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1 France

1.1 Introduction

1.1.1 Economic and demographic changes in the last twenty years

(i) Larger generations and a upsurge in the numbers of working women have increased the working population.

From 1960 to 1993, the French working population increased annually by approximately 200,000 people. Demographic factors have largely been responsible for this increase. Up until 1990, between 800,000 and 900,000 young people reached the age of sixteen, while less numbers born before World War Two entered retirement. Since 1990, fewer young people - averaging about 700,000 per annum - have reached the age of sixteen (when compulsory education ends), but this demographic addition remains quite significant. Changes in the rates of people working have had little specific effect on the overall numbers of those people to the extent that the average level fluctuates little (around 55 per cent). However, these changes have substantially modified the structure of the working population, with increasingly higher proportions of females participating in the labour market.

From 1975 to 1997, the rate of women working increased slightly more than 5 per cent, reaching 47 per cent in 1997. Female participation rates in the 25 to 49 year age group rose to 78 per cent in 1997, about twenty points higher than the 1975 level.

(ii) Labour force activity is concentrated in intermediate age groups

Due to increased participation rates in education among young people and early retirement of workers aged fifty years and over, labour force activity has become concentrated in the intermediate age groups (25 to 49 years old). (See Table A.8). In 1997, only 25 per cent of those over the age fifty were active compared to 36 per cent in 1975. This decrease was even greater for men over fifty, declining by eighteen percentage points for this period. The rapid prolongation in the duration of studies has resulted in a considerable decline in the numbers of labour force participants under the age of twenty-five, 31 per cent and 25 per cent respectively for young men and women in 1997. Thus, the situation results in an implicit division of employment since the organised entry and exit patterns of the youngest and oldest working cohorts allow the maintenance of activity rates among the intermediate age group (25 to 49 years) and permit an increase in the number of women participating.

(iii) The end of full employment and the arrival of persistent unemployment

Although employment was typical for the majority of new labour market entrants before the first oil crisis, the most recent period has been characterised by unemployment. The number of jobs created has been insufficient to absorb the increasing numbers available for work, resulting in a situation of persistent unemployment.

Not all categories of working people have been exposed to this situation in the same way. Young people and women have the highest unemployment rates. The risk of unemployment diminishes significantly as the level of qualification rises. Neither are the various categories of participants equally affected by abrupt changes in growth. The number of unemployed adult men is very sensitive to the economic situation because they are the first affected when jobs are terminated during recessions. But young people's unemployment is the most affected by fluctuations in the economic situation. For new labour market entrants, those who are less qualified have a greater risk of unemployment (See Table A.9).

Since 1983, we can distinguish various phases of the cycle:

- from 1983 to 1986, a period of recession with a decline in recruitment; unemployment hit young people particularly hard;
- from 1987 to 1989, an improvement in the economic situation permitted a decline of unemployment in young people;
- from 1990 to 1991, economic growth stopped and unemployment increased among adult men;
- from 1992 to 1993, more jobs were eliminated than created; for both years the net decline was close to 200,000 jobs. The unemployment rate among young people rose rapidly.
- in 1994, new jobs, often with little job security, were created; the number of unemployed ceased to grow;
- since mid 1995, unemployment has increased again and was slightly more than 12 per cent of the working population in March 1997. This new rise in unemployment especially affects men and manual workers.

1.1.2 The labour market: French-styled internal markets

In France, qualifications, above all, are a matter handled by businesses and organisations (Maurice, Sellier, Silvestre, 1982). The French labour market is structured by internal markets, and professional advancement is regulated by seniority (Verdier, 1996). This situation originated in a context of a shortage of qualified workers that existed in France until the beginning of the 1970s. Companies themselves trained their employees with low initial training levels. Advancement by seniority was used to build the loyalty of this labour-force to companies once it had been trained. Similarly, establishing a rigid hierarchy according to qualifications was used to retain the most qualified employees. These internal markets are made up of three components: a nucleus of jobs in the non-commercial public sector, state-owned companies and private sector companies.

(i) An active public sector with a prominent role of the internal markets

An identifiable characteristic of the French labour market is the influential role played by non-commercial services in total employment (28 per cent in 1996). This figure is substantially higher than that of neighbouring European countries (four points above the British figure and ten points above the Italian and German figures in 1989, according to OECD statistics cited by Petit, 1993, Table A.10). The importance of large state-owned companies is also peculiar to France. Although privatisation has affected 400,000 jobs since the beginning of 1986, state-owned companies continue to play an important role. At the end of 1995, the state still controlled 2,498 companies employing 1,433,000 individuals, or 7 per cent of all employees. Among the twenty largest French companies (as expressed in turnover figures), three are state-owned: EDF, France-Télécom and la Poste. Before being opened to competition, France Télécom was France's champion in terms of net profits (for the fiscal year 1995). The French public sector is very concentrated: The large public companies (la Poste, SNCF - railroads - EDF, GDF - electricity and gas production and distribution, RATP - the Paris public transport systems, CDF - coal extraction and processing and chemicals - and Air France) employ 928,000 workers, almost two-thirds of all state-owned company employees. The French public sector is also concentrated in a small number of business sectors: energy, (three-fourths of all workers in the sector), transport, armaments, aeronautics, audio-visual activities and communications.

Alongside this prolific public sector, the large private companies - which are characterised by stable employment and seniority-based employee promotion - constitute the main component of these French-styled internal markets. They are especially concentrated in industry and certain services, particularly finance and insurance. Since the beginning of the 1980s, the French model of labour-force management has been subjected to strong tensions.

(ii) The growth of service industries and the massive disappearance of unskilled jobs have challenged older regulations

As in all of Europe, the French economy is in the process of tertiorisation (see Tables A.11 and A.12). Service industry employment comprised 68 per cent of civilian employment in 1995. This movement has been accompanied by changes within the structure of occupations, resulting in increasing proportions of workers occupying intermediate and higher categories. In the period between the last two censuses (Dumartin, Tomasini, 1993) employment in industry declined with 640,000 jobs lost per year. Only those industrial sectors well placed to compete internationally (printing, pharmaceuticals, paracheicals, plastics, food and food processing, electronic and electrical equipment construction) have experienced increases in their labour-forces. In these dynamic industrial sectors, such as transport, it has been mainly positions for engineers, technicians and sales personnel that have developed. Labour-force reductions in the sector of small traditional industries have remained limited. In the rest of industry, however, the hiring of young people has fallen off, and early retirement has been frequent. The labour-force is concentrated in the 35 to 55 year age group while the proportion of unskilled manual workers has declined as numbers of intermediate and management personnel have risen.

The construction industry has experienced a loss in employment. A large number of "men's jobs", on average 16,000 annually, are disappearing. For young untrained men, some of whom traditionally entered the labour-force through unskilled jobs in this sector, hiring prospects have diminished. The decline in agricultural employment continues while service employment is increasing.

Service industries protected from outside competition are expanding rapidly. Non-commercial services are developing, especially in regional governments. Commercial services to households (health care, education, cultural interests, leisure activities) are expanding strongly. The protected sector has expanded with a rather constant qualification structure. Employment in the hotel industry and small shops, sectors that take in young workers, have increased. However, it is in the sector of business services and the financial sector that most jobs have been created. In the first case, the expansion has been due to "out-sourcing" by industrial firms of certain activities in the form of subcontracted services. This expansion has been accompanied by a rise in the proportion of supervisory personnel.

This decline of industrial employment in large companies has, consequently, resulted in shrinking internal markets. In addition to the number of jobs that have contracted, the very operating rules have changed. A recomposition of the job structure towards more qualified jobs and a certain challenge to older regulations are taking place (Béret, 1992; Béret *et al.*, 1997). Until 1992, companies extensively recruited young higher education graduates to fill new management, technical and intermediate professional positions. The entry of these young graduates into the internal markets probably slowed down the promotion of workers with lower levels of initial training, but more experience. Béret and his co-authors have concluded that, compared to the past, employee seniority in a company carries less value than external occupational mobility of participants or the recruitment of young graduates. Labour management, inspired by a more competitive model, has thus challenged one of the operating principles of internal markets - the possibility of career development within companies.

(ii) The positioning of labour market entrants: more difficult entry

New labour market entrants, except for higher education graduates, traditionally entered the French labour market through the preferred career path of jobs in small companies and sectors with outside management, so-called labour introductory sectors: construction, food and food processing, retailing and personal services (Clémenceau and Géhin, 1983). With this first experience, some of

them then entered internal labour markets. Until 1993, higher education graduates could enter internal labour markets directly or after a rather short period.

Since the oil crisis, the decline in the number of jobs, especially in the number of unskilled jobs (in the labour introductory sectors and the preference for hiring already employed adults over young people in a job shortage context) has resulted in a decline in the proportion of young people recruited and a particularly significant increase in the rate of youth unemployment. This mechanism corresponds to the model of selective exclusion (Garonna and Ryan, 1989). The share of young first entrants on the labour market among all participants fluctuates little around 10 per cent (Pétrone and Vergnies, 1998), but the decline in the proportion of young people recruited for their first jobs has been substantial, almost ten points less in 1995-96 than in 1991/92. (See Table A.14).

Even when they are recruited, the working conditions of entrants are less favourable than their older counterparts. Young people are more affected by the increase in part-time work, generally not desired in this age group (30 per cent of females and 8 per cent of males for those less than thirty in 1996, as opposed to 23 per cent and 6 per cent in 1992). In addition, they hold jobs without job security much more frequently than adults, 22 per cent at present against 16 per cent in 1992.

1.1.3 Employment policies

Since the first oil crisis, government authorities have set up employment policies to attenuate unfavourable changes in the labour market and the structural rise of unemployment.

(i) *A policy of mass employment that contributes to the management of labour force entries and exits*

In 1994 and 1995, expenditures for employment reached 4 per cent of French GDP as opposed to 0.9 per cent in 1973. Since that time, the number of beneficiaries of employment policies has multiplied by twenty-four. Along-side passive expenditures, such as unemployment insurance and incentives to retirement, a large proportion of the funds are devoted to active measures, which accounted for 52 per cent of total expenditures in 1995. Since 1984, employment policies have been orientated towards certain target groups: young people and the long-term unemployed. The characteristics of the long-term unemployed can be brought out (Dares, 1997). Men comprise 62 per cent of the beneficiaries, a figure that corresponds to their proportion in the labour force. Women form a majority only in non-commercial schemes (63 per cent). The employment policies affect, above all, those in the extreme upper and lower age groups with 45 per cent of the beneficiaries less than 25 years old and 35 per cent older than 55. The population of those benefiting from these government measures is concentrated in the lowest levels of training. One-third are without training and 43 per cent are at the CAP or BEP level.

The large-scale introduction of these government measures has contributed to the creation of a secondary segment in the public sector through non-commercial schemes. In industry, these employment schemes are used widely; more than one-third of all companies resort to them, while the service sector utilise these schemes less than the average. In both cases, these employment policies are applied differently. In industry they are heavily relied upon in accompanying retirement, while in the service sector they are used mostly as an aid to hiring employees.

These schemes, especially those for young people, have contributed significantly in the construction of a new model of occupational transition in France (See section 3), especially for those without general baccalaureate diplomas.

1.2 The French Education and Initial Training System

This section outlines the main features of the French education and training system. First, the current structure of the system and the organisation of its diploma courses are examined. Second, a brief description of the main institutional players involved in the system is outlined. Third, the particular features of the system are clarified. Finally, we delineate what appear to be the main features of educational achievements responsible for differentiation on the labour market.

1.2.1 Structure of the French educational system

By law, schooling in France is compulsory for children between the ages of six and sixteen. The education system consists of three broad levels: primary education to the age of eleven¹, secondary education from eleven to eighteen or nineteen depending on the diploma taken², and higher education after the age of eighteen. For primary and secondary education there is a parallel network of schools responsible for providing education to students with physical or mental handicaps or substantial learning difficulties.

(i) Primary Education

Primary education or the first level is divided into two educational sequences:

- 1) *pre-elementary education*, before six years of age, is provided in 'maternal' schools. Students can receive three to four years of non-compulsory schooling. In the school year 1996-1997, 2,450,000 children attended such schools.
- 2) followed by five years of *elementary education* for children from six to eleven years old in primary schools. In 1996-1997, there were 3,950,000 children in primary schools.

The programmes defining the knowledge to be acquired are standard throughout France, and the students do not prepare for a qualification during their schooling. The main source of differentiation is in the teaching methods and equipment used by teachers. Of children attending school, 13.7 per cent are in private sector schools³. As early as the age of three years, the school attendance rate of children is 99 per cent and 100 per cent from the age of four onward. In the primary school, some students do repeat a year, and in the last year of elementary education, 20.6 per cent of the students are older than the standard theoretical age (figure for 1994-1995; it should be noted that in 1984-1985 this figure was 36.5 per cent).

(ii) Secondary Education

Secondary education is divided into two successive cycles. There is *lower secondary school* education, four years of schooling between the ages of eleven and fifteen. It is followed by *upper secondary school* education, three or four years of schooling from ages fifteen to eighteen or nineteen, which takes place in general, vocational and technical lycées and lycées offering both general and vocational programmes. The vocational, general, technical and general/vocational diploma courses take separate paths at the end of the lower secondary years. In reality, it is a major orientation point for secondary education.

Lower Secondary Education

Lower secondary education is generally a four-year programme dispensed in a lower secondary school. In 1996-1997, 3,220,000 students attended such schools:

- The programmes of the first two years (6th form and 5th form)⁴ are relatively homogeneous. Only the choice of optional courses (first foreign language and introductory course options) formally differentiate the programmes.

¹ Standard theoretical age without repeating or skipping a year.

² Standard theoretical ages for the most direct itineraries.

³ Source : Repères et références statistiques sur les enseignements et la formation (RERS) – Edition 1997.

⁴ Translator's note: beginning with lower secondary school and continuing to the end of the lycée, school years are numbered 6th, 5th, etc. in countdown fashion to 1st and the final year.

- After the 5th form, several paths are open: the main path leads to the 4th form (84.6 per cent of the students in the third year of the first cycle in 1996-1997) while alternative orientations lead to an adapted 4th form (3.1 per cent), a technical 4th form (9.6 per cent) and to preparatory classes for apprenticeship (0.9 per cent). The adapted 4th form is a variation on the “traditional” 4th form and attempts to offer reinforced means and methods for students with learning difficulties (tutoring, class sizes lower than those for the traditional 4th form etc.). The technical 4th form differs a little more from the “traditional” 4th form by introducing technology as a teaching medium. The apprenticeship preparatory classes (CPA) take in young people who are under-performers at school or potential “drop-outs” and who have not yet reached the legal age to enter apprenticeship.
- The last year of lower secondary school is the 3rd form. As in the 4th form, there are three types of 3rd form classes: ‘traditional’ with 88.6 per cent of the students, “transition” with 2 per cent of the student population and technical with 9.4 per cent of the students.

At the end of the 3rd form two events of very unequal importance, but independent of each other, occur. One is an examination taken by the students to obtain a “diploma”⁵. The other is their orientation in upper secondary school, which is decided by consultation between the student’s family, the school administration and the teaching staff that has followed them during the 3rd form. Although the “diploma” has no influence on their upper school career or their professional future, the orientation chosen, however, will prove to be decisive both for their upper school and professional futures. As a result of this orientation and “screening”, students will be directed towards quite different educational programmes.

The lower secondary school educational programmes are standard throughout France. In the “traditional” departments, the diploma courses for students differ only in the choice of options available (foreign language and introductory course options), which do not stratify the students or shape future orientations in upper school. This does not mean that treatment of students is uniform; research⁶ has been conducted demonstrating the existence of a “class” effect, for example classes formed on the basis of ability levels. The relative homogeneity of diploma programmes means only that there is no standard, commonly used and predictable practice that would identify, for example, a 6th class composed of students who have chosen German as their first foreign language as the best class in the 6th form.

Of students in lower secondary school, 20.5 per cent are in private sector schools. The rate of repeating a school year varies between 7.3 per cent and 10.9 per cent. At the end of the 3rd form, 39.2 per cent of the students are older than the standard theoretical age.

Upper Secondary School

Upper school is organised according to the diploma that the student has chosen to prepare. Two broad paths are open depending on the intended academic qualification⁷:

- *The student is either oriented towards a baccalaureate* (a general or technical baccalaureate diploma⁸) obtained in three years (in 2nd form, 1st form and final year classes) and taken in a general, technical lycée or a lycée offering both types of programmes. In 1996-1997, 1,485,000 were following this path;
- *or towards a vocational qualification*, mainly a CAP (Certificat d’Aptitude Professionnelle – Certificate of Vocational Aptitude) or a BEP (Brevet d’Etudes Professionnelles – Diploma of Vocational Studies) obtained in two or three years. The last academic qualification to complete this array of upper school vocational diplomas is the vocational baccalaureate, which was created fifteen years ago. Students wishing to prepare for this

⁵ Which has had other names during the last twenty year: lower school diploma and BEPC.

⁶ See the research of Duru-Bellat and Mingat (1988), for example.

⁷ See Möbus et Verdier 1997a, Bouix 1997.

⁸ There are also Brevets de Technicien (BT – Technician Diplomas), now in decline that are similar to the vocational baccalaureate.

baccalaureate are recruited among BEP diploma holders, who continue studies in their BEP field of specialisation, receiving a baccalaureate qualification in two years. In 1996-1997, 985,000 young people pursued this vocational path (CAP, BEP and vocational baccalaureate).

To prepare vocational diplomas, there are two types of programmes: academic programmes (700,000 students in vocational or vocational/general lycées) and apprenticeship programmes (285,000 apprentices) organised into CFAs (Centres de Formation des Apprentis - Apprentice Training Centres), which maintain relationships with apprentice masters. Academic and apprenticeship programmes compete with each other less than might appear. Although students can prepare some diplomas through either type of programme, most of the diplomas have a preferred, if not sole, training mode in the educational system. Schematically, apprenticeship programmes are oriented towards arts and crafts trades while academic programmes have a more industrial orientation.

The academic qualifications mentioned (baccalaureate, CAP, BEP) are in fact a family of diplomas: a field of specialisation by discipline or vocation is attached to a qualification that indicates the orientation of the course-work taken. Thus, there are three series of general⁹ baccalaureates with dominant discipline (S = scientific, L = literary and ES = economic and social), twenty-five technological baccalaureates¹⁰ (including the options), forty-seven BEPs, 234 CAPs and sixty vocational baccalaureates¹¹. Some proximity of content among vocational diplomas can be observed. They are easily grouped into vocational families, for example the BEPs of machinery construction and mechanical maintenance, the CAPs in construction, the office technology baccalaureates and so forth¹². In the Ministry of Education, they are managed by the Vocational Advisory Committees (CPCs), which are structured into twenty fields of activity.

All these diplomas have a nation-wide definition, set by an occupational activity reference framework and an attestation reference framework that describes the knowledge to be mastered and the conditions of evaluation. These frames of reference are developed or validated by the CPCs, committees in which representatives from the State, businesses and the unions participate (see Möbus and Verdier 1997b). Certification of diplomas depends on examination procedures generally conducted without the influence of the training organisation (institution and teaching staff) and often operates in a centralised manner. The purpose of these procedures is to guarantee certain homogeneity of the diplomas in order to send out a clear statement about the knowledge acquired.

In upper school, general education and vocational training appear quite separate. Nevertheless, the tendency of government action is to promote links as much as possible between the two paths. Thus, BEP degree holders can take technological subjects and the technological baccalaureate after a year of supplementary course work in 1st form, an itinerary followed by 19.4 per cent of the students leaving the final BEP year in 1995-1996¹³. The vocational baccalaureates were similarly created in the same spirit as shown by the choice to give them the label – and features – of the baccalaureate. The consequences were, moreover, immediate: about 30 per cent of the vocational baccalaureate holders have continued their studies in higher education, mainly in Sections de Techniciens Supérieur¹⁴ (Departments of Higher Technicians). A direct consequence of these changes is that the BEP is no longer mainly a diploma with a vocational end purpose: almost 60 per cent of all young people continue their studies after the diploma (a third prepare a technical baccalaureate and two-thirds prepare a vocational baccalaureate).

⁹ Since the reform of the 1994 baccalaureate series. Previously there were five series.

¹⁰ Grouped in seven series: four resulting from the 1994 reform and three (“the little ones”) that survived the reform.

¹¹ Source: the REFLET database, Céreq. See also Kirsch 1997.

¹² France has just changed the nomenclature of its training fields. The former system covered vocational training programmes well but had difficulty in classifying academic subjects or multi-technical programmes or those oriented towards individual fulfilment. In particular it was totally inadequate for higher education. The purpose of the new nomenclature is to codify all training programmes whatever their subject matter.

¹³ Source: RERS, 1997 edition p.79.

¹⁴ See Hallier and Thiesset (1991) and Eckert (1994).

The percentage of students in private institutions varies according to the type of cycle: 22.7 per cent in the upper school vocational cycle and 21.4 per cent in the upper school general and technological cycles. However, in vocational training, the presence of the private sector is substantially greater in service industry training (27.2 per cent of the students are trained in CAP-BEP programmes for multi-technical service specialities as opposed to 14.1 per cent of students in multi-technical manufacturing specialities). This observation is explained by the higher financial costs involved in implementing industrial training programmes.

The risks of repeating a year vary substantially from one training programme to another. The repeating rate ranges from 6 per cent to 11 per cent in CAP-BEP programmes and from 2 per cent to 5 per cent for vocational baccalaureates. They are noticeably higher in upper school general and technological programmes: from 8 per cent in the 1st form to 17 per cent in 2nd form and 16 per cent in the final year. However, 41.9 per cent of the students are “on time”, meaning at the standard theoretical age.

(iii) Higher Education

Higher education includes all types of institutions to which students with the baccalaureate may be admitted¹⁵. In the school year 1996-1997, the number of enrolled students was 2,125,000. In France, traditionally a distinction is made between the four paths of higher education depending on the institution attended: the universities, special schools, STSs (Sections de Technicien Supérieur - Departments of Higher Technician) and IUTs (Instituts Universitaires de Technologie - University Institutes of Technology). The last three paths (special schools, STSs and IUTs) are called selective because students are selected for a limited number of places that are generally smaller than the demand, unlike universities which are required to accept all applicants who fulfil the entry requirements. These three paths are also considered more vocationally oriented than the university path: they offer a vocationally specific diploma oriented towards immediate transition to the labour force and have training periods in firms in the degree programmes, etc.

Before the description of these four types of institutions, it should be pointed out that the 1987 law reforming apprenticeship generalised possibilities for using apprenticeship in higher education, whatever the training institution, and to attain diplomas. This training mode emerged among students in 1992. In 1995-1996 there were 18,000 student-apprentices or 1 per cent of the student population in higher education.

The Universities

France has seventy-eight universities and a few university establishments with more than 1,400,000 students¹⁶, or 68.2 per cent of all students. The qualifications taken are spread out over the whole diploma course¹⁷:

- the DEUG¹⁸, after two years (at the end of the second year of the first university cycle),
- the licence, after three years (at the end of the first year of the second university cycle),
- the maîtrise, after four years (at the end of the second year of the second university cycle),
- the master engineer diploma, also after four years, three of them spent in the recently created IUPs (Institut Universitaire Professionnel - Vocational University Institutes),
- the DEA or the DESS¹⁹, after five years (at the end of the first year of the third university cycle)
- the doctorate (or PhD), after seven to nine years.

¹⁵ The baccalaureate is, moreover, in all the legal texts governing it, the first diploma of higher education. By law it is an entrance examination to higher education.

¹⁶ Excluding the IUTs, but including private university establishments in which 1.5 per cent of the total university population is enrolled.

¹⁷ Some university disciplines have a specific and often longer diploma course, medical studies for example.

¹⁸ DEUG = Diplôme d'Etudes Universitaires Générales - Diploma of General University Studies

¹⁹ DEA = Diplôme d'Etudes Approfondies - Diploma of Advanced Studies; DESS = Diplôme d'Etudes Supérieures Spécialisées - Diploma of Higher Special Studies.

The licence occupies a particular position in this array of diplomas since it confers the right of its holders to take the category A civil service entrance examinations for the socio-professional category of managers. This situation, above all, concerns the recruitment of primary and secondary education teachers. Very recently, the universities have begun to manage the training of these future teachers through the IUFMs (Instituts Universitaires de Formation des Maîtres - University Teacher Training Institutes). The license is required for admission to them, and the first year is spent in preparation for the recruitment examination. The second year is a preparation year for teacher trainees, which are paid as civil servants. Some 84,000 students attend the IUFMs or 3.9 per cent of all students.

Every university is structured into departments responsible for one discipline. The number of diplomas²⁰ are high - more than 2,500 - since every university has its own diplomas accredited by the Ministry of Education²¹.

Special Schools

These schools cover two categories of institutions: those that prepare for an accredited baccalaureate + 2 diploma after two or three years of study and those that prepare for an accredited baccalaureate + 4 or baccalaureate + 5 diploma. Among the latter some schools recruit directly after the baccalaureate while other more prestigious schools recruit after a one to three year course in a CPGE (Classe Préparatoire aux Grandes Ecoles – Grandes Ecoles Preparatory Schools) to prepare for entrance exams to those schools. Compared to the universities, the special schools are relatively small-sized institutions. In 1996-1997, 340,000 students or 15.6 per cent of the student population attended these schools²².

- The special schools preparing for an accredited baccalaureate + 2²³ diploma provide training mainly for technical and other intermediate vocational profiles. The most common training provided in these schools is in the health care and social services fields, as in nursing schools. In most cases, these schools prepare for the same nationally recognised qualifications.
- The special baccalaureate + 4 or baccalaureate + 5 schools basically form a group of engineering schools and business and management schools²⁴. This category of institutions is the one in which the private sector has the strongest presence: 36.5 per cent among the engineering schools and all the business schools. Admission to the most prestigious schools requires a one to three year preparatory course (CPGE) taken in a lycée. For these schools, the prestige of the qualification is tightly bound to the prestige of the school and carries value, both within the educational system – the most prestigious schools recruit the best students - and externally since these diplomas are highly regarded on the labour market.

The Instituts Universitaires de Technologie (IUT)

These institutions have grown in an autonomous fashion out of the universities and in two years prepare their students for the DUT (Diplôme Universitaire de Technologie – University Diploma of Technology). Currently there are forty-six different DUTs taken in ninety-four IUTs. In 1996-1997 108,000 students (5.1 per cent) of the total student population attended IUTs. The IUT training programmes, initially created to feed the recruitment pool of technicians, are a “university effort” in becoming more vocationally-oriented and in opening up to business. However, having completed their diplomas, students in these training programmes are opting to continue their studies more and more often at universities (65 per cent of these degree holders).

²⁰ Diploma = qualification and title of the field.

²¹ The universities also confer their own diplomas, the DU (Diplôme Universitaire – University Diploma). Quantitatively, these diplomas represent a small number.

²² Including 78,000 CPGE students.

²³ Although the majority of the education programmes are three-year programmes.

²⁴ The other schools form a heterogeneous group: schools for solicitors, journalism, barristers, judges, veterinary medicine, architecture, etc.

The Sections de Techniciens Supérieurs (STS)

These schools prepare students for the BTS (Brevet de Technicien Supérieur – Higher Technician Diploma), of which there are 136. In 1996-1997, 230,000 or 10.8 per cent of all students attended STSs. The particular feature of these higher education training programmes is that they are carried out in lycées, which provide teaching aids and equipment for them. They aim to further knowledge of baccalaureate technological subjects with recruitment being directed at technical baccalaureate holders, though the proportion of vocational baccalaureate holders continues to grow. The private sector accounts for 29.8 per cent of the students in these programmes. Having obtained the BTS, these students are much less likely to pursue university studies (33 per cent) than DUT diploma holders.

1.2.2 Institutional players of the system

This section briefly outlines the role of the various institutional players involved in the educational system and highlights the dominance of the French state as it is felt through the central government's ministries and territorial or local governments.

(i) The State–Central Government

The central government is responsible for the development of the state's educational policy. It supervises educational content by defining the educational programmes and the reference framework for training programmes, accrediting diplomas and organising exams. It also defines staff recruitment policies and centralises administration of teaching staff (inter-regional arbitration in distributing newly created positions and transfers). The ministries involved carry out this supervisory role. By far the most involved ministry is the Ministry of Education, Higher Education and Research, which supervises most educational programmes. The other ministries playing a complementary role are mainly the Ministry of Agriculture (for agricultural programmes), the Ministry of Social Affairs (health care and social services programmes such as nursing schools) and the Ministry of Labour (which supervises apprenticeship training programmes)²⁵. This supervision is exercised differently depending on the level of education. It is quite thorough in primary and secondary education but less so in higher education. In fact, in higher education the State's central government delegates a certain number of responsibilities to universities, schools and institutes: these include accrediting qualifications, the practical management of exams and, in part, staff recruitment.

(ii) The State – External Departments

External departments include the various services of the state in the regions and the departments. Thus the Ministry of Education has twenty-eight education offices and one hundred school inspectorates responsible for opening and closing sections throughout France and applying central government directives in the field. The education offices assign staff and interpret the objectives of the central government's educational policies in the field. The teaching skills of teachers are monitored by inspection staff. In general, an education office covers an entire region except for a few large regions covered by two or three education offices.

(iii) The State – Local Governments

The local governments include towns (36,000), conseils généraux (county councils) at the department level (100) and the regions (22). They are responsible for equipment and facility needs of primary and secondary education institutions and are represented on the governing boards of these institutions. The towns are responsible for 'maternal' and primary schools. The conseils généraux take care of lower secondary schools and the regions the lycées. Since the enactment of the five-year law on decentralising vocational training, the regions have been given a role in vocational training courses through responsibility for management of the vocational training programmes development through PRDFs, regional plans for training programme development schemes. A PRDF is a budget

²⁵ Other ministries exercise supervision over a limited number of training programmes. For example, the Ministry of Equipment (architecture schools, certain public works engineering schools), the Ministry of Defence (engineering schools like Polytechnique, etc.) and the Ministry of Culture (art schools, the Ecole de Chartres, etc).

programmed over several years that defines future needs. It is implemented jointly with the education office: equipment and building investments provided by the region and staff by the education office. Furthermore, the regions directly manage some CFAs, apprentice-training centres.

(iv) The Institutions

The degree of autonomy enjoyed by initial training institutions is largely dependent on their level in the education system and their status, either public or private.

In primary education, the autonomy of “maternal” and primary schools is rather limited. The majority of private establishments have signed a contract with the State, which is responsible for paying teaching staff. These schools are obliged to follow the content and methods of the national teaching programmes, but have some freedom of choice regarding teaching methods. As far as lycées are concerned, a third type of institution has appeared - private institutions having no contract with the State and hence no obligation to it. They have autonomy in personnel recruitment practices and in determining salary scales.

The public lycées enjoy greater autonomy when compared to the lower secondary schools. They can propose their own academic course offerings, subject to the approval of the education office. In addition, they have freedom to enter into local partnerships with businesses and arrange payment in money or in kind (teaching equipment). But like schools and lower secondary schools, they are not responsible for staff management (recruiting or replacement).

In higher education (except for STSs and grandes écoles preparatory schools), wide autonomy is characteristic of public education institutions. The autonomy is primarily financial in nature, but also pedagogical. Universities recruit their own staff after the central government verifies the credentials of teaching position candidates. They manage their own financial resources (grants from the State and other financial income) and define their own diploma offerings (subject to accreditation by the central government), and even determine the content of the training. Special private schools are even more autonomous because they have total control over the number of student openings, resources, and expenses.

(v) Businesses

Individually, they finance apprenticeships through the apprenticeship tax. Furthermore, they may create relationships with certain establishments and furnish them with teaching equipment (vocational subject areas). They host students during training periods or applied training in companies.

Collectively, their institutional representatives and consular bodies (Chambres des Métiers – Guild Chambers, Chambres de Commerce et d’Industrie – Chambers of Commerce and Industry), as well as professional organisations, are integral members of the Apprenticeship Training Centres that they manage in many cases. Nationally, employers’ associations and representative professional organisations are involved in managing diploma offerings through the Vocational Advisory Committees controlled by the Ministry of Education.

(vi) The Families (including students)

Families have a limited active partnership within primary and secondary education institutions through representation on class councils and participation on governing boards of family representatives elected by student-parent federations. They are individually consulted at key moments during schooling: orientation procedures to determine their wishes, to accept or protest a class council decision. Collectively, they constitute a pressure group²⁶, which, if often silent, is regularly explosive²⁷. It can be said that in the past twenty years families have largely contributed to extending schooling, parallel to the State’s action. Similarly, they have fashioned some uses of training

²⁶ Also described as the social demand.

²⁷ In the last thirty years, a million people have demonstrated in the street every four or five years about school-related issues.

programmes not foreseen by the central government. Thus, the IUTs have gradually been diverted from their purpose of providing immediate transition to the labour market in order to become in many cases a quasi-training programme path parallel to the first university cycle²⁸.

1.2.3 System operation

The current French education and training system has been evolving since 1940 through a process that gradually unified various types of initially unconnected training programmes. The impetus for this movement was the sustained desire of successive governments to raise the general level of instruction and to create more egalitarian access to education (Prost, 1981). Various types of education and training institutions had specific functions in French society and were meant as a priority for defined social groups. Thus, primary education consisted of Republican schools and was responsible for giving basic education to all, leading to a certificate of primary school studies. For some of these students, general education in the lycées and vocational training in different institutions took over from primary education. These VT institutions were broken up into apprenticeship training programmes which were oriented towards manual trades and vocational schools, vocational departments of higher primary schools (EPS), EPCI²⁹ and workshop-schools which were responsible for training a part of the office employees, workers and technicians for industry and services³⁰. The lycées were responsible for guiding their students to the baccalaureate. Baccalaureate degree holders could then progress either to university, which was responsible for renewing the middle-class and upper middle-class, or to higher education schools, responsible for preparing civil service managerial staff personnel and engineers for industry.

Among these types of institutions, it was the model of the lycée, the training model for “elites” that became dominant and imposed its operational methods and evaluation criteria. The lycée was dominated by general education and was entirely under the control of the state, which managed its programmes, most of its resources and personnel. Its goal was preparation for the baccalaureate and admission to higher education that this diploma authorised. Its teaching methods (lecture courses), its system of student evaluation and the definition of knowledge to be acquired, as well as the formal and implicit expectations from the students, differentiated it from other types of educational institutions that had to adapt themselves to its mould (Prost, 1992). This situation has had consequences on some of the characteristic features of the current French educational system:

- the dominant cultural tradition has established a hierarchy of training programme subject areas among general education, technical education and vocational education at the secondary education level. This hierarchy has been founded on an assumption, ingrained in the French education system, of a uni-dimensional order of knowledge. Vocational knowledge is perceived as an application of technical knowledge, and technical knowledge as the application of scientific knowledge (Tanguy, 1991). Gradually, as secondary education spread, this hierarchy of training programme subject areas was reinforced. The consequence of this general-technological-vocational hierarchy has been to shape the orientations of the students according to their academic results. Vocational training remained without stigma as long as secondary schooling expanded and developed, with a large part of the population never going beyond the primary education level and with a labour market providing comfortable transition conditions. As secondary education expanded and the government (mid 1980s) aimed to assure 80 per cent of an age group should attain the baccalaureate and 100 per cent should reach level V (the CAP-BEP), the image of secondary vocational education - outside the educational system - was discredited. This arose from a fall in the status of first diplomas of vocational education from the status of basic qualification to minimal

²⁸ Here we are talking about a quasi-path because the equivalent between the DUT and the DEUG is not systematically accepted by all university departments.

²⁹ EPCI = Ecoles pratiques du Commerce et de l'Industrie – Practical Schools of Commerce and Industry. The growth of this type of school is a manifestation of the system that largely escaped control of the government to be controlled instead by professional associations, industrial companies or employer syndicates.

³⁰ See *Formation Emploi* no. 27-28.

qualification³¹. This stratifying phenomenon among training programme subject areas continues to act at deeper levels of analysis:

- *among families of diplomas*. For example, of the first two vocational diplomas, the BEP tends to be considered more highly than the CAP, especially because it leads to the vocational baccalaureate;
 - *among different fields*. For the same academic qualification, the choice of field to be taken is conditioned by the specific prestige that the field enjoys among the players involved in the orientation phase (Dubet, 1991). This “prestige” is brought to light in analysing orientation preferences by training programme field and noticing a corresponding contrast between fields with a public demand smaller than the openings offered and those highly selective fields with a demand much higher than the openings available.³²
- The relationship between training and certification is ambiguous in France. An exam is not just validation of the training programme, a moment when all the training personnel (tutors, teaching staff and apprentice masters) might review the behaviour of a student during the training programme and evaluate him or her on that data. Conversely, the final exam is a demonstration in which the student must prove mastery and use of knowledge. This conceptualisation of certification can be related to the function of the most representative French qualification: the baccalaureate³³. In its primary meaning, the baccalaureate is not a qualification that sanctions secondary education success but authorises enrolment in higher education institutions. By law, it represents the first higher education qualification. It is not an exit diploma but an entrance examination. In this context one can understand the need “to prove oneself”. Such practices result in rather high levels of exam failure: success rates range from 60 per cent to 75 per cent, depending on the diploma (71 per cent for the CAP, 69.8 per cent for the BEP, 78.2 per cent for the vocational baccalaureate, 77.8 per cent for the general baccalaureate and 58.9 per cent for the BTS³⁴).
 - Given the rate of reforms that affect the organisation of the teaching matter, the educational system can be considered to be a very flexible system. Beyond the visible reforms that regularly accompany changes of government, programmes are revised on a permanent basis and often result in extensive renewal of the teaching substance. Similarly, diplomas are continually modified and even changed; among the forty-seven BEP diplomas currently available, seven date from before 1987, eight from 1987 and thirty-two from after 1987 (thirteen after 1993). However, a succession of reforms can lead to a certain disorder that disturbs the system’s clarity. In reality it is very difficult to terminate a diploma, resulting in an accumulation of diplomas; the new and the old co-existing. This situation, for example, is found in technician diplomas, which survived alongside technological and vocational baccalaureates. A more apparent example is the STSs, which, initially targeted to be replaced by the IUTs, continue to operate effectively.
 - The State holds a dominant, often almost monopoly supervisory position in the education system, both in the content of teaching and the concrete implementation of programmes. The training programmes that have most successfully freed themselves from this situation are the apprenticeship training programmes and those of some special schools.

³¹ See Campinos-Dubernet and Kirsch (1990).

³² See Margirier (1996).

³³ Similarly, in the Middle Ages and until the French Revolution, the apprenticeship reached its end when the apprentice produced a masterpiece that proved mastery of the art and conferred the right to enter the guild. Like the baccalaureate, it authorised an enrolment, although it was in a trade on the labour market and out of ET system.

³⁴ All these figures refer to the 1996 session (source: RERS 1997 edition).

Nevertheless, because of State accreditation, they have not completely escaped this supervision. There are two direct consequences of this:

- One is that the system is directed by internal concerns that may be inconsistent with external demands. One concrete example is the growing use of the vocational path as a means of curbing academic failure among “under-performing” students, a function that contradicts its purpose as an immediate transitional path (Kirsch, 1992). In turn, this use reinforces the influence of general education standards and values in vocational education. This tendency has been observed in the one-way direction of successive reforms in vocational diplomas: vocational diplomas are changed or replaced by removing the vocational training content and substituting more cross disciplinary content described as technical, as evident in the movement from the technician baccalaureate to the technological baccalaureate. It is also apparent in the revision of the BEP diploma reference frameworks, the objective being to better guarantee its new function as a preparatory device for the attainment of vocational baccalaureates. These developments add credence to the criticisms directed at vocational training programmes which are deemed less and less effective as a preparatory tool for working life by institutional players outside the system (business and families).
 - Due to this situation, the educational system has been accused of retreating into itself. The critiques stress the minor role given to outside institutions (i.e., business companies) which is apparent even in vocational diploma programmes. The only exception to this would appear to be the practice of “hosting” students during their company training periods.
- Increasing linkages between training programme subject areas strongly encourage students to pursue their studies in the education system, even after immediate transition training programmes. This situation prolongs the historical role of vocational training and is a determining factor in developing schooling for young people and the struggle against academic failure (Kirsch, 1992). This role is justified in France by the twofold function of vocational training with academic status: a training function in terms of building vocational skills and an educational function in terms of alternative schooling in the struggle against academic failure by under-performing students. This role is based on the assumption that practical learning can more easily lead to theoretical knowledge for those uncomfortable with the more traditional approach (i.e., learning that uses abstract concepts). It is on this principle and the “80 per cent with the baccalaureate” policy that continuation of studies after the BEP was organised by developing vocational baccalaureates and supporting passages in technological education. A diverse selection of vocational baccalaureates (currently sixty different ones) was quickly created, and has since “prospered” with up to 38.5 per cent of the students completing BEP programmes. Consequently, transition towards labour market after completion of a BEP fell considerably from 75 per cent of all students in 1985 to 38 per cent in 1996. In this context, the transition from training to labour market has become something of a last resort in certain cases, when the internal solutions of the system have been exhausted.³⁵ This situation has resulted in a tendency to leave the system because of failure, and in the labour market young people who have made the transition under unfavourable conditions can be found. This phenomenon in turn tends to influence the image of first level vocational diploma holders whose positioning among the flood of ET system leavers has become more limited. This structure of exits points to the relative position of these diplomas among young people entering the labour market and the changes in the structure during a space of ten years (See Table 1).

³⁵ See Girod de l’Ain 1990.

Table 1: Structure of Exits from the Educational System at the End of the 1994-1995 School Year

Exit level	Numbers (in ,000s - 1995)	structure (% , 1995)	structure (% , 1984)
Lower secondary school – non-final years of CAP-BEP	56	8.0	10.5
CAP-BEP final classes with or without diplomas, 2 nd and 1 st classes	172	24.4	46.7
Final year classes with or without the baccalaureate and first years of higher education without a diploma higher than the baccalaureate	203	28.8	21.1
Baccalaureate + 2 diploma holders	135	19.2	10.0
Baccalaureate + 3 or more diploma holders	138	19.6	11.7
Totals	704	100.0	100.0

Source: *RERS, 1987 & 1997 editions – DEP.*

- Democratisation of the ET system has failed to significantly reduce initial social inequalities in educational achievements. During the past years, the relationship between social origin and level of education achieved has remained almost unchanged (Goux and Maurin, 1995). Vocationally or technically oriented paths have replaced restricted access to secondary education for the lowest socio-economic strata in the ET system. Similarly, gender differences in educational participation have changed significantly but remain wide. For a long time females have surpassed their male counterparts in educational achievement, particularly during the 1980s (Baudelot and Establet, 1992). But the gender specialisation in subject areas and fields remained strong: girls tended towards literary and services-oriented choices while boys were more likely to choose scientific and industrial-oriented areas. Two fields of study - management and trade and biology and life science – tend to have similar participation rates.

1.2.4 Delineation of main features of educational achievements

In this section, the main characteristics of the educational system considered as sources of differentiation of individuals in the labour market are outlined.

From our description of the ET system, we have shown that it is structured according to patterns of educational levels and training subject areas (Kirsch, 1992):

- *patterns of educational levels* evolved at the end of the 1960s on the basis of a grid of qualification levels developed within an economic planning framework designed to forecast training needs. This grid serves as a reference point which classifies training programmes and diplomas by correlating them with jobs (i.e, according to a theoretical horizontal correspondence between job profiles and academic qualification profiles) (see appendix);
- *patterns of subject areas* divided into those training programmes designed for direct entry into labour market (immediate transition) and those designed for continuing studies (differing transitional paths).

From the outset, the French training system has not used the diploma as the sole criterion³⁶ of analysis, but has integrated a training level equivalent to a number of years of study without the necessity of repeating years. There are several practical reasons for this:

- centralised vocational training and nation-wide recognition of its qualifications are a recent phenomena in France: vocational diplomas are a relatively new credential in their

³⁶ It is only explicitly taken into account in levels that correspond in higher education.

present form, which concerns only the youngest part of the population, thus limiting their normative value;

- success or failure at the final exam only partially sanctions the value of knowledge acquired in training programmes (see the preceding part on the ambiguities of training certification). The absence of certification does not completely remove the credential value of the training taken for the labour market and less so for businesses which do not formally take diplomas into account in their classification grids.

At this stage, we already have three points of differentiation: training level (the number of years of study), possession of a diploma and training orientation (subject area). On this last point, we come to a horizontal stratification between general education and vocational training, which should be simple and correspond to an institutional division of the education system. But beyond this stratification into two parts, a horizontal stratification that can be described as “flexible” (i.e., non-institutional) and more detailed exists within training programmes. The future of young people is shaped by the field of training/qualification in three ways:

- by the effects of reputation associated with every field of training when compared to its relative position among other training fields ;
- in the specific value conferred by the labour market on each diploma. In France, the structures that create the diplomas and those that recognise them are separate (Möbus and Verdier, 1997a). Thus, the way in which businesses and sectors take them into account vary significantly as illustrated by the wide range of functions that diplomas received in collective agreements of branches (Jobert and Tallard, 1995) ;
- by the way in which businesses (which are skill-seekers) will actually treat qualifications-related diploma holders.

In terms of the latter, it has been observed that the professional itineraries of individuals in jobs, or those applying for jobs, depends on the field of activity and/or the vocational qualifications required for those jobs, especially those individuals beginning their career (Clémenceau and Géhin, 1983; Moncel, 1997). Different types of sectors are identified according to their preferred recruitment practices and their labour management characteristics. Both have direct consequences on the form of young people’s vocational career paths depending on whether the training taken prepares them for working in a particular sector or in a particular job (see Grelet *et al.*, 1991; Kirsch-Werquin, 1995; Mansuy, 1996; Couppié, 1997 for example). For example, if we use the simple industrial/service typology, an important division already emerges: first level industrial diplomas hold an important position to the extent that the expected knowledge and know-how for recruiting a basic worker, highly skilled worker or technician are quite differentiated. In the service professions, however, competition between diplomas in the same training subject area is high (BEP, vocational baccalaureate and BTS). Transition after a service industry BEP is, consequently, much more difficult, and the jobs held have most often no relation to previous training. At a deeper level of analysis, one can see that transition itineraries at the same training level differ greatly according to the original training field. Although the average transition salary reflects the hierarchy of diploma and training levels, the dispersion among fields, which generally gives an advantage to industrial and technical training programmes, is very strong and stronger than the dispersion among levels in certain cases (CERC, 1991). This hierarchy of fields partially reflects the prestige of the fields within the education system, but not always: in the case of CAP-BEPs, the average salary after boilermaker training is among the highest although this field attracts few people.

The situation outlined above points to a need to consider the characteristics of training programmes and diplomas at a level that is more detailed than the general/vocational dichotomy.

Up to now, the discussion has focused on students’ final position in the education system. It is necessary to examine whether the itinerary leading to this position influences future results outside of the educational system. The study of education itineraries touches on three main themes:

- *the theme of Apprenticeship* and more importantly, the role of Apprenticeship is another complementary point. Céreq studies have shown that former secondary education apprentices and former vocational lycée students have very different transition itineraries and employment outcomes (Affichard *et al.*, 1994). The former are dominant in small firms and crafts trades with a strong concentration by industrial/employment sector. In the latter, the employment sectors and range of professions are broader, though the itineraries for new entrants are more difficult. It seems appropriate, therefore, to distinguish former apprentices from students who have taken a traditional academic course, even vocational;
- *the theme of paths in the education system*. We have seen that the increasing numbers of links in the system tend to augment training profiles; and that at each level of the ET system, the paths to reach a position in the training system are numerous. Failing to take this fact into account assumes that only the highest level diploma is important on the labour market. This assumption was easy to make when the subject areas were relatively compartmentalised and would be worthwhile to verify in a more flexible context in which the transitions from vocational training to technological or general education increase, at the opposite of traditional transitions;
- *the theme of examination grades*. Within the educational system examination grades are a decisive factor in orienting the itineraries of young people. However, in France, they have limited influence on the labour market segmentation of first job entrants; only “distinctions”³⁷ on diplomas appear to have a positive effect in hiring procedures (a situation that affects higher education), though this situation is by no means universal.

1.3 The Vocational Transition

There is no general consensus about the causes of youth unemployment. Nevertheless French economic indicators are usually considered to have an important influence. Unemployment is a source of major concern in France, where generally all families are affected in varying degrees. The decline in industrial growth is unquestionably the factor most often put forth to explain this high unemployment rate. However, the absence of a vocational training system or the incoherence between the educational system’s qualifications and business needs are also posited as contributing factors, and as such are specific to young people. Finally, the existence of a minimum wage is often the centre of discussion. One justification in the creation of subsidies for youth employment centres on the associated labour costs. The particular contracts to disperse these subsidies create flexibility, allowing employers to recruit young people well below the minimum wage (Balsan, Hanchane and Werquin, 1998).

Until the beginning of the 1970s, the transition from training to employment came down to a problem of vocational transition. Young people obtained a diploma in June of a given year and found a job in September of the same year. The study of the relationship between employment and training focused on comparing training specialisation and nature of the job held, the aim of which was to highlight points of adjustment and recommend potential areas of improvement within the training system. At the same time, the relationship between exit level from the training system and social class was the subject of theoretical debate (which centred on appropriate levels for various social classes). Unemployment had not yet appeared, and the Céreq (Centre for the Study and Research on Qualifications), which collects data on the training-employment relationship in France provides monitoring data on young people’s transition to labour market, had not been created. It came into existence not to meet needs for closer observation that would develop when the labour market for young people deteriorated, but out of a concern to follow the links between qualifications and employment.

³⁷ Distinctions determined according to the exam mark (scale of 0-20). In general, 10-12 passing, 12-14 rather good, 14-16 good, 16 and higher very good.

Following economic decline in the middle of the 1970s, there was a concomitant decline in youth employment opportunities. The length of time between end of initial training and first “real” job increased, and the State institutionalised this period. Between 1977 and 1981, three agreements concerning youth employment materialised. This period marked the beginning of large-scale public intervention strategies in the youth labour market, a pattern of intervention that still endures today. Subsidised jobs represent an intermediary path between the end of initial training and first job. Public intervention therefore denies the training-employment relationship while simultaneously symbolising the need for this relationship. The training-employment relationship is so denied because this link does not exist or because it is not direct. Public intervention symbolises the need for this relationship because intervening at this particular juncture – between training and employment – points to the causes of youth unemployment and the lack of vocational transition: at this time, the unemployment of young people was attributed to insufficient and poorly adapted vocational training.

