

Template for proposals for Jobs Summit

V2. May 2018

1 Problem statement

Please provide no more than half a page providing an outline of the impediments to job creation that exist and how the proposal will meet the challenges.

We propose two active labour market policies focused on **enhancing the outcomes of job search**: - incorporating how to use reference letters and structured action planning into job counselling workshops to improve search outcomes for young workseekers. Both these interventions have been rigorously evaluated in South Africa in work done with the Department of Labour and found to be effective in improving job search outcomes for young workseekers. The next step is to operationalise these learnings on the ground to maximise the potential reach and impact. Our work grapples with the following key problems:

Information asymmetries about workers' skills are prevalent in labour markets, especially in the market for low skill and entry-level jobs. In developed economies, hiring firms commonly reduce these asymmetries through reference letters from previous employers. In low and middle-income countries, this practice is relatively uncommon. Instead, many firms rely more on informal referrals, such as those from the existing workforce. This may lead to poor matches in the labour market as informal referrals limit the pool of candidates and employees may prefer to refer friends and family members over qualified job seekers. Informal referrals may also disadvantage groups with fewer social connections, such as women. There are several potential explanations for why reference letters are missing from many markets. Former employers may be unwilling to provide the letters, hiring firms may not see the letters as credible or informative, and job seekers may not recognize their value.

Job search is a largely self-regulated undertaking. This requires job seekers to overcome a variety of psychological and behavioural challenges. The second area we focus on is the so-called **intention-behaviour gap**, defined as the disconnect between the intention to perform a particular behaviour and the enactment of such behaviour. We draw on insights from the psychology literature regarding the use of plan-making prompts to bridge the gap between intention to search and actual search behaviour in the domain of job search.

2 Jobs impact

Indicate the impact on employment of the proposal and what is required to make sure that there will be a positive impact on employment

Please also indicate other anticipated benefits from the proposal, if any.

Reference letters:

Researchers Martin Abel, Rulof Burger Patrizio Piraino, together with J-PAL Africa conducted a series of field experiments to investigate the value and usage of standardized reference letters among young job seekers registered at Department of Labour Centres in South Africa. We find that in a resumé audit study that using a reference letter in the application increases callbacks by more than 60 percent, with women driving the effect. Letters are effective because they provide valuable information about workers' skills that employers use to select applicants of higher ability. A second experiment, which encourages job seekers to obtain and use a reference letter, finds consistent results. In particular, employment rates for women encouraged to obtain a letter increase by 49 percent, closing the gender gap in the sample after 3 months. We find that despite these positive findings, reference letters are not widely adopted, partly because job seekers underestimate their potential value.

Action Plans:

Researchers Martin Abel, Rulof Burger Patrizio Piraino and Eliana Carranza, together with J-PAL Africa tested the effects of plan making on job search and employment. In a field experiment with unemployed youths registered at Department of Labour Centres in South Africa, we find participants who complete a detailed job search plan increase the number of job applications submitted (15%) but not the time spent searching, consistent with intention-behaviour gaps observed at baseline. Job seekers in the plan-making group diversify their search strategy and use more formal search channels. This greater search efficiency and effectiveness translate into more job offers (30%) and employment (26%). Weekly reminders and peer-support sub-treatments do not improve the impacts of plan making, suggesting that limited attention and commitment are unlikely mechanisms.

3 Theory of change

Please provide no more than half a page that indicates in practical terms, how the proposal would work – what has to be done, what the outputs would be, how that would lead to the desired outcomes.

The broad theory of change for implementing the active labour market policies is below



Steps already completed:

- Both the action plan intervention and reference letter intervention have been evaluated with the Department of Labour as part of their job counselling workshops that are regularly run at their Labour Centres.
- Reference letter and action plan templates as well as simple 2-3 page instruction sheets on how to use these in labour counselling workshops have been created.
- Department of Labour has engaged with the evidence generated, demonstrated interest in the interventions and suggested piloting in 1 centre in each province.

