

# Gender inequalities in the early labour market experience of young Europeans

Gabriella Berloffa, Eleonora Matteazzi, Alina Șandor and Paola Villa

Gender differences in youth labour markets exist across Europe, although with large variations between different countries. In 2015, almost one quarter (23%) of young women aged 20-34 in the EU28 were classified as NEETs (not in employment, education or training), while the corresponding share among young men was 8.1 percentage points lower, at 14.9%. The gender gap was larger among older individuals within this age group: the gender gap in NEET rates was only 1.7 percentage points for 20-24 year olds, but rose to nine points for those aged 25-29 and to 12.8 points for 30-34 year olds (Eurostat 2016).

Although gender differences in labour market outcomes – particularly wages and labour force participation – have been widely investigated, fewer studies have focused on early career patterns or the transition from school to work (see Plantenga, Remery and Samek 2013). It is crucial to understand whether these differences are mainly a result of women's participation decisions or whether they reflect difficulties that women face on the labour market. A new perspective on the employment outcomes of women and men can improve our knowledge of how gender inequalities emerge and evolve during the early labour market experiences of young Europeans.

## A new dynamic approach to youth employment outcomes

Using data that follows individuals over a number of years (in this case, EU-SILC from 2006 to 2012), we can investigate the evolution of gender inequalities. We can identify two phases of young people's working life: first, their entry into the labour market and then a subsequent phase, around five years after leaving full-time education. For the first phase, we analyse gender differences in the type of monthly employment status trajectories that characterise the transition from school to the first relevant employment experience. For the second phase, we explore gender differences along various dimensions of employment quality, evaluated not at a single point in time but over an extended period. These dimensions of employment quality include employment security, income security, income success and a successful match between education and occupation.

## Measuring the quality of school-to-work transitions and employment

We can consider the school-to-work trajectory to be the first three years after leaving full-time education and then identify successful trajectories on the basis of whether a young person gains an employment spell of at least six months (see Berloffa et al.

2017 for more details). Less successful trajectories are then those in which individuals experience a small number of long workless spells (spells of unemployment or inactivity) or a large number of short employment and workless spells. In fact, it is possible to identify six different types of school-to-work transitions:

1. **Speedy:** a relevant employment spell is achieved within six months after leaving full-time education.
2. **Long-search:** a relevant employment spell is achieved after more than six months of unemployment or inactivity.
3. **In&out successful:** various non-relevant employment spells, interspersed with short periods of unemployment or inactivity, end in a relevant employment spell.
4. **In&out unsuccessful:** various non-relevant employment spells, interspersed with short periods of unemployment or inactivity, do not end in a relevant employment spell.
5. **Continuous unemployment and/or inactivity:** only spells of unemployment or inactivity.
6. **Return to education:** a spell in education lasting at least six consecutive months is experienced at least six months after having left full-time education.

Three to four years after leaving education can be considered as the beginning of the second phase or the early-career period when a more nuanced definition of an individual's employment condition is required. This can be captured by four dimensions:

1. **Employment security:** having a secure job or being able to change it without going through a long period of unemployment or inactivity.
2. **Income security:** being able to rely on a stable and sufficiently high labour income so as to avoid the risk of poverty.
3. **Economic success:** attaining higher earnings than one's peers (with the same education level).
4. **Education-occupation success:** experiencing a good match between educational attainment and type of occupation.

### **Limited gender differences early in the school-to-work trajectory**

Upon labour market entry, women's chances of rapidly entering into paid employment and avoiding long periods of unemployment/inactivity are similar to (or even better than) men's chances. However, in the transition from school to work, labour market

policies and institutions, especially the employment protection legislation regarding regular contracts, seem to have some adverse effects on female labour outcomes (the probability of a speedy transition decreases from 69% to 62%, while that of being continuously unemployed/inactive increases from 11% to 21%).

### **Gender differences emerge in the early-career phase**

In contrast with the pattern observed at labour market entry, gender gaps start to emerge in this early-career phase with men and women experiencing different employment pathways.

