

Soft skills training, wage subsidies,
and intermediation services:
Evidence from a series of
experiments in Jordan

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What does the labor market in Jordan look like?

Labor Market Conditions in Jordan by Age and Gender, in 2010

	15-18		19-24		25-29		30-65	
	Male	Female	Male	Female	Male	Female	Male	Female
Unemployment rate	0.31	0.48	0.19	0.48	0.09	0.26	0.05	0.10
Labor force participation rate	0.18	0.01	0.65	0.20	0.94	0.30	0.83	0.17
Share of unemployed	0.08	0.01	0.24	0.17	0.11	0.10	0.22	0.08
Share of total active population	0.03	0.00	0.15	0.04	0.15	0.04	0.49	0.10

Source: 2010 JLMPS

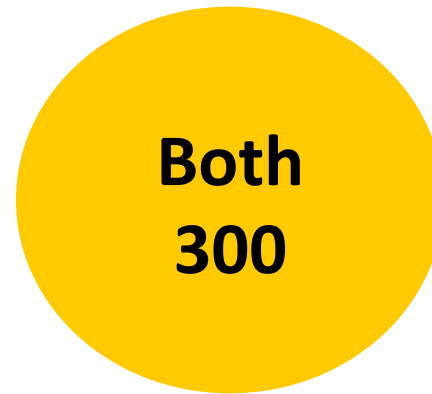
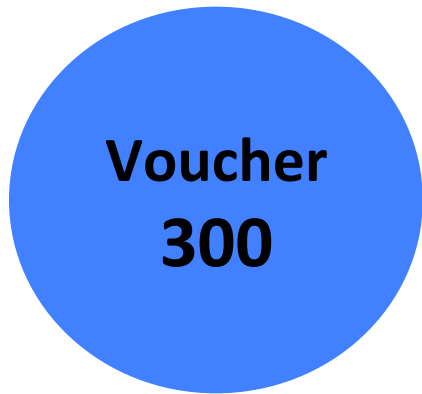
Jordan New work Opportunities for Women (NOW) pilot

- Objective: To increase labor force participation and employability of female graduates
 - To reduce initial barriers to entering the labor market
 - by creating a positive impression about women's productivity within the private sector

Experimental Design with a Lottery

1350 young female community college graduates participated in a pilot:

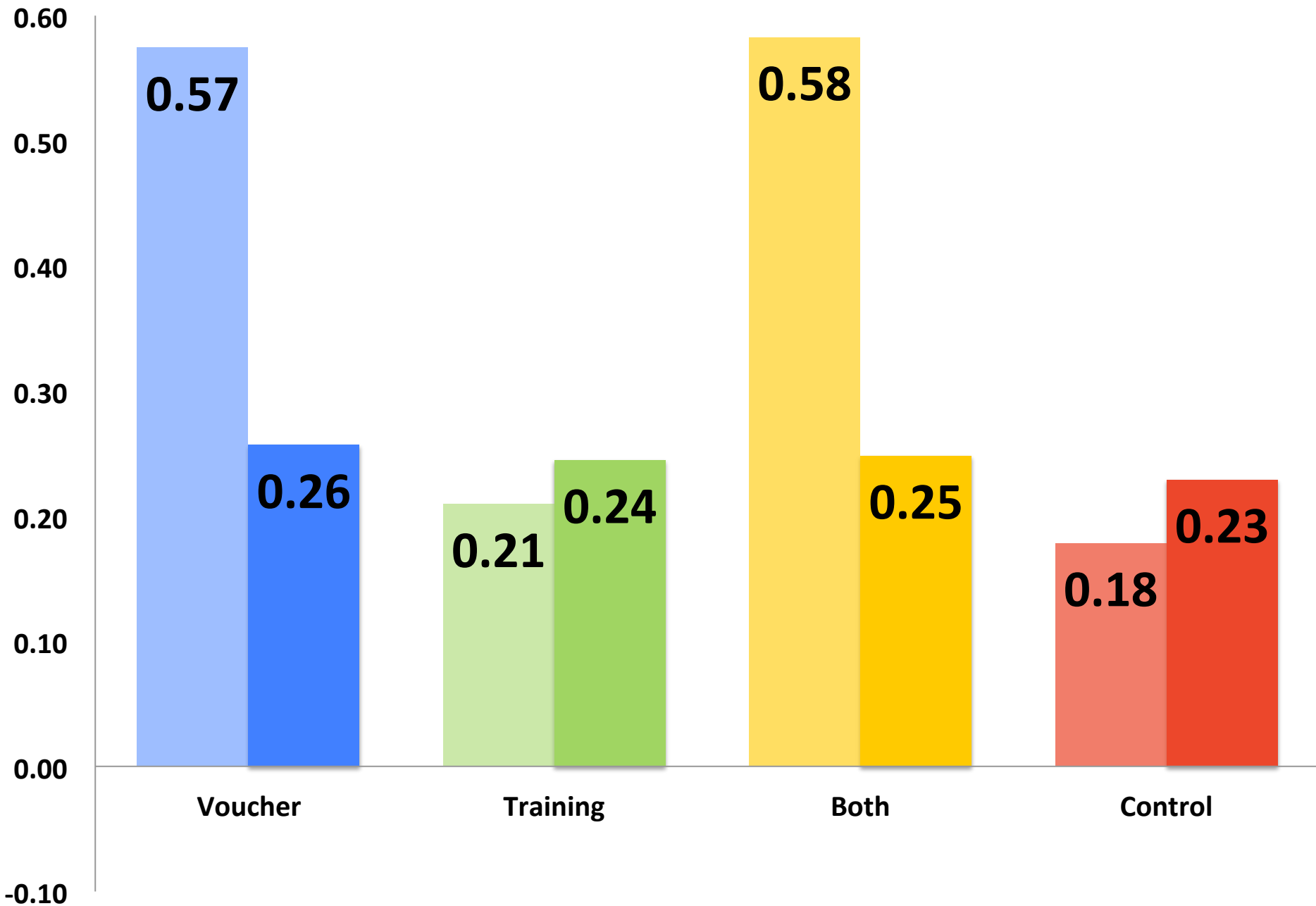
- 3 week soft skills and employability skills training
- Short term incentive for firms to hire young women (6 month job voucher)



