

Statistics in focus

POPULATION AND SOCIAL CONDITIONS

THEME 3 – 4/2003

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General indicators on transition from school to work

Youth transitions from education to working life in Europe Part I

The transition from education into working life is among the key topics of current social research and policy interests, as it touches upon the core issue of youth labour market integration in different European countries. In 2000 Eurostat launched an additional questionnaire to the LFS, targeting recent school-leavers (5-10 years since leaving continuous education for the first time) aged 15-35 in twenty European countries: all EU Member States with the exception of Germany; and six candidate countries (Hungary, Latvia, Lithuania, Romania, Slovakia, and Slovenia).

This report by Irena Kogan and Frank Schubert (Mannheim Centre for European Social Research, University of Mannheim, Germany) is based on the EU LFS 2000 ad hoc module data and is in a longer version included in the Indicator report produced in the framework of the project "Evaluation and Analyses of the LFS 2000 ad hoc Module Data on School-to-Work Transitions in Europe", published as a Eurostat working paper. Demonstrating the potential of the EULFS 2000 ad hoc module in terms of social reporting, the Indicator report covers core issues in transition research, namely effects of social background on educational and occupational careers, the relationship between field of education and gender inequality in the labour market, ethnic inequalities in the transition process, the incidence and consequences of job mismatches, job search and mobility behaviour in the early stages, and contributes to further understanding of school-to-work transition processes in Europe.

This report aims at providing a set of core indicators describing transition patterns in general applying a dynamic perspective to labour market outcomes among young people, i.e. relating the majority of labour market indicators *to the time individuals have already spent on the labour market*. This approach allows for a broad comparison of both the *process* and the *nature* of labour market integration in the different participants in the ad hoc module. The majority of indicators relate to all participants in the module, with the exception of Latvia, where the definition of the target population substantially deviates from the requirements of the module. Two types of labour market outcomes, reflecting two major aspects of the transition process in the initial career stages, are further examined: the labour market status, i.e. activity and employment patterns, of young people and the employment characteristics of job entrants at the time of the interview (spring-summer 2000).

