

Facilitating the School to Work Transition of Young Women

WORLD BANK

Gender Innovation Lab for Latin America and the Caribbean (LACGIL)¹

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Key Messages

- In Latin America and the Caribbean, the school-to-work transition is more challenging for girls than boys due to societal norms.
- Young women who drop out of school are more likely to be employed in less stable, lower-paid jobs in the informal sector.
- Work-study programs can help to address the gender gaps in the school-to-work transition.
- In Uruguay, a national work-study program offered by a lottery system significantly improved the school-to-work transition for young girls and boys.
- Key features of the program included providing high-quality jobs with a focus on human capital accumulation that is compatible with schooling.

Context

Transitioning from school to work is a crucial period in the lives of boys and girls. Youth who drop out of school typically lack the skills required for formal sector employment. Many young people end up working in less stable, lower-paid jobs in the informal sector or remain unemployed, impacting their lifetime earnings path (De Hoyos et al., 2016).

There is evidence that the school-to-work transition is harder for girls than boys. The share of youth who are not in education, employment, or training (NEETs) is significantly larger among women than among men in Latin America (World Bank, 2021) and other regions (OECD, 2017). Several factors are associated with this gap, including the greater burden of unpaid care work for girls, early marriage and teenage pregnancy, and the disconnect between the labor market and the educational system (World Bank, 2021). Furthermore, working girls often hold lower-quality jobs offering lower pay, less job security, and more informality (OECD, 2017; Bonnet et al., 2019).

Work-study programs might smooth the school-to-work transition. Economic theory suggests that if youth work while they are still in school, they may acquire new skills in the workplace that cannot be obtained at school (Heckman et al., 2006; Alfonsi et al.,

2020). Early work experience can also help youth demonstrate to employers that they are motivated or productive (Farber & Gibbons, 1996; Pallais, 2014). Furthermore, the income from

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The LACGIL supports impact evaluations and inferential studies to find out what works to close gender gaps in human capital, economic participation, social norms, and agency.

Additionally, the Lab disseminates findings to improve operations and policy making in the design of cost-effective interventions that tackle gender inequalities and drive change.

To accomplish this, the LACGIL works in partnership with World Bank units, aid agencies and donors, governments, nongovernmental organizations, private sector firms, and researchers. The LACGIL has provided direct support to over 22 operations in the region, impacting the design of several operations.

¹ This note was prepared by Diego Ubfal. It received useful comments from Carlos Rodriguez Castelan, Jacobus de Hoop and Kavell Gianina Joseph.

this work experience could support youth in furthering their studies (Keane & Wolpin, 2001). However, working can take time away from studying and negatively affect school learning, human capital accumulation, and career path (Eckstein & Wolpin, 1999).

The evidence on the effect of work-study programs on formal earnings and education outcomes is limited and inconclusive.

There is scarce evidence on the differential effects of work-study programs on boys and girls and whether these programs can close the gender gap in formal earnings.

Study Description

In a recent paper, Le Barbanchon et al. (2021) studied the effects of a national work-study program in Uruguay called **Yo Estudio y Trabajo**. The program is a national youth employment initiative targeting Uruguayan students aged 16 to 20. It offers them a first-time, well-paid, formal work experience in the main state-owned companies of the country (e.g., the government-owned telecommunications and electricity companies and the national bank). Youth are selected into the

program using yearly lotteries organized in most main cities. When selected, youth are offered a part-time (20-30 hours a week) clerical position, focused on support tasks, that lasts between 9 and 12 months and cannot be renewed. Participants must be enrolled in secondary education or university at the time of application and throughout the program.

Le Barbanchon et al. (2021) studied the effects of this program using social security data matched to over 90,000 applicants from three editions of the program. Le Barbanchon et al. (2021) combine administrative data on formal earnings and education with a survey of a representative sample of 1,616 students who applied to the fifth edition of the program. The survey was in the field just before the end of most program jobs. It includes a detailed module asking youth about their main activities in the 24 hours preceding the interview. Exploiting the lottery allocation of the program, the study identifies significant increases in earnings and secondary school enrollment over the four post-program years for the average participant.

This policy brief exploits administrative and survey data from the Le Barbanchon et al. (2021) to provide novel evidence on the effects of the work-study program by gender. It first looks at how students of both genders change their time use to be able to both work and study. Then, it presents the effects of the program on formal earnings separately for girls and boys.



What is the evidence?

