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Youth transitions from school to work

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Structure of presentation

1. Long-term scar effects of a bad start
2. Youth unemployment in the crisis
3. The role of vocational training
4. Academic Drift
5. Responses in the crisis
6. Conclusions

1.1 Scar effects of a bad start

Many studies on long term scar effects of a bad start

Examples:

Kahn

Graduating from college in a bad economy has large, negative and persistent effects on wages. Lifetime earnings are substantially lower than they would have been if the graduate had entered the labour market in

good times (Lisa B. Kahn (2010), 'The long-term labor market consequences of graduating from college in a bad economy', Labour Economics)

1.2 Scar effects of a bad start

Many studies on long term scar effects of a bad start

Examples:

Bell/Blanchflower 2010:

Data from the UK 1958 birth cohort (National Child Development Study) - Youth unemployment raises unemployment, lowers wages, worsens health and lowers job satisfaction twenty five years later. No such effects could be found for spells of unemployment when the respondents were in their thirties (D.N.F. Bell and D.G. Blanchflower (2009), "What to do about rising unemployment in the UK?", IZA DP #4040)

1.3 Scar effects of a bad start

Recessions may have strong impact on beliefs of young people:

Giuliano/Spilimbergo:

Data self-reported answers from the General Social Survey during early adulthood – They showed that individuals growing up during recessions tend to believe that success in life depends more on luck than on effort, support more government redistribution, but are less confident in public institutions and that effects are long-lasting (Paola Giuliano and Antonio Spilimbergo, 'Growing up in a recession: beliefs and the macroeconomy', NBER Working Paper No. 15321, September 2009)

1.5 Scar effects of a bad start

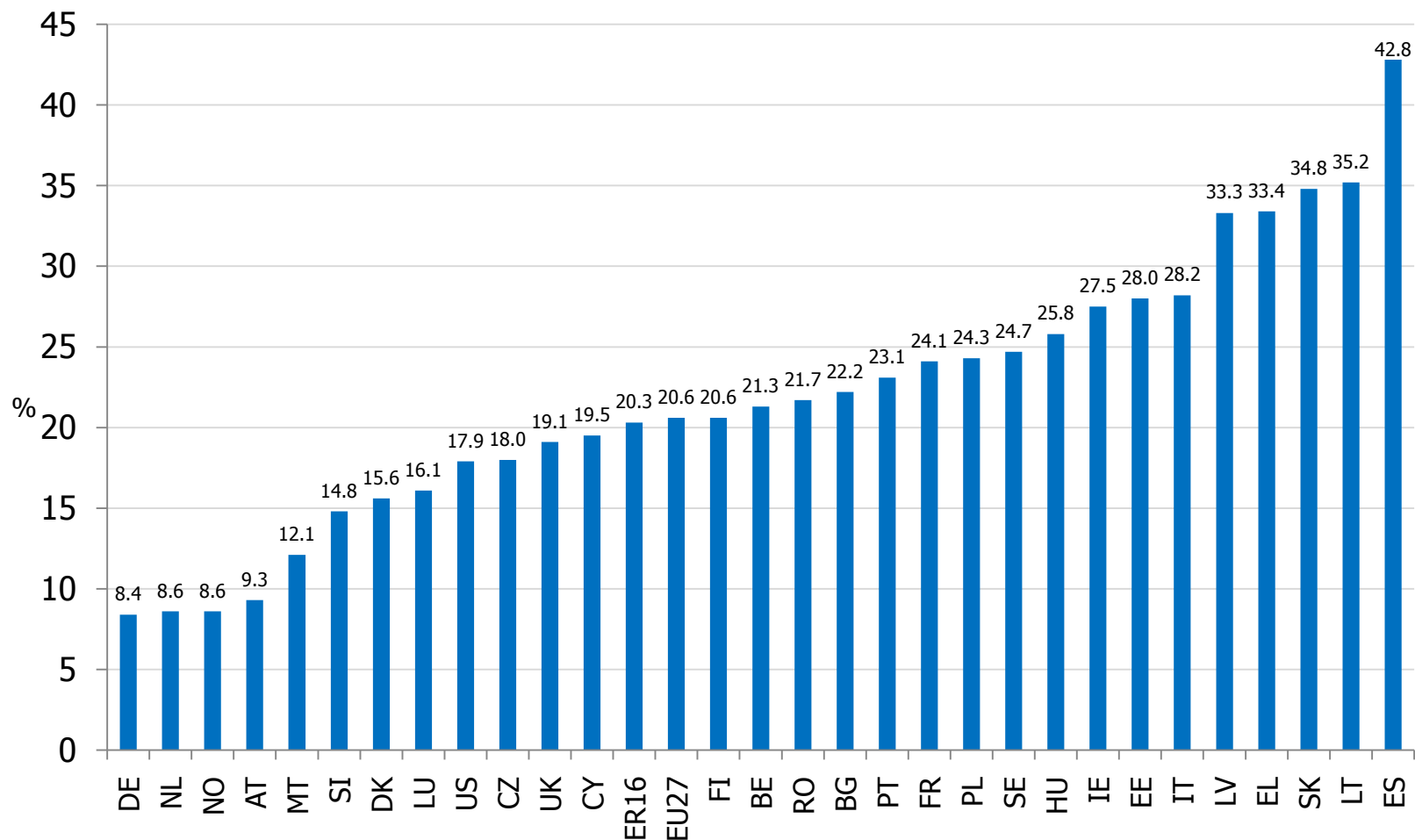
Reasons for scar effects:

- Young people as outsiders vulnerable
- Personality still developing in adulthood
- Access to good jobs and careers increasingly only with „clean CV's“ - without the stigma of a bad start
- Employment and education systems are often not „forgiving“
- Strong age cohorts

But:

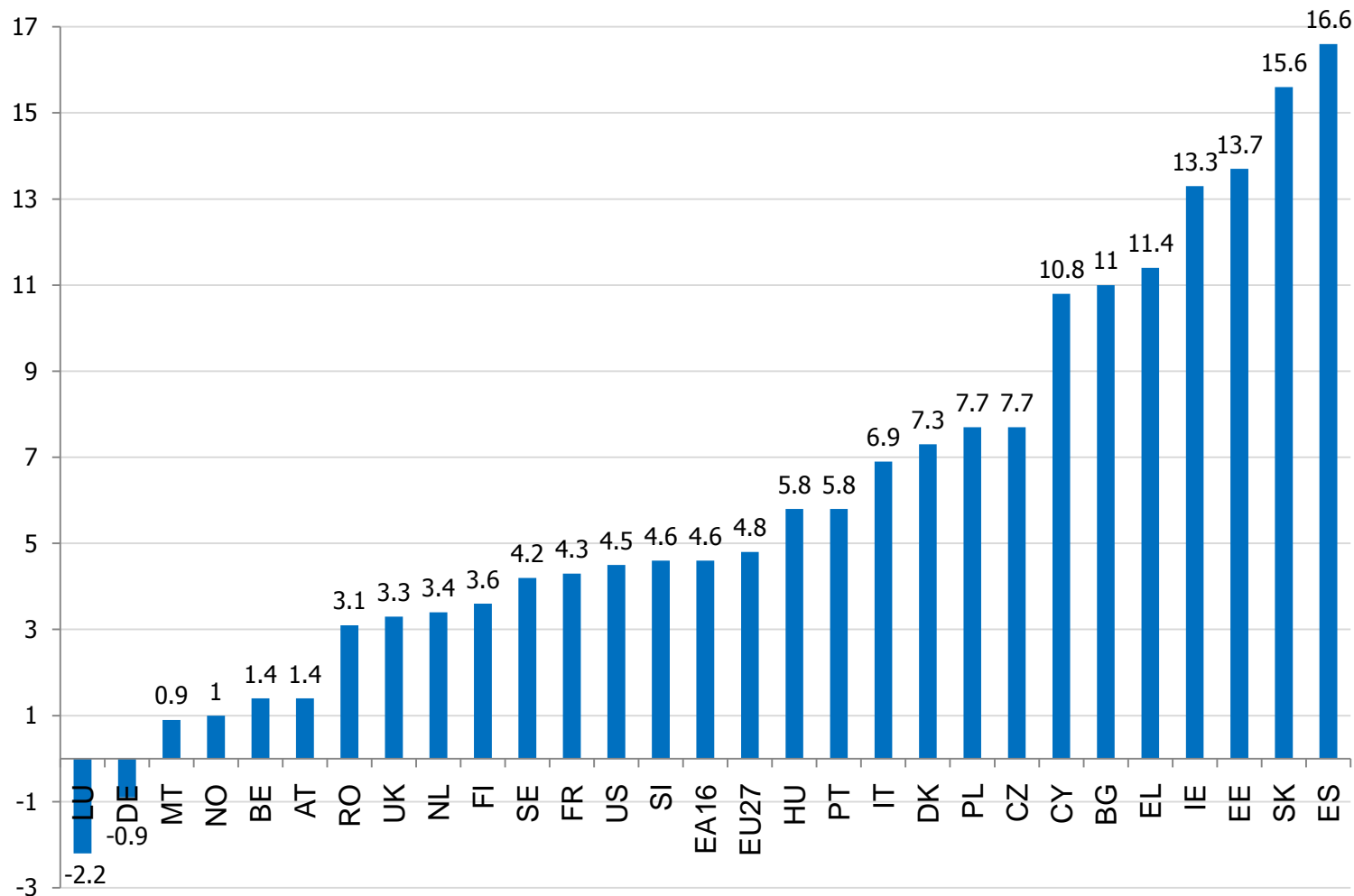
- National differences in scar effects
- Varieties in VET-systems, recruitment criteria and support for a „second chance“

