

# COVID-19: Local responses to youth unemployment and scarring

## Introduction

COVID-19 has had a significant impact on the UK economy. The evidence from previous recessions, summarised in the Annex, is that unemployment tends to rise more sharply for young people. Periods of unemployment when young, especially during recessions, can have long-lasting impacts on young people's future labour market outcomes and on wider issues such as health and quality of life. These long-run effects are often referred to as 'scarring'.

Young people have been particularly severely affected during the current recession as they are more likely to be employed in the sectors that have been hardest hit by COVID-19. Young people are also at risk because they have less work experience, are more likely to work in temporary or part-time work and have more limited financial assets. Looking forward, many more young people who are currently in work are likely to be laid off if the economy worsens and others that were until recently in school, college or university will struggle to find work as they join the labour market.

The UK government has recognised the importance of preventing youth unemployment and the subsequent youth scarring this can cause and has introduced several interventions to support young people. While the policies announced by government so far have been widely welcomed, they will only partially address the issues facing by young people during the current crisis. Most of the proposed schemes will rely on employer participation to be successful and the current crisis will have dramatically reduced the ability of many employers to participate.

Local areas are looking to understand how they can help prevent youth scarring in their area, by utilising local knowledge, relationships or networks. Approaches are likely to be constrained to re-deploying existing resources and provision and to increasing the take-up and effectiveness of national schemes. To inform this response, this paper draws on a rapid review of the evaluation evidence and some general guidelines on designing effective policy responses. Our aim is not to offer a comprehensive discussion of the current crisis, but to provide a concise summary of relevant evidence that tells us what has worked in the past and any lessons this holds for current local policy.

## Labour market performance and the national policy response

Between 13 March and 9 July 2020, there were three million Universal Credit starts<sup>1</sup>, with 2.4 million of these in the first two months. By 31 July, 9.6 million jobs had been furloughed through the Coronavirus Job Retention Scheme (CJRS) and 2.6 million individuals had made a claim through the Self-Employment Income Support Scheme (SEISS). Concerns are high that the labour market will continue to worsen, as government support (including CJRS and SEISS) is phased out while demand for many goods and services remains below pre-COVID-19 levels.

Looking specifically at young people, there were 589,000 Universal Credit starts by 16-to-24-year-olds between 13 March and 9 July 2020. As not all young people are eligible for benefits, this is likely to be an underestimate of the numbers affected. In each of the two months before COVID-19, 16-to-24-year-olds accounted for 21 per cent of all Universal Credit starts. This fell in the initial stages of COVID-19, with just 15 per cent of Universal Credit starts between 13 March and 9 April 2020 being young people and has risen month on month, with the young people accounting for 30 per cent of Universal Credit starts between 12 June and 9 July 2020. Young people aged 16 to 24 accounted for 1.7 million of the jobs furloughed under CJRS by end July 2020, with 49 per cent of eligible jobs in this age band furloughed compared to 32 per cent of all ages. Within this, the take-up rates progressively fall by age, from 64 per cent at aged 17 to 37 per cent at aged 24. In addition, 89,000 young people aged 16 to 24 years old had made a claim under SEISS, amounting to 70 per cent of those eligible to do so.

In response to the worsening labour market and the risk of youth scarring the government has introduced a number of measures. These include:<sup>2</sup>

- **Kickstart Scheme** – This will provide six-month work placements for those aged 16 to 24 on Universal Credit and deemed to be at risk of long-term unemployment. Funding available for each job will cover 100 per cent of the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions and employer minimum automatic enrolment contributions.
- **Payments for employers who hire new apprentices** – The government will introduce a new payment of £2,000 to employers in England for each new apprentice they hire aged under 25, and a £1,500 payment for each new apprentice they hire aged 25 and over, from 1 August 2020 to 31 January 2021. These payments will be in addition to the existing £1,000 payment the government already provides for new 16-to-18-year-old apprentices, and those aged under 25 with an Education, Health and Care Plan.

---

1 A starter to Universal Credit is defined as an individual who has completed the Universal Credit claim process and accepted their Claimant Commitment.

