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Comparative Analysis of Transitions from Education to Work in Europe

The Transition from School to Work in Southern Europe: the Cases of Italy and Spain

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WORKING PAPERS

1. Introduction

European countries largely differ in their educational and labour market system as well as in the way these institutional settings influence youth transitions. As pointed out in Hannan et al. (1999) “(macro) national institutional differences in educational and training systems, and their varying corresponding relationships to labour market entry processes, constitute some of the most important influences on individual (micro) level transitions” (p.1).

In an attempt to classify different school-to-work transition patterns, Hannan et al. (1999) distinguish two ideal types of model: the German “dual system” model and the Irish-British “open market” model. The former is characterised by strong links between education/training and the labour market, so that individuals’ entry into the labour market is mainly governed by the possession of specific educational qualifications or training. The latter is defined as an open market model with much weaker links between education, training and the labour market and consequently less channelled school-to-work transitions. These ideal types are the extreme cases of a continuum along which other countries can be placed. The authors, however, recognise that neither of these two models adequately conceptualises the Southern European systems.

Another attempt has been made in Gangl (2000). The author tries to cluster twelve European countries according to Marsden’s (1990) distinction between Internal Labour Markets (ILM) and Occupational Labour Markets (OLM). In his analysis, he acknowledges that Southern European countries cannot be adequately classified using Marsden’s criteria. Thus, he proposes to treat Italy, Portugal and Greece as a separate cluster (Southern European systems) and to include Spain among the Internal Labour Markets countries.¹ This classification of the Mediterranean countries is not completely satisfactory either. There are similarities between Spain and the other Southern European countries but also differences within Southern European systems which are not taken into account.

As is well known, Southern European countries have peculiarities which make them very different from the Northern European countries (EC, 1997): high unemployment rates, no clear evidence of high occupational returns to the higher levels of education for young people, more informal training and less structured relationships between education and the labour market, a greater predominance of informal economic activity and less welfare state provision specifically addressed to young people, which is compensated for by a more active role of family networks.

However, they differ from each other in some important aspects. Thus, Spain differs from the other Southern European countries in the higher mobility that young people experience at the beginning of their occupational career, while in Portugal they suffer much lower risk of unemployment than in the other Southern European countries.

¹ As in other ILM countries, the youth labour market in Spain is characterised by a long waiting period before entering the first job and a high mobility in early job careers (due to the high incidence of fixed-term contracts).

The aim of this paper is to investigate the differences and similarities in the school-to-work transition patterns in Italy and Spain and the institutional characteristics (education, labour market and family) from which they originate. Focusing on these two countries allows us to analyse in greater detail the mechanisms that make so peculiar the school-to-work transition in Southern Europe.

The paper is organised as follows. Section 2 presents some stylised differences in educational and labour market outcomes between Northern and Southern European countries. Section 3 discusses the differences and similarities in the educational and labour market characteristics and the role of family versus the welfare state within Southern Europe. Section 4 introduces the main questions that will be investigated. Section 5 describes the micro data sets used, the variables and the methodology followed. Section 6 provides some descriptive statistics. Sections 7-9 present the results of the multivariate analyses which address the questions presented in section 4. Section 10 concludes with a summary of the main findings and some final comments.

2. Differences between Northern and Southern Europe

In order to offer a snapshot of these Northern-Southern differences, we have selected two countries with which to compare Italy and Spain: Germany and UK. These two countries have been chosen because they differ quite substantially from Italy and Spain in their educational characteristics (especially Germany) and in their labour market characteristics (especially UK): the “dual system” in Germany and the deregulated labour market in UK make these two countries particularly interesting in comparative terms.

We use aggregate data from the ECLFS,² following its harmonised classifications of education and labour market status (which are based on ISCED and ILO), to present a general description of educational and labour market outcomes of young people in Northern and Southern Europe.

The data on educational attainment show that in the four countries young generations are better educated than their adult counterparts (table 2.1). However, over time the increase in educational attainment has been strongest in Spain and Italy:³ in both countries the percentage of young people (aged 25-29) with lower secondary is almost half of the corresponding percentage of the oldest ones (aged 55-59). Moreover, in Spain the proportion of individuals with upper-secondary and tertiary education is four times higher for those aged 25-29 than for those aged 55-59. In Italy the proportion of people with upper-secondary diploma has tripled but the percentage of university graduates has increased only very slightly (see next section).

In general, the comparison of any of the labour market indicators chosen shows (see tables 2.2-2.7) that there are larger differences between young people and adults in Italy and Spain than in Germany and the UK. Moreover, across countries differences

² For details on how harmonised variables are obtained from each national Labour Force Survey, see EUROSTAT (1996).

³ This is partially a natural outcome given that the older generations in Germany and the UK had already achieved higher levels of educational attainment.

are strongest among young people than among adults.⁴ It is on these country differences in young people's labour market status that we now concentrate our attention.

Country comparison of activity and employment rates (see tables 2.2 and 2.3) shows that the proportions of young people (both men and women) who are active or employed are much lower in Southern than in Northern countries. Moreover, the unemployment rates (see table 2.4) among the young males are about three times higher in Southern Europe (30% in Italy and 36% in Spain, against 10% in Germany or 17% in the UK). The differences are even stronger for young females, who have between four and five times higher unemployment rates in the South. The percentage of young people unemployed for more than twelve months (see table 2.5) is much higher in Spain (36% for males, 49% for females), and especially in Italy (61% for males, 65% for females), than in Germany and the UK (where the long-term unemployed, on average, amount to 25%).

Another important aspect to be considered in studying youth labour market outcomes is the type of jobs which young people enter. The number of part-time employed among the young males is much higher in Northern than in Southern countries (see table 2.6). As far as females are concerned, data show in general higher proportions of part-time contracts than for males in all countries and age groups.⁵ The proportion of temporary jobs among the employees is much higher in Spain than in the rest of the countries (see table 2.7). Instead, the percentage of temporary jobs among those 15-24 is relatively low in Italy and the UK (15% and 10%, respectively). In Germany, this figure is relatively high (around 50% for males and 40% for females). The explanation for these latter numbers is that, in Germany, the majority of the temporary jobs are related to a period of training (80% of the 15-24 temporary employees declare as the main reason for working on a temporary basis as being in a period of training).⁶

The evidence provided in this section indicates three main country differences. First, young people in Italy and Spain have lower activity and employment rates, but higher unemployment rates, than Germany and UK. Second, the employment and unemployment characteristics of young people differ between Northern and Southern European countries: unemployment duration is longer for young people in Spain, and especially in Italy than in Germany and the UK; the proportion of young people with part-time jobs is higher in Germany and the UK than in Italy and Spain. Third, there are less clear-cut differences between Northern and Southern Europe in the percentage of young people with temporary jobs: Spain shows the highest rates followed by Germany, Italy and the UK.

⁴ Adult men show very similar labour market outcomes in the four countries. However, this does not apply to adult women: a much lower proportion of adult women in Italy and Spain are active or employed while a much higher proportion of them are unemployed (and long-term unemployed) than in Germany or UK.

⁵ However, it is remarkable the fact that in Northern countries females aged 25-64 show much higher proportions of part-time jobs than their 15-24 counterparts, while in Southern countries the difference across age groups is small.

⁶ Our estimations based on ECLFS.

To conclude, the data provided in this section confirm that, as expected, the Italian and Spanish labour markets have peculiarities that make them different from their German and British counterparts. However, our evidence also points out that there are differences within Southern Europe. The next section is devoted to compare the institutions which are likely to be responsible for the differences and similarities found in Italy and Spain.

3. Differences and Similarities within Southern Europe

This section discusses the differences and similarities between Italy and Spain in the educational and labour market characteristics and the role of the family versus the welfare state.

3.1. Educational characteristics

The Italian and Spanish educational systems⁷ can be classified as systems with a high degree of standardisation and a medium degree of stratification (Allmendinger, 1989; Müller and Shavit, 1998; Hannan et al., 1999): a common system of curricula, certifications and examinations is decided at central national level and uniformly applied at the local level and the upper secondary level is differentiated into tracks (academic and vocational), although the content of vocational education is quite general, so that the degree of stratification is medium.

In both the Italian and Spanish upper-secondary schools, there is a high degree of rigidity manifested in the difficulty of changing educational decisions when a certain academic route is taken (Gambetta, 1987) and in the very inflexible curriculum (which means that pupils, having entered a particular track cannot choose which subjects they want to study).⁸ The distribution of pupils in various upper-secondary tracks differs in the two countries: compared to Spain the proportion of students entering academic tracks is much lower⁹ and the drop-out rates in the vocationally oriented tracks are higher in Italy. These two indicators suggest that there is a higher degree of selectivity at the upper-secondary level in Italy than in Spain.

⁷ In the last years both the Spanish and the Italian educational systems have undergone a series of reforms. The major reforms in Spain are the results of the LOGSE (1990), which has increased by two years the age of compulsory schooling and has reorganised both mandatory and upper-secondary education (for further details see Albert *et al.*, 1999). In Italy, several reforms, aimed at re-structuring the educational system entirely, have been discussed. A few changes have already been introduced, such as the one-year increase in the compulsory school leaving age and the reform of the maturity exam (*Maturità*) at the end of upper-secondary school (for further details see Iannelli, 2000). The sample used in the analyses presented in the next sections is composed of young Spaniards and Italians who were not affected by these reforms. In the Spanish sample there are only a few cases of young people who attended schools which decided on an early implementation of the new law.

⁸ This aspect of both educational systems is under revision. In Spain, the LOGSE has reduced the rigidity of the upper-secondary schools: it is easier to move from the vocational to the academic track and *vice versa*, and there is a higher number of credits that one can freely choose. In Italy, the projects of reforms are moving towards the introduction of a credit system. For each year of schooling, students' achievement will be attested through the acquisition of credits that could be used in cases of successive re-entry in the educational system or when moving from one type of school to another.

⁹ In Italy, academic schools, which have a general content (not teaching any specific skill directly applicable in the labour market) mainly attract middle class children, while vocational or technical tracks are attended by the majority of the student population.

Country differences clearly emerge at the tertiary education level. Despite access to university in both countries being conditioned on having passed an exam at the end of upper-secondary school (*Maturità* in Italy, *Selectividad* in Spain), there are differences in the implications of the results of this exam. In Spain, the *Selectividad*'s grades, together with the upper-secondary grades, are used to construct a complex average university entry number, which is taken into account in admission to most of the universities. In general, there is a *numerus clausus* to enrol in almost all long university degree courses (at least in the officially recognised universities) and some short university degree courses, where access is more open. In Italy, with some exceptions,¹⁰ the majority of the universities do not have selective access (based on *Maturità* exam's grades or university entry examinations). Moreover, there is not necessarily any connection between the kind of secondary school attended and the subject read at university. Thus, whatever kind of upper secondary school has been attended, students can decide freely which faculty to enter. On the contrary, in Spain, there is a strong connection between the type of upper-secondary track attended (sciences or humanities) and the subject read at university. In general, students coming from Humanities cannot enter a Sciences Faculty.

Other important aspects of the tertiary education are the differential expansion of short-degrees and differences in the average time needed for the completion of long-university degrees. In both countries, short-university courses were introduced in the mid-1980s. However, both the number of universities providing these type of programmes and the variety of degrees offered, have been notably higher in Spain¹¹ than in Italy. In the two countries, there is no formal limit on the length of time a student takes to complete his/her course of studies. Nevertheless, the average time taken by university students to complete long-university degree is much longer in Italy than in Spain. The long period that an Italian student has to spend at university very likely increases the chances of dropping out before graduation. According to ISTAT data (1997), in Italy six years after enrolment at university only one third of young people have obtained their degree.

To summarise, the main differences between the Italian and the Spanish educational system are connected to the recent development of the Spanish university system. Selective university entry, the expansion of short-university degrees and the lower drop-out rates in Spain have led to a remarkable expansion in university graduation rates, which has not taken place in Italy.

¹⁰ This is the case in faculties such as Medicine or Veterinary where there is a *numerus clausus*.

¹¹ This expansion of short-degrees, together with the shortening of long degrees, can be considered as a result of the LRU (1983), which gave autonomy to the Spanish universities.

3.2. Labour market characteristics

The Spanish and Italian labour markets have been classified as rigid labour markets given the high firing and hiring constraints, the strong power of trade unions, the strongly regulated wage setting systems, and the existence of minimum wages. This has resulted in a high segmentation between workers with protected stable employment, or "insiders", and those without employment guarantees, or "outsiders" (Lindbeck and Snower, 1988; Marsden, 1990; Bentolila and Dolado, 1994; Bertola and Ichino, 1995; or Nickel and Layard, 1998 amongst others).

Adam and Canziani (1998) collected some indicators, which describe the rigidity of the Spanish and Italian labour markets. In 1991, Italy and Spain had the lowest monthly unemployment outflow rate (3.6% for Italy, 2% for Spain compared to 13.4% for the UK and 8% for Germany). The unemployment duration was longest in Italy and Spain (around 40 months compared to 8 months in the UK and 14 months in Germany). Both countries showed the highest values in the OECD rigidity index¹² (21 against 7 for the UK and 15 for Germany).

In the mid-1980s, as many other European countries, Italy and Spain implemented a series of labour market reforms aimed at increasing flexibility. The major change was the introduction of fixed-term training contracts in Italy¹³ (*contratti di formazione e lavoro*, and *contratti di apprendistato*) and fixed-term contracts, with training (*contratos de formación* and *contratos en prácticas*) and without training (*contratos temporales*),¹⁴ in Spain. One of the aims of the introduction of these types of contracts in both countries was to ease the entry into the labour market of the most disadvantaged groups (i.e. young people, the low-skilled, the long-term unemployed and the women) (Adam and Canziani, 1998). Despite this common objective, temporary contracts have been implemented in a totally different way: Italian training contracts have covered a narrower segment of the labour force than Spanish fixed-term contracts, but they have provided stronger incentives to be converted into permanent employment. According to Adam and Canziani (1998), in Italy the proportion of training contracts transformed into regular ones was 55% in 1985, while in Spain from 1987 to 1996 the annual rate of fixed-term contracts transformed into permanent ones was on average 15%.

¹² This OECD index is the rank order of a weighted average of four indicators: the sum of maximum notice and severance payment in months, the OECD strictness of protection for regular workers and workers with fixed-term contracts; the average of the IOE scoring of obstacles to dismissal or use of regular and fixed-term contracts and a ranking made by Bertola (1990).

¹³ In Italy, fixed-term contracts without training obligation (such as seasonal jobs) were heavily regulated until recent years (for details see the basic laws 30/1962, 79/1983 and 56/1987), i.e. the contract could be renewed only once; the maximum duration depended on collective agreements (usually 4-6 months); firms could only use these contracts for specific reasons and in a limited number (set by collective agreements); and hiring restrictions existed at the end of the contract. In 1997, the government allowed for the opening of agencies for temporary work (law 196/1997) which were introduced in 1998 and currently, a series of reforms of the fixed-term contracts without training obligation is under debate. However, none of these changes has affected the sample analysed in the present paper.

¹⁴ In Spain, temporary contracts have been subject to continuous changes since the mid-80s. The major reforms after 1984, which took place in the mid-1990s, tried to restrict the abuse of fixed-term contracts, especially of those with a training requirement. Nevertheless, they have not resulted in a significant reduction in temporary jobs. For details on the new legislation, see Toharia (1998).