Alternatively, public intervention may be beneficial if applied upstream in the educational system to orient the system towards the labour market. This choice has been overlooked in France, where the primacy of general education is clear-cut (Verdier, 1995). Similarly, public intervention could have been applied downstream to help young workers retain jobs or to advance in their job through on-going training, for example. In this sense, the extent to which qualifications (of those living in France) have been obtained in initial training is apparent. Returning to training is infrequent and obtaining qualifications during working life rare.

Finally, although participation in further education has increased, half of the young people entering the labour market at the end of initial training have not progressed to university level studies.

The remainder of this research document is broken down into two parts. First, the situation of young people who have not progressed to university level is examined (Section 1.3.1). For the most part, these individuals are the target of public policies favouring young people. Second, the position of young university graduates is considered: young university graduates clearly have a greater probability of avoiding unemployment and of finding a job (Section 1.3.2).

1.3.1 Young people without the baccalaureate have multiple career paths and many transition difficulties

(i) Multiple career paths and extensive and early access to schemes for young people

Over the past two decades, motivation behind public intervention in the youth labour market has been multilateral, but the overall orientations have remained the same. For example, the French have moved from a logic of accompanying macro-economic policies – a strong franc – to an autonomous logic of lowering labour costs to a concern over unskilled labour. However, the two basic interests have remained: lowering labour costs and training. Nevertheless, successive adjustments of older schemes – often made when governments change - and the creation of new ones has generated a myriad of possible trajectories in the youth labour market. This multiplicity of measures for young people, which is rather peculiar to France, often gives the impression of disorder (Dares, 1997). It has alternately been presented as advantageous - through the added flexibility that it gives local employment agents, firms or young people - or as disadvantageous - given the absence of clarity in the whole system of public subsidies. Some rearrangements of the schemes can therefore be viewed as attempts towards simplification.

Several potential outcomes can be identified for those entering the labour market without the general baccalaureate. The jobs vary significantly in terms of the nature of the job contract, legal status, training content and wage levels. Individual situational factors also vary, particularly as an increasing proportion of young people find themselves in two jobs that run concurrently. Holding two jobs is common, as is holding a job and participating in a training programme or conducting a job search and participating in a training programme. As far as situations related to public employment

policies are concerned, there is great heterogeneity of legal status and salaries, and any evaluation procedure, even partial, must take them into account.

The defining feature of the French system is the scale of public intervention, which generates, in part, the complexity of individual career paths. Although numerous, these schemes are not necessarily associated with evaluation procedures. A complete evaluation procedure – in the sense that it would compare statistical methods with monitoring for various selection biases and models of experimental data – of schemes for young people is not possible in France, where the experimental data are not available. However, some important results can be summarised.

(ii) Measures for young people cushion the arrival of new generations on the labour market

The schemes available to young people have an overall effect on transitional rates of specific cohorts entering the labour market for the first time (Werquin, 1997). Resorting to these schemes has been used extensively. Since 1989, such intervention measures have protected young people from the risk of unemployment. Given the shortage of regular jobs, young people entering the labour market without a higher education diploma have made the transition at a very slow rate. Only 3 per cent of the cohort who left second level education in 1989 were regularly employed. A follow-up survey six years after leaving secondary school showed the unemployment rate of these young people to be approximately double that of their adult counterparts. Youth schemes have had the effect of reducing the rate of youth unemployment in the initial transitional stage, although the long-term effects have not been quite so positive.

When these schemes for young people are targeted at different populations or cut back to reduce public deficits, young people who cannot use a government programme are often jobless. For example, of all the young people who entered the labour market in 1994 without a higher education diploma, almost 35 per cent were unemployed. This reflects the pattern apparent since the beginning of the 1990s, wherein the Travaux d'utilité (TUCs)³⁸, who traditionally distributed exclusively to young people, became Contrats emploi solidarité – CES (Solidarity Employment Contracts) – and incorporated the long term unemployed into their focus. Long term unemployment (defined as continuous unemployment longer than twelve months), is not a relevant concept in France at this level of qualification as many young people alternate between short periods of unemployment and the take-up of marginal jobs. It is proposed therefore that the definition of unemployment be changed to twelve months of unemployment in the last eighteen months.

In the absence of widely available measures for young people, the overall effects are unclear. What is apparent however, is that the rate of recruitment to regular jobs has not increased significantly for those with few or no diplomas entering the labour market for the first time.

(iii) The best measures go to the most employable individuals

From a more micro-economic viewpoint (i.e., the construction of statistical models that involve young people and a large set of their characteristics), studies³⁹ have appeared en masse since the 1990s.

These studies have tended to rely on the employment rate after completion of a government scheme as the main indicator for evaluation. However, this measure is too descriptive and systematically indicates that scheme that have a large training content and place young people in real work situations in a private company have more favourable outcomes. This criterion thus isolates

³⁸ Service job contracts funded the State

³⁹ See for example: Aucouturier, Gelot, 1994; Balsan, Hanchane, Werquin, 1994 and 1998; Bonnal, Fougère, Serandon, 1994, 1995a and 1995b; Couppié, Werquin, 1994a and b ; Gautié, 1996; Lechene, Magnac, 1995; Pénard, Sollogoub, 1995; Sigot, Werquin, 1993; Werquin, 1996c and 1997.

alternative training schemes – the Contrat de qualification (Qualification Contract), the Contrat d'adaptation et d'apprentissage (Apprenticeship and Adaptation Contract) for example – as the most effective. Moreover, such analyses are uninformative about the real role that the scheme has had on the future career paths of individuals and are thus misleading. Although entry into a programme follows selection based on individual criteria, what is measured with such an approximate and immediate indicator is often only a reflection of the individual's intrinsic skills - those that allow him to obtain a more or less good evaluation. In this way, the absolute effects of the scheme itself are not measured.

In an attempt to redress this imbalance, Balsan *et al.* (1994) propose an evaluation on the basis of human capital acquisition. To this end, they compute an equation based on salaries, the results of which identify a hierarchical entry procedure to schemes for young people. Those in receipt of more qualifications have a greater likelihood of accessing schemes reputed to have more training content. The net effect of the scheme is thus difficult to evaluate when the individual is hired afterwards.

It would appear that the lack of clarity surrounding the evaluation of such schemes in France centres on a parallel lack of precision in evaluation objectives. Different evaluation indicators - maintenance outside unemployment, the probability of long-lasting employment or the quality of the job obtained (salary, stability etc.) – have yielded different conclusions. Balsan *et al.* (1997) have proposed a more complete model that would simultaneously take these dimensions into account. To mitigate against the absence of experimental data, this model monitors for unobserved heterogeneity and for selection bias. The main results are consistent with previous findings, but highlight great diversity in outcomes, depending on the level of initial training and the type of individuals as well as the type of employment obtained (stable or not) and the nature of the scheme used (public or private). Initially, the challenge in accessing employment centres on balancing the amount of time spent in job searches (which yields greater job possibilities), and ease of access to information and search means (which yields greater possibilities for participation in government schemes). Thus we find that schemes function relatively better for individuals with no diplomas. They are in a working environment and have greater opportunities for access than their unemployed counterparts. Schemes related to the commercial sector provide greater probabilities for employment than those related to the public sector. Surprisingly, a young person's participation in these programmes or even other sectors of the labour market are irrelevant in explaining a higher salary once he or she is employed. In short, a vocational history strongly marked by frequent and varied participation in these programmes for young people is a central explanatory variable in the hiring process when employers attempt to discover skills or specific workplace attitudes. With the hiring procedure completed, the young person is likely to face “fixed salary grids” or find themselves under the restriction of minimum wage legislation. His or her job history, unemployment history or participation in a youth transition programme is of little importance.

(iv) *The new schemes: 'emplois-jeunes'*

It is not yet possible to make quantitative evaluations of the new schemes currently being established in France. These jobs for young people ('emplois-jeunes') were designed in 1997, and the application decrees appeared only at the end of the year. A Céreq survey now underway should be able to measure the first numbers involved and the most visible effects (Werquin, 1998b). However, it is possible to point out a few differences in this new scheme. First, these jobs are long term, since it will be possible to extend them for up to five years. Generally, entry into these schemes requires a diploma and is particularly targeted at specific higher education graduates.

Second, specific administrative criteria – such as being a long term unemployed person, for example, for the CES – should be dissolved as employer needs (in terms of profile and skills) are more explicitly taken into account. Finally it has been announced that a large number of contracts have been signed. Although young people no longer have any access to public sector schemes (CES),

there is discussion that 300,000 young people's jobs may be distributed within the next two to three years. The main drawback with these schemes remains when compared with other schemes we have known. These programmes involve placing young people in jobs where subsequent hiring is questionable, even impossible, since hiring almost always requires taking civil service examinations that are restricted. For the observer, two components remain abstruse. First, since these jobs are described as ones that are to meet needs not taken into account by the market, we have difficulty evaluating the real impact of this orientation. If it is a matter of increasing local area jobs and jobs of little innovative content, it is unlikely that young people will be adequately prepared for long-term vocational transition. If, on the other hand, the promoters of such jobs open the doors to jobs that do not exist and may lead to others, then the scheme may have potential. Undoubtedly, this situation requires not only holding a job but also access to training.

These subsidised schemes for young people's social and vocational transition occupy a large place in the literature pertaining to the youth labour market. However, there is also a series of more customary questions concerning the rate and reasons for vocational transition.

(iv) Explaining initial vocational mobility in terms of initial training and vocational experience

The time elapsed between the end of initial training and first long-lasting job is extending for those without the general baccalaureate. The immediate corollary is that vocational mobility is intense in the first years of working life, even for young people who have not participated in university studies. Research conducted on transversal data show rather systematically that as young people progress in their working lives, the importance of their initial training is reduced, and only their vocationally acquired experience explains the nature of vocational transition. Using transversal data probably biases the viewpoint considerably and creates very incomplete results.

Balsan *et al* (1996) have proposed a longitudinal approach. This would involve the utilisation of survey data currently available to test the hypothesis that vocational experience absorbs all the explanatory power in the statistical models attempting to explain the nature of vocational transition. Their model relies on the observation that employers cannot take into account the vocational experience of a young person who presents himself or herself for the first time on the labour market since he or she has not yet worked. Consequently, employers rely on the diploma, training speciality or other characteristics (that cannot necessarily be observed in a survey) as a guide in recruiting workers. It is this first transition which is an important factor in vocational mobility and possibly a long-lasting vocational transition. Initial training continues to play a determinant role in the beginning, and this role then spreads through more usual causality between vocational experience and hiring. Since the model incorporates the complete career path of young people, it highlights a number of important effects:

- the effects unique to initial training,
- the effects unique to the initial vocational experience,
- the hybrid effects, due to {a} at the beginning of a career employers can observe only initial training, and, {b} the first vocational experience contains hidden elements that relate to the initial training.

An important result of Balsan *et al* (1996) is that six years after leaving initial training, the role of the initial conditions – the information known upon exiting school – continues to play a significant role in vocational transition. This research should no doubt be correlated with Bynner's (1997), which will research even further upstream – at the school – for explanatory elements in a more or less successful vocational transition. However, Balsan *et al* (1996) also show that elements of the career path (or more precisely, repeated participation in programmes for unemployed youth), play a role in the nature of the vocational transition, but experience does not completely prevail over all the explanatory power of the statistical model thus constructed. In short, it would seem unlikely that repeated Contrats à durée déterminée (CDD – Fixed Duration Employment Contract) are necessarily

an obstacle to a more long-lasting transition. These career paths are often a stepping stone to a Contrat à durée indéterminée (CDI – Indefinite Duration Employment Contract). However, having had but then lost a CDI has harmful consequences on the probability of re-employment, which is much lower for young people who are on an upward career path. The term “job insecurity” is partially overcome with CDDs. One of the remaining conclusions of this research is the necessity to define what a job constitutes for a young person, one in which the young person can be considered as having made the transition.

In this regard it is important to consider Werquin’s (1998a) finding that it is not so much the length of time in finding the first job that has changed in the past thirty years but the definition of the first job. Length of time in access to the first remunerated job – broadly defined as the first time that young person is paid money in exchange for his work - averages only a few months. Through the small jobs and programmes described above, young people are quickly remunerated. At this level of qualification, only 3 per cent enter the labour market and immediately hold a regular job. If the average duration to this first regular job is calculated, it is several years. In conceptual terms, first regular job is understood to incorporate all the characteristics of the primary sector, especially in France, where minimum wage legislation is systematically applied, with the exception of youth employment wherein it is widely reduced by public schemes. Stated otherwise, access to a job covered by an indefinite duration contract that is full time or voluntarily part-time, paid at least at the minimum wage rate and providing sickness, accident and unemployment coverage takes a period of several years. Be that as it may, research in France should be oriented towards the conceptualisation of a job that goes beyond the usual, inoperative definitions.

In the case of the BEP (Brevet d’études professionnelles – Vocational studies certificate) – the basic diploma of first level initial vocational training, level V - Kirsch and Werquin (1995) found that the relationship between training received and job held is more or less direct depending on the sector of activity. Consequently, we cannot completely reject a form of coherence between training received and the profession exercised. The relationship is quite simply a function of the rare or particular purpose of the training received and the dynamism of the sector for which it prepares.

1.3.2 Great heterogeneity of performance by level and training specialisation

(i) Higher education graduates make the transition much more easily despite recent difficulties.

As Müller and Shavit (1998) have highlighted in their recent work on vocational transition, the marginal yields of education at the university level are greater than at other levels in all thirteen countries studied. In France in particular, the quality of the transition is substantially improved for higher education diploma holders than for those who have at most the baccalaureate. But even if higher education graduates are at considerably less risk of unemployment than those who have a lower level of training, their transition conditions are not as favourable as they were during the 1980s.

Three years after leaving training, the unemployment rate of higher education graduates is about half that of baccalaureate diploma holders and a quarter that of those without diplomas. These more favourable conditions are explained in part by changes in the structure of jobs, with a rapid increase in intermediate and managerial jobs. Up until 1992, the practice of firms recruiting well-trained employees capable of advancing their skills is likely to have favoured new graduates over internal promotions or experienced working people. However, due to a less favourable economic environment and the increasing number of graduates at this level, higher education graduates today are not as cushioned by transition difficulties as their predecessors.

Until the upturn in 1990-91, higher education graduates made the transition rather well despite a large increase in the numbers of those leaving training at this level. Transition unemployment was low, especially among science graduates, and their starting salaries reached high levels (Mansuy and Martinelli, 1994).

(ii) Great disparities according to the nature of the higher education diploma acquired

Among all higher education graduates, there are important disparities. As a whole, the transition hierarchy mirrors the prestige hierarchy of the educational system. Thus, salaries are noticeably higher for those leaving business or engineering schools than for those leaving the university or shorter higher education programmes.

Salary differentials between technical higher education graduates (baccalaureate + 2) and other graduates is explained in part by the nature of these qualifications. They were created to supply firms with technical, sales/intermediate administrative personnel. The time elapsed during the transition period is too short to allow for promotions that would lead some of them to managerial positions. Compared with other categories, the salary spread reflects this difference in position since a majority of higher education graduates reach managerial positions within three years.

After university, the salaries received follow the qualification hierarchy: licence, maîtrise, the DEA-DESS and doctorate. The unemployment rate three years after leaving school is less closely linked to the qualification. Up until 1991, graduates of short higher education programmes were less likely to experience unemployment than business or university graduates.

The recession of 1992-94 marked a change of regime. Higher education graduates made the transition more slowly and more precariously. The jobs held were less skilled, and the salary level fell (Martinelli and Vergnies, 1995). More recently, the deterioration of transition conditions for higher education graduates seems to have ceased (Martinelli, Sigot and Vergnies, 1997). The transition salary level of 1994 graduates now mirrors the high level of 1988 graduates. However, this development does not mean the return of prosperous times. During the transition period they are more affected by unemployment than graduates of the 1980s. Furthermore, the differences of situation between various qualifications and fields of specialisation have become stronger and sharper despite the 1994 "mini boom". Employment without job security after a BTS or DUT has increased since 1994, unlike other categories. In March 1997, 30 per cent still held a job with a fixed duration contract as opposed to 20 per cent for all higher education graduates. The relative advantage of short technical training programmes taken in higher education institutions, as observed until 1991, has not continued. The unemployment rate of their graduates is close to that of university graduates and even higher in industrial specialisation.

At the maîtrise level (bac+4) and beyond, the advantage of vocationally oriented training programmes for equivalent diplomas has become stronger. Thus, the transition conditions of master-engineers from the new IUP maîtrises, have proven to be more favourable than those of traditional maîtrise graduates. Although attaining a managerial position after three years at a job remains stable, the variations by qualification and type of institution attended have grown. The prospect of a managerial position is far from assured with a licence or a maîtrise. Of these graduates, 26 per cent became office employees in 1997 as opposed to 11 per cent two years earlier. To become a manager three years after finishing studies is less frequent today after attending a business school, even if it is accredited by the State, than after an engineering school or third cycle university diploma. On the other hand, university doctorate graduates are just as frequently classified as managers as engineering school graduates and obtain equivalent salaries. The number of young higher education graduates employed as technicians or office employees has grown. This competition from young graduates only reinforces the transition difficulties of non-baccalaureate young people.

(iii) Along-side the diploma; class of origin and social networks influence the quality of transition

Even if the final diploma plays an important role, it is not the only explanatory factor in the transition of higher education graduates. The prior educational course is not neutral. The original baccalaureate series has a specific effect on job and salary classifications for equivalent final year diplomas. The scientific series, the most prestigious, offer a significant advantage (Epiphane and Martinelli, 1997).

Class of origin plays a role in job classifications up to thirty months after leaving training. Students whose fathers are manual workers or office employees find intermediate or managerial jobs less often, all things being equal. The manner of finding a job and the quality of the job found correlate very strongly. Job contracts obtained through social connections are not as well paid and offer less job security.

(iv) Strong disparities according to field of training

For the same qualification, transition conditions upon leaving training are strongly influenced by specialisation area (see Table A.14). At university level, the risk of unemployment substantially differs according to the original discipline. It is higher for economists, linguists, biologists and art and communication graduates and low for medical, data processing or physics studies. The spread among specialisations already noticed in 1991 became stronger in 1997. Management and finance university graduates make the transition much better than economists and lawyers, an observation which confirms the advantage of diploma courses that are more vocational in terms of transition. They obtain salaries comparable to those of graduates of the best business schools recognised by the State. Transition conditions for graduates in literary studies are comparatively more favourable. They are less at risk from unemployment than lawyers and economists in 1997. They are more frequently classified as managerial personnel and obtain salaries close to that level. Science graduates have maintained levels of employment and salaries higher than the average. The division between mathematicians, physicists and computer scientists as a group, who make the transition well, and biologists and chemists on the other side, who experience more difficulties, still existed in 1997.

Similarly, graduates of engineering and agronomy schools still made the transition with relative difficulty in 1997 while those who had studied 'exact' sciences had the best transition conditions among higher education graduates.

Finally, the type of jobs that are held by higher education graduates differ considerably depending on the specialisation or the original discipline. Literary studies lead to teaching and careers in the civil service while scientific and technical training programmes lead to careers in industry and business services sector. However, even science and doctorate graduates hold jobs, especially in the civil service, where they find positions in teaching and research.

A study of transition salaries conducted using Céreq surveys at the beginning of the 1980s shows that for the same level of training, the range of transition salaries across specialisations is quite wide (Cerc, 1991). Salaries are generally higher after training in a scientific or industrial specialisation than in a general or service specialisation. The hierarchy of specialisations can disrupt the hierarchy of levels. A more recent study of CAPs and BEPs (Bordigoni, Mansuy, 1995) show that such is the case more than ten years later. The range of salaries four years after the end of studies is even wider than in the first job. The pre-eminence of industrial specialisations has become stronger. For service specialisations at this level, in which women are the most represented, the handicap in terms of transition is not limited to the salary. The corresponding career paths are more marked by unemployment than at the end of an industrial specialisation; forced part-time jobs are generally the case. This very unfavourable situation is explained by the almost total absence of recruiting in the corresponding jobs (secretarial and bookkeeping work) at this training level because the positions are now offered to BTS or baccalaureate diploma holders. Women with a CAP or BEP diploma obtaining employment tend to make the transition in a segment outside the labour market, in unskilled jobs (supermarket employees and service workers) unrelated to their training, which were filled in the past by young people without training.

However, all industrial specialisations do not necessarily lead to a good transition. The only female industrial specialisation – clothing - rarely offers manual workers jobs any more because this sector is restructuring. However, in the rest of industry, manual workers and technical and engineering qualifications remain specific; competition among qualifications of different levels in the same specialisation is not as pronounced. For that reason, on completion of industrial and skilled trade

training specialisations, the CAP and the BEP can still be used, often but not always, for a transition related to the profession. Recognition of first level vocational diplomas strongly depends on the specialisation because several mechanisms come into play. The existence or absence of jobs for beginners in the specialisation as offered by the production system is the greatest transition factor, and the flow of those leaving the specialisation training is secondary. In the first group of specialisations (electronics, for example) employers consider the vocational baccalaureate the minimal level. Transition is then very difficult after a BEP or a CAP. In the second group (electro-technical, for example) the CAP or the BEP are still highly valued by employers, hence the higher salaries upon finishing training. In the third group of specialisations, skilled jobs are still offered to BEP or CAP diploma holders, but the numbers of those leaving training programmes exceeds the demand of firms. In this case, transition outcomes after completion of the diploma diverge. Some obtain skilled jobs in the specialisation taken or related to it. Others experience greater difficulty, alternating between unemployment and jobs not relating to the content of their training (warehouseman, unskilled mason and night watchman are the most frequent jobs). These young people are then classified as unskilled.

Level V diplomas obtained in apprenticeships form a separate group. Despite the recent and rapid trend to raise apprenticeships to the baccalaureate level and beyond, apprentices preparing a CAP, BEP or equivalent are still in a majority (83 per cent of all apprentices in 1995). For almost 90 per cent of those preparing for a skilled trade, the diploma taken is a CAP, particularly in restaurants and food preparation, retailing, automobile repair, hotels, hair styling and construction. These diplomas are rarely, if at all, taken in vocational lycées. The consequence of this segmentation of diploma specialisation is that little competition exists between apprentices and vocational lycée graduates for skilled jobs. Young people from level V apprenticeship programmes make the transition on a particular sub-market of skill trade firms, which continue to generate employment concentrated in a small number of sectors closely related to the content of training programmes. Firms recruiting apprentices tend to manage their labour force according to a specific pattern not found within the internal or external markets. Young people are integrated according to a vocational pattern but most often in a firm different from the one in which they were trained. Above all, obtaining a skilled job is not guaranteed. In this more restricted space, the situation of young people is similar to that of their colleagues from the industrial training programmes in vocational lycées. Those who hold jobs closely related to their training or use their skills in their work (the case of lorry drivers trained in automobile mechanics) are generally skilled. When the numbers of those leaving the training programmes exceed the recruitment capacities of the markets for which they are destined, some of these young people turn to the external markets, in which case they hold unskilled positions.

This diversity of transitional outcomes makes a study of the labour market's consideration of vocational training programmes in France difficult, even when evaluating the degree of specificity in initial vocational training. Only with difficulty can such a study disregard the heterogeneity of future career paths, defined according to the training specialisation taken for a rather specific level to identify former apprentices. Similarly, in our opinion, it is essential to analyse the competition among vocational diplomas of different levels for jobs. This is one of the strong directions that we intend to follow with the new Céreq, generation 92 survey, which is constructed to make the necessary comparisons for such an analysis, at a more detailed level than the Work Force surveys permit and with a longitudinal dimension that this source does not possess.

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Table A.1: Training Levels in France

Level	Definition
I and II	Personnel holding jobs that normally require training at a level equal or superior to that of the licence or engineering schools.
III	Personnel holding jobs that normally require training at the level of the higher technician's certificate (BTS) or diploma from the University Institutes of Technology (IUT), and the end of the first cycle of higher education.
IV	Personnel holding supervisory jobs or having a qualification at a level equivalent to that of the technical baccalauréat or of technicien and the technician's certificate.
V	Personnel holding jobs that normally require training levels equivalent to that of the Vocational Studies Certificate (BEP) and the Vocational Aptitude Certificate (CAP).
V a	Personnel holding jobs that presume a short training period of less than one year leading notably to a Vocational Education Certificate or any other certification of the same nature.
VI	Personnel carrying out jobs that do not require any training beyond the end of compulsory schooling.

Table A.2: Summary Table of Youth Job-Entry Programmes

ALTERNATING TRAINING											
	APPRENTICESHIP CONTRACT			SKILLS CONTRACT			ADAPTATION CONTRACT (through 30 June 1995)		ORIENTATION CONTRACT (through June 1995)		
BENEFICIARIES	Young people 16-25 who have completed first cycle of secondary education			Young people 16-25 without qualification or having a qualification that does not allow them to obtain a job			Young people 16-25 capable of taking job quickly after complementary training		Young people 16-22 without a technic vocational education diploma and who completed at most a second cycle of tech vocational secondary education without ob a diploma		
FORM AND LENGTH	Specific work contract for 1-3 years			Limited-term contract of 6-24 months			Limited-term contract of 6-12 months or unlimited-term contract if proposed job is permanent		Limited-term contract of 3-6 months, n renewable		
OBJECTIVES	Acquiring occupational qualification sanctioned by a vocational or technical education diploma, the title of engineer or an equivalent ratified title			Acquiring an occupational qualification recognised by a diploma, a ratified title or a collective agreement			Adapting a qualification to the job held in the company		Helping young people with particular diffi in obtaining a job to enter labour mark encouraging their vocational orientation t an initial in-company experience		
EMPLOYERS	Private and public sector (experimental programme through 31 December 1996)			Private sector			Private sector		Private sector		
HIRING INCENTIVES	Contracts signed before 31 December 1994						Contracts signed before 1 July 1995				
	7,000 francs plus right to apprenticeship tax credit			Contract > 18 months: 7,000 francs Contract < 18 months: 5,000 francs			One time subsidy		One-time subsidy		
SOC. SEC. EXEMPTIONS	Yes. Various systems for artisans, small enterprises			Yes. 100 % of employer contributions up to minimum wage			none		Yes (100 % of employer contribution		
TRAINING : Length	Required :400 hours for CAP, 1,500 hours for vocational bac/BTS, theory (CFA) and practice (employer)			In an internal or external training centre:				Orientation activities 32 hrs/month			
				25 % of total length of contract (except for branch agreement or extended collective agreement stipulating different training period). Max. 1,200 hours/2 yrs			Limited-term contract: 200 hours. Unlimited-term contract: 12 months maximum				
Funding	Free training financed by 0.5 % apprenticeship tax.			0.1 or 0.3 or 0.4 % alternance			Direct charge of training expenditures at 50 francs/hr. or reimbursement by mutual fund org. (either contract)		Direct charge of training expenditures francs/hour or reimbursement by mutual f		
COMPANY SUPERVISION	Apprenticeship supervisor			Trainer paid by mutual fund org. up to 100 francs/hour (40 hrs. max.)							
REMUNERATION	Age :	<17	16-20	21+	Age :	16-17	18-20	21+	Wages at least equal to minimum wage : Limited-term contract : 80 % of collective minimum. Unlimited-term contract : 80 % of collective minimum during adaptation period 100 % thereafter		
	Year contract.	% of min. wage (1)			Year contract.	% of min. wage (1)					16-17 years: 30 % minimum wage 18-20 years: 50 % minimum wage 21 + years: 65 % minimum wage
	1	25	41	53	1	30	50	65			
	2	37	49	61	2	45	60	75			
	3	53	65	78							
	(1) for 21 +, agreed maximum if higher										
COUNTED IN WORK FORCE	No			No			No		No		
STATUS	Wage-earner			Wage-earner			Wage-earner		Wage-earner		

Table A.3

OTHER MEASURES FOR 16-25 YEAR OLD		ALTERNATING TRAINING ACTIVITIES (AFA)		PERSONALISED TRAINING CREDIT (CFI)	PERSONALISED PEDAGOGICAL WORKSHOP (APP)	RETURN TO EMPLOYMENT CONTRACT	EMPLOYMENT SOLIDARITY CONTRACT
YOUNG PEOPLE PROGRAMME	FIRST JOB FOR	Preparatory Activities	Skilling Activities				
BENEFICIARIES	Young people 16-25 whether enrolled or not at the National Employment Agency and not receiving unemployment benefits. Exceptionally, these young people who have completed an employment-solidarity contract. Not eligible: orientation, skilling, adaptation and apprenticeship contracts, CFEs, CESs or funded job	Young people 16-25 without employment or Level V diploma or with Level V diploma that has not allowed them to obtain a job	Young people 16-25 who have been out of school for at least 1 year with a level of high school or first year of university or coming from an alternating training activity	Young people 16-25 leaving initial training without obtaining CAP, BEP or CEP; general <i>baccalauréat</i> holders seeking recognised Level V occupational qualification. Priority given to those seeking first job after long period of unemployment	Varied publics: young people and adults, men and women with different training levels (VI to IV), wage-earners, trainees or unemployed	- Long-term job-seekers enrolled at National Employment Agency for at least 12 months out of the 18 months preceding the hire; Welfare recipients, and their spouses or companions; Handicapped workers and comparable categories; Single women; Exceptionally, individuals encountering particular problems in finding a job	Young people 16-25 with difficulty finding a job; Long-term job-seekers enrolled at the National Employment Agency at least 12 months out of the 18 preceding the hire; Unemployment beneficiaries; Welfare recipients, their spouses or companions; Handicapped workers or comparable categories
FORM AND LENGTH	Full time, either unlimited- or limited-term contract	Personalised training over variable period of at least 100-200 hours. Alternating training: at least 1/3 in company	Units organised partly in training centre and partly in company (maximum: 1/3 time in company).	Period varies according to need of young people; can reach 1,200 hours for the most disadvantaged public	Training contract for 3 months maximum with possible renewal up to 300 hours/year	- Unlimited-term contract with clause guaranteeing employment for at least 6 months; Limited-term contract of 6 to 24 months	Part-time limited-term contract for 3-12 months; 24 months for most disadvantaged publics and exceptionally, 36 months
OBJECTIVES	Encouraging labour-market entry of young people with or without diplomas by aiding the acquisition of work experience through a real job	Facilitating labour-market entry by direct access to the company, acquiring a Level V qualification	Acquiring Level V or IV qualification. Complements Youth Training Credit	This is not a formal measure but an opportunity for young people to obtain a Level V qualification through a personalised training path with one-to-one follow-up by a correspondent	Constituting a complement to the overall training supply with short-term training courses bearing on general culture. Meeting requests in a permanent, personalised, contractual way. Developing a personalised pedagogy	Facilitating labour-market entry through direct access to a company job	Encouraging participation of young people in community life through accomplishment of a useful activity. Permitting access to a work experience and the development of a career plan
EMPLOYERS	Manufacturing, commercial and					Private sector	Regional and local

	agricultural enterprises, professionals, non-profit organisations, public manufacturing and commercial enterprises, national companies. Not eligible: individual employers											communities, non-profit organisations, public institutions, social security bodies, works councils, housing project administrators, etc.
SOCIAL SECURITY EXEMPTIONS	None (except in combination with programme for hiring of 1st, 2nd or 3rd wage-earner or deduction from employer contribution on low wages)											Yes: 100 % of employer contribution
PUBLIC AID	Hiring must occur between 5-4-94 and 31-12-96. 1000 francs/month during the first 9 months of contractual work.	Costs of evaluation and follow-up assumed by Region. Training expenses paid by Region within framework of "CFI units". For other measures invoked, see corresponding column	State aid to training body for operations; trainee's remuneration paid by State	Training costs financed by Region	Training costs wholly or partly covered by State and Region according to public received.		State pays 50 francs/hour of training (200-1,000 hrs).		State pays part of remuneration based on minimum wage: 65 % in principle; 85 % for long-term unemployed, handicapped workers, welfare recipients. Training costs paid by State (average length 200 hours, maximum 400 hours).			
SOCIAL SECURITY EXEMPTIONS	None (except in combination with programme for hiring of 1st, 2nd or 3rd wage-earner or deduction from employer contribution on low wages)											Yes: 100 % of employer contribution
PUBLIC AID	Hiring must occur between 5-4-94 and 31-12-96. 1000 francs/month during the first 9 months of contractual work.	Costs of evaluation and follow-up assumed by Region. Training expenses paid by Region within framework of "CFI units". For other measures invoked, see corresponding column	State aid to training body for operations; trainee's remuneration paid by State	Training costs financed by Region	Training costs wholly or partly covered by State and Region according to public received.		State pays 50 francs/hour of training (200-1,000 hrs).		State pays part of remuneration based on minimum wage: 65 % in principle; 85 % for long-term unemployed, handicapped workers, welfare recipients. Training costs paid by State (average length 200 hours, maximum 400 hours).			
TRAINING	None	Personalised curriculum developed on basis of existing training activities approved by the State or the Regional Councils or alternating training measures	Personalised modular training path for period determined by needs of young people involved	Training organised and implemented by Region	Self-training with tools provided to trainees and resource personnel. Possibilities of 3-month objectives contract renewable up to 300 hours/year		Contract can call for training during working hours linked to activity performed (200-1,000 hours without exceeding half of the length of the contract).		Possibility of non-remunerated training up to 400 hours outside of working time			

		(skilling, apprenticeship contracts, etc.). All these measures should lead to a validating mechanism										
REMUNERATION	Wage set according to collective agreements	In function of status associated with measure involved	Varies according to age and status of trainee	Varies according to age and status of trainee	None for training per se but APP may be accompanied by another measure (CES etc.) providing remuneration	Corresponding to occupational category of job held or that targeted by training. Wage at least equal to minimum wage	Hourly minimum wage for number of hours worked (in principle 20 hours).					
COUNTED IN WORK FORCE STATUS	Yes					No	No					
	Wage-earner	Linked to that of measure used. No specific status is acquired for the entire training period	Vocational training trainee	Vocational training trainee	Non-remunerated vocational training trainee	Wage-earner	Wage-earner					
PROCEDURE	Request presented to National Employment Agency before hire (or within 30 days afterwards).	Each training zone has an activity structure, an employment-training co-ordinator and a network of correspondents	Training agreement between prefect and training body	Training agreement between president of Regional Council and training body	The APP is a training site run by one or several training bodies. The individual training path is organised by an objectives contract between the young person and the trainer	Request for agreement made at local office of National Employment Agency before hire (or within one month afterwards).	Job offer presented at National Employment Agency. Work contract drawn up between employer and beneficiary. Agreement signed between employer and DDTEFP					

Sources: Centre Inffo, ASSEDIC, ANPE, DRTE

OVERVIEW OF VARIOUS YOUTH PROGRAMMES⁴⁰			
PROGRAMMES COMING UNDER THE NATIONAL EDUCATIONAL SYSTEM	Preliminary Interview <u>Public:</u> No restrictions. <u>Length:</u> Maximum 2 days. <u>Status of Young Person:</u> Visitor in the institution	Information and Orientation Session (SIO) <u>Public:</u> Young people seeking career plan. <u>Length:</u> 2-6 weeks. <u>Status of Young Person:</u> Student without financial aid possibility through scholarship	Job search Assistance (ARE) <u>Public:</u> Young people whose career plan has been interrupted. <u>Length:</u> Up to 3 months, part-time. <u>Status of Young Person:</u> Job seeker
	Further Training on Local Initiative (FCIL) <u>Public:</u> Young graduates. <u>Length:</u> 4-9 months. <u>Status of Young Person:</u> Student with possibility of financial aid through scholarship	Cycle of Labour-Market Entry through Alternating Training (CIPPA) <u>Public:</u> Young people encountering difficulties. <u>Length:</u> Variable for each person. <u>Status of Young Person:</u> Student with possibility of financial aid through scholarship	Specific Unit for Re-Taking Examination (MOREA) <u>Public:</u> Young people who have failed examination. <u>Length:</u> Variable, less than one school year. <u>Status of Young Person:</u> Student with possibility of financial aid through scholarship
PROGRAMMES COMING UNDER OTHER STRUCTURES	Adaptation Contract (CA) <u>Public:</u> Young people 16-25 likely to find a job quickly. <u>Length:</u> At least 200 hours of training. <u>Status of Young Person:</u> Specific kind of work contract	Job Preparation Course <u>Public:</u> Young people 16-25 seeking employment and 18-25 long-term unemployed. <u>Length:</u> 550 hours plus 2 months in the company. <u>Status of Young Person:</u> Trainee remunerated through vocational training	Personalised Pedagogical Workshops (APP) <u>Public:</u> Over 16 years. <u>Length:</u> Variable. <u>Status of Young Person:</u> Either non-remunerated vocational training trainee, Community Service activity (TUC) or alternating training contract
	Apprenticeship Contract <u>Public:</u> Young people 16-25. <u>Length:</u> 2 years (in general), including 360 hours of training each year. <u>Status of Young Person:</u> Specific kind of work contract	Initiation to Working Life (SIVP) <u>Public:</u> Young job-seekers 16-25. <u>Length:</u> 3-6 months. <u>Status of Young Person:</u> vocational training trainee remunerated by State and company	
	Skilling Contract (CQ) <u>Public:</u> Young people 16-25. <u>Length:</u> 6-24 months. <u>Status of Young Person:</u> Specific kind of work contract	Community Service Activity (TUC) <u>Public:</u> Young people 16-21. <u>Length:</u> 3-24 months. <u>Status of Young Person:</u> Remunerated vocational training trainee	

⁴⁰ Programmes which, although not identical, may welcome similar public, are placed within a single frame.

Table A.5: Wages in Youth Schemes

Most youth schemes appear in the market sector (Apprenticeship, CQ, Skilling Contract; CA, Adjustment Contract; CO, Orientation Contract and SIVP, Initiation to Working Life, which disappeared in 1991 and are replaced by CO). One main programme belongs to the non-market sector: TUC (Community Jobs), which became CES (the Solidarity Employment Contract) in 1990. All these schemes correspond to lower than minimum wage according to the following table:

Minimum Wages in Youth Schemes						
	Apprent.	CQ	CA	CO	SIVP	TUC-CES
Wage	15% to 75% of the SMIC*	17% to 75% of the SMIC*	80% of the SMIC	30% to 65% of the SMIC	1523.61 to 3149.21*	Hourly SMIC
Conditions	Age and seniority in the contract	Age and seniority in the contract	Does not vary	Age	Age	Does not vary

* see tables below for details.

In some instances, regulations are complex and three tables help to understand the situation for Apprenticeship, Skilling Contract and Initiation to Working Life.

Minimum Wages in Apprenticeship (% of SMIC) from 1988 to 1993 ¹				
Current duration in the job	less than 18	18-20	21-22	23-28
First Semester	15	25	35	45
Second Semester	25	35	45	55
Third Semester	35	45	55	65
Fourth Semester	45	55	65	75
Fifth and Sixth Semester	60	70	75	75

¹ From 1993, the principles remain the same but bounds are moved up (the range has become 25 to 78 %)

Minimum Wages in Skilling Contract (CQ) from 1984 onward (% of SMIC)			
Current duration in the job	16-17	18	19-25
First Semester	17	27	60
Second Semester	25	35	65
Third Semester	35	45	70
Fourth Semester	45	55	75

Initiation to Working Life in 1990 (in French Francs)			
Age	Monthly wage paid by Employer	State	Total
Less than 18	1340.61 (26% of the SMIC)	183	1523.61
18-20	1856.21 (36% of the SMIC)	870	2726.21
More than 20	1856.21 (36% of the SMIC)	1293	3149.21

Table A.6: Number of Initial Education Leavers Between 1990 and 1995 (x 1000)

	1990	1991	1992	1993	1994	1995
Primary	6	4	4	4	4	4
Levels VI and V bis	76	58	76	60	53	53
Level V (CAP-BEP)	195	193	179	168	162	172
Level IV (Bac.)	160	173	185	197	204	203
Level III	97	101	105	108	128	138
Level II and I	87	90	100	104	128	138
Total	622	618	646	643	667	704

Source : DEP, including apprenticeship.

Table A.7 : Population and labour force in France

	1975-1982	1982-1990	1990-1993	1994-1997
labour force variation (thousands)				
Total	230	185	180	151
men	35	5	32	54
women	195	180	148	97
due to the demographic change, activity rates unchanged				
Total	210	191	205	na
due to the male activity rates change				
total	-92	-103	-81	na
< 25	-24	-57	-69	
25-54	-15	8	7	
55 and over	-53	-54	-19	
due to the female activity rates change				
Total	112	97	55	na
<25	-13	-39	-61	
25-54	145	151	113	
55 and over	-20	-15	3	

source: Données Sociales 93 et TEF 97

Table A.8 : Activity rates by gender and age

Gender/Age	Year			
	1976	1986	1992	1996
men	71,8	66,9	63,8	62,7
15-24	54,7	46,8	37,3	32,5
25-49	97,1	96,7	95,7	95,6
50 and over	49,9	40	34,1	33,7
women	42,7	45,8	46,4	47,6
15-24	45,7	39,1	30,6	25,9
25-49	60,3	72,2	76,4	78,6
50 and over	23,5	21,6	20,2	21,5
Total	56,7	55,9	54,6	54,8

Source : France, Portrait Social 97-98

Table A.9: Youth unemployment characteristics

Unemployment rate by gender and age

<i>Gender/Age</i>	<i>Year</i>			
	<i>1985</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
men	8,5	9,8	10,4	10,8
<25	24,5	21	22,1	24,5
25-49	6,2	8,9	9,5	9,9
50 and over	5,9	7,3	7,8	8
women	12,6	13,9	14,2	14,2
<25	30,5	32,2	31,9	32,8
25-49	9,7	12,9	13,5	13,4
50 and over	7,1	8,2	8,4	9,2
Total	10,2	11,6	12,1	12,3

Unemployment rate by diploma

<i>Diploma</i>	<i>Year</i>			
	<i>1990</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
No diploma	13	16,5	17,2	17,5
BEPC,CAP,BEP	8,4	10,7	11,4	11,5
Bac	6,5	10,1	10,4	11,4
Bac+2	3,7	7,4	7,5	8,2
Higher educ	3,5	6,9	7,4	7,3
Total	9,2	11,6	12,1	12,3

Unemployment by diploma (< 30years)

<i>Diploma</i>	<i>Year</i>			
	<i>Rate 1992</i>	<i>Proportion 1992</i>	<i>Rate 1996</i>	<i>Proportion 1996</i>
No diploma	25,8	12,7	31,1	14,3
BEPC,CAP,BEP	15,1	8,5	20,1	10
Bac	11,3	5,1	16,1	7,5
Higher educ	7,9	5,7	13,6	9,2
Total	16,1	8,3	20,3	9,9
Total	9,2	11,6	12,1	12,3

Source : Labour Force Surveys.

Table A.10: Employment structure in some OECD countries: services

<i>Countries/Services</i>	<i>Year</i>	
	<i>1973</i>	<i>1989</i>
Finance, Services to firms		
USA	8,7	14,1
Japan	3,4	4,6
France	5,9	6,6
Germany	2,5	3,1
Italy	na	na
United Kingdom	na	10,8
Personnal Services		
USA	13,8	15
Japan	13,6	20,4
France	8,3	6,6
Germany	6,5	11,8
Italy	na	na
United Kingdom	na	9,7
Public Services		
USA	17,1	14,6
Japan	6	6,1
France	17,5	25,3
Germany	12,5	15,5
Italy	na	15,7
United Kingdom	na	20,8

Source: OECD National Accounts (Calculations by Petit, 1993). British data given for 1988.

Table A.11: Employment changes between 1982 and 1990

<i>Employment Sector</i>	(%)
Agriculture	-27,70
Industry	-8,60
Total commerce-services	15,50
Private services	29,40
Public services	13,00
Total	3,70

Source : 1982 and 1990 Census

The twenty-one sectors for employment growth (thousands)

Employment Variation 82-90

Local administration	668	120
Colleges (public sector)	351	110
Restaurants	303	103
Software engineering, organisation	133	101
Supermarkets	170	86
Retirement houses	155	84
Hypermarkets	177	83
Houses for disabled adults	106	73
Other services to firms	132	66
Cleaning services	130	58
Hospitals	660	54
Road transportation of goods	162	51
Télécom	154	49
Physicians activity	171	42
Adult training (public sector)	82	41
Social action (public sector)	74	40
Interim	129	38
Precompulsory schools (public)	149	36
Houses for disabled children	100	35
Accountants, finance experts	115	31

Source: Census (Calculation by Dumartin, Tomasini)

Table A.12

social class by economic activity(thousands)

year	indu 82	indus 92	const82	const92	servi82	serv 92	total 82	total 92
self employed	250	270	340	348	1141	1115	3187	2724
cadres	368	480	51	58	1320	2118	1743	2658
intermediate positions	946	934	172	164	2781	3316	3917	4434
employees	565	451	94	78	4705	5277	5388	5831
skilled workers	1767	1570	717	728	1335	1550	5839	3867
unskilled workers	1549	993	315	255	737	852	2835	2309
total	5445	4698	1689	1631	12 019	14 228	22 909	21 823

social class by economic activity(percent)

year	indu 82	indus 92	const82	const92	servi82	serv 92	total 82	total 92
self employed	4,6	5,7	20,1	21,3	9,5	7,8	13,9	12,5
cadres	6,8	10,2	3,0	3,6	11,0	14,9	7,6	12,2
intermediate positions	17,4	19,9	10,2	10,1	23,1	23,3	17,1	20,3
employees	10,4	9,6	5,6	4,8	39,1	37,1	23,5	26,7
skilled workers	32,5	33,4	42,5	44,6	11,1	10,9	25,5	17,7
unskilled workers	28,4	21,1	18,7	15,6	6,1	6,0	12,4	10,6
total	100	100	100	100	100	100	100	100

Table A.13: Leavers and recruitments (thousands)

year		91/92	92/93	93/94	94/95	95/96
recruitments number	A	3120	2940	2740	3010	3000
active beginners	B	496	521	530	536	584
beginners recruitments	C	311	283	264	295	307
beginners recruitment rate(%)	C/B	62,7	54,3	49,8	55	52,6
beginners in recruitments(%)	C/A	10	9,6	9,6	9,8	10,2

source : labour force surveys calculations from Petrone, Vergnies, 1998

Table A.14

Higher Education graduates

Unemployment rates of 1988 higher education graduates in march 1991

2nd cycle	6
deug	5,9
dea-dess	5,2
business schools	4,1
BTS	3,9
doctorate	3,7
DUT	3,5
Pharmacy	2,9
Dental Surgery	2,4
engineering shools	2
medicine	1,2
total	4,6

source: Céreq-EVA

Table A. 14(following)
Higher education graduates

proportion of 1988 university graduates without jobs in march 1991

by field of education

computer science	2,2
physics,math	2,3
lit,philosophy	3,8
account.,finance	4,2
history,geo.	5,3
nat sciences,chemistry	5,5
sociology,psychology	5,7
eco and social administration	6,1
law	6,2
languages	6,2
biology	6,6
economics	8,3
communication,doc	10,3
arts	12,3

source: *Céreq-EVA median wage in march 1991 by 1988 degree and gender (current francs per month)*

Gender

Degree	women	men
BTS	6800	7600
DUT	7000	7500
deug	6950	7600
licence	7500	8500
masters	8500	9600
DEA	9800	11140
DESS	10100	12000
doctorate	11000	12000
business school	12000	12800
engineering schools	12000	12700
Total	7840	9600

Source: *Céreq-EVA*

Table A.14 (following)
Higher education graduates

proportion of 1994 graduates being 'cadres' or in intermediate positions in march 1997

	cadres	inter	other
engineering schools	92	4	4
doctorate	91	6	3
dea-dess	70	17	13
busin. school with agreement	59	23	18
IUP masters	54	27	19
2nd cycle	44	28	28
DUT-BTS industry	5	69	26
DUT-BTS services	7	24	69

Source: Céreq-EVA

Table A.15 : Median wages by field of vocational education

leavers of 1989 being full-time employed in october 1993				
field	women dominant	men dominant	mixed	median wage
engine conductors		yes		6550
electrotechnics		yes		6450
electricity		yes		6200
bakery		yes		6000
mechanics		yes		6000
paramedics	yes			5950
painting		yes		5950
boilermakers		yes		5950
total men				5950
plumbery		yes		5900
cooking		yes		5800
total men and women				5700
secretaries	yes			5600
construction		yes		5600
wood		yes		5600
administration,account.			yes	5600
total women				5350
hair-doing,esthetics	yes			5300
hotellery,restaurants	yes			5350
commerce			yes	5350
cloth.	yes			4950
full-time minimum wage				4700

Source: Céreq-EVA

2 Germany

2.1 Introduction

Without doubt, the transition from education and training into the labour market is both a crucial personal experience for individuals and a decisive element in social stratification processes. Education endows young people with knowledge and skills so that returns, in terms of income, prestige, class position or career trajectories, are provided at entry into the labour market. As modern education and training systems offer differentiated tracks of qualification, significant variations in the returns to different qualifications achieved is to be expected theoretically and observed empirically. Indeed, according to investment views on education, variation in returns to different educational qualifications provide the main source of motivation in opting for specific tracks during individual education careers. On the other hand, inequalities in labour market entry clearly stratify subsequent individual life histories, thus linking the issues of educational attainment and social inequality. If only for these reasons, establishing empirical differences between, and comparative advantages of, specific types of qualifications achieved in terms of conditions of labour market entry, is an issue of central importance in social science research. This applies to concerns for an understanding of social stratification, educational and labour market attainment, and social inequality in general - not to speak of arriving at a theoretical understanding of social mechanisms governing the transition processes involved in matching educational resources and labour market positions. While at first glance this kind of information and theorising seems to apply mainly to a national level of analysis, it would tend to downplay the impact of institutional embeddedness of transition processes. It would neglect important issues such as how labour market returns to education come about, how education is matched to labour market positions, and how variations in education-labour market linkages affect labour market entry processes. This line of reasoning involves an extension of analyses to a comparative context in order to be able to address the respective differences between distinct transition systems. These tasks comprise the main research interests of the CATEWE project as it aims to account for differences in transition processes in European countries and their relationship to their institutional contexts.

