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**Aims and impact of educational models  
for young people: an international  
perspective**

**educap**

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## Structure of presentation

1. Key equity issues
2. Long-term scar effects of a bad start
3. Transition from education to work in different E&T-systems
4. Youth unemployment in the crisis
5. Academic Drift
6. Financing tertiary education
7. Transfer of apprenticeship-systems

# 1. Key equity issues in the transition from education to the labour market

- Integration of the low skilled: costs of low-education are increasing
- Longer education: Substantial costs for families – risks for equity
- De-qualification: Investments do not always pay off since job structure is not upgraded correspondently
- Increasing income inequality: educational divide linked with social divide
- Outsider position of young people
  - difficult transition
  - hit most by economic crisis – high scar effects

## 2.1 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)

## 2.2 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)

## 2.3 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)

## 2.5 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“

### Distinguish

- Structural and cyclical youth unemployment

## 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\**

	<i>General programmes</i>	<i>Vocational programmes</i>	
		<i>All programmes</i>	<i>Of which: combined school and work based</i>

### Apprenticeship-based

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

### 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.

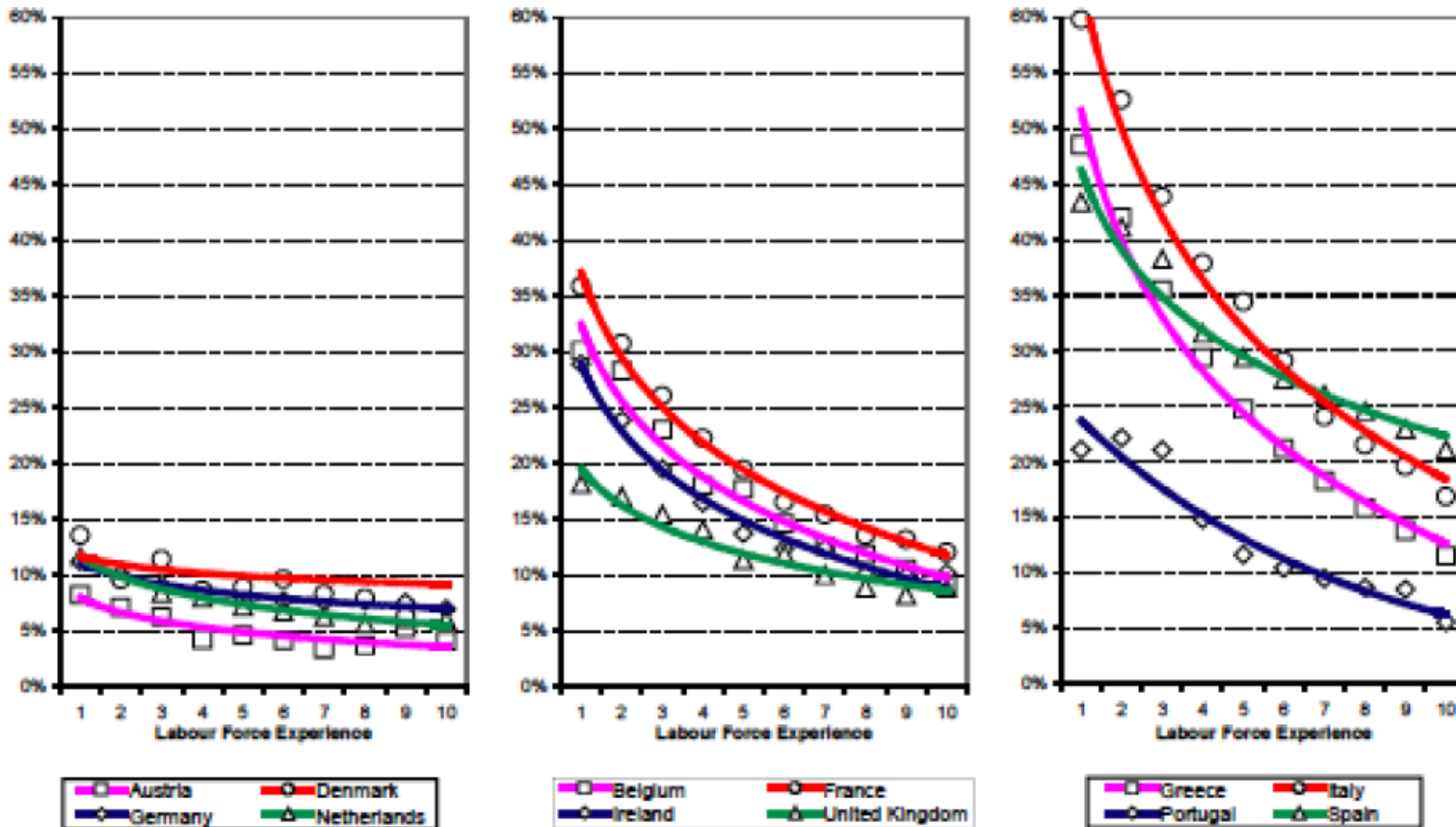
m = missing; a = not applicable

### 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 Month needed to find a first job after leaving school, United States and Europe, late 1990s-early 2000s

