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TASK 6.1

Labour market patterns and their impact on poverty (Partners involved: UCHILE, UCT-SALDRU, CDD, CDE)

ABSTRACT

This report summarises labour market case studies from countries in three different continents (Africa, Asia and South America). The studies shed light on a variety of obstacles to poverty alleviation and inequality reduction. Interestingly, the case studies reviewed here are based in regions of the world that have experienced substantial (or at least significantly positive) economic growth in recent years. The evidence provided in this collection of studies highlights the risk of relying solely on growth as poverty deterrent.

From a policy perspective it seems that increasing economic growth need not be accompanied by a decrease in various form of disadvantage for certain segments of the population. The evidence reviewed here shows that well-targeted labour market policies may be needed to spread the benefits of economic growth amongst the largest number of people.

1. Introduction

Opportunities in the labour market should contribute to alleviate poverty. However, various obstacles in developing regions may deter the labour market from filling its role. This task presents labour market case studies in a variety of contexts and continents (Africa, India, Latin America).

Two research teams from Ghana and India use survey data to understand the effect of employment policies adopted there. The research on India characterizes the evolution of the wage distribution in rural India between 1999 and 2009. The authors then examine the changes in this distribution over time, with a specific focus on the influence of the National Rural Employment Guarantee Scheme that was launched in 2005. The team from Ghana investigates the efficiency of the National Youth Employment Programme. They seek to address questions such as what labour market policies have been put in place (if any) by government to cater for the young and largely uneducated and semi-educated workforce. The authors discuss the likely impacts on the labour market if such issues remain unaddressed.

The work on South Africa examines on-the-job discrimination in an experimental setting. Discrimination in employment has been subject of numerous studies. However, much of the evidence in South Africa is weakened by a number of unobservable variables and the existence of measurement errors. The study pins down the extent of on-the-job discrimination by running a set of experimental games that examine the impact of racial identity and family background on labour market outcomes. This is done through use of a gift exchange game framed within a labour market setting, where the racial identity and socioeconomic status of partners is revealed by photographs.

The case study from Latin America provides original evidence on “quality” of employment. The study task explores various definitions of the quality of employment in a comparative context. Definitions established for the Chilean case are applied to the labour markets of other developing countries thus allowing us to examine the linkages between labour markets and poverty more closely. The research compares available data on employment conditions in different Latin American countries with the objective of establishing comparable indicators on the quality of employment that can then be used in the analysis of human development and poverty in the region.

2. Task participants and output

2.1 Decomposing changes in the Indian rural wage distribution (CDE, India) by Deepti Goel, Shantanu Khanna, Rene Morissette

- Context

India has seen rapid economic growth in the last three decades after it initiated economic reforms in early nineties. Real GDP grew at the rate of 5.2, 6.0 and 7.6 percent per annum in the 1980s, 1990s and the first decade of the 21st century, respectively. The motivation of this study is to understand whether these rapid rates of economic growth have been accompanied by increasing or decreasing inequality. According to the erstwhile Planning Commission of the Government of India, in 2004-05, almost 26 and 42 percent of the urban and rural populations, respectively, were below the poverty line. Increase in inequality would be particularly concerning if poorer sections of the population were becoming worse off.

- Data and Methodology

In this paper we use two rounds of the employment-unemployment survey conducted by the national sample survey organization (NSSO) for the years 2004-05 and 2011-12. Our unit of analysis are individuals between the ages of 15 and 64 living in rural India. We also exclude those that were either disabled or enrolled full time in an educational institution. We restrict our study to 23 major states of India¹.

Apart from the above restriction, the focus in the second part of the analysis is on those classified as wage earners (i.e. who earned a positive wage). Using consumer price indices, nominal earnings were converted into real terms with 2004-05 prices as base.² We also trim the earning distributions by dropping 0.1% of observations from the top and the bottom of the real earning distributions.

¹ Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Uttaranchal, West Bengal

² We use the Consumer Price Index for agricultural laborers (CPI-AL) – the relevant price index for rural areas

For the analysis of the earnings distribution, the sample size for 2004-05 is about 44,500 workers and for 2011-12 is about 36,000 workers. This corresponds to about 103 million workers in 2004-05 and about 117 million in 2011-12.