In order to base the project's work firmly on the existing knowledge about transitions from education and training to work, this report is intended as an overview on research into these issues in Germany. With respect to the project's goals, Germany and German research seems to constitute a specifically interesting case for a number of reasons: first, the German system of vocational training is considered to be a model institutional solution to integrating young people smoothly into the labour market, which renders the comparative assessment of its empirical achievements a very promising task. Second, the German education and training system is generally conceived of as providing education and training within a highly standardised and stratified institutional framework, which has been argued to further a close link between educational qualifications and labour market attainment. Essentially, the dual system of vocational training is but one institutional linkage between education and work, while other institutional contexts of entry exist on secondary, and, of course, on tertiary levels of education. As there is variation in 'institutional' linkages even within the German system of education and training, it will be of special interest to describe research focusing on differences in labour market outcomes between different types of education and training system leavers rather than research on outcomes of specific groups of leavers. Unfortunately, respective research is rather rare in Germany, as the term transition research would usually refer to research on aspects of transitions to, within or out of, the dual system of education and training. Still, other research would be exclusively concerned with, for example, tertiary level leavers, without paying attention to their relative position in comparison to other leaver groups. Moreover, research deliberately focusing on labour market entry processes and trajectories is, in general, limited by lack of adequate data. Nevertheless, the current report aims to assemble results of a diverse field of empirical research on a number of topical issues as best suited to the needs of the CATEWE project approach to transitions from education and training to work.

The review of the research is thus organised in the following way: the first two sections deal with important contextual aspects of the transition processes from education to work, namely with

respect to economic, demographic and, most importantly, institutional developments in the education and training system. While the former aspects are treated in a somewhat superficial manner, the latter deserves special attention within a framework aiming at an analysis of the institutional embeddedness of transitions, and is thus considered in greater detail. The description of the institutional structure of the education and training system is then supplemented by an overview on educational participation and achievement in Germany to arrive at a broad description of the qualificational background of education and training system leavers. This forms the basis for an extended review of research into the transition processes from education to work, dealing with both institutional contexts and recent empirical results concerning transition and outcome patterns. Having put the empirical results into transition processes between education and work into a comparative context, the review concludes by reassessing the CATEWE approach to transition analysis in the light of the evidence established with respect to labour market entry patterns in Germany.

2.2 The Economic and Demographic Context of Labour Market Entry

The outcomes of transitions into the labour market depend on the interplay of entrants' initial qualifications, resources, interests and motivations, and the economic opportunities to apply capabilities obtained and to carry out individual occupational aspirations. While the former is reviewed and outlined in the following section, some broad aspects of the latter should be discussed here. The impact of such contextual factors on labour market entry and subsequent employment trajectories in Germany has been firmly established (e.g. Blossfeld, 1985b; 1986; 1989), so the development of *labour market situation* and *demographic pressures* at labour market entry over the last 20 years are addressed here as two important aspects of labour market entry context.¹

Seen from an overall perspective, the German labour market underwent substantial change during the last two decades. First, labour market participation increased to an overall activity rate of some 70 per cent in the mid-1990s. That development mainly mirrored the increasing participation of married women, with decreasing participation rates in younger age groups as a counteracting force. The increase in labour supply has partly been paralleled by employment growth, which amounted to some 10 per cent between the early 1980s and the mid-1990s. Probably more important, the structure of employment has been changing during that period as well. In general, both agricultural and industrial employment have been declining gradually, while service sector employment has increased, accounting for more than 60 per cent in 1996 (Table 1). Nevertheless, the percentage of industrial employment is still comparatively high. Moreover, as in other European countries, atypical forms of employment, be it part-time, temporary, or self-employment are accounting for increasing numbers.

Table 1: Sectoral Structure of Employment, Germany 1980-1996

	1970	1980	1983	1986	1989	1992	1996
Agriculture	8.5%	5.9%	5.4%	5.2%	3.7%	3.7%	3.0%
Industry	48.8%	44.9%	42.0%	40.9%	40.9%	39.7%	35.0%
Services	42.7%	49.2%	52.6%	53.9%	55.4%	56.6%	62.0%
Total Employment (in 1,000s)	26.668	25.795	25.187	25.786	27.743	36.940	35.982

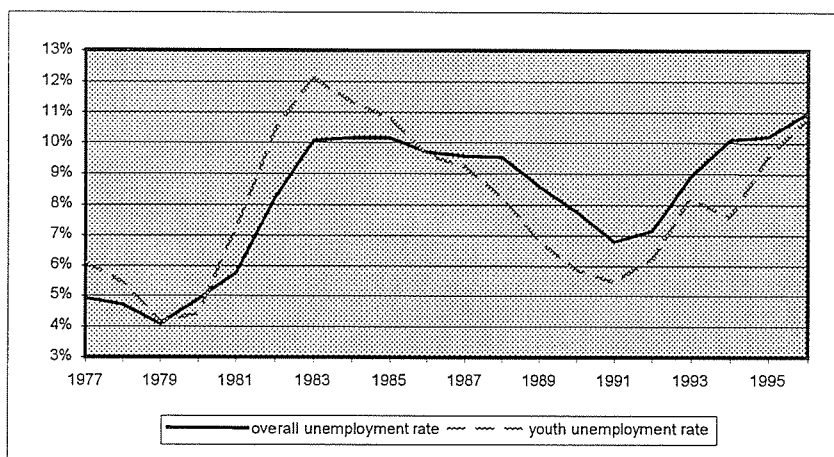
Sources: *Statistisches Bundesamt: Statistisches Jahrbuch*, various years; author's own calculations

Notes: Figures for 1992 and 1996 refer to the unified Germany.

¹ This review is primarily concerned with assembling an overview on transitions from education to work in West Germany, formerly the Federal Republic; thus all figures, references or empirical results presented refer to the former Federal Republic as of 1989 unless otherwise stated. For the sake of the presentation of longer term societal trends with respect to transitions, this neglects the important issue of German unification and the East German labour market situation which face a number of distinct integration problems. Indeed, research currently concerned with transformation in East Germany, might be of interest to investigate into these issues at some later stage. Nevertheless, the transformation situation itself is clearly beyond the scope of the CATEWE project.

However, development of the unemployment rate over the last 20 years seems to be a more relevant indicator of the labour market situation since it addresses the state of the business cycle and changing economic contexts of transition processes. As may be seen from Figure 1, between the 1970s and the 1990s, Germany's overall unemployment rate has clearly exhibited the well-known European trend: unemployment grew substantially in three distinct periods - in the recessions of the early 1970s, the early 1980s, and in the mid-1990s - while economic recoveries tended only to slightly slacken the labour market situation. This led to a cycle of growing numbers of unemployed with unemployment rates peaking in 1985, and increasing again in the late 1990s. However, this general description is not fully adequate for the youth labour market. Figure 1 quite clearly shows that labour market entrants bore the brunt of the economic downturn in the early 1980s when youth unemployment rates increased faster than the overall rate, and reached an all-time high in 1983. Youth unemployment then declined again, being lower than general unemployment rates from 1986 on. This positive development seems to reverse, however, again towards the end of the 1990s. To summarise, German unemployment rates convey the impression that while the labour market for the young unemployed was especially unfavourable during the early 1980s, the opposite seemed true later on. Nevertheless, these comparisons should not overlook the obvious fact that youth unemployment rates have also responded to evolving business cycle states.

Figure 1: Unemployment Rates, West Germany, 1977-1996

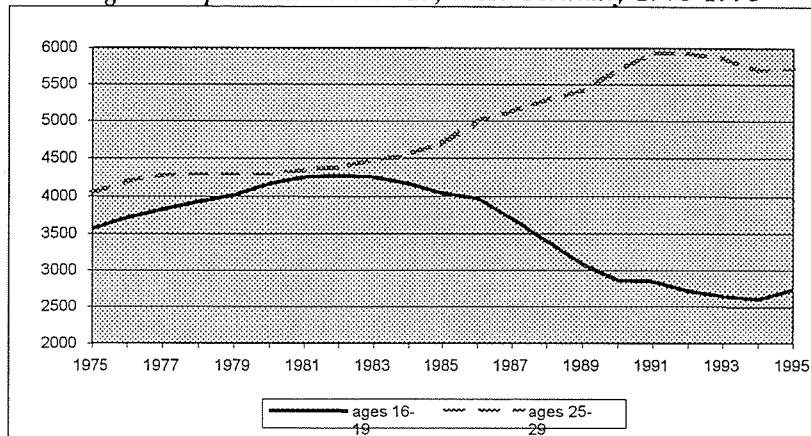


Source: *Statistisches Jahrbuch*, various years; author's calculations
 Note: Youth unemployment refers to those aged 24 or less.

The second important issue involves demographic strains and pressures at labour market entry, with tightening demographic contexts leading to similar expectations about sharper competition between youth in securing entry positions. Figure 2 depicts the demographics of labour market entry according to the size of entry cohorts, broadly defined as comprising age groups 16 to 19 and 25 to 29. These age bands cover the most important stages of labour market entry in Germany as the former refers to the age at which apprenticeship contracts are gained, after general education, while the latter includes post-third level education. The graph shows that there is an important variation with respect to demographic strains at labour market entry. The German 'baby boom' cohorts of the mid- and late 1960s were poised to enter the apprenticeship system in the early 1980s, with numbers reaching a maximum in 1983. This caused major problems in integrating youths into the labour market as the economy was in a recession: the performance of the dual system of vocational training has been found to having responded to these demographic strains as the supply of apprenticeships did not cover demand for them during the early and mid-1980s (Parmentier et al., 1994). Demographic pressure, in conjunction with a decreasing demand for labour is probably the main reason for the increase in youth unemployment in the early 1980s'. Nevertheless, pressure on the dual system ceased somewhat afterwards, both for improving demographic and economic context factors and issues of participation behaviour to be addressed below. In the same vein, one would expect prospects for graduates entering

the labour market to worsen during the early 1990s as the “baby boom” cohorts leave university and college. However, demographic pressures at entry from third level education and training seem to be less of a factor, although these cohorts again entered a situation with decreasing labour demand. The conclusion that demographic pressures at labour market entry since the mid-1980s have decreased is also supported by an analysis of the youth-adult-ratio in the labour market which clearly shows a negative trend over that period.

**Figure 2: Labour Market Entry Cohorts:
Age Groups 16-19 and 25-29, West Germany 1975-1995**



Source: *Statistisches Jahrbuch*, various years; author's calculations

2.3 The German Education and Training System

The transition processes at entering the labour market may reasonably be expected to respond to changing factors such as economic cycles, economic change or demographics. The institutional structure of the education and training system, and its linkage to the labour market is yet another contextual factor which supposedly exerts a direct influence on which transitions occur in a given system and what role is played by education in stratifying the relevant social processes. Undergoing the education and training system provides young people with both initial knowledge, qualifications and entry certificates that can be used in the labour market. The abilities young people bring to the labour market and how they can access different social positions is dependent upon the qualifications, knowledge and capabilities gained during education and training, on the one hand, and shaped by the role of education in entering the labour market - or the linkage between education and labour market entry - on the other hand. Given the focus in precisely these aspects of transitions between the education and training system and the labour market, a brief overview on the German education and training system is helpful.

2.3.1 The institutional differentiation of the system

There are several aspects of the German system of education and training that set it apart from those of other European societies. First, there is a well established tripartite system of secondary education that is based on early selection of pupils into three distinct tracks of general education. Second, the provision of initial, non-academic vocational training is closely linked to the general education system and the vast majority of young Germans opt to complete an apprenticeship within the so-called “dual system” of vocational training. Then, there is a quite homogeneous, but rather unstratified system of state-run third-level academic institutions which teach higher professional or academic subjects. Three features of this system seem especially remarkable. First, despite the fact that legal competences in the field of education are basically allocated to the German federal states (*Länder*) with some responsibilities also for corporatist or academic tertiary institutions, a high degree of standardisation and coherence has been achieved in the system. Second, there is a strong emphasis on the provision of vocational qualifications at all levels of the educational system, particularly in

vocational training at secondary level via apprenticeships which is often referred to as the “German model”. Yet, it is important to note how little the German system has changed while under pressures from educational expansion and equality policies in the late 1960s and early 1970s, and, in the 1980s from the strains of economic crisis and demographic pressures. These issues, which cover the main aspects of institutional differentiation in the education and training system, will be developed in some detail below (see Arbeitsgruppe Bildungsbericht, 1994; Anweiler, 1996; Jonek, 1995; Münch, 1994; Mohr, 1991; Teichler, 1990; Hahn, 1998 for detailed descriptions of the education and training system).

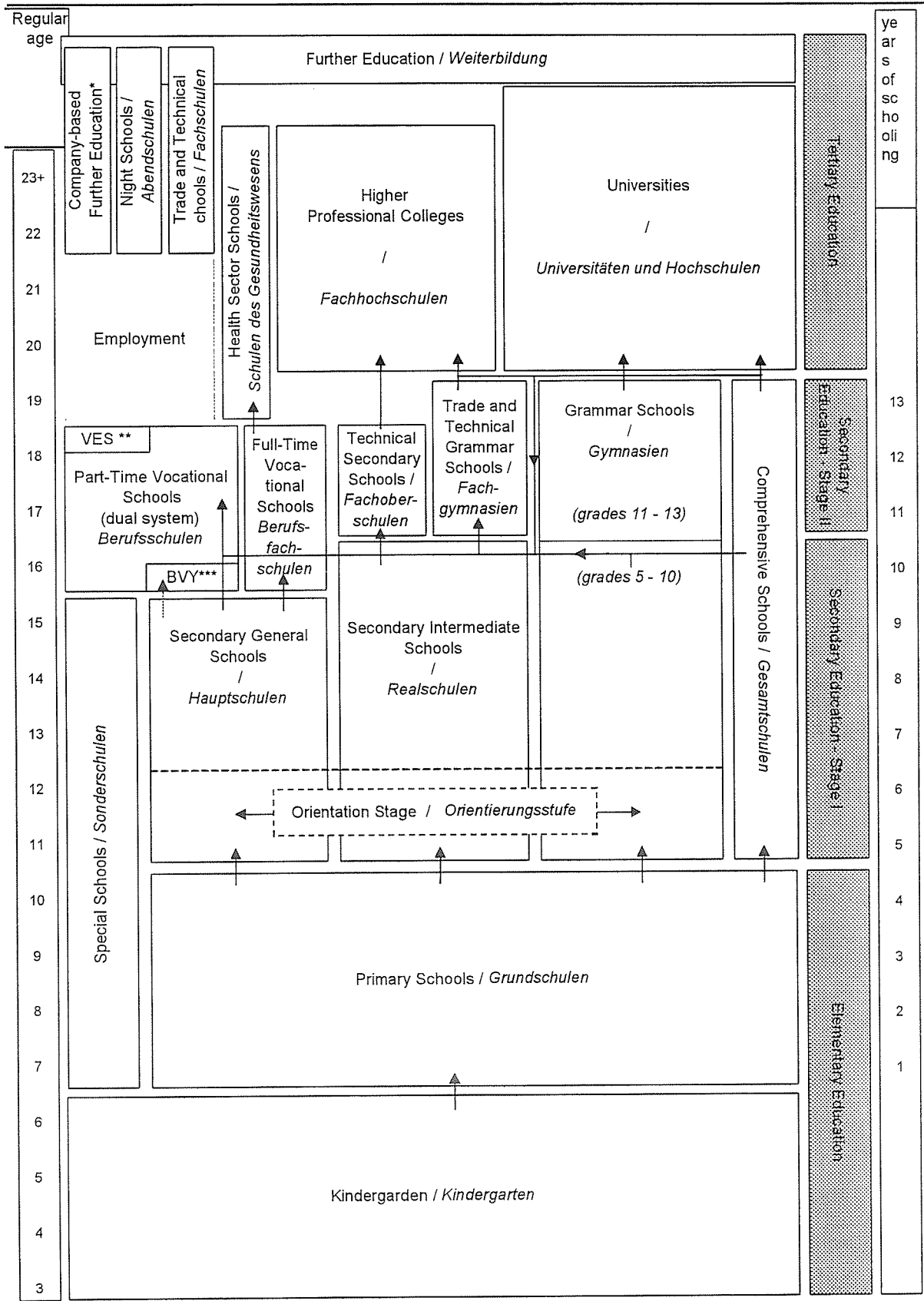
(i) *Secondary education*

The tripartite system of secondary level general education is the first pillar of the German education and training system. After having completed elementary school (*Grundschule*), pupils are assigned, at the age of ten, to three distinct tracks of secondary education according to their achievements in school and the assessments of both teachers and parents.²

These three tracks consist of *Hauptschule*, *Realschule*, and *Gymnasium* education. The *Hauptschule* (secondary general school) provides compulsory general education and leads, after nine years, to a *Hauptschule* leaving certificate. In contrast to the strong orientation towards vocational subjects of the *Hauptschule* curriculum, the *Realschule* (secondary intermediate school) combines academic and vocational orientation to provide a more advanced level of secondary general education which is completed by taking *Realschule* examinations (*Mittlere Reife* certificate) after 10 years of schooling. The *Gymnasium*, in turn, entails nine years of academic-oriented general education leading to *Abitur* (maturity) certificates after a total of 13 years in the school system (see Figure 3).

² As the *Länder* are in charge of educational affairs, there is significant variation in regulatory and institutional details. Such deviations are largely disregarded in this report with respect to outlining the basic structure of the system (but see the more detailed presentations in Arbeitsgruppe Bildungsbericht 1994).

Figure 3: The German System of Education and Training



Source: adapted from Arbeitsgruppe Bildungsbericht (1994), Max Planck Institute (1979), and Anweiler (1996)
 * Betriebliche Weiterbildung; ** vocational extension schools / Berufsaufbauschulen
 *** basic vocational year / Berufsgrundbildungsjahr

As there is relatively little mobility between the different tracks of general education (section 3.2 below), the educational system leads to a strong stratification of pupils. This notion of vertical differentiation among levels of ability by tracking is deeply rooted in German educational history. The traditional tripartite system of *Volksschulen* (secondary basic schools), *Realschulen* and *Gymnasien* was reinstated after World War II and, since then, the institutional structure of secondary general education has basically been preserved. The two major institutional developments of the 1970s have been the establishment of a secondary level orientation stage in classes five and six with facilitated transitions between schools and the introduction of comprehensive tracks of general education (*Gesamtschulen*), which, however, have mainly gained in importance in left-wing governed *Länder* and lead to the same leaving certificates as traditional schools. And although the German *Länder* are in legal charge of educational affairs (“*Kulturhoheit der Länder*”) a high degree of standardisation with respect to curricula, institutional regulations, final examinations or certificates has been achieved due to the coordination of the *Kultusministerkonferenz der Länder* (KMK, Standing Commission of the Ministers for Education and Cultural Affairs). In general, it is probably the Standing Commission that should take the credit for the fact that continuity and piecemeal adaptations and reform - e.g. with respect to facilitated retracking - dominate the institutional development of the educational system in Germany.

(ii) Vocational education

While the school-based tracks of general secondary education comprise what is termed *allgemeinbildende Schulen* (institutions of general education), vocational and professional training (termed *berufliche Bildung*) on both secondary and third levels is of considerable importance: indeed, part-time enrolment in vocational training schools is compulsory until the age of 18 if young people no longer attend general secondary education tracks. The main element of vocational training on the secondary level is, of course, the dual system of vocational training, which some 70 per cent of a German youth age cohort are currently undergoing at some stage of their educational career (Parmentier *et al.*, 1994; for detailed descriptions of the German dual system e.g. Arbeitsgruppe Bildungsbericht, 1994; Soskice, 1994; Münch, 1994; Greinert, 1995; Rieble-Aubourg, 1996; Wagner, 1998; Blossfeld, 1992; Franz and Soskice, 1995; Streeck *et al.*, 1987). The basic principle is the combination of company- and school-based training in the form of occupationally stratified apprenticeships. Apprenticeships are taken in so-called “state-certified” (*staatlich anerkannten*) occupations, i.e. curriculum content of both in-firm and school-based education and training has been approved at the federal level by the Federal Ministry of Education, the Standing Commission. Since 1969 the federal *Berufsbildungsgesetz* (Vocational Training Act) has regulated firm-based vocational training within the dual system which presently specifies training regulations in some 400 occupations in industry, service and craft sectors. However, and despite the strict state regulation, apprenticeships are not state-provided but company-run. Apprenticeships consist of special work contracts between apprentices and training companies, entailing both specific work conditions for apprentices and the obligation of part-time enrolment in vocational schools (*Berufsschulen*). Given that these are essentially ordinary work contracts, apprenticeships are allocated in a market structure, and apprentices are being paid apprenticeship wages. These amount to about one-third of full-time wages at labour market entry after apprenticeship completion and are, in conjunction with other aspects of working conditions, regulated by wage agreements rather than subject to minimum wage legislation (Franz and Soskice, 1995). Apprenticeships are completed, depending on initial educational qualifications, after two or three years. Some 90 per cent of apprentices take voluntary leaving examinations, which are prerequisites to advanced vocational training tracks in *Fachschulen* (trade and technical schools) where craft master certificates, or senior technician and engineering certificates and the like are awarded. These are necessary to be allowed both to train apprentices and to set-up one’s own business in many occupational fields, especially in crafts. It is generally argued that the success of Germany’s dual system of vocational training and the broad acceptance of its certificates stems from strict state regulation of curricula, the involvement of unions in chambers of trade and commerce in running the system, and a widespread readiness to undergo and to offer apprenticeship training. Indeed, Pfeiffer (1996) concluded in a recent survey of firm apprenticeship behaviour that overall one-third of West German establishments offer apprenticeship positions, with this ratio being positively associated with company size.

Besides dual system provision, vocational training may also be obtained from either full-time vocational schools (*Berufsfachschulen*) or health sector schools (*Schulen des Gesundheitswesens*). Apart from providing initial vocational training for a far smaller proportion of young people, the main differences lie in the occupational specialisation of studies offered and the nature of linkage between school-based training and initial labour market experience. In fact, health sector schools, although heterogeneous in nature and often linked to private- or charity-run hospitals, mainly offer dual system-like vocational training in non-academic medical and care professions. In contrast to dual system regulations, health sector schools usually require applicants to be aged 18 on entering training. Full-time vocational schools, in turn, offer full-time school-based training, ranging from one to three years, and combines general and occupational theoretical skills. They mainly offer training in business and technical assistant occupations or home economics, which are not usually covered by dual system training. A *Hauptschule* leaving certificate is usually required at entry. Full-time vocational schools have, however, gained in importance with respect to a rather different function: insofar as entry to these schools is unrestricted, while their curriculum content closely resembles that of vocational schools operating dual system training, they allow for “waiting loops” in the education and training system while an apprenticeship contract has been located. This is reinforced by the fact that time spent in school-based training in full-time vocational schools is taken into account in taking up an apprenticeship.

This latter aspect addresses another important aspect of the German vocational system: there is a number of school-based education and training institutions considered to belong to the group of institutions providing secondary level vocational training (*berufliche Schulen*), while they do not offer any vocational training qualifications but aim to upgrade general education qualifications or integrate young people into regular tracks of vocational training. In this latter sense, measures like full-time education and training at vocational schools in the form of the basic vocational or preparatory year (*Berufsgrundbildung* and *Berufsvorbereitungsjahr*) are positioned at the lower levels of vertical differentiation and aim to provide basic vocational skills to those who failed to enter the apprenticeship system and who do not achieve the *Hauptschule* leaving certificate, the entry requirement for full-time vocational schools. They do not provide any vocational qualification, but offer basic vocational skills that are again taken into account in starting an apprenticeship contract. On the other hand, there is a number of so-called “vocationally oriented” schools which provide parallel educational routes to secondary general education certificates for those who left the education and training system at earlier stages. These consist of vocational extension schools (*Berufsaufbauschulen*) and three-year track of full-time vocational schools which leads to *Mittlere Reife* qualifications. On a more advanced level, technical secondary (*Fachoberschulen*) and trade and technical grammar schools (*Fachgymnasien*) allow *Realschule* leavers to achieve basically two types of maturity certificates: three years of study at *Fachgymnasien* lead to full maturity certificates (*Abitur*), giving access to the full range of tertiary level institutions, while *Fachoberschulen* reward a restricted maturity certificate (*Fachhochschulreife*) necessary to enter higher professional colleges (*Fachhochschulen*) after two years.

(iii) Third level education

In contrast to the marked degree of horizontal and vertical differentiation between different tracks of secondary education, the German system of third level education consists of a set of rather unstratified and homogeneous academic institutions without either horizontal or vertical differentiation between traditional academic universities (Teichler, 1990). Of course, there is horizontal differentiation between disciplines, faculties and departments, but state regulation aims at countering the effects of this diversity in securing national standards of qualificational output. Universities - comprising also technical and pedagogical universities or arts colleges - thus provide a wide variety of academic study lines leading to initial diploma or master degrees after some five years of study. Moreover, there is no provision of intermediate academic examinations, e.g. paralleling bachelor degrees. The *Abitur* certificate is the entry qualification for university studies, while additional national or local entry restrictions like *numerus clausii* exist for certain subjects or study lines. Indeed, a strong occupational orientation prevails even in university-based academic training with major study lines preparing students for specific occupations, mainly in the professions or civil service.

The introduction of higher professional colleges (*Fachhochschulen*) in the early 1970s as institutions providing lower level and professionally oriented academic training was an important innovation. These institutions replaced earlier schools of advanced vocational training and contributed to an upgrading of professional training. In general, the *Fachhochschulreife* is required for entry and study lines are offered that lead to degrees within four years. Given the shorter duration of studies and the compulsory completion of practical training periods during studies, the occupational orientation of curricula is even more pronounced in higher professional colleges than in traditional university education.

2.3.2 Participation in education: an overview

While the institutional differentiation of the education and training system has basically been preserved, educational behaviour and participation has changed remarkably since the beginning of educational expansion in the 1950s and 1960s. The general trend has been an upgrading of both general and vocational skills, which will be briefly documented below. This continued upgrading of educational achievements has, however, raised issues of inequality in education and some comments on this follow. The development of participation in education is outlined here by describing some crucial indicators of educational careers in Germany over time: participation in the distinct tracks of general secondary education, participation in the system of vocational and academic training, and finally, the level of qualification achieved. Taken together, these aspects shed some light on changing patterns of educational participation over the last 20 years.

(i) Participation in the education and training system

With respect to participation in secondary general education, an analysis of pupil participation rates in class seven seems to be an appropriate indicator, as, at this stage, with the end of orientation stage or extended primary school attendance, streaming of children has been done. From this indicator a clear conclusion arises (Table 2): the proportion of those enrolling in the *Hauptschule* is declining gradually, from more than 40 per cent of all pupils in the late 1970s and early 1980s to some 30 per cent in the early 1990s. In contrast, the proportion of children attending grammar or comprehensive schools has gradually increased. While *Realschule* attendance has remained at about the same levels, more than one-third of all pupils attend grammar schools, even omitting those who attain the *Abitur* via participation in comprehensive tracks. Retracking occurs only rarely, with some 5 per cent of all pupils experiencing a change in school type (Henz, 1997a).

Table 2: Participation in different tracks of secondary general education in classes

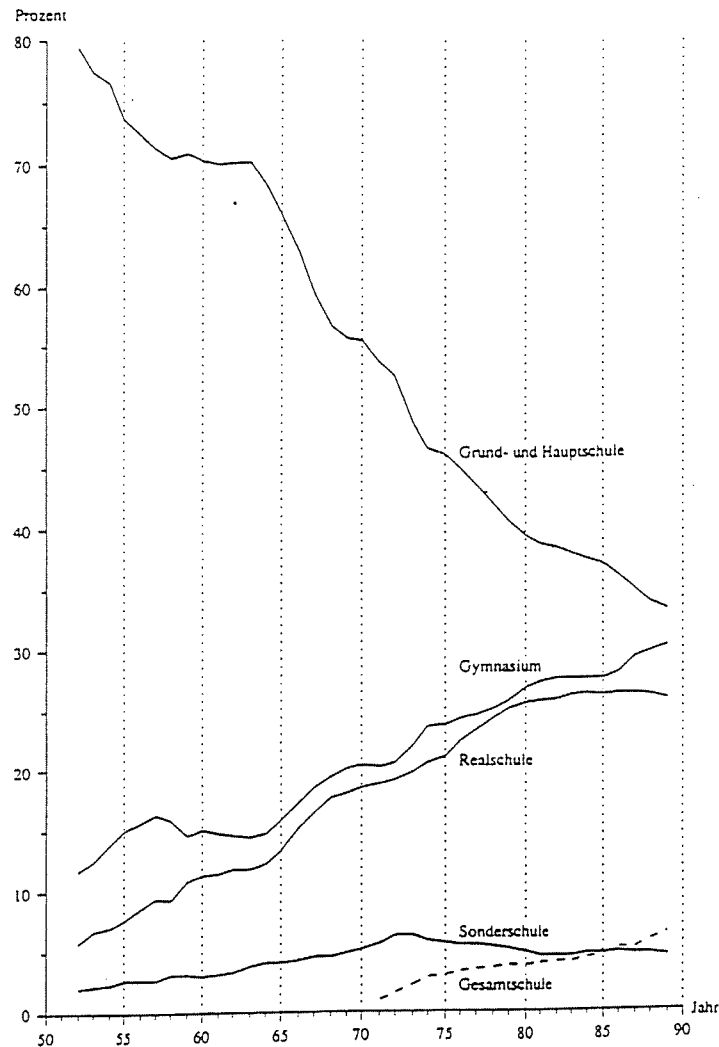
	1980	1982	1986	1990	1994
<i>Hauptschule</i>	41.2%	39.4%	36.6%	32.5%	24.2%
<i>Integrated Haupt- and Realschulen</i>	-	-	-	-	6.8%
<i>Realschule</i>	26.7%	28.0%	28.3%	27.8%	26.1%
<i>Gymnasium</i>	28.1%	28.3%	29.7%	32.4%	33.2%
Comprehensive schools	4.0%	4.3%	5.4%	7.3%	9.8%
All pupils (in 1,000s)	965	876	610	606	894

Sources: Bundesministerium für Bildung, Wissenschaft, Forschung und Technologie, *Grund- und Strukturdaten*, different years

Note: Figures for 1994 refer to unified Germany

These medium-term trends in educational upgrading are visible even more clearly in the long run (see Figure 4).

Figure 4: Long-term trends in participation in secondary education, West German, 1952-1989



Sources: Köhler 1992:30

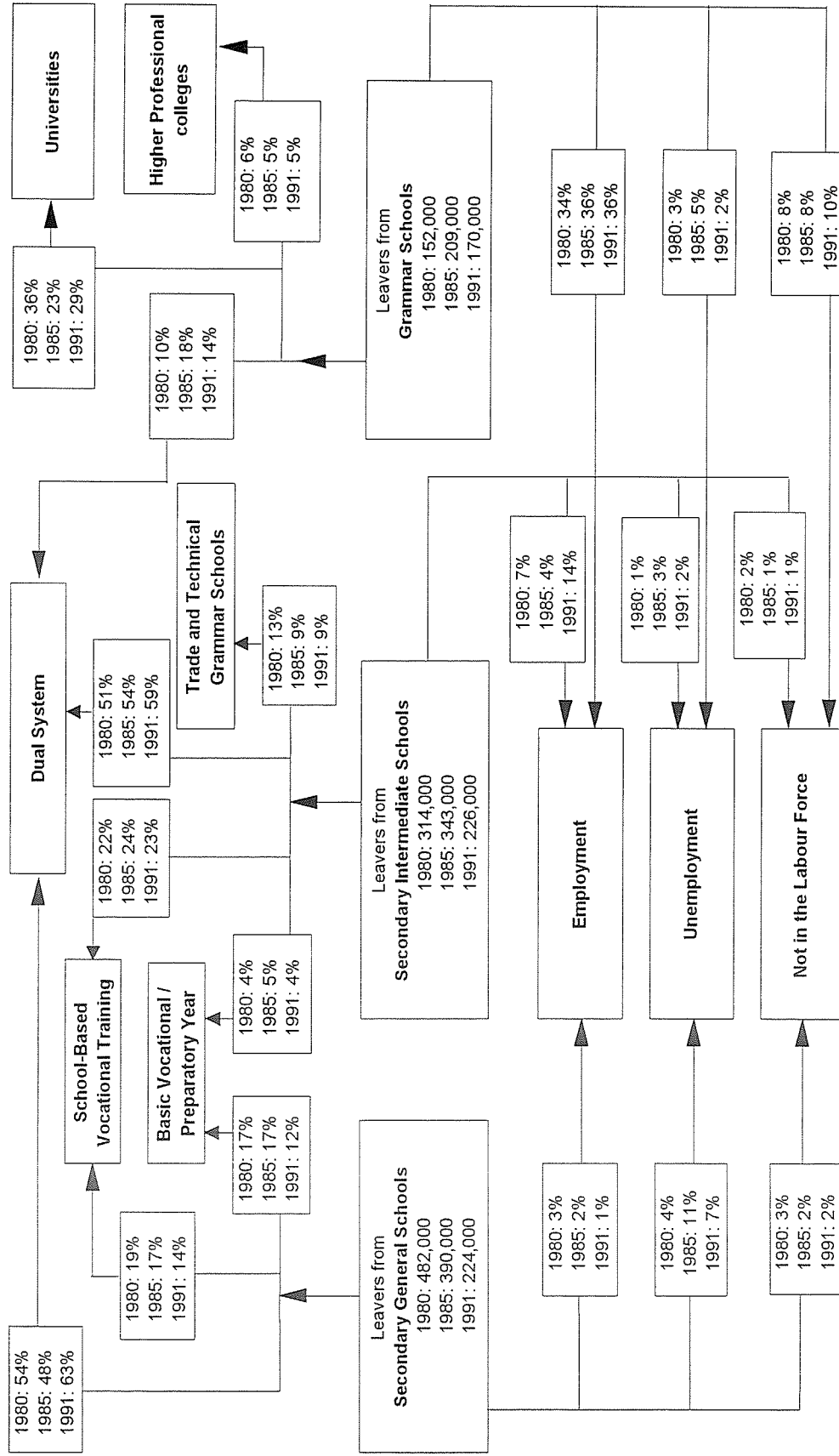
Notes: Figures refer to the distribution of pupils of age 13 by track of secondary level education. *Grund- und Hauptschule* - lower level secondary schools; *Realschule* - intermediate level secondary schools; *Gymnasium* - grammar / upper level secondary schools; *Sonderschule* - special schools; *Gesamtschule* - comprehensive schools

Having completed secondary general education, it is unusual for young Germans to enter the labour market directly: according to the flow chart provided in Figure 5 below, only some 10 per cent of *Haupt-* and *Realschule* leavers, and a somewhat higher proportion of upper secondary level leavers do not immediately continue education in one of the vocationally oriented branches of the education and training system (see section 4.2).³ Rather, education and training is continued to obtain vocational qualifications via apprenticeships or university and higher professional college studies. For those leaving lower or intermediate secondary education, entering the dual system of vocational training seems to be the main choice, with between 50 and 60 per cent of leavers entering apprenticeships – a trend that seems to be increasing. Nevertheless, additional vocational training provision in either full-time vocational schools or measures like the basic vocational year, plays an important role for these leaver groups: some 20 per cent enter full-time vocational schools, and almost the same proportion of *Hauptschule* leavers undergo training in integration measures, like the basic vocational or the

³ Figures from the IAB Educational Accounting System (*Bildungsgesamtrechnung*) are currently only available until 1988, 1991 in some cases. Updated figures until 1995 have not been made available since the completion of this report.

preparatory year. As has been argued above, it may be that quite a large proportion have to build “waiting loops” for apprenticeship contracts into their educational career. This may be due to the fact that more than 10 per cent of grammar school leavers enter the apprenticeship market as well. On the other hand, a similar proportion of *Realschule* leavers immediately try to upgrade their general education qualifications by attending technical secondary or a trade and technical grammar school. For grammar school leavers, enrolling in third level academic institutions is the most common route to obtain academic degrees, even discounting the fact that conscripts are considered to be in employment in the IAB Educational system (see note 4 below), so that the proportion of young people entering third level education is underestimated. As Figure 6 shows, the pupils leaving the different institutions with vocational skills or academic degrees enter the labour market. Only a very small, but increasing minority, continue immediately from dual system training to academic third level education. However, this seems to conceal a quite significant trend towards achieving both qualifications, as an important percentage of dual system leavers enter third level education only after additional work experience or an upgrade of their general education level. This strategy of double qualifications is generally understood to be due to individual risk aversion at labour market entry (see Büchel and Helberger, 1995).

Figure 5: Transitions from secondary general education



Sources: Adapted from Parmentier et al., (1994), own translation

(iii) Trends in educational participation

The growing importance of achieving vocational and professional qualifications is, moreover, clearly reflected in the long-term trends of participation in dual system vocational training and university enrolment figures (see Table 3). While only about 50 per cent of an age group began an apprenticeship in the mid-1970s, this figure rose to about two-thirds in the early 1990s. Interestingly enough, the number of apprenticeship contracts peaked during the years of severest economic recession and demographic strains on the dual system in 1984, with the proportion of young people taking apprenticeships peaking two years later at some 72 per cent. Since then, apprenticeship take-up gradually, and numbers of apprenticeship contracts dramatically decreased. On the other hand, Table 3 shows a more or less linear trend towards entering third level education since the mid-1980s: while some 19 per cent of young people started to study in the mid-1970s and also the mid-1980s, this proportion increased by more than 7 per cent in only five years. Supplementary information from Table 4 indicates the continuation of this trend into the 1990s. At the same time, data in Table 4 shows quite clearly the relative importance of the different tracks of vocational training and professional academic education: on this basis, the above conclusion that the dual system and both types of third education bear the brunt of vocational training provision can be corroborated. The other secondary level institutions shown provide training for only a minority of young people outside upper level secondary general education. And, as the age profiles of educational participation in Figure 6 show, the apparently declining number of young people in dual system training cannot be interpreted as an indication of the declining attractiveness of such training. In fact, what seems to have happened at all levels of vocational and professional training during the 1980s, is a delayed entry into the different branches of the educational system. This may be an indication of growing numbers of grammar school leavers entering dual system training, and points to the increasing importance of “waiting loops” in the education and training system, increasing importance of parallel routes to entry qualifications or increasing returns into the education and training system after an initial work period in the case of third level education.

*Table 3: Entry into dual system vocational training and university education,
West Germany, 1975-1991*

	1975	1980	1985	1988	1991
New apprenticeship contracts (in 1,000s)	462	650	697	604	540
Proportion of entry cohorts	49.4%	59.4%	69.1%	70.4%	67.3%
First year students (in 1,000s)	123	139	144	173	188
Proportion of entry cohorts	18.6%	19.3%	19.0%	22.2%	26.7%

Sources: IAB Educational Accounting System, Westhoff (1996); Statistisches Bundesamt, Fachserie 11 Bildung und Kultur, various years

*Table 4: Participation in vocational training and tertiary level academic tracks
in specific age groups*

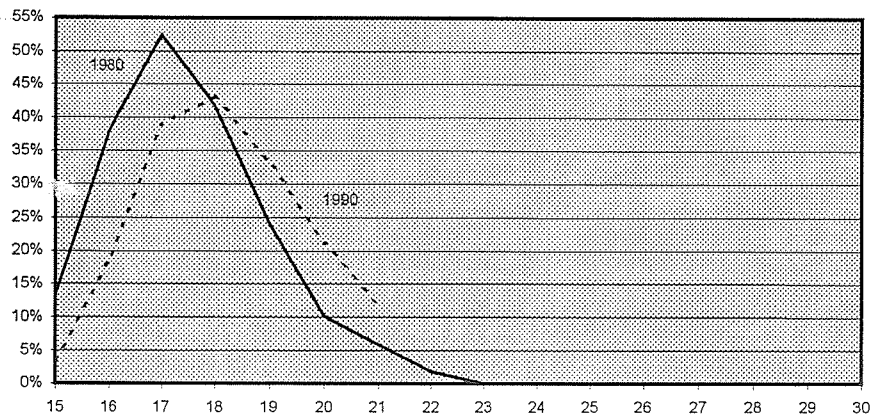
	1980	1990	1995
<i>ages 16-19</i>			
Basic vocational year / preparatory year	_1)	2.9%	3.6%
Full-time vocational schools	6.4%	6.1%	6.6%
Apprenticeship in the dual system	39.1%	33.8%	30.5%
Trade and technical (grammar) schools	2.2%	3.0%	3.6%
<i>ages 17-24</i>			
Health sector schools	1.0%	1.0%	1.3%
<i>ages 21-25</i>			
Professional college degree	2.8%	3.2%	3.8%
University degree	9.2%	8.9%	11.5%

Sources: Statistisches Bundesamt, Fachserie 11 Bildung und Kultur, various years; own calculations

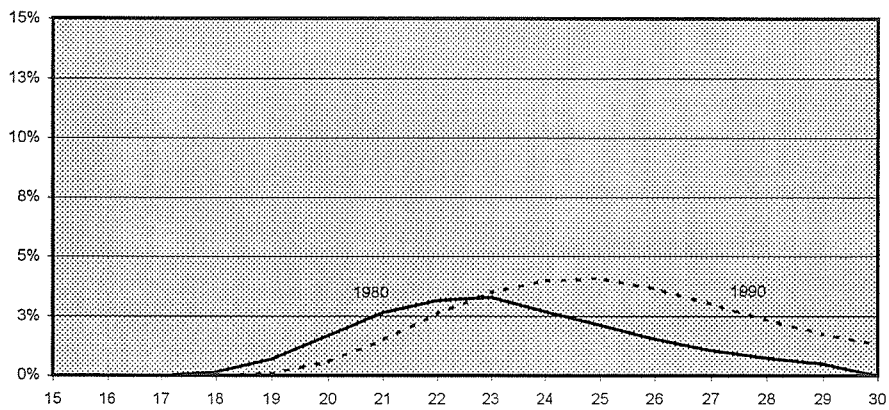
Notes: _1) included in apprenticeships as full-time attendance at vocational schools

Figure 6: Age participation profiles in vocational and academic training, West Germany, 1980 and 1990

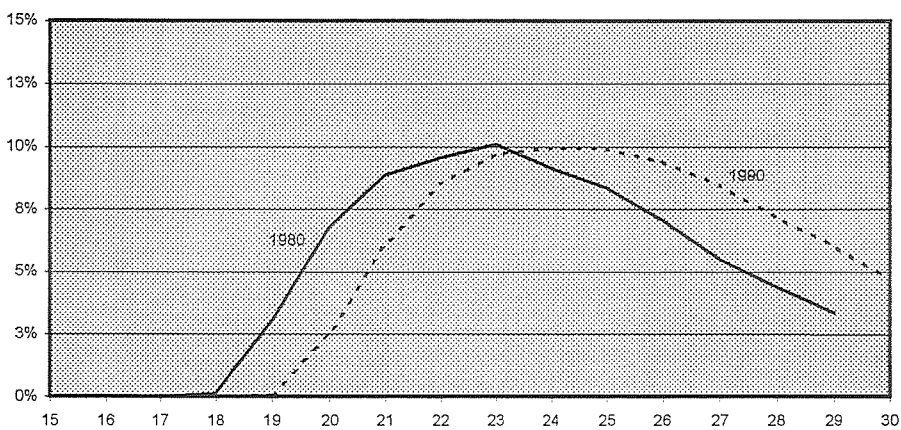
Dual system vocational training



Higher Professional Colleges



Universities



Sources: Statistisches Bundesamt, Fachserie 11 Bildung und Kultur, various years; own calculations

Given these empirical patterns of upgraded educational participation and increasing entry into

advanced education and training tracks, the evidence on increasing “final” levels of educational attainment may easily be established. Table 5 presents data on the highest level of education and training achieved by different birth cohorts at ages 30 to 34. The overall trend of increasing educational attainment is clearly visible: for example, there is an almost linear downward trend in the percentage of those receiving no or only lower secondary general education leaving certificates with the number halved to some 14 per cent of the respective birth cohorts over a time period of only 15 years. There are clear indications of increasing participation both in secondary level vocational and tertiary level academic tracks: the proportion having completed apprenticeships and those obtaining university and professional college degrees exhibit clear upward trends. These trends are especially marked with respect to tertiary level education, with the proportion of professional college degree holders doubling to 5 per cent between the mid-1970s and the late 1980s.

Table 5: Highest educational achievement by birth cohorts

	1941 - 1945	1946 - 1950	1951 - 1955	1954 - 1959
<i>Hauptschule</i> certificate or less	26.0%	21.2%	16.7%	14.0%
<i>Realschule/Gymnasium</i> certificate	5.4%	4.1%	4.7%	4.9%
Full-time vocational school	4.0%	2.8%	2.2%	2.1%
Apprenticeship in the dual system	47.8%	51.7%	52.0%	53.4%
Advanced vocational education	6.1%	6.2%	7.1%	7.3%
Professional college degree	2.6%	3.1%	4.5%	5.0%
University degree	6.5%	8.4%	9.6%	9.5%
Still in education and training tracks	1.7%	2.3%	3.3%	3.8%
Cohort size (in 1,000s)	4,151	4,124	4,218	4,531

Sources: IAB Educational Accounting System, Tessaring *et al.*, (1993), own calculations

Note: Figures shown refer to highest educational qualifications achieved for ages 30-34 in different years; advanced vocational education refers to completion of Trade and Technical as well as Health Sector Schools.

(iv) Determinants of educational achievement

Evidence on the extent of educational expansion and the changing pattern of qualifications achieved in the education and training system has revived interest in the determinants of educational achievement and inequality in education. The ongoing debate on these issues in recent years has greatly expanded knowledge about the social stratification of educational inequalities (see the overview in Kraus, 1996). The results that emerged from analyses by Köhler (1992), Blossfeld (1993), Müller and Haun (1994), Büchel and Weißhuhn (1995) or Henz and Maas (1995) address both the structure of educational inequalities within the general education system and their evolution over time. One of the major findings is that educational inequalities persist between social groups. Educational achievement is still lower for working-class children, for children of lower-educated and lower-status parents in general, as well as for children coming from larger families. There is also evidence of lower educational participation on the part of girls and young women (Müller and Haun, 1994) and ethnic minorities (Alba *et al.*, 1994). There also seems to be some variation in educational achievement both between urban and rural areas and between different federal states with educational achievement higher in urban areas and northern, social-democrat-governed federal states (Henz and Maas, 1995). In general, social

selectivity within the educational system is declining at more advanced levels of the educational system; it seems to be strongest in the transition to higher level tracks of secondary education, while it is less of a determinant with respect to achieving upper secondary or tertiary qualifications (Müller and Haun, 1994; Blossfeld, 1993; Henz and Maas, 1995). There is broad consensus that educational achievement in Germany is still crucially determined by the decision to enter one of the three tracks of secondary general education, although increasing numbers of changes between tracks - from about 5 per cent in the 1950s to 12 per cent of all pupils in the early 1980s - have contributed to a somewhat greater openness (Henz, 1997a). Similarly, the introduction of parallel routes to general educational qualifications via participation in specific types of vocational schools helped the attainment of medium and upper secondary qualifications – but only to a moderate degree. According to results given by Henz (1997b), only some 8 per cent of *Abitur* certificates were being attained at vocational schools in the late 1980s, with no apparent trend towards increasing numbers since the introduction of these options in the 1960s. The same finding applies to both lower secondary exams, although the percentage attaining the exams at vocational schools is somewhat higher in both cases. Overall, the impact of this flexibilisation on educational inequalities is, at the least, doubtful: Henz (1997b) nevertheless found inequalities reproduced in upgrading behaviour, with young people from higher-achieving backgrounds more likely to attain higher qualifications in vocational schools.

(v) *Trends in educational inequalities*

Given the importance of social background factors in early educational careers in Germany, it is conventional wisdom to label the effects of educational expansion as “escalator effects”: increasing participation in education has led to an upgrading of the qualificational structure while leaving inequalities between social groups largely untouched. There is, however, evidence for a general decline in educational inequalities over time (see Müller, Haun, 1994; Henz and Maas, 1995). This trend seems to be long-term, leading to a gradual reduction in educational inequalities, with the 1950s and the 1970s being the main periods of educational equalisation (Müller and Haun, 1994). Similar developments over recent times have not yet been established, so a further reduction in educational inequality does not seem to have taken place during the 1980s and early 1990s. However, it is important to note which aspects of educational inequalities did change: there has been a reduction in the importance of social background factors in terms of the father’s or parents’ educational qualifications, class or status positions and in the gender of children. These two developments have led to a decline in participation differences between children from different social origins and to a broad assimilation of educational participation of young women and young men. Inequality reduction has been strongest with respect to achieving intermediate secondary level qualifications, with the *Realschule* leaving certificate becoming a standard, in particular for young women, but less so with respect to the achievement of *Abitur* or tertiary level qualifications. Nevertheless, the persisting inequalities in educational attainment have to be considered as large by international standards (e.g. Jonsson *et al.*, 1996).

(vi) *Access to vocational training*

While the research referenced above has mainly been concerned with educational inequalities within the system of secondary general and tertiary academic education, there is another strand of research dealing with entry into vocational tracks at the secondary level, most notably into the dual system of vocational training. As noted above, getting an apprenticeship within the dual system is the usual way to achieve vocational training in non-academic fields. However, as apprenticeships are run on the basis of specific work contracts, entry into the dual system is not usually conceived of as part of the educational career, but rather as the “first threshold” of labour market entry in Germany. Nevertheless, in the context of a comparative review of educational participation, it should be included as it addresses the issue of access to the dominant type of vocational training at secondary level. And indeed, this literature tends to find differentiation in transitions to dual system training, that in many ways parallel the findings referred to above.