	Mean	Median	75 <sup>th</sup> percentile	90 <sup>th</sup> percentile
<b>United States</b>	5.6	0	4.4	18.8
North East	5.3	0	4.1	17.9
North Central	4.1	0	2.3	14.1
South	6.6	0	6.5	22.4
West	5.4	0	3.5	18.5
<b>Europe</b>	16.9	3	23.0	59.0
Austria	5.7	0	12.0	14.6
Belgium	17.5	3	23.0	67.4
Denmark	6.3	0	5.0	17.1
France	14.4	2	21.0	54.0
Germany	5.0	0	3.0	14.0
Greece	24.4	12	38.3	71.0
Ireland	8.3	0	6.0	25.8
Italy	33.1	24	53.0	95.0
Luxembourg	21.6	3	18.8	95.0
Portugal	15.6	3	17.0	61.8
Spain	22.1	12	31.0	73.4
United Kingdom	5.8	0	2.0	12.0

a) Finland is excluded from this table because the presence of missing values did not allow us to derive a reliable estimate for the time needed to find the first job after leaving education.

Source: Secretariat calculations based on the National Longitudinal Surveys of Youth 1997 and the European Community Household Survey (1994-2001).

### 3.8 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 Youth unemployment in the crisis

In most countries high increase of youth unemployment

Impact of crisis difficult to measure:

Youth unemployment rate not reliable indicator

Other indicators needed: NEET, involuntary continuation of education or training, perforated unemployment, migration

Countries with low youth unemployment: not by accident: political effort

Case of Germany: Job miracle in 2009: (1) No dismissals through temporary working-time reduction, (2) Recruitment of 540 000 new apprentices – „training pact“, collective agreements, works councillors

## 4.2 Indicators for youth unemployment (15-24years) in the EU27 and selected EU- Countries

	(1) Youth unemployment rate 3/2013	(2) Increase since 2008 in pctge.point s	(3) Relation of(1) to unemployment rate of the 25+years		(4) Young unemployed in relation to population of 15 to 24 years 2012	(5) Not in employment or education (NEET) 2011
			3/2008	3/2013		
EU 27	23,4	+ 8,3	2,6	2,4	9,7	n.v.*
DE	7,6	- 3,3	1,5	1,5	4,1	11,0
FR	25,8	+ 7,8	2,9	2,8	9,0	16,4
GR	58,7	+25,4	3,4	2,4	16,1	21,8
UK	20,3	+ 6,1	3,9	3,6	12,4	15,5
IE	27,1	+16,6	2,5	2,3	12,3	22,0
IT	39,4	+18,8	3,9	3,9	10,1	23,2
CR	52,0	+28,9	3,3	3,9	12,7	-
AT	7,9	+ 0,4	2,5	1,8	5,2	9,3
PT	40,7	+21,6	2,7	2,6	14,3	15,3
Slowakei	34,3	+14,5	2,2	2,8	10,4	19,1
ES	55,4	+34,4	2,7	2,3	20,6	24,4

Source: Eurostat;own claculations, OECD Education at a glance, 2013, Table 5.2a

## 4.3 Educational attainment of different age cohorts in the EU 21 and selected countries

	At least upper secondary			Tertiary education		
	25-34 years	55-64 years	Difference in pctge points	25-34 years	55-64 years	Difference in pctge points
DE	87	84	+3	31	26	+5
ES	66	34	+32	41	19	+22
GR	78	47	+31	29	19	+10
FR	83	58	+25	43	19	+24
PTI	52	18	+34	26	11	+15
SK	95	84	+11	23	14	+9
AT	88	72	+16	24	16	+8
UK	84	67	+17	48	31	+17
IE	86	52	+34	49	23	+25
EU 21	84	65	+19	37	21	+18

