

Mobility Assistance Programmes for Unemployed Workers, Job Search Behaviour and Labour Market Outcomes

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Working Paper
October 5, 2018

Abstract

The idea of relocating unemployed workers from depressed to prosperous regions and hence reducing unemployment leads to industrialised countries offering financial support when accepting jobs in geographically distant regions. We investigate how the existence of these mobility assistance programmes (MAPs) affects the job search behaviour of unemployed workers and subsequent labour market outcomes. Based on an instrumental variable approach that exploits regional differences in the budget allocation towards MAPs, we show that the existence of MAPs shifts individuals' search effort from local to distant regions without affecting the total number of applications, which leads to higher employment probabilities and wages.

Keywords: Job Search, Active Labour Market Policy, Labour Market Mobility, Instrumental Variable Approach

JEL codes: J61, J68, D04, C21

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We thank participants at the 2016 Meeting of the European Society for Population Economics (ESPE), the 2016 Meeting of the European Association of Labour Economists (EALE), the 2017 Meeting of the European Economic Association (EEA) and seminars at IZA Bonn, ZEW Mannheim, Maastricht University and the University of Copenhagen. We further thank the Institute of Labor Economics (IZA) for access to the IZA Evaluation Dataset Survey. A Supplementary Appendix is available upon request from the authors.