"Fostering Non-Cognitive Skills in Active Labor Market Programs: Evidence from an RCT in Israel"

This paper examines the impact of an active labor market program (ALMP) implemented in Israel using an experimental design. In this ALMP, welfare claimants receive a personalized treatment composed of weekly sessions with occupational trainers along with motivational and job-search assistance workshops. Personalized meetings and group workshops focus on strengthening participants’ soft skills and motivation, rather than traditional technical job skills. We examine medium term impacts, measured about a year after the program was implemented, as well as the dynamic effects of the program over time. Results show that the program enhances participants’ non-cognitive skills relevant for labor market success. Consistent with this result, we find that the program leads to an increase in employment and a reduction in welfare recipiency. The effects are larger among the long-term unemployed and individuals with a longer history of welfare dependence. The program was found to be more effective in areas with higher local unemployment rate. No changes were found so far on participants’ subjective well-being and job satisfaction but we find an increase in expectations about future employment among participants with longer durations in the program.