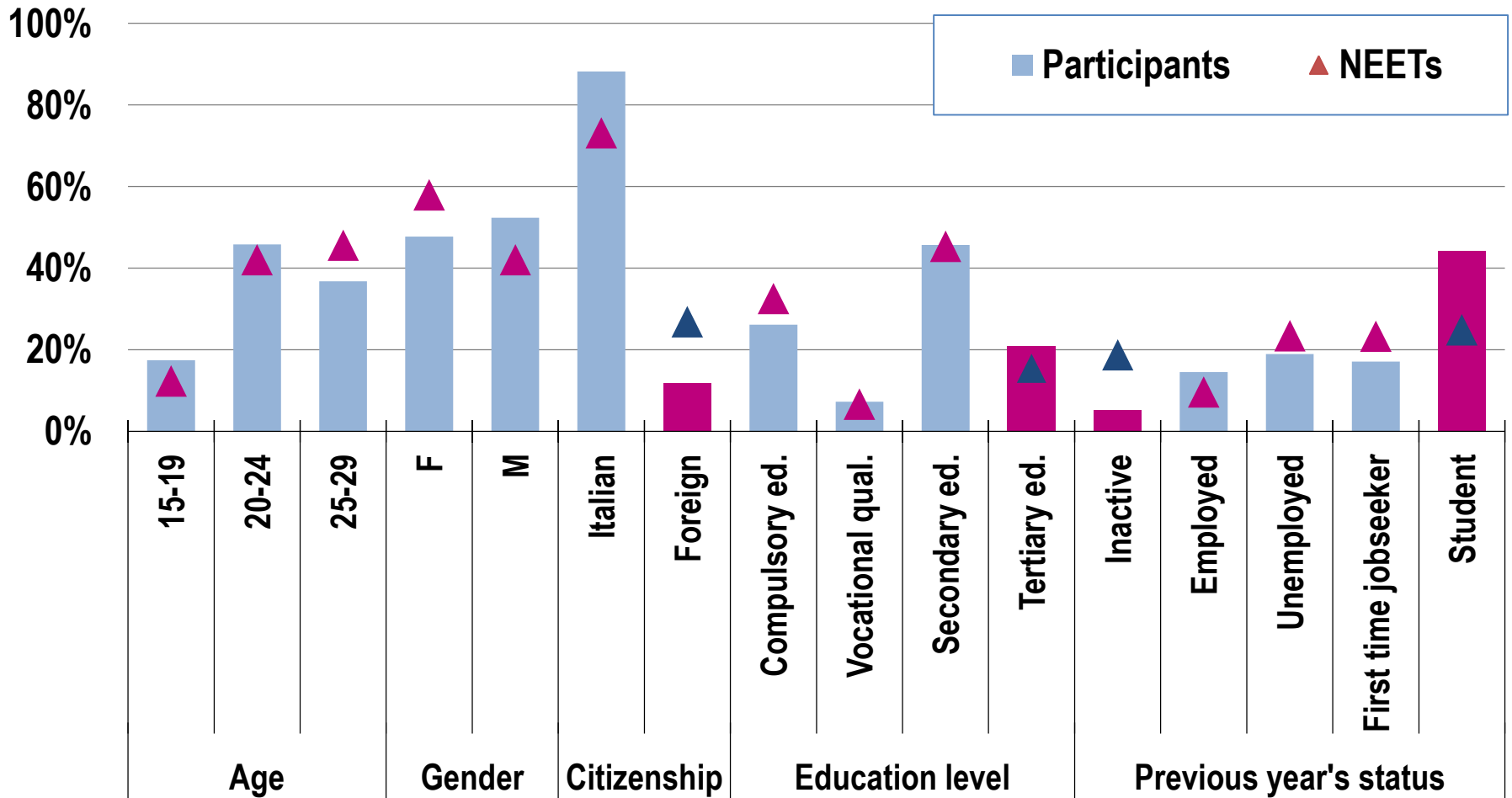
The program (2)



