The Effects of Working While in School in Uruguay

Sector(s): Education, Labor Markets

Location: Uruguay

Sample: 90,423 youth

Target group: Job seekers Students Youth

Outcome of interest: Dropout and graduation Earnings and income Enrollment and attendance

Intervention type: Apprenticeships and on-the-job training

AEA RCT registration number: AEARCTR-0002287

Research Papers: The Effects of Working While in School: Evidence from Employment Lotteries

Partner organization(s): Ministry of Labor and Social Security of Uruguay

In 2016, the share of students aged 15 to 19 who were working while in school ranged from less than 10 percent in countries like France, Italy, and Mexico, to over 40 percent in Denmark and the Netherlands. While working while studying may smooth the school-to-work transition, it could also harm academic outcomes by reducing study time. Researchers partnered with the government of Uruguay to evaluate the impact of a national youth employment program. The program increased participants' earnings and school enrollment during and up to two years after the program, suggesting that work-study programs may ease students' school-to-work transition.

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In 2016, the share of students aged 15 to 19 who were working while in school ranged from 10 percent in countries like France, Italy, and Mexico, to over 40 percent in Denmark and the Netherlands. While working while studying may smooth the school-to-work transition, it could also harm academic outcomes by reducing study time. For example, part-time work experience may help youth acquire new skills, earn funding for their studies, or signal their motivation to employers. However, it could also take time away from studying, negatively impacting school learning and post-graduation career paths. While some governments have proactively tried to discourage youth from working while studying, others encouraged students to take job opportunities while they study.

Currently, empirical evidence and policymakers' attitudes are mixed on whether working while studying increases earnings and education outcomes. Does working while in school smooth students' transition into the labor market?

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The Ministry of Labor and Social Security of Uruguay established the work-study program "Yo Estudio y Trabajo" (YET) in 2012 in an effort to curb youth unemployment, reduce school dropout, and tighten the link between education and the labor market. YET provides enrolled students aged 16 to 20 who have less than 90 consecutive days of formal work experience with public sector jobs in administration or operations. The program selects students via lottery and matches them to jobs mostly in large state-owned enterprises that pay participants out of their own budget, on a temporary contract for nine to twelve months. The program wage is fixed at US$446 per month, which is nearly 20 percent higher than the national minimum wage. Participants

work for twenty to thirty hours per week on a schedule that does not interfere with their classes.

From 2012 to 2014, between 30 and 46 thousand applicants applied annually to the program, with under a thousand applicants (2 to 3 percent) receiving a job offer through YET per year. During this period, 1,895 students who participated in YET completed the full program, representing more than 70 percent of those offered a job as part of the program. Before starting their assigned job, all participants attended a two-day orientation workshop and were assigned a supervisor who followed their progress in the program. Upon completing the employment contract period, participants received a work certificate.

Among applicants included in this study, around 71 percent were enrolled in public secondary education and 15 percent worked formally for at least one month in the year before applying to the program, with average yearly earnings of around US$170. Further, 25 percent lived in more disadvantaged households, which receive cash transfers targeted to the poorest households in the country. To guarantee the participation of students from underrepresented groups, the largest localities started introducing quotas in 2014 for students with disabilities, transgender youth, minority youth, and students from more disadvantaged households.



Participants working at the Ministry of Industry, Energy and Mines in Uruguay.

Photo credit: Ministerio de Industria, Energía y Minería

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Researchers evaluated the effect of the YET work-study program on participants' earnings and education outcomes by leveraging the program's randomization of jobs through a lottery system.

Once a year, YET randomly selects applicants for the program via a lottery within each of 77 participating localities, encompassing almost all of Uruguay's main cities. In each locality, the number of program participants depends on the number of jobs offered by partnering firms. After participants are selected via lottery, the program administration matches students to available jobs based on the compatibility between work and school schedules, rather than relevant job skills.

For this study, researchers collected data on over 90,000 students who applied to YET between 2012 and 2014, including students who won the lottery and received program job offers and students who did not win the lottery. Researchers used social security, school enrollment, and YET administrative data to measure the applicants' monthly earnings and school enrollment during the program and up to four years after program completion. In addition, researchers gathered survey data from 1,616 applicants to measure participants' program experience, their time use, the skills gained, and their school grades.

Researchers noted that the program received more applications than places available, and lotteries throughout the country were implemented by the government to allocate jobs fairly among applicants. There were also quotas for students with disabilities, Afro-descendants, transgender students, and students with low-income backgrounds. The program also assigned an external supervisor to each student to ensure that the work relationship did not face any risks of harassment or abuse of power.

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The results reported below indicate the impact of working at least one month in a program job, rather than being offered the program, compared to students who would have participated in the program if they had won the program lottery. Overall, the program increased both participants' earnings and school enrollment during and up to two years after the program.

Impact on earnings: Participants earned nearly three times that of the comparison group during the program, or an extra US$1,864 annually. While the improvement in earnings was highest during the program itself, this positive effect on earnings lasted: participants' yearly earnings improved by an additional US$86 to US$242 in the first and second years after the program, representing a 4 to 8 percent increase over the comparison group. The program also increased monthly wages by 6 percent (or US$28) by the second year after the program, suggesting that participants' productivity increased.

Impact on education: Consistent with the program's enrollment requirements, participants were 12.6 percentage points more likely to be enrolled in school at the end of the program year than youth in the comparison group, who had an enrollment rate of 73 percent. After two years, the program increased school enrollment by 4 percentage points on average relative to the comparison group, mainly driven by enrollment in secondary education. Researchers suggest that this may be motivated by a higher expected return to education combined with an income shock from program wages that may have helped students afford more education. Further, working while studying did not negatively impact participants' quality of education or school performance. Though students reduced their time spent studying, their grades did not change.

Overall, results show that working while in school improved job market and education outcomes, with lasting positive effects on earnings and enrollment. Results also support recent findings that girls in the program caught up to the income levels of boys who had not participated in the program, four years after its completion. Meanwhile, as there still remains an income gap between girls and boys who both participated in the program, this indicates that social norms and former work experience may play a role in the gender gap in income.[1]

The Government of Uruguay has used evaluation results as evidence that the YET program is effective, and to continue with the program even when there was a change in political party. In November 2022, the program launched its eleventh edition. In addition, the Ministry of Labor and Social Security is planning further evaluation of the program with researchers to understand its longer term effects.

1. Ubfal (2022). Facilitating the School to Work Transition of Young Women. LAC GIL Policy Brief, World Bank.