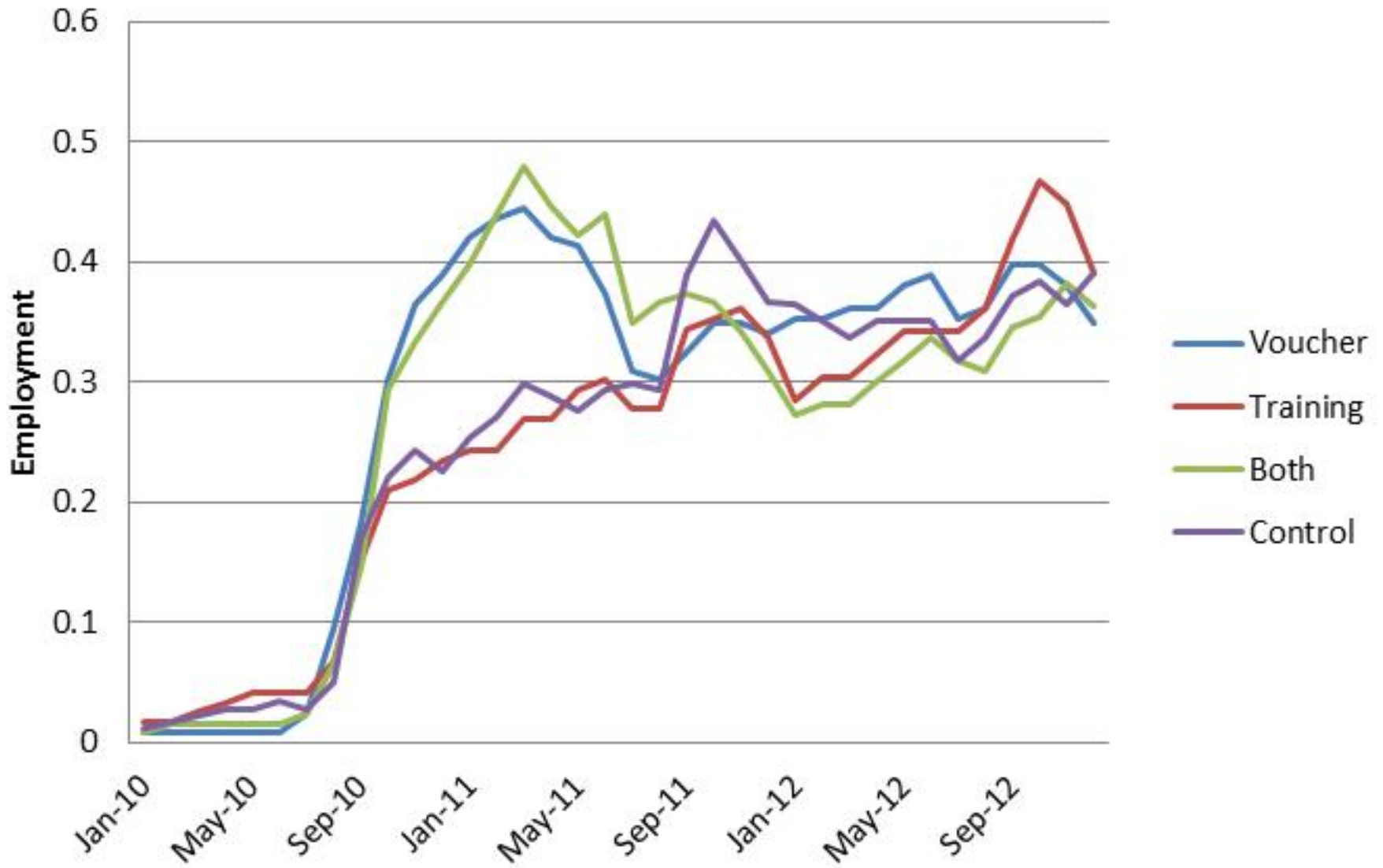
For our impact evaluation, we will compare the voucher and training groups to the 450 in the control group