Program effects on time use

The program led to a strong increase in time spent working for both boys and girls, with limited impacts on time spent studying. Figure 1 shows the time used by hour of the day for girls and boys selected by the lottery (Offered a job by the program) and those not selected by the lottery (Control group). Since job offers are randomly allocated, the distance between the two curves represents the intention-to-treat effect of the program at each hour of the day. The upper-left panel shows the effects of the program on the time youth spend working, which is similar for boys and girls. These effects are driven by a large increase in the probability of working during the program year for youth offered a

program job. The upper-right panel reveals that the program generated some reductions in study time, both inside and outside school, which were a little larger (but not significantly so) for boys. Interestingly, youth offered the program job compensated by studying more at night.² Finally, the bottom panels show that the program leads to reductions in time spent on household chores and leisure. The share of girls dedicating time to household chores is twice that of boys; thus, the effects are much more prominent in absolute value for girls. The reductions in leisure time generated by the program are similar across gender.

FIGURE 1: PROGRAM EFFECT ON TIME USE



Note: This figure plots the time used for boys and girls by the time of the day. In the left panel of each of the four quadrants, the solid blue line is for boys who won the lottery and were offered a program job, while the red dashed line is for boys not offered a program job (control group). In the right panel of each of the four quadrants, the solid green line is for girls who won the lottery and were offered a program job, while the red dashed line is for girls not offered a program job (control group).

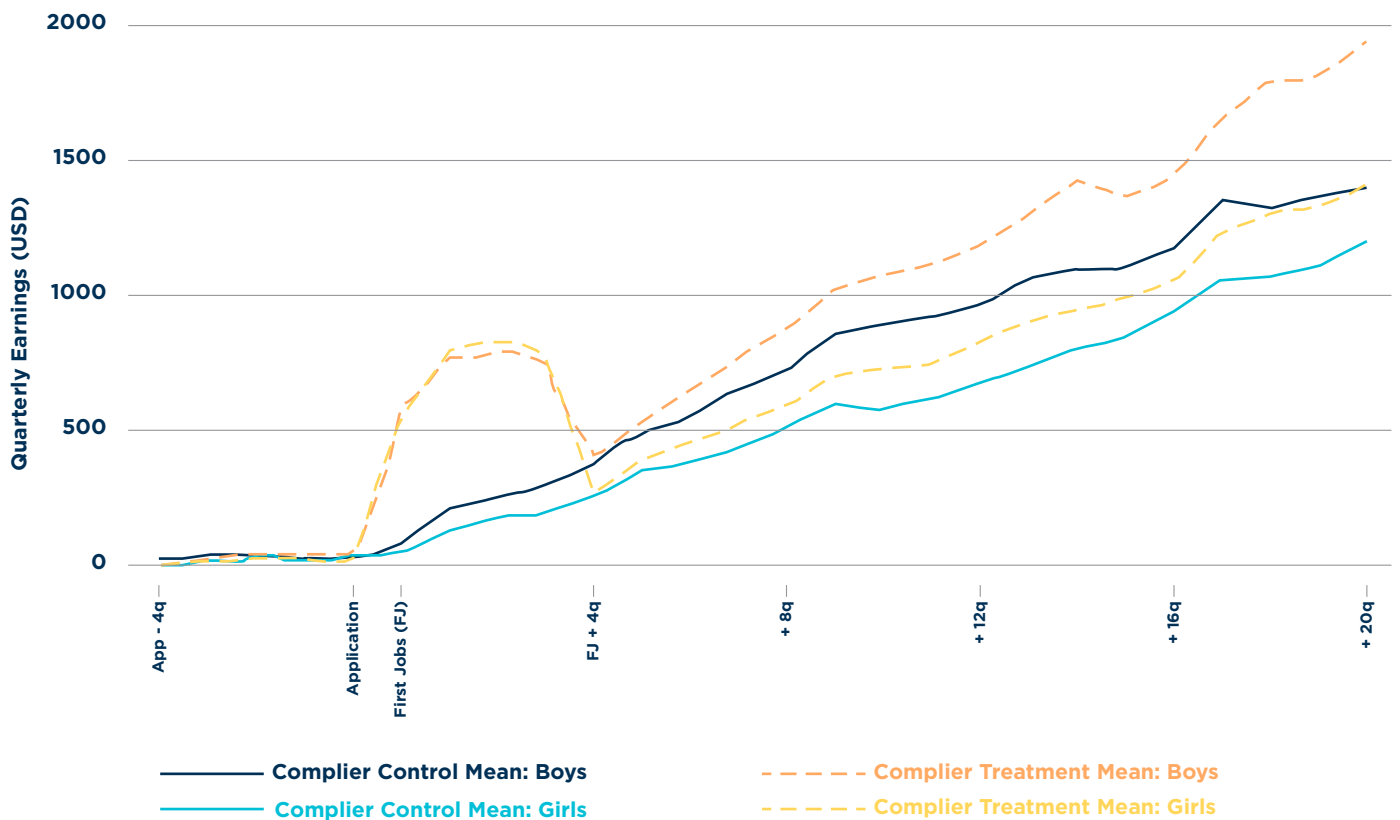
² It is important to note that Le Barbanchon et al. (2021) find positive extensive margin effects of the program on high school enrollment for both boys and girls. The extensive and intensive margin effects on study time almost cancel each other, and the net effect is not large enough to affect educational performance, as there are no significant effects for any gender on reported grades.