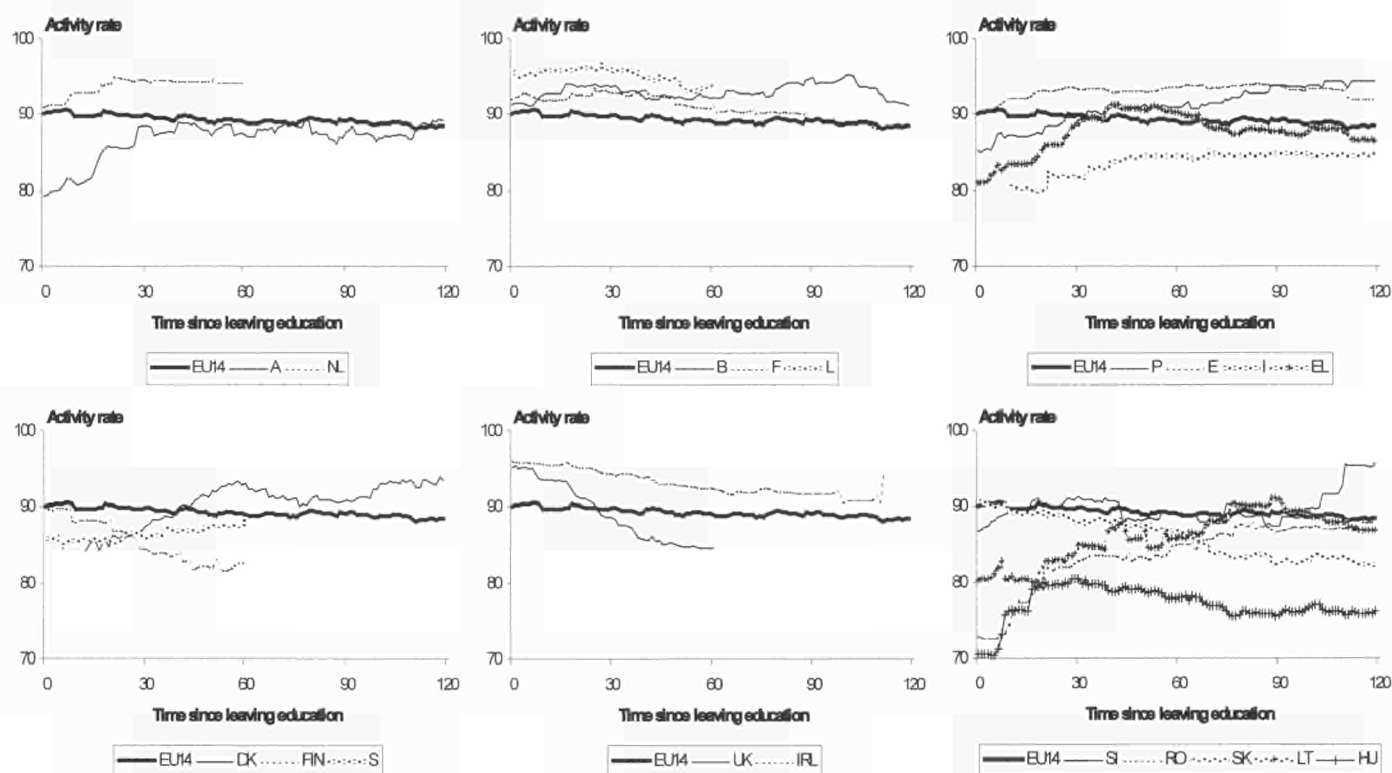


Activity patterns of recent school-leavers

After leaving continuous education young people generally enter the labour market and start working life. While the average labour force participation rate for 15-35 year old education leavers in the EU countries is about 90 per cent with the proportion remaining stable irrespective of the time since leaving education, some differences in the patterns and levels of labour force participation between countries are however apparent. From Figure 1 it is evident that in a number of countries, (the Netherlands, France, Belgium, Luxembourg, Ireland, and Spain), young people exhibit higher labour force participation than the EU average. In Denmark and Romania activity rates are relatively low shortly after leaving the education but grow with the passage of

time and reach or even exceed (as in the case of Denmark) the EU average afterwards. While in the majority of countries the prevailing pattern is that of growing labour force participation shortly after leaving education and a subsequent stabilization, the reverse patterns are observed in Finland, Ireland, the UK¹, and Slovakia, where labour force participation tends to slightly decrease over time. The latter can be explained partially by re-entry to the training several years after leaving initial education and partially by commitment to household work, this trend being especially prominent among women (for more see chapter 1 in the Indicator report).

Figure 1: Activity rates (%) by time since leaving continuous education for the first time (months) and by country.



Employment patterns of recent school-leavers

Finding employment, which matches and provides favourable returns to the qualifications obtained while studying, is probably the ultimate goal of every school-leaver. While not solely a youth problem, unemployment can however reach particularly high levels among young people in countries where school-to-work links are loose. Young people lack work experience and are often short of skills and knowledge as well as the

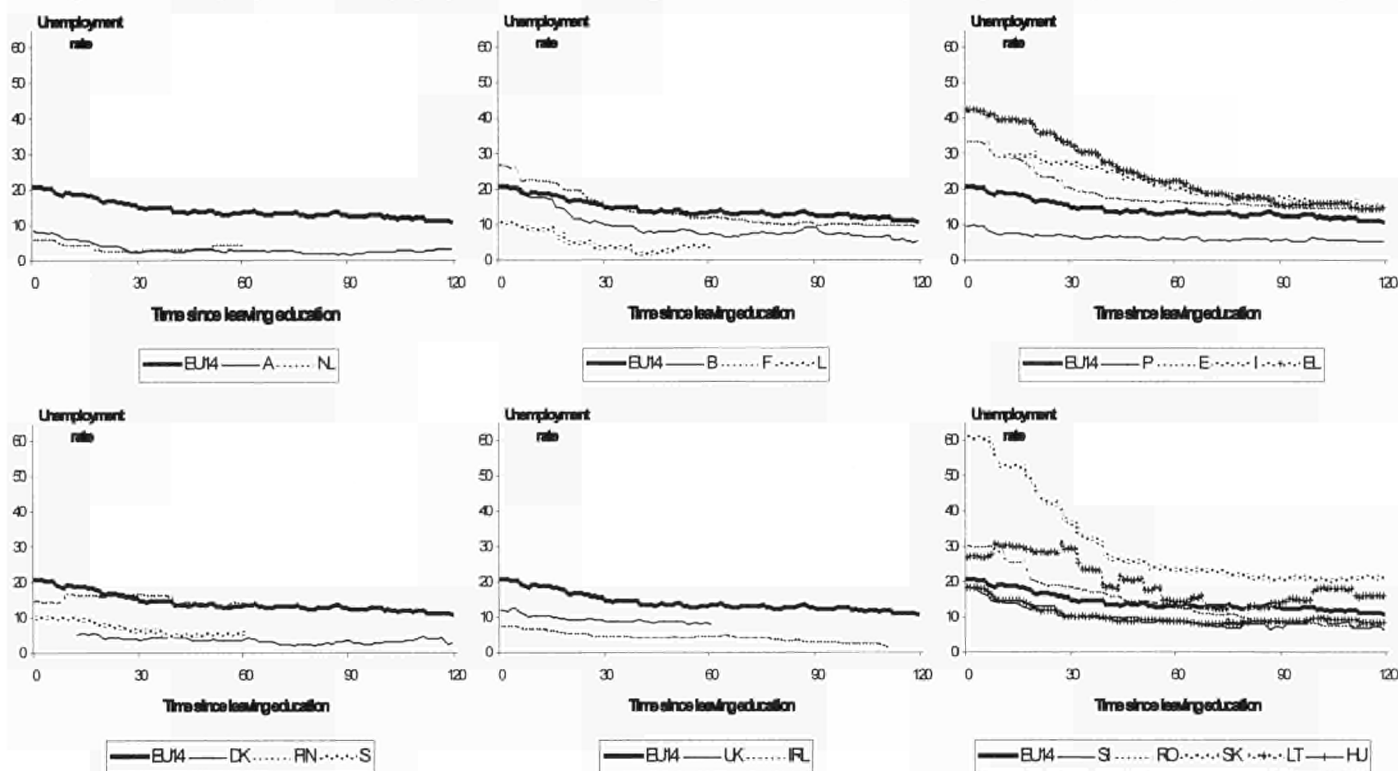
qualifications required for certain jobs, which makes them exposed to extended periods of job search and even to long-term unemployment. From Figure 2 it is evident that in all the countries under study recent school-leavers experience the most serious difficulties finding employment shortly after entering the labour market, but their employment situation improves with the passage of time. In spite of similarities in this

