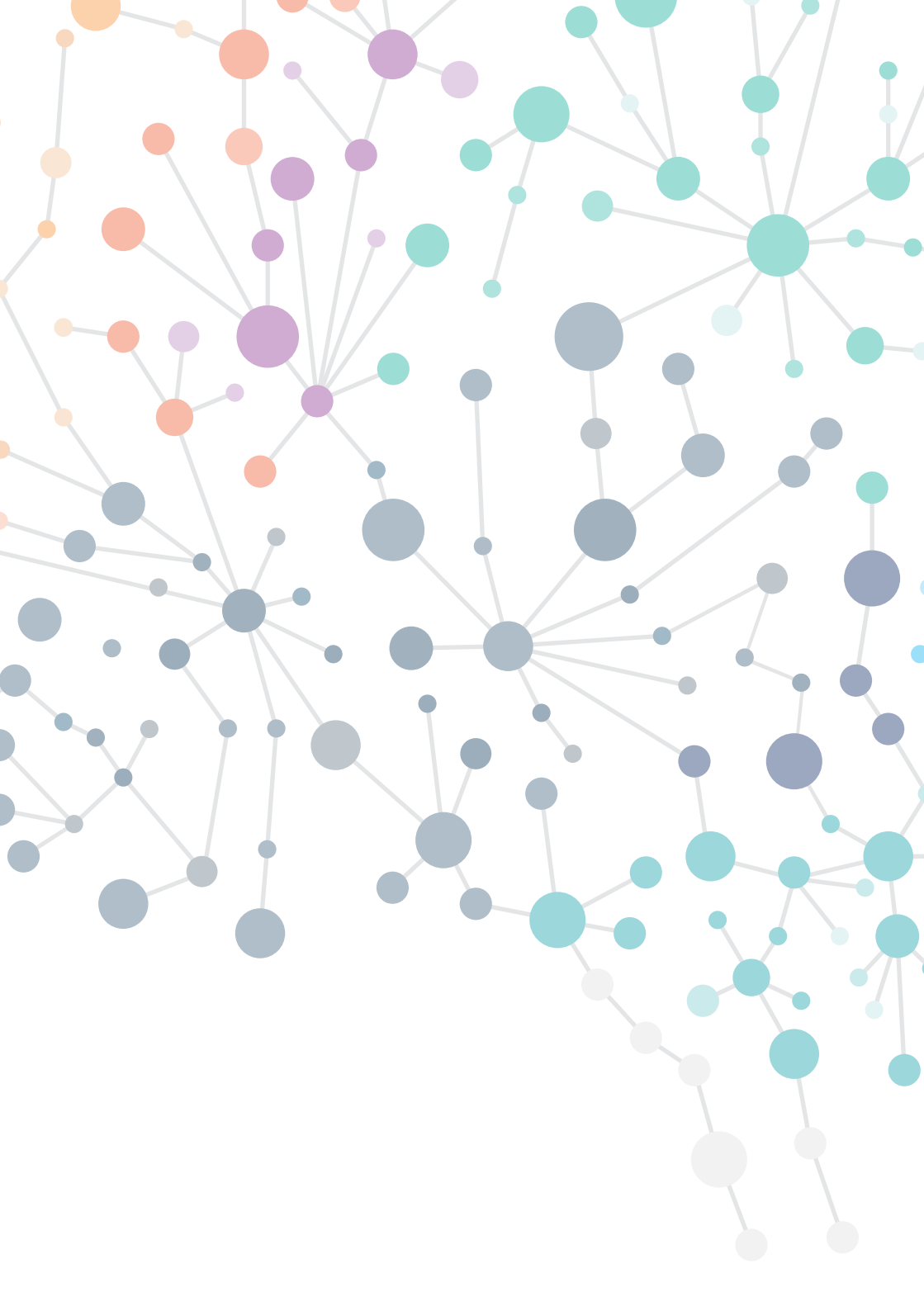


# Behavioral Solutions for Youth Unemployment

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## CONTEXT

The world is wasting an extraordinary demographic dividend. There are more young people eligible for work living today than ever before in history, yet they are disproportionately affected by unemployment and inactivity. Young people are over three times more likely to be unemployed than adults.<sup>1</sup> Rates of idleness among youth differ from country-to-country, but can be as high as 50 percent.<sup>2</sup>

This policy brief provides a framework for applying behavioral insights to youth unemployment problems, building on rigorous evidence from across the world. Many drivers of youth inactivity are structural and require traditional interventions. But unemployment and inactivity interacts interdependently with psycho-social wellbeing and competence.<sup>3</sup> Solutions to structural problems can be improved by integrating behavioral solutions.

