

Meet Your Future: Experimental Evidence on the Labor Market Effects of Mentors*

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Abstract

Can connecting young jobseekers with experienced workers improve their labor market trajectories? To answer this question, we designed and randomized a mentoring program which assisted a subset of 1,112 vocational students during their school-to-work transitions in urban Uganda, where youth unemployment is high. The program improved participants labor market outcomes. Relative to the control, mentored students were 27% more likely to work three months after graduation; after one year, they earned 18% more. Call transcripts from mentoring sessions and survey data reveal that mentorship primarily improved outcomes through information about entry-level jobs and labor markets dynamics, and not through referrals, information about specific jobs, or through building search capital. Consistent with this, mentored students revise downward overoptimistic beliefs about starting wages and revise upward beliefs in the returns to experience. As a result, they lower their reservation wages and turn down fewer job offers. Our study emphasizes the role of distorted beliefs among jobseekers in prolonging youth unemployment and proposes a cost effective and scalable policy with an estimated internal rate of return of 300%.

JEL codes: D84, J24, J64, O15.

Keywords: Youth Unemployment, Job Search, Mentoring, Overoptimism, Experiment

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