¹ Note that the sample of the target group in the UK may not be wholly representative, in particular because of the over-representation of older and highly educated young people (for more details see report on data quality and cross-country comparability, now available in the Eurostat Education, Training and Culture Statistics (ETCS) webpages at the address <http://forum.europa.eu.int/Public/irc/dsis/edtcs/library>).

pattern, countries differ in the level of youth unemployment. In Austria, the Netherlands, Denmark (countries with a dual system of education and training), but also Sweden, Ireland, the UK, and Portugal, the unemployment rate remains low and more or less constant irrespective of the time since leaving education. The youth unemployment rate in Luxembourg, Belgium, Slovenia and Hungary is also

below the EU average, but more serious difficulties are noticeable for young people at the beginning of their working career. In the remainder of the countries (France, Greece, Spain, Italy, Romania, Latvia and especially in Slovakia, where unemployment among the most recent school-leavers peaks at 50 per cent) more recent school-leavers seem to experience particular difficulties in finding employment.

Figure 2: Unemployment rates (%) by time since leaving continuous education for the first time (months) and by country.



Is higher education a safety net for employment difficulties during the early career?

In this section the focus is on the role of education as one of the most important individual-level predictors of the speed and immediacy of entering the labour market and finding employment. Figure 3 plots the unemployment rates of school-leavers by level of education when leaving continuous education for the first time and time since this event in a selected number of countries (Austria, Belgium, Spain, and Romania)².

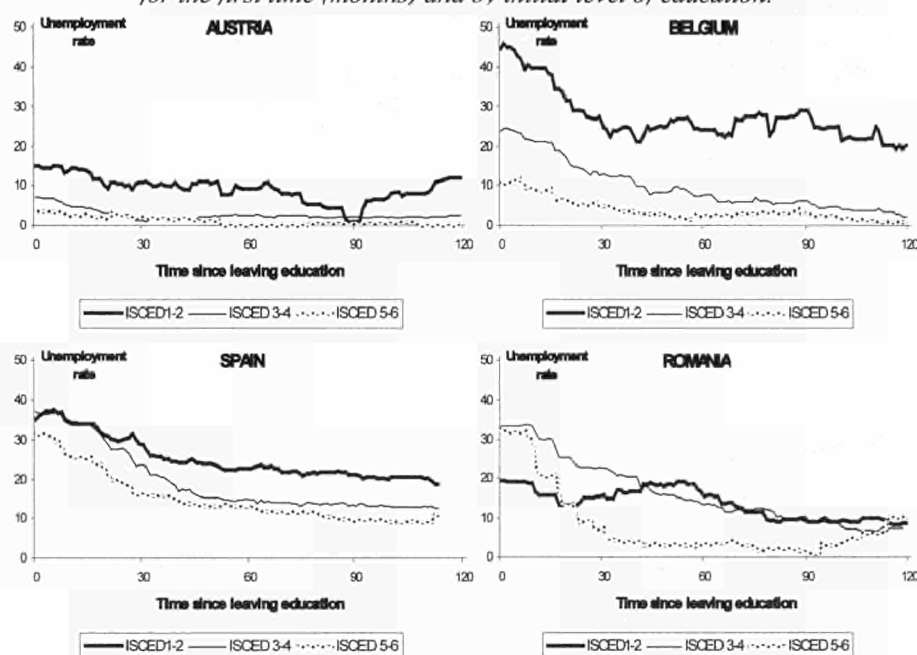
The general pattern is that unemployment rates for graduates from tertiary education are lower than those for persons with upper secondary or post-secondary non-tertiary qualifications, which are in turn lower than the unemployment rates for persons with only primary or lower secondary education (Romania is the exception to this pattern). In particular, in Austria, a country with a dual system, unemployment levels among school-