As a result of these reforms, in the mid-90s, the insider-outsider structure characterising the Italian and Spanish labour markets has not disappeared but its nature seems to have changed, especially in Spain. As highlighted in Bentolila and Dolado (1994), the main effect of the Spanish labour market reforms has been the emergence of a dual labour market in Spain. As a result of the abuse of fixed-term contracts, the power of insiders has increased and the guarantees of outsiders - a group which is now made up of the unemployed and those with fixed-term contracts - have decreased. The existence of this two-tier labour market, allows for a high job-turnover and high wage flexibility among outsiders,¹⁵ which does not reduce the persistently high unemployment rates among outsiders and the high wages among insiders. The new Spanish labour market system has enhanced the possibilities of finding a job for most of those looking for employment at the cost of increasing job-turnover. On the contrary, the Italian one has improved the long-term chances of stable careers for a narrower group of young people facing employment difficulties without reducing the total number of first-time job seekers (Adam and Canziani, 1998),

Given the narrow segment affected by the labour market de-regulation of the mid-1980s, the insider's power in Italy remained practically unchanged until the abolishment of the *Scala Mobile* in 1992. With the disappearance of this wage indexation system, which was responsible for high wage compression among employees, insiders may have lost part of their power. Nevertheless, high firing and hiring constraints ensured their high job stability, which in turn has increased the barriers for outsiders, especially for those looking for a first job. The co-existence of a segment of well-protected employees and a wide group of first-time job seekers explains the low job-turnover but high youth unemployment rates which characterise the present Italian labour market.

Summing up, young people in Italy and Spain are a similarly disadvantaged group in the labour market. However, recent labour market reforms have shaped differently the labour market transition patterns of young people in the two countries: in Italy, young people continue to wait a long time before entering a first-time job, in Spain, youngsters face fewer difficulties in finding a first-time job, but encounter more problems in entering a stable job career.

3.3. Family structure and welfare policies

The study of youth transitions in Italy and Spain (as well as in other Southern European countries) cannot neglect the role played by the family. It is in this respect that Italy and Spain show more similarities: in both countries, the constant presence and support of the family alleviates the difficulties that young people encounter in entering the labour market, and the high degree of instability in early job careers (Bentolila and Ichino, 2000).

Cavalli and Galland (1995) contrast a Mediterranean model of young people's transition to adulthood with a Northern European model and a British model. In the Mediterranean model, young people spend a longer period studying, have greater difficulties in finding a job after leaving education; have a higher propensity to live

¹⁵ Jimeno *et al.* (2000) argue that this wage flexibility among youngsters can also be seen as a result of the increasing proportion of highly educated workers in semi-skilled jobs who are receiving the minimum wages set by sectoral collective bargaining for semi-skilled occupations.

with their parents, even after having found a job; and tend to leave the family of origin when getting married.¹⁶

The prolonged period of living with parents which characterises Southern European countries, and Italy and Spain in particular, is the result of educational and labour market characteristics and individual choices.

The educational system is not organised in colleges and does not offer residential facilities for young students. Moreover, in both Italy and Spain student grants are few and related to family income. Thus, the majority of those studying also live with their family (Jurado and Naldini, 1996). This results in intergenerational transfers through “residence” and money transfers for paying the costs of studying.¹⁷

The labour market in Italy and Spain is characterised by high youth unemployment rates and job insecurity. The long time spent looking for a first-time job (or for finding a more stable job, especially in the Spanish case) leads young people to live in their parents’ house for years even after having completed their studies. During this period there are conspicuous intergenerational transfers through residence, money but also through informal family networks activated in searching for a job.

Lastly, in the Southern European countries the decision to leave the parental home tends to coincide with the decision to get married. Since nowadays getting married is delayed, living independently is also delayed.¹⁸ EC (1997) figures show that in Italy and Spain there is a very low percentage of people living alone or in cohabitation. Iacovou (1998) underlines this feature pointing out that young people in Southern Europe tend to move directly from the status of children living with their parents to the status of married person and to have children soon after marriage.¹⁹ Therefore, in Southern European countries, there are also cultural factors which militate in favour of a longer cohabitation between grown-up children and their parents and make this prolonged cohabitation socially acceptable (Jurado and Naldini, 1996; Iacovou, 1998). Family values are still strong, but a new form of relationships within the family has emerged. The young generations have been successful in negotiating new forms of cohabitation with their parents in which they have achieved considerable autonomy and independence (Cavalli, 1995; Casal and García, 1995).

The central role played by the family in young people’s transition to employment and to independent life in Italy and Spain is reinforced by the existing Welfare State arrangements (as described by the Continental Welfare State model in Esping-Andersen, 1997). Welfare State provisions in these countries mainly benefit the head

¹⁶ In contrast, in the Northern European countries young people tend to leave their family early either to live alone or in a couple. And in the British countries young people display a precocious transition to adulthood: entering the labour market occurs early as does leaving the family of origin and living with a partner.

¹⁷ This may also be the result of the banking system, which contrary to the US or UK, does not offer loans to young people.

¹⁸ The postponed decision to get married is also considered one of the causes of the low birth rates of Southern European countries compared to the rest of Europe.

¹⁹ On the contrary, in the Northern European countries and in the UK the routes which lead a young person to leave the parental home, form one’s own family and have children are very diversified. Young people experience a variety of statuses, such as living alone, cohabiting with a partner or being married for a long time, before having children.

of the household (the “male breadwinner”), since most of social entitlements are linked to employment and male adults are the ones more likely to be employed (Esping-Andersen, 1997). This results in a strong dependency of family members (adult children included) on the entitlements of the head of the household.²⁰ The perverse effect of this system is young people’s job insecurity and financial dependency (see previous section on insiders-outsiders theory).

It is worth briefly recalling some policies that clearly disadvantage young people in Italy and Spain. In both countries, only people who had a previous regular employment are entitled to unemployment benefits. Thus, young people looking for their first job do not receive any of these benefits and those who already worked, but for a short period (such as those with short fixed-term contracts), usually receive low benefits. Moreover, in terms of European standards,²¹ unemployment assistance for young people in Italy is also very low, and in Spain, although unemployment assistance does not allow for financial independence either, it is slightly more generous (Laaksonen, 2000; Bover *et al*, 1998).

In Italy, young people or couples do not have entitlement to social housing and very limited entitlement to housing allowance.²² In Spain, they are also not entitled to social housing. However, the government provides support to access housing (in terms of public subsidies, low interest rates for mortgages, tax benefits) to those with low income.²³ Young people have been the main beneficiaries of these programmes, called *Viviendas de Proteccion Oficial* (VPO) and *Viviendas a Precio Tasado* (VPT). Nevertheless, housing has often been blamed for contributing to a delay in the decision to leave the parental home among Spanish youngsters (Jurado, 1999).

To conclude, the family in Italy and Spain equally compensates for the lack of welfare provisions in favour of young people. As a result, family support plays a fundamental role in alleviating the difficulties in labour market entry, making the transition to employment smoother, but also longer.

4. Research Questions

The difficulty in adequately classifying Italy and Spain within a common Southern European model of school-to-work transition can be better understood in light of the above-described institutional characteristics. The expansion of the tertiary education and the strong de-regulation of the youth labour market in Spain are very likely responsible for the differences in labour market transition patterns between young people in Italy and Spain. However, despite these differences, the family is very likely to exert the same function of support in the two countries.

²⁰ It is interesting to highlight that legislation in Italy enforces parents’ legal financial obligation towards their children until the children can sustain themselves without age limits (Saraceno, 1997, p.93). This means that children can claim financial assistance from parents their whole life long.

²¹ The generosity of the unemployment benefits depends on the percentage of previous wage paid; the maximum time covered; the coverage (number of unemployed covered); and the eligibility for benefits and/or assistance (e.g. first job seekers).

²² In Italy, the housing market is not particularly favourable to young people. There is a scarcity of rented houses; moreover, renting accommodation is very costly (especially in the big cities) and housing allowances low. For further details on the housing system in Italy see Padovani (1996).

²³ See Alberdi and Levenfeld (1996) for details on the Spanish housing system.

Based on the institutional differences (and similarities) outlined in the previous section, in this part we formulate a set of research questions designed to investigate the relationship between the educational attainment of Italian and Spanish youngsters and their early labour market outcomes. Moreover, we examine the relationship between family dependence (in the form of co-residence) and the labour market status of young people in Italy and Spain. The vulnerable situation experienced by young people in their early job career (high unemployment risk and high job instability) in the two countries leads us to hypothesise very similar patterns of association between youth labour market status and family dependence.

Three main questions will be addressed:

A. What are the effects of the differential expansion of tertiary education in Italy and Spain?

The faster development of tertiary education in Spain is expected to have resulted, ²⁴ on the one hand, in a worsening of the labour market prospects of young people with low educational attainment and on the other hand, in credentials inflation. As suggested by Jimeno et al (2000), the positions in the job queue occupied by those with low levels of education are taken by those with higher levels of education (namely, the positions of people with compulsory education or less are taken by those with upper-secondary education and the positions of upper-secondary diploma holders taken by university graduates). Hence, low educated individuals are crowded-out by high educated ones, and high educated individuals enter occupations for which they are over-qualified. Thus, compared to Italians, it can be expected that:

Question A.1: Spaniards with low levels of education (compulsory education or less) will have a higher probability of being unemployed than Italians with the same educational level;

Question A.2: Spaniards with low levels of education (compulsory education or less) will have higher chances of having atypical contracts;

Question A.3: High-educated young people (diploma holders and university graduates) will be more likely to enter lower occupational positions in Spain than in Italy.

B. What are the effects of different labour market de-regulation in the two countries?

We expect that the widespread use of fixed-term contracts in Spain has reduced the proportion of young people looking for a first-time job, while increasing job instability in the early career. Labour market reforms in Italy have not succeeded in easing the possibilities of entering a first job, but have maintained job stability for

²⁴ As shown in table 2.1, the gap in the educational attainment of the youngest cohorts (age groups 25-29 and 30-34) is much stronger in Spain (8 percentage points) than in Italy. In Spain, the reduction in the proportion of individuals with lower secondary education has occurred together with an increase in the percentage of people who has reached and completed tertiary level. In Italy, the increase in educational attainment has mainly concerned the upper-secondary level.

youngsters who manage to find a job. Adam and Canziani (1998) describe the reasons for these differences, while in Italy most of the time having a fixed-term contract (which in most cases are training contracts) leads to a permanent job, in Spain, those with fixed-term contracts (with or without training) have much lower chances of becoming permanent employees. Hence, fixed-term contracts in Spain have maximised job-turnover. Thus, we predict that:

Question B.1: Italians, whatever their educational level achieved, will have a higher probability of being first time job seekers and a higher risk of long-term unemployment than Spaniards;

Question B.2: Italians, whatever their educational level achieved, will have higher employment stability once in a job.

C. Does the family play a different role in both countries?

We expect that the family will play a similar role in the two countries. Despite the school-to-work pathways of young people in Italy and Spain being different, the overall labour market situation is the same: young people need external support to bear the consequences of unemployment or unstable jobs. As shown by Bentolila and Ichino (2000), in both countries, the family is the main *de facto* provider of financial support through (amongst others) extended periods of co-residence of parents and adult children. Thus, we expect that:

Question C: The chances of living with the parents will be equally high for both Italians and Spaniards, especially for those who are in education, unemployed looking for first-time jobs or employed in temporary jobs

5. Data, Variables and Methodology

In order to answer the previous research questions, we compare the school-to-work transition patterns of Italians and Spaniards using individual data from the second quarter of 1996 of the Italian and Spanish Labour Force Surveys.²⁵

The “transition” term used in this paper is defined as the change of status from being a student to being in the labour force or inactive. The time-span of these transitions ranges from one to five years after having achieved the highest qualification. Unfortunately, the 1996 LFS questionnaire did not collect information on the date at which individuals left education.²⁶ Therefore, we use the typical age of graduation from each educational level as a proxy for the time at which individuals left education, (OECD, 1998). The choice of five years has been made for two main reasons. First, Italian and, to a lesser extent, Spanish young people have shown a longer transition period before acquiring a job than young people in other countries (EC, 1997). Thus, restricting the analysis to a short-term prospect would make it

²⁵ In the LFS, there is a subsample of individuals who are followed up over six quarters. The paper would be enriched if we could use this panel sample, but unfortunately, at the moment of writing, we do not have access to these data. The analysis would also benefit from pooling samples from other years in order to control for the effect of the business cycle

²⁶ The date at which the individual left education has been collected for the first time in the last wave (1999) of the LFS.

difficult to analyse the transition from school-to-work, simply because many of them would have not made the transition. Second, in order to explore certain labour market outcomes (such as type of employment contracts) we need to have a large enough sample of people who have left the student status. Three years after the expected school leaving age, a large number of individuals are still in education. Hence, the extension to five years seems to be more reasonable.

Following these considerations, we have distinguished three samples of “education leaver”:²⁷ lower-secondary leavers, upper-secondary leavers and tertiary leavers.

- Lower-secondary leavers are those individuals 15-19 years old (16-19 in the Spanish case)²⁸ with lower-secondary education²⁹ or less as their highest educational attainment. Lower-secondary means *Scuola Media*, in the Italian case, and *E.G.B or E.S.O* in the Spanish one.
- Upper-secondary leavers are those aged 20-24 with upper-secondary education as their highest educational attainment. For Italy, we consider as upper-secondary graduates those who have completed any of the following: *Licei*, *Istituti Tecnici*, *Istituti Professionali*, *Istituto Magistrale*, *Istituti d'Arte* and any other short-vocational course officially recognised as upper-secondary education. In Spain, we classify as upper-secondary graduates those who have completed any level of the officially recognised *Formación Profesional (FP I, II, Módulos II)* and any other officially recognised short-vocational course, but also those who have completed the first three years of a long university degree.³⁰
- Tertiary education leavers are those individuals 25-29 years old (and also 30-34 years old in the Italian case) with a tertiary education degree³¹ as their highest educational attainment. We have decided to expand the period of observation in the Italian case, because as pointed out before, Italians take longer than Spaniards to complete their

²⁷ In our analysis an “education leaver” is defined as a young person who has left the education system and at the moment of the interview he/she is declared to be in the labour force (employed or unemployed) or inactive. Young people who are still in education at the moment of the interview are excluded from the analysis.

²⁸ The legal working ages are different in Italy and Spain (15 and 16 years old, respectively). This explains the different ages at which individuals are interviewed in each country and it is also the reason for having different time-spans for lower-secondary leavers.

²⁹ Our definition coincides with the one used by OECD and EUROSTAT, which consider those individuals with ISCED 0-2 as low educated.

³⁰ In the case of Spain, this paper uses a definition of upper-secondary that is slightly different from the one used by OECD or EUROSTAT. The OECD and EUROSTAT classification considers *F.P II*, the *Módulo II* and those who have completed only the first three years of a long-degree as ISCED 5 and, therefore, they are part of the group of highly educated. We prefer not to follow their criteria because, from our point of view, they do not allow for a proper comparison with the Italian case. On the one hand, in the Italian questionnaire the category "have completed the first three years of a long-degree" does not exist so that those who are in that situation declare as their highest educational qualification upper-secondary. On the other hand, in Spain the *F.P II* and the *Módulo II* are considered as part of the upper-secondary educational system, as is the case for the Italian *Istituto Professionale* or *Istituto Tecnico*.

³¹ We follow the OECD and EUROSTAT definitions for high levels of education, i.e. ISCED 6-7.

university studies: the median age of tertiary education completion is 23.8 for Spain and 26.8 for Italy (OECD, 1998). Including only the group aged 25-29 in Italy would have meant analysing a very selective group of tertiary graduates (the most successful ones). Moreover, we have decided to exclude from the analysis tertiary leavers aged 30-34 in Spain because they would not represent education leavers, since they would have left tertiary education more than 5 years previously. Tertiary education leavers are graduates who have completed a *Laurea breve*, *Laurea* or above, in the Italian case; and graduates who have finished a *Diplomatura*, *Licenciatura* or above, in the Spanish case.