We used a lottery to assign graduates to the program

Proportion Employed in April vs. December 2011

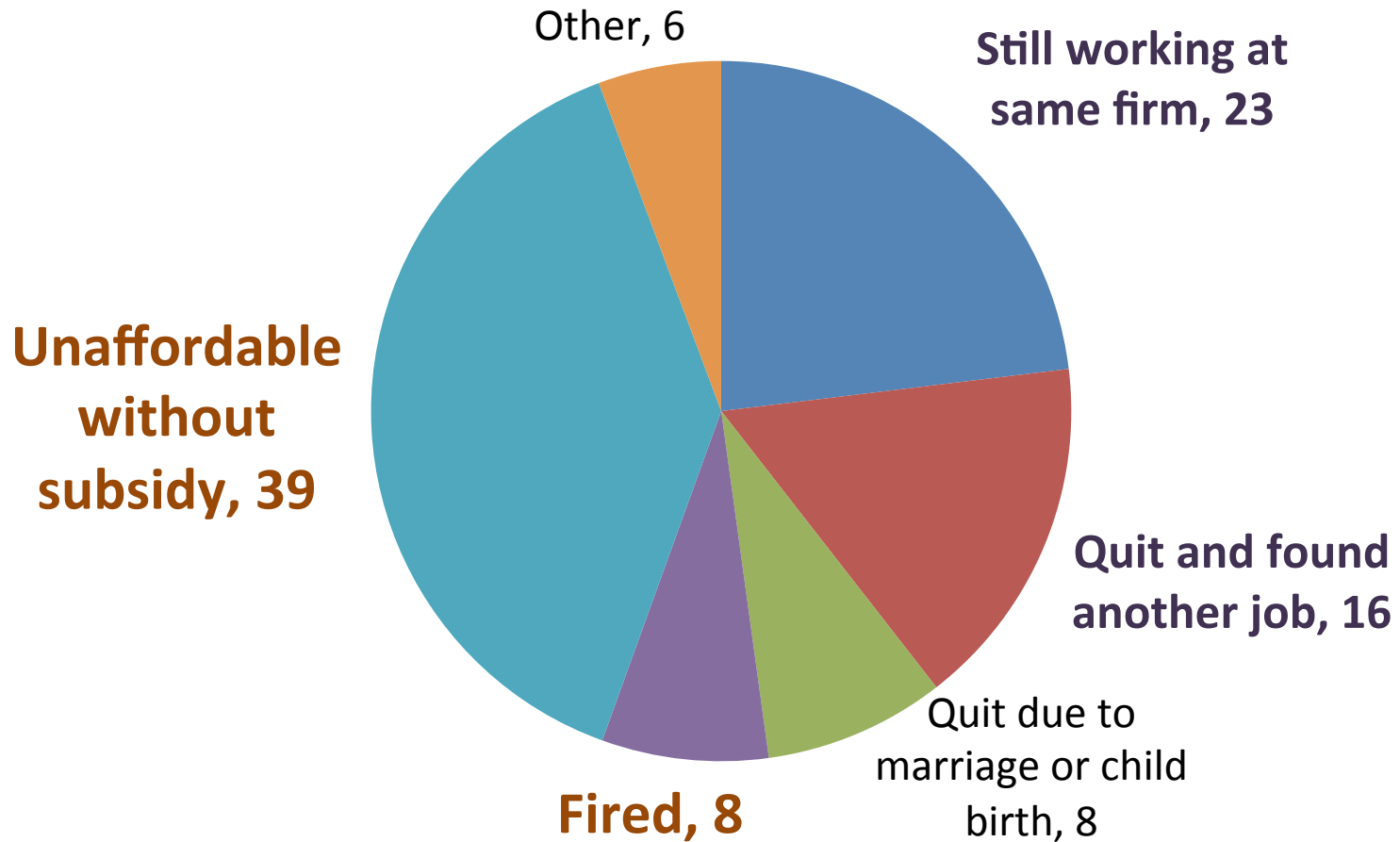


Long Term Impacts – Inside Amman



Why didn't the hare win?

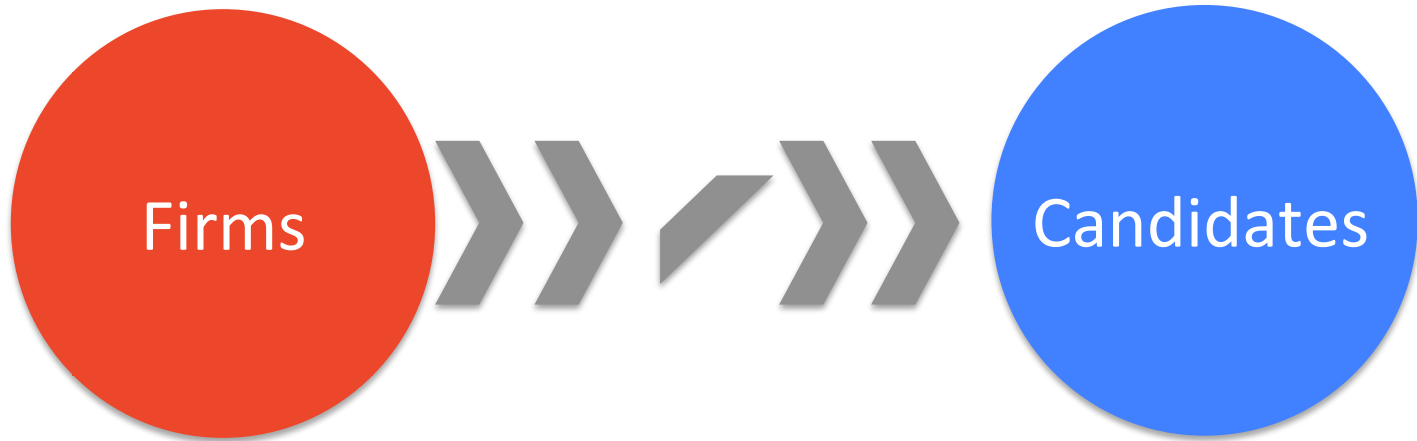
After the vouchers expired...