2.1 Seasonally adjusted unemployment rates (%) youth (under 25's) Sep 2010



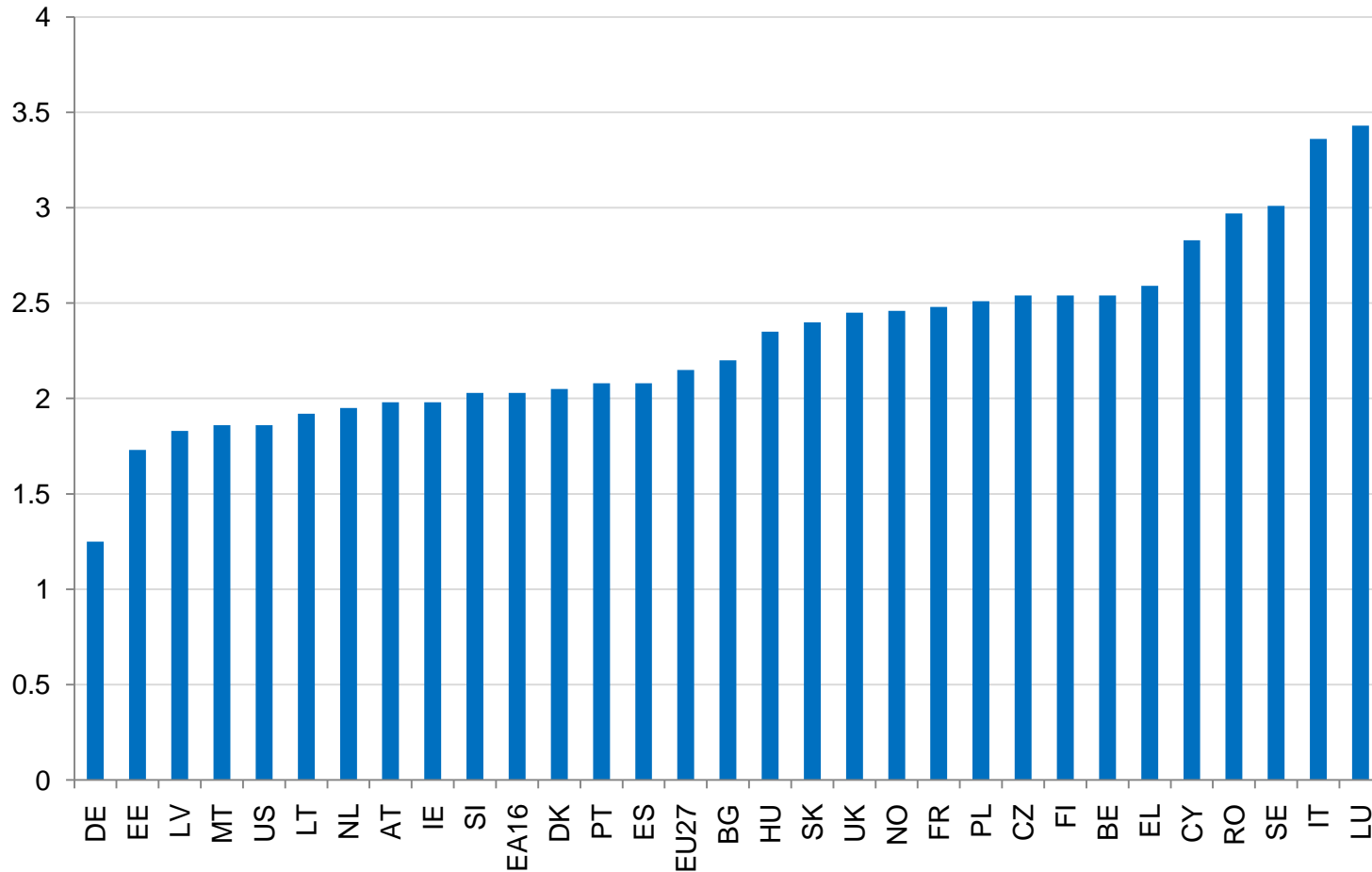
source: Eurostat

2.2 Increase of youth unemployment rates in percentage points (Sep. 2008 – Sep. 2010)



source: Eurostat

2.3 Youth unemployment rate in relation to total unemployment rate Sep. 2010



source: Eurostat

3.1 Types of VET

A Heuristic Typology of European VET Systems

<i>Type of VET system</i>	<i>Countries</i>
Apprenticeship-based	Austria, Germany, Denmark
Continental school-based	Netherlands, France
Market-led	UK, Ireland,
General Education	Greece, Spain, Poland, Hungary
Egalitarian School-based	Finland, Sweden

3.2 Population that has Attained Upper Secondary Education and Upper Secondary Enrolment Rates by Orientation of Programmes (2006)

*Upper secondary enrolment rates**

	General programmes	Vocational programmes	
		All programmes	Of which: combined school and work based

Apprenticeship-based

Austria	22,7	77,3	33,3
Denmark	52,3	47,7	47,2
Germany	42,6	57,4	42,2

Continental school-based

Netherlands	32,4	67,6	18,5
France	56,2	43,8	12,1

Market-led

UK	58,6	41,4	m
Ireland	65,5	34,5	2,2

General Education

Greece	68,3	31,7	a
Spain	56,6	43,4	1,9
Hungary	76,4	23,6	13,2

Egalitarian School-based

Sweden	42,9	57,1	a
Finland	33,3	66,7	11,5

Source: OECD (2009), Education at a glance Table C1.4

Note: *Percentage of upper secondary graduates in the population at the typical age of graduation by programme orientation.