To address the questions presented in the previous section we have analysed the labour market outcomes (employment, unemployment and inactivity), the characteristics of employment and unemployment status (atypical contracts, occupational class and types of unemployment) and family dependence of Italian and Spanish samples of lower-secondary, upper-secondary and tertiary leavers. We mainly use logit estimations and present two models: the first one includes only gender and educational level (with a distinction between university graduates aged 25-29 and 30-34 in the Italian case, when the two age groups show significant differences in the labour market outcomes). The second model controls for the type of educational qualification achieved, the area of residence and sector of activity (only for the analyses restricted to the group of employed).

The main focus of the analyses is the study of country differences in the relationship between education (lower-secondary, upper-secondary and tertiary level) and early labour market outcomes. Thus, the results mainly discussed in the text will be those related to education. In the tables we present the estimations of the relative (marginal) effects of having reached each educational level respect to the previous one: the marginal effects of having upper-secondary *versus* lower-secondary and tertiary education *versus* upper-secondary. Moreover, we graphically plot the total advantage (absolute effects) of having reached a certain educational qualification. The total effects of the highest educational levels are derived by adding up the coefficients of the previous educational levels: thus, the total effect of upper-secondary education is the sum of the coefficients related to lower secondary and upper-secondary qualification, while the total effect of tertiary education is the sum of the coefficients related to lower-secondary, upper-secondary and tertiary education.

Among the other independent variables, “gender” is used as a dummy variable where “males” is the reference category; “types of educational qualification achieved” is measured as a categorical variable, which distinguishes between short-vocational tracks (schools of 2, 3 or 4 years), long-vocational and technical schools (schools of 5 years), and academic tracks (the reference category). Area of residence is measured as a categorical variable. In Italy, this variable is created by aggregating the regions in which the respondents were resident at the time of the survey into three categories: the North-West includes Valle d’Aosta, Piemonte, Lombardia and Liguria; the North-East and Centre is constituted by Trentino-Alto Adige, Veneto, Friuli-Venezia Giulia, Emilia Romagna, Toscana, Marche and Umbria; and the South and Islands (the reference category) includes Lazio, Abruzzo, Molise, Campania, Puglia, Basilicata,

Calabria, Sicilia and Sardegna.³² In Spain the variable “area of residence” is created by aggregating the Spanish regions in four main areas: the area of sustainable growth which includes Madrid, Rioja, Navarra, Aragon, Cataluña, C.Valenciana and Baleares; the area of industrial decline composed of Pais Vasco, Cantabria, Asturias; the South/South-East constituted by Andalucia and Murcia; and the underdeveloped regions of Extremadura, Castilla-Leon, Castilla- Mancha, Galicia, Canarias and Ceuta-Melilla.³³

6. Descriptive Statistics

In this section, using individual data from the Italian and Spanish LFS, we describe the differences and similarities in educational attainment of those aged 25-34. Then, we compare the labour market characteristics of lower-secondary, upper-secondary and tertiary leavers in both countries.

Table 6.1 shows that the proportion of 25-34 year-olds with compulsory education or less is similar in the two countries. However, after compulsory schooling cross-country differences emerge: 42.6% of young people in Italy and 32.8% in Spain gain a diploma from upper-secondary education; the percentage of people reaching a university degree is 7.9% in Italy and 17.3% in Spain. Country differences are striking when analysing the graduation rates from different types of upper-secondary school and university. At upper-secondary level, a large majority of young people in Italy has attended vocational and technical schools, while in Spain there is a more balanced distribution between graduates from academic and vocational tracks³⁴. At university level, in Spain 43.1% graduated from short university courses compared to 9.9% in Italy.³⁵

³² This tripartition is based on Bagnasco's distinction (1977) of three areas of the Italian economy. Thus, the North-western regions are dominated by large industries who had their golden period in the 1950s and 1960s but entered a crisis in the mid-70s. The regions of the North-east and Centre are characterised by very specialised small- and medium-sized firms. These are well integrated in the local context and competitive in the international market. The regions of the South and Islands are marked by an underdeveloped economy, with a large part of the population employed in black market or temporary jobs and the others mainly employed in the public sector and services.

³³ We follow the classification developed by the Spanish Ministry of Public Finance (*Secretaria de Estado de Hacienda*, 1993), except for the cases of C. Valenciana and Asturias, which the Ministry classified as a separate area called "area of intermediate development". From our point of view, in 1996 these regions were rather similar to the ones in the area of sustainable growth (in the case of Valencia) and that of industrial decline (in the case of Asturias). Hence, we have preferred to use this alternative criteria.

³⁴ The data presented in this table are slightly different from the official statistics. In Italy, we have preferred to use a more restricted definition of academic schools, namely more exclusive and university oriented schools (Young, 1999). In contrast to the official statistics, in which the academic tracks include all schools offering general programmes, our definition of academic refers only to *Licei*. In Spain, the proportion of academic graduates is slightly higher in our figures since we have included in this category those who have completed three years of a long university courses without gaining the final degree. For this group, we did not have information on the upper-secondary type of track followed. We have considered them as academic graduates since most of the students enrolled in long university courses attended academic tracks.

³⁵ The higher proportions attending academic schools and the large expansion of short university degrees in Spain have probably contributed to the rise in the level of youth educational attainment. This is because (1) academic programmes are generally aimed at preparing students for university studies and (2) short university courses offer the possibility to a larger number of young people of acquiring a tertiary qualification without embarking on a long university career. The same reasons militate against

A higher percentage of young people with lower secondary education is unemployed in Spain than in Italy (39% in Spain compared to 31% in Italy; see table 6.2). The labour market status of upper-secondary diploma holders in the two countries looks very similar. Comparing the same age group of tertiary graduates in Italy and Spain, that is the youngest ones aged 25-29, a higher percentage is unemployed in Italy than in Spain. The reverse applies when comparing the group 30-34 of tertiary graduates in Italy to the group 25-29 of tertiary graduates in Spain. This may be explained by the longer permanence in the labour market of the older group of Italians which probably increases the chances of finding a job.

There are striking differences between Spain and Italy in the unemployment and employment characteristics of our three selected groups (tables 6.3 and 6.4). In general, Spain shows lower rates of first-time job seekers and long-term unemployment for all educational levels. However, the data show that in Italy, irrespective of the educational level reached, all young people face great difficulties in entering the labour market and exiting unemployment. On the contrary, in Spain, there is more variation among people with different educational qualifications: a higher percentage of lower-secondary school leavers is looking for a first-time job but a lower percentage of them is in long-term unemployment than those with upper-secondary and tertiary leavers.

Among the employees, the proportion of young people working under fixed term contracts³⁶ is three times (or more) higher in Spain than in Italy. In Italy, the percentages are lower than 30% for all educational levels. In Spain, they range from 57.6% (men with tertiary education) to 89.1% (men with lower secondary education or less). In both countries, employment with fixed term contracts (but also training contracts) is more frequent among lower-secondary school leavers than the others. In common with other countries, Spain and Italy show a higher proportion of women among the employed in part-time jobs.³⁷ However, the percentages of both sexes in part-time jobs are higher in Spain than in Italy. In Italy, slightly more people with a university degree are in part-time jobs. In Spain, this is true for men but not for women. Tables 6.3 and 6.4 also show that in Italy those aged 30-34 have lower chances of being a first-time job seeker and of having a training or fixed-term contract than those 25-29 year-olds. However, this youngest group of tertiary education leavers seems to be less likely to suffer long-term unemployment.

Table 6.5 shows the distribution of lower-secondary, upper-secondary and tertiary leavers across five occupational categories.³⁸ On the one hand, it is immediately

the Italian educational system. The selectivity of the academic tracks (only a minority of the student population attend them) and the prevalence of long university degree courses have probably depressed the number of university graduates.

³⁶ We consider as fixed-term contracts all those temporary contracts with a established duration, so it includes training contracts, seasonal jobs, contracts for a probationary period and those covering absence of another worker. In the Spanish case, it also includes those working for a specific work or service.

³⁷ The definition of part-time is based on self-reported type of job (full-time *versus* part-time).

³⁸ We grouped the occupations into 5 groups which resemble the 5 occupational classes identified by the OECD (2000, p.96): high-skilled non-manual (managers, professionals and technicians), medium-skilled non-manual (clerks and office workers), lower skilled non-manual (sales and service workers),

evident that a much higher proportion of tertiary and secondary leavers tend to enter high-skilled non manual jobs in Italy than in Spain (80.7% and 26.6% in Italy versus 63.4% and 6.5% in Spain). On the other hand young people with upper-secondary and lower-secondary education in Spain tend to occupy unskilled manual positions more often than in Italy. However, it has to be pointed out that, when the top and the bottom two occupational groups are grouped together, the percentages of tertiary graduates in the top non-manual occupations and the percentages of lower-secondary leavers in manual occupations are very similar in Italy and Spain.

A look at some statistics about family dependence shows great similarities between Spain and Italy. Almost all young people who left from lower-secondary or upper-secondary school are still living with their family (table 6.6). Moreover, in both countries more than 60% of people aged between 25 and 34 with a university degree are also living with their parents. Another indicator of family dependence is the percentage of young people working within the family. Also in this case the similarities between Italy and Spain are striking. The percentage of family workers are higher among lower-secondary leavers (14.8% in Italy and 16.6% in Spain) than among upper-secondary and tertiary leavers.

To summarise, the descriptive statistics confirm that the major differences between Italy and Spain are likely to be associated with different institutional arrangements in the education system and labour market. Moreover, the degree of young people dependence on the family appears to be very similar in the two countries.

7. The consequences of the differential expansion of tertiary education

This section addresses the issues presented in A.1-A.3 (section 4), that is, those leaving lower-secondary education are expected to have worse labour market outcomes in Spain than in Italy. First, it analyses whether Spaniards with low levels of education are significantly more likely to be unemployed than their Italian counterparts. Second, it compares the chances of having atypical contracts of Italian and Spanish youngsters leaving lower-secondary education. Then, it moves into a comparison of the occupational status of Italians and Spaniards to investigate whether the returns to education are significantly higher in Italy than in Spain.

7.1. The effect of educational level on labour market outcomes

The log-odds ratios of being unemployed and not in the labour forces *versus* employed are estimated using a multinomial logit model. The aim is to investigate whether there are significant country differences in the effect of education on young people's labour market outcomes

The analysis starts with a cross-country comparison of the total advantage (absolute effects) of each educational qualification relative to the lowest category. Then, cross-country differences in the relative advantage (marginal effects) of having reached

skilled manual (agricultural workers, craft and plant and machine operators) and unskilled manual (elementary workers).

each educational level with respect to the previous one are investigated.³⁹ Confirming our expectations (question A.1), lower-secondary leavers are significantly less likely to be unemployed instead of employed in Italy than in Spain (graph 7.1). However, leavers from upper secondary and tertiary education are less likely to be unemployed in Spain than in Italy. In Spain there is a clear linear effect of education on the chances of being unemployed, that is acquiring higher educational levels significantly reduces the chances of being unemployed. In Italy this linear effect is absent. Lower secondary and tertiary leavers (aged 25-29) have the same chances of being unemployed while diploma holders show the highest risk of unemployment. In this analysis the group of tertiary leavers has been split in two subgroups: the youngest, aged 25-29, and the oldest, aged 30-34. The oldest group of tertiary leavers is much less likely to be unemployed than the others. This can be explained by the fact that older university graduates very likely have spent more time in the labour market either looking for a job or having some experience of work. Table 7.1 (first two columns) shows that the relative advantage (marginal effect) of having a diploma from upper-secondary school or a university degree (with the exception of the older group of tertiary leavers in Italy) is higher in Spain than in Italy.

The last two columns of table 7.1 (and the second graph 7.1) present the log-odds ratio of being in the category “other”, which includes those who are inactive (military service, housewives, unable to work etc.), *versus* being employed. The results show that acquiring higher levels of education decreases the chances of being inactive in both countries. However, those leaving school with only lower-secondary education are significantly more likely to be inactive in Spain than in Italy. This may be interpreted as a further indication of the particularly disadvantaged situation that less educated people in Spain are facing (a “discouraged effect”).

We have estimated another model in which area of residence and types of qualifications achieved are introduced among the independent variables (table 7.1b). The results show that in Italy the chances of being unemployed and inactive are strongly influenced by the area of residence and the type of diploma acquired. Thus, young people with lower-secondary education are significantly more likely to be unemployed (and inactive) in the South of Italy than in the rest of the country. Moreover, leavers from academic tracks are significantly more likely to be unemployed (and inactive) than those leaving from short and long vocational tracks. Even though there are some significant differences among people with different types of diploma or living in different areas of the country, in Spain the results presented in table 7.1 remain substantially unchanged.

To conclude, the expectation formulated in question A.1 seems to be confirmed: overall lower-secondary leavers are significantly less likely to be unemployed (and inactive) in Italy than in Spain (however, this result does not hold for all areas of the countries, especially in Italy). Moreover, having a diploma from upper-secondary school or a university degree represents a clear advantage against unemployment in Spain but not in Italy.

³⁹ This order (first a description of the total effect and then a description of the marginal effect of education) will also be followed in the next sections.

7.2. The effect of educational level on the risk of having atypical contracts

In this subsection, we address the issue of whether Spanish young people with low levels of education are more likely to have atypical contracts than their Italian counterparts (question A.2). This is because in Spain the low-educated are crowded-out towards unemployment or precarious employment by those more educated. Thus, the marginal effects of reaching a higher level of education on the chances of finding a permanent job should be higher in Spain than in Italy.

Logistic regression is used to estimate the total and marginal effects of education on the probability of having atypical contracts. Three type of contracts are studied: training contracts, which are fixed-term contracts with a training requirement; fixed-term contracts, which are any type of temporary contract (with or without training); and part-time contracts. The analysis of training and fixed-term contracts is performed on the sample of employees. The estimations on part-time jobs are carried out for the whole sample of employed individuals.

The group of graphs 7.2 shows the total effects of education on the log odds of being in a training contract *versus* any other contract, in a fixed-term contract *versus* a permanent job, in a part-time *versus* a full-time job. The figures suggest that the chances of having fixed-term and part-time jobs are higher in Spain than in Italy for all educational levels, but cross-country differences are strongest for those with low levels of education. The likelihood of having a training contract is similar for lower and upper-secondary leavers in both countries but different for tertiary education leavers (aged 25-29). While the older tertiary leavers (aged 30-34) in Italy have the same low chances of working with a training contract than tertiary leavers in Spain, the youngest tertiary leavers (aged 25-29) seem to be more likely to work with a training contract in Italy than Spain. This may be the result of the different educational targets and age limits of training contracts in the two countries: in general, in Spain these contracts have been mainly aimed at low-skilled youngsters aged under 25, while in Italy they were designed to hire young people aged 15-29 without any explicit educational restriction.⁴⁰ The graph on fixed-term contracts shows that achieving higher levels of education leads to greater increases in the chances of working in permanent jobs in Spain than in Italy (notice the steeper slope in the Spanish case). Also in this case there is a significant difference between tertiary graduates aged 25-29 and those aged 30-34 in Italy showing that younger graduates have significantly higher chances of working with a fixed-term contract than older ones. This finding is probably related to the difference in legislation of training contracts mentioned above since in Italy most fixed-term contracts are training contracts.

