

Institute for
Fiscal Studies



USC University of
Southern California

The Importance of Soft Skills for Youth Employment: Evidence from a Job- Matching and Certification Intervention

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Motivation

- **Skills training** programs are a widespread **policy tool** to enhance youth employment
- Most training programs focus on “**hard**” **skills**
 - Examples: vocational skills in welding, hairdressing etc.
- Little evidence on the importance of “**soft**” **skills** for youth employment
 - Examples: discipline, creativity, communication skills

Research Questions

1. What is the importance of **soft skills** in generating youth employment?
 - Do employers value soft skills?
 - Do soft skills help workers get jobs?
2. Are young workers able to **signal** their soft skills to employers during job interviews?
 - Can the provision of **certificates** on soft skills improve the ability of young talented workers to find employment?

This Project

- 1. Survey evidence:** importance of soft skills as perceived by both young workers and SME owners
 - Around 800 trainees about to graduate from VTIs
 - Around 400 SMEs looking for workers

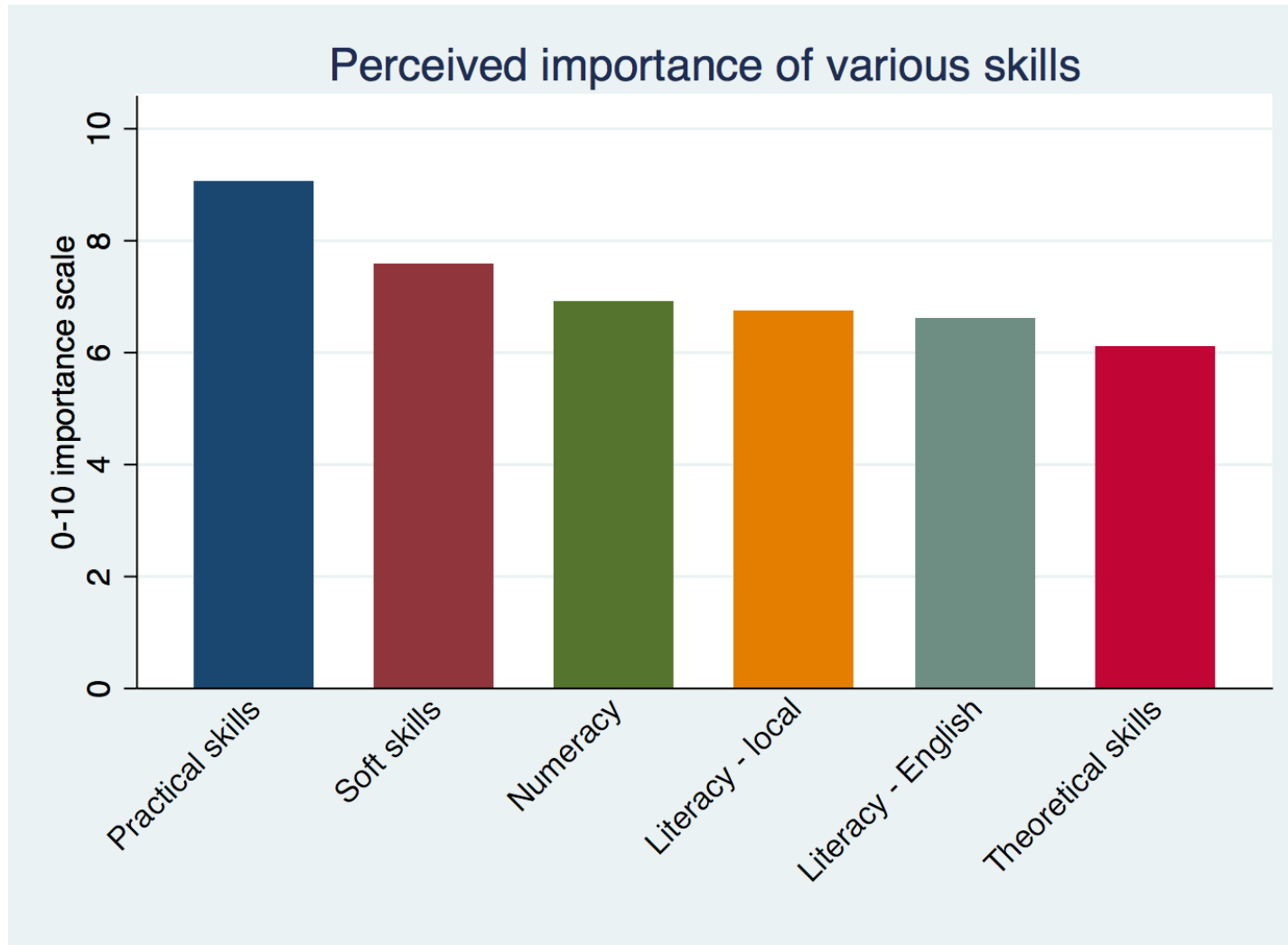
- 2. Experimental evidence:** impacts of a certification intervention on youth employment outcomes in SMEs
 - Job interviews are scheduled between workers and SMEs
 - Certificates on the soft skills of workers are disclosed during job interviews