Firms do not find it worthwhile to formalize employment or to pay minimum wages..

- And the overwhelming reason that firms terminated employment after the vouchers ended was that the employees were “unaffordable without the subsidy”
 - Had firms registered these workers as formally employed, employers would have to pay
 - social security taxes
 - and payroll taxes
- Adding 20 percent to the cost of employing a worker → an unaffordable financial burden?

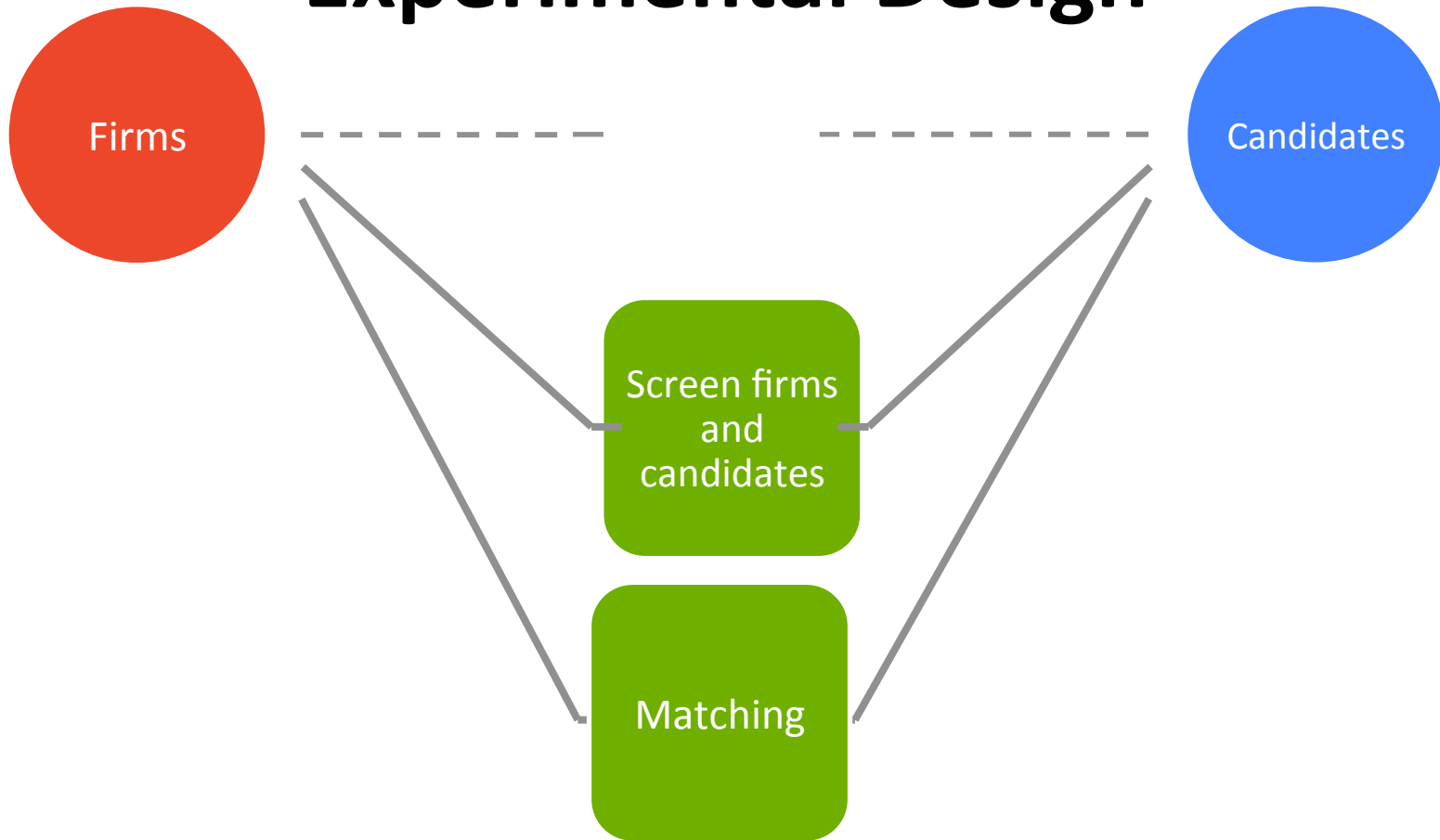
Jordan NOW 2.0



“matching the right people to the right job”

- The pilot – consisted of two components:
 - screening job candidates and firms and
 - subsequently, matching job candidates to firms
- The theory of change underlying this pilot is simple: provide information to both sides of the labor market to reduce search costs and consequently, generate employment
- This pilot did not identify a quick fix to unemployment but it has illuminated reservation prestige as a major obstacle to employment for recent university graduates in Jordan that should be addressed in labor policy and future research.

Experimental Design



Search cost to firms decrease → Increase demand for labor → Boost employment

Screening Candidates: beyond the CV

- CANDIDATES: We designed a screening assessment to collect detailed data on job candidates
 - aptitude, personality, soft skills, English proficiency, computer skills, and career values
- FIRMS: Identify 2000 firms that were likely seeking new employees within the next six months and willing to consider recent graduates and women.
 - understand their employment preferences

Jordan NOW 2.0: Screening and Matching

- Using a lottery, 75% of participants were randomly assigned to be eligible for matching and the rest were assigned to form a control group.
- With detailed information from both sides of the labor market, carefully chosen headhunters matched firms and job candidates

Results

After one year of actively matching job candidates with firms,

- 58% out of the 1221 candidates in the treatment group were matched to 169 firms.
- By the end of the pilot, 17 firms hired 28 individuals,