In low-income countries, full-time jobs are generally scarce and beyond the reach of poor young people. Instead, people on low incomes must develop a “portfolio of work” to get by. The cognitive resources required to navigate and sustain scattered and unpredictable working conditions are large. While permanent full-time jobs provide reliable income, security, and protections by default, poor youth must take extra steps to solve these challenges.

**Young people are over three times more likely to be unemployed than adults.**

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## MINDSETS, BELIEFS, AND BEHAVIORS

For young people in low-income countries, success in the labor market requires resilience, self-belief, and entrepreneurialism. To help them, policy makers can develop interventions that simplify the search process and provide psycho-social capabilities to support their success in the economic environment.



Support young people in **developing livelihood goals and the self-belief** to effectively pursue their aspirations.



Help young people more **effectively search for work and maintain motivation** in the face of setbacks.



Provide young people with tools to more **effectively signal their quality and employers to hire them.**



Help young people develop the **socio-emotional skills and grit to sustain their jobs.**

## DESIGNING BEHAVIORALLY INFORMED SOLUTIONS

Behaviorally informed policy emphasizes the importance of context for decision making and behavior. It examines the social, psychological, and economic factors that affect what people think and do. It addresses details in bureaucracies, technologies, and service delivery that are often overlooked in standard policy design but that can dramatically influence the effectiveness of development programs and projects, especially in low-income contexts. Behaviorally informed policy can provide creative solutions to difficult challenges, often at low cost.

### HOW WE WORK



#### CONTEXT-DRIVEN

Resources are devoted to carefully define the behaviors underpinning the development challenge and appropriate diagnosis of the causes of those behaviors.



#### EMPIRICAL

We test multiple designs, each based on different assumptions about individuals' choices and behavior.



#### AGILE

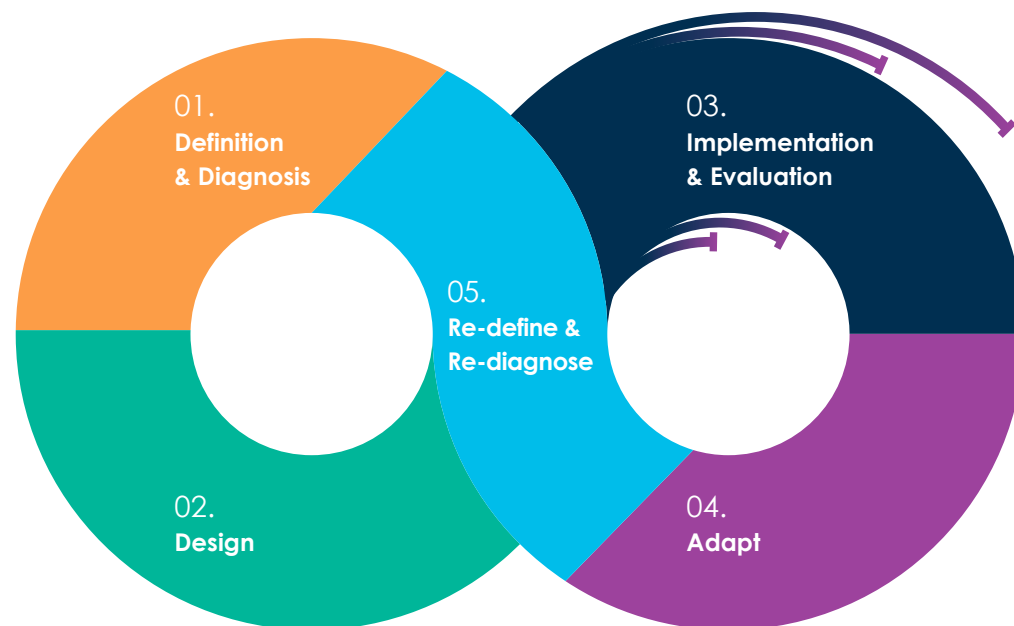
Results are used to learn and adapt the program design and feed into a new round of definition, diagnosis, design, implementation, and testing; this process of refinement continues as the intervention is scaled up.