1. Survey Evidence

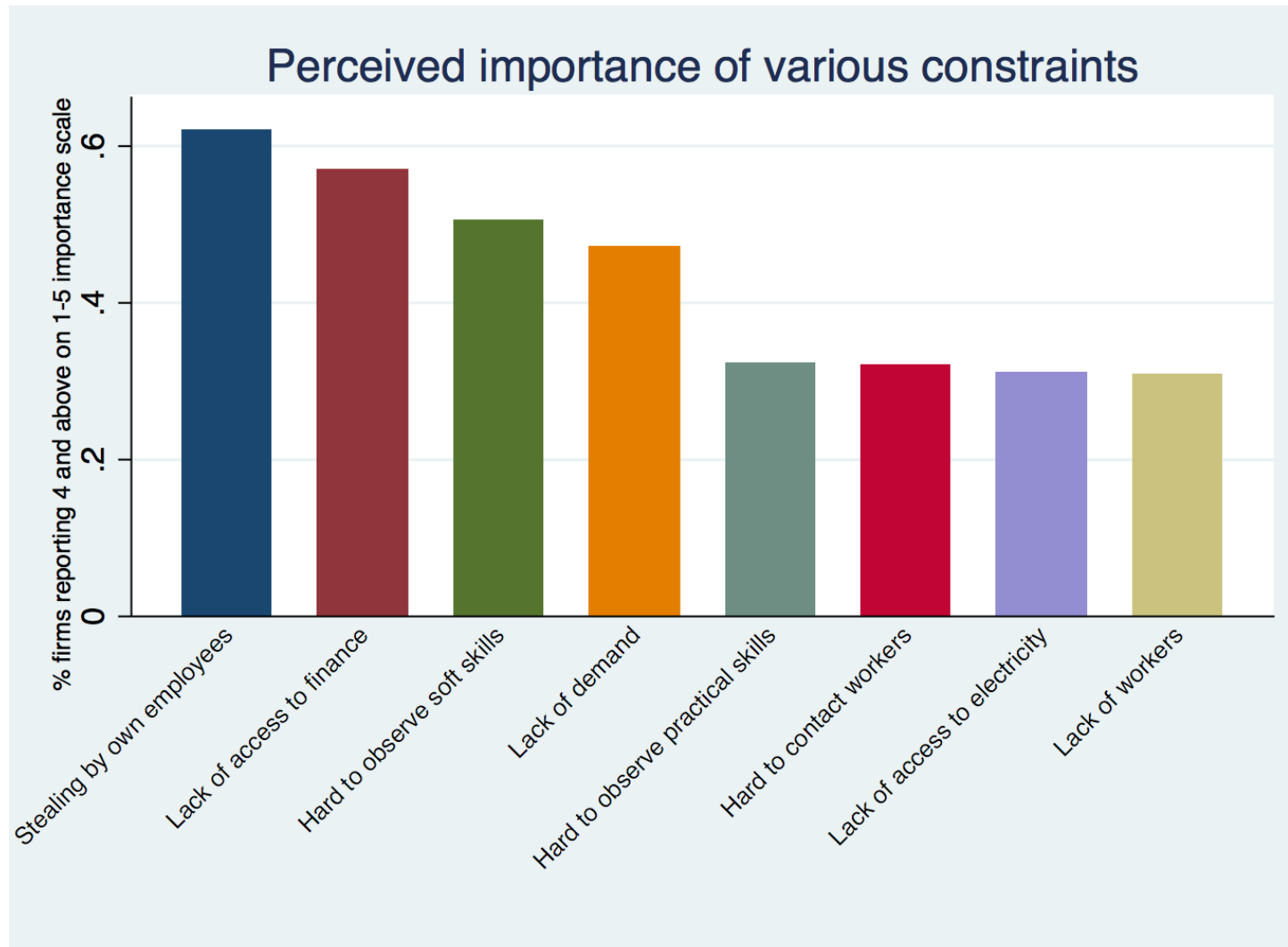
Evidence from Surveys of SME Owners



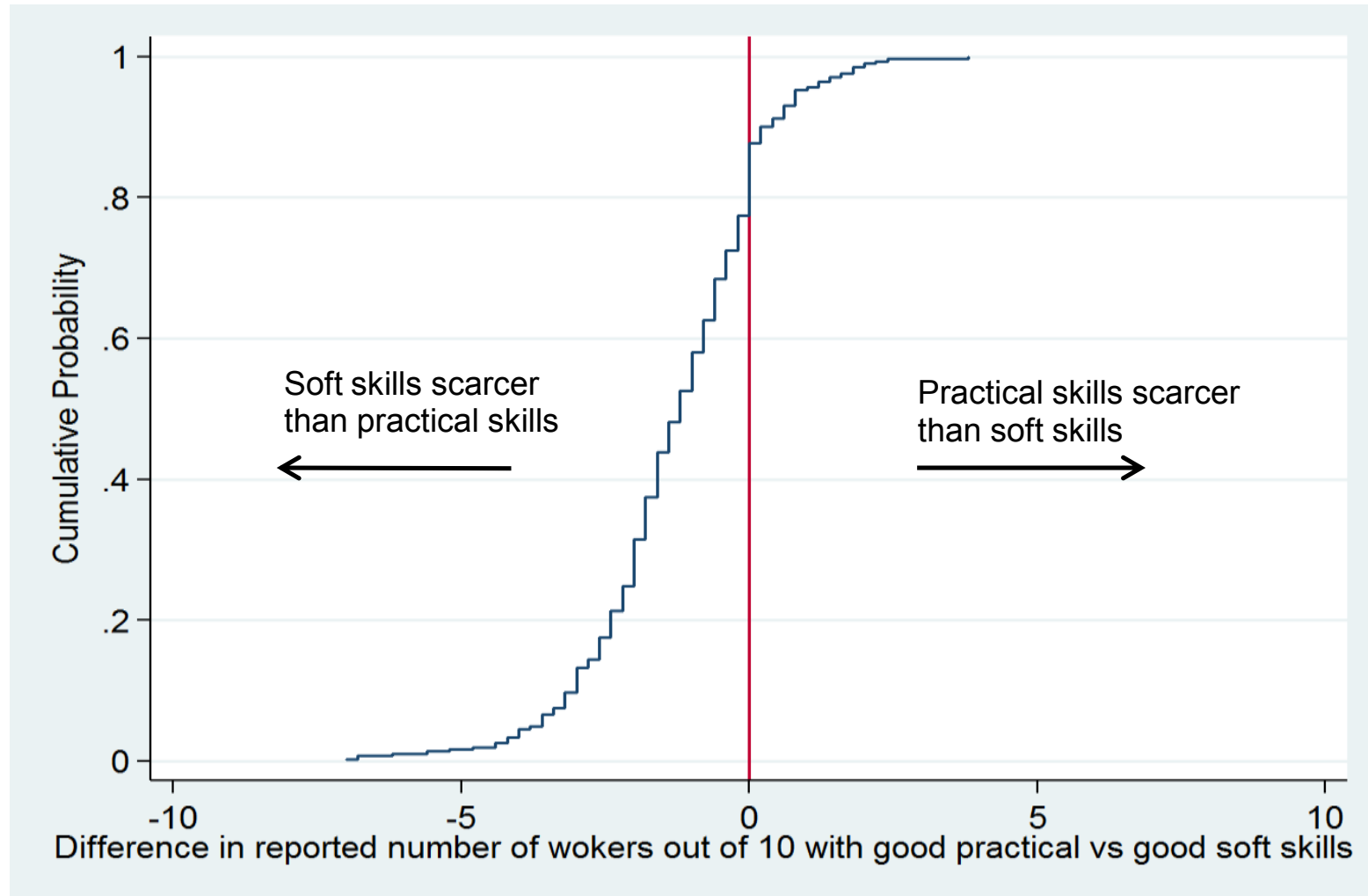
Soft Skills Are Important in SMEs



Soft Skills Are Hard to Observe in SMEs