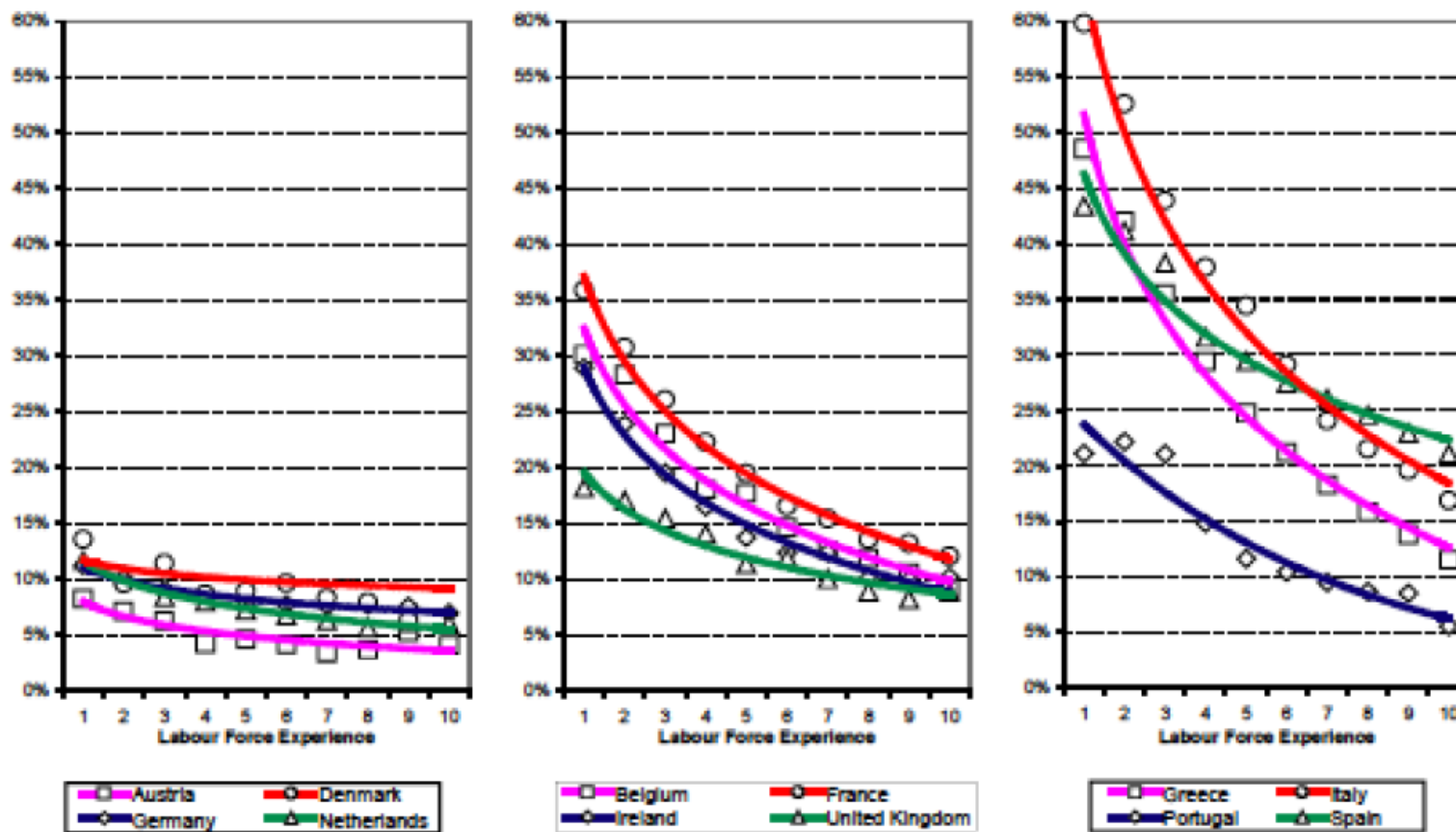
m = missing; a = not applicable

3.3 Research on transition from education to work

Myriad studies:

- **Fast and stable transition in countries with apprenticeship systems – apprentices are insiders**
- **Relatively fast, but often not sustainable transitions in market-led systems**
- **Most difficult transitions in countries with GE and high levels of Employment protection legislation**
- **Difficult transitions from school-based VET – school leavers are outsiders**

3.4 Transition from Education to Work: Unemployment rates and labour force experience (in years): ISCED 3 leavers (1990's)



Source: Müller/Gangl, Transitions from Education to Work in Europe, Oxford 2003

3.5 Average duration of school-to-work transition by gender in eight EU Countries 2006*

Country	Men	Women	Both sexes
Austria	0,9	0,8	0,9
France	1,8	1,5	1,4
Germany	0,1	0,1	0,1
Greece	3,2	1,8	2,7
Hungary	3,5	2,0	2,8
Italy	3,4	3,1	3,4
Spain	3,8	3,3	3,6
Sweden	1,6	1,0	1,4
UK	1,9	1,8	1,8
EU (unweighted)	1,9	1,5	1,7

*Median time taken by youths to engage in current jobs calculated by subtracting job tenure in current jobs from the time elapsed since completing highest level of education.