### 01.

- Identify the problem
- Collect background information and available data
- Diagnostic sessions to develop behavioral map
- Fieldwork to finalize behavioral map

### 03.

- Set up process for randomization
- Trial intervention
- Monitor treatment and control groups
- Analyze data at endline



### 02.

- Develop list of potential interventions
- Narrow down to most feasible

### 04.

- Identify key learnings
- Identify areas for further work

### 05.

- Investigate constraints to scaling work
- Identify further behavioral challenges

## ENTRY POINTS FOR INTERVENTIONS

Behavioral insights are most cost-effective when they are integrated into existing institutions and systems. The Mind, Behavior, and Development Unit (eMBeD) at the World Bank works with service providers to help them make small changes to the way they operate in order to help them more effectively support their service users.

### 1 JOB CENTERS ARE OFTEN THE MAIN PUBLIC SERVICE PROVIDER TASKED WITH HELPING PEOPLE FIND WORK.

Job centers and similar civic institutions can use behavioral insights to help their frontline staff interact with beneficiaries and enhance the tools they use in ways that encourage job-seeking activity. They also can harness simple technologies like SMS messages to remind job-seekers about programs and to inform them of job opportunities in a timely manner.

### 2 ENGAGING FIRMS IS KEY TO REDUCING YOUTH UNEMPLOYMENT.

Firms can improve the quality of their workforce by leveraging behavioral insights to reduce the biases that they frequently make in hiring that may lead them to exclude non-traditional candidates such as women and ethnic minorities. Similarly, they can implement incentive schemes and other mechanisms to maximize worker retention, effort, and productivity.

### 3 TVETS (Technical Vocational Education and Training) ARE IMPORTANT FOR YOUTH TO ACQUIRE SKILLS.


Recently, many governments have relied on these educational institutions to help reduce unemployment and enhance the productivity of the economy. Not only can they incorporate behavioral insights in their curriculum, they can also use them to improve enrollment and ensure quality.

### 4 FINANCIAL INSTITUTIONS PLAY AN IMPORTANT ROLE IN LINKING YOUNG PEOPLE TO THE BENEFITS OF THE ECONOMY.

Financial institutions provide access to credit and services, such as savings and insurance, that poor youth with portfolios of work cannot receive from employers. Yet around 2.5 billion people don't use formal financial services. Youth are 33 percent less likely to have a savings account than adults and 44 percent less likely to save in a formal institution.

## DIAGNOSTIC MAPPING

There are certain crucial aspects of livelihood development that are often overlooked. To understand how young people navigate their economic environment, we broaden standard policy analysis in two ways:



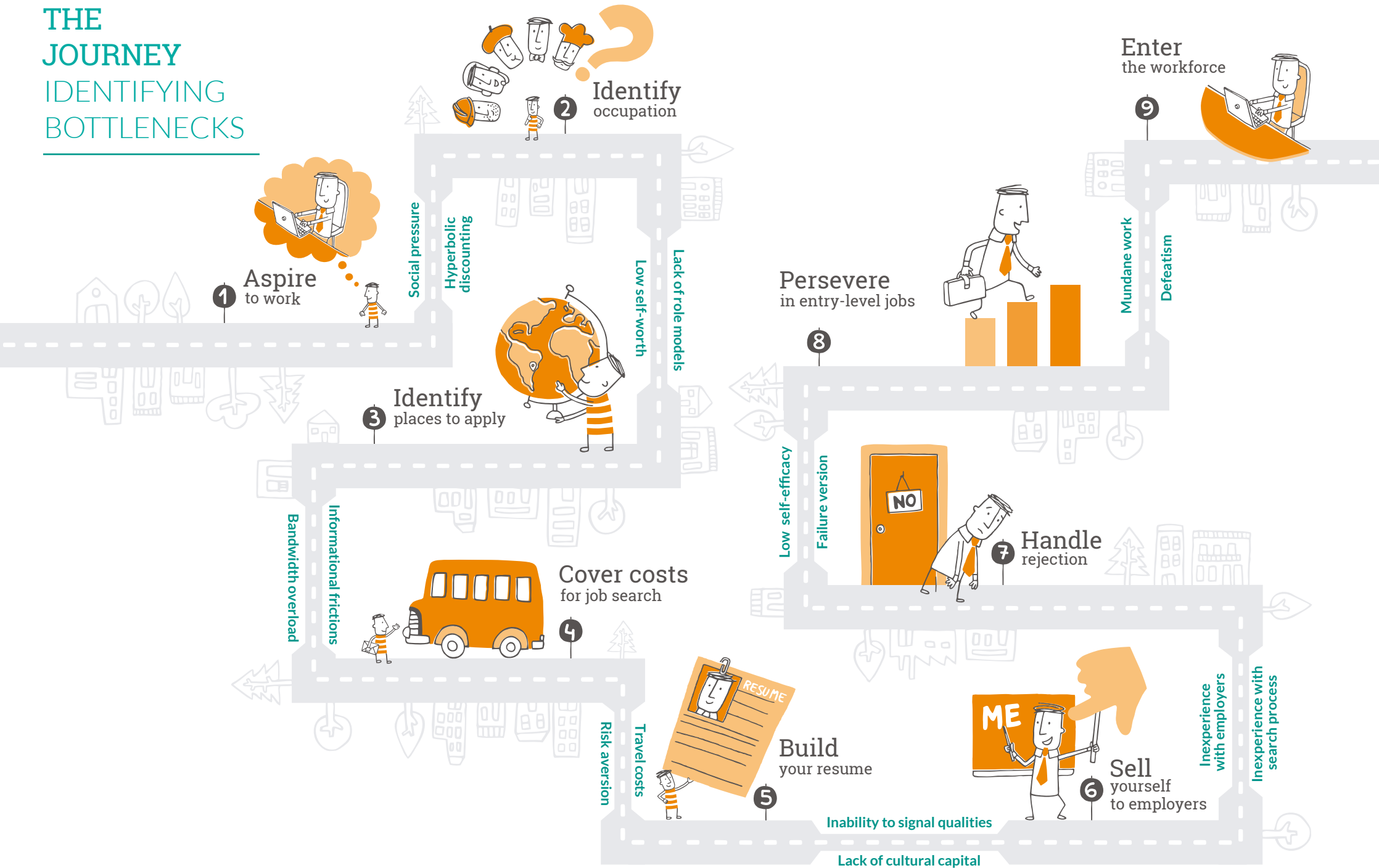
**WE ZOOM IN TO IDENTIFY THE SPECIFIC THOUGHTS, CHOICES, AND BEHAVIORS** that must be undertaken to be successful in a livelihood development. This helps identify psycho-social bottlenecks that may undermine individuals' ability to take advantage of the available economic opportunities.



**WE ZOOM OUT TO EXAMINE THE SOCIAL CONTEXT IN WHICH DECISIONS AND BEHAVIORS ARE TAKING PLACE.**

The norms, narratives, and identities that societies set for different groups may limit the opportunities that people think are available to them. The shared beliefs that groups hold about certain practices or life paths may shape what people regard as acceptable job choices. This is particularly true for young women, narrowing their opportunities and potential.

# THE JOURNEY IDENTIFYING BOTTLENECKS



## IDEAS BUCKET: EVIDENCE FROM THE FIELD

**This section contains examples that have worked in different contexts in addressing potential behavioral bottlenecks. While not all of them are from the areas of labor markets and youth, they tackle similar behavioral issues faced by youth in their job search journey and so they are aimed to help you jumpstart your own behavioral solutions exploration in your own context.**



### 01. SHIFT SOCIAL NORMS BY ENLISTING TREND-SETTERS

Deviating from social norms and pressures is hard when friends are socializing. One way to tackle this is to identify trend-setters – people who can lead the charge in changing a social norm. In a program to reduce bullying in the United States, popular students were enlisted to tackle harassment. They wrote and read aloud essays about harassment, performed skits, and sold wristbands to discourage bullying. When their behavior changed, their peers' did too. Six months after the intervention, teachers were 33 percent more likely to nominate students with ties to social referents as defenders of other students from harassment, and 88 percent less likely to nominate students with ties to social referents as contributors to negative school environment. (Paluck and Shepherd, 2010)