2 Based on A Plan for Jobs (HM Treasury, 2020)

- **High-quality traineeships for young people** – The government will provide an additional £111 million this year for traineeships in England, to fund high-quality work placements and training for 16-to-24-year-olds. As well as the additional funding, the government has announced a number of changes to the scheme including funding employers who provide trainees with work experience, at a rate of £1,000 per trainee and expanding eligibility for traineeships to those with Level 3 qualifications and below, to ensure that more young people have access to high-quality training.
- **High value courses for school and college leavers** – The government will provide £101 million for the 2020-21 academic year to give all 18-to-19-year-olds in England the opportunity to study targeted high-value Level 2 and 3 courses when there are not employment opportunities available to them.
- **Expanded Youth Offer** – The government will expand and increase the intensive support offered by the Department for Work and Pensions (DWP) in Great Britain to young jobseekers, to include all those aged 18 to 24 in the Intensive Work Search group in Universal Credit.
- **New funding for National Careers Service** – The government will provide an additional £32 million funding over the next two years for the National Careers Service so that 269,000 more people in England can receive personalised advice on training and work.

Young people will also benefit from policies that are open to all ages such as enhanced work search support and increased funding for Sector Based Work Academies.

Two groups of young people are of particular concern. Those leaving education are at increased risk because they are at a point of transition. While many will have a next step in place, others will not and may find it more difficult to get, or decide upon, a suitable option, than in normal circumstances. The changes to the assessment of A-level, BTEC, GCSE and Scottish qualifications during August are likely to have exacerbated some of these challenges. While the evidence suggests that graduating from secondary school during a recession does not increase the likelihood of dropping out of tertiary education, there is a risk that some COVID-19 specific factors, such as the effects of social distancing on student experience, may increase the likelihood of dropping out.

Young people who become unemployed as a result of COVID-19 will face barriers in getting back into work, with the number of people looking for work being high, recruitment subdued, and young people competing with more experienced workers for available vacancies. The increase in unemployment will also disadvantage further those young people who were unemployed prior to COVID-19, as they are likely to have less work experience than those more recently laid off and/or face additional barriers to work.

In the following sections, we consider the evidence on what works in supporting these two groups of young people and propose ‘things to consider’ for local areas looking to help these two groups.

## Evidence on supporting young people at transition points

Given the evidence on the negative effects of youth unemployment, especially during a recession, it is important that as many young people as possible are in education, training or employment during the current crisis.

Evidence shows that receiving information about programme benefits and the application process as well as providing assistance for the application are effective in increasing take-up. For example, a recent randomised control trial in the US found that individuals sent information about benefits and costs of post-secondary education were 40 per cent more likely to enrol in post-secondary programmes.

However, there is some evidence that disadvantaged groups may be less able to take up education and training options during recessions. For example, a study of 28 OECD countries found that while tertiary education attendance among secondary school graduates increased during recessions, attendance increased less for young people whose parents had low qualification levels. This is likely to reflect an increased likelihood of parental unemployment and lower household income. There is some evidence that family income impacts on post-secondary education attendance and that financial support can be effective in increasing the likelihood of attendance.

## Supporting young people at transition points: things to consider

- Local areas should consider how to support young people to make informed decisions about their next steps. Given the significant evidence of substantial long-run scarring effects, it is critical to communicate to young people, and those that influence them, the importance being actively engaged in some form of education, training or employment.
- Drop-outs from post-16 education (including school, college and university) may be higher this year than normal. Local areas should consider how to support these young people to find alternative education, training or employment quickly.
- Local areas should consider what additional support they can offer to more disadvantaged young people to increase take-up of available education and training opportunities, including financial support.
- Given the wide range of different organisations involved, local areas should consider how they can ensure effective co-operation and co-ordination of services for young people at transition points. Where possible, existing structures should be used, including Skills Advisory Panels (SAPs).

## Evidence on tackling youth unemployment

The main approach to tackling youth employment is through active labour market policies (ALMPs). These include supporting young people to develop their skills through education and training (discussed above), and supporting entry into work, including through the use of subsidised employment opportunities and job search activities.

A review of over 200 evaluations found that ALMPs have small effects on employment on average in the short term (less than a year after the end of the programme) but larger, positive effects over the medium to long term. The review also found that training and subsidised private sector employment have larger average effects than other ALMPs over the medium to long term. Effects were smaller for young people and older workers. ALMPs were more likely to show positive impacts during recessions.

Looking at UK policies that have specifically supported young people, an evaluation of the New Deal for Young People (NDYP) found that male<sup>3</sup> participants spent on average 90 fewer days on benefits over a four-year period than a comparison group. Following a period of intensive job search support and help to overcome possible barriers to work, NDYP offered participants four options: subsidised employment, full-time education and training, work in the voluntary sector or work as part of an environmental taskforce. The subsidised employment option appears to have been most successful in terms of improving future employment outcomes.