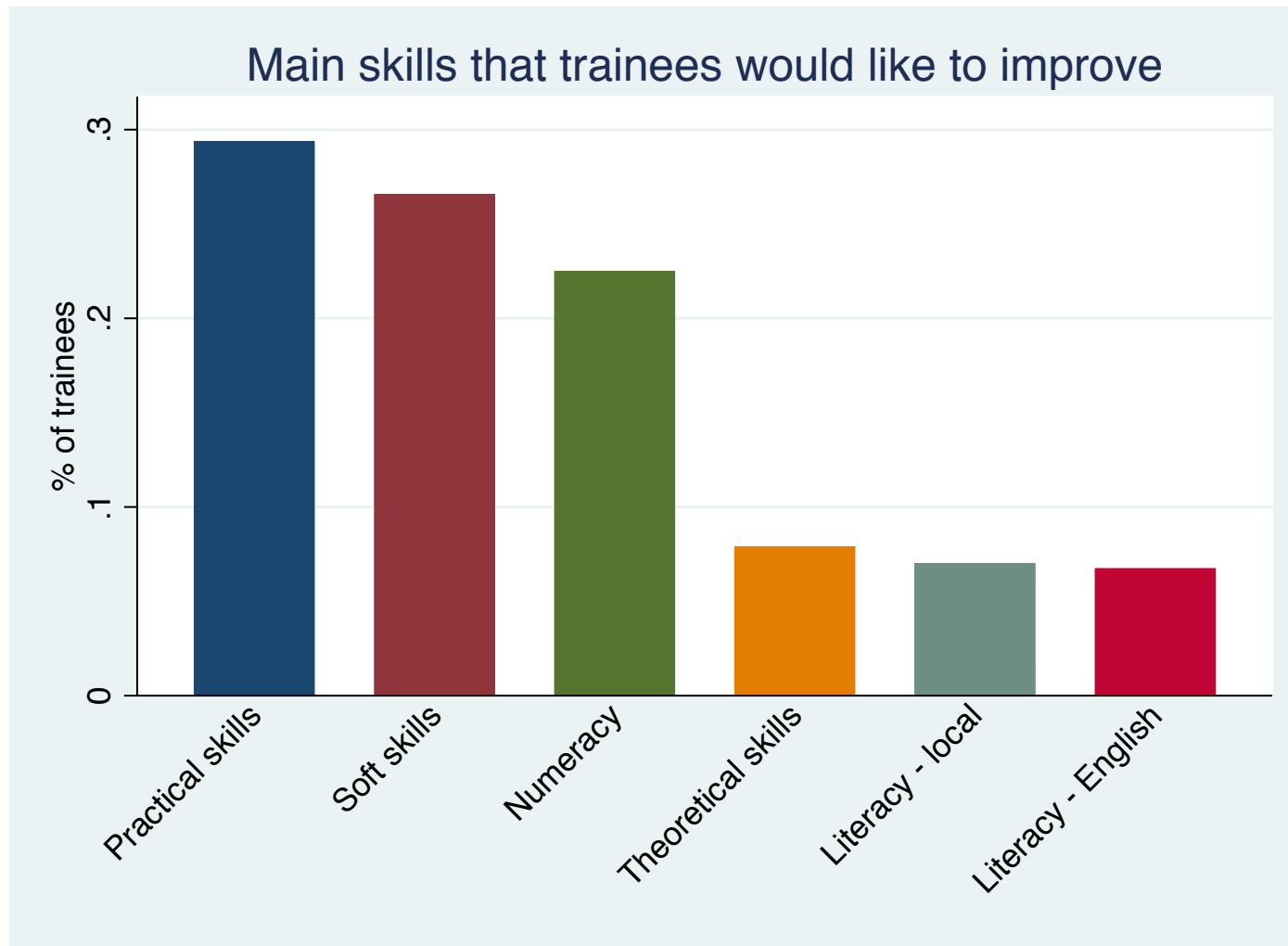
Low Priors on Soft Skills of Workers



Evidence from Trainee Surveys



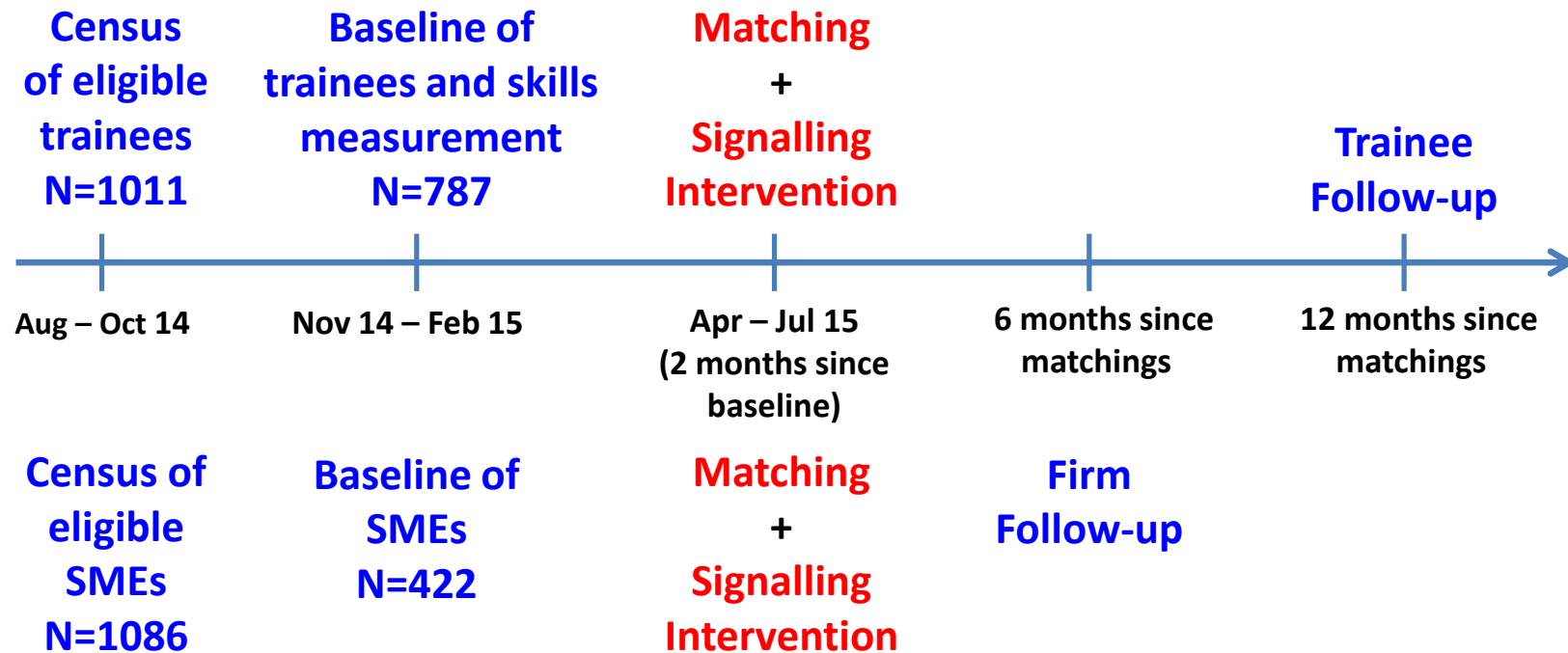
Trainees Would Like to Improve on Soft Skills