For example, the disadvantages experienced by *Hauptschule* leavers in comparison to

Realschule or grammar school leavers have been firmly established, as well as the weaker position of young women and ethnic minorities (Helberger et al., 1994; Büchel/Weißhuhn 1995). Moreover, effects of differences in social origin have been found, with children from higher status origin entering apprenticeships at a significantly lower proportion (Helberger et al., 1994). This finding clearly points to the intertwined impact of two different social processes with respect to accessing apprenticeships: the educational preferences of parents and children with respect to dual system training, expressed quite clearly in the above result, but probably to some part in the established gender effect as well, given the strongly gender-segregated apprenticeship behaviour of young people in Germany (Engelbrech, 1991; Kühn and Zinn, 1998). On the other hand, access to apprenticeships is based on simple market mechanisms in obtaining contracts, which opens the issue of transitions to training to all well-known screening effects, both with respect to educational achievements and other ascribed characteristics. This aspect is emphasised in studies delineating the susceptibility of access to apprenticeships to primarily economic contextual factors. Obtaining apprenticeship contracts has been found to be more difficult in severe instances - the more intense competition there is (as measured by the ratio of applicants to apprenticeships) (Helberger et al., 1994), the higher current unemployment rates (Helberger et al., 1994), in rural areas (Helberger et al., 1994; Büchel and Weißhuhn, 1995) or in the favourable economic climate of the late 1980s and early 1990s as compared to the mid-1980s (Büchel and Weißhuhn, 1995). Moreover, there is abundant evidence on regional variations in obtaining apprenticeships, which has been linked not only to the above measures, but more directly to regional industrial structure, giving another aspect to the opportunity structure in the apprenticeship market (Troltsch, 1994; Mönnich and Witzel, 1994).

Probably of as much importance as obtaining apprenticeships, is the issue of which vocational skills are acquired through apprenticeships. There is strong evidence of similar forces operating in the distribution of most advantageous apprenticeship positions, mainly in prospering parts of the service sector, according to educational qualifications, family background and gender (e.g. Mönnich and Witzel, 1994; Kühn and Zinn, 1998). Especially with respect to young women, a concentration on a fairly small number of service sector occupations, more often than not leading to stopgap jobs is consistently observed (Engelbrech, 1991, 1996). So far, no study has examined changes in the driving force of access to apprenticeships and specific occupational choices over the long run, comparable to analyses addressing the development of educational inequalities over time. As in the case of general educational inequalities, however, there seems to be no clear short-term trend in the determinants of apprenticeship behaviour (Helberger et al., 1994).

(v) *The German education and training system in comparative perspective*

According to this overview of the German education and training system and empirical patterns of educational participation, the impression of a highly stratified and differentiated educational system in Germany remains. This shows interesting features with respect to a range of dimensions of institutional variation among education and training systems (see research following Allmendinger, 1989a, 1989b). As a summary of the above exposition, a concise indication on the placement of the German system of education and training within major dimensions of institutional differentiation in education and training systems. The German system clearly has to be described as *standardised* on all levels and tracks of the education and training system, as all curricula, examinations and certification is subject to state regulation which ensures national recognition of certificates and qualifications. Moreover, the German education and training system exhibits strong *stratification* with respect to both vertical and horizontal differentiation. Within the system of general secondary education, pupils are tracked early into the tripartite structure of *Hauptschule*, *Realschule* and *Gymnasien*, which then differentiate with respect to academic abilities and access to further education. The same vertical differentiation applies to the system of academic tertiary education, with university degrees being institutionally superior to those of higher professional colleges. In addition, there is a clear horizontal differentiation in academic and vocational tracks between dual system or other forms of vocational training on one side and upper level secondary general education, mainly in grammar schools, or

grammar tracks in comprehensive schools on the other. In tertiary level, the German system of education and training exhibits a rather low level of stratification between universities. As tracking into different types of educational career takes place very early and retracking occurs only rarely, *mobility* with respect to participation in different education tracks *per sé* is rather limited. Some flexibility has been achieved in the system not primarily by facilitating retracking, but by establishing parallel routes to higher general qualifications for those who left the system at earlier stages. Most of these young people arrive at the *Abitur* by attending technical secondary or trade and technical grammar schools. Tertiary level education is also relatively “inflexible” in this sense as changes between higher professional colleges and universities are not easily managed. On the other hand, and given the degree of horizontal differentiation in the system, initial vocational training is a common part of educational careers through which young people gain general and, more importantly, vocationally specific skills. And as vocational training is achieved primarily within the dual system, the German education and training system exhibits both a close *integration of general and vocational training* and an extensive *overlap of education and training and the initial work period*. In general then, young Germans first achieve general educational qualifications, and only then enter different levels of vocational and professional training.

2.4 The Transition from Education to Work in Germany

The transition from the education and training system into the labour market crucially influences subsequent life chances of individuals on the one hand, and has significant implications for levels of inequality, labour market and education and training system effectiveness, on the other. Since education is the major resource labour market entrants possess, the main focus for the presentation of empirical research into the transition process is to what extent different educational qualifications give comparative advantages with respect to labour market outcomes. As stated before, presentation of studies covering the whole range of education and training achievements with respect to major aspects of labour market entry patterns would be the best option. However, research into these transition processes is in general, rather disparate, reflecting the institutional differentiation of the German education and training system. Thus, most of the existing research examines the labour market entry experiences of specific leaver groups tied to the completion of different tracks or levels of qualifications within the education and training system. This work relates mainly to either the labour market integration of dual system leavers (Engelbrech, 1991; Schöngen and Westhoff, 1992; Schöngen, 1994; Westhoff, 1995 among others), or, to a lesser extent, the experiences of tertiary level leavers (Buttgereit, 1991; Teichler et al., 1992; Hartung and Kraus, 1990). Still others analyse the labour market entry processes with respect to cohorts of leavers from secondary general schools, tracing both participation in vocational training or tertiary level education and subsequent labour market careers in a longer-term perspective (notably the contributions in Bynner and Roberts, 1991; Evans and Heinz, 1994; Büchtemann et al., 1993; 1994; on dual system participants Witzel and Mönnich, 1994, Witzel et al., 1996; Kühn and Zinn, 1998). It is worth noting that a major part of this research is not based on nationally representative samples, but on smaller regional ones (Heinz et al., 1998; Evans and Heinz, 1991; 1994; Witzel and Mönnich, 1994; Witzel et al., 1996; Raab, 1996, 1997; Buttgereit, 1991). This report, however, aims to give a representative overview on transitions from different levels and tracks of the education and training system at the national level, to present both an overall assessment of the transition system, focusing on the comparative advantages of educational qualifications, and cross-country comparative analyses.

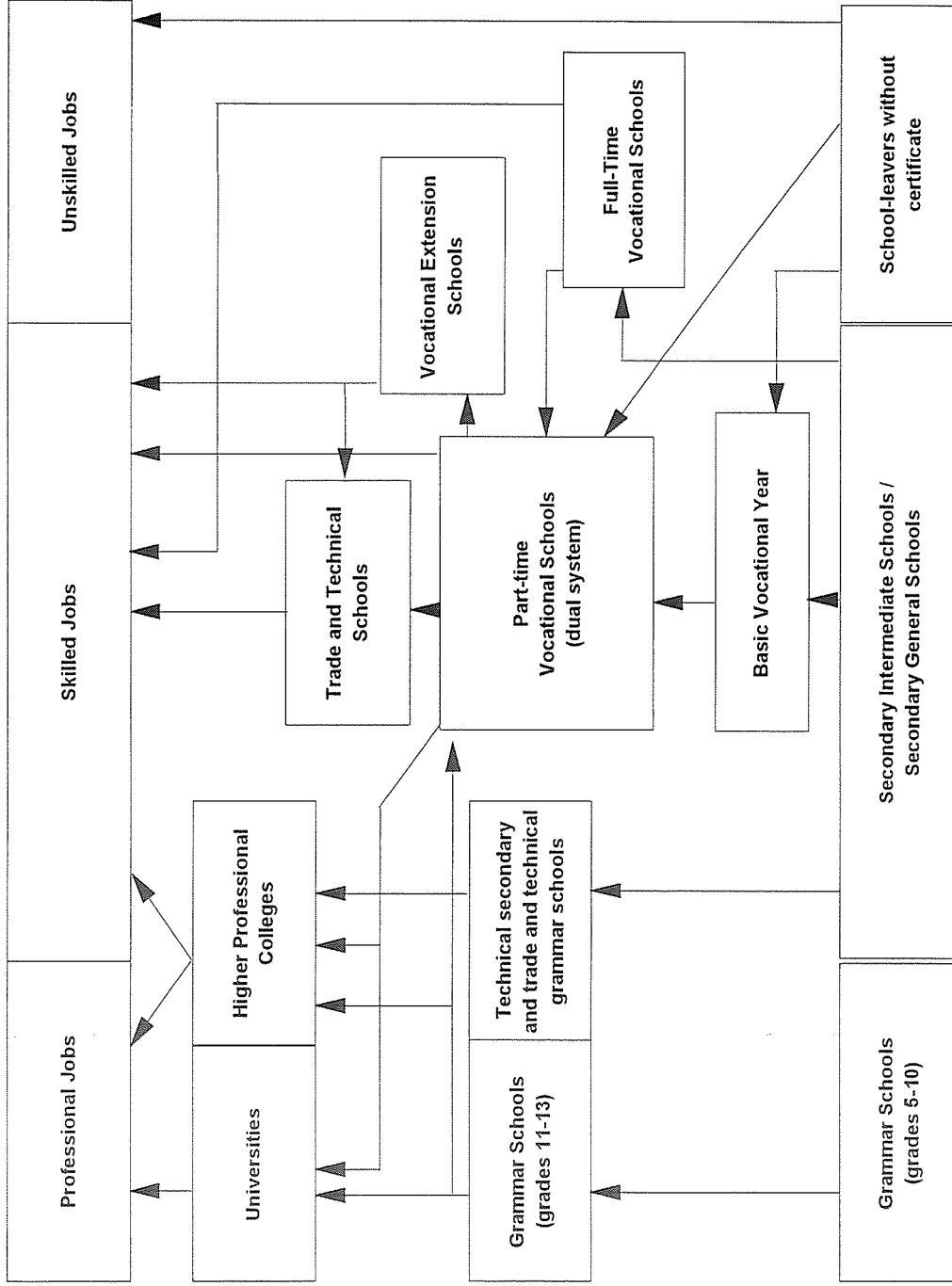
In this sense, the following section does not reflect the major strands of empirical research in Germany as it strives to integrate the presentation of research around a number of central topics relevant to an in-depth understanding of the structure and stratification of transitions from the education and training system into the labour market. For this reason, the institutional context of transitions from education to work is outlined briefly, drawing heavily on the descriptions given above. This is followed

by an equally short description on the structure of transitions from education and training into the labour market and their changes, as far as can be established from aggregate data sources, since the mid-1970s. The main part of the report is devoted to outlining the basic results of empirical research with respect to labour market entry outcomes. This entails, first of all, questions of access to employment and risks of unemployment at labour market entry, issues of job quality attained in terms of income, occupational status, class or labour market segment position is, however, also addressed. This overview is supplemented by a summary of the major results of research into transition patterns and sequences, most of which focus on tracing early career trajectories. Finally, the agenda in transition research is assessed by placing the “stylised facts” on transitions from education to work into a comparative context.

2.4.1 Institutional context and linkages between education and the labour market

The institutional context of transitions from education to work in Germany has been discussed at some length in the preceding section. Figure 7 gives a rough summary of the education and training context of labour market entry. As has been outlined above, the German system places emphasis on providing vocational and professional training at different levels of general educational achievement, which in turn constitute entry qualifications at different levels of the occupational hierarchy. From an institutional point of view, it is obvious that qualifications attained within the system of vocational training at secondary education level should give lower and intermediate secondary school leavers access to skilled workers and employee positions, while at the same time enable individuals to avoid unskilled work. It is mainly these qualifications that are obtained from training in the dual system or from full-time vocational schools, depending primarily upon legal status of the occupation trained for. In contrast, higher education and professional training - giving access to professional positions - are tied to the system of tertiary education in universities and professional colleges. Participation in these institutions is dependent upon having acquired full or restricted maturity certificates that are available from different types of grammar schools or technical secondary schools.

Figure 7: The Institutional Context of Transitions from Education and Training to Work
: Main Routes to the Labour Market



Sources: Adapted from Arbeitsgruppe Bildungsbericht (1994); own translation

Due to the broad coverage and strong differentiation of the established system of vocational training, there has been remarkably little explicit additional state intervention motivated by labour market policy concerns. As the functioning of the dual system and other types of vocational training remained basically unquestioned even in times of economic recession, it has not been deemed necessary to supplement the existing institutional structure of the training system by additional state-run youth training schemes. This is not to say that there were no institutional reactions to the economic strains of the mid-1980s: these led not to an introduction of new tracks of vocational training, but rather to a reorientation of existing ones. Analysing participation in full-time school-based types of secondary level vocational training and integrative policy measures like the basic vocational year, it becomes clear that these vocational training tracks bore the burden of the shortage of apprenticeships in the mid-1980s. Enrolment in these vocational tracks increased as apprenticeships became harder to locate, and wore off again with a slackening apprenticeship market, which is usually interpreted in conjunction with an increase in educational “waiting loops” before being able to enrol for the desired training track (e.g. Büchtemann et al., 1993, 1994).

On the other hand, there are, of course, youth training schemes run under the auspices of public employment agencies, notably the *Berufsvorbereitungsmaßnahmen* (basic preparatory year). These measures aim at facilitating labour market integration of young people by providing initial vocational training and work experience for up to one year. However, they do not convey vocational training qualifications similar to apprenticeship or other certificates. Rather, they concentrate on providing initial vocational training similar to the basic vocational year, thus supposedly facilitating entry into dual system training later on. Given this restricted task of facilitating entry into vocational training, the comparatively small scope of these measures is far from surprising (see section 3.2 above). Nevertheless, they provide valuable service with respect to the labour market integration of disadvantaged entrants, like lower level secondary school dropouts or handicapped young people (see section 4.4 below).

In addition, the small scope of these measures has to be seen in conjunction with the specific institutional organisation of the domain of active labour market policy – which comprises the broad areas of job creation schemes (most prominently *Arbeitsbeschaffungsmaßnahmen*) and retraining policies (*Fortbildung und Umschulung*). Active labour market policies consist of a mix of wage subsidies to private employers, job provision by state-run offices and initiatives, and training provision for experienced workers. Most of these schemes and programmes are run by the Federal Employment Office (*Bundesanstalt für Arbeit*) and are more often than not linked to registered unemployment or similar employment records to give rise to unemployment benefits entitlements.⁴ These general measures focus on disadvantaged groups in the labour market, including unskilled youth, rather than designing specific additional measures. The coverage of the programmes has, however, only ranged between 3 per cent and 5 per cent of the unemployed during the 1980s and 1990s (see Table 6). Nevertheless, the priorities of these measures emerge clearly from the structure of participants, with unskilled young people accounting for 25 per cent to 35 per cent of the participants in the early 1980s. However, the share of unskilled youth declined over the late 1980s and early 1990s, which is broadly in line with the observation of relatively lower youth unemployment rates at that time (see chapter 2).

⁴ This may seem less surprising if one takes into account that apprentices are regarded as employees in this context and are covered by social security regulations during their apprenticeships. By completing an apprenticeship the criteria will be met. There are other programmes run by local authorities (notably social assistance authorities) to cover those with insufficient employment records.

Table 6: Educational qualifications of education and training system leavers

	1975	1980	1985	1988
<i>Hauptschule</i> certificate or less	6.9%	4.7%	5.3%	3.7%
<i>Realschule</i> certificate	4.7%	3.3%	2.3%	1.2%
Trade and technical (grammar) schools	4.2%	3.1%	2.9%	4.1%
<i>Gymnasium</i> certificate	5.4%	7.5%	9.1%	9.1%
Basic vocational year / preparatory year	2.3%	4.7%	4.7%	3.6%
Full-time vocational schools	3.9%	2.4%	3.5%	2.7%
Apprenticeship in the dual system	55.4%	57.5%	53.8%	56.3%
Health sector schools	3.9%	3.9%	3.7%	3.7%
Professional college degree	3.5%	3.5%	4.2%	4.9%
University degree	9.8%	9.3%	10.5%	10.8%
All leavers	741	871	1,075	1,002

Sources: IAB Educational Accounting System, Tessaring *et al.*, (1993), own calculations

Note: System leavers are defined here as persons leaving one education and training system track in a given year without entering another track in the same year. Male youths entering national service as conscripts are included as education and training system leavers.

2.4.2. Transitions between education and training and the labour market

We begin this overview on labour market entry in Germany by broadly outlining the basic structure of the transition system on the basis of available aggregate information. This description serves as a starting point for a more detailed review of empirical research on different aspects of the transition process to be given subsequently.

As has been pointed out at different stages in this review, direct transitions from school-based secondary general education into the labour market are rather unusual within the German system of education and training. In general, only a minority of German youths fail to achieve at least some form of vocational or professional qualification after having completed school-based general education. This can be seen clearly from the qualificational structure of education and training system leavers shown in Table 7.⁵

⁵ With respect to establishing flows within and from the education and training system, the data given in the IAB Educational Accounting System pose serious problems. First, the data is not based upon individual longitudinal but on a compilation of aggregate annual stock and some flow data and an estimation of gross flows between and from tracks of the education and training system. Apart from any inherent estimate problems, any interruption in educational careers is counted as system leaving. In conjunction with compulsory national service for young men but other interruptions in educational participation, this latter aspect gives a systematic bias in the description of system leaving behaviour, as e.g. transitions from secondary education into national service and the continuation of education after service are quite common. In this sense, the presented data do not actually represent the intended concept of labour market entry, but still give the best available approximation of transition flows.

Table 7: Scope and Structure of Job Creation by Active Labour Market Policy, West Germany, 1980-1996

	1980	1984	1988	1992	1996
Participants in job creation scheme (in 1,000s)	41	71	115	78	70
long-term unemployed	-	32%	46%	57%	68%
unskilled, below age 25	26%	35%	24%	17%	16%
Proportion of registered unemployment	3.8%	3.1%	5.1%	4.3%	2.5%

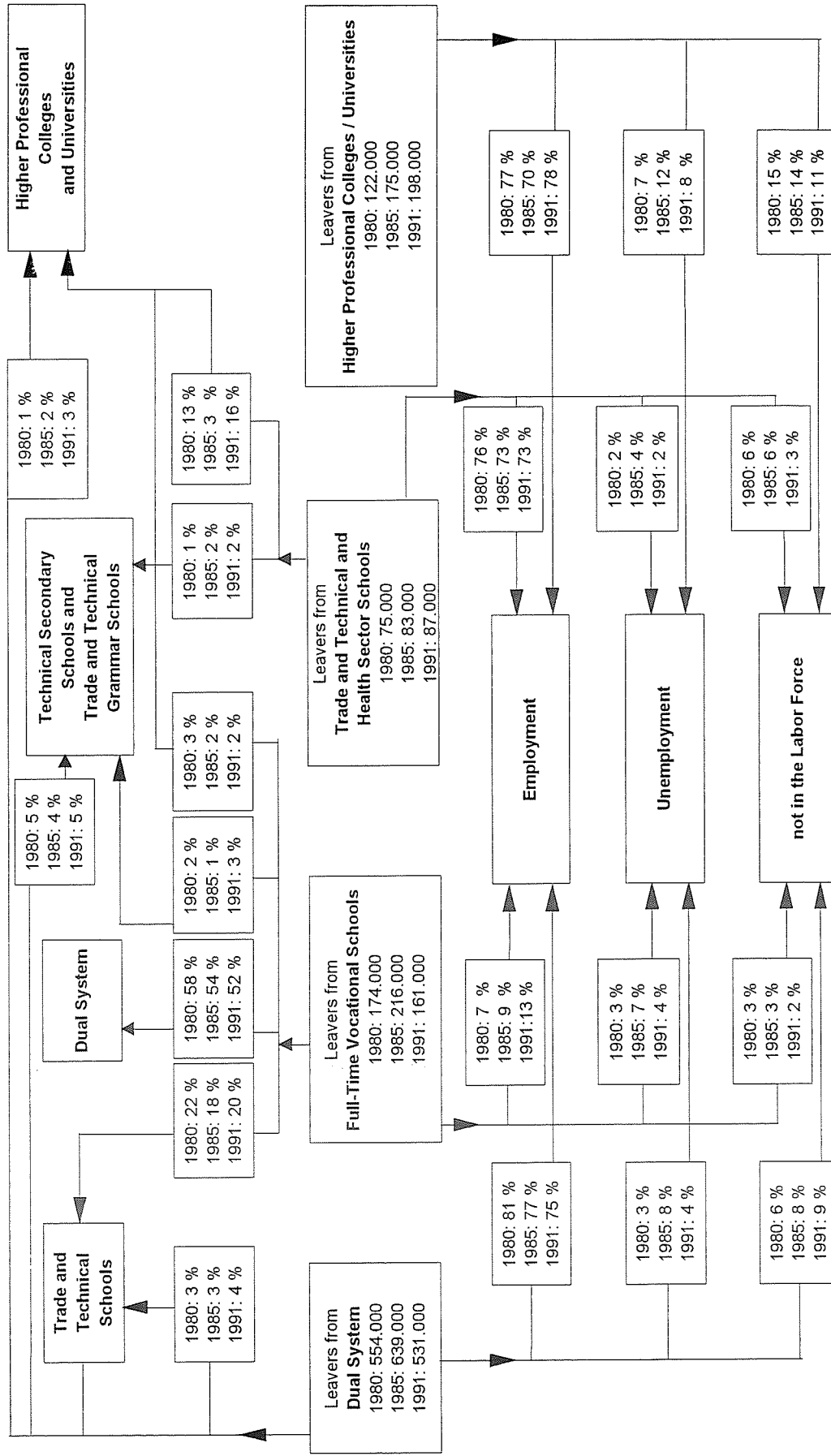
Sources: Bundesanstalt für Arbeit: Amtliche Nachrichten der Bundesanstalt für Arbeit, various years; own calculations

Notes: Table referring to annual average stock figures for *Arbeitsbeschaffungsmaßnahmen*.

Figure 5 above, shows only some 10 per cent of *Hauptschule* or *Realschule* leavers and, disregarding the large number of male youths entering compulsory military or community service, a somewhat higher percentage of leavers from *Gymnasien* (based on the IAB Educational Accounting System, Büchel, Weißhuhn (1995) give some 17 per cent averaged across the late 1980s) is not continuing their education immediately in one of the vocationally oriented system branches. These observations coincide with the rather small and, in general, decreasing proportion of system leavers who only achieved secondary general education leaving certificates.⁶ Thus, a very broad majority of German youths leave the education and training system having achieved vocational qualifications at secondary or tertiary level of education. According to the data given in Table 7, some two-thirds of education and training system leavers enter the labour market from secondary level vocational training, with an overall figure of approximately 55 per cent of entrants leaving dual system training. The smaller proportion of leavers from school-based forms of vocational training - especially from full-time vocational schools and basic vocational years - and their equally small number in comparison with the proportion of young people participating in these tracks, indicate again the strong presence of “waiting loops” in the respective institutions before passing to dual system-based forms of vocational training (see also section 3.2). This impression is corroborated by the more or less stable proportion of leavers from secondary level vocational training, in conjunction with indications of substitution effects between the different types of vocational training in response to general economic context: in the economic crisis of the early 1980s, the proportion of leavers from school-based types of vocational training increased at the expense of, or because of the lack of dual system training, while the reverse trend is visible in later years of economic recovery. Finally, the IAB figures indicate a proportion of some 15 per cent of labour market entrants having achieved tertiary level degrees, which has gradually grown over the last decades. Interestingly enough, this increase occurred in both types of academic institutions, but is somewhat stronger among leavers from higher professional college education, thus showing a clear response to the upgrading of these institutions.

⁶ It should be stressed again that the IAB database leads to a systematic overestimate of leavers from upper level secondary education. In this sense, the given proportions of leavers having achieved the respective qualifications is heavily upwardly biased, causing in turn downward biases with respect to other leaver groups, notably from academic tertiary level education.

Figure 8: Transitions from Vocational Training and Academic Education into the Labour Market



Sources: adapted from Parmentier et al., (1994); own translation

Notes: Employment includes national service, not in the labour force is treated as remainder's category

Figure 8 again stresses the fact that initial entry into the labour market mainly takes place via the dual system of vocational training or universities and professional colleges.⁷ Some 70 per cent to 80 per cent of leavers from full-time vocational schools enter either dual system training or vocational training in health sector schools. In contrast, the vast majority of dual system or university level leavers enter the labour market, with less than 10 per cent of leavers from dual system training and some 10 per cent of university leavers not being in the labour force after leaving the education and training system. And, as far as can be established from the IAB data on unemployment incidence, most of the labour market entrants become successfully integrated into the labour market. Three out of four dual system leavers are found to be employed, though there was a slight decrease in numbers in the 1980s. A similar figure is found for university graduates with a clear decline in entry success during the economic recession of the mid-1980s.

2.4.3 Labour market entry outcomes

Having briefly outlined the basic structure of transitions from the education and training system into the labour market, the more important question concerning labour market outcomes of labour market entry in Germany and the social stratification of these transitions arises. The term “labour market outcomes” is used here to describe crucial aspects of labour market positions attained. These outcome measures include, first, not only questions of access to employment and risks of unemployment, but also the issues, among others, of the quality of positions attained in terms of income, occupational status and prestige or social class. Another aspect that has recently become popular in assessing transitions into employment - and that thoroughly reflects the close integration of vocational and professional training and the occupationally stratified German labour market - is the notion of employment adequacy or qualificalational fit between educational qualifications and job prerequisites. These different aspects of labour market outcomes serve to discuss important dimensions of transitions from the education and training system and labour market entry in the following section. A review on detailed trajectories, sequences and status passages into the labour market, which in fact has only sparsely been addressed in the German context, will be postponed unto the next section.

(i) Access to employment and unemployment

Accessing employment on leaving the education system is a first and crucial aspect of the transition process, both with respect to the effectiveness of the education and training system in providing marketable qualifications and skills and to the labour market integration of young entrants. The German transition system seems to do quite well in this regard as the unemployment rate among young people is consistently in line with the overall unemployment rate (Figure 1 above), indicating that unemployment in Germany - in contrast to other Western economies - is not a particular problem among the young. The IAB Educational Accounting System also shows a very low incidence of unemployment among education and training system leavers, ranging from some 4 per cent for secondary to some 8 per cent of tertiary level leavers, and being sensitive to variations in the economic climate (Parmentier et al., 1994; see Figure 8 above). These figures coincide quite neatly with those established by Büchtemann et al., (1993, 1994) who used the German SOEP panel study to construct a general education leaver cohort. They followed these individuals for 12 years and in this time found between 2 and 4 per cent of cohort members in unemployment, thus underlining again the low risk of unemployment.⁸

⁷ It is difficult to interpret the data given for the case of trade and technical schools and health sector schools as the latter would generally be conceived of as providing initial vocational training, while the former would be best considered as institutions of further education since they regularly require completion of vocational training and previous work experience at entry.

⁸ If one were to calculate unemployment rates from the figures given one would arrive at estimates of some 25% one year and some 4% five and 12 years after leaving general secondary education. As the underlying logic of the education and training system presupposes the attendance of vocationally-oriented training after completion of general secondary education, the high unemployment rate of those who directly entered the labour market situation from school-based education points to issues of exclusion of the least qualified. On the other hand, the low rates at later stages confirm the impression of fairly small unemployment risks after having passed apprenticeships or university degrees.

Table 8: Unemployment Rates in Early Labour Market Career by Educational Qualification

	Men		Women	
	1982	1993	1982	1993
<i>Hauptschule</i> certificate or less	12.1%	15.5%	10.6%	15.2%
<i>Hauptschule</i> and vocational training	3.9%	4.5%	6.2%	8.0%
Realschule leaving certificate	7.5%	9.4%	4.8%	10.2%
<i>Realschule</i> and vocational training	2.9%	3.1%	4.8%	4.1%
<i>Abitur</i>	5.2%	5.0%	9.0%	5.8%
<i>Abitur</i> and vocational training	4.5%	5.1%	7.9%	4.6%
Higher professional college degree	2.4%	4.3%	3.7%	4.7%
University degree	3.8%	3.7%	8.1%	6.3%

Sources: Brauns/Müller/Steinmann 1997

Note: Figures refer to age groups 25 to 34.

Yet, despite the generally low risk of unemployment, there is a clear social stratification of access to employment. It has been firmly established that education crucially determines the risk of unemployment, both at labour market entry (Brauns, Müller and Steinmann, 1997) and across working life as a whole (Müller et al., 1998). Unemployment in Germany is primarily concentrated among the unskilled and, to a far lesser extent, among those having no vocational or tertiary professional qualifications. In turn, vocational training is found to give special advantages over general education credentials in the early stages of labour market careers (Brauns, Müller and Steinmann, 1997; see Table 8 above). Moreover, access to employment and the risk of unemployment seem to be almost exclusively determined by educational achievements, and the relationship between education and unemployment has not changed over the 1980s and 1990s (Brauns, Müller and Steinmann, 1997). Interestingly enough, the pattern of this association is similar for both men and women, although there is evidence of a weaker labour market position for females.

Nevertheless, the referenced cross-sectional estimates conceal the fact of a much higher percentage of labour market entrants experiencing unemployment. Different studies concerned with labour market entry of dual system leavers estimate that some 13 per cent of them became unemployed after completing their apprenticeship, with increasing figures in more recent years (Westhoff, 1996; Winkelmann, 1996). Moreover, between 20 and 30 per cent of dual system leavers experienced episodes of unemployment during the first few years of their careers (Schöngen and Westhoff, 1992; Ludwig-Mayerhofer, 1992). How do these findings of widespread unemployment occurrence reconcile with the general impression of low unemployment risks? The study of Ludwig-Mayerhofer (1992), which relates mainly to differences between unemployment at labour market entry and at later stages in a career, finds the incidence of unemployment at labour market entry to be above average, while the median duration of some four months of unemployment is well below. This implies that unemployment is widespread but transitional in nature.

Interestingly, the few available longitudinal studies of unemployment experiences point to the same conclusions as these reached by cross-sectional analyses. The incidence of unemployment at labour market entry is hardly a matter of heterogeneity within but almost exclusively between educational groups. For example, the study by Büchel and Weißhuhn (1995) which estimates separate models for leavers from secondary level vocational training and tertiary level education found few factors to explain the incidence of unemployment. In contrast, a recent study by Winkelmann (1996) has

been able to show large differences in the incidence of unemployment and initial duration between different groups of education and training system leavers. In his analyses of SOEP data,⁹ only 13 per cent of dual system leavers experienced an initial period of unemployment at labour market entry, while 18 per cent of university graduates, 30 per cent of full-time vocational school leavers, and 40 per cent of unskilled entrants did so. Moreover, the unemployment duration for unskilled youth turned out to be extremely long with an average of more than 16 months compared to an average of six months among qualified leaver groups. In his detailed analyses of unemployment incidence, Winkelmann (1996: 664) was able to establish the weaker labour market position of females and foreigners, but very strong effects of educational qualifications emerged that could not be reduced to other factors controlled for. Other studies established the influence of occupational choices, with the incidence of unemployment being lower in financial business and a range of industrial occupations (Schöngen and Westhoff, 1992), or a positive relationship between the overall unemployment rate and unemployment at labour market entry (Weißhuhn, 1992). This result of smoother transitions of dual system leavers indeed points to an institutional explanation of the findings: the special advantage of vocational training in the dual system with respect to access to employment may be related to the fact that apprentices are integrated into firm internal labour markets, and are regularly offered work contracts after completing their apprenticeship by their training establishments (Schöngen, 1995 gives estimates of about 80 per cent of all apprentices for the early 1990s; see Kühn and Zinn, 1998 for evidence of variation by occupation). An overall figure of about 60 per cent of dual system leavers took that option in the early 1990s, with somewhat higher figures for earlier years (Pfeiffer, 1996; Schöngen, 1995; Parmentier et al., 1994; Winkelmann, 1996).

(ii) *Job qualities: incomes and wages*

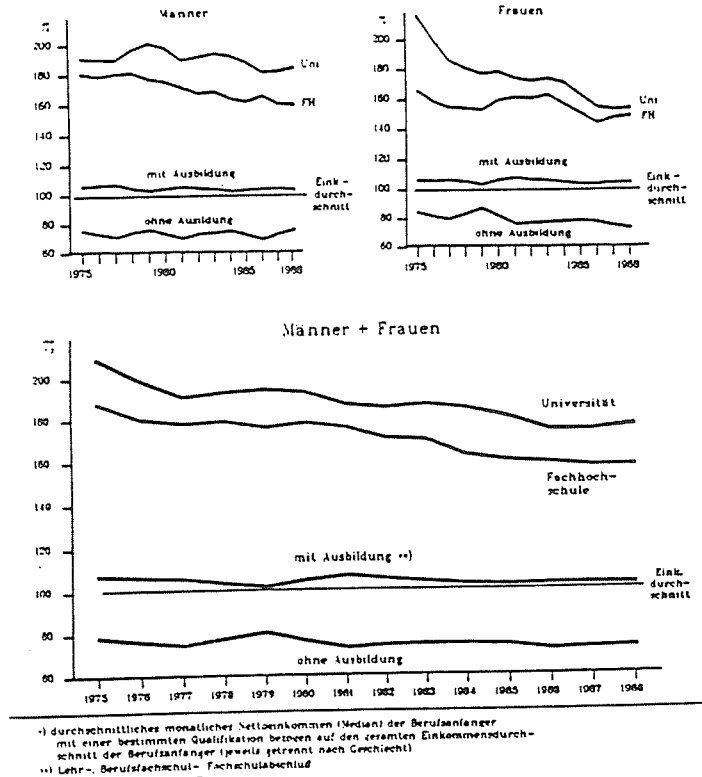
After the question of access to employment through educational achievement comes the issue of job quality and the stratification of occupational attainment. This entails the characterisation of occupational outcomes in terms of conceptually different dimensions the description of the respective stratification. Dimensions of occupational attainment to be reviewed here include income, prestige, class position and labour market segmentation, as well as “occupational fit“ between educational qualifications and job prerequisites. Of these, income or wage is a natural starting point in evaluating returns to educational qualifications as it is most closely related to notions of market value of education, figuring prominently in education-economic accounts of transition processes.

There is consistent evidence of relatively low starting wages at labour market entry in comparison to wages at advanced stages of careers. Büchtemann et al., (1993, 1994), for example estimate entry wages to be approximately 50 per cent of the wages received by experienced full-time academic professionals. Moreover, there are comparatively small differences in entry wages between educational groups as seen from an international perspective. Hannan, Schömann and Blossfeld (1990; see also Schömann et al., 1995) find a ratio of 1.4 between the average wage of male entrants with only compulsory education completed and university graduates, and an higher ratio of approximately 3:0 between these levels of education for female education and training system leavers net of intervening factors. These findings are very similar to those of Winkelmann (1996), who established premiums on monthly earnings of full-time entrants of some 10 per cent for entrants from the dual system, some 20 per cent for those entering from full-time vocational schools, and some 60 per cent for university graduates in comparison to unskilled entrants to the labour market. Along the same lines, Timmermann (1994) presented evidence for entry wages of unskilled workers reaching some 75 per cent, while professional college or university graduates reach 160 per cent respectively, 180 per cent compared to the average entry wage attained by entrants having obtained vocational training qualifications (Figure 9). And although there is vivid discussion on the devaluation of educational qualifications (Blossfeld, 1985a), indications of any general short-term trend in earnings differentials are not very well established with the exception of declining monetary returns to *Abitur* qualifications. What is clear, however, is that there has been a substantial increase in real wages combined with an equally substantial narrowing of

⁹ The descriptive figures should be weighed cautiously as he used a non-representative sample in his analyses, restricting the sample to those cases that attain a full-time job after leaving full-time training (Winkelmann 1996: 662).

earnings differentials at labour market entry in a long-term perspective over the post-war period (Hannan et al., 1990; Schömann et al., 1995), which might be attributed to a decline in relative monetary returns to tertiary level education. At the same time, a strong and consistent differentiation in initial earnings has pertained between different education and training system leaver groups. In a detailed study on earnings of university graduates, Meulemann (1990, 1991) was, moreover, able to demonstrate the importance of achieving leaving certificates rather than attending academic training *per se*.

Figure 9: Initial Earnings Differentials by Levels of Qualification, West Germany



Notes: ohne Ausbildung - no qualifications; mit Ausbildung - completed vocational training; Fachhochschule (FH) - higher professional college degree; Universität (Uni) - university degree; Einkommensdurchschnitt - average income; Männer - men; Frauen - women
 Source: Timmermann 1994: 91

With respect to wages at labour market entry, stratifying influences aside from educational qualifications have regularly been established, namely gender and occupational/industrial job segment, while earnings have not been found to respond to changing macroeconomic factors like unemployment rates or economic growth (Hannan et al., 1990; Schömann et al., 1995). There is consistent evidence for lower starting wages of women and of differences in wages between occupational groups or industrial segments. Studies like Engelbrech (1991) or Schöngen and Westhoff (1992) regularly report earnings differences between male and female dual system leavers of some 400 DM per month, giving women approximately 70 per cent to 80 per cent of male initial earnings. Somewhat smaller differentials are usually found for university graduates (Buttgereit, 1991). However, these differences do not seem to result primarily from open discrimination against female applicants, but rather from an uneven gender distribution into low-paying and high-paying industrial sectors. It is reasonably well established that entry wages are extraordinarily low in primary industries, considerably below average in the health sector, and, above average in traditional craft, industrial and engineering sectors (Schöngen and Westhoff, 1992; Hannan et al., 1990; Schömann et al., 1995; Engelbrech, 1996). Given male predominance in high-paying industries, then there is marked segregation according to gender and industrial segment in the German labour market (Figure 11). However, these results should not be allowed to downplay the importance of educational qualifications. There is some evidence among women of an even stronger stratification of initial earnings as education differentials in earnings are found to be much higher, rendering it more important for women to obtain advanced levels of education in order to attain higher levels of labour market income.

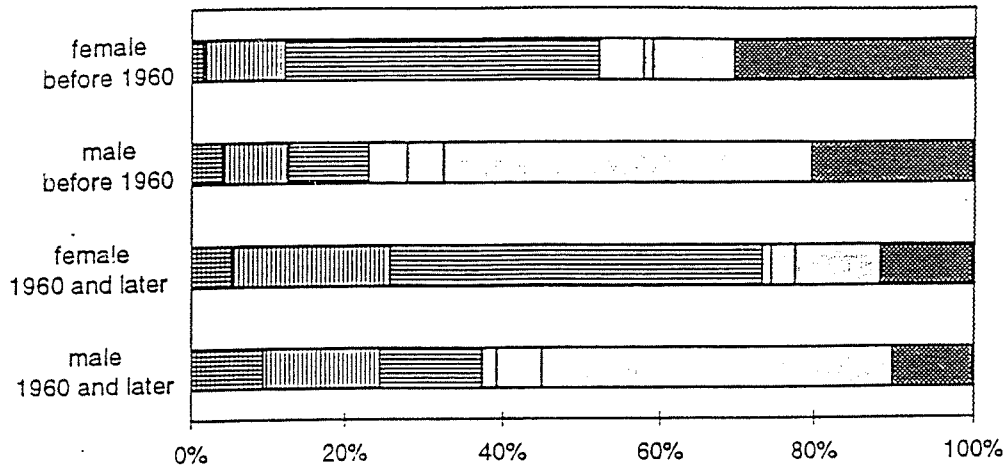
(iii) *Job qualities: occupational prestige*

Occupational status or general job desirability as measured by prestige has only rarely been studied. And given the inherent difficulties in attaching precise meaning to prestige scores, apart from providing an interval-scaled measure of occupational status, we will refrain from presenting detailed descriptive information on prestige achieved at labour market entry. It should suffice to remark that, in general, only negligible differences between the sexes and over time have been established (Müller et al., 1998). Moreover, fairly similar findings regarding the determinants of prestige attainment have been established in comparison to research on entry wages. To summarise the results from available studies (Allmendinger, 1989a, 1989b; Mayer and Blossfeld 1990; Meulemann, 1990, 1991; Müller et al., 1998; Müller 1998) the conclusion that education is a very strong predictor of achieved occupational prestige seems adequate. In these studies, broadly similar patterns of the relationship between education and prestige as compared with analyses on initial earnings emerge: educational achievements clearly pay off, with increasing levels of qualifications giving higher prestige returns, especially with respect to university degrees, while additional differences between study subject and type of vocational qualification have also been found. And as in the above review on entry wages, there is evidence of the greater importance of educational achievement for occupational attainment of women (Müller, 1998) and, recently, decreasing prestige returns to the *Abitur* qualification, together with increasing returns to professional college qualifications, has been established (Müller et al., 1998). Moreover, the same study provided indications of a strengthening relationship between educational qualifications and occupational prestige attained, while factors like social origin are found to decrease in importance. This finding has also been established and explored in greater detail in Müller (1998).

(iv) *Job qualities: class position*

While analyses of earnings and prestige attainment clearly refer to notions of absolute and direct returns to educational qualifications, labour market outcome measures in terms of social class or labour market segment are more inclined to indicate the structural properties of jobs attained. As these aspects of occupational attainment stress access to distinct types of jobs and labour market positions rather than levels of returns to education, they supplement analyses based on income and prestige measures by focusing on a different aspect of comparative advantages provided by educational qualifications. With respect to class outcomes at labour market entry, Figure 10 depicts the basic empirical pattern in Germany in terms of the EGP scale (Erikson and Goldthorpe 1992). According to the data, there is direct evidence of variation in class attainment between gender as well as major changes over time. Women more often enter the labour market via unskilled manual, routine non-manual jobs, or lower service class positions, while a higher percentage of men achieve both upper service class and skilled worker positions. However, a clear upgrading of the class structure is visible as there has been a dramatic increase of service class positions, mainly at the expense of unskilled manual jobs for younger cohorts (Müller et al., 1998).

Figure 10: Distribution of Job Entry Class by Gender and Job Entry Period, West Germany



Source: Müller *et al.*, 1995

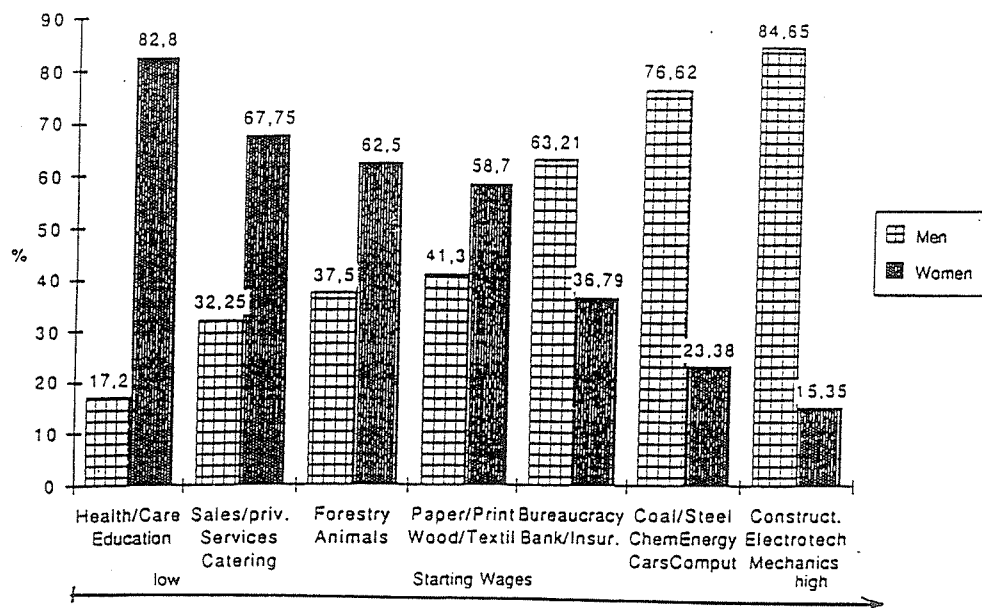
■ I ■ II ■ IIIab □ IVabc □ V □ VI ■ VIIab

Consistent with the evidence on the relationship between education and initial labour market outcomes, high qualification effects on entry into different class positions have regularly been established for Germany (e.g. Blossfeld 1985a; Handl, 1986, 1996; Müller *et al.*, 1998; Brauns, Müller and Steinmann, 1997). In this respect, the analysis of social class positions is of some advantage as it allows specific associations between certain types of education and training and types of jobs attained to emerge. Therefore, inquiries into the effect of education on class attainment allow the analytical focus to move beyond general statements of linear relationships between the concepts (Müller *et al.*, 1998). Thus, apart from the fact that more advanced levels of education provide better access to more advantageous class positions, more detailed patterns of this relationship have been established. For example, it turned out that tertiary education provides specific advantages in attaining upper service class jobs (Müller *et al.*, 1998; Brauns, Müller and Steinmann, 1997) and that this relationship tends to become stronger over time (Brauns, Müller and Steinmann, 1997). On the other hand, completed vocational training is a prerequisite in obtaining skilled manual or non-manual positions, with the type of vocational training received clearly stratifying access to either manual or non-manual classes. Moreover, this latter relationship was found to be basically independent of general educational qualifications with the exception of entry into lower service class which is facilitated by post-compulsory general education on secondary level. Interestingly enough, only minor gender differences have been found in these respects, while the importance of social background generally declines over time and only specific associations (e.g. between self-employed fathers and the increased likelihood of their sons to become self-employed) between these constructs continue to persist (all results Müller *et al.*, 1998). In addition to the observation of strong associations between education and class position, there is some discussion as to whether returns to education in terms of class position attained are declining (recently Brauns, Müller and Steinmann, 1997; Handl, 1996). While the majority of studies claim evidence for generally declining returns to education, the study by Brauns, Müller and Steinmann (1997; see also Handl, 1996) pointed to an important distinction between absolute and relative returns to education. This study established declining returns to education in absolute terms as well. Seen in a relative perspective, however, the comparative advantage, in particular, of tertiary degree holders, seems to have increased rather than declined over the 1980s - at least with respect to accessing upper service class positions.

(v) *Job qualities: labour market segmentation*

Location in different labour market segments describes employment segmentation in terms of industrial sector of established economic activity or current employment relationships. As neither aspect has gained much attention in literature on transitions from education to work, they will be dealt with here together. As has been highlighted in the discussion of entry wages, there is a clear segregation of entry jobs according to sector of production which has important consequences with respect to remuneration as one aspect of returns to education (see Hannan et al., 1990; Schömann et al., 1995). While there is, to the best of our knowledge, and probably due to the overruling importance of occupation as a dimension of stratification in the German labour market, no study relating educational qualifications to attainment of positions in different industrial sectors, the referenced studies provide ample evidence of strong sector-specific segregation of labour market entry by gender (Figure 11). Male youths dominate at entry into traditional craft and industry and also financial business and administration sectors, while young women do so in social work, health and caring sectors, in sales and services or in primary industries (Schömann et al., 1995, but see also Engelbrech 1991, 1996; Heinz et al., 1998; Kühn and Zinn, 1998).

Figure 11: Sectoral Distribution of Labour Market Entrants by Gender and Sectoral Initial Wages



Source: Schömann et al., 1995: 122

The second aspect of labour market segmentation refers to the type of employment relationship established, respectively the type of labour market allocation principles governing attainment. Labour market segmentation theorists proposed a number of classifications of labour market structure, with the main distinctions running along the lines of unstructured / secondary / unskilled labour markets versus their primary sector counterparts in the form of firm external occupational labour markets and firm internal labour markets (Sengenberger, 1987). As labour market segments have been found to have serious consequences on labour market mobility and careers in Germany (see Blossfeld and Mayer 1988), the question arises as to how educational qualifications affect entry into one of these different labour markets. According to the few available studies (Blossfeld and Mayer 1988; Blossfeld, 1993; for a restricted segmentation concept see Brauns, Müller and Steinmann, 1997), there is a rather strong and consistent nexus between educational qualifications and entry into distinct labour market segments. Blossfeld and Mayer (1988; Blossfeld, 1993) established that unskilled labour market entrants are almost exclusively forced to enter secondary labour markets, while entrants with vocational or, even more so, tertiary level qualifications are bound to enter primary labour markets via occupational or

large-firm internal labour markets (Table 9). These findings are corroborated by analyses in Brauns, Müller and Steinmann (1997).

Table 9: Labour Market Segment Position at Labour Market Entry by Qualification Level

	Unstructured labour market in small companies	Unstructured labour market in large companies	Occupational labour market	Firm internal labour market
No vocational training	62.4%	18.7%	9.8%	9.1%
Completed vocational training	17.3%	8.2%	47.4%	27.1%
Higher professional college or university degree	0.9%	1.8%	55.5%	41.8%

Sources: Blossfeld 1993:35; own translation

(vi) Job qualities: "qualification matching"

The final aspect of initial labour market outcomes to be discussed here - the issue of employment adequacy or "qualification matching" between employee qualifications and job prerequisites - links back to the above discussion of the German transition regime. Following the notion of a close match between the stratification of educational qualifications to a set of equally vertically stratified job positions, a frame is constructed to discuss the "fit" between individual qualifications and job skills. As this indicator is becoming increasingly popular in recent times (Plicht et al., 1994; Büchel and Weißhuhn, 1995; Büchel and Matiaske, 1996; Büchel 1994, 1996, 1997; Witte and Kalleberg, 1995), there is no widespread consensus of concept specification: in general, adequate employment is measured either by relying on subjective assessments of "qualification matching" or by establishing criteria based on occupational status or professional tasks. Interestingly enough, fairly similar results have been established on the basis of both approaches (Witte and Kalleberg, 1995). According to results based on subjective indicators, Büchel and Weißhuhn (1995) estimate that some 16 per cent of dual system leavers enter inadequate employment, while Büchel (1996, see also Büchel and Matiaske, 1996) find about 15 to 20 per cent of tertiary level graduates in inadequate employment on entering the labour market (for similar figures see Büchtemann et al., 1993, 1994). These estimates are broadly in line with the differently established overall figure of 8 per cent to 17 per cent of all tertiary level degree holders in inadequate employment, based on occupational status (Plicht et al., 1994).

