

Gender Pay Gaps and the Restructuring of Graduate Labour Markets in Southern Europe

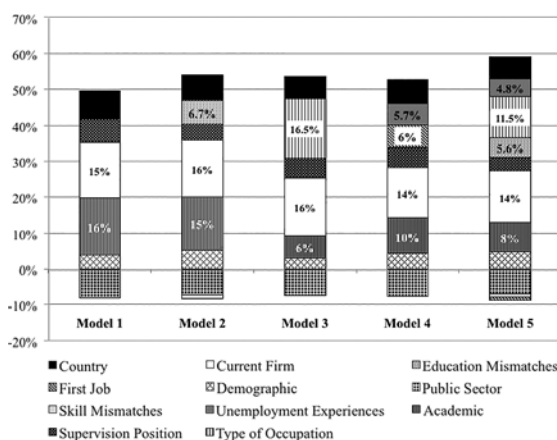
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Traditional analyses of gender pay gaps (GPGs) were initially motivated by the idea that a significant part of such gaps could be explained by different individual endowments – presumably determining productivity in the labour market. This created the expectation – in European political circles for example – that GPGs would tend to disappear as women's endowments (education levels in particular, but also employment participation) converged over time. As this happened and while unadjusted GPGs have decreased, sizeable earnings differentials between genders have persisted, including among university graduates.

In this paper we suggest that, as education-related differences between men and women disappear, new sources of inequality are being created as the result of growing career heterogeneity and education-job mismatches in graduate labour markets. We show that – because these processes are not neutral from a gender perspective – they constitute important explanatory factors of gender pay gaps among university graduates in Southern Europe (Portugal, Spain, and Italy). We use standard decomposition techniques and test the implications of controlling for selection bias. Our results indicate, in particular, that women who occupy *new graduate jobs* – in which graduates used to be a minority in the past – move to already feminised jobs and are more likely to be overeducated. Furthermore, we show that individual-related determinants of earnings (e.g.: field of studies) are strongly mediated by such aspects of labour market integration. Our results also confirm that firm-level characteristics (firm size and ownership) remain important determinants of pay gaps even when controlling for these other factors.

These findings thus call for further research on the specific task content of male- and female-dominated *new graduate jobs* and whether female-dominated

occupations do to some extent trade-off higher labour market temporal flexibility for lower wages as to better accommodate women's historical dual role in society. They raise the need to look into direct processes of gender discrimination in graduates' recruitment to male-dominated graduate jobs but also into wider and more indirect processes of segregation that could explain why young highly qualified women choose or are forced to stay out of specific areas of activity.



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FIGURE 1

Share of the gender wage gap explained by groups of observed characteristics (pooled)

FIGURE 2

Contribution of observed characteristics to the explained part of gender wage gaps, by country^a

^a Decompositions based on selectivity adjusted gender wage gaps.

^a Decompositions computed from the estimation results for the full specification model.