Participants



Participants



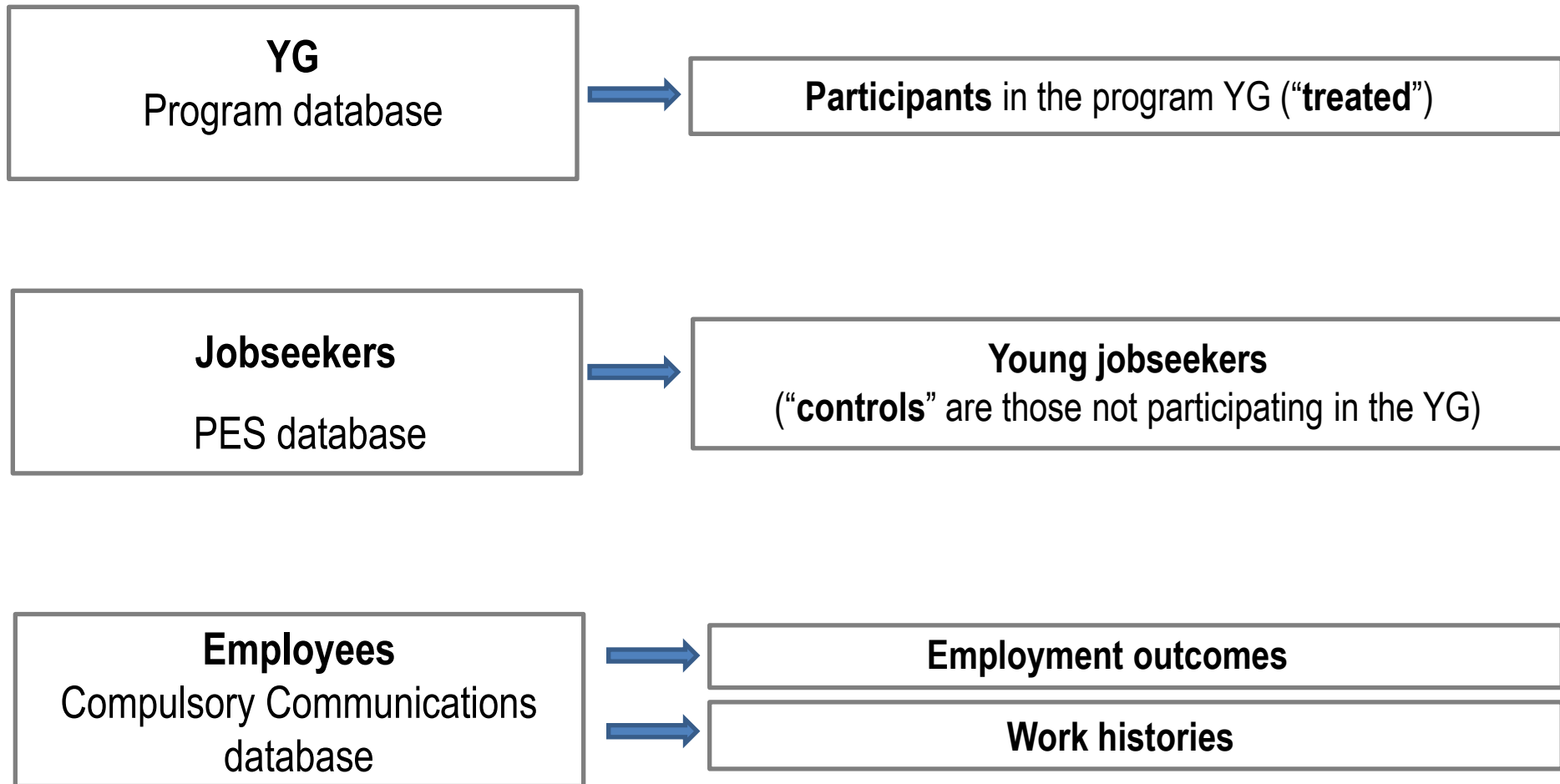
Research questions

- ❑ Is YG effective in increasing participants probability to find a job?
- ❑ Is YG effective in increasing participants probability to find a **good** job?
 - ✓ Open-ended
 - ✓ Long-lasting