Despite these superficially similar results, there is intense debate on how the incidence of inadequate employment evolves over the initial career. While the study by Plicht et al., (1994) claims evidence for increasing employment adequacy among tertiary level graduates, this finding is contested by analyses done by Büchel (1996), who establishes fairly stable levels of "qualification matching" over initial careers in conjunction with a structural increase in employment inadequacy across labour market entrant cohorts in the early 1980s and 1990s. In contrast, there is some evidence that the narrowly defined "occupational matching" of dual system leavers tends to wear off over time, especially in the initial work career (see Büchtemann et al., 1993, 1994; Witte and Kalleberg, 1995; Schöngen, 1995; Witzel et al., 1996). As decreasing levels of remaining employees within the trained-for occupation may, however, signify career progress at the level of skilled jobs as well, these results defy straightforward interpretations: more detailed analyses by Büchtemann et al., (1993, 1994) showed that occupational mobility primarily involved mobility between fairly similar occupations and thus, according to their interpretation, indications of matching over the initial work career rather than downward mobility. With respect to the impact of educational qualifications on entering adequate employment, it is difficult to draw definite conclusions as existing studies tend to concentrate on leavers from one of the education and training system levels. In these analyses, some of the effects of study subject emerged, with apprenticeships in the field of commerce (Büchel and Weißhuhn, 1995; Witte and Kalleberg, 1995),

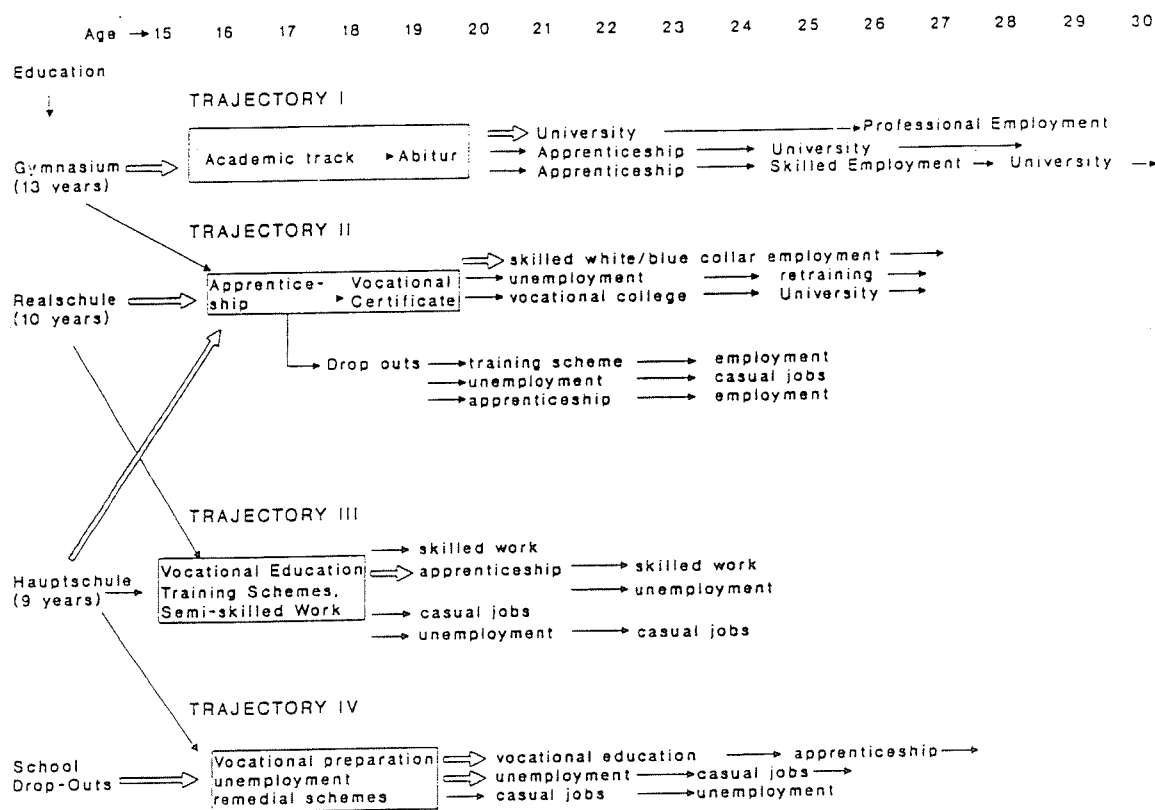
completion of full-time vocational schools (Witte and Kalleberg, 1995), and graduation in engineering or natural sciences (Büchel and Matiaske, 1996) giving special advantages at labour market entry in this respect. On the other hand, the only study on “qualificational matching” covering an extended range of educational qualifications - while excluding managerial positions and not being exclusively focused on labour market entry - concluded that vocational training in the dual system gives huge comparative advantages in attaining qualificationally adequate job positions (Witte and Kalleberg, 1995). This again points to the very close nexus between vocational qualifications and labour market entry as achieved by dual system training.

2.4.4 Labour market entry sequences and patterns

The broad range of studies on different outcome aspects of labour market entry reviewed in the above section conceals, however, a lack of complementary comprehensive inquiries into patterns of labour market entry sequences or trajectories during initial work careers. This may, in part, be due to a lack of adequate longitudinal data and, in other respects, to the longstanding orientation of empirical transition research towards the German “double threshold model” of labour market entry. This involves first the completion of a dual-system-based apprenticeship and, then, entry into regular employment. In fact, this implies an almost exclusive concentration on labour market entry of secondary level school leavers who do not immediately opt for advanced levels of school - or university-based education and training, focusing on the working of the apprenticeship market and returns to dual system training in terms of career trajectories. There have been two major efforts recently to describe transition patterns and career trajectories on entering the labour market. These efforts have adopted typological approaches, combining both quantitative and qualitative research aspects (see the work of the Bremen group as, for e.g. Heinz et al., 1998; Kühn and Zinn, 1998; Mönnich and Witzel, 1994; Witzel et al., 1996; or earlier work in Evans and Heinz, 1991, 1994; Heinz, 1992; and the more restricted studies by Raab, 1996, 1997).

Evans and Heinz (1991, 1994; also Heinz, 1992) identified much the same transition trajectories that have been laid out above as those inherent in the structure of the education and training system (chapter 4.1 above). Overall, they distinguish four major trajectories, all of which are quite closely linked to both educational achievements and subsequent labour market outcomes. This longitudinal evaluation is yet another aspect of the educational stratification of labour market entry that puts an additional emphasis onto the deep-rooted educational stratification in Germany. To be more precise, Evans and Heinz (1991) differentiate between (a) an academic trajectory leading to professional employment via the *Abitur* and university education, (b) the dual system trajectory into skilled employment that absorbs the major part of *Realschule* and *Hauptschule* leavers, (c) a trajectory by subordinate forms of secondary level vocational training like school-based vocational education or vocational preparatory measures that leads either to unstable jobs or, more often, back into the apprenticeship system for a minority of *Realschule* and *Hauptschule* leavers and finally, (d) a route into unskilled jobs and unemployment via dropping-out of school and subsequent participation in vocational preparation measures (Figure 12). It is mainly in these two last trajectories that direct state intervention in the form of provision of vocational preparatory measures or specific retraining measures allows for a reintegration of an important number of school drop-outs and a minority of *Hauptschule* leavers into the dual system trajectory.

Figure 12: School-to-Work Trajectories in Germany



Note: The transition of men is interrupted by military or social service after age 18 for 15 to 21 months

Source: Evans/Heinz 1991:208

Notes: Blocked arrows indicate main transition pathways

Other recent papers by Witzel et al., (1996), Mönnich and Witzel (1994), or Raab (1996, 1997) extend these findings by investigating in greater detail the transition patterns within the dual system trajectory. In attempting to evaluate issues of eroding “normal biographies”, both studies arrived at the result of a largely intact transition regime with mainly strongly structured, uninterrupted and direct transitions between its different stages. According to the results of Mönnich and Witzel (1994), some two-thirds of dual system participants entered apprenticeships directly from full-time general education schools, another 10 per cent entered via full-time vocational schools, and only a minority participated in preparatory training schemes. In a similar manner, transitions from vocational training more often than not follow predictable trajectories. In some 50 per cent of all cases, completion of an apprenticeship leads directly to employment in the very occupation trained for, for some 10 per cent of leavers an occupational reorientation turned out to be necessary, although not necessarily by downgrading. Moreover, upgrading one’s qualifications by entering different types of vocational schools or universities gained in importance after the completion of the apprenticeship, with another 10 per cent taking that route immediately after vocational training. Only a minority experienced labour market integration problems in having to cope with periods of unemployment, casual jobs and intense “job-hopping”. These conclusions are corroborated by the findings of Raab (1996, 1997): in his non-representative sample, only a small fraction of transition patterns were characterised as “training scheme careers” (*Maßnahmenkarrieren*); these however, tended to be especially prolonged. In his analyses the stabilisation of occupational aspirations and achievements or even the development of orientations toward an upgrading of qualifications was clearly evident along the transitions through the dual system of vocational training.

Nevertheless, according to all of the above studies, the risk of disruptions at this early stage of a career are clearly tied to gender, ethnic, occupational or regional factors, which is broadly consistent with the evidence compiled in the above section. Interestingly enough, transition patterns at entry into apprenticeship have not been found to influence labour market entry trajectories, at least not for those apprentices who complete dual system training; this may also be pointing to an aspect of labour market integration achieved via dual system training (Mönnich and Witzel, 1994). Unfortunately, equally differentiated analyses are neither available in a more standardised or wider ranging fashion, preventing any definite conclusion.

However, the one aspect of initial labour market experiences that has been studied to some extent, which gives a balanced overview on research results, is the stability or duration of first job mobility in initial career. And although some studies claim evidence for intense “job hopping” behaviour and turnover at either the “first” (Bellmann and Bender 1997) or the “second” threshold of labour market entry (Weißhuhn, 1992; Engelbrech 1991), the majority of studies give lower estimates of initial career mobility as measured by employer changes: Schöngen and Westhoff (1992) estimate that more than half of dual system leavers stay with their first employer for more than three years, Büchtemann et al., (1993, 1994) find that some two-thirds of school leavers have experienced employer change within seven to eight years only. Winkelmann (1996) establishes results of some 45 per cent of dual system leavers staying with their first employer for more than five years. Moreover, he has shown that initial employment stability does not differ between dual system leavers and university graduates or between apprentices who continued to work with the employer by whom they have been trained and those who changed employers in the transition from apprenticeship to regular work (Winkelmann, 1994, 1996). There is additional evidence of the effect of both sectoral location and business cycle, with large firms and the situation in the late 1970s and the late 1980s giving special advantages with respect to initial employment stability (Winkelmann 1996; Bellmann and Bender, 1997). In the longer term, the studies by Blossfeld (1985a, 1985b) emphasised both the sensitivity of labour market entry patterns to changes in the economic climate and the continuing importance of first jobs held with respect to subsequent mobility patterns. Moreover, initial mobility in the German labour market need not imply a subsequent unstable work career. Since Winkelmann (1996) has established no differences in job stability between apprentices who continue to work in the company wherein they have been trained and those who left, it seems fair to conclude that German vocational training does indeed convey a significant amount of transferable skills and resources which are indispensable to maintaining and succeeding in strong occupational labour markets.

2.5 Comparative Perspectives on Transitions from Education to Work in Germany

The above review documents a fairly well developed understanding of the basic structure of transitions from education to work in Germany. Most importantly, a general picture emphasising the overall importance of educational qualifications clearly emerges. Achieving specific qualifications in Germany has immediate implications for a wide range of transition outcomes in terms of access to employment and different aspects of job quality attained. In addition, there is consistent evidence for a specific profile of the relative advantages gained by achieving different types of qualifications: the structure of the education and training system seems to be closely linked to the stratification of the employment system, thus establishing a close match between qualifications and employment in terms of content, level and job rewards. In general, the German transition regime tends to lead to well-defined transition outcomes in fairly orderly ways. Nevertheless, these general conclusions easily tend towards the recognition of a progressive research agenda that still holds major questions – both with respect to national level and comparative analysis.

First, there are of course a number of discrepancies between different studies in the empirical estimates of the impact of education, which are not least due to different measurement approaches to structural aspects of labour market attainment – e.g. in terms of “qualificational matching” or labour market segment position. Second, and in contrast to the numerous studies based upon cross-sectional

approaches to the stratification of transitions, there is surprisingly little research done into the dynamics of transitions, or into the trajectories, status passages and sequences associated with labour market entry; since research in the area is confined to non-representative samples covering only specific groups of education and training system leavers. There has been little research into the educational stratification of empirical transition patterns and actual transition trajectories. Next to the relative lack of micro-level dynamic accounts, the question of how the German transition regime has responded to a largely unstable economic environment over the last two decades has only rarely been addressed. Yet this issue is obviously of crucial importance in devising policy reactions to economic restructuring – a topic heard in discussions about the extent of overqualification provided by tertiary education, the lack of sufficiently skilled labour in rapidly expanding industries, or the question of the reshaping of dual system training. It is here that the strains placed on the traditional vocational training structures by the declining demand for apprentices in large companies, increasing educational aspirations of youth or increased outflow rates into higher education tracks probably become strongest. In addition, structural changes in the economy seem to imply a growing heterogeneity of dual system training that is accompanied by a trend towards an increasingly hierarchical stratification of apprenticeships. So far, it is not clear how previous changes in training policies impinged upon transitions, and how the institutional backbone of the German system is to develop in the future to meet changing demands.

Of course, much of the deficits in German research to date, are due to severe data limitations. While there are a number of cross-sectional studies that may be applied in the study of transitions from education to work, limitations pertain with respect to longitudinal information and surveys covering historical periods more extensively. In the latter cases, there are restrictions with respect to sample sizes, the representativeness of survey samples and the coverage of several entry cohorts. As there is no established tradition of conducting nationally representative school leaver surveys at regular intervals, it is still a long way from an effective monitoring instrument of transition processes being achieved. Researchers interested in the transition from education to work are bound to refer either to surveys specifically tailored to answer well-defined questions or to general tools of social scientific survey research more or less suited to investigate processes of labour market integration.

Yet, though these difficulties clearly restrict the depth of analyses in the national context, the research opportunities provided by placing the German system of transitions from education to work into an international context should not be downplayed. From what has been said so far, the discussion of (shortcomings of) research has mainly addressed issues of empirical analysis. Apart from providing indications about the relative advantages and disadvantages of the German model in the context of other systems, comparative analyses may equally well serve to answer some of the conceptual issues linked to a theoretical understanding of the interplay of institutional structure, individual actors and economic and other context factors in achieving transitions into the labour market. The peculiarity of the social stratification of transition processes becomes especially apparent once the German case is contrasted with the experiences of other countries'. As some recent empirical studies have established, the impact of educational qualifications on labour market entry patterns is markedly stronger than in a broad range of other countries (together with countries like Switzerland or France, see. Müller and Shavit 1998; Brauns, Müller and Steinmann 1997; Brauns, Steinmann, Kieffer and Marry, 1997; Allmendinger 1989a, 1989b). Seen from a comparative perspective, this implies the recognition that educational resources do not only have a strong and consistent impact on labour market entry patterns, but that variations in these induced by differing educational qualifications tend to be well above the average among other Western countries. In turn, this implies that education seems to matter more in attainment in the German labour market than in most others. In a recent study, Shavit and Müller (1998) for example found very strong differentials in prestige scores or class and status position attainment (see also Brauns et al., 1997; Allmendinger, 1989a, 1989b). These findings of huge variations in the impact of educational achievement on labour market attainment point to the importance of the institutional embeddedness of transition processes and trajectories into the labour market.

Indeed, there are several interrelated suggestions to which institutional elements in the education and training system, in labour markets or in the transition regime linking both are important. As the

German system is both highly standardised and stratified into distinct tracks of educational achievements, this feature may be said to convey clear and well-recognised signals to employers in their hiring decisions (see Thurow's [1976] queuing model). In this interpretation, the achievement of the German system would mainly constitute providing well-defined and homogeneous qualificational outputs which allow for straightforward mapping between qualificational resources and job positions exhibiting low variation in labour market outcomes within educational groups. Given additional results established, for example, with respect to comparative advantages of dual system leavers and, to a lower extent, tertiary level graduates with respect to unemployment, it seems, however, doubtful whether the strong association between educational qualifications and labour market outcomes should only be conceived of as resulting of homogeneous signals of educational certificates and the respective effects on labour queuing.

The very clear advantages of those who achieved some form of vocational and occupation-specific training on either a secondary or tertiary level do rather emphasise the institutional context of matching qualifications and job skills: the strong connection between vocational and professional qualifications and successful labour market entry might well be related to initial qualifications meeting the needs of prevalent occupational labour markets. There is abundant research characterising German labour markets as occupationally stratified, and there are indeed additional results pointing to the conclusion that German employers tend to recruit applicants already having skills and qualifications necessary for given job prerequisites (e.g. results in Müller and Shavit, 1998). Following this line of reasoning, the close relationship between education and labour market positions would have to be interpreted as qualifications conveying entry certificates into occupational labour markets, with the aim of the system being to provide sufficiently occupation-specific skills. Of course, the prevalence of occupational labour markets should not be seen as being independent of the nature and extent of qualifications provided by the education and training system. As Marsden (1990; similar arguments have been put forward by Franz and Soskice, 1995) has put it, the education and training system would have to be conceived of as the necessary infrastructure for the establishment of occupational labour markets. This, in turn, should not understate the impact of the institutional differentiation of the education and training system; however, it does point to labour market structure as an important factor in how educational qualifications are converted into labour market outcomes. The emphasis of an institutional analysis based on such arguments would, then, have to shift from solely focusing on aspects of the institutional differentiation of education and training systems to issues of matching education and training system outputs and the operation of labour markets.

Finally, there may even be a third institutional perspective on labour market entry and transition processes which, similarly, does not focus on the institutional set-up of education and training systems alone. In contrast, the institutional transition regime between education and training on one side and the labour market on the other and the operation of institutional linkages between them would be given priority in a perspective drawing on experiences with the German dual system of vocational training. As the above review has suggested, there are indeed specific advantages in the labour market integration of dual system leavers, both with respect to risks of unemployment or initial job stability (Büchtemann et al., 1993, 1994 for a comparison between Germany and the United States). These results may point to another important feature of the German system, namely the impact of extensive overlap between vocational training and initial work experience by placing labour market entry of dual system apprentices in the context of "quasi"-internal labour market mobility instead of external labour market application procedures. In a focus on the issue of institutional linkages between education and training systems and labour markets, the main questions would centre around an understanding of how, and with what consequences with respect to labour market entry patterns, the education and training system places its leavers into the labour market structure.

As this last issue may be linked directly back to the issue of which information is provided by educational credentials and how employers make use of them in deciding on whom to hire, it should be clear that all of these slightly different perspectives are empirically intertwined and thus difficult to separate. Nevertheless, this would seem to be the main task of CATEWE - a concise, yet encompassing

framework with respect to the institutional embeddedness of labour market entry and transition processes. The stated aims of CATEWE imply the need to settle the basic questions of which aspects of institutional contexts are claimed to be of importance with respect to transitions between education and the labour market, how given institutional structures should influence labour market entry behaviour and patterns, and thus, why there should be relationships between certain aspects of institutional frameworks and the educational stratification of labour market entry. These important issues need both theoretical discussion and clarification and sophisticated operationalisation of research questions in comparative empirical analyses.

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3 Ireland

3.1 Introduction

Education to work transitions have attracted considerable research and policy interest in Ireland. The initiation of annual surveys of school leavers in 1980 reflected a policy concern with monitoring the labour market position of young people and, in turn, provided the basis for exploring a broader range of transition issues. Given the relatively high levels of youth unemployment in Ireland, much of the research carried out has focused on the factors shaping young people's experience of unemployment and their (lack of) access to paid employment. Research in Ireland has also focused on the types of jobs held by young people, particularly during the initial period of labour market integration. In contrast, other aspects of the transition process have been given less attention, although research has been carried out on wage determination among young people and on household formation.

Due to the availability of data from the school leavers' surveys, analyses have tended to focus on the initial period of labour market integration, that is, on the one year period after leaving second-level education. As the proportion of young people continuing on to higher education has grown, it has become increasingly difficult to capture this prolonged transition process using these data. Two longitudinal surveys which examine the position of young people over the first five to six years after leaving school have helped to provide a more complete picture of this extended transition. However, the relationship between the process of initial labour market integration and subsequent labour market experience as an adult has been relatively under-explored.

Studies of the Irish labour market in general, and the youth labour market in particular, have tended to operate within a highly individualistic perspective, drawing on neo-classical economic theory or status attainment approaches. In comparison, relatively little attention has been given to institutional factors shaping the nature of the labour market and to the relationship between economic and broader societal institutions. However, some recent research has attempted to explore the relevance of labour market segmentation perspectives to the pay determination process (Hughes, Nolan, 1997), to gender segregation (Smyth, 1997) and to the youth labour market (Hannan *et al.*, 1997; 1998).

The evolution of systematic comparative research on education to work transitions is still in its infancy and there has been a tendency for existing studies to focus on a small number of "core" European countries (Hannan, Raffe, Smyth, 1996). However, more recently, a number of analyses of Ireland in comparative perspective, often drawing on data from the school leavers' surveys, has been conducted. Work by Hannan *et al.* (1994) explored the issues in developing a comparative data-set on transitions in Ireland, Scotland and the Netherlands, and revealed marked cross-national differences in educational and labour market outcomes among young people in the three countries. Further work comparing Irish and Scottish school-leavers highlighted the impact of different policy responses to unemployment on labour market outcomes and occupational allocation among young people over the 1980s (Smyth, Surridge, 1995; 1996). Side-by-side analysis of early leaving in Ireland, the Netherlands and the UK indicated a similar link between lack of qualifications and unemployment in all three countries but very different trends in the relative levels of youth unemployment (Hannan *et al.*, 1995). In relation to third-level leavers, analysis of Census and Labour Force Survey data indicated a much tighter link between course content and occupational allocation in the Netherlands than Ireland (Borghans *et al.*, 1996). Müller and Shavit (1998) have indicated the commonalities between Ireland and a number of other countries in the relationship between education and initial labour market position but highlight differences between countries in the magnitude and pattern of educational effects. They classify the Irish educational system as highly standardised but with low stratification between academic and vocational tracks and consequently less benefit accruing to specific vocational training in accessing skilled employment. Hannan, Raffe, Smyth (1996) also attempt to locate Ireland within a

typology of education-labour market linkages, highlighting the lack of a formal institutional linkage but the strong reliance of employers on educational “outputs” as signals in recruitment decisions.

A number of specific features of the Irish education, training and labour market systems must be taken into account in the development of our conceptual framework. First, both educational “level” in terms of the stage reached within the educational system and “level” of qualifications (in terms of detailed grades per exam subject) must be considered as important dimensions in the transition process. In many systems, number of years of education can be taken as a reliable proxy for educational level, and educational level (or stage) can be taken as a reliable proxy for qualifications. However, this is not the case in the Irish context. Second, the persistently high level of youth unemployment in Ireland points to the necessity of shifting attention from occupational (or social class) outcomes alone towards considering a wider range of labour market destinations (including unemployment and non-employment). A failure to take this broader view is likely to distort our understanding of the nature and sequencing of the transition process. Third, there is a significant degree of migration and emigration among Irish young people in their initial period of labour market integration. While this pattern may be specific to the Irish situation, comparative research has rarely considered the role of migration in transition processes and the Irish pattern highlights the need to develop a more complex account of job search processes (including migration/emigration). These issues will be discussed in further detail in sections 3.2 to 3.4 below and section 3.5 will highlight the implications of research on education to work transitions in Ireland for the development of a comparative conceptual framework.

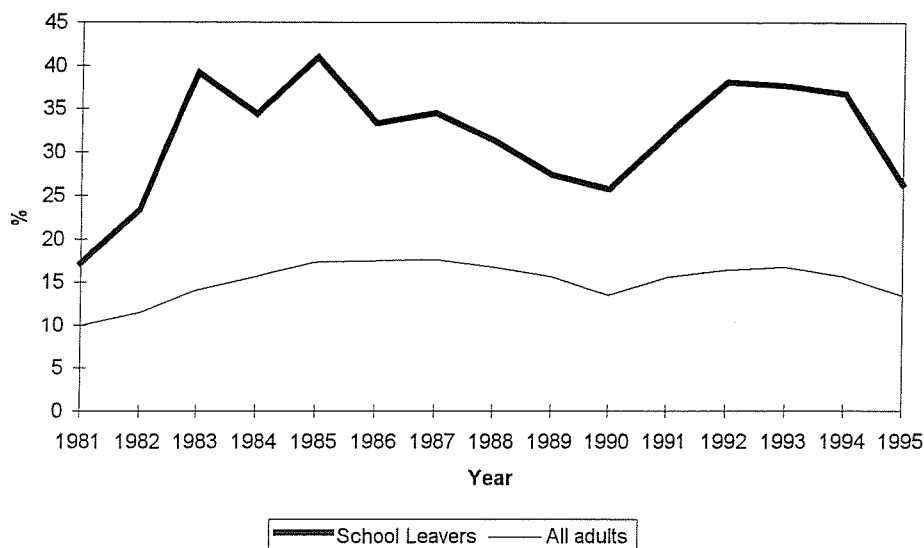
3.2 The National Context

3.2.1 Changes in the labour market

In comparative terms, two features of the Irish economy can be regarded as distinctive. First, Ireland experienced a process of late and dependent industrialisation which has had significant implications for the level and structure of employment. The period from the 1960s onwards saw a rapid transformation of the occupational structure with a decline in the traditional agricultural sector and growth in industrial and service employment (Breen *et al.*, 1990). The 1990s has been a period of strong employment growth. Agricultural employment has continued to decline. Manufacturing experienced employment decline in the 1980s but has subsequently increased, while there has been a strong growth in the services sector. Second, the traditional labour surplus in Ireland has resulted in significant levels of outward migration and (until very recently) relatively high unemployment levels. The 1970s was the first period of net immigration (mainly driven by return migration) but net emigration was strong in the late 1980s in response to prevailing labour market conditions. A trend towards increased return migration has been more evident in recent years as employment in Ireland has grown. Labour force trends in Ireland have been highly responsive to changes in the British labour market and social welfare policy (Callan, Sutherland, 1997).

A number of significant changes have taken place in the Irish labour market since the 1970s. First, the traditionally low level of female labour force participation, particularly among married women, has increased rapidly since the late 1970s, partly in response to changing supply factors but also as a result of changes in employment legislation and in the structure of labour demand (Smyth, 1997). Second, labour force participation has declined among younger people (that is, those aged under 25) due to increased educational participation; this pattern of postponing the transition from full-time education to the labour market is discussed in greater detail in section 2 below. Third, the period since 1981 has seen a process of restructuring within the youth labour market with a general decline in occupational sectors traditionally entered by young people. In particular, there was a reduction in unskilled work for those with lower levels of qualifications, and some decline in clerical and skilled work for those with higher levels of qualifications.

Figure 1: Unemployment rates, 1981-1995



Source: O'Connell and Sexton (1996); *School Leavers' Surveys*, various years.

Figure 1 indicates unemployment rates among school leavers (one year after leaving school) compared with rates among all adults. It is evident that unemployment rates among school leavers appear to be more responsive to cyclical changes in labour market activity. Their unemployment rate increased disproportionately during periods of recession and the gap between school leaver and adult rates is greater in the two periods of recession. This pattern is also evident when those aged under 25 are considered, with unemployment rates increasing disproportionately among this group over the period 1981 to 1993 (Sexton, O'Connell, 1996).

As argued above, very little research examining the nature of labour market segmentation has been carried out in the Irish context. However, research does indicate that secondary jobs and peripheral industries are highly reliant on young workers (Hannan *et al.*, 1997; Smyth, 1993). Analyses of adult employees, using segmentation typologies developed in other national contexts, indicate that returns to education are lower in the secondary sector (Hughes, Nolan, 1997). However, little systematic information is available in the Irish context on the interaction between segmentation at the industrial, establishment and occupational levels and job allocation at the individual level.

3.2.2 Demographic changes

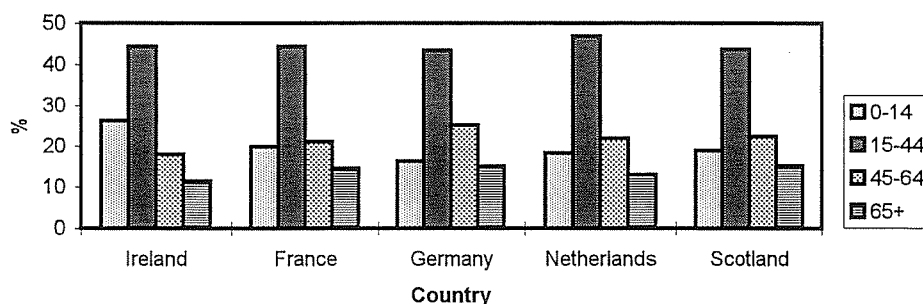
The period since 1981 has been one of more dramatic demographic change in Ireland. The marriage rate in Ireland has traditionally been low. However, it increased rapidly in the 1960s, peaked in the 1970s and has fallen since 1981.¹ Marriage rates are significantly related to educational background, with lower rates among women with third-level qualifications than other groups. In contrast, among males over the age of 30 marriage rates are lowest for those with no qualifications (Fahey, Fitzgerald, 1997). Since 1977 there has been an increase in the average age at marriage and, thus, a more extended transition process prior to family formation. The birth-rate, initially very high by European standards, has declined sharply since 1981 with a slight increase in the last two years. Over this period, the proportion of non-marital births has increased to around one-third, indicating a change in the sequencing of transitions related to family formation (Fahey, Fitzgerald, 1997; Duffy *et al.*, 1997).

¹ There has been a slight increase in the rate over the past two years but the longer term trend remains downwards.

The age structure of the Irish population has been significantly influenced by high levels of emigration. Emigration reached a peak in the late 1980s, followed by a period of net immigration, partially in response to changes in the UK unemployment rate and social welfare regulations.² Emigration plays a crucial role in the transition process as the majority of emigrants are aged under 25 (Courtney, 1995). The profile of emigrants has changed in recent years with those with third-level qualifications making up a disproportionate number of the group (Duffy *et al.*, 1997). However, this group also appears to have a higher rate of return migration, indicating the importance of emigration during the initial period of labour market integration among more highly qualified young people.

There has been an overall growth in the population since 1981 although changes have taken place in the age structure of the population. There has been a reduction in the proportion of the population aged under 15 years of age, a pattern which has implications for educational provision, but relative stability in the proportion in the crucial transition period of 15-24 (Duffy *et al.*, 1997). In comparative terms, a relatively high proportion of the Irish population is aged under 30 with a much smaller proportion in older age-groups (see Figure 2). Although the proportion of the Irish population aged under 25 is likely to decline somewhat in the next century (Duffy *et al.*, 1997), the nature of school to work transitions is likely to remain an active policy issue for some time in the future.

Figure 2: Age structure of Irish population compared with other study countries



Source: Courtney (1995)

3.2.3 State policy relating to transitions

The main changes in state policy affecting transitions have taken place within the education and training system. These changes are discussed in section 3.3.2 below. However, other aspects of state policy are likely to influence the nature of the transition process. First, the nature of the youth labour market is shaped by legislation that sets limits on the working hours and length of the working week for those under 18 years of age (the Protection of Young Persons (Employment) Act, 1977); this regulation is more stringent for those aged under 16. This regulatory framework is in the process of being reinforced to safeguard the rights of young people in paid employment.

Second, social welfare policy can influence the decisions taken by young people (and their families) in relation to continuing education, participation in state training programmes and take-up of certain types of employment. Child benefit is payable to parents of children under the age of 21 who remain in full-time education, a measure designed to facilitate full-time educational participation. However, no analysis has been undertaken on the potential effects of this measure on participation

² In particular, the reduction in the rate of unemployment benefits for those under 25 years of age coupled with the decline in unskilled job opportunities had a strong effect on this pattern.

rates. Very few young people are likely to have access to unemployment payments “as of right” since few will have a long enough employment history to have built up enough insurance contributions to receive Unemployment Benefit. Unemployment Assistance is payable only to those aged 18 and over who are available for and actively seeking work; and even then the payment is means tested with parental means taken into account if the young person is living at home. The gap in provision for those under 18 along with the means-tested nature of the payment for all age groups may increase the incentive of taking low paid employment rather than remaining unemployed. It may also increase the incentive of participating in state training programmes where trainees are paid a rate equivalent to unemployment payments, without such stringent conditions. Very little research has been carried out on the effects of (changes in) social welfare policy on the structure of the youth labour market. However, research does indicate that migration between Ireland and Britain has been responsive to relativities in unemployment payments as well as in overall economic conditions with a significant level of returns to Ireland among those who do not experience labour market “success” abroad (Callan, Sutherland, 1997).

Third, industrial policy can help to influence the type of job opportunities open to young people. It has been argued that industrial policy in Ireland, particularly in the 1970s, was directed towards attracting employers in traditionally “male” sectors (Pyle, 1990; Jackson, Barry, 1989). However, little discussion has taken place on the impact of state policy on the structure of the youth labour market. It is likely, however, that the recent policy focus on attracting investment from “high-tech” industries (particularly in the computing and pharmaceutical sectors) which require highly qualified and skilled workers is likely to have a negative impact on employment demand for young people, particularly those without qualifications.

Fourth, the level of owner occupation in Ireland is high by European standards and the bulk of housing subsidies are provided through tax incentives for property purchase. Consequently, public housing (as provided by local authorities) is a fairly “marginal” sector with provision targeted at those with the highest level of “need”, particularly families with young children. Young single people without children have little access to such provision which may have the effect of delaying new household formation, particularly among young people who are unemployed or on low incomes.

3.3 Education and Training System

3.3.1 Dimensions of the Irish education and training system

(i) Standardisation

In general, the Irish educational system can be viewed as highly standardised in terms of curriculum, assessment and certification, although the degree and form of such standardisation varies somewhat between different elements of the system. Second-level education is divided into two cycles: the junior cycle (three years) and the senior cycle (two to three years). During the junior cycle, pupils typically take eight or nine examination subjects. There is an obligatory “core” of Irish, English and Mathematics with some discretion at the school and pupil level in the provision and take-up of other subjects. The curricula for the various subjects are drawn up and regulated by the National Council for Curriculum and Assessment (NCCA), a body which is shortly to be granted statutory authority. At the end of the junior cycle, pupils sit a national examination, the Junior Certificate. Assessment and certification of examination performance is centrally regulated and monitored.

After taking the Junior Certificate exam, pupils may participate in a “Transition Year” or may proceed directly into the two-year senior cycle programme. The Transition Year programme is designed to expose pupils to a wider range of educational, cultural, social and development activities along with providing a period of work experience. Access to the programme varies according to the school attended. Not all schools provide the programme; in some schools all of the year cohort participate while in other schools participation is voluntary for the individual pupil. While guidelines and in-service

training on the Transition Year programme are provided by the Department of Education, and the programme is subject to monitoring by the school inspectorate, much more discretion is available to schools in relation to the type of provision. Consequently, this programme is less standardised than the junior or senior cycle programmes.

At upper second-level, the majority of pupils take the “mainstream” Leaving Certificate with pupils typically taking six or seven examination subjects. Pupils tend to have a greater degree of freedom in their choice of Leaving Cert. subjects (see Smyth, 1999). As with the Junior Cert., curricula, assessment and certification are nationally standardised. Curricula and assessment procedures differ for the recently introduced Leaving Cert. Vocational Programme (LCVP) and Leaving Cert. Applied Programme (LCAP) but are also nationally standardised (see below).

Publicly provided third-level education is subject to regulation by the Department of Education. However, institutions within the university sector have a considerable degree of autonomy in relation to curricular content and certification. Courses and qualifications in the non-university sector are validated by the National Council for Educational Awards (NCEA), a statutory authority established in 1979. In general, however, third-level provision is much less standardised than earlier phases of the initial educational system.

Training provision and certification has traditionally been less highly standardised than initial education; research indicates that many post-school training courses do not lead to externally validated qualifications (Hannan et al., 1998). The apprenticeship system is nationally regulated by FÁS, the state training and employment agency, but covers only certain industrial/occupational sectors. Post-Leaving Cert. courses (Vocational Preparation and Training Programme), which are vocational in nature but taught in second-level schools, are much less standardised than initial education in terms of content, assessment and certification. However, recent moves have taken place to integrate these courses into a standardised system of national vocational awards.

(ii) Horizontal differentiation

The second-level education system in Ireland has generally been characterised as undifferentiated (see Hannan et al., 1996; Müller, Shavit, 1998). However, in some typologies (e.g. Leney, Deluca, 1998), Ireland is grouped with Belgium and the Netherlands as having a highly differentiated system, presumably on the basis of the distinction between the secondary, vocational and community/comprehensive school sectors. This latter approach conflates the existence of different school sectors within the full-time education system with the existence of separate “vocational” and “academic” tracks. While the three school sectors have different origins, over time formal curricular differences have been reduced, although informal differences (e.g. in the nature of pupil intake and subjects provided) have remained. However, all schools within the three sectors teach within the same national curricular and examination system.

Pupils have some discretion in subject take-up within second-level schools but it is arguable whether differences in subject take-up can be regarded as horizontal differentiation in any real sense. This is particularly evident at Junior Cert. level where the majority of pupils take a number of “academic” subjects. However, elements of horizontal differentiation are evident in particular parts of the education system: the new Leaving Cert. Applied Programme (LCAP) and Leaving Cert. Vocational Programme (LCVP) at upper second-level, within-school Vocational Preparation and Training Programme provision and, obviously, third-level courses. This greater degree of differentiation has developed only recently within Irish upper secondary education. Two new programmes have been introduced. The Leaving Certificate Vocational programme (LCVP) is a smaller and more vocational-technical subset of the larger Leaving Certificate, with eligibility for third-level entry in a limited number of disciplines. The new LCAP has been developed for those generally judged by schools as not likely to complete the other two courses successfully. The curricular, pedagogical and examination

system of the LCAP is significantly more experiential, project- and work-based, with a stronger continuous assessment basis to certification procedures. As a result, the Irish system now has a substantial degree of institutionalised curricular tracking occurring within a general comprehensive system. However, these developments have only recently been introduced and it is too early to assess their “currency” in labour market terms.

In addition, if post-compulsory provision is conceptualised in broad terms, there is a differentiation between in-school “academic” provision and out-of-school “vocational” training schemes and apprenticeships.

(iii) Vertical differentiation

Vertical differentiation can be viewed in terms of: stage reached, curricular level and level of examination award. In the Irish case, there are three curricular levels in lower and upper second-level education: Foundation, Ordinary and Higher levels in Irish, English and Mathematics, and Ordinary and Higher levels in all other subjects. Take-up of different levels is influenced by a combination of pupil ability and individual choice as well as provision and access rules at the school or class level. Students may take different subjects at different levels, with a majority of students at both Junior and Leaving Certificate taking a combination of Higher and other levels. At Junior Cert., pupils are awarded a grade for each exam subject, ranging from “A” (the highest) to “N.G.” (the lowest). At Leaving Cert., grades are more highly differentiated, ranging from “A1” (the highest) to “N.G.” (the lowest).

The issue of vertical differentiation between “levels” of education must be elaborated in the Irish context. Research has indicated that grades play an important role in access to employment (and, obviously, higher education) (see below). However, there are also indications that the hierarchy is not a simple one given that young people with an honours Junior Cert. may fare better in the labour market than their counterparts who fail the Leaving Cert.

(iv) Flexibility within the system

Research has indicated that the education system in Ireland tends to be one-way with little flexibility in terms of alternative routes within the system. The introduction of new second-level programmes, however, has facilitated some flexibility or responsiveness to the needs of less academic pupils. While some innovations have taken place in the development of alternative routes into third-level, the vast majority of third-level entrants are made up of young people who have achieved high grades in their Leaving Cert. and the extent of second-chance provision remains fairly minimal (Lynch et al., 1996).

(v) The relationship between education and training

Traditionally there has been little integration between education and training provision in Ireland in terms of progression routes, assessment and certification. Much of the modification to the education system has involved the expansion of within-school rather than post-school provision (Smyth, SurrIDGE, 1995). Consequently, a greater focus on integrating vocational elements into the schooling system has developed: through more vocational programmes at upper secondary (LCAP and LCVP) and the development of post-Leaving Cert. vocational courses (VPT) delivered within second-level schools. In terms of training provision, policy development has focused on the reform of the apprenticeship system and on the development of employment/training schemes. However, few linkages have developed between the education and training systems. Research indicates that take-up of post-school education tends to reinforce, rather than compensate for, initial educational inequalities. However, there is some evidence that state training schemes tend to be targeted at those with lower levels of qualifications (Smyth, Hannan, 1995; Hannan et al., 1998).

In summary, with the exception of particular sectors, it is difficult to apply the concept of

horizontal differentiation to the Irish situation. It would be possible to try to develop “functional equivalents” (for example, the proportion of pupils taking two or three vocational subjects at second-level) for analytical purposes. However, these cannot be regarded as equivalent to the highly differentiated Dutch system in either curricular specialisation or orientation. In contrast, the concept of “vertical differentiation” requires much more elaboration in the Irish context. At least three specific dimensions are apparent: stage reached, curricular level and exam grades. These dimensions are inter-related but, since there is no simple hierarchy, it would be worth refining our concepts to reflect these different dimensions.

3.3.2 Changes in the education and training system

(i) Compulsory education

The school-leaving age is being increased to 16 years of age (or three years of second-level education) from the current academic year. This move is intended to increase educational participation. However, in 1996, 90 per cent of 16 year olds were in full-time education so in many respects the regulation of the school-leaving age has followed rather than led pre-existing trends.

(ii) Curricular reform and introduction of new second-level programmes

The 1990s has been a period of rapid curricular reform at both the junior and senior cycles of second-level education. This reform has been designed to address a number of issues: first, to promote educational participation by catering for the needs of pupils who previously would have dropped out of full-time education; second, to address academic biases in provision; and third, to provide alternative modes of accreditation for less academic students.

The Junior Certificate programme was launched in 1989 for examination in 1992. Its primary objective was to replace the existing separate certification systems: the Group Certificate, which was more vocational in orientation, and the Intermediate Certificate, which was more academic in orientation (Breathnach, 1997). Consequently, from the early 1990s onwards, there was greater standardisation and less horizontal differentiation in terms of programme provision at lower second-level. However, the introduction of three separate curricular levels (higher, ordinary and foundation levels) may have resulted in greater vertical differentiation (in terms of curricular levels and exam grades). This may potentially have widened, rather than reduced, inequalities in educational outcomes among Junior Cert. pupils. An alternative view is that the introduction of foundation levels has provided accreditation for those who would otherwise have “failed” with consequent implications for their labour market chances (see McCoy, Hannan, 1995).

Subsequently, the Junior Certificate Schools Programme (JCSP) was introduced in 1996. This programme is “aimed at those young people who show signs of school failure or early leaving”. In particular, it targets schools coping with high levels of educational and social disadvantage among their school population. The JCSP sets out to make the experience of school relevant to those young people who find it difficult to cope with the school system and would benefit from special support. The emphasis is on cross-curricular work, using teamwork among teachers, basic skills development and personal and social development. The mode of assessment differs significantly from the traditional Junior Certificate. A student profiling system is used whereby an individualised record of the achievements which a student has demonstrated over a period of time is compiled. This leads to certification by the Department of Education for those who have been profiled for at least one school year (Department of Education, 1995; ESF Programme Evaluation Unit, 1997). It is too early to assess the impact of the JCSP on student retention and progression within the full-time educational system.

At senior cycle level, two new programmes have been introduced: the Leaving Certificate Vocational Programme (LCVP), and the Leaving Certificate Applied Programme (LCAP). The objective of the LCVP is “to strengthen and expand the vocational dimension of the learning

experiences offered to students in the senior cycle” (Department of Education, 1995). It is a two year programme based on combinations of traditional Leaving Certificate subjects at higher, ordinary or foundation levels, along with three link modules - Enterprise Education, Preparation for Work and Work Experience. The LCVP provides pupils with a full opportunity for access to third-level courses.

The Leaving Cert. Applied Programme has been phased in since September 1995. Its goal is “to prepare students for the transition from school to adult and working life, including further education” (Department of Education, 1995) and is aimed at students who were not catered for by the traditional academic curriculum.

The curriculum consists of three main elements - general education, vocational education and vocational preparation. The mode of assessment differs from the traditional Leaving Certificate, with students being assessed on the basis of tasks rather than examinations. Unlike the traditional Leaving Certificate and the LCVP, the Applied Programme cannot be used as a qualification for direct entry to third-level courses. However, students have the option of proceeding to some Post-Leaving Certificate courses.

It is too early to assess the impact of the new curricular reforms on educational participation, achievement and labour market outcomes. However, the success of the programmes is likely to be dependent on a number of factors. First, the mode of access for schools and pupils to these programmes. The new programmes are not available in all schools and smaller schools are likely to find it more difficult to provide such courses. Therefore, a large number of pupils is likely to be excluded from such provision. Furthermore, little is known about how schools determine access to such programmes; there is a risk that pupils taking non-traditional programmes may be labelled as “failures” by other pupils and/or teachers. Second, the new programmes may have increased retention at upper second-level (and possibly at lower second-level with JCSP) but their introduction may have increased differentiation at upper second-level. In the absence of research, it is difficult to know whether this differentiation is horizontal (with pupils taking different but equally valued tracks) or vertical (with traditional academic routes securing the greatest advantage in access to paid employment and further education/training). A good deal is dependent on how the new qualifications are interpreted by educational institutions and employers and, in some respects, the vocational elements of these programmes may result in greater linkages between education and the labour market. If further education institutions and/or employers fail to recognise such qualifications in making allocation and recruitment decisions, then the new reforms are likely to result in a two-tier system with the traditional academic route leading to much more favourable outcomes for young people.

(iii) Vocational Preparation and Training Programme

The Vocational Preparation and Training Programme is comprised of two levels: VPT1 and VPT2 (or Post-Leaving Cert.) courses. VPT1 courses are targeted at those who were leaving the system without upper second-level qualifications; in 1996 24 per cent of those leaving with Junior Cert. qualifications had also taken a VPT course. However, with recent curricular changes at upper second-level (see above), these programmes are currently being phased out. VPT2 courses are targeted at those who have already completed the Leaving Cert. and are designed to provide young people with vocational skills in a range of areas, primarily in business, computing and tourism/catering fields. Courses range from one to three years in duration. In 1996, 23 per cent of those leaving school with a Leaving Cert. had also taken a VPT2 course (Williams, Collins, 1997).

The development of VPT courses has reinforced the tendency to diversify provision within the traditional schooling sector rather than expanding post-school provision. It is also likely to have increased differentiation (both horizontal and vertical) among labour market entrants who have vocational specialisations in particular areas. It may have increased linkages between the education/training and labour market systems in specific areas, as some PLC colleges put a lot of effort

into involving local employers in the programme through work experience placements and the design of specific vocational modules.

(iv) Third-level provision

The 1990s has been a period of rapid growth in educational provision at third-level (see above). Much of this growth has taken place in the non-university sector with the expansion of the Regional Technical Colleges (RTCs). RTCs were originally developed as a means of promoting the development of intermediate skills at diploma or certificate level in a way that was responsive to the needs of employers on a local and regional basis. However, since the 1970s the character of RTC provision has changed. First, RTCs have modified their entry criteria. Initially young people were selected on the basis of specific subject requirements. However, the RTCs are now integrated into the national system for selection of third-level pupils whereby places are allocated on the basis of overall points (that is, aggregate exam grades). Second, the proportion of young people who take certificate or diploma courses and then proceed on to further (degree-level) educational courses has increased over time (Sexton, O'Connell, 1996). These developments have increased the similarities between the RTC and the university sectors, and many of the colleges are in the process of being up-graded to Institutes of Technology. As a result, the third-level sector has become less horizontally differentiated but with a much greater emphasis on vertical differentiation in terms of course type (certificate, diploma or degree) and level of award.

Two other changes have influenced the structure of the third-level sector. First, the 1980s saw a rapid expansion in the number of private colleges providing third-level courses. While many of these colleges are voluntarily being integrated into a national system of educational awards, colleges differ in the curriculum, and assessment and certification procedures, thus reducing standardisation in the third-level sector. Second, free third-level education (except in private colleges) has been phased in since 1995. No research has yet been carried out on the effects of this measure on the profile of full-time students. However, given the pre-existing class inequalities in transition to third-level education (Clancy, 1995), the measure is likely to have disproportionately benefited young people from middle-class backgrounds.

(v) The apprenticeship system

The recession in the early 1980s resulted in a sharp decline in the number of employers taking on apprentices. The proportion of young people entering apprenticeships remained at a low level until recently with the introduction of standards-based apprenticeships in the context of strong economic growth. It is estimated that 10 per cent of labour market entrants now go into apprenticeships, a figure that is low by European standards but higher than for earlier periods in Ireland. The new standards-based apprenticeship has a modular structure which combines on- and off-the-job training with a nationally standardised certification system. The decline in the take-up of apprenticeships in the 1980s is likely to have reduced differentiation in upper second-level provision (broadly defined) with the result that greater emphasis was placed on the school system and school-based certification. Over time, the nature of the relationship between full-time education and apprenticeship has changed; increasingly, apprenticeship is additional to the formal educational route (the Leaving Cert.) rather than an alternative to it; almost 60 per cent of 1995 school-leavers who entered an apprenticeship had taken the Leaving Cert.