The significant difference in the intercepts of columns 3-4 and columns 5-6 in table 7.2 indicates that lower-secondary leavers in Spain always have higher chances of working with a fixed-term or a part-time contract than their Italian counterparts. The significant difference in the upper-secondary and tertiary education coefficients of columns 3-4 confirms our previous observation on the fact that higher levels of

⁴⁰ See Adam and Canziani (1998) for further details.

education lead to greater increases in the chances of working in permanent jobs in Spain than in Italy.

In order to check the robustness of these cross-country differences we have repeated the previous estimation controlling for school and university type, region of origin (see table 7.2b) and sector of activity (see table A.1 in appendix). The results show that, in general, the previous cross-country differences do not change substantially when these variables are introduced among the independent variables. In graph A.1 the first model is compared to the one which controls for region of residence and area of activity: the slopes in the former and the latter model do not change substantially.

All together these results support our expectation about the higher chances of having atypical jobs among Spanish lower-secondary leavers (question A.2). On the one hand, lower secondary leavers are less likely to have fixed-term and part-time jobs in Italy than in Spain. On the other hand, the marginal effects of higher educational qualifications are higher in Spain than in Italy.

7.3. Returns to education in terms of occupational status

The present subsection deals with the occupational advantages that young people gain in attaining various educational qualifications. It addresses the question about the expected lower occupational positions occupied by less educated people in Spain compared to Italy (question A.3) by examining the total and the relative occupational advantage of having reached higher educational levels in the two countries. According to question A.3, the marginal occupational returns to university degrees should be higher in Spain than in Italy (because of the above mentioned lowering of the positions of the least qualified) while the total returns to university should be higher in Italy. The idea behind this latter expectation is that, since there is much higher competition at the top levels of education (due to the rapid expansion of education over the last years) in Spain, graduates from upper secondary and tertiary education will tend to fill positions for which they are overqualified.

To measure the occupational returns to education we use multinomial logit estimation of the probability of being in a given occupational class *versus* the reference category.⁴¹ Results are reported in table 7.3 which provides the marginal effects of having upper-secondary *versus* lower-secondary and tertiary education⁴² *versus* upper-secondary. Graph 7.3 shows the total effects of education on the log odds of entering high-skilled non manual (Class I), medium-skilled non manual (Class II), skilled and unskilled manual jobs (Class III and Class IV, respectively) contrasted to unskilled manual jobs (Class V). It clearly emerges that the chances of entering higher occupational classes are higher in Italy than in Spain for all educational levels. Moreover, having obtained a high educational level increases the chances of having a better job in both countries. However, achieving tertiary education seems to be more rewarded in Spain than in Italy. The coefficients presented in table 7.3 confirm this impression. The intercepts of the contrast between Class I, II, III and IV and Class V

⁴¹ Since the ordering of the five categories and their relative distance cannot be assessed with certainty we have preferred to use multinomial estimation instead of OLS regression.

⁴² Given that in this analysis the difference between tertiary graduates aged 25-29 and 30-34 in Italy is not significant this distinction is not reported and only the coefficient for the total group aged 25-34 is presented.

indicate that lower-secondary leavers always have higher chances of entering unskilled manual jobs in Spain than in Italy (these country differences are also significant). However, the marginal returns to the attainment of tertiary education relative to upper secondary education are higher in Spain than in Italy (and country differences are significant when contrasting Classes I and II to Class V).

To check whether the above mentioned country differences at upper-secondary level and university level are due to country differences in the occupational returns to different educational diplomas and university degrees, we have introduced in the analysis the distinction among school and university types (see table 7.3b). The results show that there are significant country differences in the occupational returns to different upper-secondary diplomas but no significant country differences emerge in the returns to short and long university degrees. Thus, contrasting Class I to Class V it emerges that young people leaving from short vocational as well as long vocational/technical tracks are more likely to gain a highly-skilled non manual job in Italy than in Spain. When the chances of entering Class II instead of Class V are contrasted, young people with a diploma from academic schools tend to be more likely to have a medium-skilled non manual job in Spain than in Italy. The contrast between Class III and V shows that Italians with short vocational diploma have higher chances of entering low-skilled non manual jobs than Spaniards with the same type of education. The results of the last comparison - Class IV versus Class V - do not show any significant country difference.

Finally, we have analysed whether the relationship between education and occupation in early career is affected by the sector of activity in which young people are employed. The general impression is that the relative advantage of having higher educational levels is not substantially changed in the two countries when sector of activity is introduced among the independent variables (table A.2, in the appendix). Controlling for sector of activity tends to compress the additional returns to upper secondary and tertiary education, especially in Italy (except for the last contrast between Class IV and V) but country patterns are only slightly altered. In graph A.2 the logistic regression lines of the first model (which does not control for sector of activity) are compared to those regression lines of the latter model in which sector of activity is introduced. The slopes are found to be very similar in the former and the latter models.

To conclude, this analysis has confirmed our expectations (question A.3): overall occupational returns to education are higher in Italy than in Spain but the marginal returns to tertiary education are higher in Spain than in Italy.

8. The effects of differences in labour market de-regulation

This section starts presenting the results of investigating whether Italians are more likely than Spanish to be first-time job seekers or long-term unemployed. Then, it compares the degree of mobility in early job careers in both countries.

8.1. Cross-country differences in the risk of being a first-time job seeker or long-term unemployed

This subsection investigates whether Spanish young people are less likely to be first-time job seekers and long-term unemployed than their Italian counterparts (question B.1). We proceed as previously with a comparison of the total and marginal effects of each educational qualification. Following question B.1, the marginal effects of education on the chances of finding a first-time job or exiting long-term unemployment should be lower in Italy than in Spain. Given the more contained use of atypical contracts in Italy, having obtained higher levels of education may not increase the chances of finding a first-time job much. Lower-secondary, upper-secondary and tertiary leavers should face similar risks of being a first-time job seeker or long-term unemployed. As a result, the total advantage of having any level of education should be higher in Spain than in Italy.

Logistic regression is used to estimate the total and marginal effects of education on the probability of being first-time job seekers or long-term unemployed (estimation results are presented in table 8.1).

Graph 8.1 shows the total effects of education on the log odds of being first-time job seeker *versus* having worked in the past, being long-term unemployed *versus* being unemployed for less than 12 months. The figures suggest that the chances of being a first-time job seeker or long-term unemployed are higher in Italy than in Spain for all educational levels. Cross-country differences in the log odds of being a first-time job seeker are strongest for those aged 25-29 with tertiary education. The strongest differences in the log odds of being long-term unemployed can be found among those with low levels of education.

The coefficients in table 8.1 allow us to examine in further detail these cross-country differences. The significant difference in the intercepts of columns 1-2 and columns 3-4 indicate that lower-secondary leavers in Italy always have higher chances of being first-time job seekers and long-term unemployed than their Spanish counterparts. As is also visible in graph 8.1, having an upper-secondary diploma leads to a decrease in the likelihood of being a first-time job seeker in Spain but not in Italy (notice the significant differences in the upper-secondary coefficients of columns 1-2). Having tertiary education (compared to upper-secondary education) increases the chances of being first-time job seekers in both countries. On the contrary, achieving higher levels of education implies greater increases in the chances of suffering long-term unemployment in Spain than in Italy (as shown by the steeper slope in the Spanish case and the significant differences in the upper-secondary and tertiary education coefficients of columns 3-4). The latter surprising finding may also be the result of the use of fixed-term contracts in Spain. These contracts seem to considerably reduce the risk of long-term unemployment among the main target group, i.e. the low-educated, and to a lesser extent among youngsters graduating from upper-secondary and tertiary education.

Two other results are noteworthy. The significance of the coefficient for having tertiary education and being 30-34 years old (columns 1-2) suggests that in Italy the risk of being a first-time job seeker is much higher for those aged 25-29 (because they have probably just entered the labour force). On the contrary, the risk of being long-

term unemployed (columns 3-4) increases for those aged 30-34 (who are likely to have completed their degree and to have started looking for a job earlier than their 25-29 year-old counterparts).

We have checked the robustness of these cross-country differences by repeating the previous estimation controlling for school and university types and area of residence. The results (reported in table 8.1b) show that, in general, the previous cross-country differences do not change substantially when these variables are introduced among the independent variables.

To conclude, these findings support our expectation about the chances of being a first-time job seeker and long-term unemployed among those leaving education in Italy and Spain (question B.1): Italians of all educational levels are more likely to be long-term unemployed and especially, first-time job seekers than their Spanish counterparts. This can be interpreted as a consequence of the different degree of deregulation of the Italian and Spanish youth labour markets. The results also suggest that the relative advantage linked to different educational levels shows less clear patterns in both countries.

8.2. Cross-country differences in job stability

The comparison of transition probability matrices helps us to understand the degree of job stability among those leaving education in each country. We have computed separately transition probability matrices for each type of education leaver in Italy and Spain. Transition probability matrices, which represent the probability (P_{aj}) that an individual is in a given labour market status j at time t , condition upon being in a at time $t-1$, are constructed using the information on labour market status in the previous year (1995). The labour market status considered are as follows: employed (E), unemployed (U) and out of the labour force (O) in 1995; and employed (E), unemployed (U) and studying⁴³ (S) and other inactive (O) in 1996. Results are reported in tables 8.2-8.4.

Table 8.2 presents the transition probability matrices of lower-secondary leavers in Italy and Spain. The high numbers on the diagonal suggest that, in general, there is persistence in both countries, i.e. individuals tend to stay in the labour market status they occupied the previous year. However, the Spanish lower-secondary leavers seem to be more mobile than their Italian counterparts: unemployed Spaniards are more likely to move into jobs (and also into inactivity) but once employed, they are more likely to move out of employment (towards both unemployment and inactivity). These results support our expectation that those with low levels of education in Spain face lower difficulties in finding jobs but higher risks of losing employment than their Italian counterparts.

The transition probability matrices for Italian and Spanish upper-secondary leavers are provided in tables 8.3. The numbers on the diagonal highlight that, although in general individuals tend to stay in the labour market status they occupied the previous year, there is less persistence than in the case of lower-secondary leavers, especially among those out of the labour force, who show very mobile patterns in both countries.

⁴³ We keep "studying" as a separate category in order to analyse the flows back to education.

As in the lower-secondary leavers' case, Spaniards are more likely to exit unemployment, but also more likely to move into unemployment if employed. These numbers point into the direction highlighted before: young Spaniards find and lose jobs more easily than their Italian counterparts.

Tables 8.4 present the transition probability matrices of Italians and Spaniards leaving tertiary education. There are not great differences in the Italian matrices corresponding to those aged 25-29 and those aged 30-34, with the exception of movements from out of the labour force to other labour market situation (among those aged 30-34 there is higher persistence in inactivity⁴⁴). With respect to the rest of the entries, state dependence seems to exist among the employed and the unemployed in both countries, but in Italy the probability of moving out of employment is lower than in Spain, while the probability of exiting unemployment is higher in the Spanish case (especially when comparing those in the youngest group). These figures suggest, once again, that Spaniards who are employed are more likely to face job instability than their Italian counterparts (question B.1). Nevertheless, the cross-country differences are less pronounced for tertiary education leavers than for lower and upper-secondary leavers.

To summarise, all these figures support our expectation that those leaving education in Spain face lower difficulties in finding jobs but higher risks of losing employment than their Italian counterparts (question B.2). This result seems to be stronger among those with low levels of education who are the ones showing less job stability.

9. Family dependence of the most vulnerable

This section is devoted to analysing the degree of family dependence among those leaving different levels of education in Italy and Spain. As highlighted in question C, we expect that the chances of living with parents will be equally high for both Italians and Spaniards, especially for those who are still students, those who are unemployed looking for a first-time job or those who are employed but in temporary jobs.

In order to investigate question C, we proceed as follows. First, we analyse whether there are cross-country differences in the proportion of people living with the family among Italians and Spaniards who have completed lower, upper and tertiary education, by labour market status,⁴⁵ type of contract (for those employed) and type of unemployment (for those unemployed). Second, we investigate the significance of these differences using logit estimation.

Table 9.1 shows the percentage of Italians and Spaniards living with the family among those who have completed lower, upper and tertiary education, by labour market status. In line with table 6.5, the first striking finding is the high numbers of those living with the family in both countries for all educational levels and labour market statuses⁴⁶. The percentage of youngsters who have completed lower-secondary

⁴⁴ Further analysis (not reported for space considerations) suggests that around 65% of the individuals in this entry are women.

⁴⁵ In this section, the analysis performed includes those individuals who have completed a given level of education and are still studying (we refer to them as "students").

⁴⁶ These high numbers irrespective of the educational level completed and the labour market status occupied probably indicate that, as highlighted in section 3.3, there are also cultural factors and factors

education and are living with their families is close to hundred percent regardless of their labour market status⁴⁷. Among those leaving upper-secondary and tertiary education there are only slight differences in the percentages of people living with the family. These numbers seem to support question C. The larger country differences occur among tertiary educated people aged 30-34. However, we have already pointed out that the group of Spanish tertiary leavers 30-34 years-old constitutes a very selected sample: in Spain, given the early completion of education, young people aged 30-34 are more likely to have entered the labour market in their twenties and therefore more likely to have left the parental home than their Italian counterparts (see the smaller proportions in the Spanish case).

Table 9.2 allows us to examine in greater detail the degree of family dependence among those who are employed and unemployed in the two countries. For the group of upper-secondary leavers, the figures suggest the following. On the one hand, the percentage of people with upper-secondary education living with the family among those employed with fixed-term jobs and those unemployed looking for first-time jobs is very high (ranging between 96% and 99%) and similar in both countries. This goes in line with our expectation on the similarities in the role of the family in Italy and Spain (question C). On the other hand, in Italy, the percentage of people co-residing with the family among upper-secondary leavers employed with fixed-term jobs is very similar to the proportion among those with permanent jobs, while in Spain those with permanent jobs seem to be more likely to live independently. These figures could be the result of a self-selection process: in the Spanish sample of upper-secondary leavers (20-24 year-olds), those employed with permanent jobs are probably a special group of more successful youngsters since most employed individuals with their level of education have a fixed-term contract. These more positive outcomes may also be associated with a higher preference for living independently and therefore a higher probability of leaving the parental home.

For the group of tertiary leavers, the numbers are difficult to compare since the group of Italian 25-29 year-olds with tertiary education is likely to have completed tertiary education less than two years before the interview and therefore will have had, on average, less time to “get started” in the labour market than their Spanish counterparts. As previously explained, the group of Spanish tertiary leavers 30-34 years-old also constitutes a selective sample compared with those 30-34 years old with tertiary education in Italy. Given these problems, we have decided to present the distributions for both age groups, keeping in mind that for Italy the true distribution will probably be between the two. If this assumption is true, the numbers would suggest again, as expected in question C, that in both countries among tertiary leavers (those aged 25-34 in Italy and 25-29 in Spain) similar proportions of students, employed with fixed-term contracts and unemployed looking for first-time jobs live with the family.

related to the functions of the welfare state (mainly social and housing policies) which favour long periods of co-residence of parents and adult off-spring.

⁴⁷ Therefore, hereafter we will focus on those with upper-secondary or tertiary education.

The estimation⁴⁸ presented in table 9.3 tests for the significance of the differences mentioned above before and after controlling for type of contract and type of unemployment⁴⁹. The results in columns 1-2 show that in both countries those studying and those unemployed are more likely to live with the family than those employed. Students are significantly more likely to co-reside with the family in Spain than in Italy and those with upper-secondary are significantly more likely to depend on the family in Italy than in Spain. Columns 3-4 show that there are no significant country differences in the coefficients of fixed-term contracts and first-time job seekers: in both countries those with fixed-term contracts are more likely to live with the family than those with permanent jobs and among the unemployed, those looking for first-time jobs are more likely to co-reside with their parents than those who have already worked in the past. It is worth remarking that being unemployed with previous job experience or out of the labour forces *versus* having a permanent job leads to greater increases in the probability of living with the family in Spain than in Italy. As expected being female and out of the labour force significantly reduces the chances of living with the family in both countries. The significant difference in the interaction of gender and inactivity could be due to the higher percentage of married women among those out of the labour force in Spain than in Italy.⁵⁰ Hence the probability of having left the family for women out of the labour force should be higher in Spain.