We use quantile regressions extensively in this paper. Just as OLS regressions seek to estimate conditional mean functions, quantile regressions estimate conditional quantile functions. For instance, in this paper we estimate quantiles of the conditional distribution of log earnings expressed as a function of covariates such as age, education, caste and marital status among others. The quantile regression offers more flexibility than the OLS in the sense that it allows the effects of a covariate on the dependent variable to change at different points (quantiles) of the distribution. Thus, the quantile regressions coefficients are now allowed to vary at different points of the conditional wage distribution and represent the returns to characteristics at those points. If quantile coefficients for a covariate rise as one moves up the deciles, then that covariate has an inequality increasing impact on the wage distribution. The opposite is true if quantile coefficients are decreasing.

In order to decompose the difference between two distributions the Machado-Mata-Melly (MMM) decomposition constructs an entire counterfactual distribution. Essentially, the MM decomposition is a generalization of the Blinder-Oaxaca mean decomposition to decomposing quantiles. This counterfactual distribution could be constructed using the covariates as in 2004-05 and the returns to characteristics for 2011-12, or vice-versa.

For details about the procedure, see the annexed draft paper. Here it suffices to say that MMM will decompose, at each quantile, the difference between the quantile of log earnings in 2011-12 and the quantile of log earnings in 2004-05. This will provide an estimation of the effects of workers' characteristics versus the labour market returns to those characteristics.

Results

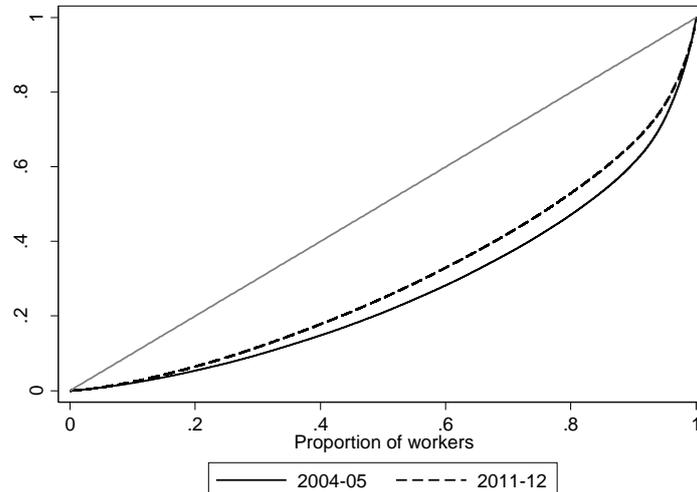
During the 7-year period from 2004-05 to 2011-12, average real weekly earnings increased from 392 rupees to about 605 rupees. Real wages increased for all percentiles of the distribution. However, the increase was much greater at the lower end of the wage distribution than at the top. For instance, at the first decile, earnings increased by 89%, the median earnings increased by 72% and earnings at the 9th decile increased by 44%. This suggests that inequality as measured by real earnings declined in rural India over the seven-year period.

We can also construct Lorenz curves for real weekly earnings for the year 2004-05 and 2011-12. The Lorenz curve for 2011-12 lies above the one for 2004-05, unambiguously indicating a fall in inequality. The decrease in the Gini coefficient for real weekly earnings was substantial. The Gini fell from 0.461 to 0.395. If we instead consider daily wage rates, the Gini fell from 0.4 to 0.36.

However, this decrease in inequality is more due to the changes in the top and middle of the distribution than the bottom. The ratio of the (raw) wage at the 25th percentile to the 10th percentile remained unchanged over the period (about 1.52). At the middle of the distribution, there was some decrease in inequality as measured by the ratio of wages at the 60th percentile

