

CHAPTER 1: EXECUTIVE SUMMARY

1.1 PROJECT BACKGROUND AND OBJECTIVES

Recent decades have seen rapid educational expansion and labour market changes across European countries. Such changes have had the greatest impact on those entering the labour market for the first time. Indeed, many commentators have argued that the period of transition from school to work has become more prolonged and less predictable as a result of such changes. It is, therefore, crucial that we understand the way in which the education, training and labour market systems interact to shape the transition process in modern Europe.

In spite of the importance of the transition issue, existing research has not yielded an adequate understanding of the processes at work across European countries. Cross-national studies have often focused on a narrow range of countries and have frequently neglected important dimensions of the transition from school to work. The CATEWE project set out to fill this gap by developing a more adequate conceptual framework to examine the relationship between education, training and labour market systems in different national contexts, and by applying this framework to empirical studies of transition processes in several European countries.

The original objectives of the project were:

1. To develop a more adequate and comprehensive conceptual framework, drawing on existing research and new analyses, of:
 - the nature of national systems of initial education and vocational training in European societies;
 - the factors and processes affecting variation in the full range of education/training outcomes by different groups of young people in each system;
 - the processes of transition from initial education/training to work, the main outcomes of such transitions and pathways, and the main factors affecting success and failure in such transitions in each system;
 - the impact of national institutional differences on education/training outcomes and transition processes among young people.

2. Using this conceptual framework, to construct an integrated cross-national data set using national school leavers' surveys for France, Ireland, the Netherlands and Scotland (UK), countries with widely varying education/training systems and labour market structures.
3. To analyse education to work transitions across all European countries using the Labour Force Surveys, placing the analysis of school leaver transitions in the context of the wider European context.
4. Using these comprehensive datasets,
 - To test and refine the conceptual framework to develop a more adequate and comprehensive framework to study school to work transitions across all European countries;
 - To explore national similarities and differences in ET systems and their outcomes, at an aggregate level and for different groups of young people; and the way in which national differences in these respects are influenced by institutional factors;
 - To identify the main factors influencing success or failure in ET outcomes and labour market integration in each system; and attempt to explain similarities and differences in these patterns across the different national systems.
5. To develop proposals to harmonise existing school leavers' surveys in the participating countries; and encourage the extension of comparative transition surveys to other European countries currently planning surveys of school leavers.

In the course of the project, these objectives were broadened in a number of ways. Firstly, analyses of the Eurostat Labour Force survey indicated that the Southern European countries had a distinctive profile in terms of labour market entry, an area of research that had hitherto been neglected. For this reason, it was decided to further explore the specific situation of young people in the Mediterranean countries by analysing Labour Force Survey microdata for Spain and Italy. Secondly, in order to broaden the number of countries included in the school leavers' survey database,

contacts were established with a Swedish partner to utilise the Swedish cohort survey of young people. The inclusion of Sweden represented a substantive addition to the project since it has a number of distinctive characteristics in terms of the transition process, including a long-term decline in inequality of educational opportunity (on the basis of socio-economic background), the absence of a formal apprenticeship system coupled with extensive provision of youth programmes. Further exploration of the availability and coverage of school leavers' survey data indicated the value of going beyond the original parameters of the project to construct comparative databases not only for a recent time-point but to allow us to study trends over time as well as young people's experiences over their first five years in the labour market. Due to our concern with contributing to the debate on data harmonisation, the CATEWE team initiated co-operation with two groups (in Flanders and Portugal) who were planning national transition surveys.

1.2 CONCEPTUAL FRAMEWORK

The initial conceptual framework identified three sets of dimensions necessary to explore transitions in comparative perspective: the demographic, economic and labour market context within which transitions occur; the dimensions of the education and training system; and the nature of transition processes and outcomes.

The context within which the transition process has often been neglected in comparative studies of labour market entry. However, important contextual differences are evident among European countries. Firstly, they differ not only in the industrial and occupational structure of employment but also in relation to the type of labour market structuration (particularly whether occupational or internal labour markets have greater importance). Significant variation is also evident in the extent of labour market regulation which is likely to affect the ease of access of young people to (stable) employment. Macroeconomic conditions, including the nature of economic development and the stage in the economic cycle, are also likely to have a disproportionate impact on young people's labour force situation. Other contextual factors which need to be considered include the nature of the family- and State-based welfare provision, and the age, gender and ethnic structuring of the labour force as a whole.