To conclude, the analysis performed in this section seems to confirm our expectations (question C): in general, there are no significant country differences in the probability of living with the family for those with temporary jobs or those looking for a first-time job. Students, the unemployed with previous job experience and those out of the labour force have a positive likelihood of living with family in both countries even though this likelihood is stronger in Spain than in Italy.

10. Conclusions

The literature on the transition from school-to-work has often acknowledged the difficulty of classifying Southern European countries within a common model of youth transitions. This paper has tried to throw light upon the possible reasons of differentiation within the Southern European countries focusing on the comparison of Italy and Spain. This study has been an attempt to analyse how macro institutional differences in educational and labour market arrangements could have influenced individual (micro) transitions from school-to-work in Italy and Spain. The comparison of the Italian and Spanish cases has proved to be particularly interesting because of the recent changes which have taken place in the Spanish educational system and labour market. In this paper, we have argued that the extraordinary expansion of tertiary education and the massive use of temporary contracts (especially in the form

⁴⁸ In this section we focus on the samples of lower-secondary and upper-secondary leavers used throughout the paper. However, we have chosen a new sample of tertiary education leavers, namely those aged 25-34 in both countries. We do so because the proportion of individuals 30-34 years old is high in both countries, especially in Italy.

⁴⁹ A dummy interacting gender and out of the labour force has been included to control for the fact that in both countries the male-breadwinner model still explains why financially dependent groups, such as "not-employed women", may be more likely to leave the parental home than other groups. Those aged 30-34 are compared to those 25-29 year olds.

⁵⁰ Our estimations give 24% for Spain against 20% for Italy.

of fixed-term contracts) have strongly affected young people's labour market outcomes in Spain and have determined the major source of difference with Italy. Indeed, both types of change have occurred in only a very limited way in Italy. On the other hand, we have argued that a third institution, the family, continues to play a central role in young people's transition to work in both countries as the main provider of financial, social and personal support.

To analyse the transition from education to the labour market of young people in Italy and Spain we have selected young people who have recently finished school (lower- and upper-secondary school) or tertiary education and have entered the labour force (in employment, unemployment or inactivity).⁵¹

In accordance with our expectations, the results of the empirical analyses have confirmed that the labour market position of those with only compulsory education or less is more disadvantaged in Spain than in Italy: they are more likely to be unemployed (but also inactive), employed in atypical contracts (fixed-term contracts and part-time contracts) and to have lower occupational status. We have attributed this result to the faster expansion of tertiary education in Spain which has led to higher competition between people with different levels of educational attainment. Thus, the positions previously occupied by those with only compulsory education are now taken by people with higher educational levels. This has resulted in a crowding-out of the least qualified towards unemployment, unstable employment and lower occupational positions. Another interesting result, strictly linked to this crowding-out effect, is that the marginal returns to higher educational levels, that is the relative advantage of having achieved an educational level above the previous one, are higher in Spain than in Italy. Thus achieving higher educational levels seem to benefit young Spaniards more than Italians. However, the overall returns to education are lower in Spain than in Italy.⁵²

The other results presented in the paper have shown that young Italians (whatever their educational level) always have higher chances of being first-time job seekers and long-term unemployed than their Spanish counterparts. We have interpreted these results as a consequence of the widespread use of fixed-term contracts in Spain. Moreover, the use of fixed-term contracts in Spain has maximised job-turnover, increasing job instability among young people during the early stage of their career. This has been confirmed by the analyses of the mobility matrices. Despite the common tendency to maintain the same labour market status occupied one year earlier, young Spanish people are more likely to lose their job than Italians but they are also more likely to acquire a new one when unemployed.

The last analysis which has examined family dependence of young people in relation to their labour market status has confirmed that first job seekers and those in precarious occupational status (that is, working with fixed-term contracts) have significantly higher chances of living with the family. Despite some country differences in the extent to which students, unemployed (with previous job

⁵¹ Since in our data (the national LFS data) there is no information on the date of leaving education we have used a proxy based on the typical graduation age (see section 5).

⁵² For example, if upper-secondary graduates now take the jobs previously filled by people with only compulsory education, their overall occupational position becomes lower (the same process can be hypothesised for the university graduates).

experience) and inactive people are family dependent, this result confirms the strong support that the family offers to their adult children in both countries.

The findings presented in this paper show that young Spaniards have different patterns of school-to-work transition than young Italians.⁵³ Despite these differences and the difficulty of acknowledging the existence of a common model of youth transitions in Southern Europe, this work has pointed out two important similarities which make Italy and Spain very different from the Northern European countries:

1. The vulnerability of young people's position in the labour market. In the Italian case, this vulnerability is manifested in the forms of high risk of long-term unemployment and a long waiting period to gain a first job. In the Spanish case, it takes the forms of a high risk of losing the job and of being employed in temporary jobs but also of being employed in lower occupational positions (due to credential inflation).
2. The strong family dependence of children until adulthood, which leads to other consequences not analysed in this paper such as a delay in new family formation and low fertility rates.

It is our hope that with the availability of data more suitable to this kind of analysis (such as panel, event-history or time series data) these issues will be further explored. We keep them as part of our future research agenda.

⁵³ There are some changes in the Italian panorama which may lead to increasing similarities between young Italians and Spaniards: the new educational reforms and labour market changes towards major flexibility.

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Table 2.1: Educational attainment, by age group (1996)

	High	Medium	Low
Age 55-59			
de	19,02%	51,63%	29,34%
es	7,93%	4,97%	87,10%
it	5,10%	14,13%	80,77%
uk	16,85%	25,29%	57,87%
Age 30-34			
de	23,72%	60,66%	15,62%
es	24,88%	21,53%	53,59%
it	9,72%	39,18%	51,11%
uk	24,62%	31,13%	44,25%
Age 25-29			
de	16,82%	67,56%	15,62%
es	32,10%	22,73%	45,17%
it	7,36%	44,68%	47,96%
uk	24,38%	33,19%	42,43%

Source: ECLFS. High means tertiary education (ISCED 5-6); medium refers to upper-secondary education (ISCED 3); low refers to compulsory education or less (ISCED 0-2)

Table 2.2: Activity rates, by gender and age group (1996)

	Males		Females	
	15-24	25-64	15-24	25-64
eu15	49,7	84,2	42,8	60,6
de	53,6	84,0	47,1	64,0
es	43,7	85,2	36,8	48,6
it	43,0	80,2	33,9	45,7
uk	68,4	86,6	60,3	67,9

Source: ECLFS

Table 2.3: Employment rates, by gender and age group (1996)

	Males		Females	
	15-24	25-64	15-24	25-64
eu15	39,3	77,2	33,0	54,1
de	48,0	77,3	43,0	57,7
es	27,7	72,8	19,0	36,4
it	30,1	74,8	20,6	40,1
uk	56,1	79,5	53,5	64,3

Source: ECLFS

Table 2.4: Unemployment rates, by gender and age group (1996)

	Males		Females	
	15-24	25-64	15-24	25-64
eu15	20,9	8,3	22,9	10,8
de	10,5	8,0	8,6	9,8
es	36,6	14,6	48,3	25,1
it	30,0	6,7	39,2	12,3
uk	17,9	8,3	11,3	5,4

Source: ECLFS

Table 2.5: Long-term unemployed among the unemployed, by gender and age group (1996)

	Males		Females	
	15-24	25-64	15-24	25-64
eu15	35,48	49,50	40,26	53,12
de	25,41	46,65	27,43	53,85
es	36,86	49,71	49,04	64,50
it	61,55	64,56	65,07	67,55
uk	28,25	52,98	19,15	31,77

Source: ECLFS

Table 2.6: Part-time jobs among the employed, by gender (1996)

	Males		Females	
	15-24	25-64	15-24	25-64
eu15	14,36	3,82	26,84	31,91
de	5,09	3,21	11,14	36,42
es	8,29	2,29	19,87	16,27
it	5,12	2,73	12,77	12,68
uk	22,41	4,38	36,56	45,77

Source: ECLFS

Table 2.7: Temporary jobs among the employed, by gender (1996)

	Males		Females	
	15-24	25-64	15-24	25-64
eu15	31,89	5,98	30,34	8,20
de	47,28	5,31	39,78	6,13
es	63,25	18,44	64,98	22,42
it	14,63	3,46	16,55	5,52
uk	11,13	3,73	11,90	6,55

Source: ECLFS

Table 6.1: Educational attainment, by type of qualification (age 25-34)

	Italy	Spain
Lower secondary qualification or less	49.5% (15121)	49.9% (13623)
Upper-secondary qualification of which:	42.6% (13013)	32.8% (8965)
<i>Short vocational diploma</i>	19.2%	24.6%
<i>Long vocational and technical diploma</i>	64.0%	29.9%
<i>Academic diploma</i>	16.9%	45.5%
Tertiary qualification of which:	7.9% (2425)	17.3% (4729)
<i>Short degrees</i>	9.9%	43.1%
<i>Long degrees</i>	90.1%	56.9%

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Table 6.2 : Principal activity at the time of the survey (1996), by age group and educational level (total)

	Italy				Spain		
	Lower-second.	Upper-second.	Tertiary (25-29)	Tertiary (30-34)	Lower-second.	Upper-second.	Tertiary (25-29)
Employed	46.4% (1037)	47.4% (2020)	56.8% (508)	78.7% (1120)	36.6% (938)	49.6% (1813)	61.3% (1389)
Unemployed	31.0% (694)	40.7% (1733)	37.1% (332)	17.1% (244)	38.9% (997)	40.6% (1485)	33.4% (757)
Other status	22.6% (505)	12.0% (510)	6.0% (54)	4.2% (60)	24.4% (625)	9.7% (356)	5.3% (120)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Table 6.3: Labour market status by age and educational level (women)

	Italy				Spain		
	Lower-second.	Upper-second.	Tertiary (25-29)	Tertiary (30-34)	Lower-second.	Upper-second.	Tertiary (25-29)
Unemployed:							
First job seekers	80.5% (227)	80.0% (783)	89.1% (180)	65.7% (96)	70.1% (350)	54.9% (482)	62.2% (313)
Long-term unemployed	61.0% (155)	66.1% (621)	61.5% (120)	78.5% (110)	38.3% (191)	54.4% (478)	62.0% (312)
Employed:							
Fixed term contract	28.4% (85)	20.8% (185)	31.4% (210)	17.3% (69)	84.8% (212)	76.9% (554)	64.1% (470)
Training contract	21.4% (64)	7.9% (70)	14.7% (31)	3.7% (15)	10.8% (27)	7.5% (54)	4.0% (29)
Part-time job	7.9% (29)	12.2% (125)	14.2% (39)	12.5% (67)	15.4% (45)	19.9% (160)	13.6% (111)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Table 6.4 : Labour market status by age and educational level (men)

	Lower-second.	Italy Upper-second.	Tertiary (25-29)	Tertiary (30-34)	Lower-second.	Spain Upper-second.	Tertiary (25-29)
Unemployed:							
First job seekers	80.3% (331)	84.0% (633)	87.6% (114)	71.4% (70)	62.4% (311)	54.0% (328)	60.2% (153)
Long-term unemployed	62.5% (237)	60.6% (433)	52.4% (65)	74.1% (69)	30.5% (152)	41.0% (249)	44.9% (114)
Employed:							
Fixed term contract	28.0% (150)	21.3% (167)	26.5% (44)	13.0% (44)	89.1% (449)	76.5% (634)	57.6% (424)
Training contract	19.6% (105)	11.6% (91)	16.2% (27)	5.04% (17)	22.6% (114)	6.2% (51)	4.1% (19)
Part-time job	3.6% (23)	4.2% (40)	4.1% (9)	6.15% (35)	9.7% (62)	9.5% (94)	11.3% (63)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Table 6.5: Distribution of occupational classes by education and country

	lower secondary	Italy upper secondary	tertiary	lower secondary	Spain upper secondary	tertiary
high-skilled non manual	3.3% (33)	26.6% (527)	80.7% (1290)	1.2% (11)	6.5% (117)	63.4% (873)
medium-skilled non manual	11.6% (117)	19.3% (382)	9.9% (159)	2.0% (19)	20.7% (371)	24.0% (330)
low-skilled non manual	18.9% (190)	20.3% (401)	6.1% (98)	26.3% (246)	30.9% (555)	8.0% (110)
skilled manual	54.2% (545)	28.7% (568)	2.4% (39)	38.4% (359)	23.1% (414)	2.4% (33)
unskilled manual	11.9% (120)	5.1% (100)	0.8% (13)	32.0% (299)	18.8% (338)	2.2% (30)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Note: In this table young people with tertiary qualification in Italy are selected among those aged 25-34 and in Spain among those aged 25-29.

Table 6.6: Linkages with the family of origin, by age group and level of education

	Lower-second.	Italy Upper-second.	Tertiary	Lower-second.	Spain Upper-second.	Tertiary
Living with family	98.9% (11491)	97.1% (8133)	62.8% ^a (1522)	99.3% (9302)	97.8% (9285)	61.7% ^a (2917)
Family worker	14.8% (148)	5.9% (116)	2.4% (39)	16.6% (155)	6.9% (123)	1.0% (17)

Note: In this table those with tertiary qualification in Spain are selected among the age group 25-34 as well as in Italy.

^a The percentages of women living with their family of origin is lower: 58.4% in Italy (67.8% for men) and 59.2% in Spain (65.4% for men).

Table 7.1: Multinomial logit estimation of the chances of being unemployed or in other statuses (inactive) versus employed (significant country differences are in bold)

	Unemployed/ employed		Other/ employed	
	Italy	Spain	Italy	Spain
Intercept	-0.51*** (0.05)	-0.17*** (0.05)	-0.95*** (0.06)	-0.28*** (0.07)
Female	0.24*** (0.04)	0.54*** (0.04)	0.48*** (0.06)	-0.38*** (0.07)
Upper-sec. qualification	0.23*** (0.05)	-0.30*** (0.05)	-0.68*** (0.07)	-1.19*** (0.07)
Tertiary qualification (25-29)	-0.28*** (0.07)	-0.47*** (0.06)	-0.89*** (0.15)	-0.77*** (0.11)
<i>Tertiary qualification</i> <i>(age 30-34)</i>	-1.09*** (0.10)	-	-0.67*** (0.19)	-

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Reference categories: Spanish people, men and those with a lower-secondary education or less.