- Around five years after leaving education, women are clearly disadvantaged compared to men in terms of achieving employment security. Females' probability of being employment-secure is 48 percentage points lower than males' probability, while that of being continuously unemployed or inactive is 32 percentage points higher.
- Around five years after leaving education, females and males have the same likelihood of achieving income security. In fact, the gender gap in terms of income security is much smaller. Thus, women encounter many more difficulties than men in attaining a stable employment pathway, but when they have one they are considerably more likely to be income-secure.
- If we look at the probability of being successful, men's chances of achieving success are higher than those of women, both overall (20% vs. 5%) and conditional on having a stable pathway (28% vs. 22%). Moreover, policy variables seem not to be very effective for tackling the gender gap in terms of having a successful employment condition.
- Family formation adds other types of difficulties. Indeed, women in couples are not only less likely than men to have a stable employment pathway, but they are also less likely to achieve annual labour earnings above the poverty line, and to be successful in terms of both earnings levels and a good match between education and occupation.

### **What can policy-makers do about the gender gap?**

We have seen that women's chances of accessing paid employment rapidly after leaving education are similar to, or even better than, men's. However, women's labour market conditions deteriorate over the following few years, especially if they are in a couple. Specifically, women are less likely to achieve employment security, income security and a successful employment condition around five years after having left education. However, those women who succeed in achieving a stable employment pathway are similarly or even more likely than men to earn wages above the poverty threshold. And yet women are always less likely to be successful, even when they manage to remain continuously employed.

From a policy perspective, our findings suggest that more stringent regulation of the use of temporary contracts plays a key role in improving women's performances in the labour market a few years after having left education. First, it increases young people's chances of being employment-secure and, second, it raises women's probability of being both income-secure and successful. These effects are mainly due to the increased likelihood of following a stable employment pathway that triggers a positive effect on women's earnings. As a result, stricter rules on the use of temporary contracts systematically and significantly reduce the gender gap in terms of employment security, income security and success.

**References**

- Berloffa, Gabriella, Eleonora Matteazzi, Gabriele Mazzolini, Alina Șandor and Paola Villa. 2015. *Youth School-To-Work Transitions: From Entry Jobs to Career Employment*. STYLE Working Paper WP10.2 Youth School-To-Work Transitions: from Entry Jobs to Career Employment
- Berloffa, Gabriella, Eleonora Matteazzi, Gabriele Mazzolini, Alina Șandor and Paola Villa. 2017. *The Quality of Employment in the Early Labour Market Experience of Young Europeans*. DEM Discussion Paper 05. Trento: University of Trento.
- Berloffa, Gabriella, Eleonora Matteazzi, Gabriele Mazzolini, Alina Șandor and Paola Villa. Forthcoming. 'How Can Young People's Employment Quality be Assessed Dynamically?' In *Youth Labor in Transition*, edited by Jacqueline O'Reilly, Janine Leschke, Renate Ortlieb, Martin Seeleib-Kaiser and Paola Villa. New York: Oxford University Press.
- Berloffa, Gabriella, Eleonora Matteazzi and Paola Villa. Forthcoming. 'The Worklessness Legacy: Do Working Mothers Make a Difference?' In *Youth Labor in Transition*, edited by Jacqueline O'Reilly, Janine Leschke, Renate Ortlieb, Martin Seeleib-Kaiser and Paola Villa. New York: Oxford University Press.
- Eurostat. 2016. *Statistics on Young People neither in Employment nor in Education or Training*. [http://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics\\_on\\_young\\_people\\_neither\\_in\\_employment\\_nor\\_in\\_education\\_or\\_training](http://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics_on_young_people_neither_in_employment_nor_in_education_or_training)
- Plantenga, Janneke, Chantal Remery and Manuela Samek. 2013. *Starting Fragile: Gender Differences in the Youth Labour Market*. Luxembourg, Publications Office of the European Union.