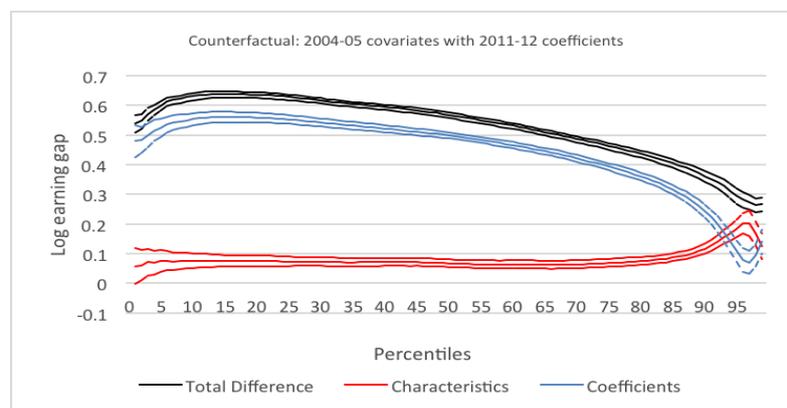
to the 40th percentile, which fell from 1.41 to 1.32. In contrast, the ratio of wage at the 90th percentile to the third quartile fell very sharply from 1.71 to 1.53.

Figure 1: Lorenz curves of real weekly earnings for 2004-05 and 2011-12



Results of the aggregate Machado-Mata-Melly decomposition are presented in Figure 2. The total difference for each percentile is plotted in solid black along with the 95 percent confidence interval (dotted). The aggregate MMM decomposition can decompose this total difference at each percentile into the change due to characteristics (red) and coefficients (blue). Except the first percentile where the contribution of characteristics is not significant, both components made significant contributions across the distribution to increasing log wages over the seven-year period. Quantitatively speaking, the effect of the changing *returns* to personal characteristics (such as education, age, caste, gender, marital status and state of residence) was more important in explaining the changing wage distribution for all but the top six percentiles, where the characteristics component dominates. The relative share of the changing covariates over this period increases sharply after the 70th percentile.

Figure 2: Results from decomposition



A very important conclusion from the decomposition is that the decline in inequality was mainly due to the fact that the returns to personal characteristics improved a lot more for the lower percentiles than those at the top. In fact, it is clear that while changing characteristics did lead to a significant improvement in real wage throughout the distribution, they had a clear inequality increasing effect, as those belonging to the top 30% of the wage distribution gained more than the others.

Policy Implications

Inequality as measured by real earnings declined in rural India over the period between 2004-05 and 2011-12. Our analysis shows that this decrease in inequality is mainly driven by an increase in labour market returns to traits embodied in the workforce.

From a policy perspective it seems that increasing economic growth has not been accompanied by an increase in rural inequality, at least during the seven-year period we consider here. We speculate that policies such as the Mahatma Gandhi National Rural Employment Scheme which entitles every rural household to 100 days of work at state minimum wages may have contributed to increasing returns to skilled revealed in our study. Better implementation of affirmative action policies such as quotas for lower castes in government jobs may have also contributed to this.

2.2. On-the-job discrimination (UCT-SALDRU) by Justine Burns

Context and motivation

This study uses experimental methods to explore the impact of racial identity and socio-economic status on trust and reciprocity in a framed labour-market experiment in Cape Town, South Africa. Of the many experimental games run in South Africa to measure trust, altruism and reciprocity, few have attempted to disentangle the confounding effects of race and social class, which historically have been highly correlated and remain so.

Despite the explicit abolition of race-based hiring practices in labour markets in South Africa, more subtle forms of discriminatory preference based on language and educational quality have begun to emerge, causing some to argue that racial identity no longer matters for economic outcomes. Yet, since race and these proxy measures of socio-economic status remain correlated, it is difficult to properly assess this claim in real-world labour markets. Hence, this study adopts experimental methods to gain some traction on this question.

Methodology

In this study, we use the basic bilateral gift-exchange game design of Fehr et al. (1998), with some minor changes to adapt to the South African context. The participants were recruited through Vula, an online learning system at the University of Cape Town. After having agreed voluntarily to participate in the game, players completed a pre-decision task questionnaire,

which solicited a variety of social and demographic information, including the player’s race, household income, family name, social class, and monthly entertainment expenditure. Overall, 144 players participated in the task, and were assigned to one of three treatments: an anonymous treatment; a race treatment, in which the player’s age, family name and race was revealed; and a class treatment, in which, in addition to their age, family name, and race, players’ self-reported social class (Working Class, Lower Middle Class, Middle Class, Upper Middle Class, and Upper Class; schooling (Public or Private); and average monthly entertainment expenditure was also revealed.