Total number of cases: 8817 in Italy and 8480 in Spain

Table 7.1b: Multinomial logit estimation of the chances of being unemployed or in other statuses (inactive) versus employed (distinguishing among areas of the countries and types of qualifications)

	Unemployed/ employed		Other/ employed	
	Italy	Spain	Italy	Spain
Intercept	0.18** (0.06)	-0.08 (0.06)	-0.36*** (0.07)	-0.14* (0.07)
Female	0.26*** (0.05)	0.55*** (0.04)	0.47*** (0.07)	-0.39*** (0.07)
Upper-sec. qualification (academic qualif.)	0.86*** (0.14)	-0.08 (0.07)	0.56*** (0.15)	-0.94*** (0.10)
<i>Short voc. qualif.</i>	-0.96*** (0.15)	-0.16* (0.08)	-1.58*** (0.19)	-0.39*** (0.14)
<i>Long voc. qualif.</i>	-0.24 (0.13)	-0.42*** (0.08)	-1.06*** (0.15)	-0.24 (0.13)
Tertiary qualification (25-29)	-0.78*** (0.15)	-0.53*** (0.08)	-2.08*** (0.21)	-0.87*** (0.15)
<i>Tertiary qualification (30-34)</i> <i>(long degree)</i>	-1.23*** (0.10)	-	-0.77*** (0.19)	-
<i>Short degree</i> <i>(versus long degree)</i>	-0.007 (0.17)	-0.30*** (0.09)	0.37 (0.28)	-0.25 (0.19)
North-West	-1.56*** (0.06)	-	-1.26*** (0.09)	-
North-East/ Centre	-1.68*** (0.06)	-	-1.16*** (0.08)	-
Area of Sustainable Growth	-	-0.39*** (0.05)	-	-0.44*** (0.08)
Area of Industrial Decline	-	-0.05 (0.08)	-	-0.25 (0.14)
South/South-East	-	0.09 (0.06)	-	0.06 (0.09)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996.

Reference categories: Spanish people, men and those with a lower-secondary education or less and living in the underdeveloped regions (the South and Islands in Italy and Extremadura, Castilla-Leon, Castilla-Mancha, Galicia, Canarias and Ceuta-Melilla).

Total number of cases: 8817 in Italy and 8480 in Spain.

Table 7.2: Logit estimation of the chances of having an atypical contract for the pooled sample of employees (significant country differences are in bold)

	Training Contract		Fixed-term Contract		Part-time Contract	
	Italy	Spain	Italy	Spain	Italy	Spain
Intercept	-1.30*** (0.09)	-1.39*** (0.10)	-0.96*** (0.08)	1.93*** (0.11)	-3.38*** (0.15)	-2.25*** (0.11)
Female	-0.18* (0.10)	-0.25* (0.13)	0.07 (0.08)	0.08 (0.08)	1.01*** (0.11)	0.58*** (0.09)
Upper-sec. qualification	-0.84*** (0.12)	-1.12*** (0.13)	-0.40*** (0.09)	-0.78*** (0.12)	0.36** (0.16)	0.16 (0.12)
Tertiary qualification (25-29)	0.54*** (0.16)	-0.51*** (0.17)	0.43*** (0.12)	-0.73*** (0.08)	0.13 (0.17)	-0.21** (0.10)
<i>Tertiary qualification (age 30-34)</i>	-1.39*** (0.23)	-	-0.82*** (0.15)	-	0.007 (0.18)	-

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Reference categories: men and those with a lower-secondary education or less.

Total number of cases in columns 1-4: 3619 in Italy and 3494 in Spain.

Total number of cases in columns 5-6: 4579 in Italy and 4099 in Spain.

Table 7.2b: Logit estimation of the probability of having an atypical contract for the pooled sample of employees (distinguishing among areas of the countries and types of qualifications)

	Training Contract		Fixed-term Contract		Part-time Contract	
	Italy	Spain	Italy	Spain	Italy	Spain
Intercept	-1.40*** (0.12)	-1.48*** (0.14)	-0.82*** (0.10)	1.88*** (0.12)	-3.48*** (0.17)	-2.30*** (0.13)
Female	-0.19* (0.10)	-0.23* (0.13)	-0.06 (0.08)	0.09 (0.08)	1.00*** (1.12)	0.59*** (0.09)
Upper-sec. qualification (academic qualif.)	-0.56 (0.35)	-1.04*** (0.19)	-0.26 (0.27)	-1.02*** (0.15)	1.07*** (0.30)	0.47*** (0.14)
<i>Short voc. qual.</i>	-0.72** (0.38)	-0.18 (0.25)	-0.41 (0.29)	0.27* (0.14)	-1.06*** (0.32)	-0.46*** (0.16)
<i>Long voc. qual.</i>	-0.20 (0.35)	-0.03 (0.24)	-0.01 (0.27)	0.46** (0.14)	-0.69** (0.28)	-0.51*** (0.16)
Tertiary qualification (25-29) (long degree)	0.36 (0.36)	-0.11 (0.24)	0.33 (0.28)	-0.39*** (0.13)	-0.59* (0.31)	-0.32** (0.14)
<i>Tertiary qualification (30-34) (long degree)</i>	-1.40*** (0.23)	-	-0.85*** (0.15)	-	0.02 (0.18)	-
<i>Short degree (versus long degree)</i>	-1.09** (0.52)	-1.34*** (0.36)	-0.23 (0.25)	-0.18 (0.11)	0.10 (0.27)	-0.44*** (0.16)
North-West	-0.09 (0.14)	-	-0.37*** (0.10)	-	-	-
North-East/ Centre	0.30** (0.13)	-	-0.09 (0.09)	-	-	-
Area of Sustainable Growth	-	0.06 (0.15)	-	-0.02 (0.09)	-	0.05 (0.11)
Area of Industrial Decline	-	0.14 (0.25)	-	0.23 (0.15)	-	-0.06 (0.18)
South/South-East	-	0.19 (0.17)	-	0.16 (0.12)	-	0.09 (0.13)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Reference categories: men, those with a lower-secondary education or less and living in the underdeveloped regions (the South and Islands in Italy and Extremadura, Castilla-Leon, Castilla-Mancha, Galicia, Canarias and Ceuta-Melilla).

Table 7.3: Multinomial logit estimation of the chances of entering different occupational classes contrasted to Class V (unskilled manual) (significant country differences are in bold)

	Highly-skilled non-manual/ unskilled manual		Medium-skilled non-manual/ unskilled manual		Low-skilled non-manual/ unskilled manual		Skilled manual/ unskilled manual	
	Italy	Spain	Italy	Spain	Italy	Spain	Italy	Spain
Intercept	-1.59*** (0.20)	-3.68*** (0.31)	-0.58*** (0.15)	-3.42*** (0.24)	0.13 (0.13)	-0.88*** (0.10)	1.74*** (0.11)	0.25* (0.11)
Female	0.65*** (0.15)	1.13*** (0.14)	1.07*** (0.16)	1.65*** (0.13)	0.70*** (0.15)	1.69*** (0.11)	-0.76*** (0.15)	-0.38** (0.13)
Upper-sec. qualification	2.91*** (0.22)	2.20*** (0.32)	1.30*** (0.17)	2.79*** (0.25)	0.88*** (0.16)	0.63*** (0.11)	0.26 (0.14)	-0.02 (0.10)
Tertiary qualification	2.99*** (0.30)	4.36*** (0.21)	1.26*** (0.31)	2.20*** (0.20)	0.69* (0.31)	0.70** (0.22)	-0.70* (0.33)	-0.08 (0.26)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Reference categories: men, those with a lower-secondary education or less and living in the underdeveloped regions (the South and Islands in Italy and Extremadura, Castilla-Leon, Castilla-Mancha, Galicia, Canarias and Ceuta-Melilla).

Total number of cases: 4582 in Italy and 4105 in Spain.

Table 7.3b: Multinomial logit estimation of the chances of entering different occupational classes contrasted to Class V (unskilled manual) (distinguishing among areas of the countries and types of qualifications)

	Highly-skilled non-manual/ unskilled manual		Medium-skilled non-manual/ unskilled manual		Low-skilled non-manual/ unskilled manual		Skilled manual/ unskilled manual	
	Italy	Spain	Italy	Spain	Italy	Spain	Italy	Spain
Intercept	-1.90*** (0.22)	-3.71*** (0.32)	-0.84*** (0.17)	-3.45*** (0.25)	0.13 (0.15)	-1.01*** (0.13)	1.18*** (0.14)	0.26* (0.11)
Female	0.65*** (0.15)	1.14*** (0.14)	1.07*** (0.16)	1.64*** (0.13)	0.68*** (0.15)	1.69*** (0.11)	-0.82*** (0.15)	-0.38** (0.13)
Upper-sec. qualification (academic)	1.96*** (0.44)	2.40*** (0.35)	0.94** (0.40)	2.96*** (0.26)	0.73* (0.38)	0.90*** (0.15)	-0.69 (0.40)	-0.47 (0.16)
<i>Short voc. qualif.</i>	0.18 (0.45)	-1.12*** (0.29)	-0.50 (0.45)	-1.05*** (0.20)	0.30 (0.42)	-0.60*** (0.17)	1.17** (0.44)	0.45* (0.18)
<i>Long voc. qualif.</i>	1.12** (0.42)	0.15 (0.25)	0.53 (0.40)	0.07 (0.19)	0.09 (0.39)	-0.29 (0.18)	0.62 (0.41)	0.70*** (0.19)
Tertiary qualif. (long degree)	4.10*** (0.50)	4.62*** (0.35)	1.75*** (0.50)	2.31*** (0.34)	0.71 (0.49)	0.38 (0.36)	0.25 (0.53)	-0.09 (0.48)
<i>Short degree</i>	-1.76** (0.57)	-1.10** (0.38)	-1.53* (0.62)	-0.77* (0.39)	-0.07 (0.60)	-0.10 (0.42)	-0.34 (0.68)	0.63 (0.54)
North-West	0.50* (0.20)	-	0.52** (0.20)	-	-0.004 (0.20)	-	0.94*** (0.19)	-
North-East/ Centre	0.56** (0.18)	-	0.40* (0.18)	-	0.05 (0.18)	-	0.93*** (0.17)	-
Area of Sustainable Growth	-	0.20 (0.16)	-	0.36* (0.14)	-	0.29* (0.13)	-	0.25* (0.12)
Area of Industrial Decline	-	0.13 (0.25)	-	-0.02 (0.24)	-	0.31 (0.21)	-	0.30 (0.20)
South/South-East	-	-0.003 (0.19)	-	-0.006 (0.17)	-	0.07 (0.14)	-	-0.38** (0.14)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Reference categories: men, those with a lower-secondary education or less and living in the underdeveloped regions (the South and Islands in Italy and Extremadura, Castilla-Leon, Castilla-Mancha, Galicia, Canarias and Ceuta-Melilla).

Total number of cases: 4582 in Italy and 4105 in Spain

Table 8.1: Logit estimation of the chances of being a first-time job seeker or long-term unemployed (significant country differences are in bold)

	First-time job seeker		Long-term unemployed	
	Italy	Spain	Italy	Spain
Intercept	1.48*** (0.10)	0.60*** (0.07)	0.41*** (0.08)	-0.91*** (0.07)
Female	-0.17* (0.09)	0.13* (0.07)	0.18** (0.07)	0.51*** (0.07)
Upper-sec. qualification	0.11 (0.11)	-0.50*** (0.08)	0.04 (0.09)	0.56*** (0.08)
Tertiary qualification (25-29)	0.55*** (0.18)	0.27*** (0.09)	-0.25** (0.12)	0.26*** (0.09)
<i>Tertiary qualification (30-34)</i>	-1.29*** (0.10)	-	0.87*** (0.19)	-

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996
Reference categories: men and those with a lower-secondary education or less.
Total number of cases: 3003 (2838 in columns 3-4) in Italy and 3239 in Spain.

Table 8.1b: Logit estimation of the chances of being a first-time job seeker or long-term unemployed (distinguishing among areas of the countries and types of qualifications)

	First-time job seeker		Long-term unemployed	
	Italy	Spain	Italy	Spain
Intercept	1.76*** (0.11)	0.71*** (0.09)	0.62*** (0.09)	-0.87*** (0.09)
Female	-0.05 (0.09)	0.14* (0.07)	0.30*** (0.08)	0.53*** (0.07)
Upper-sec. Qualification (academic qualif.)	0.40* (0.24)	-0.36*** (0.10)	0.06 (0.19)	0.54*** (0.10)
<i>Short voc. qualif.</i>	-0.65** (0.27)	-0.34*** (0.12)	0.34 (0.23)	0.11 (0.12)
<i>Long voc. qualif.</i>	-0.11 (0.23)	-0.15 (0.13)	0.02 (0.18)	-0.05 (0.13)
Tertiary qualification (25-29) (long degree)	0.55* (0.29)	0.36*** (0.13)	-0.24 (0.21)	0.28** (0.12)
<i>Tertiary qualification (30-34) (long degree)</i>	-1.45*** (0.23)		0.91*** (0.19)	
<i>Short degree (versus long degree)</i>	-0.97*** (0.33)	-0.60*** (0.15)	0.55* (0.33)	-0.006 (0.15)
North-West	-0.85*** (0.12)	-	-0.70*** (0.11)	-
North-East/ Centre	-1.16*** (0.11)	-	-1.13*** (0.10)	-
Area of Sustainable Growth	-	-0.27*** (0.09)	-	-0.26*** (0.09)
Area of Industrial Decline	-	0.10 (0.13)	-	0.16 (0.12)
South/South-Est	-	-0.07 (0.09)	-	0.07 (0.09)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996
Reference categories: men, those with a lower-secondary education or less and living in the underdeveloped regions (the South and Islands in Italy and Extremadura, Castilla-Leon, Castilla-Mancha, Galicia, Canarias and Ceuta-Melilla).

Table 8.2: Transition probability matrices for lower-secondary leavers

Italy	S	U	O	E	Sample
U	0.03	0.62	0.06	0.30	729
O	0.13	0.08	0.67	0.12	458
E	0.01	0.07	0.04	0.88	659

Spain	S	U	O	E	Sample
U	0.02	0.44	0.19	0.35	769
O	0.15	0.20	0.54	0.11	460
E	0.02	0.12	0.18	0.68	617

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Table 8.3: Transition probability matrices for upper-secondary leavers

Italy	S	U	O	E	Sample
U	0.03	0.68	0.07	0.22	1,598
O	0.09	0.30	0.33	0.28	453
E	0.02	0.05	0.04	0.89	1,519

Spain	S	U	O	E	Sample
U	0.02	0.59	0.06	0.33	1,155
O	0.17	0.31	0.20	0.32	357
E	0.05	0.13	0.04	0.78	1,290

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Table 8.4: Transition probability matrices for tertiary education leavers, by age group

Italy (25-29)	S	U	O	E	Sample
U	0.01	0.67	0.04	0.27	247
O	0.01	0.37	0.26	0.36	81
E	0.01	0.02	0.00	0.97	342

Spain (25-29)	S	U	O	E	Sample
U	0.02	0.61	0.03	0.34	644
O	0.04	0.39	0.32	0.25	110
E	0.01	0.08	0.02	0.89	1,062

Italy (30-34)	S	U	O	E	Sample
U	0.00	0.67	0.02	0.31	275
O	0.00	0.10	0.66	0.24	71
E	0.00	0.02	0.01	0.97	1,014

Table 9.1: Percentages of lower-secondary, upper-secondary and tertiary leavers living with the family, by labour market status

	Lower-secondary		Upper-secondary		Tertiary, by age groups			
	Italy	Spain	Italy	Spain	Italy (25-29)	Spain (25-29)	Italy (30-34)	Spain (30-34)
Student	99.38% (7960)	99.88% (4836)	98.86% (4066)	99.42% (5806)	91.25% (73)	95.64% (263)	85.19% (23)	67.8% (59)
Unemployed	99.28% (689)	98.29% (980)	97.92% (1697)	96.43% (1432)	90.66% (301)	92.60% (701)	70.9% (173)	60.8% (375)
Employed	95.76% (993)	99.15% (924)	94.50% (1909)	92.13% (1719)	78.15% (397)	75.09% (1043)	18.33% (504)	19.47% (535)
Other	93.86% (474)	95.84% (599)	90.39% (461)	94.82% (328)	74.07% (40)	70.83% (85)	45% (11)	32.6% (22)