The likelihood of achieving successful outcomes varied, with older claimants, those with higher-level qualifications and shorter previous claims being more likely to achieve successful outcomes. Local labour market conditions also had a strong effect on the likelihood of longer-term success.

The Future Jobs Fund (FJF) was developed to create subsidised employment opportunities for (primarily) young people in response to the 2008/09 recession providing an example of a policy enacted in circumstances similar to those we currently face. An evaluation by DWP of the impact of FJF on the cohort of young participants who started their FJF job between October 2009 and March 2010, when participation in the programme was voluntary, found that after two years participants had on average received welfare support (defined as being in a FJF job or receiving a main out-of-work benefit or training allowance) for eight fewer days than the comparison group and been in unsubsidised employment for an additional 12 days.

Combined, these highlight that ALMPs can improve the labour market outcomes of young people, with subsidised employment appearing to be the most successful approach. Importantly, they appear to be successful during recessions.

An alternative to supporting training or paid employment is to encourage unpaid, volunteering activities. The evidence on the effects of volunteering on labour market outcomes is mixed. One of the reasons for this variation is that volunteering occurs in many different contexts and for many different purposes. In general, the evidence is that volunteering has a positive effect on future earnings, but the size of this effect varies. The evidence on volunteering as a route into work is weaker with one study finding that more regular volunteering (weekly versus monthly) reduced the likelihood of moving into work. The likelihood of volunteers moving into work also varied across different characteristics, with the study finding that volunteering by 16-to-25-year-olds had no effect if infrequent, and a negative effect if regular (monthly or weekly). One possible reason for this is that, as many young people are students, they may not be volunteering to get a job. One study from Belgium found that when volunteering activities were randomly assigned to fictitious CVs and job applications for young people who had recently become unemployed, volunteers were seven percentage points more likely to get invited to interview or another positive reaction to their application.

---

3 The impact on female participants was not examined for this specific measure. All other findings cited for NDYP relate to male and female.

## Tackling youth unemployment: things to consider

- Take-up of the Kickstart Scheme, apprenticeships and other government programmes is likely to vary across localities and sectors. Local areas should consider how to increase take-up of these programmes by employers. This could include promotional campaigns and support with recruitment or administration. Intelligence gathered through this process could also help local areas identify the gaps in provision that they could most usefully fill.
- Applications for the Kickstart Scheme must be for a minimum of 30 job placements. Employers offering fewer than this must apply through a representative organisation with £300 available for the administrative costs of bringing together employers. Local authorities are highlighted as one type of organisation that can fulfil this role, alongside trade bodies, registered charities and groups of employers. Local authorities, combined authorities and local enterprise partnerships should consider whether they should play this role in their local area or if they could encourage and support other organisations to do so.
- A wide range of employability services are already in place, including national programmes such as sector-based work academies and local interventions funded through the European Social Fund and other sources. Local areas should consider how these could be used to support young people to be Kickstart- and apprenticeship-ready. Local knowledge of employer needs and available provision make local partners well-placed to develop these pathways.
- Some of the most successful subsidised employment schemes have also included personalised support, training and/or job search activities. However, providing more comprehensive support tends to be more resource intensive, with implications for cost effectiveness. Employers recruiting young people through the Kickstart Scheme are expected to help participants develop their skills and experience, including supporting them to look for long-term work and with CV and interview preparations. Some £1,500 is available per job placement for set-up costs, support and training. Local areas should consider how they could help local employers to deliver this support. Local areas should also consider if there would be value in providing wrap-around support for Kickstart participants, for example, through devolved Adult Education Budgets.
- Volunteering can provide a wide range of benefits to individuals and communities. However, there is limited evidence that it can help people move into work and local approaches to encouraging volunteering should reflect this.
- Young people with additional barriers, such as disabilities, health issues, low qualifications, and homelessness have higher unemployment levels and the current crisis is likely to disadvantage them further. Local areas should consider how they could support more disadvantaged young people to participate in the Kickstart Scheme, apprenticeships and other programmes announced by government and in local programmes.
- Many young people will currently be in employment but at risk of being laid off in the coming months. Given that resources are limited, local areas should consider when they should intervene – i.e. if they should be working with young people at risk of unemployment or if support will only be offered after the young person is unemployed or after a set period of unemployment such as three, six or 12 months. Intervening early could prevent a period of unemployment but is likely to have a high level of deadweight (i.e. providing support to people who would have found jobs anyway).
- Local areas should consider if it is possible to use activities that are delivering their other

policy goals (for example, lowering carbon emissions) to create additional employment or training opportunities for young people.