A few weeks after the players had completed the pre-decision task questionnaire, they met the experimenters in a room at the University of Cape Town, where they were randomly assigned to be a Player A or a Player B. Player A’s and Player B’s were led to separate rooms, where the rules of the game and their particular role was explained to them. The decision task lasted for 10 rounds on average, and each round had two stages.

In the first stage, Player A was given an endowment of R120, from which he or she could choose to offer Player B a wage between R20 and R120. Player B then had to decide to accept or reject the wage. If Player B accepted the wage, the decision task moved to stage two. Moving to stage two costs Player B R20. At the end of stage one, then, Player A’s earnings were R120 minus whatever wage he or she had offered to Player B, and Player B’s earnings were the wage he or she had been offered minus the R20 it cost to move to stage two.

To start stage two, Player B had to decide upon an effort level for the wage. This effort level determined how much of his or her earnings Player A would get to keep. Player B could select an effort level between 0.1 and 1: if, for example, Player B selected 0.1, Player A would keep 10% of his or her earnings for that round; if Player B selected 0.5, Player A would keep 50% of his or her earnings; an effort level of 1 allowed Player A to keep 100% of his earnings. Higher effort levels, however, cost Player B more. Table 1 below indicates the effort levels and the associated costs for Player B.

Table 1. Effort level and Cost for Player B

<i>E (Effort)</i>	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1
<i>C (Cost)</i>	0	R1	R2	R4	R6	R8	R10	R12	R15	R18

Before the decision task started, players were reminded that at no point during the decision task would they see or meet their partner, and that they would never play with the same partner twice. Instead, all wage and effort choices would be recorded on an individual decision sheet handed to the experimenter, and this sheet would be sent back and forth between the rooms by a runner. At the end of each round, the players recorded their earnings on a separate piece of paper.

Player A’s earnings each round were

$$\Pi = (v - w) e \tag{1}$$

where $v = 120$, w was the wage paid to Player B (R20 - R120), and e denoted Player B's choice. Player B's earnings each round were

$$U = w - c(e) - c(o) \quad (2)$$

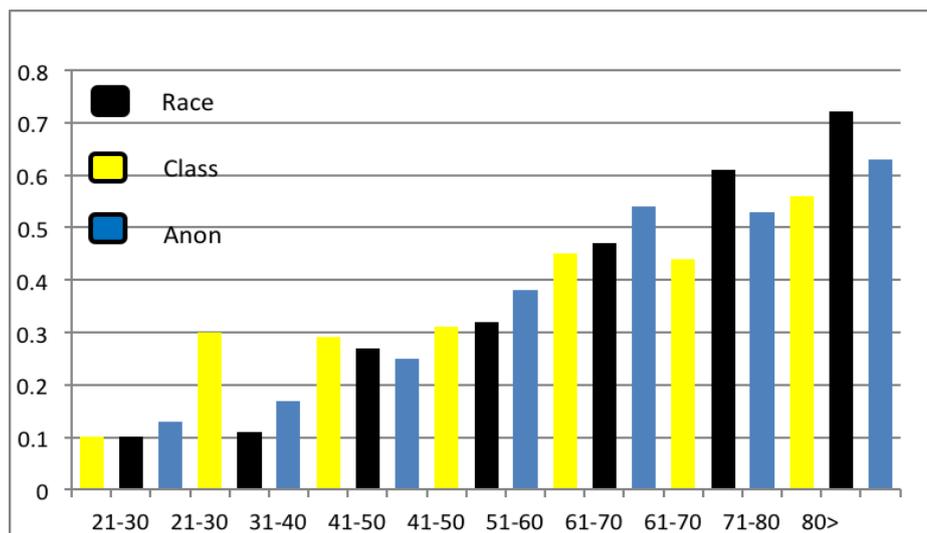
where w is the wage paid by Player A, $c(e)$ is the effort cost as explained in Table 1, and $c(o)$ is 20.

The total earnings were tallied by the players at the conclusion of the decision task and double checked by the experimenters, and then players were given a receipt to take to the university registrar the following day to receive payment.

Results

- Result 1: Player B's across all three treatments showed a significantly positive correlation between effort and wage.