leavers with tertiary and upper secondary or post-secondary non-tertiary certificates are quite similar, while less educated youths have more difficulties in finding employment. It is worth noting that school-to-work transitions are comparatively smooth for all young Austrians, that is, no extreme difficulties for recent school-leavers are apparent. This is not the case in Belgium, where unemployment, especially among young people with upper secondary or post-secondary non-tertiary education, reaches 25 per cent and among the less educated group peaks at 45 per cent immediately after leaving education and entering the labour market. A stabilisation of employment trends is observed much later in the working careers of school-leavers, but the unemployment rate of less educated individuals nevertheless never drops lower than 20 per cent within 10 years of leaving initial education.

² The main basis for selection was an attempt to provide a sample of countries belonging to different school-to-work transition types based on the availability of information for the plotted indicators.

The unemployment trend in Spain is similar to the Belgian pattern, with the only difference being that there is no sharp gap between less educated persons and those with secondary education immediately after leaving education. In Romania immediately after leaving education highly educated people experience more difficulties finding employment than less educated Romanians, which makes this country's unemployment pattern distinctly different from the rest of the countries discussed in this section.

Figure 3: Unemployment rates (%) by time since leaving continuous education for the first time (months) and by initial level of education.



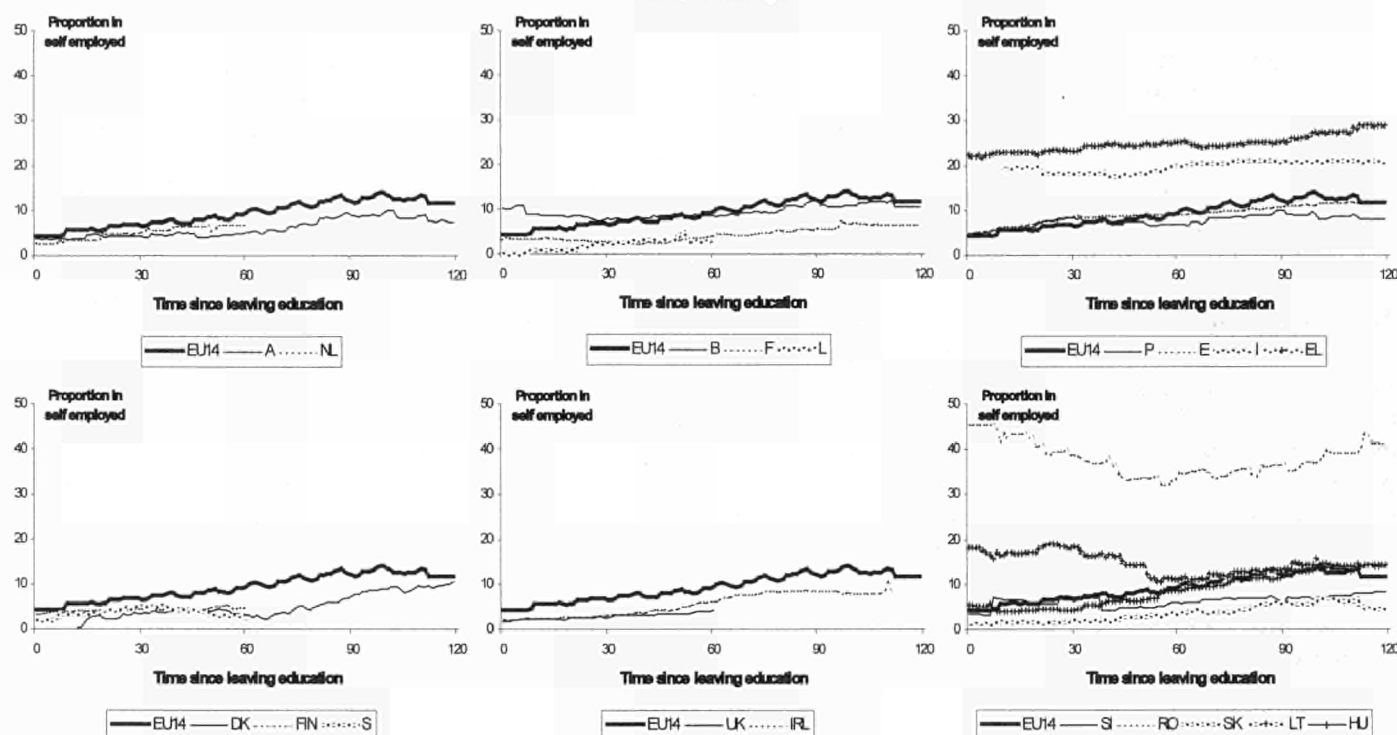
Job instability among new entrants: Self-employment and precarious forms of employment

