

Evaluating the impact of an Active Labour Market Policy on employment: Short- and long-term perspectives

Cansino J.M.

Sánchez-Braza A.

Espinoza N.

The Labour Market Insertion Contract was an Active Labour Market Policy introduced in Spain. It was aimed at individuals who had difficulties entering the labour market, and it was introduced with the purpose of reducing the rate of unemployment. This article provides an estimation of the average impact that this contract had on the employability of individuals in the short and long term. A microeconomic analysis was carried out based on causal statistical inference by using propensity score matching and kernel and radial estimators. Data was taken from the most comprehensive database available, which is the Continuous Sample of Work Histories. Results are consistent with literature reports and show that the employability of participants was inferior to that of individuals with similar, temporary-type contracts. This research contributes to the literature by evaluating whether there was empirical evidence to support the political decision to revoke or replace this kind of direct employment programme. © 2018 by the authors.

Active Labour Market Policies

Causal inference

Kernel and radial matching estimators

Propensity score matching

Public policy evaluation