Table 9.2: Percentages of lower-secondary, upper-secondary and tertiary leavers living with the family, by type of contract (for those employed) and previous job experience (for those unemployed)

	Lower-secondary		Upper-secondary		Tertiary, by age groups			
	Italy	Spain	Italy	Spain	Italy (25-29)	Spain (25-29)	Italy (30-34)	Spain (30-34)
Employed:								
Fixed-term contract	95.74% (225)	98.79% (653)	96.02% (338)	96.63% (1148)	85.45% (94)	78.88% (579)	61.06% (69)	44.33% (180)
Permanent contract	94.82% (568)	94.62% (88)	94.25% (1246)	88.64% (320)	74.44% (198)	68.93% (315)	41% (255)	26.14% (264)
Unemployed:								
First-time job seeker	99.64% (556)	98.64% (652)	98.52% (1395)	99.26% (804)	91.50% (269)	95.49% (445)	81.93% (136)	78.81% (93)
Previously employed	97.79% (133)	97.62% (328)	95.27% (302)	93.04% (628)	84.21% (32)	87.97% (256)	47.44% (37)	52.53% (135)

Table 9.3: Logit estimation of the chances of living with the family for lower-secondary, upper-secondary and tertiary leavers aged 25-34 (significant country differences are in bold)

	Italy	Spain	Italy	Spain
Intercept	3.67*** (0.14)	4.00*** (0.15)	3.53*** (0.14)	3.43*** (0.16)
Female	-0.73*** (0.08)	-0.65*** (0.06)	-0.55*** (0.08)	-0.45*** (0.07)
Female & Out of labour force	-	-	-1.86*** (0.34)	-3.27*** (0.39)
Upper-secondary	-0.47*** (0.11)	-0.92*** (0.15)	-0.60*** (0.12)	-1.01*** (0.15)
Tertiary qualif. (25-29)	-1.55*** (0.12)	-1.49*** (0.09)	-1.64*** (0.12)	-1.46*** (0.09)
<i>Tertiary qualif. (30-34)</i>	-1.51*** (0.11)	-2.00*** (0.07)	-1.34** (0.11)	-1.73*** (0.07)
Fixed-term contract	-	-	0.64*** (0.14)	0.81*** (0.08)
Unemployed	1.18*** (0.11)	1.13*** (0.08)	0.39** (0.16)	1.003*** (0.10)
<i>First-time job seeker</i>	-	-	1.29*** (0.19)	1.30*** (0.16)
Student	1.74*** (0.12)	2.31*** (0.13)	1.82*** (0.13)	2.78*** (0.14)
Other	-0.54 *** (0.12)	-0.46*** (0.11)	0.99 *** (0.32)	2.31 *** (0.37)
North-West	-0.14 (0.09)	-	-0.12 (0.10)	-
North-East/ Centre	0.14 (0.09)	-	0.15 (0.09)	-
Area of Sustainable Growth	-	-0.06 (0.07)	-	-0.05 (0.07)
Area of Industrial Decline	-	0.29** (0.11)	-	0.29** (0.11)
South/South-East	-	-0.01 (0.09)	-	0.006 (0.09)

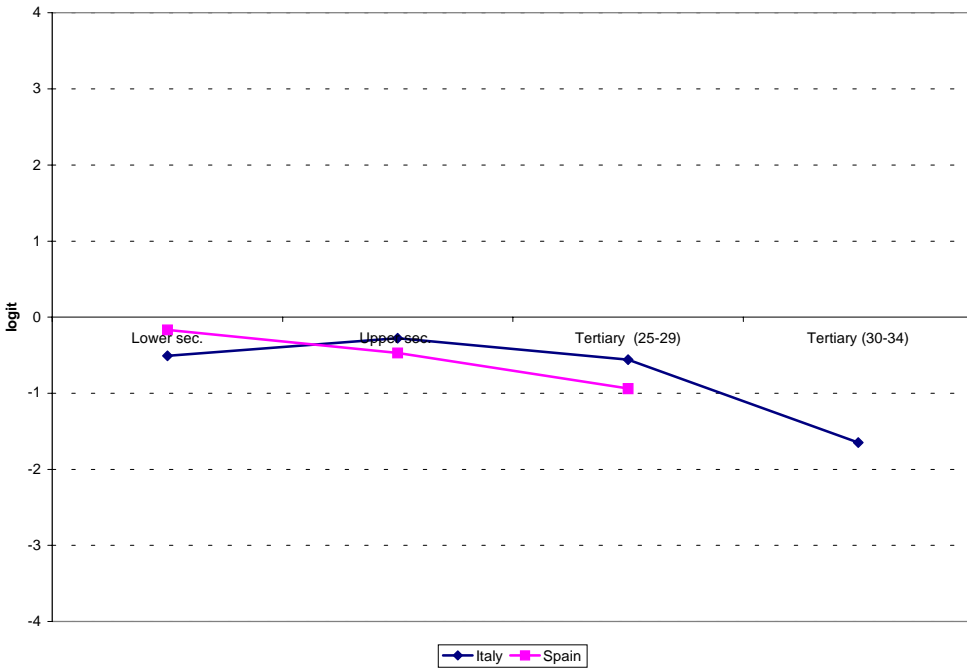
Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Reference categories: men, those with lower-secondary, employed (with permanent contracts in columns 3-4) and living in the underdeveloped regions (the South and Islands in Italy and Extremadura, Castilla-Leon, Castilla- Mancha, Galicia, Canarias and Ceuta-Melilla).

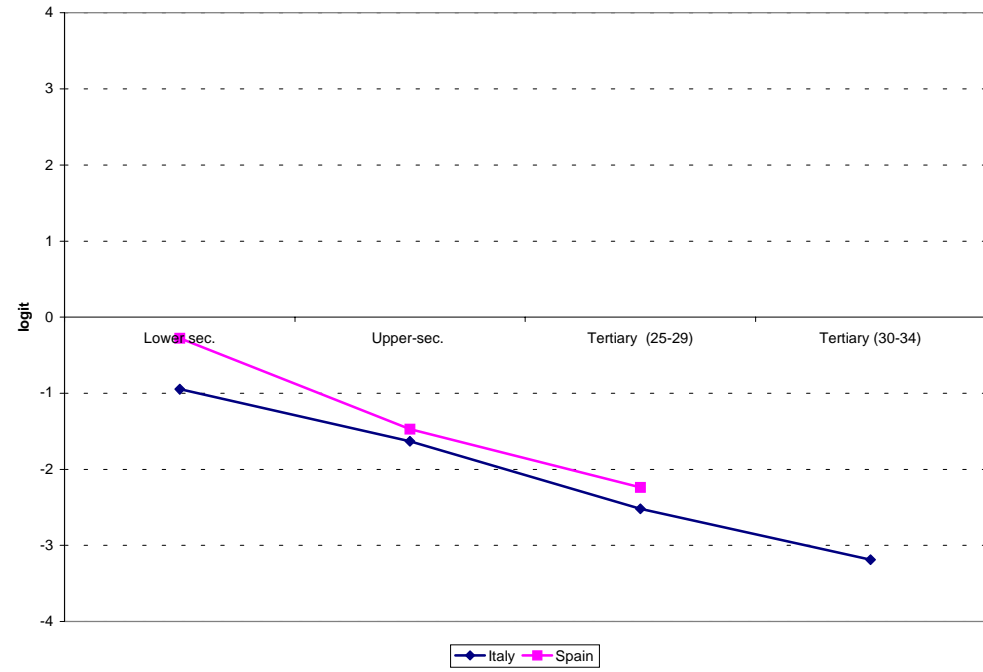
Total number of cases: 19981 in Italy and 20754 in Spain.

Graph 7.1: The effect of education on the chances of being unemployed or inactive versus employed

Unemployed/Employed

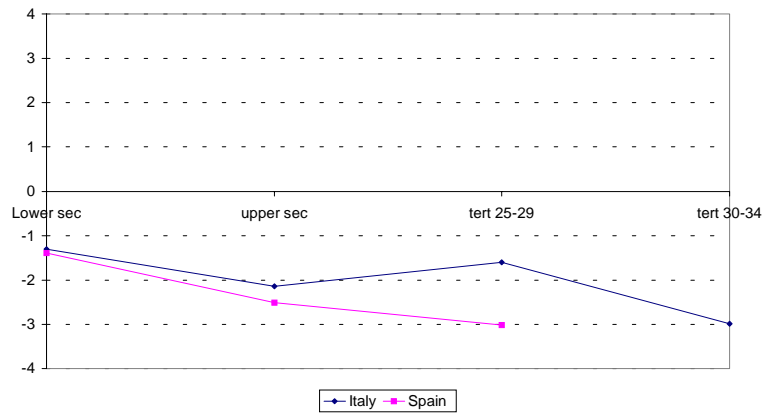


Inactive/Employed

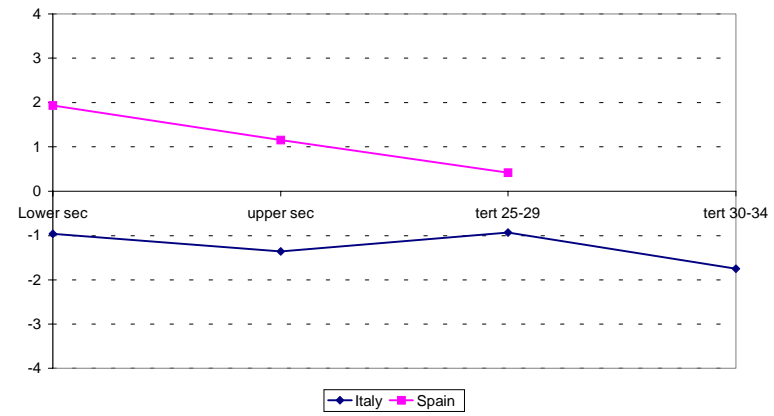


Graph 7.2: The effect of education on the chances of having atypical contracts

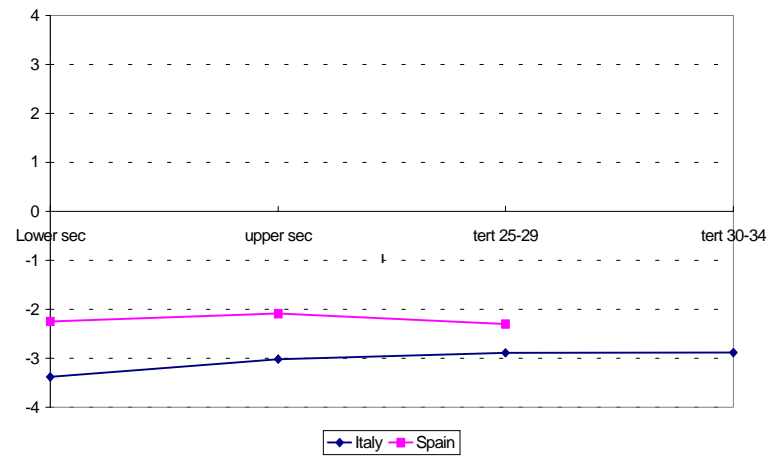
Training Contract/Other Contract



Fixed-term Contract/Permanent Contract

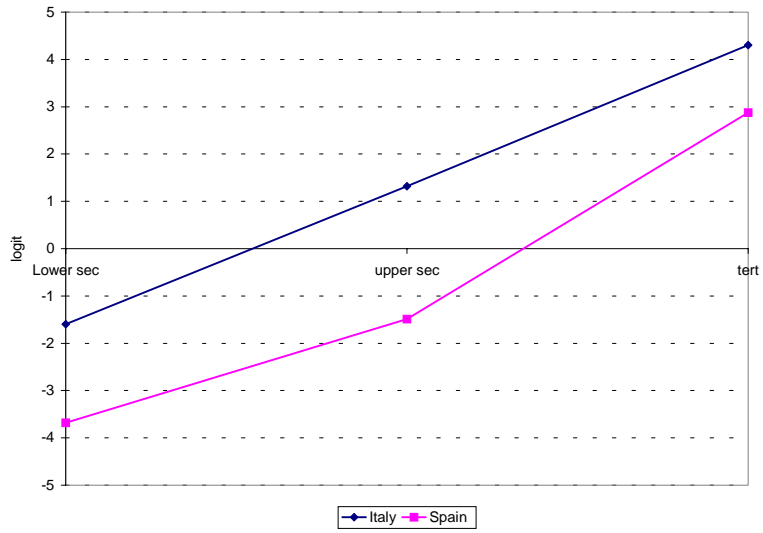


Part-time/Full-time

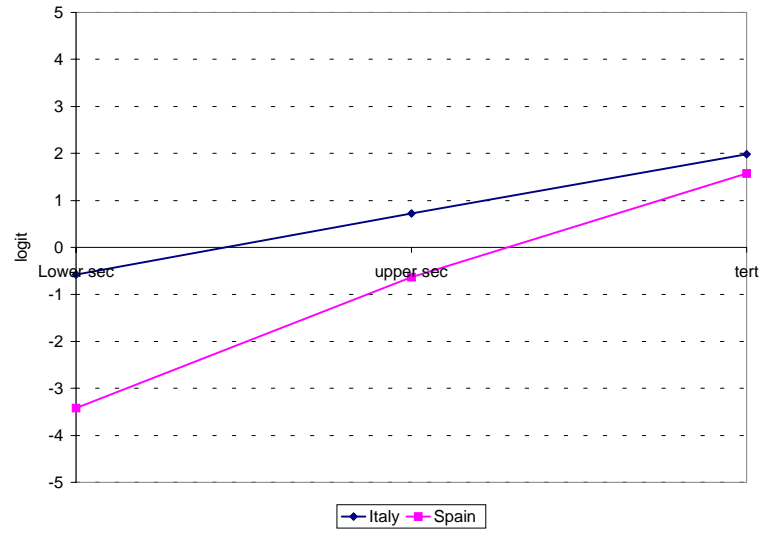


Graph 7.3: The effect of education on the chances of gaining different occupational status