### 02. DISCOURAGE HYPERBOLIC DISCOUNTING BY HELPING YOUNG PEOPLE SET CONCRETE GOALS

Leisure activities give immediate gratification, while entry-level work pays off in the long term. One way to tackle this is to work with youths on goal-setting exercises to make the pathways to achieving their aspirations more concrete. In Canada, when low-performing students were asked to write about their aspirations, values, role models, and how achieving



their goals would affect the lives of the people around them, their academic performance improved by almost half a grade point. Similarly, in the United Kingdom, the Behavioural Insights Team (BIT) ran a goal-setting and planning intervention with job seekers, they found an approximately five percentage point increase in rate of people leaving benefits. (Morisano and others, 2010; Behavioural Insights Team, 2015)

### 03. HELP AFFIRM SELF-WORTH

The stigma of unemployment can spoil people's self-worth and self-belief at the beginning of the job search process. One way to tackle this is to encourage them to engage in self-affirmation exercises. In the United States, low-achieving African American

students were asked to complete writing assignments about values important to them, such as relationships with their family or their competence in art. Two years later, their GPAs were 0.41 points higher and their rate of remediation or grade repetition was 70 percent lower than those who did not participate. In the UK, BIT worked with job seekers at employment centers on expressive writing and self-affirmation exercises. Those who engaged in the exercises (along with other nudges) were 15 to 20 percent more likely to be off benefits 13 weeks after signing on. (Cohen and others, 2009; Behavioural Insights Team, 2015)

### 04. EXPOSE YOUNG PEOPLE TO ROLE MODELS

Without role models, young people often struggle to imagine themselves in particular roles. One way to tackle this is to expose young people to the experience of successful people from a similar background. In Uganda, women were exposed to short videos of inspiring women telling their success story. This had a positive effect on women's entrepreneurship initiative and income from enterprises and crops. Also, it increased the informal savings, suggesting positive long term effects. (Newman and others, in progress)





### 05. AVOID BANDWIDTH OVERLOAD BY MAKING JOB SEARCH SIMPLER

The complex task of identifying the right job opportunities can overload people's mental bandwidth. One way to tackle this is to identify frictions in the job search process and simplify those procedures to make it less mentally taxing to apply for work. When low-income parents in the United States who were receiving support filing their federal taxes were asked if they would like to spend an additional 10 minutes to use the tax information they had just finished providing to apply for financial aid for their children to attend college, the attendance rate of their children rose by almost 24 percent. (Bettinger and others 2012)

### 06. PROVIDE TIMELY, RELEVANT INFORMATION

Without timely information about available opportunities, job searches are costly and time-consuming. One low-cost way to tackle this problem is to use text messages to provide up-to-date information on job vacancies. In

Peru, job seekers were sent text messages about job opportunities in the public and private sector. Compared with job seekers in the traditional program who received information about public sector jobs in person, they were 17 percent more likely to have found work by the first month. (Dammert, Galdo, and Galdo, 2015)

### 07. ALLEVIATE FINANCIAL CONSTRAINTS

If individuals lack disposable funds to search for work, it will be difficult to search far for work. In Ethiopia, young people were given transport subsidies to support their job search efforts. Their likelihood of finding permanent employment increased by six percentage points in the short run. Reducing small cash constraints by helping job seekers with a way to cover these costs might diminish the risks of unemployment and allow them to search more intensively, while also mitigating the need to take up undesirable forms of temporary work. (Franklin, Forthcoming)

### 08. HELP YOUNG PEOPLE EXPERIMENT WITH MIGRATION

Migration is risky, and many unemployed youth are so close to subsistence that failed migration is too costly. One way to overcome this is salient and tangible micro-incentives. When households in Bangladesh were given a small but

salient incentive (US\$8.50) to temporarily migrate during the lean season, over a fifth of households sent a seasonal migrant, increasing their consumption significantly. Households are eight to ten percentage points more likely to re-migrate between one and three years after the incentive is removed. (Bryan, Chowdhury, and Mobarak, 2015)