Previous comparative research on transitions tended to focus on two aspects of education/training systems, standardisation (that is, the extent to which curricula, assessment and certification are nationally or regionally standardised) and track differentiation (the division between vocational and academic/general tracks). The CATEWE project went beyond these approaches to examine a broader range of dimensions. In particular, we were concerned with examining the way in which education/training systems 'sort' or differentiate their students not just in terms of programmes within a stage (for example, between vocational or academic) but also in terms of progression into the next stage and outcomes at the end of a stage (such as examination grades). We also considered the nature of school to work linkages, that is, the role of employers in the education/training system, as an important dimension. Our framework did not just focus on school-based education but also explored cross-national variation in the nature of youth training (through apprenticeships and youth programmes), along with its linkage to initial education and the labour market.

These different dimensions of the education/training system can be seen to interact with contextual features to produce a 'transition system': the relatively enduring features of a country's institutional and structural arrangements which shape transition processes and outcomes. The important features of the transition process were seen to include the number and sequence of transitions and the nature of the resulting trajectories, the length of the transition period (from leaving education to 'stable' employment, for example), differentiation between transition statuses (for example, between 'employment' and youth training), and inequalities in terms of gender, social class and ethnicity. A wide range of transition outcomes were considered including: principal economic status; occupational status; industrial allocation; labour market segment; pay; and access to training among young people.

While conceptually distinct, different dimensions of the framework interact to produce clusters of national systems. A broad continuum of European systems is evident, ranging from countries with high standardisation, strong track differentiation and strong linkages between education and the labour market (for example, Germany and the Netherlands) to countries with equally high standardisation but much weaker track differentiation and school to work linkages (Ireland and Scotland, albeit with

strong market signals in terms of educational qualifications). However, additional features which may cross-cut this continuum must be considered, including the strength of labour market regulation within a national system, along with the nature of the formal and informal (primarily family-based) welfare régimes, a feature which has particular relevance to Mediterranean countries. Finally, it should also be noted that different parts of an education/training system may have different characteristics (for example, school-based provision may differ markedly in nature from post-school vocational training).

1.3 DATA SOURCES

The CATEWE project drew on two data sources with complementary strengths for the analysis of school to work transitions: the Eurostat Labour Force Survey (EULFS) and integrated databases based on national school leavers' surveys (SLS).

The EULFS is a cross-sectional survey, covering all EU member states, and is constructed to a comparable framework in order to facilitate cross-national comparison. As such, it enables us to study the full diversity of national contexts across Europe and to compare the situation of young people with that of their adult counterparts. It also contains detailed information on employment outcomes, allowing us to examine their relationship with level and type of education. However, the cross-sectional nature of the survey means that we cannot directly examine the transition process itself. Instead, synthetic labour force entry cohorts (based on 'typical' age of graduation from different levels and types of education) have been constructed to examine patterns across different cohorts.

A set of integrated databases were constructed drawing on national transition surveys in France, Ireland, the Netherlands, Scotland and Sweden. Key measures of education and transition outcomes were available in these national surveys and they were mapped to a common template of comparable variables, a process which also helped us to refine the conceptual framework described above. The advantage of this data source is that national school leavers' survey explicitly take account of the transition process by examining the flow out of initial education into the labour market or further education/training and allow us to observe individual pathways rather than the

aggregate patterns possible with the EULFS. These surveys also contain detailed information on the main dimensions of education/training outcomes, enabling us to explore their relative importance in different institutional contexts. However, the use of integrated databases is somewhat limited in terms of the number of European countries covered, the absence of information on older age-groups for the purposes of comparison, and some difficulties in comparability (for example, the absence of family background information from some national surveys).

The following section highlights the main findings of the LFS and SLS analyses. These are presented separately for the purposes of clarity but section 1.5 will draw together the two sets of findings in discussing the implications of the CATEWE project for policy and future research.

1.4 MAIN FINDINGS

The CATEWE project resulted in twenty-two substantive papers on different issues relating to school to work transitions, including the nature of the relationship between education and labour market outcomes, the nature of apprenticeship systems, variation in youth programme provision, and differentiation among groups of young people in terms of gender, social background and national origin. These papers draw on complex multivariate analyses which enable us to compare European countries in a systematic way and allow us to highlight the significant dimensions of education and training influencing the transition process. The remainder of this section presents a broad overview of the main project findings.

1.4.1 The Eurostat Labour Force Survey

Analyses of the Eurostat Labour Force Survey indicate some convergence in levels of educational attainment across Europe with the greatest increases evident in countries with previously low levels of attainment. However, there is no evidence of any convergence in the type of education across countries. In this respect, analyses identified three ideal-typical groups of countries within Europe: countries with an extensive system of vocational training at upper secondary level (either apprenticeship-based as in Germany or school-based as in the Netherlands) and

consequently a high prevalence of labour market entrants with occupationally-specific qualifications; Northern European countries with fairly large proportions of entrants having general rather than vocational qualifications; and Southern European countries with lower levels of educational attainment overall and less vocational specialisation.