- The interventions announced by government have generally been short- to medium-term approaches. Local areas should begin to consider what medium- to long-term approaches, such as education, (re)training and upskilling and support for entrepreneurship, would be beneficial to have in place. Local SAPs could lead on this forward planning.

## Annex

### **Periods of unemployment when young, especially during recessions, can have long-lasting impacts on young people's future labour market outcomes and on wider issues such as health and quality of life.**

There is extensive research showing that being unemployed when young increases the likelihood of long-term 'scarring' in terms of subsequent lower pay, higher unemployment and reduced life chances (e.g. Bell and Blanchflower, 2012). Effects are more pronounced for those entering the labour market in recessionary periods (Kahn, 2010; Oreopoulos et al., 2012). Youth unemployment can also have lasting negative impacts on physical health (Nordstrom et al., 2014) and mental health (Paul and Moser, 2009; Strandh et al., 2014).

More generally, unemployment has been shown to cause lower levels of self-esteem and self-efficacy, overall life satisfaction and happiness, as well as to increase the incidence of depression, anxiety and stress, which have longer term impacts on labour market outcomes (Bartley, 1994; Breslin and Mustard, 2003; Briar et al., 1980; Creed, Muller, and Machin, 2001; Eisenberg and Lazarsfeld, 1938; Eurofound, 2017).

At a society-level, Coles et al. (2010) estimated that the long-term cost to UK public finances of young people being outside of education and employment in 2009 was between £10 billion and £30 billion (in 2009 prices).

There is a range of evidence that suggests that not all young people are at similar risk from youth scarring. For example, Cockx (2016) shows that in flexible labour markets, high-educated cohorts that graduate during a recession escape unemployment by entering lower-quality (part-time) jobs. Altonji et al. (2016) show that this penalty differs by field of study, with high-paying subjects such as engineering, finance or economics being less affected than lower-paying subjects such as theology or education, although their relative advantage was lower following the 2008/09 recession than in previous recessions. Oreopoulos et al. (2012) show that graduates from the most prestigious institutions with higher starting wages suffer less from graduating in recessions, while earnings of less advantaged graduates can be permanently affected.

Li and Health (2018) focus on the size and length of scarring effects for ethnic minority men and women in Britain, compared to their white British counterparts. They find that everything else being equal, Pakistani and Black African women and Black Caribbean and Bangladeshi men, are substantially more scarred than their white British counterparts after having an unemployment spell. They are not only more likely to face unemployment, but the scars caused by this unemployment are more lasting in terms of re-employment and pay. Li and Health also showed in a prior study (Li and Health, 2008) that Black, Pakistani and Bangladeshi minorities bore the brunt of recessions in the mid-1980s and early 1990s, being the first to face job cuts and the last to find re-employment. This was also shown by Leslie and Lindley (2001 and 2005).

### **Evidence shows that receiving information about programme benefits and the application process as well as providing assistance for the application are effective in increasing take-up.**

Later in the year, the What Works Centre will publish a review of the evidence on how to increase take-up of programmes. Most of the evidence on the topic comes from the US. For example, Barr and Turner (2018) found, in a well-established randomised control trial in the US, that individuals sent information about benefits and costs of post-secondary education were 40 per cent more likely to enrol in post-secondary programmes.



Dynarski et al. (2018) examined the effect of a university (University of Michigan) encouraging young people to apply, alongside a commitment to provide financial aid to successful applicants. Low-income students with outstanding academic records were randomly selected. Individuals in the treatment group were more likely to apply and enrol.

Bettinger et al. (2012) examined the role of information and application assistance on the Free Application for Federal Student Aid (FAFSA) through a randomised control trial. The FAFSA is an extensive federal application form that individuals seeking college financial aid must complete. Participants in the treated group were offered help to apply for FAFSA, while participants in the control group did not receive any help to apply. Individuals in the treated group who received both information and assistance in the application process were more likely to submit an application to the FAFSA and more likely to attend college. There was no increase for individuals who received information but not assistance.

**However, there is some evidence that disadvantaged groups may be less able to take up education and training options during recessions.**

In a study of 28 OECD countries, Hampf et al. (2020) found that recessions tend to increase tertiary education attendance among secondary school graduates but that those of lower socio-economic status (using parental education levels as a proxy) are less likely. Overall, a 10 percentage point increase in the average unemployment rate around secondary graduation leads to an eight percentage point increase in post-secondary enrolment. Comparing those with parents with higher levels of education to those with lower levels, the increases in enrolment are 11 percentage points and seven percentage points respectively. This potentially reflects that those with less education are more likely to lose their jobs during recessions, resulting in financial constraints. More generally, there is evidence that family income impacts on post-secondary education attendance (e.g. Belley and Lochner, 2007) and that cash grants are effective in increasing the probability of college attendance (Dynarski, 2003).