In this section, forms of employment other than the standard type of full-time, permanent, salaried employment, namely self-employment and precarious forms of employment, will be discussed.

Self-employment is a marginal phenomenon in school-to-work transitions in the majority of Western European countries, as is evident from Figure 4, which plots the percentage of self-employed, including family workers,

out of the total of all persons in employment. The line for the EU average illustrates that immediately after leaving education about 5 per cent of school-leavers enter self-employment, while with the passage of time the proportion of self-employed rises and reaches 12 per cent for those with about 8 years work experience. Belgium is the only Western European country where the proportion of school-leavers who resort to

Figure 4: Proportion of self-employed (%) by time since leaving continuous education for the first time (months) and by country.



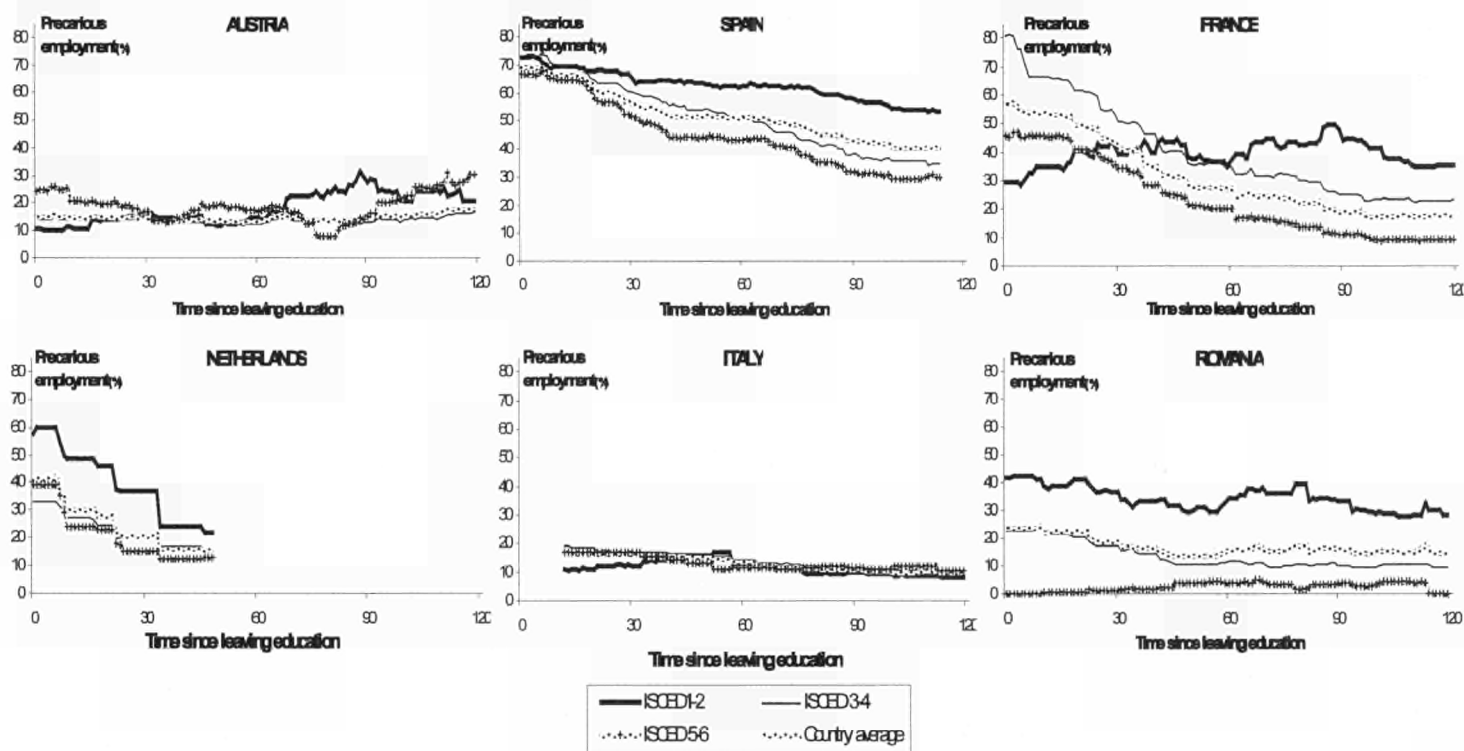
self-employment immediately after leaving education is higher than the EU average. A higher propensity for self-employment is characteristic of the Southern European countries, and this is particularly the case for school-leavers in Greece and Italy, and to some degree in Spain. Patterns of self-employment among young people in Eastern and Central European countries prove to be extremely interesting. In Slovakia, Slovenia and Hungary self-employment among leavers is similar to the trends observed in the rest of the Western countries, while in Lithuania and especially in Romania the proportion of self-employed young people, who are mainly family workers, is extremely high.