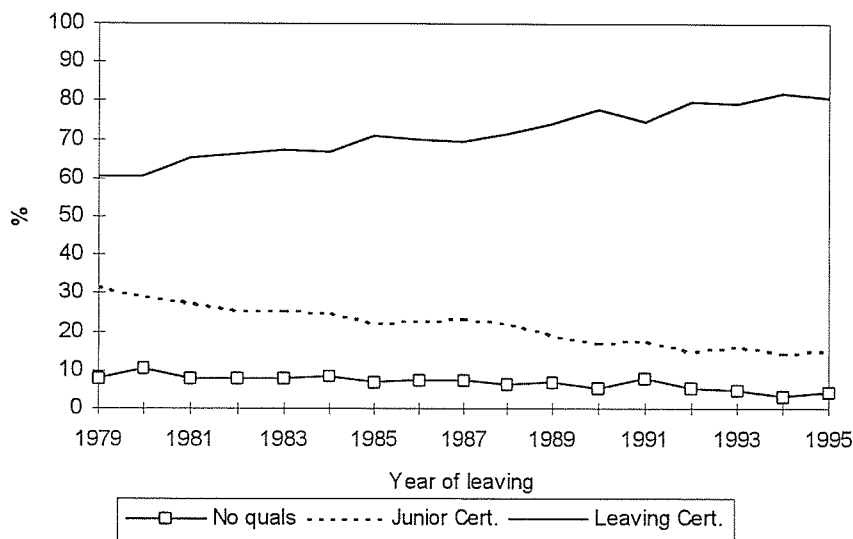
(vi) Training and employment schemes

In the 1970s, the focus of state provision was on job creation schemes. Training programmes increased in importance in the early 1980s but this trend was reversed in the late 1980s. Until the mid-1980s, priority was given to the youth labour market but the emphasis subsequently shifted to the older long-term unemployed (Breen, 1988). Some employment schemes have been criticised for their lack of training content while training programmes tend to vary in their degree of standardisation and certification procedures.

3.3.3 Changes in educational participation

Figure 3 indicates the increase in the proportion of young people staying on to the end of upper second-level education in Ireland. In 1979 60 per cent of school-leavers had taken the Leaving Certificate but by 1995 this had increased to over 80 per cent. This increase was accompanied by a decline in the proportion of young people leaving school at the end of lower second-level education. There has also been some decline in the proportion leaving school before taking any formal examinations.

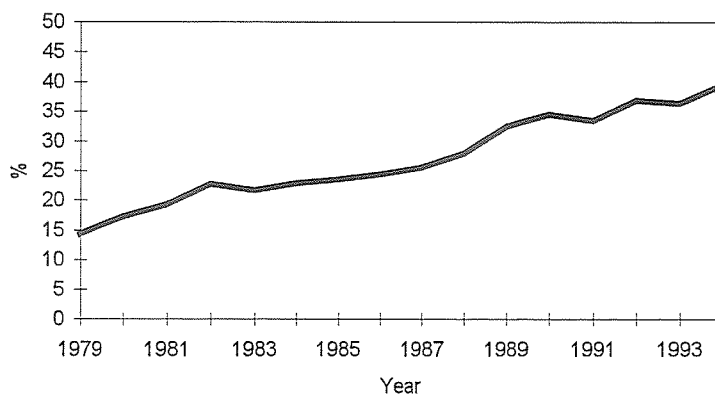
Figure 3: Patterns of school leaving, 1979-1995



Source: *Annual School Leavers' Survey*, various years.

Figure 4 indicates the proportion of young people completing upper second-level education who go on to full-time third-level education. This proportion has more than doubled since 1979 with the rapid expansion of third-level provision, particularly in the non-university sector.

Figure 4: Third level entry, 1979-1994



Source: *Annual School Leavers' Survey*, various years.

3.3.4 Differences among young people in educational participation

Research has indicated gender and social background differences in patterns of educational participation among young people. Other dimensions have seldom been considered in relation to educational outcomes. Because of the low proportion of people living in Ireland coming from ethnic minority groups, ethnicity has rarely been considered in assessing educational outcomes. However, there is clear evidence that children from traveller families are much less likely to go on to second-level education. Regional differences in educational participation were a matter of concern in the 1960s (see *Investment in Education*, 1966). There has been much less discussion in recent years about such regional differences. However, educational levels are found to be higher in the West of Ireland, even controlling for other social background factors (Hannan, Ó Riain, 1993), and Clancy (1995) has indicated regional disparities in the proportion of young people going on to higher education. In addition, there has been little information on educational participation and outcomes among young people who have a physical or learning disability.³

(i) Gender differences

Information from the school leavers' surveys indicates that young women are more likely than their male counterparts to stay on to the end of upper second-level education and to score high results in their exams (McCoy, Whelan, 1996; Williams, Collins, 1997). In the early 1980s, a higher proportion of males than females went on to third-level education but this difference has reversed over time (Williams, Collins, 1997). Young women are also more likely to take post-Leaving Cert. VPT courses. When post-school education is considered, a higher average level of education is found among women in their early to mid-twenties (Hannan, Ó Riain, 1993; Hannan et al., 1998).

(ii) Social background differences

Educational outcomes in the Irish context are strongly related to social background characteristics. Young people from the higher social classes are more likely than those from a working class background to complete second-level education (Breen, 1984; Whelan et al., 1996) and to continue on to third-level education (Clancy, 1995; Hannan et al., 1998). Over the period 1979 to 1994, those from higher professional backgrounds were 47 times more likely than those from unskilled manual backgrounds to stay on to the Leaving Cert., all else being equal (Whelan et al., 1996). Social class effects are also evident in relation to academic performance at a given educational level (Smyth, 1999). Research indicates that, in spite of the recent rapid expansion in educational participation, substantial social class inequalities remain in the pattern of educational outcomes (Whelan et al., 1996). While Clancy (1995) reports a reduction in inequality of access to third-level education over the 1980s, no such effect is evident from school leavers' data (Whelan et al., 1996). In 1994, two-thirds of those with a Leaving Cert. from higher professional backgrounds went on to third-level education compared with only 14 per cent from unskilled manual backgrounds (Whelan et al., 1996). Other social background factors found to influence educational outcomes include father's unemployment, mother's educational level and size of family (Hannan, Ó Riain, 1993; Hannan et al., 1998).

In summary, educational outcomes among young people in Ireland are highly differentiated in terms of gender and socio-economic background. The extent to which these factors have an impact on labour market outcomes, either directly or indirectly through educational attainment, is considered in the following section.

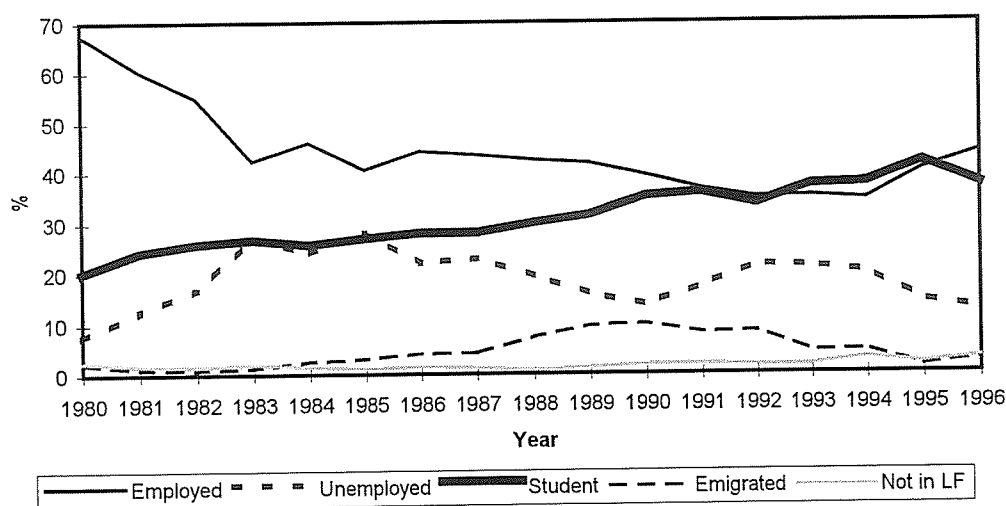
³ This is not an unusual lacuna in transitions research in other countries but must be acknowledged as a gap in the CATEWE project.

3.4 Transitions

3.4.1 Sequences and outcomes of the transition process

On leaving school, young people in Ireland are almost equally divided between those who enter the labour market directly and those who carry on in full-time education. This latter group has increased in importance over time⁴, with a resultant prolongation of the transition process for a significant minority of young people (see Figure 5). Young people are found in disproportionate numbers in service and skilled and semi-skilled manual occupations (Williams, Collins, 1997). Over the 1980s, there was a significant reduction in the proportion of young people entering managerial/professional and clerical jobs. In Ireland, the secondary segment of the labour market is highly youth-intensive with 40 per cent of secondary jobs held by those under 30 years of age (Hannan, Smyth, McCabe, 1997).

Figure 5: Outcomes among school leavers, 1980-1996



Source: *Annual School Leavers' Surveys*, various years.

During the first six years after leaving school, the proportion of young people in full-time education declines with a concomitant increase in the proportion in paid employment; there is also some movement out of the labour force among a small minority of women with lower levels of education (Smyth, Hannan, 1995). Participation in state training and employment schemes is highest in the initial period of labour market integration, declining thereafter (Smyth, Hannan, 1995; Breen, 1991). Some experience of unemployment is common during the initial period of transition. Of those who left school in 1987, over half experienced at least one spell of unemployment in the six years after leaving school (Smyth, Hannan, 1995), a pattern which is also evident among earlier cohorts (Breen, 1991). Occupational allocation also changes during the initial period of labour market integration. Research indicates that young people often enter "secondary" jobs on leaving full-time education but that there is a subsequent upward drift in their occupational profile, a pattern that is particularly evident among those with higher levels of education (Hannan et al., 1998; Hannan, Smyth, McCabe, 1997).

A distinctive feature of the transition process in Ireland is the importance of migration and emigration in the initial period of labour market integration. Of those who left school in 1986, one-third had some experience of emigration while over half had left their county of origin over the following six

⁴ There was, however, a slight reduction in the proportion going on to further education between 1995 and 1996, probably as a response to increasing employment opportunities (Williams, Collins, 1997).

years.

In terms of other transition processes, just under half of young people had left the parental home six years after leaving school (Hannan, Ó Riain, 1993) but only a minority of young people were living as married by their early to mid-twenties (Smyth, Hannan, 1995).

In summary, there has been a prolongation of the transition process since the early 1980s as an increasing proportion of young people continue on in full-time education. Experiencing unemployment is quite common during the initial period of labour market integration, especially among those with lower levels of education. In addition, migration and emigration play important roles in the job search process and in occupational mobility.

3.4.2 Differences among young people in transition outcomes

This section considers differences among young people in relation to the following outcomes of the transition process: employment status; type of paid employment; pay levels; and patterns of household/family formation.

(i) Employment status

There are significant differences by educational level in the length and proportion of time spent unemployed during the six years after leaving school. Those with higher levels of education have fewer and shorter unemployment spells. It also takes longer for those with lower educational levels to get their first job (Hannan et al., 1998). The gap in unemployment levels between those with no qualifications and those with the Leaving Certificate has increased since the early 1980s with the less qualified becoming increasingly marginalised in labour market terms (McCoy, Whelan, 1996). Furthermore, the relative position of those without qualifications tends to deteriorate over the first five to six years in the labour market (Smyth, Hannan, 1995; Breen, 1991).

Unemployment is also related to examination performance; 32 per cent of those who “fail” the Leaving Cert. are unemployed one year after leaving school compared with 14 per cent of those with four or more honours (McCoy, Whelan, 1996; see also 1997). Young people with higher levels of exam performance are more likely to secure access to paid employment (Breen, Hannan, O’Leary, 1995). Duration of unemployment decreases with increasing levels of exam performance, especially for females (Williams, Collins, 1997). Controlling for education, young women tend to spend less time unemployed than their male counterparts (Hannan, Ó Riain, 1993); however, this pattern may also reflect labour market withdrawal among young women without qualifications (Smyth, Hannan, 1995).

Social background has an effect on unemployment, over and above its effect on educational outcomes. Young people whose fathers are unemployed and/or from unskilled manual groups tend to experience disproportionate levels of unemployment (Hannan, Ó Riain, 1993). Conversely, being in paid employment one year after leaving school is positively influenced by having a father in paid employment, a pattern which reflects greater access to informal employment networks among this group. However, social class does not have a significant influence when exam performance is taken into account (Breen, Hannan and O’Leary, 1995).

(ii) Type of paid employment

Patterns of occupational and industrial allocation vary by gender and education. Young people who complete upper second-level education are more likely to enter managerial/ professional or clerical occupations than their less qualified counterparts. Those without qualifications are over-represented in the agricultural sector while Junior Cert. leavers tend to enter skilled or semi-skilled manual positions. Young women tend to be over-represented in clerical and service jobs while young men are over-represented in manual jobs (McCoy, Whelan, 1996; Williams, Collins, 1997).

Differences in the gender and educational composition of occupational groups are still apparent six years after leaving school (Smyth, Hannan, 1995). The level of occupational attainment is related to educational level and number of higher level subjects taken. Father's occupation continues to have a direct effect on occupational attainment, even after six years in the labour market (Hannan, Ó Riain, 1993). In terms of labour market segmentation, those with lower levels of education are over-represented in secondary jobs immediately after leaving school as are young women. Conversely, those from middle-class backgrounds and/or with higher grades tend to enter the primary segment. The effect of educational background becomes stronger over the initial six years in the labour market as "sorting" takes place. Young men, those from middle-class backgrounds and those with higher levels of education are more likely to secure upward mobility out of secondary jobs. In addition, migration plays a role in securing upward mobility (Hannan, Smyth, McCabe, 1997).

(iii) Pay levels

Gender and educational background are also influential in pay determination among young people, although the patterns are not as clear-cut as for access to paid employment. Completion of upper second-level or third-level education is associated with higher pay levels in the short-term (one year after leaving school) and in the longer term (five years later) (McCoy, Whelan, 1996; Williams, Collins, 1996; Smyth, Hannan, 1995). Completion of a Vocational Preparation and Training Programme is also associated with increased wages, controlling for initial educational level (Williams, Collins, 1997). Among males who take the Leaving Cert., higher wages are associated with higher exam grades, although no such effect is apparent for females (Breen, Hannan, O'Leary, 1995). Controlling for educational level, receipt of job-related training is associated with higher pay, particularly for males (Sexton et al., 1988).

There are no significant gender differences in pay levels immediately after leaving school (Williams, Collins, 1997). However, controlling for educational level, males have a higher net weekly pay than females six years after leaving school (Smyth, Hannan, 1995). Among those under the age of twenty-five, males earn more than females, controlling for education, occupation and industry (Reilly, 1987). Research indicates the presence of wage discrimination in the non-manual sector but not in manual employment (Reilly, 1990).

(iv) Subsequent participation in education and training

Section 3.3.4 has indicated that participation in full-time education after leaving school is more prevalent among those with higher levels of initial education, higher exam grades and those from middle-class backgrounds. By the mid-1990s, a higher proportion of female than male leavers had gone on to further education (McCoy, Whelan, 1996; Williams, Collins, 1997). In the six years after leaving school, participation in part-time education is also highest among those with a Leaving Cert. and among females (Smyth, Hannan, 1995; Hannan et al., 1998).

In contrast, participation in state training schemes is higher among males and those without qualifications, while on the job training is more prevalent among males and those with an Intermediate or Leaving Cert. (Smyth, Hannan, 1995; Hannan et al., 1998). In the early 1980s, apprentices tended to be made up of those who had taken lower second-level qualifications. However, over time there has been an increase in the proportion of apprentices who have taken the Leaving Cert. (Hannan, 1986).

In summary, the Irish educational system is relatively inflexible; participation in further education tends to be more prevalent among those with initially higher levels of education, a process which reinforces inequalities in educational outcomes. The system can also be seen as one-way, lacking alternative routes back into education and training. Young people who go on to further education tend to do so within the first two years after leaving school (Hannan et al., 1998) and "second-chance" provision is minimal. The exception to this pattern is found with state training programmes which tend

to be targeted at less qualified young people. However, the extent to which these schemes can compensate for initial educational disadvantage is questionable (see Section 3.4.4).

(v) Migration

A relatively high proportion of young people in Ireland leave their county of origin to pursue further education or seek employment (Hannan et al., 1998). Females have a higher rate of emigration as do those with third-level qualifications. However, return migration is more prevalent among those without qualifications, often because of their failure to integrate into foreign labour markets where traditional unskilled job opportunities are in decline (Smyth, Hannan, 1995).

(vi) Patterns of household and family formation

Half of those who left school in 1982 had left the parental home five years later. New household formation is more common among students and the employed with lowest rates among the unemployed. Moving out of the parental home is related to educational level, particularly within the first year after leaving school, and is more frequent among females than males. In addition, leaving the parental home is more common among those from remote rural areas or from counties with high unemployment rates (Hannan, Ó Riain, 1993). Only a small proportion of the cohort marry during the initial period of labour market integration; marriage rates are lower among those with third-level qualifications than among other groups (Hannan, Ó Riain, 1993).

In summary, there is significant variation in the transition process among groups of young people in Ireland. The main dimensions are gender and educational background (both level and grades achieved). In addition, social background continues to have a direct effect on many aspects of the transition process.

3.4.3 Linkage between education, training and the labour market

The Irish system has been described as one with no direct linkage but strong signals between education/training and the labour market (Hannan, Raffé, Smyth, 1996). The research discussed above indicates that level of education is used by employers in making decisions about recruitment in general and to particular occupational sectors. Higher educational levels are also associated with higher earnings. In addition, grades in formal examinations are taken into account by employers in making recruitment decisions, although the relationship with earnings is less clear-cut.

A similar pattern of “level congruence” is apparent among the adult population. The educational profile of the employed differs significantly between occupational groups, with less qualified adults over-represented among agricultural workers, labourers and workers in production and personal service. In contrast, those with third-level qualifications are over-represented in professional occupations. Within occupational groups, higher unemployment rates are apparent among those with lower levels of education. Analyses of trends over time indicate a shift towards higher qualifications within most occupations over the period 1981 to 1991. There is some evidence of credentials inflation in particular sectors, especially clerical work (Sexton et al., 1996).

Analyses of earnings among the male adult population indicate returns to education of 8 per cent per schooling year, somewhat higher than comparable estimates for the UK. When level of education is considered, there is an increase in earnings with each level of education. The return to having a Leaving Cert. is higher for older (50-64) than for younger age-groups (18-32) but for degrees there are higher returns for the youngest age-group (Callan, Harmon, 1997).

In contrast to the clear evidence of level congruence, the Irish labour market displays little systematic evidence of content congruence, that is, a match between the content of education/training and the nature of the occupation. There is some evidence of “matching” in particular occupational

segments. Specific apprenticeship training is linked to entry into the skilled manual classes (Breen, Whelan, 1998). Similarly, the possession of professional qualifications is linked to entry to professional occupations (Sexton et al., 1996; Hannan et al., 1998). However, even among third-level graduates where greater content congruence might be expected, graduates tend to enter a broader range of occupations, and there are larger overlaps between fields of study, than their Dutch counterparts with similar types of higher education (Borghans et al., 1996).

In summary, linkages between the education/training and labour market systems in Ireland must be seen in terms of a high degree of level congruence (with an additional emphasis on grades achieved) but a low degree of content congruence, except in clearly defined occupational segments.

3.4.4 Interventions in the transition process

The above discussion indicates that young people who take part in state training and employment programmes tend to differ from their counterparts, principally in terms of educational background and gender. However, in the Irish context there has been little systematic attempt to evaluate the “net” effectiveness of such interventions. One study which controlled for background variation among a cohort of school-leavers indicated the need to distinguish between the short-term and longer term effects of programme participation (Breen, 1991). In the short-term, participation in training and temporary employment schemes was found to have a positive effect on employment chances. However, programme participation had no significant impact on employment chances in the longer term (one year later).

O’Connell and McGinnity (1997) argue for the need to consider type of training programme when assessing the effectiveness of such interventions. Their analysis indicates that, among young people, programmes with strong linkages to the labour market (e.g. specific skills training) enhance both the employment prospects and earnings of participants, all else being equal. In contrast, programmes with weaker labour market linkages show little benefits, especially in the longer term.

Other assessments of training provision for young people in Ireland highlight the paucity of provision for those who leave school without qualifications, the absence of standardised assessment and certification, and the lack of linkages to further education and training (ESF Evaluation Unit, 1996).

3.5 Conclusions

Research on transitions from school to work in Ireland indicate a number of issues which should be developed in our conceptual framework. First, the concept of vertical differentiation needs to be “unpacked” in the Irish context. Three dimensions relating to level can be distinguished: level of education (or stage reached), curricular level and level of exam award. These dimensions are inter-related but the nature of these relationships and the extent to which they correspond with distinctions in other education/training systems needs to be explored further.

Second, the concept of horizontal differentiation is not easily applicable in the Irish context. While the education/training system can be broadly characterised as undifferentiated, differentiation is apparent in certain elements of the system and the impact of more subtle differences in curricular content and orientation needs to be taken into account.

Third, the prevalence of unemployment and labour force withdrawal among certain groups of young people indicates the necessity of considering a broad range of labour market destinations, rather than occupation or social class alone.

Fourth, migration and emigration play an important role in the transition from school to work in Ireland, a role that should be considered in any conceptual framework.

Fifth, young people cannot be considered as a homogeneous group. Research in Ireland indicates that transition outcomes are strongly structured by educational background but that, in addition, gender and social background continue to have a significant influence. This pattern highlights the necessity of considering interactions between educational outcomes and personal characteristics in shaping labour market destinations.

A final more general issue relates to the use of terminology. In particular, the concept of differentiation can be diffuse, relating to differences between type of provision (horizontal differentiation), differences between levels of education, curriculum and examination awards. All of these processes relate to differentiation in some sense; however, this terminology does not necessarily elucidate the processes involved or the relationships between different dimensions of differentiation. For this reason, it would be worthwhile attempting to clarify our use of terminology at an early stage in the development of our conceptual framework.

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4 The Netherlands

4.1 Introduction

In the Netherlands, as in most other European societies, the match between education and the labour market position of school leavers is far from tight. Persistently high youth unemployment during the 1980s and early 1990s has raised serious questions about the efficiency of the education and training system and its negative consequences for economic and social exclusion. What we need, therefore, is a better understanding of the linkage between the education and training system on the one hand and the functioning of labour market on the other in order to increase the effectiveness of policy development in this area.

In this working paper we try to give an overview of the linkage between the educational system and the process of integration into the labour market in the Netherlands. First, we show some details about (recent changes in) the structure of the Dutch labour market, followed by a summary of the most important institutions. Special attention is paid to existing youth labour market programmes in the Netherlands. Second, we describe the Dutch education and training system. The consequences of the differentiation of the educational system for the enrolment rates of men and women are discussed as well. Third, the impact of background characteristics on educational attainment is described. We present results obtained by insights from the sociology of social stratification and mobility and the sociology of education. Fourth, the transition process from school to work is studied. We only look at the labour market entry of school leavers from secondary education. Fifth, some general conclusions are presented.

4.2 The National Context¹

4.2.1 The structure of the Dutch labour market

In the last few decades there have been three major changes in participation in the Dutch labour market. First, female participation in the labour market has grown rapidly during the last thirty years (see Table 1). In 1960, 25 per cent of women aged between 15 and 64 years participated actively in the labour force, while in the 1990s this figure exceeded 50 per cent. Still, the participation rate of women is somewhat lower than in neighbouring countries.

Table 1: Female labour market participation

	Total	By age					Married
		15-19	20-24	25-39	40-49	50-64	
	%	%	%	%	%	%	%
1960	25	52	53	18	17	14	7
1971	29	42	56	24	23	17	16
1981	39	31	72	46	37	19	33
1991	56	43	77	67	59	26	49

Source: Van der Lippe and Van Doorne-Huiskes (1995, Table 7.2).

Second, the participation rate of older male workers has decreased very sharply in the Netherlands (see Table 2). This fall is even greater than in other countries. The two main reasons for this non-participation are disability and early retirement. Until recently both disability and early retirement schemes were used to reduce or to adjust the workforce within firms (see, for example,

¹ Section 4.2 is, for the most part, based on OECD (1992).

Hassink, 1996).

Table 2: Male labour market participation (%)

	Total	By age			
		20-24	25-39	40-49	50-64
	%	%	%	%	%
1960	81	91	98	98	91
1980	69	76	95	92	70
1983	67	72	94	91	64
1987	66	72	92	91	58
1991	66	67	93	91	56

Source: Dessens (1996, Table 3.2) "Inkomensongelijkheid van huishoudens".

Third, the proportion of part-time work in total employment has risen in Europe since the beginning of the 1970s (see Table 3). In the Netherlands in 1990 16 per cent of all men and 62 per cent of all women worked part-time. These percentages are higher than in any other country.

Table 3: Part-time employment as a proportion of total employment by sex

	Total			Men			Women		
	1979	1983	1990	1979	1983	1990	1979	1983	1990
France	8	10	12	2	3	4	17	20	24
Germany	11	13	13	2	2	2	28	30	31
Ireland	5	7	8	2	3	4	13	16	17
Netherlands	17	21	33	6	7	16	44	50	62
United Kingdom	16	19	22	2	3	5	39	42	44

Source: OECD (1991, Table 2.9) *Employment Outlook 1991*. Paris: OECD.

The combination of these developments in participation rates leads to the conclusion that, compared to other EU countries, the Netherlands has a low participation rate in terms of person-years. Since the Netherlands has a high GDP per capita, the low participation rate goes together with a high level of productivity (in terms of GDP per person-hour worked). One important factor that has had an impact on these changes in labour market participation rates in the Netherlands is the restructuring of the labour force (see Table 4). The occupational distribution has changed rapidly from primary to secondary and from secondary to tertiary sector. Subsequently, the skill structure of employment in the Netherlands has upgraded (De Grip, 1986, 1987; Huijgen, 1989; De Grip and Dekker, 1993). Occupational categories that require a relatively high educational level have increased, whereas the proportion of manual occupations has decreased.

Table 4: Share of employment by industrial sector, 1960-1994

Sector	1960	1971	1977	1985	1987	1990	1994
	%	%	%	%	%	%	%
Agriculture/ fisheries	4	2	3	2	2	2	2
Industry	38	32	29	25	23	23	20
Construction	11	13	12	9	7	7	7
Commerce	13	16	16	16	16	17	17
Transport, storage, communications	6	6	8	8	6	6	6
Financial services	9	10	8	9	12	12	13
Civil service, police, defence, education	19	22	26	32	34	34	35

Source: Asselberghs, Batenburg, Huijgen and De Witte (1998, Table 2.4)

This means that older, low educated employees who work in occupational sectors like agriculture and production, which decreased in size, faced difficulties in keeping their job. In the 1980s, when unemployment rates were high in the Netherlands, many became inactive. Often disability and early retirement were used as routes out of the labour market. Furthermore, the increase in the size of the service sector has encouraged a lot of women to enter the labour force. They are often employed in part-time jobs or other types of atypical employment (Delsen, 1995).

Unemployment has been a problem in the Netherlands since the 1970s. With every recession (1974/75, 1980/81 and 1993) the unemployment rate rose sharply, with a moderate decline in the periods of economic growth that followed. The unemployment level reached its peak in 1983, when roughly 12 per cent of the labour force was registered as unemployed. The high unemployment of the early 1980s has led to a new phenomenon: long-term unemployment. The general trend towards higher unemployment rates has been accompanied by an increasing proportion of long-term unemployed. In 1982, 38 per cent of the unemployed had been out of work for more than one year, while in 1985 almost 55 per cent of the unemployed were labelled long-term unemployed (De Beer, 1996). Although unemployment is nowadays low in the Netherlands (only 5 per cent), the percentage of long-term unemployed in total unemployment is still around 50 per cent (See Table 5).

Table 5: Proportion of total registered unemployed persons by unemployment duration, 1982-1995

	Total	By Duration			
		< 1 year	1-2 years	2-3 years	> 3 years
1982	100	62	25	7	5
1982	100	56	26	11	6
1984	100	47	22	15	16
1985	100	47	20	14	20
1986	100	46	19	12	24
1987	100	47	18	11	25
1988	100	45	17	10	27
1989	100	46	17	10	27
1990	100	45	16	11	28
1991	100	47	16	10	27
1992	100	51	17	9	23
1993	100	55	18	9	19
1994	100	50	21	10	19
1995	100	47	19	13	22

Source: De Beer (1996, Table B4.3) *Het onderste kwart. Werk en werkloosheid aan de onderkant van de arbeidsmarkt*, Rijswijk: SCP.

Unemployment is concentrated in particular age groups. In the 1980s about 40 per cent of total unemployment was among young workers in the age of 15-24 years. In more recent years, youth unemployment has decreased. For the most part, this is because of demographic changes: a decline in birth rates since the early 1970s has led to smaller numbers of school leavers in the last few years and, consequently, to decreasing youth unemployment rates.

Unemployment among older people is not as great as in other EU countries. As mentioned above, other routes into inactivity are often used (disability or early retirement). In addition, older workers in the Netherlands are more often employed in part-time jobs than in other countries (Delsen, 1995).

4.2.2 Institutions in the Dutch labour market

There are three main policy-makers involved in Dutch labour market institutions: central government, regional or local government and the social partners (i.e. employers organisations and trade unions). Together with the government the social partners form a tripartite (employers, unions and governmental bodies) set-up. Most institutions are lead by tripartite boards where all three members have equal votes. This implies that the social partners are very influential in the Netherlands: they have a heavy weight in the national debate on social and labour market policies.

The social partners directly manage important labour market institutions. For instance, they control the Industrial Insurance Boards (IIBs). These boards (19 in total) are responsible for Dutch schemes for unemployment, health insurance and disability benefits. Strongly linked with the IIBs are the Joint Medical Service (GMD) and the Joint Administrative Office (GAK), which have an advisory role on social-medical aspects and administrative tasks, respectively. GMD and GAK frequently work together. The IIBs are supervised by the Social Insurance Council (SIC), another tripartite body. The IIBs must inquire the SIC of their decisions, but the latter cannot amend or veto any act carried out by the IIBs.

Social benefits are paid by the social service departments of municipalities. They are supervised by the Ministry of Social Affairs and Employment, which finances the majority of social benefits (90 per cent). In recent years, municipal social service departments have combined to form groups in the area of labour market policy (such as Youth Work Guarantee Act (JWG) organisations (see below) and Labour Pool organisations).

Another important tripartite body in the labour market is the Employment Service (ES). The ES has a decentralised decision-making structure, which is evident from the 18 Regional Employment Boards (RBAs) that exist. The Central Employment Board (CBA) formulates the policy lines within the ES, while the RBAs take the regional responsibility for conducting these policies. However, because of decentralisation, the RBAs have a considerable amount of freedom in formulating their own policy lines.

The greatest advantage of the tripartite set-up of Dutch labour market institutions is that it ensures checks and balances to central government power. Furthermore, it ensures that every social and labour market debate is studied from several points of view. A disadvantage, on the contrary, is that the complexity of the decision-making structure means that labour market management can become less effective.

4.2.3 Youth labour market programmes

The Netherlands has experimented with various measures to encourage re-employment of groups most at risk. Most attention has been paid to the long-term unemployed. In the main, policy developments for this group of unemployed concern direct job creation. Employment subsidies were given not only to employers to encourage them to hire unemployed persons, but also to employees to accept work at a lower rate of pay than their previous job.

For the young, in the 1980s there was the so-called 'JOB' scheme. This scheme offered subsidies to both private and public sector employers for creating jobs (between 20 and 32 hours a week) to young (under 25 years) long-term (more than two years) unemployed people.

In 1991, the Youth Work Guarantee (JWG) was put in place, managed by local bodies called JWGOs. At the moment, the target group includes all unemployed people aged between 16 and 21 years and all unemployed school leavers from 18 to 27 years of age. This labour market programme provides minimum wage jobs for four days a week. The fifth day allows participants to attend extra schooling or other activities for the purpose of improving their labour market prospects.

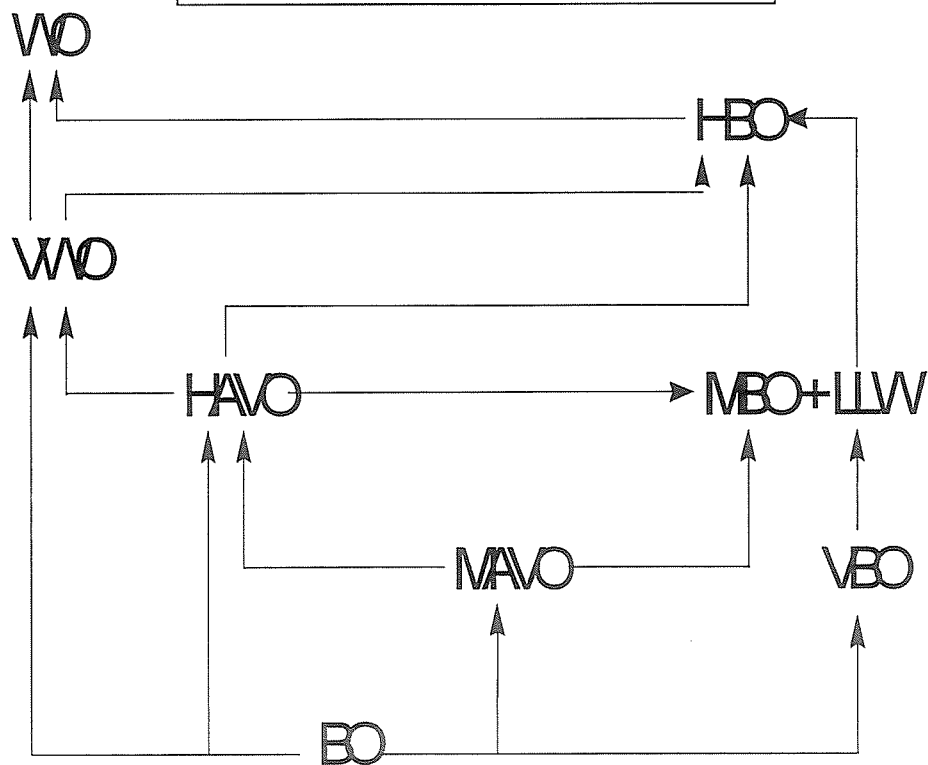
Access to JWG work is restricted. During the first six months of leaving school, policy intervention is limited to advice and efforts toward placement in ordinary jobs or further education. After a half year of unemployment youngsters can be placed in JWG work, for a period of 6 to 12 months only. After that, young unemployed persons are entirely dependent upon regular labour market programmes aimed at all (long-term) unemployed.

4.3 Education and training systems

4.3.1 The educational system in the Netherlands²

The so-called 'Mammoetwet' (Mammoth Law) of 1968 forms the basis of the current educational system in the Netherlands (Dronkers, 1983). Although there have been some changes since then, the fundamentals of the system have not really altered. In Figure 1 an outline of the Dutch educational system is presented (OECD, 1995; De Graaf and Ganzeboom, 1993).

Figure 1: The Dutch educational system



² Based on OECD (1995)

(i) *Primary education*

Primary education (BO) is aimed at children from four to 12 years of age. The first year of a total of eight consecutive years of schooling is not compulsory, but it is quite common for children aged four to five years to attend school (*kindergarten*). In primary education the emphasis is on general non-vocational skills. Alongside primary education, there is special education for children who require extra educational help, i.e. for children who have cognitive and/or behavioural problems.

(ii) *Secondary education*

At the end of primary education (12 years of age) pupils choose between various types of secondary schooling: pre-vocational education (VBO, a four year course), junior general secondary education (MAVO, a four year course), senior general secondary education (HAVO, a five year course), or pre-university education (VWO; a six year course). The first (and second) year are often in a transition class (*brugklas*), after which pupils can, if desired, switch to another type of schooling better suited to their capabilities.

The first phase of secondary education consists of VBO, MAVO and the first three years of HAVO and VWO. Since 1991, this first phase is called 'basic education' (*basisvorming*), a national core curriculum for lower secondary education. The last years of HAVO (fourth and fifth years) and VWO (fourth to sixth years) form the second phase of secondary education, which is being restructured at the moment. The aim is to make the transition from secondary general education to tertiary education easier. One way of achieving this is to introduce so-called study records (*studieprofielen*) instead of the current free choice of examination subjects.

MBO (senior vocational training) is also part of the second phase of secondary education. It is vocationally oriented and is intended to lead to middle ranking jobs in most industrial sectors. MBO is a continuation of VBO, MAVO or (to a lesser extent) HAVO. It lasts a maximum of four years and has a practical component. The longer courses (at least three years) give access to higher vocational training (HBO).

In addition to MBO, there is a differentiated apprenticeship system (LLW) in the Netherlands. It is extensive in a qualitative (very differentiated) rather than a quantitative sense (only a relatively small part of secondary school pupils attend this type of training). The apprenticeship system provides general vocational training. Education, government and the social partners are together responsible for the apprenticeship system. It follows a dual model, as in Germany. School provides theoretical training (one or two days a week) and employers take the responsibility of paid practical work (three or four days a week). The apprenticeship system is open to pupils from 16 years of age and over, with or without a diploma in VBO or MAVO, and has three levels (only those with diplomas can enter the highest level). All courses last one to three years.

The system of vocational training at the level of secondary education has changed since 1 January 1996 when the Netherlands' Adult and Vocational Education Act (WEB) came into force. The WEB is '... intended to harmonise the various forms of vocational and adult training in the Netherlands and to place the different forms of vocational and adult education into a single statutory framework' (OCandW, 1996: 13). It should provide a system that offers pupils of all types specific, individualised training. To that end, a national qualification structure for vocational education was introduced on 1 August 1997. This qualification structure has four levels and two tracks (with courses lasting from less than one to four years). Furthermore, a lot of attention will be given to practical training. The various types of vocational training have been combined within a Regional Training Centre (ROC). Besides the goal of restructuring the various forms of vocational training into one qualification structure, the WEB aims to ensure that every pupil has the opportunity to get a 'minimum starting qualification', especially those who are in the position of leaving school before completing their education or those in precarious

labour market positions.

It has to be kept in mind that the recent changes in secondary education are only effective from the year 2000. In this year, for the first time a full cohort of school leavers in the new system of secondary education will enter the labour market.

(iii) *Tertiary education*

Tertiary education in the Netherlands is divided into two types: university education (WO) and higher vocational education (HBO). The first phase, the undergraduate level, lasts up to four years (including a propaedeutic or preliminary examination stage of one year). HBO provides theoretical and practical colleges for non-academic professions. It follows on from the second phase of secondary education (HAVO, VWO, MBO). WO consists of training which prepares students for positions that require a university degree. It follows on from VWO and HBO (often via a shortened route). To some extent places are rationed in higher education. In HBO there are more courses with a numerus clausus, unlike in WO. The second phase of tertiary education provides specific academic training at post-graduate level (PhD students (AIOs) or design engineers).

This description of the educational system in the Netherlands shows that it is both highly stratified and standardised (see Allmendinger, 1989; Müller and Shavit, 1998). The system is stratified in the sense that there is marked differentiation in the Dutch educational system, both vertical (between levels of education) and horizontal (within each educational level, there is a general and vocational track). Furthermore, pupils have to choose relatively early in their educational career (at the age of 12) between the general or vocational track which differ both in their school curricula and in the likelihood that participants will continue to tertiary level later on. Just how standardised the Dutch educational system is can be seen from the comparability, at a national level, of the specific structure and content of curricula, examinations, and certification procedures.

The above mentioned *Mammoetwet* has had two major consequences for the educational system (Dronkers, 1983; De Graaf and Ultee, 1998). First, it provided a lot more flexibility, facilitating both horizontal and vertical movement between educational institutions. It provided ways of moving from MAVO to HAVO, and from HAVO to VWO and focused on vocational training. Routes from VBO to MBO and from MBO to HBO became possible, and pupils from general secondary education (MAVO, HAVO, VWO) could follow vocational training (MBO, HBO).

Second, as a result of the educational reforms of the *Mammoetwet* financial barriers to education after the age of compulsory schooling (i.e. over 15) have been lowered, with partial compulsory schooling (one or two days a week) for youngsters aged 16 to 17 (Van Kemenade, 1981). From the 1950s onwards there was a grants system for children from low-income families who wished to study at university, and tax reductions for high-income families with children who attended schooling after compulsory education. Since 1984 every student (aged 18 to 27) can obtain a grant for both living and studying. In the last few years the Dutch government has cut back on this system by lowering the number of years for which a grant can be received, by partially substituting loans for grants, and by minimum requirements on course work.

This legislation, which aimed to improve equal opportunities and, more generally, the supposed trend towards modernisation or meritocracy, has led to a large increase in participation at different stages of the educational system. This expansion of the educational system has been described in detail in various studies (for instance, De Graaf and Ganzeboom, 1993; Ganzeboom, 1996). Table 6 shows developments since 1920 in the educational level of the Dutch population by birth cohort and gender.

Table 6: Educational attainment, highest level completed, by birth cohort and gender

	Birth Cohort					
	1920 %	1930 %	1940 %	1950 %	1960 %	1970 %
<i>Men</i>						
BO	34.5	25.2	18.8	13.0	8.9	6.5
VBO	15.5	16.2	18.7	17.2	18.8	24.7
MAVO	7.4	5.6	5.8	4.9	5.2	6.7
HAVO/MBO	27.4	34.8	35.1	37.2	39.3	44.1
VWO	2.4	1.4	1.4	2.6	4.7	7.5
HBO	7.7	11.5	13.9	15.9	15.3	9.2
WO	4.6	5.3	6.3	9.1	7.8	1.1
<i>Women</i>						
BO	55.4	42.4	24.2	16.9	10.1	6.4
VBO	15.3	18.4	26.5	22.5	15.8	16.0
MAVO	9.8	13.3	11.4	10.2	8.9	8.2
HAVO/MBO	12.2	17.7	23.6	30.8	38.6	41.0
VWO	1.7	1.6	1.8	2.5	5.7	7.6
HBO	5.0	5.7	10.8	13.4	16.4	9.5
WO	0.6	0.8	1.7	3.9	4.4	1.2

Source: Ganzeboom (1996, Table 2.1)

4.3.2 The relationship between social background and educational outcomes

The increased participation in education in the Netherlands has led to a decrease in the inequality of educational opportunity between socio-economic strata. Among other researchers, De Graaf and Ganzeboom (1993) found that the impact of both a father's education and his occupation on educational achievement has declined across birth cohorts in a linear way. Furthermore, they established that (independent of cohort differences in the percentage attending successive levels of education) the association between family background and (some) transitions in the educational career has weakened over time. For the transition from no diploma to any diploma in secondary education and from any diploma in secondary education to any diploma in higher secondary education, De Graaf and Ganzeboom found a downward trend for men in the effect of father's education and occupation. For women, the impact of family background on the transition from no diploma to any diploma in secondary education declined, while the effect of family background on the transition from any diploma in secondary education to higher secondary education shows a random fluctuation over cohorts. For the transition from secondary to tertiary education they found that family background had a small, but stable effect for both women and men. De Graaf and Ganzeboom also found that the effect of family background on transitions declines over a person's educational career. The effect is greatest for the transition from no diploma to any diploma in secondary education, followed by the transition from any diploma in secondary education to higher secondary education. The effect of family background is smallest for the transition to tertiary education.

Increased educational participation has also decreased gender inequality in the Netherlands. Women used to be less educated than men, but nowadays there is hardly any difference in the educational level attained by men and women (Van der Lippe and Van Doorne-Huiskes, 1995; see also Table 5). In spite of that, the choice of examination subjects and the sector of education still differs greatly between men and women (Ten Dam, Van Eck and Volman, 1992; Willems and De Grip, 1993). The number of men in the technical sector is several times higher than for women, while the number of women in the services and health-care sector is many times higher than that for men.

Since the second half of the 1980s there has been a strong increase in the attention given to

ethnic inequality in education. In several studies, it was shown that pupils from an ethnic minority are disadvantaged in education when compared to Dutch pupils (for instance Jong, 1987; Roelandt, Martens and Veenman, 1990). However, the issue of ethnic inequality does not seem to be a unique or new phenomenon. The disadvantaged position of many pupils from ethnic minorities can be explained by the same factors and mechanisms that accounted for the inequalities facing children from lower socio-economic strata (Van't Hof and Dronkers, 1993; Wolbers and Driessen, 1996). It is social class that matters to ethnic minority pupils for a successful educational career and not the specific characteristics of their immigrant group, because of their different migration histories and diverse cultural backgrounds.

4.4 The Relationship between Education and Labour Market Outcomes

4.4.1 The occupational returns to educational credentials

According to macro-sociological modernisation theory, the impact of education with regard to someone's labour market success should have increased over time (Treiman, 1970). Post-industrialist societies are characterised by processes of selection that are no longer based on ascribed characteristics like family background, race, sex, etc. Nowadays, the distribution of scarce goods (like occupational status) is based on achieved characteristics. The most important criterion of selection in a modern, meritocratic society is educational attainment, certainly in the beginning of an occupational career.

On the basis of modernisation theory Blau and Duncan (1967) developed their classic status attainment model. With this model it is possible to examine a trend from 'ascription' to 'achievement'. For the Netherlands, such a trend has been found by De Graaf and Luijkx (1992). They concluded that, since 1930, the direct impact of a father's occupational status on his son's occupational status has decreased strongly, whereas the effect of someone's level of education on his achieved occupation has increased, though only slightly.

Other research on the role of education in occupational attainment has shown that in the Netherlands the occupational returns to educational credentials have decreased over time (Huijgen, 1989; Wolbers, De Graaf and Ultee, 1997). Lower level credentials decreased at a faster rate than higher level credentials. For the greater part, the credential inflation can be attributed to shifts in the distribution of the labour force according to educational attainment and level of occupation. The educational expansion could not be compensated for by the upgrading of the skill structure, which means that recent school leavers more often occupy lower level jobs than labour market cohorts who left school with the same diploma a longer time ago. To some extent, however, this is only on a temporary basis. It is known, for instance, that individuals who are 'over-qualified' in their first job, are more often upwardly mobile during later stages of their occupational career than individuals with a perfect job match (De Grip, Heijke and Willems, 1992; Wolbers and De Graaf, 1998).

De Graaf and Ultee (1998) studied the relationship between education and occupational attainment for the group which entered the labour market in the 1980s. For this analysis, they selected from two Dutch cross-sectional data-sets (one of these, the 1991 Labour Force Survey) all those who left school less than 10 years ago. Their main conclusion was that the relationship between education and occupational class is far from tight. For those with lower level qualifications, men held jobs in the (un-)skilled manual class and women in the routine non-manual and unskilled manual class. People with higher levels of education fall into the service class, those with a university degree into the class of higher grade professionals, and those with higher vocational qualifications into the class of the lower grade professionals. Persons with intermediate levels of education - the majority of the Dutch working population - were found in all classes. The authors ascribe this finding to imbalances between the supply and demand of educational qualifications.

4.4.2 The transition from school to work

De Graaf and Ultee investigated the relationship between educational levels and the labour market position of newcomers via an indirect route. By selecting people with less than 10 years of work experience, they tried to get an insight into the transition from school to work. No school leaver data – necessary to describe the transition process in a detailed way – was available.

Since 1991, ROA³ has carried out two national research projects every year among school leavers in the Netherlands. The first project, called *RUBS* (Registration of the Outflow and Destination of School Leavers), is a nationwide postal survey of school leavers (graduates and drop-outs) from general secondary education, and preparatory and intermediate vocational education in the Netherlands.⁴ The second project, *HBO-monitor*, is a nationwide postal survey of graduates from all sectors of higher vocational education. Both surveys generate an up-to-date picture of the destination of school leavers and graduates, their labour market position, and the match between education and the labour market, differentiated by type of education and vocational specialisation. Since 1998, ROA has started a research project among university graduates of Dutch universities (*WO-monitor*). The design of this research project is more or less the same as *RUBS* and *HBO-monitor*.

In order to give an adequate picture of the labour market position of school leavers, several labour market outcomes are needed. These indicators can be reduced to three dimensions of the transition process: job search, job security and quality of work. Table 7 gives an overview of the most important indicators in 1995 of the transition process for school leavers of secondary education (Van Smoorenburg and Van der Velden, 1995a, 1995b).

The percentage of school leavers who are unemployed after school leaving is a first indicator of the job search process. It gives an indication of the quantitative bottleneck on the labour market for school leavers. Table 7 shows that there is a sizeable variation in unemployment rates between levels of education. School leavers with MAVO who enter the labour market have the highest probability of being unemployed, while LLW has the lowest unemployment level. There is a huge variation in unemployment rates between types of education as well. School leavers with MBO-short courses with a diploma in the service/health care sector have the highest risk of being unemployed, whereas regular MBO school leavers with a diploma in the agricultural sector have the lowest chance of being unemployed. Another important indicator in the job search process is the number of months (consecutive or not) a person has been unemployed since leaving school. Table 7 shows the proportion of school leavers who have never been unemployed. Although there seems to be a positive relationship between this indicator and the unemployment rate, a low unemployment level does not of itself coincide with never being unemployed since leaving school. For instance, the agricultural sector of MBO-short courses has the lowest unemployment level (only two per cent), but a reasonable proportion of the school leavers with this type of education has been unemployed since leaving school.

³ In collaboration with DESAN and LDC.

⁴ In 1994 and 1997 those leaving the apprenticeship system have also been monitored under *RUBS*.

Table 7: The labour market position of graduated school leavers, 1994

Educational Level	Unemployment Rate %	Never Been Unemployed %	Temporary Contract %	Hourly Wage in Dfl.	Under-utilised %
MAVO	14	81	50	7.00	15
HAVO	6	85	-	-	-
VWO	13	78	-	-	-
VBO	8	76	44	7.00	12
-agricultural	6	88	42	6.60	17
-technical	7	78	46	7.20	10
-administrative	11	68	46	6.90	15
-service/health-care	9	70	34	6.20	15
MBO-short	10	61	45	10.40	52
-agricultural	8	61	37	-	53
-technical	9	68	51	11.10	40
-administrative	9	59	43	10.00	60
-service/health care	22	41	39	9.90	65
MBO – intermediate/long	7	65	34	12.60	37
-agricultural	2	76	25	12.70	58
-technical	8	64	38	14.10	32
-administrative	7	63	36	11.70	28
-service/health care	7	66	29	12.50	49
LLW	5	77	20	13.40	61
-technical	5	82	17	15.40	57
-administrative	4	73	27	11.80	73
-service/health care	3	85	13	12.40	55

Source: ROA, RUBS school leavers' survey

Note: - no data because of small number of observations

Job security is another dimension in the transition from school to work. In general, the precariousness of the labour market situation for school leavers is measured by the proportion that has a temporary or flexible work contract. From Table 7 it can be seen that somewhere between one-eighth and one-half of all school leavers have a temporary contract. On average, it can be concluded that school leavers with a general education are more often, and leavers of the apprenticeship system (LLW) are less often, employed in a temporary job than school leavers with vocational training.