2. Job Matching and Certification Intervention

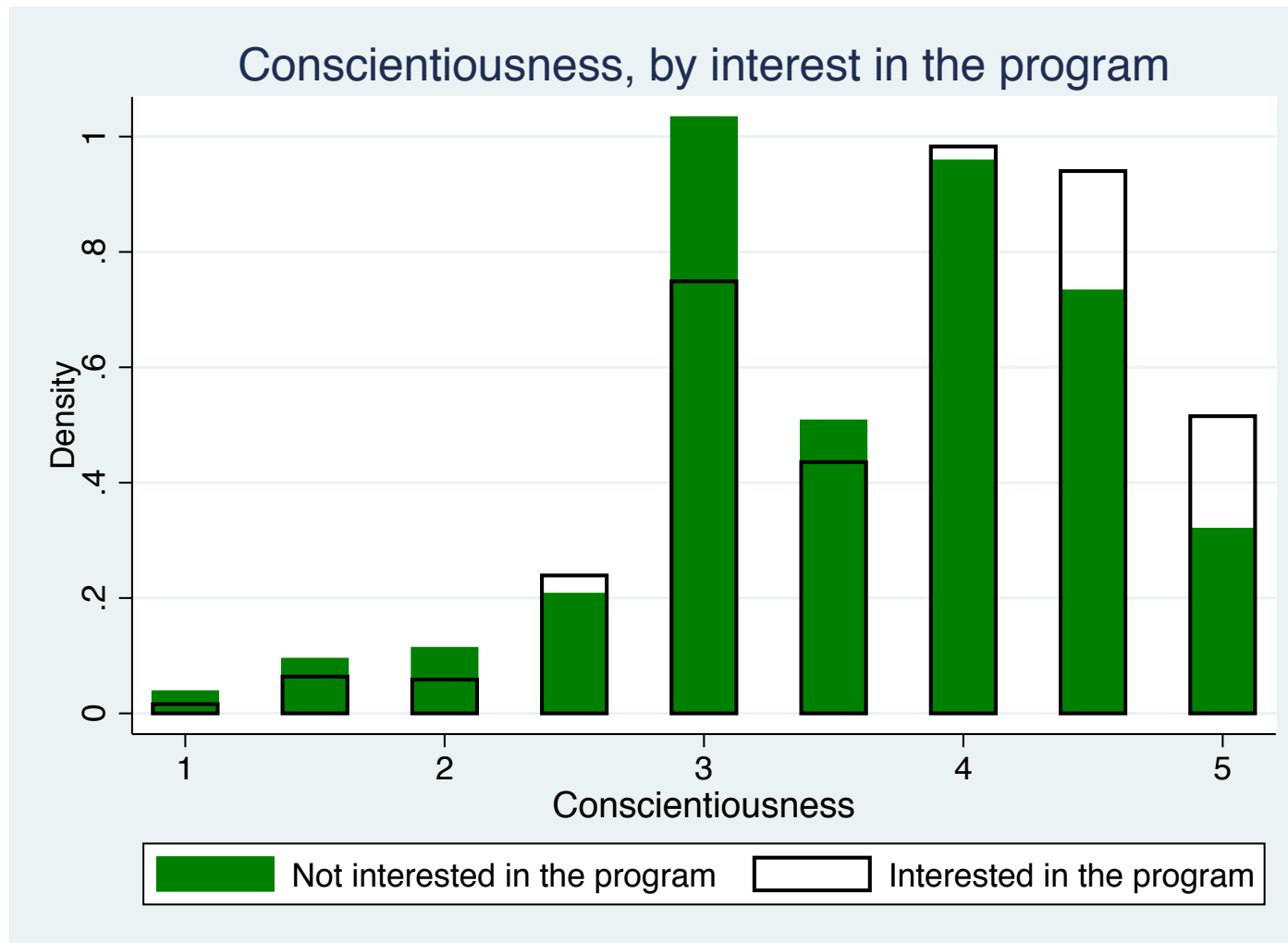
Implementation

WORKERS



FIRMS

Trainees Positively Selected on Soft Skills



Skills Assessments at the VTIs

- We conducted skills assessments on **five soft skills** that SME owners would like to have more info on:
 - Trustworthiness, creativity, communication skills, pro-sociality, attendance
- Assessment procedure at VTIs:
 - Skills easier to assess for an external examiner: **teacher surveys** (attendance, communication skills, pro-sociality)
 - Skills harder to observe: create **our own assessments** with the help of **Dr. Matagi** (creativity, trustworthiness)

Information Revelation

ID XXX



Acknowledgment

This is to acknowledge that

NAME OF TRAINEE

Has participated in the Youth Employment Job Placement Project in collaboration with BRAC Uganda and the Institute for Fiscal Studies, obtaining the following grades in our soft skills assessments:

| | |
|----------------------------|---|
| Creativity | B |
| Trustworthiness | A |
| Willingness to help others | C |
| Attendance | B |
| Communication skills | A |

Date: 02/04/2015

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Dr Jenipher Twebaze Musoke
Coordinator, Research,
BRAC Africa Programme

.....
Bhuiyan Muhammad Imran
Country Representative
BRAC Uganda

The BRAC-IFS Youth Employment Job Placement Project