As labour legislation on full-time permanent employment differs in the countries discussed, we decided to describe the precariousness of youth employment rather than the representation of young school-leavers in full- vs. part-time or permanent vs. fixed jobs. Figure 5 depicts the proportion of youth in precarious employment by level of education and time since leaving continuous training for the first time in a selected

number of countries. The general trend is that with the passage of time in the labour market the proportion of young people in precarious employment decreases in all countries under discussion except Austria. In addition, countries differ substantially in the proportion of young job entrants employed in atypical jobs with the highest percentages observed in Spain (irrespective of the level of education immediately after entering the labour market) and France (especially for those possessing secondary certificates). Relatively low levels of involuntary part-time and temporary employment among youth are observed in Italy and Austria.

A closer look at the differences between school-leavers by education suggests that higher education does not really protect young job entrants from precarious employment in the early career, since the differences between the more and less educated youth in precarious employment are not very pronounced in all the countries under discussion except Romania, where tertiary education qualifications provide better opportunities to find secure salaried employment.

Figure 5: Proportion in precarious employment by level of education and time since leaving education.



Occupational status of recent school-leavers

This section discusses the employment sector and occupational position of recent school-leavers at the time of the interview. To ensure a better comparability of results cross-nationally and to minimize the bias connected with a possible cohort effect, we have

chosen to concentrate only on young people who left initial continuous education in the previous five years. From Figure 6³, which depicts the proportion of young people employed in the service sector at the time of the interview, it is evident that recent school-leavers,

³ Because of serious deficiencies in the data corresponding indicators were not plotted for Luxembourg, Ireland and Latvia.

especially in Western and Northern Europe, tend to concentrate in the service sector. The average figures for the European Union indicate that about 80 per cent of young people with tertiary education, about 70 per cent of those with upper secondary and post-secondary non-tertiary education and only 55 per cent of less educated school-leavers have jobs in the services. Such employment is less dependent on level of education for young people in the Scandinavian countries, the United Kingdom and France. The explanation can be found in general restructuring and downsizing of the primary and secondary sectors in these countries. This is less the case in the candidate countries, Southern European countries and

Austria, where the tertiarisation of the economy is less pronounced. In these countries education indeed plays a more important role in sorting people into certain economic sectors, with more substantial differences in employment sector by educational level found in Greece, Portugal, Hungary, Slovenia, Slovakia, Lithuania and Romania. Young people with tertiary education credentials are significantly over-represented in service sector jobs in Austria, while there is less differentiation at the lower educational levels in this country. In Spain, on the other hand, no significant differences are observed among young people with education above the secondary level in their employment location.

Figure 6: Proportion of school-leavers employed in the service sector by level of education when leaving education for the first time and country.

