



CAN A SHORT-TERM JOB TRIAL PROGRAMME KICK-START YOUNG JOBSEEKERS' CAREER?

EVALUATION OF THE 90-DAY JOB TRIAL IN HUNGARY

ABSTRACT

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The aim of the paper is to perform a counterfactual evaluation of a publicly funded short-term hiring subsidy designed for young jobseekers, the 90-day job trial programme in Hungary. The intervention was introduced in 2015 a part of the Youth Guarantee scheme. The job trial can serve as a first step toward the labour market hence can be especially relevant for young persons with little work experience, while it's cost is relatively low and doesn't require long term commitment from neither side.

The analysis is based on a linked administrative dataset of PES registers and social security records. We rely on propensity score matching for causal inference: we compare job trial participants and participants in public works and training programmes. The social security database allows us to construct labour market history variables that help mitigate selection bias. Our estimates indicate that the 90-day job trial improves employment probability 6 months after the programme compared to the public work programme significantly, by 6-8 percentage points (but it is not more effective than the training programmes). However, Individuals participating in job trials are probably the most employable young jobseekers: they have higher level of education, live in more developed regions, spent less time in NEET status, and have more work experience than members of the control groups. This raises the danger that the programme does not reach those who need help the most.

As an alternative identification, we exploit that in the Central-Hungarian region, the programme started 9 months later than in other parts of the country by administrative reasons and apply a difference-in difference framework to estimate the effect of the Youth Guarantee on eligibly jobseekers' outcomes.

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