

Fostering Non-Cognitive Skills in Active Labor Market Programs: Evidence from a Large-Scale RCT

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1 June 2021

The long-term unemployed sometimes lack basic non-cognitive skills needed to enter and succeed in the labor market. We examine whether it is possible to develop or enhance these skills among adults by using a large-scale randomized control trial (RCT) to evaluate the effectiveness of an Active Labor Market Program (ALMP) that targets income-support claimants in Israel. In this program, participants receive personalized treatment composed of weekly sessions with occupational trainers and motivational group workshops. We find that the program increased the participants' employment rate by 7.9 percentage points and decreased income support reciprocity by 10.5 percentage points relative to the control group. The effects are larger among high-school dropouts and those with a longer history of welfare dependence. The program also boosted the employment of participants' non-treated husbands but had no effect on participants' non-treated wives. There is no evidence of displacement effects on the control group. Analysis of the mechanisms at work shows that the program has positive and significant effects on its participants' work self-efficacy and job-search self-efficacy. We conclude that unemployed income-support claimants with lower labor-force attachment can benefit considerably from interventions that aim to improve their non-cognitive work-related skills.