Future steps required

- Simple training should be set up with labour counsellors from pilot labour centres to train them on:
 - How to incorporate the interventions into their counselling workshops
 - How to share the lessons from the evidence to further motivate workseekers to use these tools in their job search
- Spot visits to these labour centres should be carried out to check on the fidelity of delivering the interventions and to trouble shoot problems.
- At DoL feedback meetings, counsellors should share on their progress and a further plan should be made to train all counsellors on incorporating these interventions.
- J-PAL can assist with training of the trainers, support visits and further trainings.

4 Existing initiatives/experience

Indicate if the proposal has been attempted or piloted, and broadly what was learned.

The Department of Labour is well equipped to incorporate and deliver these interventions. A number of labour centres were a key part of the evaluation, they have shown enthusiasm for the results and requested to move forward through engaging with the principal investigators of the study and J-PAL to develop contextualised pilots. The next step would involve the selection (or opt in) of labour centres for piloting and an introduction of the research team to key officials of these centres so we could proceed with piloting.

5 Constituency participation in implementation

What is the potential for constituencies to participate in the implementation of the proposal.

Very high. Department of Labour officials would continue to run the counselling workshops as they do and the unemployed workseekers who attend these will benefit from the interventions that have been included

6 Benefits

What social/economic groups would benefit from the proposal directly and indirectly? Please use the following table, and do not list more than 5 groups. Please describe the benefits as precisely as possible.

Group	Job creation	Other benefits	Time frame for success
Unemployed job seekers who use reference letters and action plans in their job search	Increased requests for interviews and improved employment prospects		Impact was documented within a three-month period following program implementation

7 Cost and potential sources of funding

What social/economic groups would bear the cost of implementing the proposal directly or indirectly? Please use the following table, and do not list more than 5 groups. Please

describe the costs as precisely as possible. In the case of financial costs, who would pay them?

Group	Anticipated costs	Potential sources of funding to implement the project	Time frame for impact
Department of Labour Officials	Some training costs but can be built into current meeting programs	None needed for actual implementation GTAC could be approached for training funding	
Unemployed work seekers	Transport to labour centres	These are already incurred as part of their visit	Impact was documented within a three-month period following program implementation

8 Risks

What are the main risks that would prevent the proposal from achieving the anticipated outcomes? Describe *at least two*.

Risk 1: The interventions are not implemented in a way the research suggests would make them impactful. These impact evaluations were done as part of in person workshops and the effects have been found for this type of policy. There may be a temptation, to e.g., bring these interventions into the labour centre offerings as part of an electronic package of services. Although this would naturally be a very cost effective strategy, we do not have evidence that this would be effective for work seekers.

Risk 2: These were tested in urban settings and it is possible if one tried them in rural settings that they would not be as effective as there may be too few jobs.

9 Risk mitigation

What should be done to mitigate the identified risks? Which stakeholder would be responsible for the risk mitigation activity?

Risk 1: The Department of Labour would need to commit to incorporating these interventions into their existing job counselling workshops and then establish and follow through on a plan to at least pilot the process in a few centres around the country, as initially proposed by them.

Risk 2: One strategy to mitigate against this risk might be to have the principal investigators of the studies to work with the DoL officials to for example, adjust counsellor protocols to ensure they are contextually appropriate for rural type areas.

10 Additional comments

See research papers:

“Abel, Martin; Piraino, Patrizio; Burger, Rulof; Carranza, Eliana; Piraino, Patrizio. 2017. Bridging the Intention-Behavior Gap? : The Effect of Plan-Making Prompts on Job Search and Employment. Policy Research Working Paper;No. 8181. World Bank.

<https://openknowledge.worldbank.org/handle/10986/28358> License: CC BY 3.0 IGO.”

“Abel, Martin; Burger, Rulof; Piraino, Patrizio. 2017. The Value of Reference Letters. Policy Research Working Paper;No. 8266. World Bank

<https://openknowledge.worldbank.org/handle/10986/29002> License: CC BY 3.0 IGO.”