

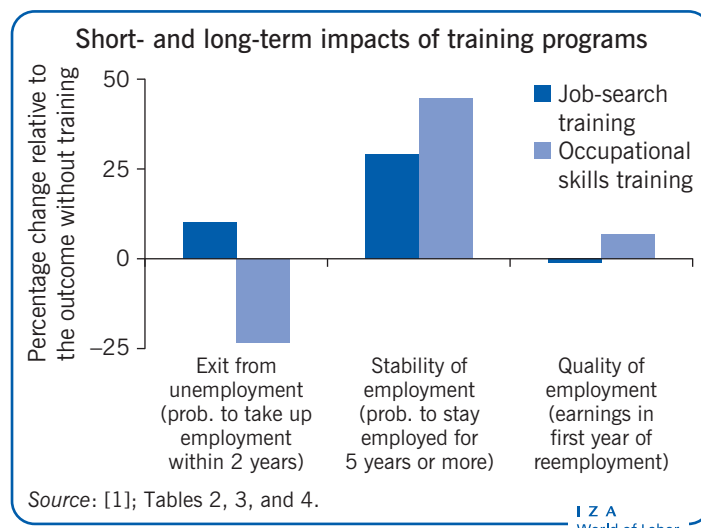
# The dynamics of training programs for the unemployed

## Job-search training and occupational skills training are both effective

Keywords: active labor market policy, job training, dynamic effects

### ELEVATOR PITCH

Time plays an important role in both the design and interpretation of evaluation studies of training programs. While the start and duration of a training program are closely linked to the evolution of job opportunities, the impact of training programs in the short and longer term changes over time. Neglecting these “dynamics” could lead to an unduly negative assessment of the effects of certain training schemes. Therefore, a better understanding of the dynamic relationship between different types of training and their respective labor market outcomes is essential for a better design and interpretation of evaluation studies.



### KEY FINDINGS

#### Pros

- + For improving the understanding of how training programs work, dynamic evaluation approaches that consider changes and impacts of training programs over time are useful.
- + Job-search training is a low-cost intervention relative to other active labor market policies.
- + Job-search training reduces the duration of unemployment for the individual.
- + Occupational skills training has positive long-term effects on employment stability and earnings, which can persist over many years.

#### Cons

- The dynamics and impacts of training participation may be misrepresented in static evaluation approaches, which could underestimate training impacts.
- Job-search training has no strong long-term effects on employment and earnings.
- Occupational skills training ranks among the most expensive active labor market programs.
- Occupational skills training initially prolongs unemployment.

### AUTHOR'S MAIN MESSAGE

Of the many “active” labor market policies designed to help unemployed people find work, occupational skills training ranks amongst the most expensive. However, although skills training is costly to implement and can prolong unemployment, the long-term improvements in employment stability and earnings can persist over many years. In contrast, job-search-oriented training is a relatively low-cost intervention and helps to identify suitable employment opportunities for individuals more quickly. Policymakers should be aware that while job-search training is the best option to activate job-seekers in the short term, investment in occupational skills training is more effective for addressing individual welfare issues and structural skills mismatch in the labor market in the long term.