The signalling value of active labour market policy

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This talk will focus on how employers interpret participation in labour market programs and a referral by the PES when assessing candidates. Drawing on signalling theory, we hypothesise that employers use programme participation and channel of application as a signal to sort applicants. On the basis of a survey experiments, we simulated the recruitment process for different positions in the hotel sector and among HR managers in Switzerland. Recruiters were asked to evaluate fictitious candidates that differ in their participation in active labour market programs and in terms of channel of application. Our results show that employers take programme participation into account when assessing a candidate. Its impact can be positive or negative depending on the candidate’s distance from the labour market. Candidates more distant from the labour market are evaluated better if they have participated in a programme. For stronger candidates, instead, participation can act as a stigma and worsen the assessment made by the recruiter. Candidates referred to by the PES are evaluated more positively than those who send a written application.