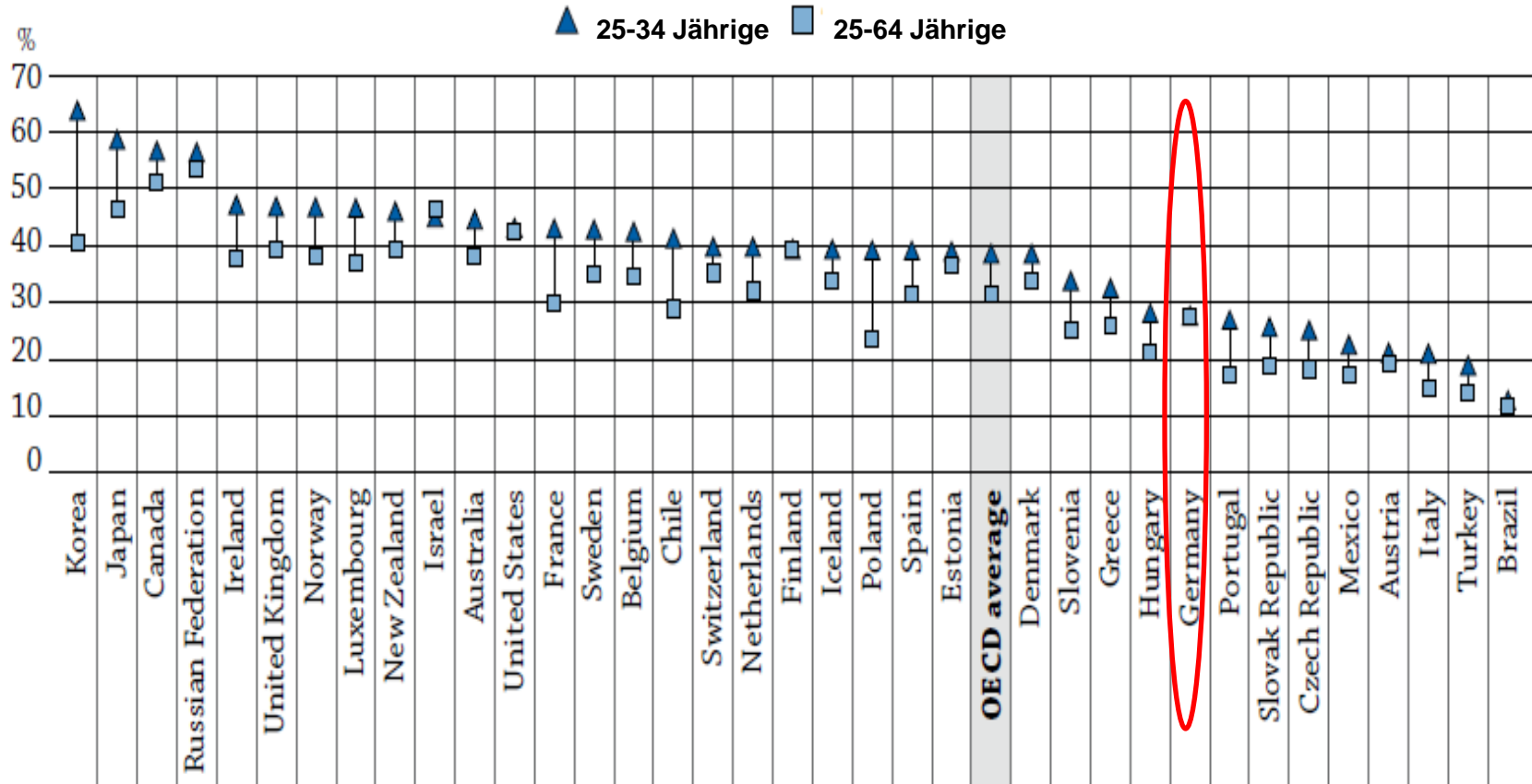
Source: OECD (2013), Table A1.2a and A1.3a