**A review of over 200 evaluations found that Active Labour Market Policies (ALMPs) have small effects on employment on average in the short term (less than a year after the end of the programme) but larger, positive effects over the medium to long term.**

ALMPs aim to improve access to the labour market for those out of work. Immervoll and Scarpetta (2012) define them to include measures that:

- *“Strengthen people’s motivation to look for and make use of existing earnings opportunities (e.g., work incentives, job-search requirements and benefit sanctions)*
- *Address specific employment barriers on the labour-supply side by improving the capabilities of jobseekers and other policy “clients” (e.g., training and employment rehabilitation)*
- *Expand the set of earnings opportunities that are available and accessible to jobseekers and those with limited income from work (labour-market intermediation and programmes that support labour demand through wage subsidies or direct job creation).”*

ALMPs are not specific to young people but most interventions that can be deployed to avoid youth scarring would be considered ALMPs.

Card et al. (2017) undertook a meta-analysis of over 200 evaluations of ALMPs including:

- Subsidised private sector employment
- Subsidised public sector employment
- Classroom or on-the-job training
- Job search assistance, monitoring, or sanctions for failing to search
- Programmes that combined two or more of the above

They found that:

- Effects are close to zero on average in the short run but become more positive two to three years after completion of the programme
- The time profile of effects varies by type of programme, with larger average gains for programmes that emphasise the development of human capital (such as skills, knowledge and attributes)
- Job search assistance programmes that emphasise ‘work first’ (i.e. that prioritise taking up available employment opportunities over other outcomes) tend to have similar effects in the short and long run, whereas training and subsidised private sector employment programmes have larger average effects in the medium and longer runs. Public sector employment subsidies tend to have small or even negative average effects
- There is variation across participant groups, with larger effects for females and participants who enter from long-term unemployment. Effects were smaller for young people and older workers.
- ALMPs are more likely to show positive impacts in a recession.

### **UK policies that have specifically supported young people**

The UK has extensive experience of creating subsidised employment opportunities, with many of these schemes specifically targeting young people and/or being deployed during recessions.

The New Deal for Young People (NDYP) was introduced in 1998 as a mandatory programme for 18-to-24-year-olds who were unemployed and had been claiming Jobseekers Allowance for six months. Following a period of intensive job search support and help to overcome possible barriers to work (known as the Gateway), NDYP offered participants four options – subsidised employment, full-time education and training, work in the voluntary sector or work as part of an environmental taskforce. Participants that were still on the programme after the options stage received an additional period of intensive job search support for three months (known as Follow-Through). Beale et al. (2008) found that male<sup>4</sup> participants spent on average 90 fewer days on benefits over a four-year period than a comparison group. The subsidised employment option appears to have been most successful in terms of improving future employment outcomes with those participating in this option spending seven percentage points longer in employment than a matched cohort in the full-time education and training option in the three years after leaving the programme and nine percentage points longer than those in the voluntary sector and environmental taskforce options. However, this result may be overstated as participants are able to choose the option they pursue and there may be some unobserved characteristics (such as higher motivation) that explain this finding.

The likelihood of achieving successful outcomes varied, with those with higher-level qualifications

---

<sup>4</sup> The impact on female participants was not examined for this specific measure. All other findings cited for NDYP relate to male and female.

being more than 300 per cent more likely to have achieved a successful outcome than those with no qualifications. Those with shorter previous claims and older participants were also more likely to achieve successful outcomes. Local labour market conditions also had a strong effect on the likelihood of longer-term success.

The UK Future Jobs Fund (FJF) was established in 2009 to help tackle youth unemployment. The UK government together with employers, local authorities and charities developed a brokerage that offered temporary (six-month) jobs to young unemployed people receiving benefits, and to those in disadvantaged areas. Evaluation of the programme, carried out by the Department for Work and Pensions (DWP) (2012), found the number of days that participants spent receiving welfare support decreased by eight days and the number of days they spent in unsubsidised employment increased by 12 days after two years. It also showed that the savings equalled at least half of the original cost, even as real gross domestic product was increased.