### 09. ENCOURAGE INDIVIDUALS TO SEEK REFERENCES TO SIGNAL THEIR QUALITY

Employers often want to verify the skills individuals claim to have and cannot do that without references. One way to tackle this is to have former employers write reference letters, an uncommon practice in developing countries. In South Africa, when female job seekers were encouraged to obtain



and use reference letters, their employment rates doubled, fully closing the gender gap in jobs after three months, while the reference letters had no effect on men. (Abel, Burger, and Piraino, 2017)

### 10. BUILD CULTURAL CAPITAL THROUGH COACHING

Job seekers often lack key information about how to be successful or fail to act on the information that they have. In the United States, a student coaching service provided coaching to non-traditional college students. Coaches worked with students to help them clarify their aspirations, connect their daily activities to long-term plans, and to build skills, such as time management and self-advocacy. Coached students were 14 percent more likely to persist in school after 24 months and four percentage points

more likely to complete their degree within four years of receiving the treatment. (Bettinger, 2011)

### 11. IMPROVE PRESENTATION SKILLS BY CREATING OPPORTUNITIES TO PRACTICE

It may be necessary to gain experience interacting with employers to learn how to persuade them to offer a job. One way to solve this is to create low-stakes ways for young people to connect with firms. In the rural Philippines, when individuals attended a job fair for domestic and overseas work, they were more likely to search for work domestically and overseas. Although the job fair did not lead directly to employment, participants were almost 11 percentage points more likely to report formal sector employment and over nine percentage points more likely to have found work outside the region in the months following the job fair. (Beam, 2016)

### 12. INCREASE APPLICATION COMPETENCY BY WALKING PEOPLE THROUGH JOB SEARCH PROCESS

The process of designing a resume can be daunting to people with lower levels of formal education. In Ethiopia, unemployed youth were invited to a workshop to help people write CVs and cover letters, prepare themselves for job interviews, and take a standardized



personality test. Eight months later, individuals invited to the workshop were almost 40 percent more likely to have permanent employment and 25 percent more likely to be in formal employment as compared with the control group. (Abebe and others, 2017)

### 13. INCULCATE SELF-EFFICACY

If young people believe they are incapable of gaining employment, search failures will quickly lead to quitting. One way to tackle this is to help them develop self-efficacy by exposing them to narratives of success. When rural villagers in Ethiopia were shown an hour of inspirational videos about individuals from their region improving their socioeconomic positions by setting goals, making careful choices, persevering, and

working hard, children in the village were 15 percent more likely to be in school and had a 10 percent increase in savings. (Bernard and others, 2014)

### 14. MITIGATE FAILURE BY PROMOTING MINDSET GROWTH

Job seekers may believe that inevitable failures in the job search process are signals that they should not be searching in the first place. Individuals hold core beliefs about the malleability of their abilities that frame their understanding of the world and affect their performance. Such implicit theories can be changed, however – from one in which their abilities are fixed to one in which their abilities are two 45-minute videos encouraging malleable. When students in the United States at risk of dropping out watched

a growth-mindset, their rate of satisfactory completion in core courses increased by 6.4 percentage points. (Paunesku and others, 2015)

### 15. MAKE WORK MEANINGFUL

Entry-level jobs involve low-level, routine tasks, and obeying commands, which young people may find demeaning. This can be tackled by paying attention to how young people regard themselves when deciding whether to apply for work. When a business process outsourcing company in India changed its onboarding process to emphasize new team members' "best selves," they performed five percent better and were 34 percent more likely to stay than those who had been in trainings focused on organizational identity. (Cable, Gino, and Staats, 2013)

### 16. PROMOTE PERSEVERANCE BY MAKING GOOD WORK THE NORM

To stay motivated and persevere in challenging work environments, young people must be gritty. In Turkey, when students were given activities highlighting the plasticity of the human brain, the importance of effort, goal setting, and the constructive interpretation of failures, they scored 0.28 standard deviations higher on a standardized math test, and 0.13 standard deviations higher on a standardized Turkish test. (Mas and Moretti, 2009)

## MEASURING YOUR IMPACT

Interventions can affect many psychological, behavioral, and economic outcomes. To detect these effects, data can be collected from administrative records, surveys, and experimental games. Interventions should be designed to test a credible counterfactual (either through randomizations or some other quasi-experimental methods). The resources and goals of the trial should determine the outcomes that are measured. The results of the trial should inform how the intervention is scaled up.