This project aims to connect young trained workers with employment opportunities. Interested trainees were recruited from a number of partner Vocational Training Institutes (VTIs) throughout Uganda. As part of the project, participating trainees were assessed on the specific soft skills reported on the front on this document. The assessments took place while the trainees were still enrolled at the VTIs. Note that the participating trainees did not receive any soft-skills specific training as part of this project. Upon graduation from the VTIs, the participating trainees were provided this acknowledgment card and were linked with potential employers. The project started in July 2014 and will run until June 2017. For more information about the project please get in touch with BRAC Uganda Country Office:

BRAC

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Note on soft skills assessment procedure

The grades reported on the front of this document are the results of soft skills assessments conducted by the project team with the trainees participating in the project. Soft skills were measured using both standard self-administered psychometric scales as well as by means of a teacher survey whereby class teachers were asked to evaluate each individual trainee on these specific soft skills.

Note on grades from soft skills assessments

A = 85-100
B = 65-84
C = 50-64
D = 30-49
E = 0-29



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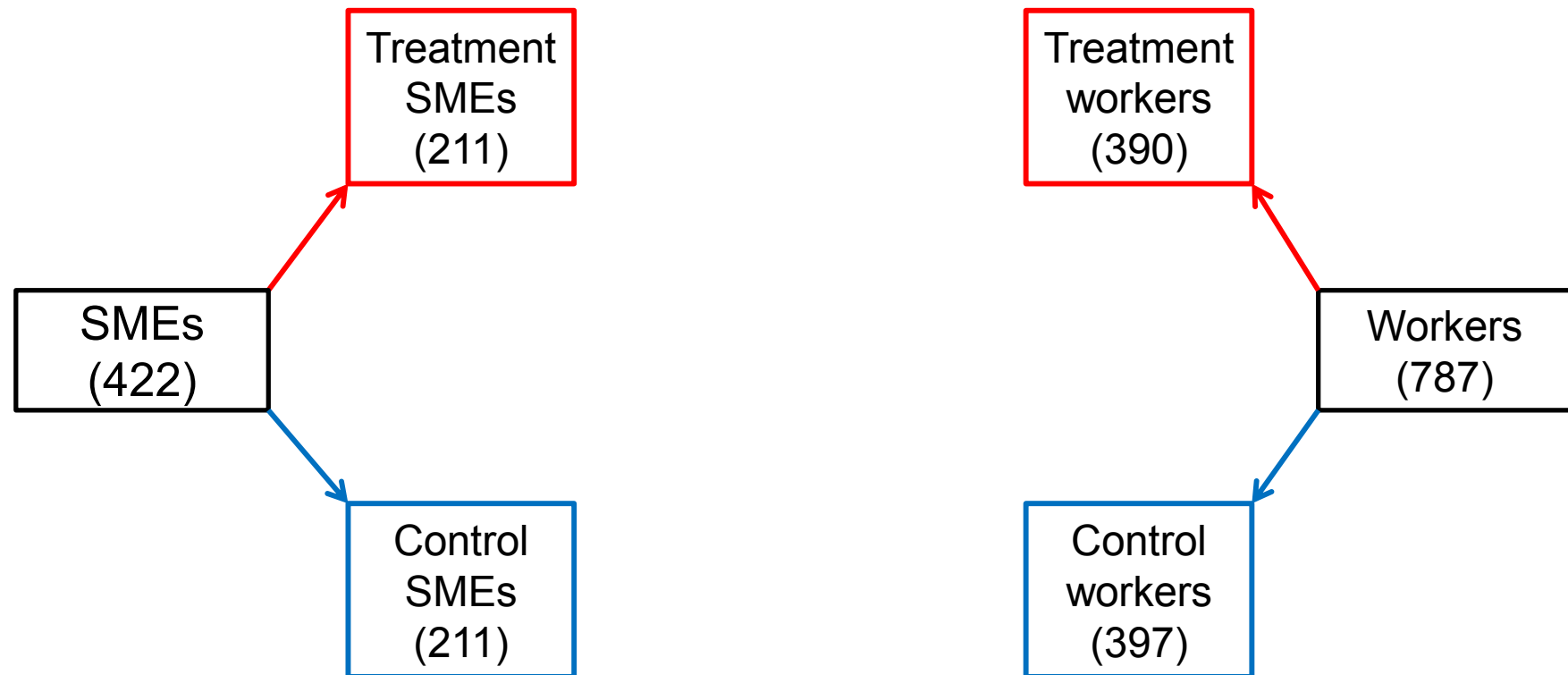
twitter.com/BRACWorld