In 2011, the UK introduced the Work Experience programme, to help young unemployed people get valuable work-based skills through a subsidised two- to eight-week placement with a local employer. The results of the extended impact assessment provide evidence that taking part in work experience reduced the time 19-to-24-year-old Jobseekers Allowance claimants spent in receipt of DWP benefits and increased the time they spent in employment. A range of results are presented by DWP by sub-group and cohort (Haigh and Woods, 2016). However, these findings need to be caveated as participation was voluntary and unobserved variables (such as motivation) cannot be accounted for.

**Some of the most successful subsidised employment schemes have also included personalised support, training and/or job search activities.**

Both the New Deal for Young People and Future Jobs Fund outlined above included additional supports. In the case of NDYP, this support was provided in the initial Gateway stage, while all FJF participants received support with job search activities.

Sector-based work academies are intended to help employers meet their recruitment needs. They have three main elements – pre-employment training, a work experience placement and a guaranteed job interview. They can last for up to six weeks. The Institute for Employment Studies flagged the success of this programme (Ward et al., 2016). A DWP impact evaluation of the academies conclude that individuals who participated in all three elements of the sector-based work academy experienced on average 39 days fewer in receipt of benefit and not in employment relative to non-participants across the 18-month tracking period. However, as participation is voluntary, these results may have been affected by self-selection bias.

The value of intensive caseworker support for job search was established in a randomised control trial in Denmark (Graverson and Van Ours, 2008). Evaluation evidence also points to the benefit of specialist advisers for disadvantaged young people sitting alongside employment services (Ray et al., 2018). Wilson et al., (2020) highlights that many European countries have adopted similar and successful models over the last 15 years, including Germany, Sweden, Denmark and Ireland.

**An alternative to supporting training or paid employment is to encourage unpaid, volunteering activities. The evidence on the effects of volunteering on labour market outcomes is mixed.**

Volunteering could affect labour market outcomes through at least three channels: improving human capital, building social capital and reflecting employer preferences.

The evidence on the effects of volunteering on labour market outcomes of volunteers is mixed, with some studies finding a lasting positive effect (Hackl et al. 2007; Sauer, 2015; Spera et al., 2015), some a positive but not persistent effect (Wang et al., 2006) and others a negative effect (Paine et al., 2013; Prouteau and Wolf, 2006). These contrasting effects can be attributed to volunteering experience being studied in drastically different contexts. For example, in some cases volunteering was a substitute for work experience, and in others it complemented work experience.

Paine et al. (2013) used the British Household Panel Survey (BHPS) to analyse the impact of volunteering on employability outcomes, including the chances that people not in work in one year would move into paid employment the following year. They found that volunteering at least once a month had a positive effect on the chances of moving into work, but that those volunteering weekly or yearly were less likely than those that had never volunteered to move into paid work. They found that the effect of volunteering varied by age, with regular (monthly or weekly) volunteering by 16-to-24-year-olds having a negative effect on their chances of moving into work the following year, while infrequent volunteering had no effect. Looking at just those that were not in work as they were unemployed, whilst volunteering several times a year had a positive effect on the chances of moving into employment, monthly and yearly volunteering had no significant effect and weekly volunteering had a negative effect.

Baert and Vujić (2018), in their summary of the peer-reviewed literature on the benefits and costs of volunteering, found that in all studies except one undertaken between 1997 and 2017 there were statistically significantly positive effects of volunteer work on income. However, this premium varied considerably, from 2.6 to 94.7 per cent. Prouteau and Wolf found that in the public sector, volunteers receive a positive wage premium (equal to 5.5 per cent), while the premium is negative and insignificant in the private sector (equal to -1.7 per cent).

Baert and Vujić (2018) conducted the first field experiment on volunteering, where they randomly assigned volunteering activities to fictitious CVs and job applications and found that volunteers are 7.3 percentage points more likely to get a positive reaction to their job applications. In addition, while former empirical studies show that returns to volunteering are higher for men than women (Day and Devlin, 1997, Wilson et al., 2017, Sauer, 2015), Baert and Vujić (2018) found in their experimental study that volunteering increases chances of call-back for women more than men. Baert and Vujić (2018) provide an explanation for these diverging results. It might be that the higher volunteering premium for men based on observational data reflect the fact that males select themselves into types of volunteering that are rewarded more highly in the labour market (such as service clubs).