<p><b>INTERMEDIARY STEPS</b></p>	<ul style="list-style-type: none"> <li>• Job search activation</li> <li>• Job search intensity</li> <li>• Job search efficiency</li> <li>• Call back rates</li> <li>• Job offers</li> </ul>
<p><b>PSYCHO-SOCIAL DIMENSIONS</b></p>	<ul style="list-style-type: none"> <li>• Self-efficacy</li> <li>• Locus of control</li> <li>• Discouragement</li> <li>• Future-oriented behavior</li> </ul>
<p><b>EMPLOYMENT OUTCOMES</b></p>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Permanent Employment</li> <li>• Job satisfaction</li> <li>• Income</li> </ul>

## LEARNING FROM FAILURES

One outcome of deliberate experimentation is that behavioral interventions often do not work. This should be expected. Successfully integrating experimentation into programming is a success in itself. However, while failures should be embraced as an essential feature of innovative policymaking, failing intelligently requires that trials be designed to be able to understand the reason that interventions did not work. There are many reasons why behavioral interventions do not work in developing settings. Here are some common causes of failure:

1. The implementing organization may lack the capacity to intervene properly.
2. The target population may not be interested in pursuing the goal behaviors even when the intervention makes them easier to achieve.
3. The behavioral supports may not be strong enough to countervail existing social and psychological pressures.
4. The behavioral supports may have only short-term effects.
5. The behavioral supports may be presented in a way that provokes suspicion or distrust, especially when individuals perceive their agency to be disrespected.
6. The behavioral intervention may be presented in a way to that does not resonate with the cultural beliefs, norms, or expectations of the target group.
7. The behavioral intervention may have second order effects that produce compensating behaviors that undermine the development objective.

**A REVIEW OF LABOR MARKET INTERVENTIONS BY DAVID MCKENZIE FOUND THAT COMMON APPROACHES HAVE HAD ONLY VARYING DEGREE OF SUCCESS (McKenzie 2017):**

- Just one third of the vocational training programs rigorously studied had a significant impact on employment and the unweighted average effect on employment of the studies was a mere 2.3 percentage point increase.
- Wage subsidies appear to struggle with take-up among firms. When they have been used, they do appear to promote employment but only in the short term.
- Interventions to reduce search and matching costs have been less expensive to implement. Rigorous studies have more consistently found positive impacts, though the magnitude of these effects have been relatively small.

## CRAZY UNTESTED IDEAS

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While there are often tried and tested insights, many great ideas are being explored but have not yet been rigorously evaluated. This is the stage in which most behavioral policy interventions are born. Here are some ideas that eMBED and other behavioral teams are exploring:

### **MACHINE LEARNING FOR JOB MATCHING**

Use machine learning to profile successful employees and screen for those traits in job candidates. This would reduce the cost to firms of hiring and cost to employment centers of filtering applicants, enabling them to re-allocate resources to service provision.

### **TECHNOLOGY CHATBOTS FOR PSYCHOMETRIC TESTING**

Use chatbots to interact with applicants and generate personality profiles. This can be deployed at scale to enable job seekers to signal their socio-emotional skills and suitability for jobs.

### **BEHAVIORAL TECHNOLOGY TO DE-BIAS EMPLOYERS**

Use technology to reshape the hiring process and help employers assess information more impartially.

### **UPSKILL YOUNG WORKERS THROUGH FREE MOBILE-BASED COURSES**

Help young people develop basic and intermediate technology skills for the new digital economy using massive open online educational platforms.

### **HELPING PEOPLE TRACK THE STEPS NECESSARY TO ACHIEVE DIFFERENT CAREER PATHS**

Help young people figure out how to pursue the career paths they aspire for by breaking down the steps necessary to pursue a career, for example, in engineering or nursing.

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# About eMBeD

The Mind, Behavior, and Development Unit (eMBeD), the World Bank's behavioral science team in the Poverty and Equity Global Practice, works closely with project teams, governments, and other partners to diagnose, design, and evaluate behaviorally informed interventions. By collaborating with a worldwide network of scientists and practitioners, the eMBeD team provides answers to important economic and social questions, and contributes to the global effort to eliminate poverty and enhance equity.

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