Source: OECD 2008 Employment Outlook:48

3.6 Reasons for fast and stable transitions from apprenticeship systems – How to make apprentices „insiders“?

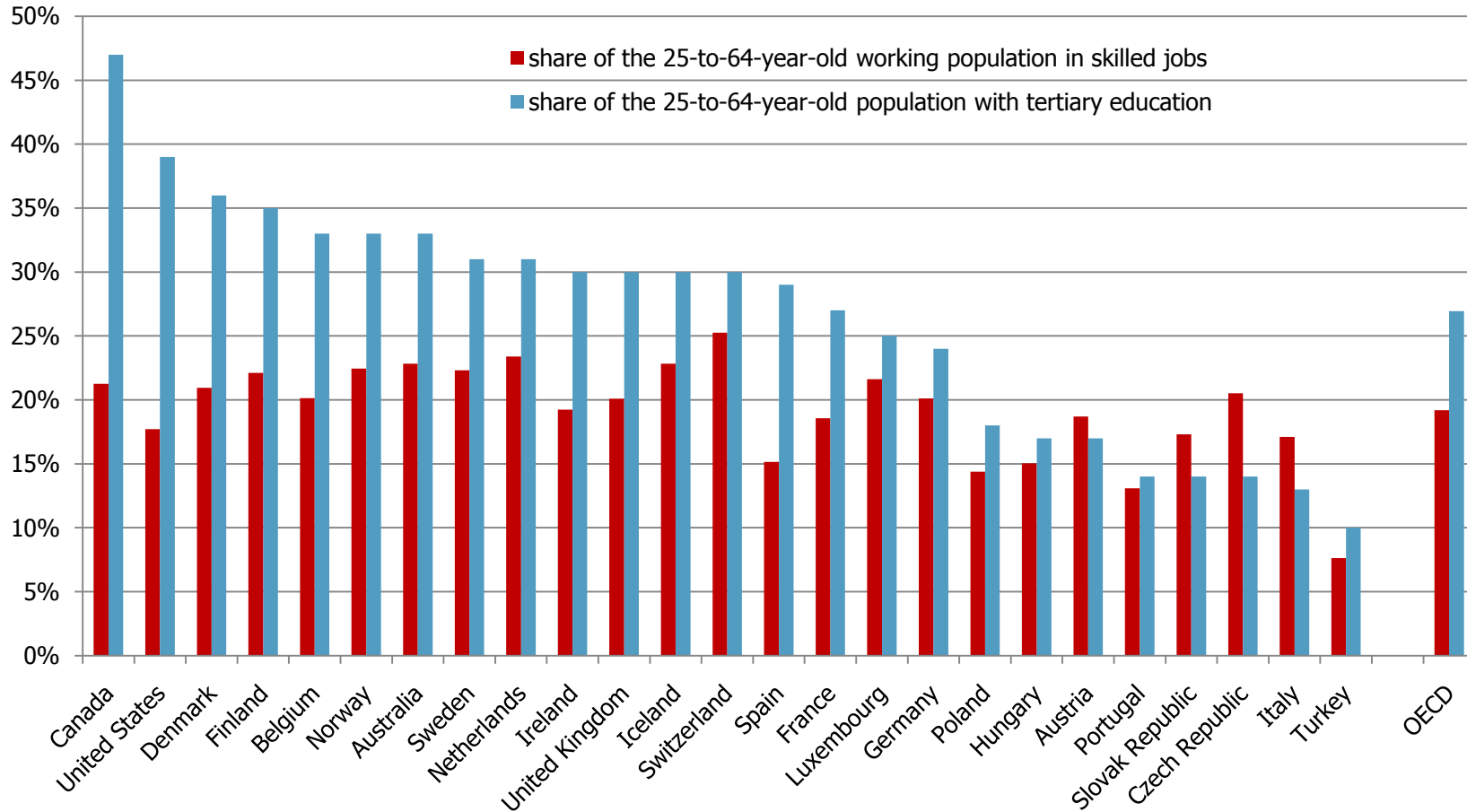
- High reputation of VET among employers and young people: Not second choice for poor school performers
- Generally recognized certificates
- Participation of social partners – „Their“ occupations
- Occupational labour markets: Links of certificates with work organization, pay and careers
- Continuous modernization of training – up-to date with work organization
- Low transaction costs of transitions because of high share of work-placed formal and informal learning