Experimental Design

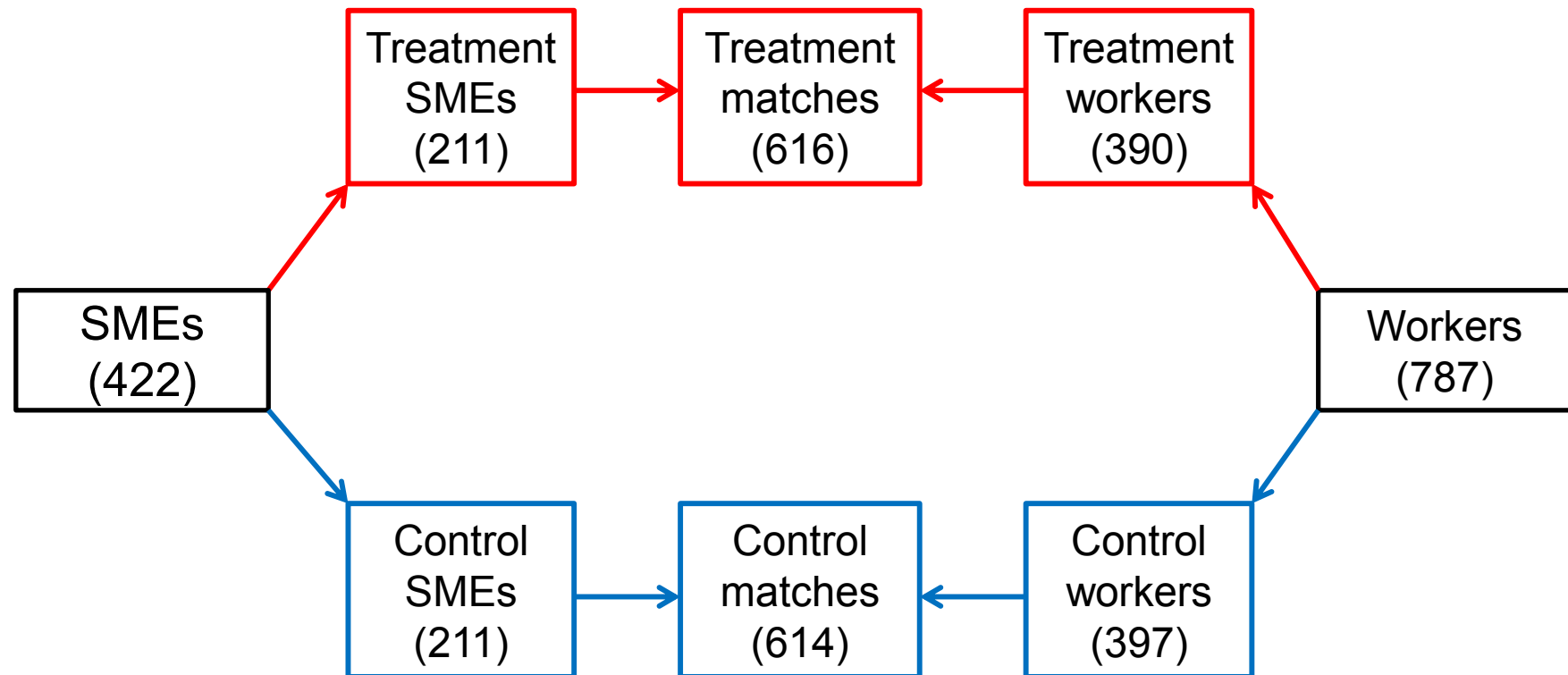
SMEs
(422)

Workers
(787)