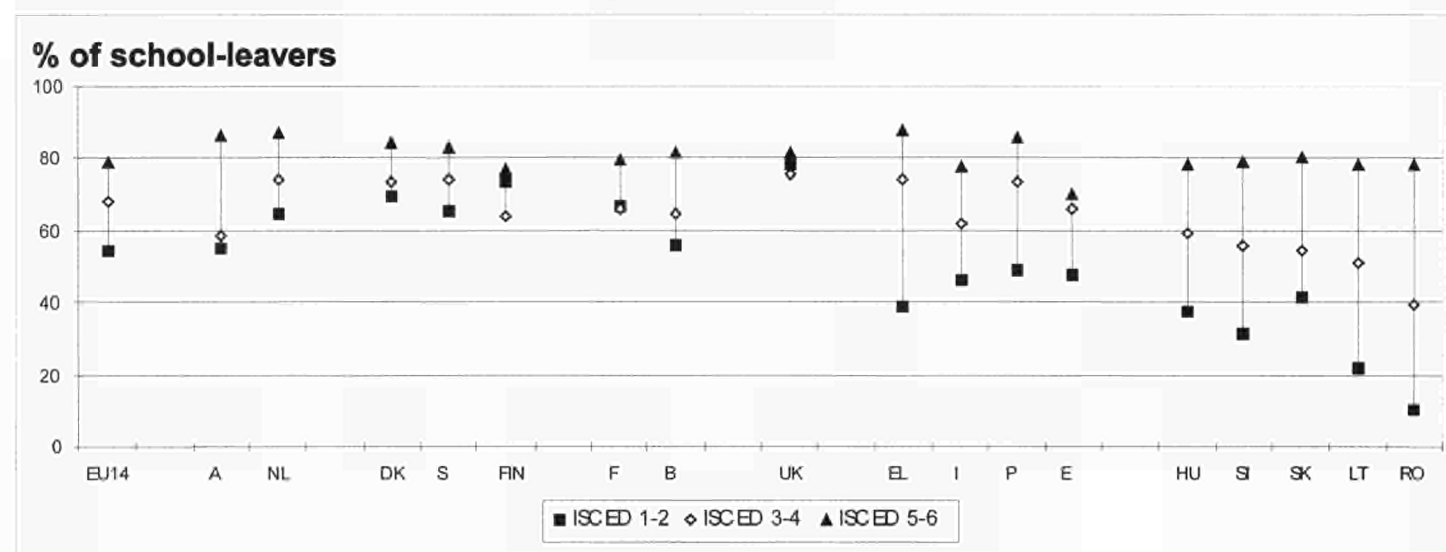


Figure 7: Occupational status of recent school-leavers by country and level of education.