Because reciprocity is an "economic primitive," and because so many games have confirmed that players offer higher effort for higher wages, (Charness, 1996, 2000; Fehr et al., 1998, 1993; Hannan, Kagel, & Moser, 1999), we expected to see a significant and positive relationship between effort and wage. The results support this hypothesis, with effort levels strongly and positively correlated with wage across all three treatments. Figure 1 displays this graphically, with effort levels on the y-axis clearly increasing as a function of wage, shown on the x-axis. Notice how this is true for all three treatments. Mean effort levels themselves did fluctuate across treatment. In fact, the effort in *Race* ($M = 0.44$) is significantly higher than that of *Class* ($M = 0.38$) as well as *Race* being significantly higher than *Anon* ($M = 0.40$).



- Result 2: Player A's offer significantly lower wages when the social class of Player B is revealed in conjunction with his or her race. This is especially the case for White participants.

The Table below reports the average wages by Black and White, Male and Female, across treatment. What is immediately apparent is the very strong and significant drop in wages in *Class* ($M = 58.46$) when compared to *Race* ($M = 66.4$), and *Anon* ($M = 65.24$). Mean wages in the *Anon* and *Race* treatments did not differ significantly, even though *Race* wages are marginally higher. These results are confirmed in a multivariate regression analysis. Moreover, closer analysis of the data reveals that this is driven by the behaviour of White participants in the experiments.

Table 3. Wages across treatment by race and sex

	All	Anon	Race	Class
All	63.21(15.52)	65.24(13.77)	66.4(14.54)	58.46(16.56)
White	63.69(15.35)	77.15(11.02)	66.13(12.25) #	56.56(14.56) + ^
Black	63.12(15.57)	63.53(13.31)	66.43(13.12) ~	58.99(17.01) + ^
Male	62.55(15.93)	67.6(15.2)	65.66(12.95)	56.10(16.41) + ^
Female	63.63(15.27)	62.96(12)	66.69(15.14) ^ #	60.15(16.52)

Standard deviations are reported in brackets. Significance: + = 5% (Anon-Class); ^ = 5% (Race-Class); & = 10% (Race-Class); # = 5% (Anon-Race); ~ = 10% (Anon-Race)

Policy implications.

These experimental results suggest that whilst racial identity may still hold sway in social interactions in a South African context, explicit revelation of additional information about socio-economic status affects the decision to extend trust (or not) towards a stranger in a gift exchange setting. In particular, for White participants, it appears that any altruism prompted by stereotypes about the associated poorer socio-economic status of individuals from particular groups is undermined once explicit information about their partner's socio-economic status is revealed. This holds implications for the design of affirmative action policies, and the kinds of information that may be salient in promoting colour-blind hiring practices in the labour market.

2.3. Youth and Vulnerability in Ghana: A study of the National Youth Employment Program (CDD-Ghana)

Context

Issues of youth employment and unemployment have recently become key concerns in Africa which has the youngest population in the world (Gough et al., 2013). Correspondingly, there has been a burgeoning amount of literature and research that investigates its nature, causes and consequences, as well as a plethora of approaches adopted to address the issue of youth unemployment and underemployment.

In Ghana, economic growth has created new jobs and structural changes in output composition, leading to shift in labor shares and the creation of better income-earning opportunities and a reduction in poverty. However the youth, who make up an estimated 33% of Ghana's population of 25 million, suffer higher levels of unemployment and account for 60% of the unemployed. Many economists however believe that the ratio of youth unemployment compared to the wider unemployed population in Ghana is actually much higher (Coulombe, Temourov, & Wodon, 2012). It is on the basis that underemployment and unpaid subsistence activities, which technically qualify as employment in national data artificially depresses these figures, and contribute to an increasingly bleak socioeconomic future.