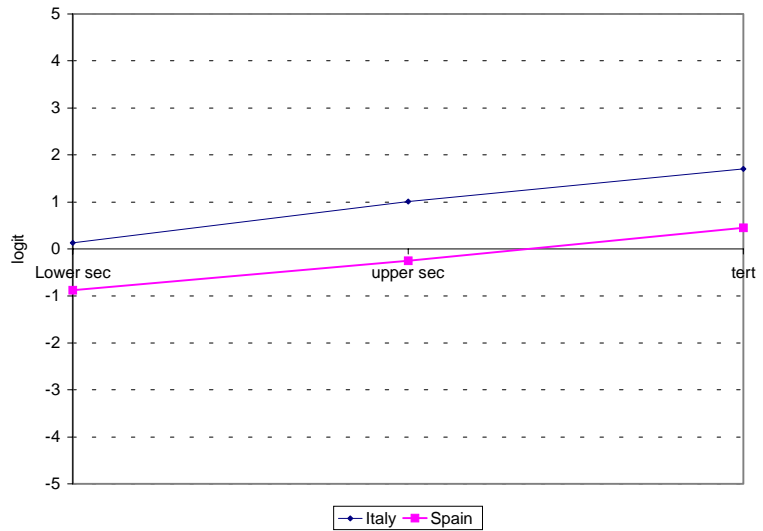
Class I/Class V



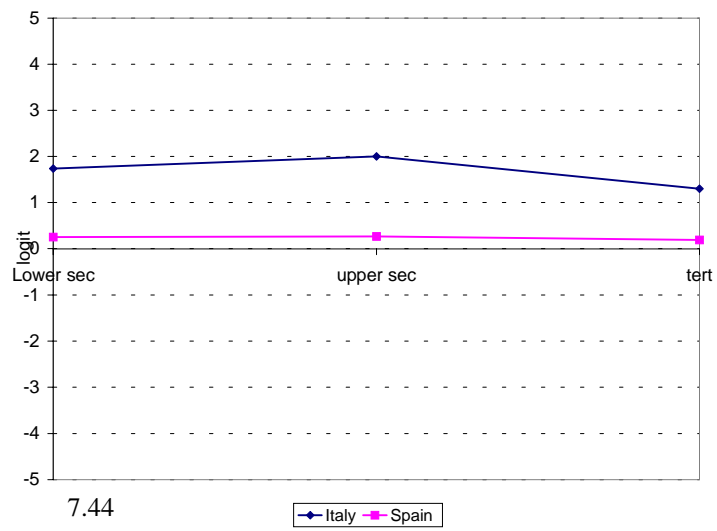
Class II/Class V



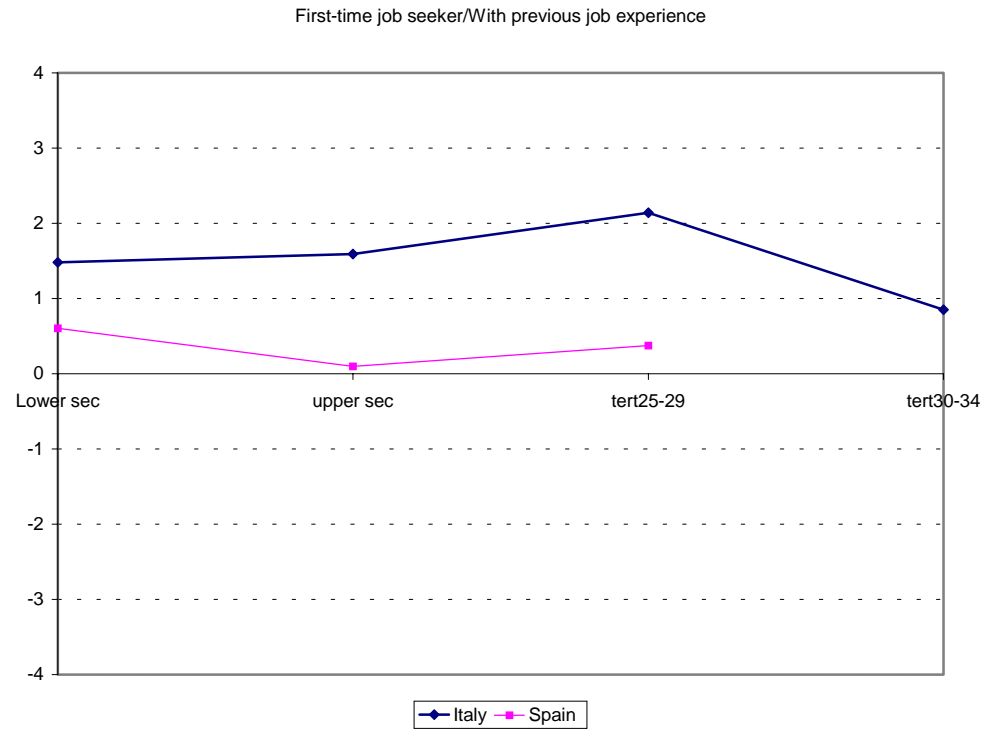
Class III/Class V



Class IV/Class V



Graph 8.1: The effect of education on the chances of having different types of unemployment



APPENDIX

Table A.1: Logit estimation of the chances of having an atypical contract for the pooled sample of employees, controlling for sector of activity (significant country differences are in bold)

	Training Contract		Fixed-term Contract		Part-time Contract	
	Italy	Spain	Italy	Spain	Italy	Spain
Intercept	-1.08*** (0.22)	-0.75*** (0.24)	-0.16 (0.16)	1.70* (0.17)	-2.84*** (0.24)	-1.47*** (0.19)
Female	-0.29*** (0.11)	-0.21 (0.13)	-0.08 (0.08)	0.15*** (0.08)	0.82*** (0.12)	0.32*** (0.10)
Upper-sec. qualification	-0.92*** (0.12)	-1.19*** (0.14)	-0.44*** (0.10)	-0.66*** (0.12)	0.21 (0.17)	0.13 (0.12)
Tertiary qualification (25-29)	0.58*** (0.17)	-0.91*** (0.19)	0.29** (0.13)	-0.67*** (0.09)	-0.01 (0.18)	-0.37*** (0.12)
<i>Tertiary qualification (30-34)</i>	-1.39*** (0.23)	-	-0.93*** (0.15)	-	-	-
North-West	-0.24 (0.15)	-	-0.37*** (0.11)	-	0.26* (0.14)	-
North-East/ Centre	0.20* (0.13)	-	-0.06 (0.10)	-	0.11 (0.14)	-
Area of Sustainable Growth	-	0.06 (0.15)	-	-0.05 (0.09)	-	0.13 (0.11)
Area of Industrial Decline	-	0.18 (0.25)	-	0.20 (0.15)	-	-0.09 (0.18)
South/South-East	-	0.28 (0.17)	-	0.18 (0.12)	-	0.07 (0.13)
Agriculture, ind. of energy and extraction	-0.44 (0.34)	-1.81*** (0.50)	-0.21 (0.23)	0.47 (0.30)	-0.61** (0.30)	-0.57** (0.24)
Manufacture	0.05 (0.19)	-0.53** (0.23)	-0.67*** (0.14)	0.25* (0.14)	-1.00*** (0.20)	-1.40*** (0.20)
Construction	-0.58** (0.29)	-0.47* (0.27)	-0.84*** (0.21)	0.52*** (0.19)	-1.31*** (0.44)	-1.31*** (0.25)
Trade, hotels, restaurants	-0.45** (0.22)	-1.15*** (0.24)	-0.63*** (0.15)	0.15 (0.13)	-0.18 (0.18)	-0.56*** (0.15)
Transport & communication	0.09 (0.35)	-0.54 (0.43)	-0.08 (0.24)	0.006 (0.22)	0.13 (0.31)	-1.20*** (0.35)
Finance and property	-0.63 (0.34)	-0.27 (0.40)	-1.35*** (0.26)	-0.39** (0.20)	-0.78*** (0.31)	-1.47*** (0.38)
Services for enterprises	0.40* (0.22)	0.01 (0.26)	-0.32 (0.17)	0.28* (0.16)	-0.18 (0.19)	-0.72*** (0.19)
Public adm., defence, social insur.	-1.44*** (0.44)	-0.50 (0.33)	-0.55*** (0.20)	-0.86*** (0.17)	-0.42 (0.28)	-1.38*** (0.30)
Services in the public sector	0.02 (0.28)	-1.33*** (0.36)	0.03 (0.20)	-0.52*** (0.17)	0.31 (0.22)	0.21 (0.18)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Reference categories: men, those with a lower-secondary education or less, living in the underdeveloped regions (the South and Islands in Italy and Extremadura, Castilla-Leon, Castilla-Mancha, Galicia, Canarias and 'Ceuta-Melilla) and working in the sector of 'education, health and social services'.

Total number of cases in columns 1-4: 3552 in Italy and 3494 in Spain.

Total number of cases in columns 5-6: 4509 in Italy and 4099 in Spain.

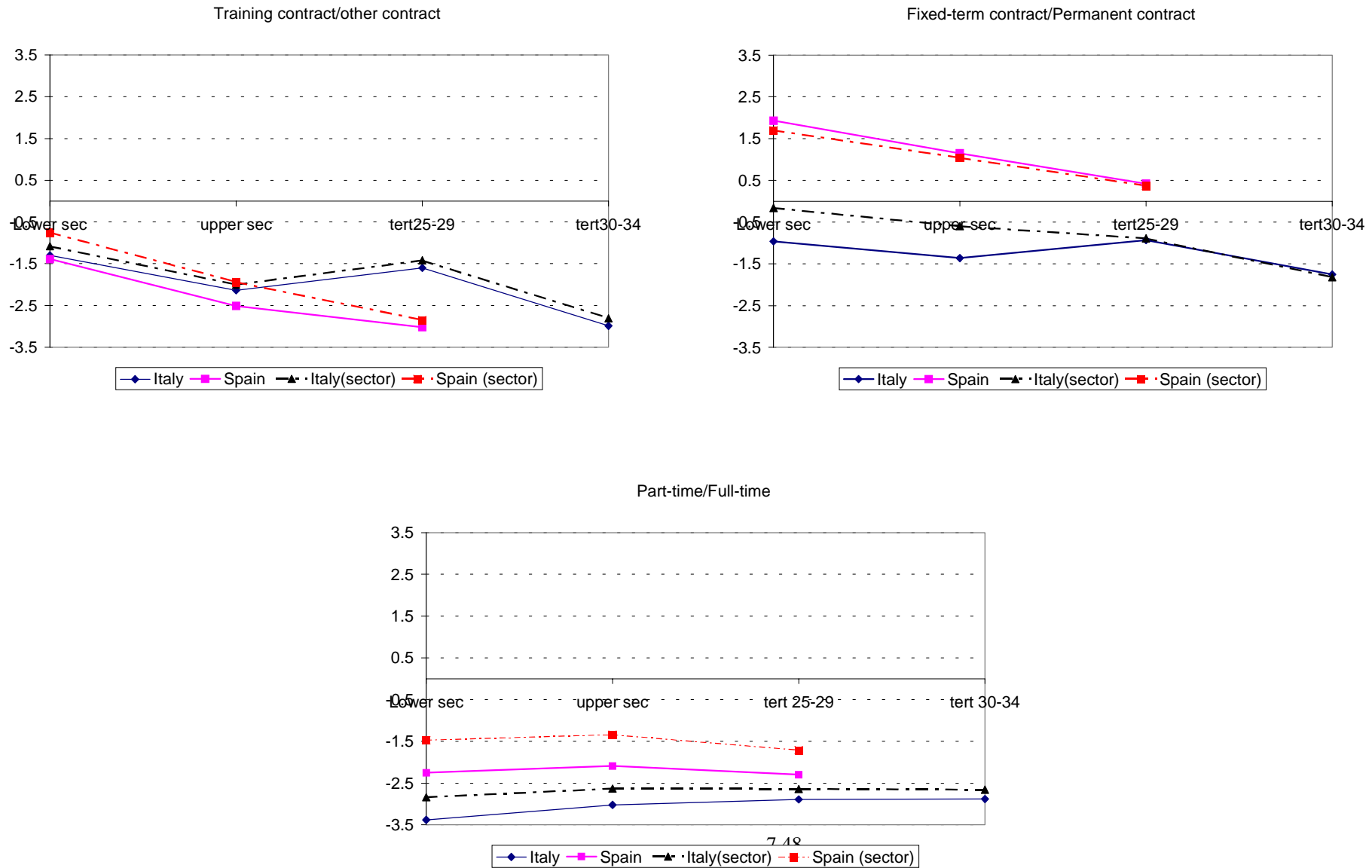
Table A.2: Multinomial logit estimation of the chances of entering different occupational classes contrasted to Class V (unskilled manual), controlling for sector of activity (significant country differences are in bold)

	Highly-skilled non-manual/ unskilled manual		Medium-skilled non-manual/ unskilled manual		Low-skilled non-manual/ unskilled manual		Skilled manual/ unskilled manual	
	Italy	Spain	Italy	Spain	Italy	Spain	Italy	Spain
Intercept	0.11 (0.33)	-0.44 (0.31)	-1.05** (0.35)	-2.69*** (0.34)	-0.70 (0.37)	-0.34 (0.28)	-0.20 (0.42)	0.01 (0.31)
Female	0.19 (0.15)	0.60*** (0.13)	0.90*** (0.15)	1.50*** (0.12)	0.60*** (0.16)	1.46*** (0.12)	-0.81*** (0.15)	-0.24 (0.12)
Upper-sec. diploma	2.25*** (0.21)	1.08*** (0.21)	1.04*** (0.18)	1.85*** (0.19)	0.50** (0.17)	0.38** (0.12)	0.03 (0.15)	0.14 (0.11)
Tertiary degree	1.76*** (0.20)	3.32*** (0.18)	0.24 (0.22)	1.47*** (0.17)	0.05 (0.23)	0.51** (0.18)	-0.84*** (0.24)	0.06 (0.20)
North-West	0.38* (0.18)	-	0.43* (0.19)	-	0.02 (0.19)	-	0.58*** (0.18)	-
North-East/ Centre	0.46** (0.17)	-	0.34 (0.18)	-	0.14 (0.18)	-	0.59*** (0.17)	-
Area of Sustainable Growth	-	0.32* (0.15)	-	0.33* (0.14)	-	0.32* (0.13)	-	0.16 (0.13)
Area of Industrial Decline	-	0.14 (0.23)	-	-0.01 (0.22)	-	0.25 (0.21)	-	0.13 (0.20)
South/South-East	-	-0.05 (0.18)	-	-0.13 (0.17)	-	-0.08 (0.15)	-	-0.32* (0.14)
Agriculture, ind. of energy and extraction	-1.90*** (0.34)	-3.39*** (0.41)	0.76* (0.35)	-0.72 (0.38)	-0.67 (0.43)	-2.11*** (0.38)	0.93 (0.44)	0.38 (0.33)
Manufacture	-1.48*** (0.30)	-2.05*** (0.28)	0.19 (0.33)	-0.13 (0.31)	-0.92* (0.40)	-2.47*** (0.33)	2.44*** (0.41)	1.03*** (0.31)
Construction	-1.92*** (0.35)	-2.60*** (0.32)	-1.21** (0.46)	-0.18 (0.33)	-1.07* (0.50)	-2.48*** (0.38)	1.57*** (0.44)	0.31 (0.32)
Trade, hotels, restaurants	-1.68*** (0.31)	-1.86*** (0.27)	0.01 (0.35)	0.26 (0.30)	2.44*** (0.36)	0.68* (0.27)	1.26** (0.43)	-0.52 (0.32)
Transport and communication	-2.21*** (0.44)	-3.58*** (0.39)	0.78 (0.44)	-0.01 (0.36)	-0.26 (0.55)	-1.36*** (0.36)	1.16* (0.52)	-1.33** (0.44)
Finance and property	(0.43)	(0.47)	1.72*** (0.45)	1.94*** (0.45)	0.31 (0.53)	-0.21 (0.48)	0.16 (0.61)	-0.18 (0.57)
Services for enterprises	-0.09 (0.38)	-0.88** (0.31)	1.23** (0.41)	0.85* (0.34)	-0.05 (0.50)	-0.99** (0.35)	0.64 (0.53)	-0.92* (0.42)
Public adm., defence, social insur.	-0.89* (0.44)	-2.82*** (0.33)	1.23 (0.47)	0.07 (0.33)	1.61*** (0.49)	-1.11*** (0.33)	0.20 (0.62)	-1.31*** (0.40)
Services in the public sector	-2.05*** (0.35)	-2.60*** (0.33)	-0.29 (0.38)	-0.27 (0.33)	1.13** (0.39)	-0.34 (0.29)	-0.50 (0.52)	-1.30*** (0.41)

Source: Own calculations using the Italian and Spanish LFS, 2nd quarter 1996

Reference categories: men, those with a lower-secondary education or less and living in the underdeveloped regions (the South and Islands in Italy and Extremadura, Castilla-Leon, Castilla-Mancha, Galicia, Canarias and Ceuta-Melilla) and working in the sector of 'education, health and social services'.

Graph A.1: The effect of education on the chances of having atypical contracts, with and without controlling for sector of activity



Graph A.2 The effect of education on the chances of gaining different occupational status, with and without controlling for sector of activity

