

# Searching for Jobs while Receiving Hafiz Unemployment Benefits: Early Searchers Earn More

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## KEY INSIGHTS

- The Hafiz unemployment assistance program aims to support unemployed citizens while they find work, but overall employment levels of beneficiaries before and after the program are low.
- Employment among beneficiaries increases after monthly payments end, but jobs accepted after the benefits period pay lower wages than those accepted during the program.
- Encouraging early searching may have benefits for both the state and the job-seeker.

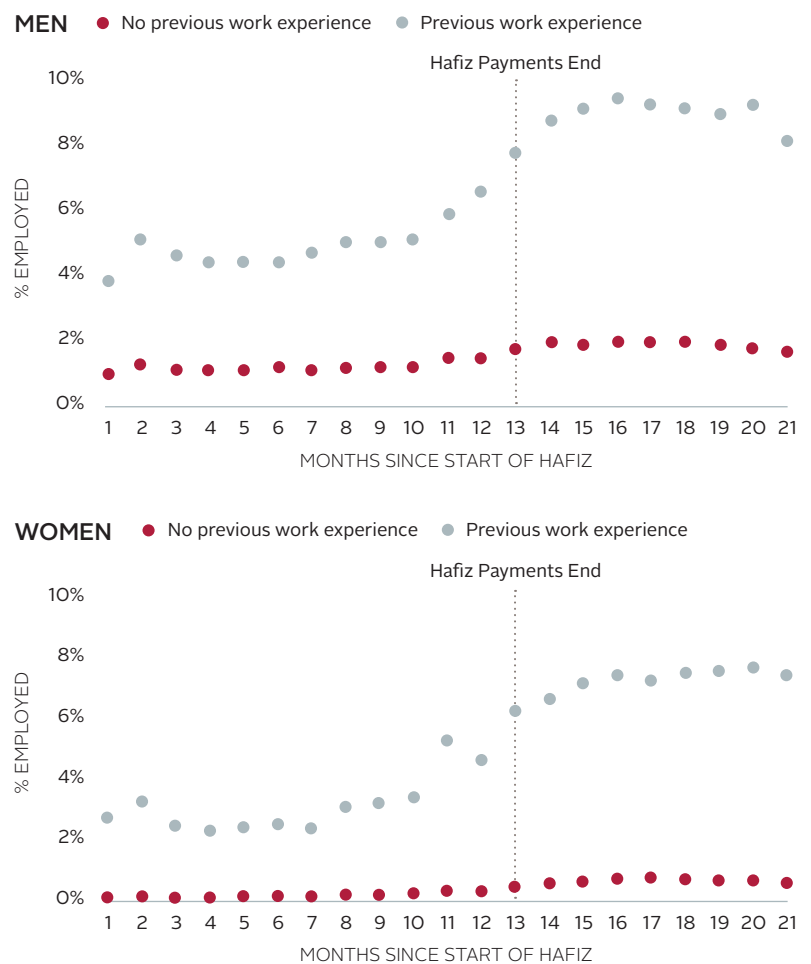
## EMPLOYMENT TRENDS OVER THE HAFIZ CYCLE

The Kingdom of Saudi Arabia enacted the unemployment assistance program Hafiz in 2011. Unemployed citizens receive monthly payments of SAR 2,000 for one year, in order to “ease the financial strain of unemployment and allow job seekers to fully focus on finding work.” To observe the employment trends Hafiz fosters, researchers analyzed program data from 2011 to 2015, tracking employment of more than 2 million individual beneficiaries over a 21-month period — the 12 months they received payments and nine months post-program.

**There is a rapid increase in employment rates for both men and women after Hafiz ends.** Comparing one month before to one month after payments cease, employment rates increase from 2.09% to 2.67% for men and from 0.39% to 0.64% for women. While the jump is larger for men, these changes represent a larger *relative* change for women (64% vs. 28%), given their relatively low employment rates.

A minority (4.9%) of Hafiz beneficiaries had worked before joining the program and, as Figure 1 shows, they are more likely to work

**Figure 1 | Employment Rates of Hafiz Beneficiaries over Hafiz Program Cycle**



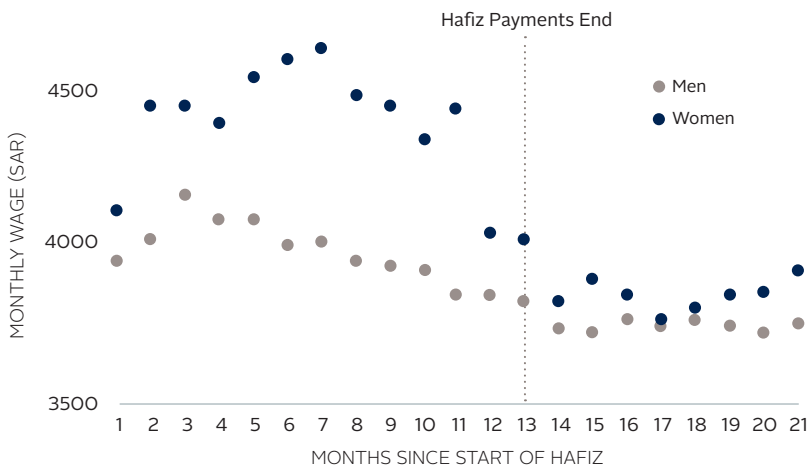
after benefits end. Male beneficiaries are almost ten times more likely than females to have worked previously, but the pattern and magnitude of employment rates are remarkably similar across genders: employment rates increase from 6.53% to 8.63% (32% increase) for men and from 4.59% to 6.56% (43% increase) for women previously employed.

### Job Match Quality

More Hafiz beneficiaries find jobs after the twelve month period, but find poorer quality jobs than those that exit Hafiz earlier, especially among women. Figure 2 shows that for women with previous work experience, there is a significant drop in wages — SAR 216 less, a 6% decrease — for jobs secured around the end of financial assistance relative to ones secured before. This drop more than doubles if we compare it to jobs accepted earlier in the Hafiz cycle, suggesting that women accept lower paying jobs in anticipation of no longer receiving Hafiz payments. We find much smaller changes in wages for male Hafiz beneficiaries.

The sharp jump in employment at the end of Hafiz benefits seen in Figure 1 suggests that the lower wages are not a result of more qualified candidates receiving better job offers more quickly, rather beneficiaries waiting until Hafiz benefits expire to either look for or accept job offers. Beneficiaries may perceive the 2,000 SAR monthly benefit in isolation of employment offers they may receive while on Hafiz, and once their benefits end, have more of a financial need to look for and accept one of the first offers they receive.

**Figure 2 | Average Wages of Jobs Accepted over Hafiz Program Cycle for Beneficiaries with Previous Work Experience**



### How can policymakers use this information?

Beneficiaries would benefit from actively exploring employment offers during the one-year period while they have the Hafiz safety net, and the government would benefit fiscally from more participants exiting the program early.

Hafiz could implement targeted information interventions that inform beneficiaries of the average wage of job offers accepted while on Hafiz, compared to after benefits expire. This could encourage beneficiaries to search for employment offers earlier in the program cycle and make more calculated employment decisions while they have the social safety net.

Hafiz could also provide beneficiaries with a simulation tool, which calculates the projected expected value of income for five years comparing different employment scenarios. This would help beneficiaries incorporate longer-term decision-making in their job search decisions. The tool could compare expected future earnings depending on when recipients end their Hafiz benefits, the average salary of a job secured once Hafiz benefits end, and the recipient's gender, work experience, education background, etc. for each job offer a recipient receives while on Hafiz.

### RESEARCH TEAM