## 5.1 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

## 5.2 Population that has attained tertiary education (2011) Percentage, by age group

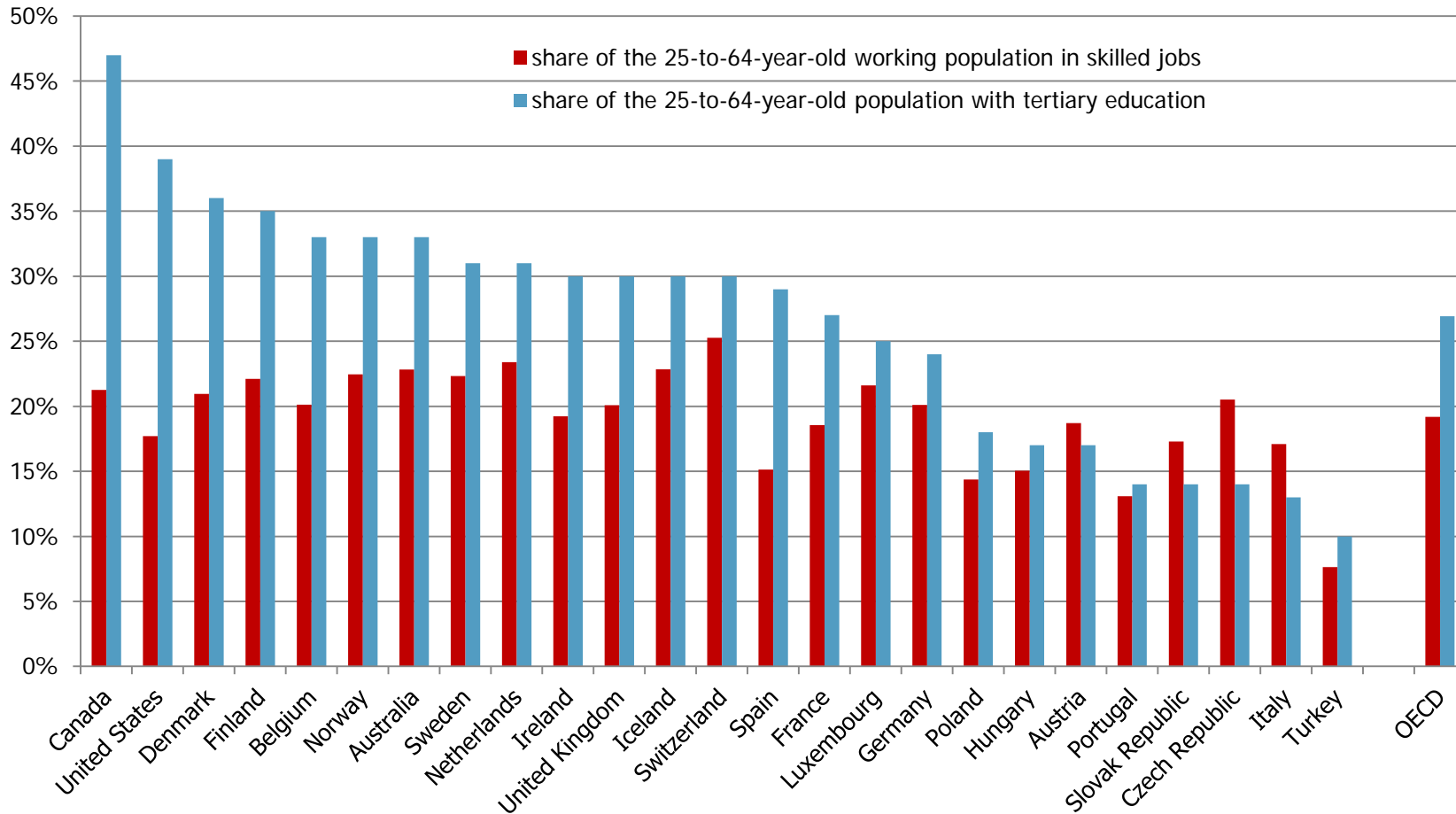


Countries are ranked in descending order of the percentage of 25-34 year-olds who have attained tertiary education

Quelle: OECD, Education at a Glance 2013, Chart A1.1, pp. 26

# 5.4 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

## 5.5 Education and occupational mismatches for young individuals 2007

Country	Ratio of 25-29 year-old workers not in education with an upper secondary education, working at skill level 1 (ISCO 9) to all 25-29 year-old workers not in education with an upper secondary education	Ratio of 25-29 year-old workers not in education with a tertiary education degree, working at skill levels 1 or 2 (ISCO 4-9) to all 25-29 year-old workers not in education with a tertiary education
Australia	4	24
Austria	9	19
Canada	10	37
Germany	5	20
Greece	3	25
Hungary	5	13
Italy	5	24
Spain	17	44
Sweden	6	17
UK	12	26
USA	4	33
OECD	7	23