Methodology (1)

- ❑ We rely on **counterfactual impact evaluation** to identify the effect of the Youth Guarantee on young NEETs (Imbens and Rubin, 2015).
- ❑ In a **non-experimental context**, we need to identify a “control group” to approximate the counterfactual outcomes of the “treated group”.
- ❑ Our “**treated group**” is represented by young people who have registered online for the programme and then signed up officially by a PES in the first two years of implementation of the YG, 2014 and 2015.
- ❑ Our “**control group**” is represented by young people that, in the same period of implementation of the YG, have signed up for the PES without participating in the YG.

Data



Descriptive statistics: treated vs controls

<i>First time jobseekers</i>	Treated	Controls
Age	21.4	22.4
% females	47%	47%
% native	87%	68%
% living in crisis areas	14%	12%

<i>Unemployed with previous experiences</i>	Treated	Controls
Age	24.6	25.8
% females	51%	50%
% native	91%	74%
% living in crisis areas	15%	14%
% seasonal workers	5%	10%
Days worked in the last year	118	220
Number of registration by the PES	1.2	1.6
Exp: agriculture	4%	3%
Exp: manufacturing	16%	19%
Exp: personal services	37%	54%
Exp: other services	15%	12%
No job in the previous year	27%	11%

Variables (1)

Matching variables

First time jobseekers	Unemployed with previous experiences
Age	Age
Citizenship (native/foreigner)	Citizenship (native/foreigner)
Gender	Gender
Area of residence (area of crisis/not crisis)	Area of residence (area of crisis/not crisis)
Year of registration	Education level (compulsory/secondary/tertiary)
Month of registration	Last occupation
Days worked in the last year*	Year of registration
Number of past registrations by the PES	Month of registration
Age class (<18, 18 -20, 21 -25, >25)	Days worked in the last year
	Number of past registrations by the PES
<i>*occasional employment spells</i>	Seasonal worker
	Previous sector of activity (agriculture, manufacturing, personal services and retail, other services)

Variables (2)

Outcome variables

Measuring activation	Measuring work content
At least a hiring within 18 months	Open ended contract within 18 months
	Job lasting at least 9 months
	Days worked

Balancing test (1)

First time jobseekers

	Raw	Matched
Obs.	36,464	41,090
Treated	20,545	20,545
Control	15,919	20,545

	Standardized differences		Variance ratio	
	Raw	Matched	Raw	Matched
Month of registration	0.1	0.0	1.0	1.1
Year of registration	0.3	0.1	1.2	1.3
Age	-0.3	-0.1	0.9	0.9
% females	0.0	0.0	1.0	1.0
% native	0.5	0.0	0.5	1.0
% living in crisis areas	0.1	0.0	1.1	1.0
Days worked in the last year	0.0	0.0	0.6	1.1
Number of registration by the PES	-0.2	0.0	0.2	1.0
Education level	0.1	0.1	1.1	1.2

Balancing test (2)

Unemployed with previous work experiences

	Raw	Matched
Obs.	46,677	33,466
Treated	16,733	16,733
Control	29,965	16,733

	Standardized differences		Variance ratio	
	Raw	Matched	Raw	Matched
Month of registration	-0.2	0.0	1.0	1.1
Year of registration	0.4	0.2	1.5	1.8
Age	-0.4	0.0	0.9	1.0
% females	0.0	0.0	1.0	1.0
% native	0.5	0.0	0.4	1.0
% living in crisis areas	0.0	0.0	1.0	1.0
Days worked in the last year	-0.8	0.0	0.9	1.0
Number of registration by the PES	-0.6	0.0	0.3	1.0
Education level	0.2	0.0	0.9	1.0