## References

- Altonji, J. G., Kahn, L. B., and Speer, J. D. (2016). "Cashier or consultant? Entry labor market conditions, field of study, and career success", *Journal of Labor Economics*, vol. 34(1), pp. 361-401.
- Baert, S., and Vujčić, S. (2018). "Does it pay to care? Volunteering and employment opportunities", *Journal of Population Economics* vol. 31, pp. 819–836.
- Barr, A., and Turner, S. (2018). "A letter and encouragement: Does information increase postsecondary enrollment of UI recipients?", *American Economic Journal: Economic Policy*, vol. 10(3), pp. 42-68.
- Bartley, M. (1994). "Unemployment and ill health: understanding the relationship", *Journal of Epidemiology and Community Health*, vol. 48(4), pp. 333–337.
- Beale, I., Bloss, C., and Thomas, A. (2008). "The longer-term impact of the New Deal for Young People", DWP Working Paper nbr. 23.
- Bell, D. N. F., and Blanchflower, D. G. (2011). "Young people and the Great Recession", *Oxford Review of Economic Policy*, vol. 27(2), pp. 241–267.
- Belley, P., and Lochner, L. (2007). "The Changing Role of Family Income and Ability in Determining Educational Achievement", *Journal of Human Capital*, vol. 1(1), pp. 37-89.
- Bettinger, E. P., Long, B. T., Oreopoulos, P., and Sanbonmatsu, L. (2012). "The role of application assistance and information in college decisions: results from the H&R block FAFSA experiment", *The Quarterly Journal of Economics*, vol. 127(3), pp. 1205-1242.
- Breslin, F. C., and Mustard, C. (2003). "Factors influencing the impact of unemployment on mental health among young and older adults in a longitudinal, population-based survey", *Scandinavian Journal of Work, Environment & Health*, vol. 29(1), pp. 5–14.
- Briar, K. H., Fiedler, D., Sheean, C., and Kamps, P. (1980). "The Impact of Unemployment on Young, Middle-Aged and Aged Workers", *Journal of Sociology and Social Welfare*, vol. 7(6), pp. 907–915.
- Card, D., Kluve, J., and Weber, A. (2017). "What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations", *Journal of the European Economic Association*, vol. 16(3), pp- 894–931.
- Cockx, B. (2016), "Do youths graduating in a recession incur permanent losses?", *IZA World of Labor* 2016: 281.
- Coles, B., Godfrey, C., Keung, A., Parrott, S., and Bradshaw, J. (2010). "Estimating the life-time cost of NEET: 16-18 year olds not in Education, Employment or Training", University of York, Mimeo.
- Creed, P. A., Muller, J., and Machin, M. A. (2001). "The role of satisfaction with occupational status, neuroticism, financial strain and categories of experience in predicting mental health in the unemployed", *Personality and Individual Differences*, vol. 30(3), pp. 435–447.
- Day, K. M., and Devlin, R. A. (1997). "Can Volunteer Work Help Explain the Male-Female Earnings Gap?", *Applied Economics*, vol. 29(6), pp. 707–72.
- Dynarski, S. M. (2003). "Does Aid Matter? Measuring the Effect of Student Aid on College Attendance and Completion", *American Economic Review*, vol. 93(1), pp. 279-288.
- Dynarski, S., Libassi, C.J., Michelsmore, K., and Owen, S. (2018). "Closing the gap: the effect of a targeted, tuition-free promise on college choices of high-achieving, low-income students", NBER Working Paper nbr. 25349.