Source: OECD: Education at a glance 2010 Indicator C3.7

## 5.5 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

## 6.1 Financing tertiary education

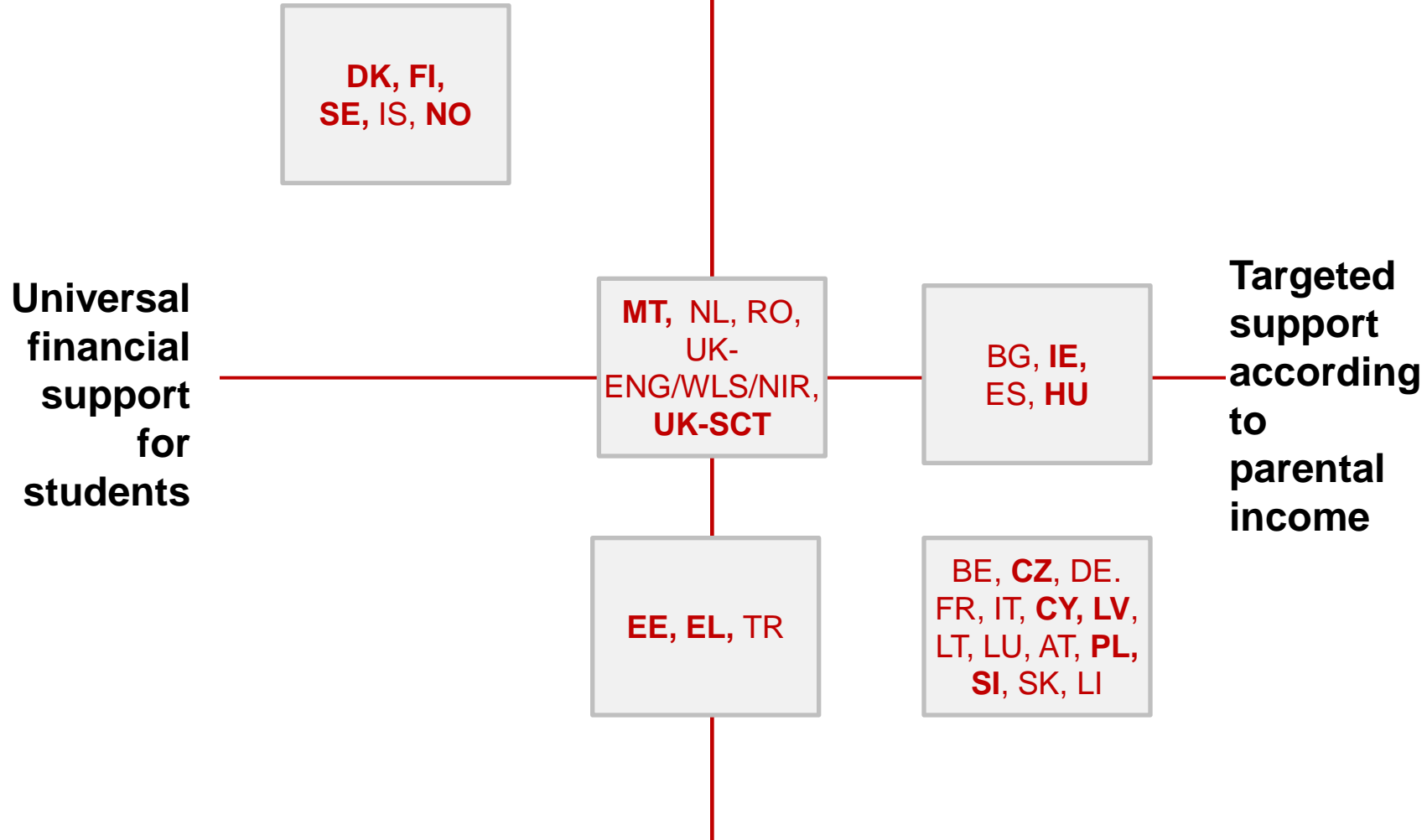
### Grant/loan system

Longer education: Substantial costs for families – risks for equity

- High support for private households in some countries (SW 0.52% of GDP)  
lowest support in Southern Europe (IT 0,13%, ES 0,08%, Greece 0,02%)
- Investments do not always pay off since job structure is not upgraded correspondently

And tuition fees.....

# 6. Different models of financing tertiary education: Principle of financial INDEPENDENCE with respect to parents



Principle of financial DEPENDENCE  
with respect to parents

## 7. Transfer of apprenticeship-systems

- Long term structural policy – in the crisis only use of existing systems viable or pilot programmes
- Important conditions for such structural policy:
  - Persuade employers to invest in long-term training
  - Recognized certificates – upgrading of training
  - Strengthening links with the labour market:
    - Dual training
    - involvement of social partners
    - establishment of occupational labour markets (licensing, quality standards and other product market regulations)
- Troika is destroying social partnership in Southern Europe



# G20 Labour and Employment Ministers Conclusions, Paris September, 26/27 2011

*„We agree that training systems based on dual learning or apprenticeships, are particularly effective. We are committed to promoting apprenticeship, vocational training and work-based learning systems, and we encourage the creation of public-private partnerships for this purpose“*

**Bosch, Gerhard  
Charest, Jean  
(Eds.)**

**Vocational Training  
International Perspectives  
Routledge, London 2010**