

# Can a short-term job trial programme kick-start young jobseekers' career?

COUNTERFACTUAL EVALUATION OF THE YG 90-DAY JOB TRIAL PROGRAMME IN HUNGARY

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Youth employment partnerSHIP: evaluation studies in Spain, Hungary, Italy and Poland

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# BACKGROUND AND MOTIVATION

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- Part of the project: **Youth Employment PartnerSHIP**: evaluation studies in Spain, Hungary, Italy and Poland

## What is this job trial and why is it interesting?

- Short term wage subsidy, up to 100% of total labour costs
- Subsidized period: 90 days, no obligation of further employment
- One of the various programmes within Youth Guarantee of EU, introduced in 2015
- Literature on job trials is scarce

## Cheaper than longer wage subsidies, but provides:

- Gain of real work experience
- No need for longer term commitment by either party → lower risk
- Work experience increases the value of the CV
- Helps in overcoming negative stereotypes

## Potential risks:

- Firms may regard this program as a short-term cheap labour → integration is not considered
- Deadweight losses

# QUESTION, IDENTIFICATION STRATEGY AND DATA

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**Q1** Who are selected into the program from the pool of registered jobseekers?

- Principle of Youth Guarantee: priority to long-term unemployed, vulnerable and socially excluded groups

**Q2** What is the causal effect of participation in the job trial program on

- Work: probability of being employed 6 months after the program
- Wages: cumulative wages within 6 months after completing the program

**Identification** is a challenge: hard to find exogenous variation and a good control group

- Propensity score matching using two control groups
  1. Participants of public works program (and have not participated in YG)
  2. Participants of training programs

**Data:** linked public employment service (PES) register to admin social security data

- Sample: January 2015 - December 2017
- We assume that rich employment, education and benefit history data might ensure unconfoundedness

# MAIN (PRELIMINARY) FINDINGS

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- Clear sign of „cream skimming”: job trial participants are in a more favourable labour market position
  - More educated, shorter NEET history, longer employment history
- Participation in job trial increases the probability of working 6 months after the program by 6-8 % points compared to public works participants (ATT)
  - Selection accounts for more than half of the raw mean difference in the probability of being employed between the treatment group and public works participants
- But no significant difference compared to training participants
- Stronger impact on participants with basic education (compared to both public works and training) → effectiveness could be improved by better targeting
- Of those who work 6 months after the programme, 45% works at the same firm where received the subsidy

# Thank you for your attention!

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