- Eisenberg, P., and Lazarsfeld, P. (1938). "The psychological effects of unemployment", *Psychological Bulletin*, vol. 35(6), pp. 358–390.
- Eurofound (2017). *Long-term unemployed youth: Characteristics and policy responses*, Publications Office of the European Union, Luxembourg.
- Graversen, B. K., and van Ours, J. C. (2008). "How to help unemployed find jobs quickly: Experimental evidence from a mandatory activation program", *Journal of Public Economics*, vol. 92(10–11), pp. 2020–2035.
- Hackl, F., Halla, M., and Pruckner, G. (2007). "Volunteering and Income - The Fallacy of the Good Samaritan?", *Kyklos*, vol. 60(1), pp. 77–104.
- Haigh, R., and Woods, J. (2016). "Work experience: a quantitative impact assessment", DWP Research Report nbr. 917.
- Hampf, F., Piopiunik, M., and Wiederhold, S. (2020). "The Effects of Graduating from High School in a Recession: College Investments, Skill Formation, and Labor-Market Outcomes", CESifo Working Paper nbr. 8252.
- Immervoll, H., and Scarpetta, S. (2012). "Activation and employment support policies in OECD countries. An overview of current approaches", *IZA Journal of Labor Policy* 1(9).
- Kahn, L. B. (2010). "The long-term labor market consequences of graduating from college in a bad economy", *Labour Economics*, vol. 17(2), pp. 303–316.
- Kramarz, F., and Nordström Skans, O. (2014). "When Strong Ties are Strong: Networks and Youth Labour Market Entry", *The Review of Economic Studies*, vol. 81(3), pp. 1164–1200.
- Leslie, D., and Lindley, J. (2001). "The Impact of Language Ability on the Employment and Earnings of Britain's Ethnic Communities", *Economica*, vol. 68(272), pp. 587–606.
- Li, Y., and Health, A. (2008). "Ethnic Minority Men in British Labour Market (1972–2005)", *International Journal of Sociology and Social Policy*, vol. 28 (5/6), pp. 231–244.
- Li, Y., and Health, A. (2010). "Struggling onto the Ladder, Climbing the Rungs: Employment Status and Class Position by Minority Ethnic Groups in Britain (1972–2005)", *Population, Employment, Health and Well-Being*, edited by Stillwell, J., Norman, P., Thomas, C., and Surridge P., pp. 83–97. London: Springer.
- Li, Y., and Health, A. (2018). "Persisting disadvantages: a study of labour market dynamics of ethnic unemployment and earnings in the UK (2009–2015)", *Journal of Ethnic and Migration Studies*, vol. 46(5), pp. 857–878.
- Lindley, J. (2005). "Explaining Ethnic Unemployment and Activity Rates: Evidence from the QLFS in the 1990s and 2000s", *Bulletin of Economic Research*, vol. 57(2), pp. 185–203.
- Oreopoulos, P., von Wachter, T., and Heisz, A. (2012). "The Short- and Long-Term Career Effects of Graduating in a Recession", *American Economic Journal: Applied Economics*, vol. 4(1), pp. 1–29.
- Paine, A., McKay, S. and Moro, D. (2013). "Volunteering and employability", *Voluntary Sector Review*, vol. 4(3), pp. 355–376.
- Paul, K. I., and Moser, K. (2009). "Unemployment impairs mental health: Meta-analyses", *Journal of Vocational Behavior*, vol. 74(3), pp. 264–282.
- Prouteau, L., and Wolff, F. C. (2008). "On the relational motive for volunteer work", *Journal of Economic Psychology*, vol. 29(3), pp. 314–335.

- Ray, K., Crunden, O. and Murphy, H. (2018). Liverpool City Region Youth Employment Gateway (YEG) Evaluation, Learning and Work Institute.
- Sauer, R. M. (2015). “Does it Pay for Women to Volunteer?”, *International Economic Review*, vol. 56(2), pp. 537-564.
- Spera, C., Ghertner, R., Nerino, A., and Di Tommaso, A. (2015). “Out of work? Volunteers Have Higher Odds of Getting Back to Work”, *Nonprofit and Voluntary Sector Quarterly*, vol. 44(5), pp. 886–907.
- Strandh, M., Winefield, A., Nilsson, K., and Hammarström, A. (2014). “Unemployment and mental health scarring during the life course”, *European Journal of Public Health*, vol. 24(3), pp. 440–445.
- Wang, I.J.Y., Carling, K., and Nääs, O. (2006). “High school students’ summer jobs and their ensuing labour market achievement”, Institute for Labour Market Policy Evaluation (IFAU) Working Paper nbr. 2006:14, Uppsala.
- Ward, R., Woods, J., and Haigh, R. (2016). “Sector-based work academies: A quantitative impact assessment”, DWP Research Report nbr. 918.
- Wilson, J., Mantovan, N., and Sauer, R. M. (2017). “Volunteer work as a self-developmental strategy in an age of precarious employment”, Mimeo.
- Wilson T., Cockett J., Papoutsaki D., and Takala H. (2020). “Getting back to Work”, Institute for Employment Studies.

This work is published by the What Works Centre for Local Economic Growth, which is funded by a grant from the Economic and Social Research Council, the Department for Business, Energy and Industrial Strategy, the Ministry of Housing, Communities & Local Government, and the Department for Transport. The support of the Funders is acknowledged. The views expressed are those of the Centre and do not represent the views of the Funders.

Every effort has been made to ensure the accuracy of the report, but no legal responsibility is accepted for any errors omissions or misleading statements.

The report includes reference to research and publications of third parties; the What Works Centre is not responsible for, and cannot guarantee the accuracy of, those third party materials or any related material.

September 2020

What Works Centre for Local  
Economic Growth

info@whatworksgrowth.org  
@whatworksgrowth

[www.whatworksgrowth.org](http://www.whatworksgrowth.org)



HM Government



© What Works Centre for Local  
Economic Growth 2020