Cognizant of the youth unemployment and underemployment phenomena as a developmental challenge in Ghana, a number of measures have been introduced by the government of Ghana, public as well as private sector organizations to enhance the employability of the youth and enhance the labour market environment. The National Youth Employment Programme (NYEP), which was later christened the Ghana Youth Employment and Entrepreneurship Authority (GYEEDA) in 2009 was one of many approaches adopted to address the youth unemployment problem. The program was established in 2006 under the Ministry of Youth and Sports to improve employability of the youth; and to develop a coherent framework for youth policies and programmes that will employ 500,000 youth within three years (Coulombe, Temourov, & Wodon, 2012, p. 136; Assan and Roth-Howe, 2015). The NYEP's main objective was to support the youth to transit from a situation of unemployment to employment, prepare school dropouts to continue their education and providing Ghanaian youth with two-year internships in the public sector (Donkoh, 2009). The programme includes a combination of self-employment opportunities, wage earning jobs and voluntary service activities. Ten modules are being used for the implementation process. These are: Agriculture-Business - Trades and Vocation - Information and Communication Technology - Community Protection System - Waste and Sanitation Management Corps - Rural Education - Auxiliary Nursing - Internships and Industrial Attachments - Vacation jobs - Volunteer Services (Palmer and Robert, (2007). These modules are continuously being reviewed and new ones added with the aim of strengthening and sustaining the programme.

A total of 200,000 new jobs were generated in 2006 (including 78,195 placed in the youth employment programme) compared with 125,000 in 2005 contributing to a reduction in the level of unemployment from 11.1% in 2005 to 10% in 2006. A total of 457,779 youth have been engaged in the National Youth Employment Programme (NYEP, 2012). Sustaining the NYEP beyond in the medium term however is a challenge (Palmer and Robert, 2007). Participation in the NYEP is gradually dropping due to widespread programmatic inadequacies (Coulombe, Temourov, & Wodon, 2012; Gyampo, 2012) and bottlenecks from the national level to the local level (Palmer and Robert, 2007). At the national level, the programme appears to be highly politicized with only the government in power seeing its relevance in addressing youth unemployment challenges. At the Regional and District levels, there are problems with regard to the adequacy and skilled manpower coupled with logistical constraints.

Objectives of the research

This study seeks to investigate the effects of the National Youth Employment Programme on the beneficiaries in Ghana. This was carried out in relation to the employable skills,

entrepreneurship and relevant working experiences acquired through the programme to make them fit into the world of work at the local level.

Methodology

Primary data collection was conducted in 21 districts out of the 216 districts in Ghana. A multi-staged stratified sampling technique was used in the selection of the districts for the study. In total, 3 metropolitan areas, 6 municipal and 12 districts were randomly selected for participation in the study. The project focused on beneficiaries and management in the 21 districts selected in the 10 administrative regions of the country. In total, about 840 former beneficiaries of the program who had successfully exited the program after a two-year period were interviewed. In addition, 60 management officials of the Youth Entrepreneurial program, formerly NYEP/GYEEDA program at the selected districts were also interviewed.

Main results

(i) Causes of Unemployment:

It is evident from the field survey that different beneficiaries had different opinions about the causes of unemployment in the country as indicated in the figure below. The chart indicates that respondents' reasons for unemployment included lack of requisite qualification (9%), inadequate employment opportunities (50%), experience (6%), not having the needed skills (29%) and the small size of the formal sector of the economy (6%).

(ii) Skills acquired by beneficiaries:

Several skills were discovered to have been imparted into beneficiaries by the programme through its various modules. It was found that, beneficiaries who participated in the Community Education teaching assistant modules testified to have acquired skills such as preparation of lesson notes, writing and facilitation. Health extension workers, Youth in Fire and Safety and Prevention testified to the acquisition of skills including report writing, leadership skills and office procedures. More so, beneficiaries of the Youth in Hairdressing and Dressmaking could boast of hand control and simple repairs. Beneficiaries of the Youth in Auto mechanics, Waste and Sanitation and Tricycle modules made mention of driving, software and hardware in computer, public education, loading and offloading of goods, as among the skills acquired.

(iii) Employment Status of NYEP beneficiaries:

The survey revealed that 90% of the former beneficiaries of the programme were employed either in public or private sector of the economy. Of the remaining 10% of the NYEP beneficiaries, the majority were schooling in the country's polytechnics and universities while the rest still remain unemployed. Of the former beneficiaries employed, more than 7 in 10 were engaged in the private sector (with majority employed in dressmaking followed by hairdressing service provision). The situation affirms the efforts being made by the private sector with regards to employment creation to the chunk of the population especially in the informal sector as a way of complementing government's effort in addressing the unemployment situation in the country. The remaining 23% of the employed were in the public sector of which majority, more than 18% were in the teaching profession which is readily available in the district. Respondents indicated that their employment in the public and

private sectors were as a result of skills (teamwork, effective communication and self-management), knowledge and attitude acquired during their NYEP training with the NYEP.