These three groups of countries were found to have quite distinct patterns of labour market integration among young people. Across all European countries, labour market entrants tend to experience higher unemployment rates, more employment instability and have lower skilled jobs than more experienced workers. However, the gap between these groups is more pronounced in Southern European countries with entrants being vulnerable to proportionately higher unemployment rates and more precarious employment. Northern European countries were found to occupy an intermediate position, though with quite a distinction evident between 'outsiders' (labour market entrants) and 'insiders' (more experienced workers) particularly in France, for example. In contrast, unemployment rates among labour market entrants closely parallel those among more experienced workers in systems with a strong emphasis on the provision of occupationally-specific skills, such as Austria, Germany, Denmark and the Netherlands.

Among labour market entrants, educational level is found to be highly predictive of transition outcomes. Those with lower levels of education have significantly higher unemployment risks than the better qualified across most European countries, with the exception of Southern Europe. Furthermore, educational level is also associated with the quality of employment secured. Those with higher educational levels tend to achieve higher occupational status, have a lower likelihood of entering low-skilled or temporary jobs, an enhanced access to professional positions and are more likely to obtain full-time contracts. Type of education is also crucial, although its role varies across different institutional contexts. Those who have taken part in vocational education/training (especially apprenticeships) tend to have a smoother transition to their first job and also tend to access more stable employment. In countries without extensive upper secondary vocational training, post-school training tends to reinforce, rather than compensate for, initial levels of education.

Among labour market entrants, unemployment risks are also related to aggregate macroeconomic conditions with the least qualified being particularly vulnerable to cyclical swings. Macroeconomic conditions have a much stronger influence on unemployment risks than they do on the quality of the job obtained. However, there is evidence of some changes in job quality over time; educational expansion is associated with lower net returns to education in terms of occupational status and skill level. This is, at least partly, counterbalanced by the tendency of educational expansion to be associated with an increasing professionalisation of the labour force.

1.4.2 Analyses of SLS data

Analyses of school leavers' survey data focused on a narrower range of countries but the availability of a wider range of variables and multidimensional indicators of educational and transition outcomes enabled us to explore heterogeneity among this (mainly Northern European) group. As with analyses of the Labour Force Survey, level of education was found to be highly predictive of transition outcomes among young people. Those who leave school with lower levels of education have a higher risk of being unemployed (immediately after leaving school and over the first five years in the labour market) and their unemployment spells tend to be longer in duration. Some cross-national variation is evident in the distribution of unemployment with unqualified school-leavers in Ireland experiencing more long-term unemployment while in France unemployment tends to be interspersed with periods of participation in youth programmes or short-term employment. When they secure employment, the least qualified tend to enter part-time, lower status and/or lower skilled jobs.

Other dimensions of educational differentiation are found to influence transition outcomes, but often in different ways in different institutional systems. Examination grades are found to have a more significant effect on transition outcomes in more general education systems than in more track-differentiated systems. Higher-performing students have reduced unemployment risks in Ireland, Scotland and Sweden but grades are not significantly associated with unemployment chances in the Netherlands where type and level of education play a more important role.

School-based vocational education has the strongest labour market effects in formally track-differentiated systems with occupationalised labour markets (such as the Netherlands). However, there is some evidence (as in the Irish case) that the development of occupationally-specific vocational courses within the framework of a 'general' education system may yield similar benefits. Post-school vocational education in the form of apprenticeship and participation in youth programmes was also considered. The apprenticeship system plays a distinctive role across countries, forming an alternative to school-based vocational education as a route to skills in France and the Netherlands but operating as a type of post-school vocational training in Ireland and Scotland. The prevalence of youth programmes also varies across countries, being higher in Scotland, France and Sweden than in Ireland or the Netherlands. In part, this is related to greater labour market regulation in France and Sweden with schemes providing work experience as a means of labour market access. However, in Scotland youth programmes have become an important route to skill acquisition even in the context of a relatively 'flexible' labour market.

The nature of the education/training system influences the extent of differentiation in terms of gender and ethnicity. In particular, early selection into different tracks plays a role in increasing differentiation in terms of educational and transition outcomes. In the Netherlands, for example, gender differences in the type of vocational tracks taken is associated with somewhat higher occupational and industrial segregation by gender on entry to the labour market. However, it should be noted that gender segregation within the labour market was a feature of all of the countries considered. In a similar way, early selection in the French system is associated with greater differences in educational outcomes between immigrant and native-born young people. Analyses from the CATEWE project indicate no evidence that educational and transition outcomes have become less structured over time by background characteristics such as gender, social class and ethnicity.