Besides quantitative aspects of the labour market position of school leavers, qualitative aspects of the initial match between school leavers and the labour market play an important role. First, income is an aspect of the quality of work. Table 7 indicates that there is variation in the gross hourly wages between educational levels and types. For varying levels of education, young people who finished apprenticeship training have the highest wages, because of its paid practical component. Furthermore, earnings in the agricultural and technical sectors seem to be somewhat higher than in the administrative and service/health care sectors. Second, the quality of work can be indicated by the extent to which school leavers are under-utilised. Under-utilisation, or overschooling, arises when people occupy jobs at a lower level than that for which their schooling has prepared them, or when the area in which they trained does not relate at all to their job. The extent to which school leavers are under-utilised by their educational level, is shown in the last column of Table 7. It can be concluded from this table that school leavers from MBO-short courses and LLW have the highest probabilities of being under-utilised. A comparison between educational sectors makes it clear that individuals with a diploma in the agricultural, administrative or service/health care sector are more often under-utilised than those with a

diploma in the technical sector.

The mechanisms that play a role in the transition process are not as yet deeply investigated. Individual background factors like social class, sex, ethnicity, and age have a direct effect on labour market outcomes, but they do not really explain the variation in the labour market position of school leavers across types and levels of education. More promising is a structural explanation: the relationship of discrepancies between labour demand and supply on the one hand and the labour market position of school leavers on the other. The first analysis carried out in this direction has resulted in some interesting findings (Wieling, Borghans, 1995). A surplus of school leavers of a certain educational type is absorbed by the labour market by their accepting jobs below the level of education attained, part-time jobs, and lower wages (both hourly and monthly). Interestingly enough, unemployment does not seem to be determined by a gap between supply and demand. The implication of these findings is important. School leavers accepting lower level jobs as a reaction to a labour surplus confirms the impression that unemployment occurs not directly, as a result of an excess of supply, but indirectly after a downward displacement process.

4.5 Conclusions

In this working paper we tried to give an overview of the linkage between the educational system and school-to-work transitions in the Netherlands. First, we showed that the Dutch labour market can be characterised by a low participation rate in terms of person-years, but by a high level of productivity. Second, we outlined the way in which most Dutch labour market institutions consist of a tripartite set-up: employers, unions and government. This means that the social partners (employers organisations and trade unions) are very influential in the national debate on many aspects of social and labour market policy. Third, we concluded that the rather differentiated education and training system in the Netherlands is both highly stratified and standardised. Fourth, we described a trend towards educational openness in Dutch society. In the Netherlands, both social class and gender inequalities have declined over time. However, a new form of inequality has emerged: ethnic inequality. Although the disadvantaged educational position of ethnic minority pupils can be ascribed to the same factor (i.e. social class) as inequalities between Dutch pupils, the rising enrolment rates for ethnic minority pupils in the school system increases the importance of the problem. Fifth, we studied the transition from school to work in the Netherlands. It was shown that the labour market position of school leavers differs greatly across educational levels. The explanation for the variation in labour market prospects for school leavers of different types of education has not yet been thoroughly investigated, but the CATEWE project should improve upon that.

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5 Scotland

5.1 Introduction

This report attempts to highlight the main features of the education and training system and school to work transitions in Scotland as part of the contribution to the conceptual framework of the CATEWE project. The report draws on the wider British literature although where possible Scottish sources are used. In a comparative perspective the differences between England and Wales and Scotland are relatively small. The Scottish system of education has, however, developed independently although alongside the system in England and Wales and important distinctions remain. The differences mainly centre on the institutional and qualification frameworks, rather than on the nature of school to work transitions themselves.

5.1.1 Background

As the research community is relatively small in Scotland, the study of school to work transitions has centred on the work of a small number of individuals and research centres. A large proportion of the research in this area has been based on the Scottish School Leavers Survey, (Formerly the Scottish Young Peoples' Survey), which has been conducted biennially since 1971. A number of smaller scale studies however, have focused on the education and training system and school to work transitions. The surveys have been used for both academic and policy-related studies and have been used to document the changing patterns of the education and training system and inform policy in Scotland for over two decades. Research has demonstrated the impact of specific policy interventions in relation to education and training and highlighted a variety of influences on educational and occupational outcomes.

Raffe (1988) provides a summary highlighting the main changes and continuities in youth transitions stemming from the work carried out on the surveys up to the late 1980s. He identifies the main changes as rising levels of qualification, lower rates of employment especially among minimum aged leavers, new patterns of mobility and job changing in the labour market, the introduction of Youth Training and vocational courses and the importance unemployment has played as a catalyst for these changes, over and above that of other long-term labour market trends.

Continuities, in contrast, are seen in terms of little change in the relationship between adult and youth unemployment; the resistance of educational systems to rapid change; young people's orientation to work, education and training changed little being positive, instrumental and realistic and finally rather than being a homogeneous group, young people's experiences and chances are differentiated by gender, geography, social background and educational attainment.

In recent years, with the dramatic increases in educational participation, research in this area has focused on documenting and explaining changing patterns of participation within the upper secondary school and the new vocational courses which have been aimed at those outside the academic mainstream. As the follow-up surveys have failed to keep pace with the increasingly protracted nature of youth transitions,¹ research has tended to focus less on the labour market and more on post-compulsory education and training, participation and flows, transitions to higher education and the impact of youth training and vocational courses.

Although much of the research has stemmed from the SSLS, a variety of other research projects have examined school to work transitions in Scotland. One of the largest pieces of recent research into this area in the UK was the 1987-89 Economic and Social Research Council (ESRC) 16-

¹ Plans are underway to extend the follow-up survey to the age of 23, although the data from this extended sweep will not be available within the lifetime of this project.

19 Initiative, which involved longitudinal surveys of young people in four contrasting areas of Britain (including Kirkcaldy in Scotland), alongside smaller qualitative studies. While the focus of the research was broad, covering a variety of aspects of young people's lives, important work was conducted into the school to work transitions. Typologies of the differential career routes young people followed were developed into a series of career trajectories. Area differences were also highlighted demonstrating the different patterns of participation dependent on the local opportunity structures (Banks *et al.*, 1992)

A number of studies have examined the relationship between educational participation and conditions in the local labour market (Raffe and Willms, 1989; Raffe and Paterson, 1995; Biggart and Furlong, 1996), in particular examining the relationship between local unemployment and educational participation.

Qualitative studies have been conducted into aspects of the education and training system in Scotland: Anne Stafford's (1991) participant observation study of young trainees and their gender specific experiences; interview-based studies, for example, Corr *et al.*, (1990) study into the decision-making process to remain at school as part of the 16-19 Initiative; and studies into the role of career guidance (Howieson and Semple).

5.1.2 Comparative studies

There has been an increasing amount of comparative work in the area of education and training between Britain and partner countries in the European Union. Many of these studies have compared Britain's system of vocational training and conclude that Britain's young people are under-educated and under-skilled compared to their counterparts in Western Europe (Jarvis and Prais 1988; Prais and Wagner, 1985; Steedman 1988). While there has been an increasing body of work examining the education and training systems, there has been little systematic comparative work on school to work transitions.

One of the few studies to collect fresh data in the area of school to work transitions within a comparative perspective was the Anglo-German study (Bynner and Roberts, 1991). Developing on his work on opportunity structures in Britain, Roberts *et al.*, explored how opportunity structures differ across societies through this comparative work.

In their study of two British and two German labour markets the Anglo-German study focused on the relationship between structural conditions, qualification context and vocational orientation, skills and life plans of young people. They developed four trajectories based on the level of education, vocational preparation and employment opportunities:

1. Academic route (two A levels, England; *Abitur*, Germany);
2. Apprenticeship in Germany and entering career jobs in England (firm-based YTS, full-time vocational training, career jobs – England; apprenticeship - Germany);
3. Non-firm YTS, pre-vocational courses, semi-skilled jobs - England; and vocational training schemes, full-time vocational school - Germany);
4. Unskilled jobs, casual jobs or unemployment/under-employment (unemployment, unskilled jobs - England; short-term pre-vocational courses, unemployment -Germany).

From these trajectories they developed a typology of transition behaviours, as young people move along the trajectory and through their longitudinal data they identified the outcomes as a series of career patterns produced by the interplay of trajectory and transition behaviour.

Heinz (1992), through work conducted within the context of the Anglo-German studies, highlights the differences in the regulation and standardisation of transitions between Germany and England. Contrasting the 16-19 year-olds in each country, he found that while the status passages

young Germans go through are just the early steps of an extended transition process, in Britain the majority were found to be in full-time waged employment by the age of 19, even those who go on to higher education (HE) can be in the labour market by the age of 22.

Other empirical comparative work has been conducted on secondary analysis and has largely been based on either the Labour Force surveys or on respective school leaver surveys. Müller and Shavit (1998) attempt to locate countries according to their relationship between educational and occupational outcomes. Examining the extent to which qualification and initial occupational outcome are related to the *standardisation* and *stratification* of the education system, countries were defined as *qualification spaces* or *organisational spaces* or a mixed system. Britain is classified as an organisational space, with low standardisation and low stratification. Marsden and Ryan (1995) compared Germany and the UK and examined the relationship between occupational, internal and secondary labour markets. In their analysis of training for intermediate skills, they suggest that while both countries started from a similar position with regard to the prevalence of apprenticeship training, patterns of training have diverged. Germany has successfully dovetailed occupational and internal structures, while in contrast, Britain has seen the erosion of occupational structures by internal ones.

Comparative studies using national school leaver surveys, have also highlighted the marked differences between countries in education and labour market outcomes (Hannan *et al.*, 1994) and the way in which different policy responses to unemployment have impacted on minimum-aged school leavers (Smyth and Surrige, 1997).

Leney and Deluca (1998) using available published sources highlight aspects of convergence and divergence among EU countries over the past decade. They identify a substantial level of convergence over the national policy discourses for education and training, but highlight three key aspects of institutional differentiation: divisions within compulsory schooling along selective/comprehensive lines, structures at the upper secondary level and foundation training which are primarily school-based or alternatively work-based systems, and finally, the degree of decentralisation of governance and regulation of training. They define apprenticeship models according to their status and participation; high status, high participation (Germany); moderate to high status, moderate participation (Netherlands, UK); low status, moderate participation (France); low status, very low participation (Ireland, Belgium, Portugal).

A number of studies have examined the extent of unification between academic and vocational tracks at the upper secondary level. Green (1995), in a comparative study of England and France, compared the outcomes of measures designed to increase participation and attainment in education and training. Both countries had introduced new vocational tracks with similar aims. He found the more integrated approach in France, with vocational courses being placed into the existing framework of academic courses, had a more successful outcome in terms of rates of participation, progression and qualifications.

Raffe *et al.*, (1997) have conducted comparative work into the unification of academic and vocational tracks both within the UK (comparing Scotland to England and Wales) and among other European countries under the Leonardo programme (Raffe, 1998). Post-16 strategies could be identified along a continuum from *track-based* systems, to *unified* systems with *linked* systems in the middle, and with various strategies for linkages between tracks. The comparative work through an analysis of dimensions of unification (Content and Process/Systems Architecture/Delivery/Government and Regulation) has highlighted the multi-dimensional nature of the concept. For example, Scotland can be seen as unified one dimension (student pathways, tracked on some dimensions - certification and assessment - and linked on others).

5.1.3 Theoretical focus of research

The study of school to work transitions in Britain is very diverse and not characterised by a coherent field of research.

A large body of mainly non-theoretical evaluation research has been conducted into the specific education and training initiatives which have been introduced. As funders of much of this research, policy-makers have largely set the agenda and methods employed. As a result the research has been concerned with short-term outcomes, largely leaving the broader social and political context unquestioned.

As school to work transitions have become more prolonged, and routes through the education and training system more complex, this increased complexity has been reflected in the concepts developed by British social scientists: from niches in the 1960s, pathways in the 1970s (reflecting the functionalist perspective), trajectories (structuralist perspective) in the 1980s, to navigations and biographies (reflexive/post structuralist perspective) in the 1990s (Evans and Furlong, 1997).

While class-based theory dominated much of the earlier sociological work into school to work transitions, research such as Willis's classic study *Learning to Labour* (1977) began to show how patterns of social reproduction were more complex and needed to account for forms of resistance and accommodation. Since the mid-1980s there has been a great deal of attention to debates about structure and agency in youth transitions. Individualist explanations such as the life-course perspective began to emerge which emphasised a more holistic concept of transitions, linking labour market transitions to broader transitions in housing, new family formation and relationships (Jones and Wallace, 1992).

The work of Beck (1992) on individualism and risk and Heinz's (1991) work on biographies have been used by a number of British youth researchers (e.g. Bynner and Roberts, 1991; Jones and Wallace, 1992; Roberts *et al.*, 1994; Furlong and Cartmel, 1997). With the increasingly protracted and complex nature of transitions these studies have highlighted the way in which collective transitions have become more individualised. Most, however, would accept that strong continuities in terms of class, gender and race remain and the concept of 'structured individualism' has been used to reflect this.

The development of research into the British youth labour market has been heavily influenced by segmentation theory, developed in the light of inadequacies identified within dual labour market theory in the US. Four main groups have contributed to this approach: Ashton *et al.*, at the Centre for Labour Market Studies, Leicester; Marsden and Ryan at the London School of Economics and Cambridge; Lee *et al.*, at Essex University; and Roberts at Liverpool University (Ashton, 1997).

Roberts, the group member least influenced by segmentation theory has used structured questions in different localities to document the declining opportunities open to unqualified young people; the way in which employers were adapting government schemes to fit around their recruitment and training practices; and to show, as part of the 16-19 Initiative, how school to work transitions had become more diverse. One of Roberts' influential arguments is based on the concept of "opportunity structures" which argues that young people's individual choices are largely irrelevant in determining the type of job or training they receive, the important determinant is the type and availability of jobs in the locality.

Marsden and Ryan (1995), using data from the European Labour Force Survey (LFS) focused on identifying the impact of employers, unions and other labour market institutions on the price of youth labour and the points at which they enter the labour market.

Lee *et al.*, adopted a mixed methodology comprising observation, postal questionnaires and interviews to adapt a segmentation approach to the study of the Youth Training Scheme (YTS). The

scheme has aimed to improve job skills and prospects and relied on employers and labour market forces. The concept of “surrogate” labour market was used to show how the scheme became segmented in a similar way to the real labour market, with some trainees receiving high quality training with good employment prospects while others were offered little more than a period of work experience with little training.

Ashton *et al.* (1990), although influenced by a variety of theoretical perspectives, have used segmentation theory to explore the youth labour market and the relationship between it and the adult labour market and how this was being transformed during a period of rapid social change. Using “shift-share analysis” the researchers were able to differentiate the impact of the business cycle (recession) from that of longer-term processes of change, which were effected in the UK.

5.2 The National Context

The following section examines the changing demographic and economic structure of Britain since 1980. During this period many fundamental changes occurred that have impacted on the nature of school to work transitions.

5.2.1 Demography

Demographic shifts can have an important impact on the labour market. Its effects are dependent, however, on other things remaining constant, or other trends continuing (Roberts, 1995). For example, the post-1979 recession in Britain coincided with a period of high growth in the adult population - between 1979-84 the adult population increased by over 1.5 million. As a result of the recession the demand for labour, which was predicted to outstrip supply, never occurred. Since then, the annual increase in the adult population has slowed. The annual rate of increase of 0.77 per cent between 1979-84 slowed to 0.19 per cent for the period 1990-95 (Robinson, 1996).

Perhaps of more concern to us is the changing demographic pattern amongst young people. Alongside a declining birth rate, the proportion of the adult population in the UK aged between 16 and 24 years fell from 18.7 per cent in 1984 to 14.4 per cent by 1995. Concern was expressed over this so-called “demographic time bomb” in the late 1980s. There were fears - which subsequently did not materialise - that with a falling youth population, the result might push up the wage levels of young workers, encourage more young people to leave school at the age of 16 or to go for high wages rather than training which would lead to a contraction of the education and training system. Since 1992-3 the number of 16 to 18 year-olds has been rising, a trend which will continue until 2010 (Roberts, 1995).

While the figures for Scotland are broadly similar to those of the rest of the UK, the population of 17-year-olds continued to fall until 1994-95, before beginning to rise. Projected figures to the year 2008 show slight fluctuations on a year-by-year basis, remaining stable around the rate for 1996-97 (Coffield and Vignoles, 1997). Other factors remaining equal, Scotland’s demographics should not have a serious impact on the labour market in the immediate future.

5.2.2 Industrial structure

Since 1979, the industrial structure of the UK has changed quite dramatically. The main change has been in terms of the shift from manufacturing to the service sector. The recession of the early 1980s had a disproportionate effect on the manufacturing sector; employment in manufacturing fell from 29.5 per cent of the total to 23.5 per cent. Since then employment in manufacturing has continued to fall but at a less dramatic rate and now accounts for around one in five jobs (Robinson, 1996).

In the UK, service sector employment now accounts for nearly three-quarters of all employment, an increase of 10 percentage points since 1979. The service sector represents a broad occupational spread and the changes within it have not been uniform. The largest increases have occurred at the more qualified end of the labour market. Professional, managerial and technical jobs have witnessed the largest increase. Their share of employment has risen from a quarter in 1979 to over a third in 1996. Among unskilled jobs within the service sector there has been a decline in clerical and secretarial employment, although this has to some extent been off-set by an increase in the personal/protective services and sales sector.

Manual employment has significantly declined over the period. In 1979 it accounted for nearly half of all employment (46.2 per cent), but by 1996 the figure had fallen to less than a third (30.2 per cent). Skilled/semi-skilled/unskilled employment has fallen, although skilled manual employment has declined at the fastest rate, especially since 1990. Semi-skilled occupations have declined at a slower rate.

Recent figures for Scotland show that it is largely in line with the UK national trend. The service sector now accounts for three-quarters of employees, with only 16 per cent of employment in manufacturing (SOEID, 1998).

This overall trend from the manufacturing to the service sector has been part of a more general decline since the war, with the exception of the unprecedented fall in manufacturing during the recession of the 1980s. However, some analysts have argued that prior to this Britain was out of step in terms of its share of employment in manufacturing compared to other industrialised nations and that by the early 1990s Britain had fallen into line with the OECD average.

5.2.3 Unemployment

Since the war and up to the recession of the early 1980s Britain enjoyed relatively low and stable rates of unemployment. In 1979 the rate as measured by the claimant count² (the number of people registered for unemployment benefit) stood at four per cent of the workforce. Britain experienced the effects of the two recessions of the 1980s and 1990s more severely than most other industrialised countries. The claimant unemployment rate peaked at 11 per cent in 1986, fell to a low of 5 per cent in 1990, rising back to 10 per cent in 1993.

The recessions of the 1980s and 1990s had a disproportionate affect on the male-dominated industries of manufacturing and construction. Therefore the general trend towards a service sector economy has had a more severe impact on male unemployment rates. Women's employment, on the other hand, concentrated mainly in the service sector, was largely protected from the recessions. In 1979 the LFS showed that females had a slightly higher rate of unemployment than males. By 1984, following the recession, the number of unemployed males had become marginally higher than females, the difference, however, remained modest up to 1990. Following the 1990s recession, unemployment rates for men increased at a substantially greater rate than for females and, in 1993, were around 4 per cent higher. Since then male unemployment has fallen although it has remained in the region of 2 to 3 per cent higher than the female rate (Robinson, 1996).

² Numerous changes have made to the calculation of the claimant count since 1979, and these figures are based on government statisticians' attempts to control for the changes. ILO definitions of unemployment based on the Labour Force Survey are perhaps more reliable although the claimant count is largely consistent with ILO measure since 1984, albeit at a slightly lower level.

(i) Regional unemployment

Regional rates of unemployment have varied significantly within the UK. Rates have tended to be lower in the south of England and higher in the north, Scotland and Northern Ireland. This became a major political issue during the 1980s, when commentators often talked about the “North/South divide”. After the recession of the 1980s and the subsequent collapse of manufacturing, the northern regions, with a high concentration of traditional heavy industry, experienced especially high levels of unemployment. In 1979 Scotland had an unemployment rate (claimant count) slightly above the UK average at 5.7 per cent compared to an average 4 per cent. At the height of the recession in 1986, Scotland’s unemployment rate peaked at 13.5 per cent, 2.3 per cent above the UK average.

The 1990 recession had greatest impact on the southern regions and as a result regional disparities declined. For the first time since the 1920s, Scotland experienced unemployment rates just below the UK average in 1993. Since then both the Scottish and UK rate has been on a downward trend. In 1996 the UK average once again fell below the Scottish rate and the gap had widened to 0.9 per cent by June 1997 (SOEID, 1998).

(ii) Youth unemployment

Changes in the UK industrial structure have radically altered the sorts of jobs available to young people entering the labour market. The shift from manufacturing to service occupations and the growing proportion of part-time work, coupled with increasing participation by adult women have impacted upon the prospects of school leavers, especially minimum-aged male school leavers who traditionally entered craft apprenticeships and less skilled work within the manufacturing sector.

Among 16 to 19 year-old males there has been a dramatic decline in the numbers employed in craft and related occupations over the period 1985 to 1995. The other employment sector that has witnessed a decline for males is in the area of plant and machine operators and assemblers, although on a less dramatic scale than the craft and related sector. The decline among 16 to 19 year-old females on the other hand has been concentrated in clerical and related occupations. The trend for 20 to 24 year-old males is similar to that for the younger age group, while females in this age bracket have also witnessed a decline in the numbers employed in clerical and related occupations. There has been an absolute increase in the numbers employed in the personal and protective services in particular, as well as in plant and machine operators and assemblers (Elias and McKnight, 1998).

Young people in the 16 to 19 year age bracket tend to experience the effects of recession particularly severely. LFS measures show unemployment for this group, by the mid-1980s, standing at around 22 per cent, falling to just over 10 per cent in 1989, before rising sharply again to 19 per cent in 1993. Since then figures have remained relatively stable with a rate of 17.5 per cent in 1996.

The decline in labour force participation among this age group is due to increased educational participation, coupled with the fact that many 16 to 19 year-olds seeking work are full-time students seeking part-time work (one-third of the age group in spring 1996). As a result, the ILO measure, which includes this group, is likely to be an overestimate of the numbers of young people not in education and seeking work.

5.2.4 Flexibilisation

Over the last two decades we have seen some quite radical shifts within the economic structure of the UK, and a new terminology to describe the shifts, which are often seen as epochal. Terms like “Post-Fordist economy”, “Flexible specialisation”, the “Risk Society” have been used to describe these changes. It is perhaps worth reviewing some of the evidence as to the extent of these changes.

While the key feature of economic change has been the shift from manufacturing to the service sector, associated shifts are seen in terms of increased part-time and short-term contracts and instability of employment as firms increasingly use peripheral workers to supplement a core workforce.

Labour Force Survey data covering the period 1984 to 1996 shows that there has been a relatively steady increase in part-time workers as a percentage of all unemployment, although somewhat accelerated by the 1990 recession. In 1984 part-time work accounted for one in five jobs compared to a quarter of all jobs in 1996 (Robinson, 1996).

Females are perhaps not surprisingly over-represented in these figures, part-time work accounting for nearly half of all employment (45 per cent, in 1996), although the trend has been relatively steady, increasing by only 1 per cent over the period. More interesting though is the growth of part-time work among men, from 3.8 per cent to 8.5 per cent, more than double, between 1984 and 1996. The figures for Scotland for 1997 show that the numbers working part-time are much the same as the UK national picture (females, 44.6 per cent; males, 9.2 per cent, SOEID, 1998).

It is important to make a distinction between those who choose to work part-time and those who work part-time because they cannot find full-time work. Much part-time work is entered into voluntarily, only 13 per cent reported their part-time status was a result of being unable to find full-time work (Robinson, 1996). As the majority of part-time workers are women, this figure needs to be interpreted with caution. Part-time work has traditionally been higher in the UK than the rest of Europe and this may reflect the relative expense of childcare in Britain. Among lower paid employees the cost of childcare provision can easily exceed the income from employment. Evidence provided by a recent survey of 26 year-olds shows that only a small proportion of childless women work part-time and that the incidence of part-time work or remaining at home to look after family is highly related to qualification level (Joshi and Paci, 1997).

The proportion of temporary employees as a proportion of all employees has not shown any dramatic change. Figures have been available only since 1984 and between then and 1991 the rate remained stable at around 5.3 per cent. It did, however, begin to rise after 1991 and now stands at 7.1 per cent of employees (Robinson, 1996).

The main change in the structure of employment in the UK since 1979 has been an increase in self-employment. Having remained constant since the post-war period, rates increased from 7.3 per cent to 11 per cent between 1979 and 1984, subsequently peaking at 13.1 per cent in 1989 and since remains relatively stable. This may be the result of government policies to promote enterprise leading to a consequent increase in the small business sector and in certain sectors, for example the building and construction industry. In these industries, self-employed contract working has been used as an alternative form of temporary employment and so the temporary employment figures may be misleading.

Labour Force Survey data covering the period 1975 to 1993 gives some support to the idea that overall there is a trend towards greater insecurity of employment. Over the period there has been a slight decline in the tenure of employment for men, mostly associated with the collapse of manufacturing during the 1979-83 recession. Women, on the other hand, have slightly increased their tenure over the period. These overall figures conceal a significant change in the stability of employment among low paid men. While tenure is one measure of employment insecurity, during periods of low unemployment employees may choose to move from job to job. Another measure of instability of employment is the proportion of the workforce experiencing periods of unemployment. Although figures are only available from 1985 and it is too early to see any clear trend emerging, examining the proportion of people making at least one claim for unemployment over a five year period shows that

there has been a gradual increase over the period 1986 to 1995. Around a quarter of the working age population made at least one claim for unemployment-related benefit.

5.2.5 State policy relevant to transitions

State policy in relation to school to work transitions could be described as reactionary rather than visionary. A number of principal concerns have dominated the policy agenda - a lack of competitiveness in British industry compared to its competitors, the rising levels of youth unemployment since the mid-1970s and a concern with young people's employability.

Youth unemployment was a major concern during the late 1970s and 1980s, although rather than seeing it in terms of failings within the labour market, the political response was to blame either the young people and, in particular, their attitude towards work, or teachers who were seen as not doing enough to prepare young people for the world of work. Concerns have also centred on the lack and quality of vocational training. Throughout the 1980s a number of policy responses and schemes were introduced.

The main changes in the education and training system have been the introduction of vocational courses and new forms of certification. The broad strategy for education and training can be traced back to 1981 and what was called the "New Training Initiative". The government gave responsibility to a new agency, the Manpower Services Commission (MSC), which was responsible throughout for raising the skill levels of young people. They attempted to create a dual system with the introduction of the one-year Youth Training Scheme (YTS) in 1983, to replace the Youth Opportunities Programme (YOP), primarily a scheme aimed at the young unemployed.

The Youth Training Scheme never became a high status route, and struggled to shake-off its predecessor's aims as a scheme for the unemployed. Since its introduction it has gone through a number of transformations and name changes in an attempt to counteract its declining popularity. The scheme has been characterised by a lack of regulation and has relied on employer voluntarism to upgrade vocational skills. Employers, on the other hand, have tended to use the scheme in a way that suits their own recruitment and training needs.

Planned changes to the training system in the early 1980s helped to precipitate the publication of the Scottish Education Department's 16-18 Action Plan, published in 1983. The Action Plan was speedily implemented the following year which was seen as a way of protecting Scottish education from further incursions from the MSC (Raffe, 1985). It replaced the existing system of non-advanced vocational qualifications with a national system of modules awarded by the Scottish Vocational Education Council (SCOTVEC). It aimed to rationalise provision and encourage participation, especially among low-attainers. The changes were aimed primarily at Further Education colleges but became increasingly popular with schools.

In 1990, the MSC was replaced and the work-based training system de-regulated to local level. Training became the responsibility of 22 Local Enterprise Companies (LECs) in Scotland, both in terms of overseeing provision and funding.

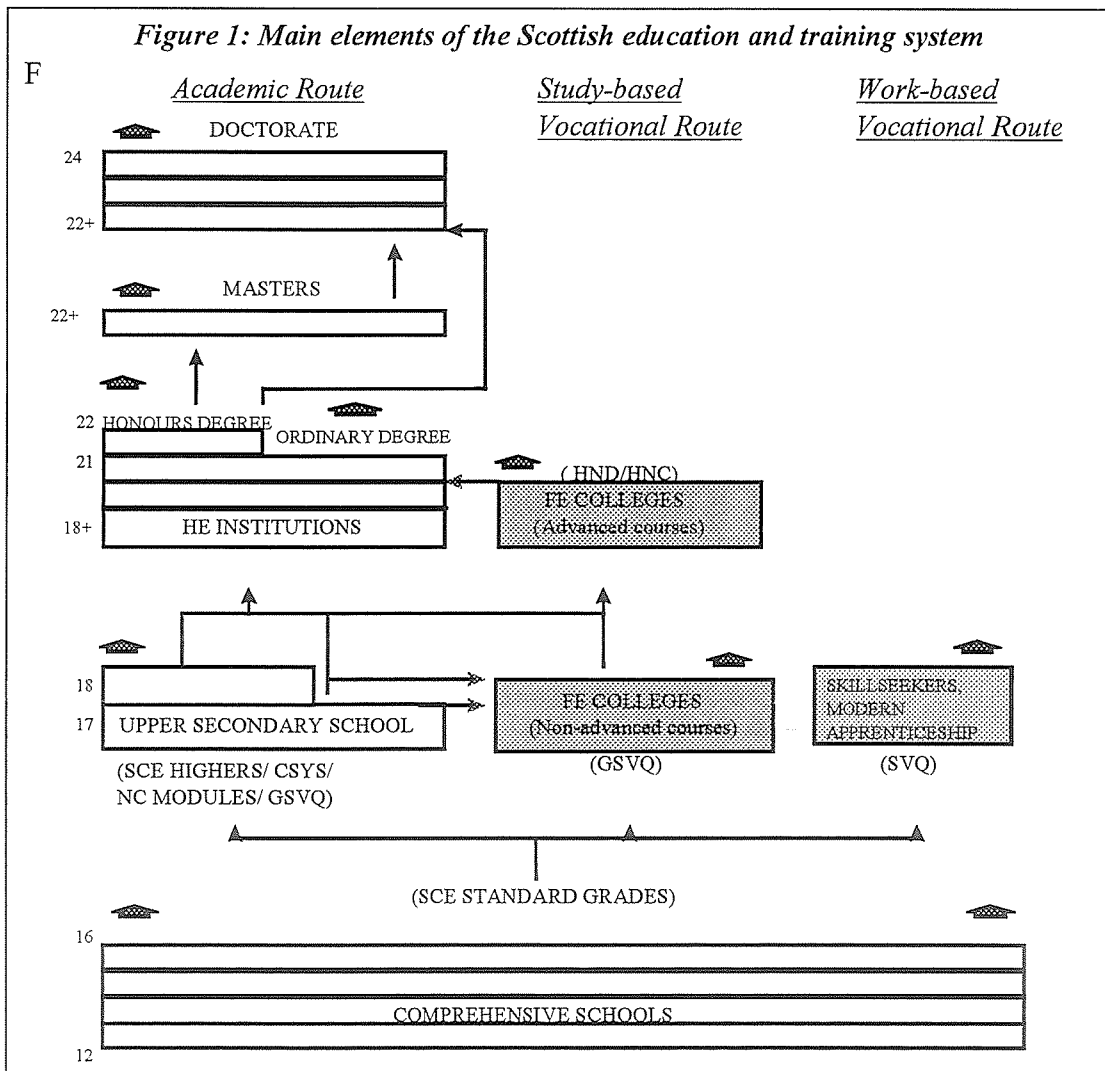
Nation-wide policies have also been introduced which have served to increase the age at which a young person is no longer dependent or semi-dependent on their family. Entitlement to social security benefits was removed from young people under the age of 18, and full-entitlement to benefits is not achieved until the age of 25.

Youth unemployment has become less of a concern in the 1990s as rising participation in education and training has largely "solved" the problem. With the continued failure of Youth Training

to establish itself as a high status work-based route, its declining popularity among young people who prefer to remain in the education system and related concerns over academic drift has led to the introduction of more radical reforms. Modern Apprenticeships were introduced in 1995 as a new option within the existing work-based provision. They represent a further attempt to upgrade vocational training and intermediate skills within the Youth Training framework (see section 3.5).

5.3 Description of Education Training System

The Scottish education system has developed independently (although alongside) from its counterpart in England and Wales. While it shares many similarities with the system in England and Wales it also has a number of distinctive features. Figure 1 highlights the main features of the Scottish education and training system and qualifications within each track.



Most young Scots are educated within comprehensive, co-educational schools, although a small minority of around 4 per cent attend private fee-paying schools. Compulsory education begins in primary school at the age of 5 for a period of seven years, pupils then transfer to secondary school at the age of 12. Secondary school provision is for six years (S1 to S6), although pupils who have reached the compulsory minimum leaving age of 16 may leave school at the end of the fourth year (S4) or at any stage thereafter.

Pupils follow a common curriculum for the first two years of secondary school, the majority in mixed ability classes. After this time they begin to study two year courses leading towards the award of the Scottish Certificate of Education “Standard Grade”,³ for which they sit nationally set and accredited examinations at the end of their fourth year (S4). Rather than receiving a general leaving certificate, pupils then receive the Scottish Certificate of Education (Standard Grade) which details each of the subjects taken and the grades achieved.

Although Standard Grades are the mainstay of the courses and certification at this level, schools can also offer a range of more vocationally oriented modules to complement the curriculum. Successful completion of these modules leads to credit towards the award of the National Certificate by the Scottish Vocational Education Council (SCOTVEC)⁴.

The end of S4 represents the end of compulsory schooling for the majority of pupils and the point at which the first major decision is taken over the direction of their future educational career. It is important, however, to note that at the end of S4, for approximately five-twelfths of the year cohort, due to their birth date, this decision is deferred as they cannot leave school legally until the end of the first term of S5 (December). These pupils are often referred to as “conscripts” or “winter leavers”.

At the end of compulsory schooling pupils are faced with a number of choices: to remain at school; to embark on a vocational course at a Further Education College; or to take their chances in the labour market either directly into employment or onto a work-based Youth Training (YT) programme.

5.3.1 Post compulsory education in the upper secondary school

The vast majority of the more able pupils remain at school for two post-compulsory years and embark on one year courses leading to the award of the Scottish Certificate of Education (Higher Grade), generally referred to as “Highers”. It is these courses which provide the main qualification requirement for progression onto higher education (HE). Pupils can choose from a range of academically oriented subjects offered within the school, the choice of which is normally determined by the individual’s future career aspirations. Some schools however, may not allow individuals to embark on specific courses if it is thought that their prior attainment in the subject indicates that the course would be too demanding. Students aiming for higher education normally take between three and five higher courses in the first year and, in the second year, try and improve their grades in the previous year’s subjects or broaden the range of subjects taken or upgrade existing subjects by taking the Certificate of Sixth Year Studies (a slightly more demanding course for those who have already good attainment at the Higher level).

By the end of their first year of post-compulsory education (S5) a minority of students has attained sufficient qualifications for university entry and may choose to enter higher education at this stage. Even though they have the necessary qualifications to follow this route many students feel they are not ready to progress to higher education and it is a practice which is increasingly discouraged by schools and universities, who prefer that they continue to upgrade or broaden their qualifications.

While traditionally the upper secondary school has been the preserve of the academic mainstream, recent research has highlighted a greater cultural diversity within the upper secondary school (Biggart and Furlong, 1996). Increasingly pupils with below average attainment are choosing to remain at school for an extra one or two years (Paterson and Raffé, 1995).

Although originally designed for FE colleges, schools have been increasingly offering modular courses in both academic and vocationally oriented subjects leading to the award of a SCOTVEC

³ Formerly known as Ordinary Grades, prior to the phasing in of Standard Grades from 1984.

⁴The two bodies responsible for certification, SCOTVEC, and the Scottish Education Board, responsible for the certification of SCE courses, merged in 1997 to form the Scottish Qualifications Agency (SQA).

National Certificate, a “non-advanced” initial vocational qualification. These new courses have been particularly popular with those outside the academic mainstream. However, both higher and lower attaining students frequently combine this modular course with the more traditional and demanding Higher courses, the mix dependent on their academic abilities and prior attainment. Lower to mid ability students often take the more academically or general orientated modules as a means of upgrading their attainments in a specific subject area, before taking the Higher course in a second post-compulsory year.

5.3.2 Initial vocational education and training

Among those who choose not to remain at school and do not enter into employment the two main alternatives are to continue their education at a FE college or enter the more work-based route of Youth Training.

Further Education colleges provide a range of full-time courses aimed at the 16 to 18 year age group, a sector that is small in Scotland compared to the rest of the UK. FE colleges offer a range of vocational courses based on SCOTVEC NC modules. Courses are normally designed to follow group awards within broad vocational areas (e.g. secretarial and administrative studies, sports and recreation studies).

Youth Training has had a chequered history and a number of attempts have been made to reform the system to increase its declining popularity. It is currently known as “Skillseekers” in Scotland. Most training schemes are for two years, are employer-based, with trainees learning on the job while working towards a nationally recognised qualification, normally at SVQ level II. While this may involve part-time education on a day release basis in a local FE college, many trainees are assessed solely in the workplace on the basis of predefined competencies. Trainees are paid a small-specified minimum training allowance, although employers may chose to top this up. Since the withdrawal of unemployment benefits to this age group in 1988 all young school leavers are guaranteed a training place. However depending on the level of demand and competition for places this may or may not be directly based with an employer, but provided by a government-funded training provider financed through a Local Enterprise Company (LEC).

5.3.3 Standardisation of curricula, assessment certification

Müller and Shavit (1997) classify the British system as unstandardised. They do, however, acknowledge difficulty in placing Britain in their typology due to ambiguities across courses, in particular, the degree of standardisation between academic and vocational courses. Since their original classification was drawn up, a number of changes have taken place leading to a further standardisation of vocational courses; however, ambiguities remain.

Within the Scottish system of education and training there are two main strands of qualification. The Scottish Certificate of Education at Standard and Higher grade, and National Certificate modules which are vocational in orientation.

Standard grades and Highers are the mainstay of academically oriented qualifications within the school system. They are assessed through a written examination, are nationally standardised and externally assessed.

The certification of vocational qualifications is broken into two broad strands: those that are study-based and those that are work-based. The study-based individual NC modules are often taken as stand-alone study units, although they can also be combined to form a group award. The grouped awards are known as GSVQs (General Scottish Vocational Qualifications) which are programmes made up of individual NC modules and have a substantial component of general education. They are available mainly in FE colleges, although a few schools offer some courses and they are available in a range of broad occupational areas. Work-based qualifications, on the other hand, known as SVQs (Scottish Vocational Qualifications), are also modular awards, but rather than being study-based they certify competence in specific occupations and are primarily aimed at young people on Youth Training and adults on employment-based training. They are mainly delivered and assessed in the workplace, although many trainees pursuing SVQs attend an FE college on a part-time basis.

Although NC modules and the course content of GSVQs and SVQs is nationally standardised and assessment guidelines are specified, assessment is not externally validated, but conducted internally by the teacher or trainer. While nationally specified assessment guidelines are designed to ensure a degree of standardisation, individual discretion by the teacher or trainer remains. Recent changes to the system of funding within the work-based route have created a system which has the potential to further undermine the validity of SVQs. Under the new system funding is dependent on successful completion of the course, the internal trainer (and assessor) therefore has a vested interest in ensuring successful completion of an award.

At the level of higher education, universities have considerable autonomy over the course content of their undergraduate degree programmes and all assessment is conducted internally. Scrutiny of internal assessment by external examiners is designed to ensure some degree of national standardisation.

5.3.4 Horizontal and vertical differentiation.

As the Scottish system of education and training is not as highly structured as some of its counterparts in western Europe, with a clear separation of academic and vocational tracks and stages, the concepts of vertical and horizontal differentiation are difficult to apply in a coherent manner.

At the lower secondary level pupils are taught within a single comprehensive institution. They follow a common core curriculum with some degree of flexibility over the number and subjects taken at Standard Grade. Students do not follow separate tracks until the end of compulsory education. Where vertical differentiation occurs at this level it is within the curricula followed. Pupils have some degree of flexibility over the number and choice of subjects they sit at Standard Grade, although there are four compulsory subjects that all pupils must study at this level (English, maths, a science subject and a modern foreign language). Standard Grades are intended to be attainable by all pupils regardless of ability, however, within individual subjects they can be assessed at three levels depending on the school's assessment of the pupil's ability (Credit, General and Foundation).

At the upper secondary level differentiation can be in terms both of institution and curricula followed. At the institutional level students can be separated according to whether they have remained

in the upper secondary school, taken up a course at an F.E. college, or entered a work-based training route.

In Scotland, unlike England and Wales where there is a clear separation between “academic” and “vocational” tracks within the upper secondary school, the distinction is somewhat blurred. Most students tend to take a combination of academic (Highers) and vocational courses (NC Modules), the mix dependent on their prior levels of attainment. This situation is further complicated by the fact that many courses which are certified as “vocational” have course content which is general or “academic” in nature, albeit at a less demanding level than the Higher level mainstream academic qualifications.

5.3.5 Flexibility in the system and the relationship between academic and vocational tracks

The current system retains some degree of flexibility between academic and vocational courses. Those with academic qualifications at the upper secondary level may progress onto higher level vocational courses without any real barriers. On the other hand those who follow vocational courses may face difficulties moving over to the academic route, although the problems they face are not insurmountable. In terms of flexibility an important distinction needs to be made between the work-based and study-based vocational courses. Those who follow the work-based courses (SVQs) are effectively cut off from progression within mainstream education.

The majority of students within higher education have followed traditional academic routes and gained entry through Higher courses, but increasingly those with non-standard or vocational qualifications may progress onto university degree courses. In principle, universities have become more willing to accept certain NC group awards (GSVQs) as satisfying entrance requirements for certain courses or combinations of NC modules and Highers, in practice however, they have far from equal status with traditional academic qualifications. Howieson *et al.*, (1990) found that students within the upper secondary school frequently reported what they saw as a lack of status of NC modules within the school itself, among employers and especially in higher education.

Students who follow study-based vocational courses can choose to progress within the FE system by taking more advanced vocational qualifications (e.g. HNC/HND). These courses are accepted by many universities and may allow students to enter into the second year of study of a university degree programme. The extent to which these alternative courses are accepted by individual universities is, however, often dependent on the demand for places and therefore they tend to be more readily accepted by universities who have to recruit students to their courses.

A unified system of vocational and academic qualifications will be introduced in Scotland in 1999 through the Higher Still programme. This should in theory provide a totally flexible system of qualifications, with the exception of the work-based route which effectively will remain cut-off from mainstream education (see section 5.3.6 (i)).

5.3.6 Main changes in the education and training system since 1980

Since the introduction of the Youth Training scheme in 1981, the main changes in the education and training system have been in terms of courses and certification. At the lower secondary level, the main form of certification changed from Ordinary Grades to Standard Grades. Ordinary grades were initially aimed at the more academic pupils, and were graded from A through to G, where A-C grades were seen as pass grades. The new Standard grade exams are assessed from grade 1 to 7, where theoretically all grades are seen as passes on a continuum, 1 representing the highest pass, 7 the lowest.

In 1984 existing non-advanced vocational qualifications (mostly SCOTEC and SCOTBEC) were replaced by the system of individual National Certificate modules. In 1992 General Scottish Vocational Qualifications, the grouped awards of NC modules, were introduced to mirror developments

in England and Wales. They were introduced initially as pilots and they remained in this mode until 1996. Modules can now either be taken as individual stand-alone units, or as part of a grouped award certifying competence in a broad occupational area. The grouped awards are generally available through FE colleges, but are also offered within a few schools.

Scottish Vocational Qualifications (SVQs) were also introduced to match new work-based equivalents in England and Wales. They are assessed and certified in the workplace and are mainly taken as part of the Youth Training Programmes, such as "Skillseekers" or "Modern Apprenticeships".

Youth Training in Britain has gone through a number of changes throughout its relatively short history. Initially introduced nationally as a scheme for the unemployed in the form of the Youth Opportunities Programme in 1978, providing six months of work experience for those who have been unemployed for six weeks. In 1981, it was re-launched as the Youth Training Scheme, a yearlong scheme aiming to provide an alternative route to unqualified school leavers. In 1986, it was extended into a two-year programme and was subsequently renamed Youth Training (YT). Youth Training went through further transformations and, in the 1990s, is currently known as Skillseekers in Scotland (Youth Credits in England and Wales). This system of training was first introduced on a pilot basis in 1991, becoming nation-wide in 1995. The main changes from the previous version of youth training centre on the system of funding. Under the new system the trainee is given credits which they can spend on training. The intention is to increase young people's motivation to train, empowering them in the training market, and to force training providers to raise the quality of their courses to attract customers in a market-driven system.

The most radical change to the training system in Britain was the introduction of Modern Apprenticeships, a new form of youth training within the Skillseekers programme. Primarily aimed at 16- and 17-year-old school leavers, it provides for a higher level of vocational training than the basic scheme - allowing young people to train at craft, technician and trainee management level; trainees study for an SVQ at level III - and including an additional component of core skills. The main aim of the scheme was to integrate work-based and college-based training to provide work-based vocational training at a higher level. The employer normally pays young people a wage and the responsibilities of the trainee and employer are set out in a nationally drawn up training agreement setting out the minimum standards for the industry.

(i) Higher still

In 1994 a series of proposed reforms for upper secondary education were announced with the publication of Higher Still (Scottish Office, 1994). These reforms are due to be implemented in 1999 and will radically alter the current system of post-compulsory education. With the exception of the work-based training route, all vocational and general educational courses below the level of HE will be brought into a common unified framework. Rather than being designed to remove the distinction between academic and vocational courses, the reforms are based on improving the perceived problems inherent in the current system, although the result will be a totally unified system.

Students will have access to a range of academic and vocational courses situated within a common framework. The courses will be available at five different levels, and students will take courses at the level deemed appropriate based on their prior level of attainment. The top two levels will correspond to the existing Higher and Sixth Year Study courses. Students will be able to take courses at a different level in the same year, progress onto a higher level in subsequent years or move horizontally by taking additional subjects.

While, in principal, vocational and academic courses will have parity and progression to common levels within the two tracks will be possible, the extent to which this will be achieved remains to be seen. It is quite feasible that under the new system vocational courses will continue to lack the

status of those with more academic content, being more frequently taken/or offered at a lower level, thus retaining the current divisions.

(ii) Higher education

The main change that occurred at the level of higher education was the abolition of the distinction between Polytechnics and Universities. Polytechnics, renamed as “Universities” in 1992, were introduced as part of the rapid expansion of HE in the 1960s and were aimed at providing a more vocational or applied education at degree level. Traditional universities are frequently perceived as being of higher status, often attract the most able students and are less likely to have to recruit students. This is often dependent, however, on the reputation of the subject area, while the distinction between the two types of institution was or had become a relatively false one.

The traditional qualifications for entry into university are based on the number and grades of Highers. Universities are increasingly accepting vocationally oriented courses, combinations of NC modules and Highers or GSVQ level II grouped awards as meeting the entry requirements for specific courses.

5.3.7 Changes in participation in education

Over the last two decades patterns of participation in education have changed quite radically. In fact, comparatively, Britain has fared quite badly. For example, in 1990 in Germany, France, Belgium, Denmark and the Netherlands more than three-quarters of young people between the age of 16 and 18 were in full-time education, compared to only 40 per cent in the UK (DfEE, 1993). While most advanced industrial nations had achieved high levels of participation by the mid-1980s, the UK rate was below 50 per cent (Spours, 1995). Much concern has been expressed over the low level of participation, although in the UK it is partly compensated for by the higher numbers participating in part-time in education.

Like the rest of the UK, Scotland has witnessed a large increase in the numbers remaining in post-compulsory education. The proportion of students who voluntarily stay on at school into the first year of post-compulsory education has increased steadily from 51 per cent in 1981 to 76 per cent in 1995. While the majority of those who remain in education stay within the school sector, on average an additional 4 per cent go on to study full-time vocational courses at F.E. colleges. The proportion of students who remain in the upper secondary school for two post-compulsory years has more than doubled in just over a decade, increasing from 18 per cent to 44 per cent between 1981 and 1993 (SOEID, 1996). While participation rates in the UK have been increasing since 1974, recent figures have suggested that the first sign of a downturn has appeared (Spours, 1995). The figures for Scotland suggest that there has been a slow-down in the rate of increase, although it still appears to be on an upward trend.

The changes in participation can be seen as related to a number of factors, the virtual collapse of the youth labour market, a lack of confidence in youth training schemes and the removal of the option of unemployment when benefits were withdrawn in 1988.

Raffe and Paterson (1995) examined the trends in participation in full-time education in Scotland between 1985 and 1991. They found participation varied strongly by attainment at the end of compulsory schooling, it was higher among females than males and correlated with parental education and occupation. Over the period the differences between males and females remained constant, but there was a narrowing of two related trends, that of parental education and prior attainment. While social composition change of year groups has been identified as a factor in increasing participation (Burnhill, 1984; Tomes, 1998), Raffe and Paterson found little evidence that it contributed significantly to an increase in staying-on rates.

The increase in participation at the upper secondary level has resulted in a corresponding increase in participation in higher education. Between 1987 and 1995 the participation of young Scots under the age of 21 more than doubled, rising from 20.5 per cent to 44.2 per cent (Coffield and Vignoles, 1997).

With increased participation, the qualification profile of those who leave school has been on an upward trend. Over the decade 1981 to 1991, the percentage of all leavers with no qualifications has fallen from over a quarter (28 per cent) to under one in ten (9.9 per cent). At the top end of the attainment band, those leaving with five or more Highers, there has been an increase from 10.3 per cent to 15.4 per cent (SOEID, 1993).