(iii) Living Conditions of beneficiaries after NYEP

The survey indicated the indispensable effect that their indulgence in NYEP has had on their income levels. It was gathered that prior to the programme, income levels ranged from GHC 80-120, whereas a month after the programme, income levels had risen to GHC 200-400. Evidently, close to half of beneficiaries claimed they receive monthly income of between GHC301-400, whilst about 1 in 10 received between GHC 401-500. Admittedly, this was seen to have improved their living conditions, by meeting their independent daily food consumption, purchase of basic needs, and affords travel cost and utilities.

Apart from the economic effects of NYEP such as employment, income and savings, the programme provided the youth with social recognition and psychological relief. Almost all former beneficiaries said that the work that they subsequently got as a result of the NYEP programme, they have assumed new positions on the social ladder and responsibilities that go with the positions assigned to them by society. When asked the reasons behind this new position, the successes were attributed to the fact that they are now self-reliant and not dependents on their parents for at least the basic needs in life such as food, shelter and clothing. At least 10% beneficiaries had so far completed the universities and polytechnics and had obtained new positions in the job market as assistant head teachers, accountants and secretaries.

(iv) Social Security and Protection:

The beneficiaries of NYEP were asked to indicate whether they had any form of security and protection. Almost eight of every ten mentioned that they were Social Security and National Insurance Trust (SSNIT) contributors. More so, as gathered from the programme coordinators, unearned income beneficiaries upon completion received tools and equipment like sewing machines, dryers, raincoats, cutlasses, wellington boot, spanners, computers and accessories, pair of scissors, tape measures, saws, hammers, pliers. This was to set them up for their own businesses. Again, it was revealed that beneficiaries were sometimes given a startup capital, to enable them kick-start on their own.

(v) Challenges of NYEP

Among the challenges of the programme identified by beneficiaries and managers were the inadequacy of financial resources, as it hampered its efforts of expanding to cover a significant proportion of the remaining unemployed youth. Again, there was the untimely release of funds for the payment of allowances of the beneficiaries as they are not paid by the Controller and Accountant General Department. More so, there was a logistical constraint in terms of office equipment and vehicles to facilitate timely monitoring and reporting which tended to impede the smooth running of the programme. As part of challenges facing the programme, was the use of the programme to score cheap political points thereby ignoring relevant critical issues that need to be addressed. The second challenge mentioned was lack of logistics such as motor bikes for daily supervision and monitoring.

(vi) Sustainability:

The responses of the beneficiaries on measures to ensure the sustainability of the programme included the following: skills acquisition, not politicizing the programme, ability of the formal

sector to absorb the new graduates, regular payment of monthly allowance and addressing corruption in the programme.

Policy implications and Recommendations

From the major findings of the survey, the following recommendations are being made for consideration by the government and appropriated authorities of the NYEP:

- Programme Focus: given the youth's general eagerness to work, as well as the private sector's inability to capitalize on this resource, an entrepreneurship-based program may be a promising replacement model going forward. In theory, fostering entrepreneurship should be a more flexible and sustainable means of boosting youth employment than the NYEP approach. The apprenticeship model also has greater potential to expand existing enterprises, building upon a solid foundation. Perhaps most importantly for the logistics of such a program, apprenticeships have proven to be both less expensive and more effective in Ghana.
- Exit Plan: substantial efforts should be made to enhance exit plans and to implement them on schedule. Exit plans were later introduced into the NYEP programme to support beneficiaries to obtain permanent employment, or to pursue further educational studies at the completion of their respective modules. This however has not fully materialized. The appropriate authority should therefore see to a speedy expedition of the release of the accumulated deductions also known as 'seed money' to enable the beneficiaries access their exit benefits.
- Duration of the Programme: training period for the modules should be reviewed to ensure that the required knowledge and skills can actually be obtained in the designated period. This will adequately equip the trainees with the needed skills and knowledge for maximum impact in the working field after their tenure of training.
- Recruitment of Staff/Beneficiaries: the recruitment of staff especially the programme coordinators, secretaries and the beneficiaries at the district level should be done professionally and in line with public sector recruitment criteria and processes. Professional recruitment will promote quality output of staff in the performance of their respective portfolio functions in the programme. This will enhance transparency and accountability.
- Monitoring and Evaluation: the necessary logistics as well as incentives for Monitoring and Evaluation should be provided to facilitate effective Monitoring and Evaluation of beneficiaries of the various modules during implementation. Competent and experienced Monitoring and Evaluation staff should be engaged in the exercise to ensure that regular reports on progress can be obtained.