Results (1)

Probability of being hired within 18 months

	Potential outcome in the absence of treatment	ATT	Std.err.	z	P>z	Conf. Interval]	
Unemployed with previous work experience	0.70	0.13	0.01	19.10	0.00	0.12	0.14
First time jobseekers	0.45	0.12	0.02	5.94	0.00	0.08	0.17

Results (2)

Potential outcome in absence of treatment		<i>ATT</i>	Std.err.	z	P>z	Conf. Interval]		
<i>Unemployed with previous work experience</i>								
Days worked	195	65.99	3.12	21.12	0.00	59.86	72.11	195.32
Probability of being with an open ended contract	0.48	0.10	0.01	12.66	0.00	0.09	0.12	0.48
Probability of being working at least 9 months	0.33	0.13	0.01	17.22	0.00	0.12	0.15	0.33

Results (2)

Potential outcome in absence of treatment	ATT	Std.err.	z	P>z	Conf. Interval]			
<i>Unemployed with previous work experience</i>								
Days worked	195	65.99	3.12	21.12	0.00	59.86	72.11	195.32
Probability of being with an open ended contract	0.48	0.10	0.01	12.66	0.00	0.09	0.12	0.48
Probability of being working at least 9 months	0.33	0.13	0.01	17.22	0.00	0.12	0.15	0.33
<i>First time jobseakers</i>								
Days worked	119	47.36	7.85	6.03	0.00	31.97	62.74	118.95
Probability of being with an open ended contract	0.21	0.09	0.02	4.98	0.00	0.06	0.13	0.21
Probability of being working at least 9 months	0.20	0.09	0.02	4.78	0.00	0.05	0.12	0.20

Robustness checks: seasonality

	<i>ATT</i>	Std.err.	z	P>z	Conf. Interval]	
<i>Unemployed with previous work experience</i>						
Days worked	65.99	3.12	21.12	0.00	59.86	72.11
Probability of being with an open ended contract	0.10	0.01	12.66	0.00	0.09	0.12
Probability of being working at least 9 months	0.13	0.01	17.22	0.00	0.12	0.15
<i>Unemployed with previous work experience (not previously employed in tourism and retail)</i>						
Days worked	60.25	4.28	14.09	0.00	51.87	68.64
Probability of being with an open ended contract	0.10	0.01	9.66	0.00	0.08	0.12
Probability of being working at least 9 months	0.12	0.01	11.53	0.00	0.10	0.14

Robustness checks: unobservables

Effect of YG on the probability to be hired within 18 months
Sensitivity to the presence on an unobserved confounder U

	First time jobseekers		Unemployed	
	Coef	Std Err	Coef	Std Err
No U	0.128	0.011	0.122	0.008
Neutral U (d=0, s=0)	0.134	0.012	0.123	0.009
Confounder mimic: just graduated from high school (18-20)	0.141	0.013	0.120	0.009

Robustness checks: different control group

Probability of being hired within 18 months

	<i>ATT</i>	Std.err.	z	P>z	Conf. Interval]		Potential outcome in the absence of treatment
Unemployed with previous work experience	0.11	0.01	10.38	0.00	0.09	0.13	0.71
First time jobseekers	0.19	0.01	15.94	0.00	0.17	0.22	0.37

Conclusions and further research

- ❑ Results of counterfactual impact analysis reveal a **positive effect** of the participation in the YG in the employment outcomes of young people.
- ❑ The positive impact of YG is confirmed on **qualitative outcomes**.
- ❑ Effects are **greater for first time jobseekers**, highlighting the role of active labour policies in bridging the gap between the education system and labour market.
- ❑ Further research is needed to identify the **best activation pathways** within the YG program.

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