Program effects on future formal earnings

Figure 2 uses social security data to graph trends in formal earnings for more than 46,000 boys and girls who applied to the program's first edition. The dashed lines show the average quarterly earnings of the treatment group, defined as those youth who worked at least one month on a program job, while the dashed lines plot the average quarterly earnings of the appropriate comparison group (compliers in the control group).³ Before applying to the program, average earnings for both groups are close to zero. This is in line with the eligibility condition of the program of no formal earnings in the 90 days before application. After application, the control group mean steadily increases as more youth enter the labor market. It reaches around \$1,500 per quarter for boys and just over \$1,000 for girls four years after the program. The gender gap in earnings (girls earn around 3/4th of what boys earn, as indicated by the distance between the solid lines in Figure 2) is observed over the four post-program years for youth in the control group and is consistent with the national gender gap in earnings.

Overall, both boys and girls significantly benefited from the work-study program. They saw positive effects on earnings without seeing their schooling outcomes affected. During the program year, average earnings are almost identical for girls and boys in the treatment group. This is not surprising since program rules require that participating firms pay equal salaries regardless of gender. At the end of the program year, when youth need to get new jobs, treated earnings decrease sharply and converge back to the control earnings level. After this convergence, treated earnings follow an upward trend but at a steeper rate than control earnings. Two years after the program ends, treatment effects (as indicated by the distance between the dashed and solid lines) are statistically significant for both boys and girls. Overall, the treatment effects averaged over the four post-program years are slightly larger for boys than for girls, but the difference is not statistically significant.

FIGURE 2: EVOLUTION OF THE YOUTH IN THE PROGRAM COMPARED TO THE CONTROL GROUP



The program would effectively close gender gaps in youth formal earnings if offered only to girls. Girls participating in the program broke the gender earnings gap and achieved boys' earnings levels in the control group four years after the program. However, the gender gap persists when comparing girls to boys who participated in the program, which suggests that social norms or other factors, in addition to differences in early work experience, also contribute to the gender gap in earnings. Le Barbanchon et al. (2021) also highlight significant reductions in the share of NEETs among the youth who participated in the program, pointing to work-study programs as a promising solution to the problem that widely affects countries in Latin America and the Caribbean.

³ Since only youth who won the lottery can take up a program job, there are no "always takers," and the effects estimated using instrumental variables can be interpreted as the treatment effect on the treated. The point estimate is equivalent to the difference between the complier control mean, and the complier treatment mean portrayed in the graph. See Le Barbanchon et al. (2021) for more details.

Policy Recommendations

Work-study programs can be a powerful tool to smooth the school-to-work transition for youth. The evidence from Uruguay indicates that they can improve the labor market outcomes of both girls and boys without compromising their educational achievement. The program significantly increased youth formal earnings, which can also help recover its costs through taxes.

Scaling-up the program requires engaging private sector firms. In the Uruguayan program, jobs were offered in the main state-owned companies in Uruguay. The program allowed these companies to offer parttime one-year contracts that are more flexible than the standard contracts available in the public sector. Interestingly, the program effects were observed on private sector post-program earnings, highlighting the transferability of general skills acquired during early work experience.

The previous literature has focused on programs for out-of-school marginalized students. Work-study programs can target youth before they drop out and give them incentives to continue their studies while acquiring relevant skills to face the transition from school to the labor market.

Three features of a work-study program can be crucial for their effectiveness: 1) high-quality jobs, 2) appropriate monetary

compensation, and 3) compatibility with schooling. Programs offering low-quality summer jobs did not improve future earnings for students in the U.S. (Gelber et al., 2016; Davis & Heller, 2017) or the Philippines (Beam & Quimbo, 2021). Jobs that offer opportunities for human capital accumulation, as in the Uruguayan case, can make a difference. Moreover, competitive wages and equal pay to boys and girls can encourage youth participation. Finally, flexible part-time schedules are necessary to allow youth to continue their studies while accumulating relevant work experience. These features are present in programs such as the Federal Student Work Experience Program in Canada and the Federal Work-Study Program in the U.S. and could be replicated in developing countries.



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