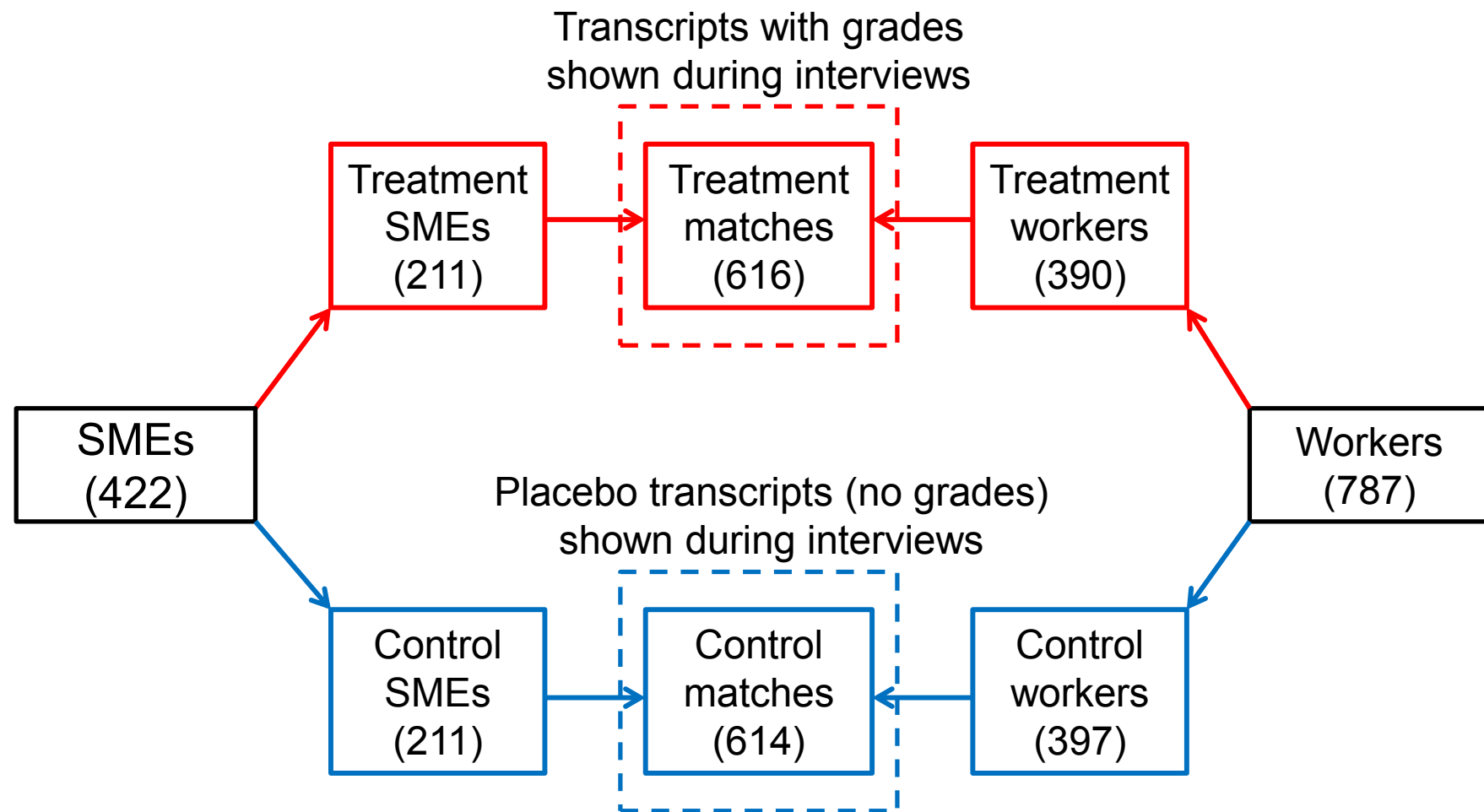
Experimental Design



Experimental Design



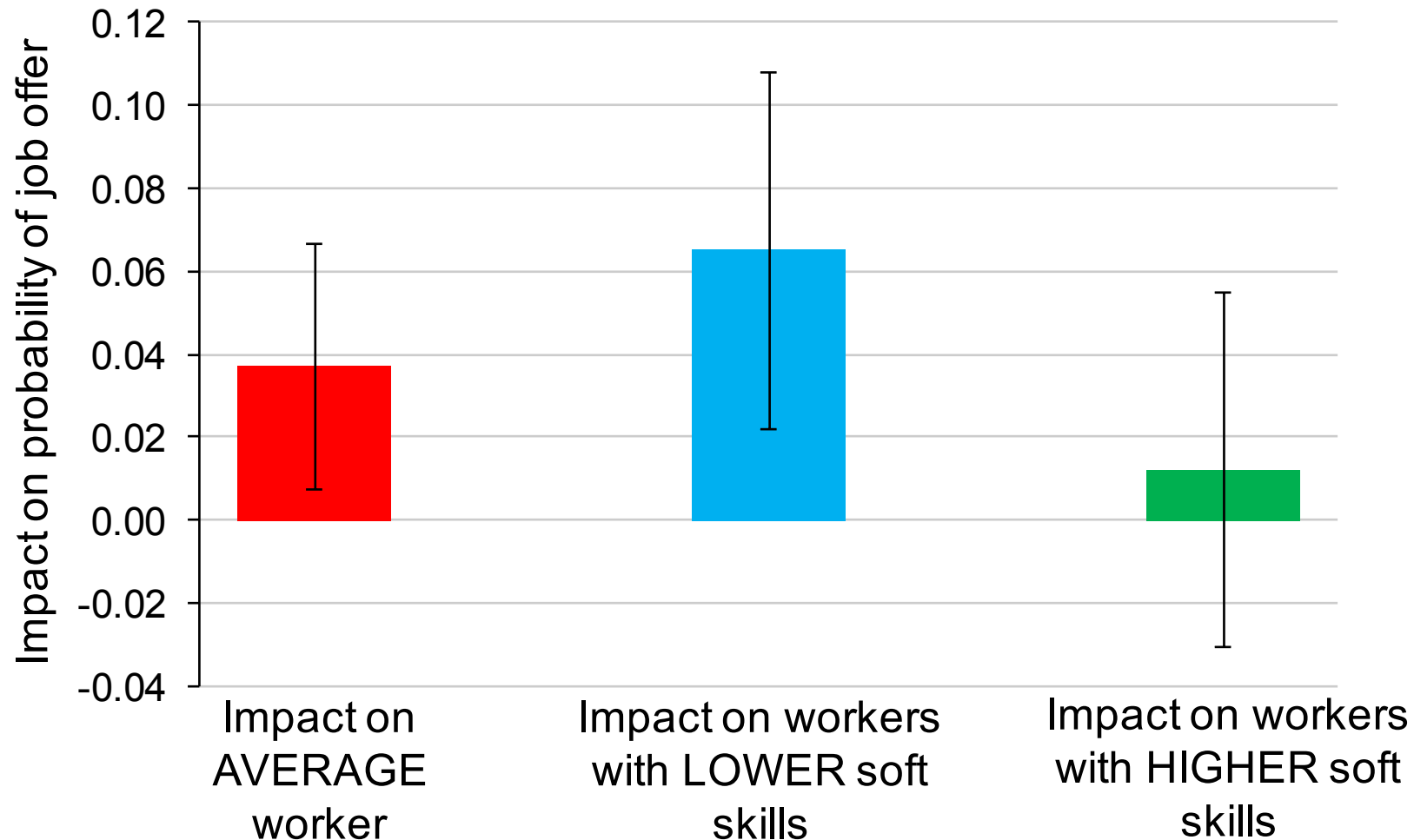
Experimental Design



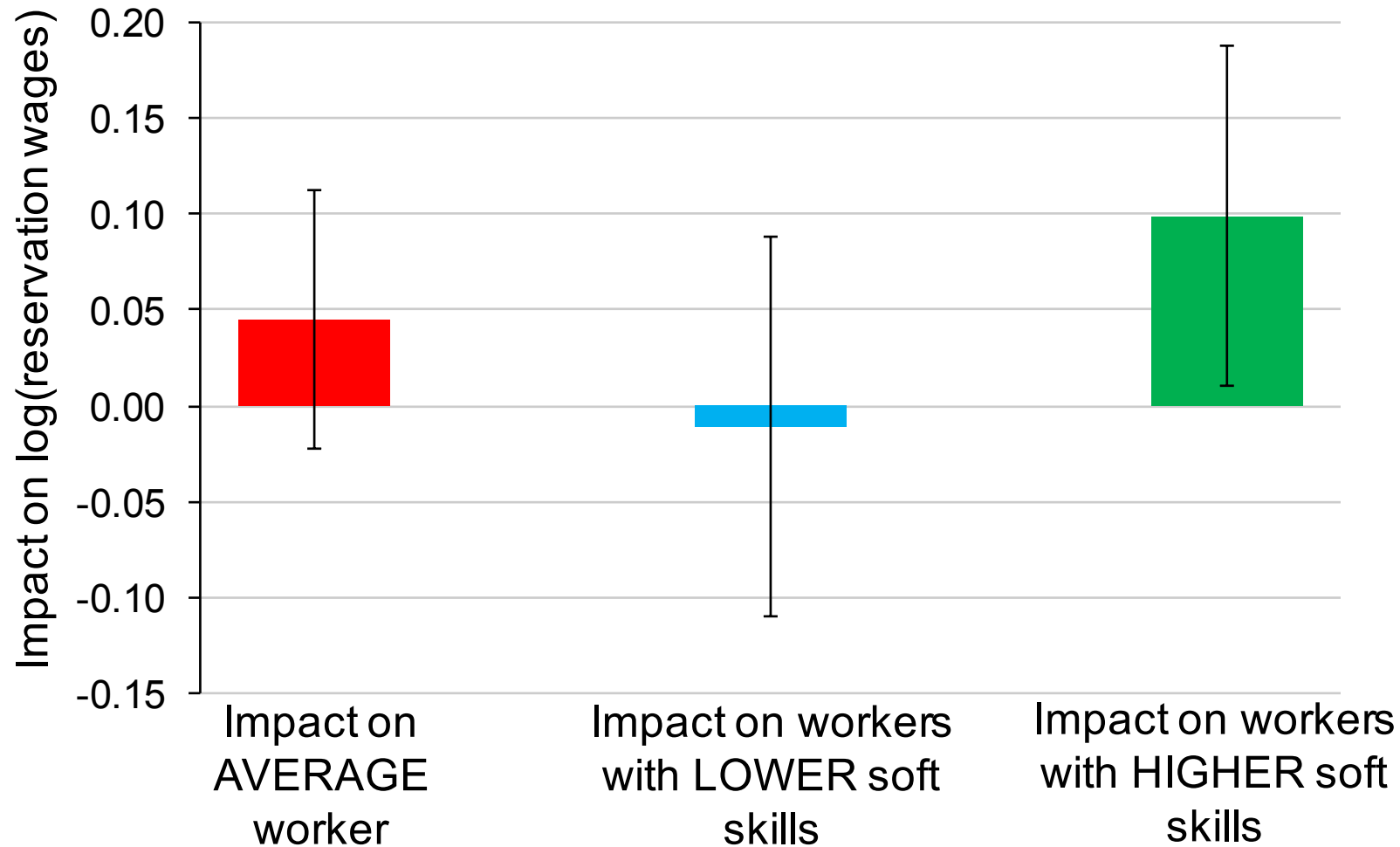
Results from Job Matching and Certification Intervention



Impacts on Hiring at Matched SME



Impacts on Worker Outside Options



Interpreting the Impacts on Hiring

- Positive impacts on hiring for workers with **lower** skills:
 - **Positive selection** of workers on soft skills into the experiment
 - **Low priors** of SMEs on the soft skills of workers
- No impacts on hiring for workers with **higher** skills:
 - Upward revision in their outside options means these workers are more **expensive** for the matched firm
- Further evidence on mechanisms:
 - Managers revise **upwards** their beliefs on the skills of workers

Cost-benefit Analysis

- Impacts on employment and outside options are **persistent**
 - Still find positive effects one year after the intervention
- **Certification intervention is cost-effective** at improving labor market outcomes:
 - IRR ranges between 9-29% for the average worker
 - Workers with lower skills gain from increase in employment
 - Workers with higher skills gain from increase in outside options

Conclusions

- **Soft skills** are **important** for youth employment
- Additional **information** on soft skills improves labor market outcomes
 - Both SMEs and trainees react positively to the information
 - Caveat: **voluntary participation** to the intervention
 - Mandatory intervention could have negative effects for workers with very low skills → these workers decided not to participate

Policy Implications

- Schools, VTIs and Universities should emphasize the importance of **soft skills** with their students
 - Could introduce/expand soft skills **training** in their curricula
- Interventions increasing **information** on skills (e.g. certification policies) can benefit talented workers
 - **Efficiency vs redistribution** considerations of **mandatory** interventions

Next Steps

- **Final worker follow-up** about to go to the field:
 - Are the employment effects of the certification intervention sustained over time?
 - Have workers with higher skills managed to transition to better jobs thanks to the certificates?
- Which **specific soft skills** were most important in determining the impacts of the certificates?
 - Challenge: skills are correlated, and were all shown together on the certificates

Thank You!