2.4. Quality of Employment: comparative evidence in Latin America (UChile).

Context

During the last two decades an increasing amount of public policy and academic attention has focused on different aspects of the quality of employment. Analysts have recognised that for many people just having a job may not be enough to ensure even a basic standard of living. As the dual processes of globalisation and liberalisation have generated continuous calls for labour market flexibilisation, employment conditions such as wages, job stability and career

prospects have changed. Thus, the latter have become at least as important a subject of study as traditional indicators such as employment or unemployment rates.

The literature on the subject is very diverse and spread between academic and institutional publications. Theoretical conceptualisations of the quality of employment have been diffuse, thus limiting their political impact. Only the International Labour Organisation (ILO) has attempted a systematic definition of the quality of work through its concept “Decent Work”, which was officially launched in 1999.

This research examines the role that the quality of employment has played in the international development literature. The papers first examine theoretical aspects of the quality of employment as it relates to the development literature in Latin America, before analysing case studies from Brazil, Chile, and Colombia.

Methodology and Results

Historically, the development literature concerned with Latin American labour markets has focused on job numbers and productivity. But given the persistence of large shares of informal and now otherwise precarious employment, the authors argue that meaningful analysis also requires consideration of the implications of occupational status for the quality of employment.

In countries where informal, insecure jobs are widespread, traditional labour market indicators – such as the unemployment rate, labour force participation rate and wages – are not necessarily the most meaningful. The authors use a multidimensional employment quality index to analyse the Brazilian labour market over the period 2002–11, across three dimensions: earnings, formality (measured by the existence of an employment contract and social security contributions) and job tenure. The results show a significant increase in employment quality overall, especially in the years 2009–11, but with considerable differences between wage employees and self-employed workers, and between industries.

Chilean governments since 1990 have relied on economic growth to generate employment, higher wages and better conditions of employment. But the results of this policy have been mixed: quantitative improvements in employment and wages have not been matched by improvements in job quality. Contrasting Chile's seemingly rigid regulatory framework with its actual labour market flexibility, the authors stress the importance of employment conditions in assessing labour market performance. They empirically explore the effects of individual and job characteristics on employment and income-generating capabilities, whose most powerful determinant, they find, is employment under an open-ended contract.

Over the period 2002–11, the Colombian labour market saw a marked improvement in employment opportunities, accompanied by an increase in nonstandard forms of employment. The authors look at how this affected employment quality, using a composite index based on Categorical Principal Components Analysis (CATPCA). They observe a small but widespread improvement in employment quality – mainly for self-employed women – brought about by higher earnings, increased social protection and less time-related underemployment. However, a considerable “quality deficit” remains.

Policy implications

Based on the empirical evidence across countries, the authors conclude that most dimensions of quality of employment – including social protection – depend on the conclusion of a written contract of employment. This finding leads them to advocate for policies to strengthen labour market institutions and stimulate productivity and investment. In particular, policy options for stabilizing formal employment and securing adequate funding for social protection are called for.

3. Conclusions

Taken together, the labour market case studies discussed in this summary document shed light on a variety of obstacles to poverty alleviation and inequality reduction. Interestingly, all the case studies reviewed here are based in regions of the world that have experienced substantial (or at least positive) economic growth in recent years. The evidence provided in this collection of studies highlights the risk of relying solely on GDP growth as poverty deterrent.

From a policy perspective, it seems that economic growth need not be accompanied by a decrease in various form of disadvantage for certain segments of the population (from social class discrimination, to rural-urban divides, to quality of work). The evidence reviewed above shows that policies directed at well-targeted groups may be needed to ensure that the economic benefits of economic growth are spread amongst the (economically) weaker segments of the population.