4.1 The role of tertiary education

- **Percentage of highly skilled jobs (ISCO 1-3) in most developed countries between 15 and 25%**
- **Share of graduates from tertiary education exceeding the share of highly skilled jobs in many countries**
- **Increasing mismatch because of expansion of tertiary education**

4.2 Share of population in skilled jobs and share of population with tertiary education (2006)

share of the 25-to-64-year-old working population in skilled jobs (ISCO 1-3 Managers, Professional, Technicians and Associate Professionals) and share of the 25-to-64-year-old population with tertiary education (2006)



source: OECD, Education at a glance 2008

4.3 Impacts of the „academic drift“

- **Overproduction of graduates**
 - increasing rates of unemployment
 - increasing inequalities of returns to higher education
- **Displacement of graduates from VET**
- **Skill shortages at the craft level**
- **Increasing difficulties to revitalize VET**
- **Polarization of the skill structure**
- **Need of new „Vocationalism“ in tertiary education**

5.1 Upgrading of VET in the crisis difficult

- Long term structural policy – in the crisis only use of existing systems viable or pilot programmes
- Important conditions for such structural policy:
 - Recognized certificates – upgrading of training
 - Strengthening links with the labour market:
 - Combination of school- and company based training
 - involvement of social partners
 - establishment of occupational labour markets (licensing, quality standards and other product market regulations)
- Some countries try to expand and improve apprenticeship training (UK, IRE, MT, CY)

5.2 Apprenticeship systems in the crisis

- **Less hit if companies organize initial training themselves: have training capacities and sunk costs: more long-term HRM approach**
- **However: Decline of new apprenticeships in crisis**
- **Additional measures required:**
 - **Collective agreements: wage restraint in exchange to stabilize number of apprentices and at least temporary recruitment after training (DE)**
 - **Work sharing (short-time/chomage partiel) to stabilize work-force and continue recruitments (DE)**
 - **Supporting networks of companies (DE, AT)**
 - **Subsidizing additional apprenticeships (UK)**
 - **Increase regional mobility of apprentices (AT, DE)**
 - **Modules from dual systems for poor school performers – chance of continuation (vocational preparatory courses - no dead end) (DE; AT)**

5.3 School based training and GE extended in crisis

- Increasing number of pupils in school based VET or in GE- bridging the crisis (NL, FIN, UK, PL)
- Reduce number of early school leavers (HU)
- Earlier vocational orientation in schools (partially with practical learning in companies)
- Subsidize internship to improve transitions from school to work (BE, PL)
 - Problem: learning content of internships may be low if there are no standardized routes

5.4 Demand led or supply-side approach for VET

- **Demand led: Identifying needs of the labour market by forecasting (HU, RO) or monitoring deficit and surplus occupations (PL) or counselling with sector councils (UK) or sectoral studies (LT)**
 - **Problems: reactive, low reliability – demand changing fast**
- **Supply side approach: translation of needs into curricula and continuous modernisation**
- **Methods: best practice VET, new technologies, orientation not on one company (broad skills)**
- **Proactive approach, Problems: Slow modernization especially in school based training**

6.1 Conclusions

- **How to improve the links between education and training and the labour market/ How to make young people to insiders?**
 - **What is the role of various institutions (VET-systems, pay systems, EPL, industrial relations, incentives including levy systems) and their linkages?**
- **How can long term scar effects be avoided?**
 - **Role of LMP and second chance opportunities**
 - **Role of diversity management in companies/less tight recruitment criteria**
- **Which buffers (in numbers and duration) education and training and employment systems (short-time) can build up in recessions?**

6.2 Conclusions

- **Simple forms of learning like integrating one element from one system into another does not work/ Collections of „best practice“ examples across national borders often not really helpful. Therefore:**
 - **Need of a better understanding of institutional linkages - Deeper comparisons between countries needed**
 - **Learning from analysis of complex institutional reforms: like the introduction of Dual Vocational Training in Norway**

Bosch, Gerhard
Charest, Jean
(Eds.)

Vocational Training
International Perspectives
Routledge, London 2010