1.5 IMPLICATIONS FOR POLICY AND RESEARCH

Perhaps the main conclusion of the CATEWE project is that, given the diversity in education, training and labour market systems across Europe, the same policy interventions are unlikely to be equally effective in different contexts. It is worth

noting, however, that, while relatively enduring in the way they shape school to work transitions, national transition systems are not fixed. Indeed, many of the countries considered in our analyses have experienced considerable changes in recent decades, particularly in the nature of their apprenticeship and youth programme provision. Transition processes and outcomes are, therefore, amenable to policy intervention but not to the imposition of a single 'solution' derived from a very different institutional context. It has proved difficult, for instance, to expand the apprenticeship system beyond traditional crafts sectors in certain systems (such as Ireland) so this would not appear to be a viable solution to early educational failure in all contexts.

A fairly striking regularity across Europe is the crucial role of educational level in shaping transition outcomes. Those with low levels of education/training continue to experience marginalisation within the labour market (either through increased unemployment or precarious work situations), even in the context of rapid employment growth. There is, therefore, a need for policy intervention to prevent drop-out from the education system and/or to provide alternative routes to skills acquisition and labour market integration for young people who have experienced educational failure.

The provision of vocational education may be seen as one means of achieving this end. All else being equal, young people who have taken a vocational track are found to have a smoother transition to the labour market and tend to access better employment opportunities. This pattern is particularly marked for those who have taken an apprenticeship programme. But the potential disadvantages of promoting greater commitment to vocational education must also be considered. Young people who have taken vocational tracks are less likely than those who have taken general tracks to enter higher education and, in the longer term, they tend to be excluded from higher status occupations. Early selection into different educational tracks may also exacerbate social differences in educational outcomes, leading to more unequal outcomes for working-class and ethnic minority youth.

Policy interventions thus need not only to respond to 'average' transition patterns but to take account of diversity among young people in terms of gender, social class and ethnicity. Discussions about gender equity have often focused on the position of

women 'returners' to the labour force. However, our analyses indicate the persistence of segregation by gender among young women in the face of the introduction of equal opportunity legislation across Europe. More research is, therefore, needed to examine both the formal and the informal factors shaping choices on the part of employers, education/training providers and young people. There is also a need for more information on the social class and ethnic background of young people and the development of equity measures in education and transition outcomes.

Other research is needed to inform policy in a range of areas, including an investigation of:

- employer strategies in different segments of the labour market, in particular, their decisions in relation to the recruitment and training of young people;
- young people's own views of the transition process, their expectations and aspirations;
- the role of policy interventions, especially youth programmes, in the transition process and their relationship with other forms of education and training;
- the role of field of education/training in shaping transition outcomes, controlling for level of education;
- regional and local differences in educational and transition outcomes.

It is recommended that the potential use of existing data sources should be enhanced in order to study transition processes from a comparative perspective. Firstly, improved documentation of, and access to, EULFS microdata would facilitate transitions research. Secondly, the transitions module added to the Labour Force Survey has considerable potential, but only if researchers are granted access to the microdata. In addition, the potential of the module to collect information on social background and career trajectories should be enhanced in future waves of the survey. Thirdly, while full harmonisation of existing national transition surveys is not feasible, it is recommended that agreement should be reached on a template which represents best practice and principles for the partial harmonisation of these surveys. The added value of attempting such harmonisation could be high, particularly as the number of European countries conducting such surveys has been increasing. Finally, we recommend the initiation of a European-wide survey based on a prospective age

cohort design starting at about fifteen years, followed over a period of about ten years. This would enable us to examine decision-making processes among young people at the point of leaving compulsory education and their subsequent trajectories through the education and labour market systems. The improvement of existing data sources coupled with the collection of new data would greatly enhance our ability to understand transition systems across Europe in years to come.

1.6 DISSEMINATION

A number of complementary dissemination strategies were adopted within the lifetime of the CATEWE project. These included the presentation of conference papers, publication in journal and book format, the creation of a CATEWE web-site containing working papers (<http://www.mzes.uni-mannheim.de/projekte/catewe/>), and the development of links with OECD and other relevant organisations in relation to proposals for the harmonisation of transitions data. Future activities will include the publication of a book on the Labour Force Survey analyses, the publication of papers on the School Leaver Survey analyses in scientific journals, along with the use of existing networks among project partners to carry out dissemination to policy-makers and other interested parties at a national level.