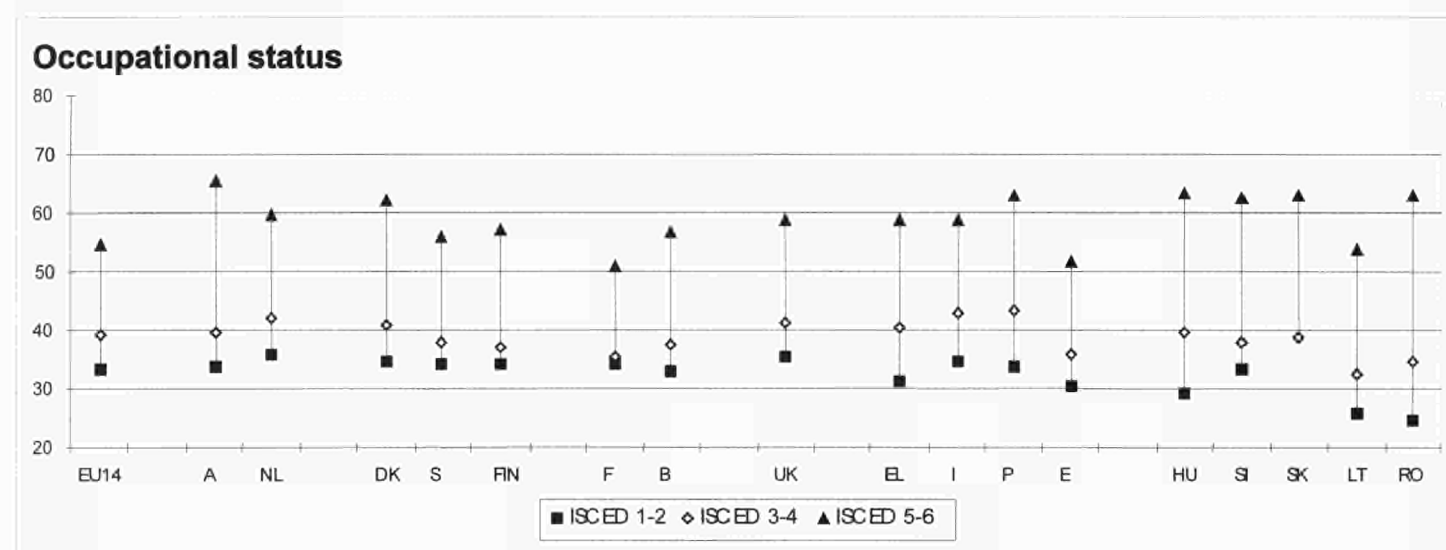


Figure 7 presents the average occupational status measured using the International Socio-Economic Index of Occupational Status (ISEI) of young people who left continuous education by country and level of education⁴. In all countries which participated in the ad hoc module, tertiary education leads to occupations of significantly higher status for recent graduates, while for those with non-

tertiary education occupational status proved to be much lower. Some cross-national differences are evident in the impact of non-tertiary education on the chances of obtaining more prestigious jobs. Figure 7 indicates that in Sweden, Finland, France and Belgium the occupational returns to non-tertiary credentials are similar irrespective of their type.

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Abbreviations: E – Spain; FIN – Finland; IRL – Ireland; F – France; I – Italy; S – Sweden; EL – Greece; UK – the United Kingdom; B – Belgium; DK – Denmark; P – Portugal; NL – the Netherlands; A – Austria; L – Luxembourg; HU – Hungary; SI – Slovenia; SK – Slovakia; LT – Lithuania; RO – Romania; EU – the European Union without Germany.

Graphs:

To ensure a better reliability of the graphs we applied a method known as a “moving average”. Mathematically speaking, given a sequence $\{a_i\}_{i=1}^N$, an n -moving average is a new sequence $\{s_i\}_{i=1}^{N-n+1}$ defined from the a_i by taking the average of sub-sequences of n terms:

$$s_i = \frac{1}{n} \sum_{j=i}^{i+n-1} a_j \quad (\text{For more on the matter see Kenney, J.F. and Keeping, E.S. “Moving Averages.” §14.2 in } \textit{Mathematics of Statistics, Pt. 1, 3rd ed.}$$

Princeton, NJ: Van Nostrand, pp. 221-223, 1962; Whittaker, E.T. and Robinson, G. “Graduation, or the Smoothing of Data.” Ch.11 in *The Calculus of Observations: A Treatise on Numerical Mathematics*, 4th ed. New York: Dover, pp. 285-316, 1967). For the graphs in this publication an average has been calculated for an interval of 30 months, proven to yield relatively reliable results in the majority of countries.

Activity rates here represent the labour force as a percentage of the population aged 15-35.

Unemployment rates represent unemployed persons as a percentage of the labour force.

Education and training pertains to the highest level of education or training successfully completed when leaving education for the first time and is coded into three broad categories based on the ISCED (1997) classification. Low educational level corresponds to ISCED 1-2 and includes persons with primary or lower secondary education. Medium level of education, i.e. ISCED 3-4, pertains to those with (upper) secondary or post-secondary non-tertiary education. Finally, high level of education (ISCED 5-6) combines graduates with a first or second stage tertiary qualification.

Self-employed include self-employed with or without employees and family workers.

Precarious forms of work are defined in this report as either involuntary fixed contracts or involuntary part time jobs. In addition the answers “other reason” and “no reason” were assigned to the category of precarious employment.

Service sector pertain to the following economic activities as defined by NACE: wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods (NACE G), hotels and restaurants (NACE H), transport, storage and communication (NACE I), financial intermediation (NACE J), real estate, renting and business activities (NACE K), public administration and defence, compulsory social security (NACE L), education (NACE M), health and social work (NACE N), other community, social and personal service activities (NACE O), private households with employed persons (NACE P), extra-territorial organizations and bodies (NACE Q).

Occupational status measured in the International Socio-Economic Index of Occupational Status (ISEI) refers to the hierarchical position of one's occupation. It considers occupation as the intervening activity linking education and income. Using the 3-digit ISCO-88 occupational codes each person was assigned a score on the International Socio-Economic Index of Occupational Status (ISEI), an interval scale with the range between 16 and 90, developed by Ganzeboom and Treiman (1996) (See Ganzeboom, Harry B.G. and Donald J. Treiman, 1996, “Internationally Comparable Measures of Occupational Status for the 1988 International Standard Classification of Occupations” in *Social Science Research* 25, pp. 201-239).

⁴ Here as well as in the case of industrial location among school-leavers, time since leaving education plays a negligible role as the percentage of young people employed in certain industries and occupations remains stable irrespective of the time since leaving continuous education

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