- of which 10 individuals continued working past a month.
- The matching led to 141 interviews from June 2012 to January 2013 or over 20 interviews per month, but interviews rarely turned into jobs.
- Intent-to-treat and local average treatment effect regressions do not reveal any statistically significant relationships between matching and employment outcomes.

Wages, Job Types, and *Wasta*

This pilot did not generate employment or increase recent graduates' salaries because of non-financial aspects of the labor market.

Recent graduates were willing to accept the market's wages in their field of interest, but not necessarily elsewhere.

- The type of work matters more than salary
- Unwilling to work temporarily in a field outside of their academic expertise
- Graduates mentioned they are “waiting on *wasta*” and want a comfortable job related to their field of study

What Next...

- Yalla Watheefa, another matching exercise with a particular focus on interactions between firms and candidates
- We are taking a closer look at the hiring process and dissecting the facilitation further to know where the friction lies.
- So far, results reiterate our earlier findings, but it is still a work in progress.

Conclusion 1

Personalized and detailed job search assistance programs are costly and not effective for generating employment for educated youth in Jordan.

- When we solved some of the information asymmetry in the labor market, and reduced search costs, we still could not solve high unemployment
 - Search cost is not a major obstacle to youth employment in Jordan; rather, mismatched expectations seem to be the largest obstacle for youth to seamlessly join the labor market.

Conclusion 2

Mismatched Expectations and Aspirations

- The majority of unemployment is “voluntary” unemployment; many of the unemployed could work in certain jobs but refuse.
- In Jordan, the labor market is bifurcated into high prestige and low prestige jobs
- There are few high prestige jobs and many job candidates who seek these jobs
- In high prestige jobs, the relative emphasis on firms advertising jobs vs. *wasta* in Jordan is different. Emphasis on *wasta* more pronounced.