5.3.8 Gender, class and ethnicity relationship to educational outcomes

(i) Gender

Females are more likely to stay-on at school than males. Analysis of the biennial surveys of the SYPS between 1985 and 1991, while indicating the strong upward trend in levels of participation, shows the gap between males and females is constant, female participation is around 10 per cent higher than males. Recent figures show that about a third of males (34 per cent) leave school at the minimum age compared to a quarter of females (26 per cent) (SOEID, 1996).

In 1987 around one in five Scots women under the age of 21 participated in HE; recent figures show this has increased to half of all women (48.8 per cent). Female participation has increased at a faster rate than males. In 1987 the participation rates for males and females were roughly equal, 20.6 and 20.4 per cent respectively. However, by 1995, female participation rates were nearly 10 per cent higher than the equivalent rate for males, 39.7 per cent compared to 48.8 per cent (Coffield and Vignoles, 1996).

In terms of the qualifications achieved on leaving secondary level, females have improved their position relative to males over the decade 1981-1991. While both sexes achieved equal results in 1981, females now outperform males. In 1995, 6.6 per cent of females left with no qualifications, compared to 9.1 per cent of males. Among the higher attainers, 19.4 per cent of females achieved five plus Highers, compared with 14.7 per cent of males (SOEID, 1996).

(ii) Race

Ethnic minority groups represent only around 1 per cent of the Scottish population. As a result of the low numbers that are found in representative surveys of young people, statistical comparatives between white and non-white youth are invalid and therefore tend not to be reported. Evidence from the Youth Cohort Survey in England and Wales suggests that overall ethnic minorities have higher post-compulsory educational participation rates (Jesson *et al.*, 1991). This also held true at the higher education level for most ethnic groups (Coffield and Vignoles, 1997).

(iii) Class

Although there has been a general trend towards increasing participation in education from all social classes, the pattern has not been uniform. Comparing those from professional and managerial backgrounds to those from the lower working class, between 1979 and 1987, class differentials were widest in 1981 at the order of 51 per cent. Seventy-eight per cent of those from the lower working class left school at the minimum age compared to only 27 per cent of the professional and managerial class.

Between 1981 and 1987 class differentials narrowed, however by the end of this period those from professional and managerial backgrounds were still twice as likely to remain at school than those from the lower working class, 22 per cent and 48 per cent respectively (Furlong, 1991).

Participation in HE has also been increasing across all social classes, those from manual social background (Registrar General (RG): IIIM, IV, V and unclassified) have increased participation three-fold, from 4 per cent in 1980 to 15 per cent in 1994. Among those from the professional and managerial class the proportion increased from 27 per cent to 37 per cent over the same period. While those in an intermediate class position (those from skilled non-manual backgrounds, RG: III_{nm}) narrowed the gap in relation to those from professional and managerial backgrounds (30 per cent as opposed to 37 per cent), the difference between the professional and managerial and those from manual classes has remained relatively constant at around 24 per cent (Paterson, 1996).

5.4 Youth Transitions

The transitions from education to employment in Britain have tended to be shorter than that of other countries and while, in recent years, they have become more protracted, they are still considerably shorter.

One of the most comprehensive studies into school to work transitions in Britain was conducted through the Economic and Social Research Council 16-19 Initiative. This study identified five principal career patterns which young people followed from school to work (Banks *et al.*, 1992).

- 1) Two year education route: An academic route followed by about one-third of the sample for two years post-16. The majority of participants entered higher education, although 30 per cent entered directly into employment.
- 2) One-year general or vocational education: About 10 per cent of the sample studied vocational or educational courses for a year, before leaving education, 85 per cent of whom subsequently found work.
- 3) Education to work: Approximately 10 per cent of the sample made a direct transition from school to work at the age of 16.
- 4) School to YTS (now Skillseekers in Scotland) to work: A quarter took this route through work-based vocational training.
- 5) School to YTS to unemployment: Around 22 per cent were in this residual category.

While these trajectories were developed using data from 1988 and the pattern of transitions has changed quite radically since then, they are still largely applicable to the 1990s. The main changes have been in terms of the proportions following each of these routes. More young people are now participating in education while fewer follow routes into youth training or make direct transitions into work.

Recent research suggests that an additional category should be added to the trajectories developed through the 16-19 Initiative. Since 1988 young people between the ages of 16 and 18 are no longer entitled to claim unemployment benefits and therefore technically cannot be unemployed. Those who choose to leave education and cannot find work are guaranteed a place on a training scheme. Research carried out in Wales and Northern Ireland has highlighted the existence of a group of young people who are not in education, training or employment that they have called "Status-zero". They form a disparate group who have largely been invisible to the education and training system and the majority of whom are not recorded in official statistics.

Although the extent of Status-zero is hard to quantify, one estimate has suggested they could form as much as 20 per cent of the age group (Williamson, 1997). They consist mainly of young people with low attainments who have rejected education and what they perceive as the "slave labour" of the youth training provision. They survive on family handouts and are frequently involved in the informal

economy, involving “occasional fiddles and opportunistic crime”. The 1994 Scottish School Leavers’ Survey, indicates that among those who leave school at the minimum age, one in five reports their destination as being out of work or doing something else other than education and employment (Lynn, 1996).

(i) Destinations

The 1994 Scottish School Leavers’ Survey shows that nearly half of young school leavers continued onto full-time higher education either at an FE college or university, 15 per cent entered a training scheme and a quarter went from school directly into work (24 per cent). Among those who remained at school for two post-compulsory years, over two-thirds (67 per cent) continued their education, while only 17 per cent entered full-time work (Lynn, 1996).

Between 1987 and 1991, those following a two year post-compulsory education route and entering directly into HE increased from 12 per cent of the age cohort to 26 per cent (Raffe and Surrudge, 1995). An additional 5 per cent, who had gained sufficient qualifications following the first year of post-compulsory education, chose to make an early entry into HE at this stage, a practice discouraged by many schools.

Entry to higher education in Scotland has tended to be through the school system, and Higher examinations. However in recent years a small but increasing proportion of young people are entering HE from FE courses. One per cent of the cohort in 1987 entered HE from FE, compared to 4 per cent in 1991 (Raffe and Surrudge, 1995).

While participation has been on the increase, over one in ten (12.6 per cent⁵) young people continue to leave school at the minimum-age to enter directly into full-time employment. A similar proportion (9.3 per cent) leave at minimum age and enter Youth Training although this route has been in decline.

For those who had left school at the minimum age, first main activity can be broken down as follows: 37 per cent in a full-time job; 27 per cent on YT; 11 per cent out of work; 2 per cent were in education.

Qualifications were a major determinant of status at age 19. Of those who obtained no qualifications, over half (54 per cent) were out of work (at approximate age 19) (Lynn, 1996).

5.4.1 Protracted transitions

As transitions tend to be shorter in Britain compared to most of continental Europe, there has been a lack of studies focusing on the extended nature of transitions, the vast majority of previous studies having focused on the 16 to 19 age group. Plans are underway, however, to extend the various cohort surveys in the UK up to the age of 23 to take account of the extended nature of transitions.

A great deal of attention has been given in the British literature to the way in which the transition process has been changing, although there is little empirical evidence to support the increasing complexity of transitions. Roberts (1995) has argued that theoretical advances in the area of youth transitions have led to a situation where theory outdistances the empirical evidence.

Ashton and Maguire’s (1990) study “Young Adults into the Labour Market” traced the career paths of 18 to 24 year-olds; they found relative stability among most sectors of the youth labour market in their early careers. Where instability was found it was at the bottom end of the youth labour market.

⁵ Includes all “winter leavers”.

Here many young people's early careers were characterised by a series of shifts between government training schemes, semi- and unskilled work, punctuated by periods of unemployment.

The 1970 British Birth Cohort Study is one of the few recent surveys that can provide some insight into the nature of protracted transitions in the 1990s. The latest sweep is of young people aged 26 in 1996 at the time of the survey, who were leaving school in the late 1980s (Bynner *et al.*, 1997).

Early analysis of this latest sweep shows some interesting results. Qualifications and parental social class remained important determinants of labour market position. Gender inequalities were not so marked as analysis of previous cohorts would have led to expect, with women having improved their position in the labour market. The vast majority, four out of five, of 26 year-olds were in employment in 1996, 7 per cent of men and 4 per cent of women classed themselves as unemployed, while 14 per cent of women were in full-time care of the home/family.

With regard to employment at age 26, with the exception of those with no qualifications who were significantly more likely to be unemployed, the level of qualifications had little impact for males and childless women. For women with children, the higher their level of qualification, the more likely they were to be in employment, ranging from 30 per cent among those with no qualifications to 65 per cent of those with a degree.

The results also indicate the degree of instability of employment (although the cohorts' early employment experiences occurred during the 1991-92 recession). Only one-third had been employed continuously, while a third had intermittent experience of unemployment but no more than three months at any one time. The other third had experienced periods of prolonged unemployment, and 1 per cent of these had never had a job.

Qualifications were found to be an important safeguard against prolonged unemployment. The results also highlight the negative aspects of having been on a youth training scheme. Forty per cent of those currently unemployed at age 26 had been on YT. In fact the authors suggest that far from aiding labour entry, experience of YT reduced the recipients' prospects as YT proceeded the periods of unemployment. They also found that, controlling for factors such as class and qualifications, experience of YT reduced weekly pay by 7 per cent (Joshi and Paci, 1997).

5.4.2 Education and training system and labour market linkages

In Britain, although qualifications are an important determinant of occupational outcome, providing differential access to specialised jobs or access to different segments of the labour market, the linkages between education and the labour market are not tight. Kerckhoff (1996) describes the relationship as stronger than both France and the United States and although educational credentials are not very predictive of initial employment the fit becomes tighter over time.

The linkages between education/training and the labour market vary across the stages of education and the different pathways within them. Hannan *et al.*, (1997) classify these linkages as "decoupled with strong market signals". This best describes the compulsory stage, the academic pathway within the post-compulsory stage and the less professionally oriented sector of higher education. The broad vocational pathway and professional higher education may reflect what Hannan *et al.*, call "collinear" linkages, with employer and professional bodies influencing curricula and qualifications, although the strength of these linkages is highly variable. The linkages are strongest in the occupational pathway where many trainees are employed or otherwise sponsored by employers, and where employers have formal "ownership" of the occupational qualifications.

Institutional features play a strong role in the link between labour markets and education. Marsden (1990) highlights the extent of institutional support for “occupational labour markets” (OLMs) and internal labour markets (ILMs). He defines Britain and Germany as more likely to have OLMs than France and Italy where ILMs are prevalent. However, in relation to skilled employment in recent years Britain has witnessed steady erosion of OLMs by internal ones, with the virtual disappearance of the traditional apprenticeship system and an associated deregulation of training (Marsden and Ryan, 1995). OLMs in Britain are now most prevalent in the professional labour markets, such as medicine and law, and have become less prevalent in craft-related segments that are generally entered through Youth Training.

Although direct linkages between specific qualifications and the labour market are generally weak in terms of content congruence, qualifications play an important role of access into different the segments of the labour market. The relationship between formal qualifications and levels of employment is relatively flexible compared to many other European countries, as occupational trades are less strictly regulated by formal specification or training courses. Never the less Youth Training courses provide an important point of access into ILMs for many young with few formal qualifications. Research conducted into employer recruitment has demonstrated clearly that the level of qualification plays an important screening role, especially among higher labour market segments. At lower segments of the labour market, qualifications were found to be less important, employers seeking only the requisite personality and attitudes (Ashton *et al.*, 1990).

As participation in education and the qualification profile has increased among successive cohorts, qualifications may play an increasingly important role in middle and lower segments of the labour market. Roberts (1995), among others, has argued that as competition for jobs intensifies at periods of high unemployment, qualified job seekers have traded down their aspirations. As a result those at the bottom may be left with little room for manoeuvre and get squeezed out with nowhere to go. Qualification inflation has been evident within a protracted youth labour market in Britain.

5.4.3 Research into education and training interventions

There is an extensive literature within the wider British context examining the Youth Training scheme and its variant forms that has largely replaced the traditional apprenticeship system.

Much of the research into Youth Training programmes has been highly critical of the schemes. It has highlighted their ineffectiveness in raising skill levels, in improving trainees’ employment prospects as well as the negative attitudes that young people hold towards the programmes themselves. While much of this research was related to earlier forms of the schemes, Marsden and Ryan (1995) argue that its continued failure in skill development is reflected in further changes to the system with the introduction of Modern Apprenticeships.

Research has highlighted the variation in training quality provided by the schemes. Lee *et al.*, (1989) used the concept of “surrogate” labour market to show how the scheme became segmented in a similar way to the “real” labour market, with some trainees receiving high quality training with good employment prospects while others were offered little more than a period of work experience with little training. Roberts has argued that it is the context within which training takes place rather than the content that is important. In the Anglo-German study a distinction was made in the typology between those who experienced YT within and out-with a firm, the latter being seen as an inferior position with poorer prospects.

Studies have shown generally that participation in Youth Training tends to enhance employment prospects. For example Main and Shelley (1990) found that in Scotland YT participants were between 11 and 17 per cent more likely to be in employment than non-participants. However, while YT may improve the chances of employment through access to internal labour markets,

participation in the scheme has a negative effect on earnings. Green, Hoskins and Montgomery (1996) found that even three years after completion of their training scheme, YT participants earned 15 per cent less than those with no training and similar characteristics.

Research has also highlighted the different ways in which employers use the scheme: as an alternative to traditional apprenticeships; as a source of cheap labour with little intention of providing further employment; or as a means of screening potential recruits. While it has become a key route into many skilled jobs, it has largely been associated with low-cost training at lower-level skills and attracts mainly lower qualified young people.

Furlong (1992), through an analysis of the Scottish Young Peoples' Survey, concludes that YT is unlikely to have a strong effect on the career chances of most trainees and highlights the way the scheme may create a sub-group of trainees who may become identified as "double failures" in that those who fail to secure a job immediately after training may find it difficult to obtain stable employment.

5.5 Conclusions

Scotland, like the rest of Britain, has witnessed radical changes within the youth labour market over the last couple decades. From the mid-1970s rising youth unemployment and the collapse of many jobs in manufacturing has radically altered the sort of jobs available for minimum aged school leavers. As a result there have been major changes in educational participation and the nature of school to work transitions. In a comparative perspective, Britain has lagged behind most of its main European competitors in terms of post-compulsory educational participation, although given the rising rates of participation that gap is narrowing.

The main policy responses to the changes in the youth labour market have centred on the introduction of vocational courses and new forms of certification and the introduction of youth training schemes. New vocational courses have been introduced in upper secondary schools and FE colleges to cater for those outside the academic mainstream, and repeated but unsuccessful attempts have been made to establish a high status work-based training route.

In a comparative perspective, the Scottish education and training system is characterised at the lower secondary level as highly standardised, comprehensive and non-tracked. Tracking within the education and training system only occurs at the upper secondary level, where students can choose between three principal routes: academic, vocational or work-based. The routes followed are largely determined by prior academic attainment. In Scotland, the distinction between academic and vocational courses in the upper secondary school, unlike England and Wales, is blurred. Most students take a mix of both academic and vocational courses, largely dependent on their prior attainment. The distinction between academic and vocational courses will be further undermined with the introduction of "Higher Still" in 1999. This will result in a series of curricula reforms where all vocational and general courses below the level of higher education will be brought together into a unified framework. The exception to this will be qualifications within the work-based route, which will remain effectively cut off from mainstream education. Academic courses at the upper secondary level are highly standardised, although vocational courses are assessed according to guidelines they are open to the individual discretion of the teacher or trainer.

Progression through the education system is largely determined by prior attainment, and in particular the number and grades achieved in individual subjects. Access to academic courses within the upper secondary school is often dependent on the grades achieved at the lower secondary level.

These academic courses (Highers) provide the main entry requirements to higher education, although some universities and courses are increasingly willing to accept the grouped awards.

Education plays an important role in preventing unemployment and providing access to different segments of the labour market, the fit between education and the labour market becoming tighter over time. In terms of content congruence the relationship is relatively weak, it is strongest among those with professional qualifications and those within the work-based route of Youth Training. The former, however, enter occupational labour markets, while the latter provides an important route into internal labour markets for those with few formal qualifications.

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6 Portugal

6.1. Introduction

Unlike other countries, in the past two decades or so the Portuguese education/training system has seen marked change. The period following the April 1974 Revolution was a period of political instability which led to a “normalisation phase” and then a new period beginning with the integration of Portugal within the European Union.

This accelerated political change is a more suitable explanation for the degree of standardisation, stratification and flexibility in the Portuguese education/training system than economic factors. We intend to illustrate this throughout the report.

Over the last 20 or 30 years the different governments have made enormous efforts to deal with one of the most serious structural problems they have had to face in the country’s development, as well as one of the main constraints to reaching convergence with other member states,¹ that is the low education levels of the Portuguese population, the early school leaving age and school failure. Although there are some positive signs, illiteracy still constitutes a serious problem. The following tables present some aspects of this situation.

Table 1: Portuguese education levels at age 15 and more

<i>Education levels</i>	<i>1981</i>		<i>1991</i>	
Can't read or write	1,506,205	20.6%	951,021	12.1%
Can read and write (without diploma)	1,194,192	16.3%	1,097,563	13.9%
Basic education (1st cycle)	2,847,739	38.9%	2,871,014	36.4%
Basic education (2nd cycle)	775,139	10.6%	1,182,355	15.0%
Basic education (3rd cycle)	473,022	6.5%	804,792	10.2%
Secondary education	256,563	3.5%	602,050	7.6%
Lower tertiary education	116,196	1.6%	98,218	1.2%
Higher tertiary education	155,284	2.1%	283,862	3.6%
Total	7,324,284	100%	7,890,875	100%

Source: *Recenseamentos Gerais da População* (1981-1991) (INE).

Table 2: School failure and schooling indicators in some European Countries

<i>Country</i>	<i>Ave School years¹</i>	<i>Higher education diplomas¹(1987-90)</i>	<i>School failure rates (primary school)²</i>	<i>School failure rates* (compulsory school)²</i>
Spain	6.8%	5.6%	4.1%	7.3%
France	11.6%	9.0%	11.4%	11.0%
Italy	7.3%	3.7%	1.1%	3.6%
Portugal	6.0%	2.2%	37.0%	31.2%
Germany	11.1%	7.6%	-	-

Notes: *Average of the school failure rates² in the 9 years of compulsory school

¹ Source: PNUD, Rapport 1992

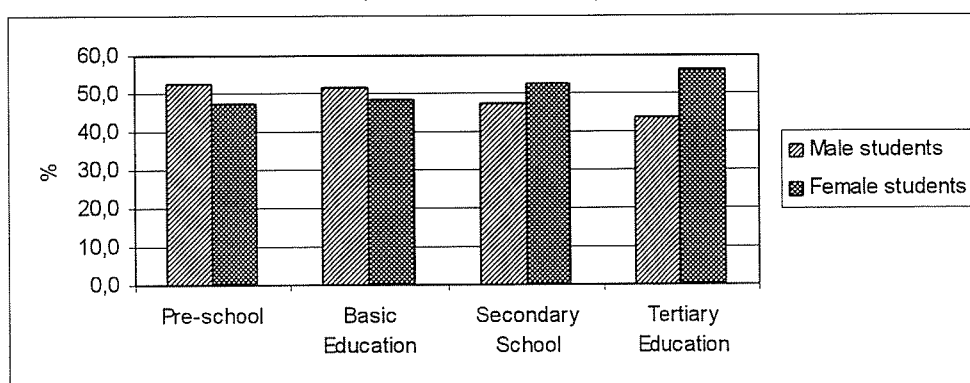
² Source: CUNHA, R.V., 1987. “L’*échec Scolaire au Niveau de L’éducation Obligatoire*”, Bruxelles.

¹ It must be stressed that this was the main Portuguese argument presented at the Conference in Luxembourg (November 1997), seeing the Agenda 2000.

In relation to gender, a particularly important datum concerns the reconfiguration of the university public over the last three decades. In 1960, female university students constituted only 29.5 per cent of students attending college education. From then onwards the number of women attending higher education has increased to approximately 60 per cent.

The number of students enrolled during the 1994-95 academic year shows that, up to the end of compulsory schooling, the proportion of males is higher than that of females (Figure 1). This situation however is not apparent within post-compulsory education: the ratio of female to male students is higher. This gender discrepancy becomes more visible in higher education: 43.6 per cent male students compared to 56.4 per cent female students.

Figure 1: Number of students enrolled per education level (1994-95 academic year)



Source: *Estatísticas da Educação (DEP/GEF)*.

The increasing presence of women in the most qualified categories is further corroborated by another indicator: among those aged between 20 and 29, 6.7 per cent of women relative to 4.8 per cent of men have a higher degree (Almeida, Costa, Machado, 1993: p.316).

In the economically active population in 1992 the proportion of females in education was higher than for males in the lower and in the higher levels, i.e., 54.1 per cent compared with 45.9 per cent and 54.8 per cent as against 45.5 per cent, respectively. The situation is the same in 1997, although it must be stressed that the percentage of women participating increased at all education levels.

Table 3: Population economically active by sex and educational level

Educational Level	1992		1997	
	Men	Women	Men	Women
No Education	45.9%	54.1%	43.9%	56.1%
Compulsory Education	59.1%	40.9%	58.2%	41.8%
Secondary Education	52.1%	47.9%	51.9%	48.1%
Higher Education	45.2%	54.8%	44.4%	55.6%

Source: *Instituto Nacional de Estatística (INE) [National Statistics Institute]. Employment Survey.*

In the mid 80s the Portuguese government started to show some interest in the question of school to work transition. As a result, in 1986, it set up the OEVA (Observatório de Entradas na Vida Activa [Active Life Insertions Observatory]). OEVA has throughout maintained its title, albeit having described a trajectory as sinuous as the political and social vicissitudes undergone by the country

itself. OEVA was set up due to a joint initiative of the Ministry of Employment and Ministry of Education. These ministries co-operated to launch a set of inquiries into the problem of entry into the labour market. The inquiries were sent to all the groups constituting the different levels of the education structure, as well as to all the groups constituting the vocational training structure. As such, the inquiries covered the entire universe of youth training (with the exception of those attending higher education).

There are two comprehensive types of vocational training in Portugal, vocational training within the education system, and vocational training within the labour market. This division² brought as a consequence a plurality of institutions thenceforward responsible for the various types of vocational training.³

Political changes led to the disestablishment of an observatory vested with inter-ministerial responsibility for training. Thenceforth, each ministry took responsibility for “observing” the individuals whose training was under their supervision. The Ministry of Education took responsibility for those individuals following regular education path courses as well as those attending the ministry’s training programmes. The Ministry of Employment followed both initial and continuing training which were its responsibilities.

Probably due to cultural reasons, these institutions have been showing great difficulty in coping with the co-operative working system; which may be the reason for the relatively short duration of OEVA in its original form. At the time, the Observatory launched inquiries⁴ into:

- the ninth school year - regular path - students (studies concluded in 1985);
- the twelfth schooling year - regular education path – students (studies concluded in 1983);
- the professional courses - vocational training path – trainees (training concluded in 1985);
- the Santarém’s and Coimbra’s Agrarian Higher Schools diploma bearers (diplomas obtained in the years 1984 and 1985);
- the Ministry of Employment initial vocational training trainees; and
- the technical-professional courses - vocational training path – trainees (training completed in 1986).

It is worth stressing that the “state of art” on school to work transitions’ surveys presented in this report is not exhaustive; it refers only to the information gathered up to the present.

Nowadays OEVA covers only the work developed by IEFP – Instituto do Emprego e Formação Profissional (Institute for Employment and Vocational Training) - which operates systematic surveys of all those attending training programmes (both initial and continuing) provided both by the direct management centres and by the participated management centres pertaining to IEFP and countrywide.

Within the Ministry of Employment there is another body - Direcção Geral de Emprego (General Board for Employment) – which, from 1995, also became responsible for the launching of entry level surveys, this time directed towards individuals attending vocational training within other ministries’ scope (among others, the ministries of health, agriculture and fishing, economy).

² “Formal vocational training” denotes the set composed of all types of training with the exception of *on-the-job training*. This latter was until recent times the predominant (not to say exclusive) type of training practiced in Portugal.

³ The institutions in question were: GEP - Gabinete de Estudos e Planeamento do Ministério da Educação (Ministry of Education Studies and Planning Department); DEP – Departamento de Estudos e Planeamento do Ministério do Emprego (Ministry of Employment Studies and Planning Department); and IEFP – Instituto de Emprego e Formação Profissional (Institute for Employment and Vocational Training). In 1990 another body was established within the Ministry of Education: GETAP – Gabinete de Educação Tecnológica, Artística e Profissional (Technological, Artistic and Professional Education Department), which subsequently integrated the O.E.V.A. body.

⁴ They were launched an average of one year after the conclusion of the education stage to which they refer.

With regard to the surveys under the Ministry of Education's sphere of responsibility (but not integrated into the OEVA framework) the following information is collected:

- follow-up survey of young students who ended the twelfth year in 1983 (the same cohort to whom an inquiry was directed approximately eight years before);
- survey on ninth year (regular education path) students, undertaken approximately 18 months after the conclusion of the course. (This inquiry was carried out on a sample of students who were picked from a sample of schools, which makes any comparison with the figures obtained in a previous inquiry directed at the same school year impossible);
- survey on twelfth year (regular education path) students, undertaken approximately 18 months after the conclusion of the course. (This was carried out on a sample of students who were picked from a sample of schools, which makes it impossible to compare with the figures obtained in a previous inquiry directed at the same school year);
- a current survey of both twelfth school year students and individuals whose training was obtained within vocational schools (vocational training path).

Within the government - within the scope of the Ministry of Employment - a new institute, specifically investigation-oriented, has been established: INOFOR – Instituto para a Inovação na Formação (Institute for Innovation in Training). Among other research projects, INOFOR – once again in co-operation with the Ministry of Education - is launching an Observatory on higher education diploma bearers.

To sum up then, there are a plurality of training types; plurality of institutions with responsibility in training; an absence of a body which would co-ordinate the work developed within this field; and a quite perceptible competition culture among the various institutions – which leads to a disjointed set of research documents, each carried out in accordance with different methodologies and sampling criteria. As a result, comparing the data produced becomes impossible, precluding analyses of the results over time. However, the IEFPP's studies are an exception as they are undertaken systematically. From a theoretical point of view, and according to the information collected to the present, studies:

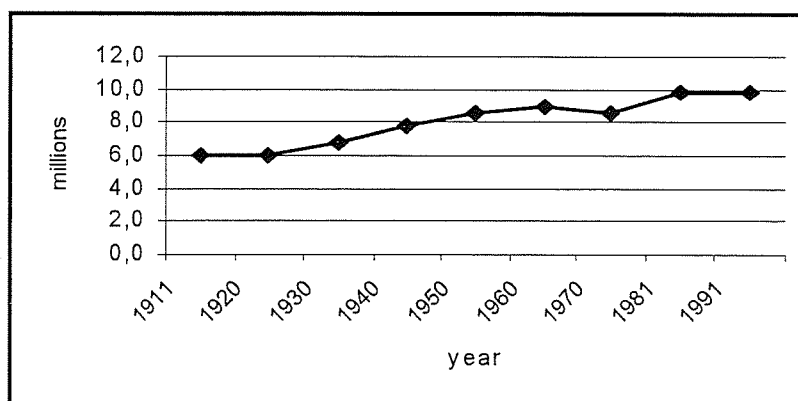
- are predominantly focused on job searching;
- follow an individualistic logic in a neo-classical economic theory fashion;
- are occasionally interconnected with a sociological-oriented perspective, in an attempt to relate background social class/probability of getting a job/kind of job attained.

6.2. National Context

6.2.1 Demographic changes

On the last population census (1991), Portugal had 9,862,540 inhabitants. Between 1960 and 1991, the population of Portugal increased by approximately one million people (i.e., a growth rate of 11 per cent). However, mere quantification of population growth is a poor and reductive measure. Behind this growth some of the most profound demographic changes that have and continue to typify Portugal's way of life lie hidden.

Figure 2: Evolution of the resident population (1911-1991)



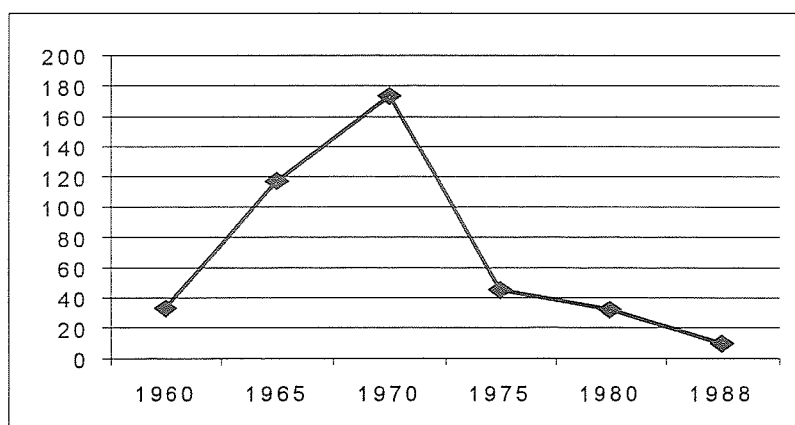
Source: *Recenseamentos Gerais da População* (INE).

In terms of population increase, three periods should be identified:

- From roughly 1960 to 1973 we can observe a decrease in population. This is due to emigration towards Europe and military conscription of young Portuguese, which sustained the Colonial War in Africa.
- Between 1974 and 1976 a pronounced increase in population can be observed. This was due, on the one hand, to the reduction in the emigration flow to Europe and on the other hand, and most relevantly, to the end of the War which brought back young soldiers and some of the several thousand until then living in Africa's former Portuguese colonies.
- From 1977 onwards population growth is relatively stagnant. Nevertheless, small oscillations are registered which have resulted in a slight increase in population.

Emigration already constituted an important phenomenon during the nineteenth century and early twentieth century. From the mid-1960s onwards, however, the departure of Portuguese people to foreign countries was so great (Figure 3) that there was a drastic scarcity of manpower, especially marked in the agricultural and industrial sectors.

Figure 3: Emigration until 1988



Source: *Recenseamentos Gerais da População* (INE).

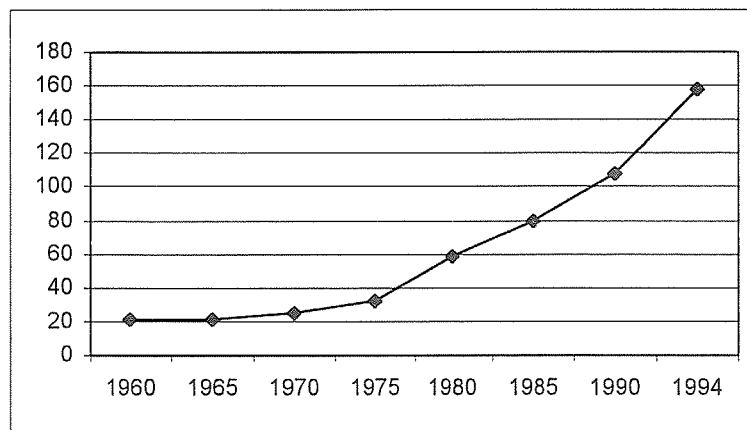
One consequence of this emigration flow was the progressive “demographic desertification” of certain areas - mainly the poorer inland rural regions of the country. The effects of desertification

are still visible in vast regions of the country where the population has aged and generation replacement does not take place; not only does children's school planning/implementation raise problems, but the possibility of integrating young people into the labour market is little more than non-existent. At the same time, those emigrating are, naturally, in their active/working-life period. The ageing of the population is thus a factor beginning to appear in the national demographic structure.

Together with the Colonial War,⁵ emigration has a profound effect on the Portuguese labour market of the time: compared to almost all other European countries, and notwithstanding its comparative poverty and its backwardness in the early 70s, Portugal witnessed a situation never heard of in its modern history: full employment, or almost full employment, with a manpower shortage in the agricultural sector as well as in industry. Neither full employment among males nor the increasing growth in female employment were sufficient to satisfy the demand for workers. At that time, the main complaint from company owners was lack of manpower (Barreto, 1996, p.39).

Between 1974 and 1976, Portugal reversed its population decline. It can even be said that Portugal entered a period of strong population growth, mainly due to the social and political changes following the April 1974 Revolution. At the end of the Colonial War (with the resulting return of thousands of young soldiers from war), together with decolonisation, (with the return of thousands of residents of African colonies), there was substantial population growth. With this huge population increase, Portugal – which had never known massive and long term unemployment before - witnessed a progressive worsening of the problems related to unemployment. At the same time, another phenomenon became important in demographic dynamics: Portugal began to receive immigrants, the majority arriving from Portugal's former colonies in Africa.

Figure 4: Foreign population with legalised residency (total figures)



Source: *Recenseamentos Gerais da População* (INE).

Given the large number of illegal immigrants, the precise size of the foreign population living in Portugal is currently unknown. It is known, however, that the number of immigrants in Portugal is already greater than the number of Portuguese emigrants. By and large, immigrants represent a non-qualified labour force; most manage to find jobs in the construction sector. Immigrant women are mainly allocated to community services, such as housekeeping and assistance activities.

Labour market entry of both immigrants and Portuguese emigrants are comparable: the labour market entry of the foreign population living in Portugal occurs in the same sectors in which

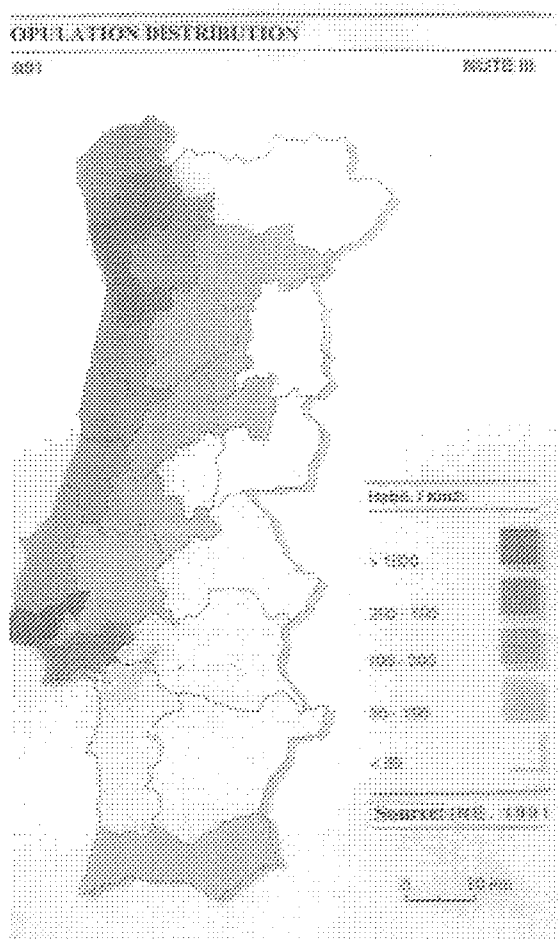
⁵ Portugal was the only European country that kept its colonies in Africa until 1975, although in a situation of war.

Portuguese emigrants in foreign countries enter. In terms of development and Portugal's place in the IDL (International Division of Labour), Portugal has a *sui generis* place: what some call a "semi-peripheral" country (Sousa Santos, 1985). One interesting indicator as a result of this situation is the increase in GDP observed in this period, an important share of which is due to remittances from emigrants to France.

(i) Demographic Spread

The demographic distribution of Portugal is unbalanced, the vast majority of the population living along the coast. The coastal strip aside, population distribution is not homogeneous: about 40 per cent of the population lives in only two zones: the urban areas of Lisbon (predominantly) and Oporto.

Map 1



Together with the desertification of certain zones, this population concentration in urban areas is reflected in the spatial configuration of the employment structure as well as in the regional determination of its education system.

The regional decentralisation of higher education institutions is a recent trend in Portugal. In fact, until now, most universities have been concentrated in the main urban centres of the country. This has forced, and continues to force the vast majority of students wishing to complete their education to move to those centres. Furthermore, since the majority of jobs requiring a higher education are also to be found in these centres, most students do not return home once their education

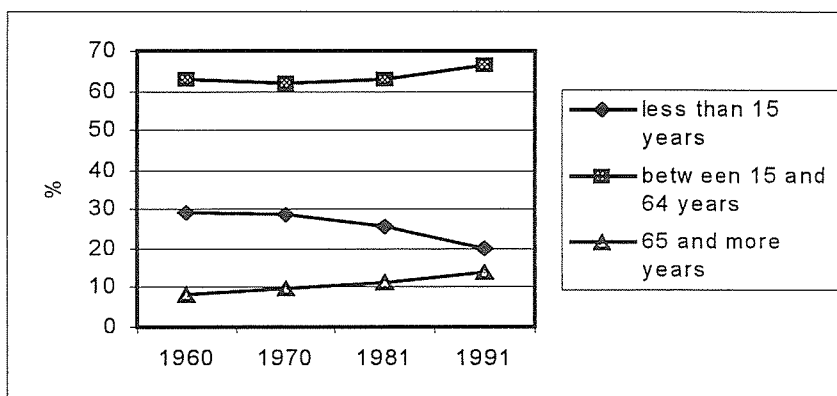
is finished. These circumstances reinforce the centrality dimension and polarising power of Lisbon and Oporto when considered within the context of the country as a whole.

At the risk of over simplification, we might say that there is a structural imbalance in the distribution of the population across the country. This imbalance applies to the industry structure and to industrial activities alike and, consequently, it is also true of the labour market, wealth and infrastructure – including, of course, education facilities.

(ii) *Age structure*

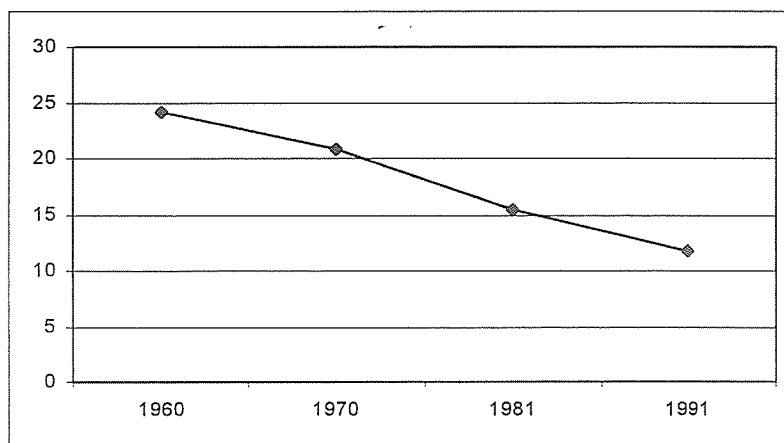
As in most Western countries, the ageing of the Portuguese population is an important trend to be examined. The birth rate, decreasing continually since 1960⁶, plays an important role.

Figure 5: Resident population per age group (1960-1991)



Source: *Recenseamentos Gerais da População* (INE).

Figure 6: Birth rate per thousand inhabitants (1960-1991)



Source: *Recenseamentos Gerais da População* (INE).

⁶ Recently published estimates indicate a small increase in the birth rate.

Between 1960 and 1991, the number of individuals aged over 65 increased from about 8 per cent to 14 per cent, while the number of individuals less than 15 years old decreased almost 10 per cent. At the same time, the increase in the number aged over 15, together with problems related to unemployment, has called into question the forms and the problems associated with transition processes. The debate has given rise to a series of programs and measures, under the aegis of the Ministry of Labour. These constitute an attempt to find answers and alternative solutions to the unemployment problems, particularly those relating to youth unemployment.

6.2.2 Economic changes

The years between the 1960s and 1972/'73 constituted a golden period of economic growth. The growth in Gross Domestic Product (GDP) increased substantially until then unknown, owing to tourism revenues, emigrant remittances, and industry productivity (the annual rate of GDP between 1960 and 1973, at constant prices, was more than 6 per cent). The inflation rate was lower than that for other European countries. Clearly, these values could have only been obtained due to monetary, exchange, wage and budget policies that aimed almost exclusively at price regulation and were done at the sacrifice of economic development.

The 1974's Revolution and the end of the Colonial War, together with the first oil crash, led to the economic crisis of 1975-76 (Lopes, 1996). During this time, the annual GDP rate had low (even negative) values (-4.3 per cent in 1975, and +1.1 per cent in 1974). There was a decrease both in exports of goods and services (-12 per cent in 1974, and -14.1 per cent in 1975) and in imports of goods and services (-22.7% in 1975). On the other hand, the current account balance maintained its negative trend until 1977, levelling out afterwards as a consequence of the introduction of non-expansionist policies. These factors, together with an increase in the rate of unemployment, a growth in money supply and restrictions on the monetary and exchange fields, caused a decrease in the inflation rate: 27.9 per cent in 1974, 20.5 per cent in 1975, 18.2 per cent in 1976.

The period from 1976 to 1985 is considered a transitional one, during which political crisis is almost permanent. The period can be seen more clearly if broken down into four phases: 1976-77, 1978-79, 1980-83 and 1984-85.

The years 1976-77 were a period of nationalisation of industry (one of its significant outcomes being the extinction of the more important Portuguese economic groups), land reform,⁷ changes within labour relations, return of emigrants, loss of Portuguese industry's traditional markets and world recession (mainly due to the 1973 oil crash). The normalisation of political and social conditions allowed a recovery, visible in 1976-77.

Between 1978 and 1979 was a time of great political instability⁸ (four different governments). In 1978, Portugal signed a "stabilisation programme" with the International Monetary Fund (IMF), the effects of which were felt until the end of 1979. As Rodrigues points out, "This fact conveyed the eruption of a new dependence for the Portuguese society: the financial dependence, formerly unknown (...)" (1988:87). This agreement had a number of discernible effects: it led to a devaluation of the escudo, higher control on the money supply, restrictions on the foreign debt, to a rise in interest rates, a rise in the prices of some goods and services and to settlement of a wage ceiling aimed at reducing the external deficit and an inflationary trend.

However, by the end of 1978, beginning of 1979, the positive effects of the stabilisation program are visible: a slightly positive balance on the current accounts, an increase of 6.6 per cent of the GDP and a mild decrease in unemployment (from 8.4 per cent in 1978 to 8.1 per cent in 1979).

⁷ Land Reform arises, in the terms of the Portuguese Republic Constitution (97th article, no. 1), as a transference process: ownership of land and production means was to be directly transferred "to whom work on it", through expropriation of "the large agricultural holdings and large capitalist explorations".

⁸ This instability had political consequences - conflicts between the president and the government and the eventual dissolution of the Parliament in 1979. Consequences of this initiative were also felt on the social level, namely an increase of social conflicts.

In 1980, two important elections – general elections and presidential elections - took place, the former bringing a different political party to power. The economic policy then focused on controlling inflation and increasing investment, business and employment sectors.

The years 1981 and 1982 were critical in the Portuguese economy: rise of inflation (20 per cent in 1981, and 22.4 per cent in 1982), decrease in real wages (-0.3 per cent in 1981, and -2.5 per cent in 1982), decrease of exports in 1981 (-3 per cent), rise of imports⁹ and increase in the external debt. In 1982, with no access to currency, rendering credit difficult, Portugal had no alternative but to turn to the Bank for International Settlements' short-term financing.

In 1983, Portugal established another economic stabilisation programme with the IMF. Its main goals were to decrease both the current account balance deficit and the external deficit, as well as to reduce inflation. As Franco points out, "one might say that the objectives were largely reached, though at high political and social costs" (1994: p.236). The current account balance deficit decreased as a result of a substantial break in the value of imports¹⁰ and a rise in exports; the debt reduced thanks to a contention of the external debt. Yet, this "belt tightening" also had its consequences, mainly in the domestic economy

The economic recovery started in 1985 and goes on to 1991-92. During this period, the European Economic Community Joining Treaty was signed. From then on, the country's integration within the Community constituted the guideline for politics and the economy. Political stability was achieved and along with it economic recovery began.

By 1986, GDP was growing at 4.1 per cent. Over the following years, this indicator holds up, rates being 5 per cent (and over) until 1990. However, in 1992 growth performance moderates somewhat (1.5 per cent), indicating the potential for a recessionary phase, which eventually occurred in 1993 (growth rates of 1per cent and -1per cent). Inflation and unemployment¹¹ rates behave positively over this period. Real wages increase, sometimes significantly, during this cycle (5.4 per cent in 1987; 5.8 per cent in 1991). The monetary policy is moderate, interest rates decreased from 1985 to 1986, but remained stable afterwards (with tiny fluctuations until 1992).

In 1993, negative growth rates (-1.3 per cent) again occur. Companies are in a critical situation, comparable to that in 1975 and in 1983: production problems, liquidity difficulties and bankruptcies.

After the recession of 1992 and 1993, the Portuguese economy proceeds to recover, though at a moderate pace (with, therefore, moderate growth rates). The inflation rate falls, current values near the Community average. Public deficit and public debt decrease, and GDP rises - a 3.3 per cent rate in 1996 (at constant prices). As a result, Portugal is now ready to be included in the start-up plans for economic and monetary union (joining the single currency at its first stage). Nevertheless, the distance between nominal and real convergence is still considerable, education being one of the more difficult issues of this convergence.

⁹ The imports rise was due to a rise in the dollar and international interest rates, the oil price rise, and a bad agriculture year.

¹⁰ This reduction in imports is the outcome of an overall decrease (private expenditure, real wages and investment all come down).

¹¹ The unemployment rate remained stationary in 1985 (10.4 per cent), suffered a slight decrease over the following year (10.2 per cent), and started falling until 1992, when it was 4.1 per cent, the second lowest rate in the EU.

Table 4: Portuguese Economy – Macroeconomic Development from 1974 to 1996.

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Exports (%)	-12	-14.1	-0.8	4.3	12.9	29.7	6.1	-3	6	16.7	14.2	10.1	7.6	10.7	7.2	16.5	12.2	1.8	5.0	-4.1	10.0	11.7	8.5
Imports (%)	6.2	-22.7	6.2	9.8	-1.6	9.6	11.8	3.7	5.4	-8.7	-2.7	1.8	17.8	23.7	18.1	8.7	14.0	6.5	11.3	-3.4	9.9	9.7	7.5
Gross Domestic Product (%)	1.1	-4.3	6.2	4.8	3.4	6.6	4.1	0.5	3.2	-0.3	-1.6	3	4.1	5.1	4.0	5.5	4.2	2.2	1.5	-1.3	0.5	2.3	3.3
Inflation Rate (%)	27.9	20.5	18.2	27.3	22.1	24.2	16.2	20	22.4	25.5	29.3	19.3	11.7	9.4	9.7	12.6	13.4	11.4	8.9	6.5	5.2	4.1	3.1
Unemployment Rate (%)	2.2	5.6	6.7	7.9	8.4	8.1	7.9	7.6	7.6	9.5	10.5	10.4	10.2	7.1	5.7	5.0	4.7	4.1	4.1	5.5	6.8	7.2	7.3
External Debt (%)	-	-	-	53.1	22.5	34.1	23.6	23.5	22.6	6.5	3	-	-	-	-	-	-	-	-	-	-	-	-

Source: Bank of Portugal

6.3 Changes in the labour market

Bearing in mind the evolution of the economic and demographic situation previously accounted for, we are now moving to the analysis of its repercussions within the labour market.

6.3.1 The period prior to 1974

Let us briefly refer to some of the characteristics of Portuguese society in this period: a very low standard of living was experienced by the vast majority of the population; high rates of illiteracy; a predominance of the agricultural over the industrial sector;¹² an industrial fabric comprised of constituted by small production units (mainly operating within the primary production sector) using undeveloped technologies;¹³ the existence of an “industrial regulation” regime,¹⁴ not only responsible for the breakdown in the modernisation of the industrial fabric, but for reinforcing the concentration of economic power in the hands of a small group of industry and finance men; social repression,¹⁵ isolation from the rest of the world, which became somewhat mitigated in the sequence of the domestic market logic bankruptcy and the substitution imports. These latter eventually led to Portugal’s entry into EFTA (in 1960) as well as to GATT (in 1961).

It is within this context that the Portuguese labour market received a massive increase in the number of women entering the labour force. The reason behind this trend is clear: the lack of male labour (either because of emigration or compulsory military service) created demand.

6.3.2. The period 1974 to 1986

The revolutionary period gave rise to a set of structural reforms, the more important of which were:

- taking the first steps towards a welfare state in Portugal.¹⁶ When these reforms are initiated, the first signs of crisis in this form of state begin to arise in developed countries. Addressing themselves to the Portuguese situation, some writers have termed this phenomenon “calendar irregularity” (Murteira, 1987);
- from the international point of view, and due to the autonomy granted to its African colonies, Portugal’s international position was being redefined; the colonies’ independence brought back troops to Portugal, as well as thousands of returnees¹⁷ who had lived in the colonies until that time;
- the law of industrial conditioning was abolished;
- land reform was begun, radically altering the distribution of land; in the following years, this measure would promote the creation of primary sector jobs; and
- the main economic sectors, namely the large companies and the banking sector, were nationalised; this brought a significant outflow of both money and entrepreneurs abroad.

¹² In 1960, when the developed countries experienced the height of Fordist industrialisation, 45 per cent of the Portuguese labour force was in the agricultural sector.

¹³ The Setúbal Industrial Rim was the exception in Portugal. There, basic industrial sectors such as the shipping industry, chemical industry (among others) were concentrated in large business units.

¹⁴ The Act denominated “industrial conditioning law” established that investment aimed at creating a new industry had to be approved by the state. The express purpose of this law was to put a brake on industrial development as such. Within Salazar’s ideology, industrial development was considered a source of vice, immorality and a means to an eventual destruction of the values which should properly guide the Portuguese people.

¹⁵ Strikes were forbidden and establishing a trade union was illegal. This prohibitionist policy had very important consequences on the establishment of strong social partners, blocking to nowadays the possibility of a tripartite management and further inhibiting a culture of negotiation at any social level, including the educational one.

¹⁶ The right to go on strike is institutionalised; restrictions are introduced on individual and collective dismissals; a minimum wage is created; the indirect salary is created, together with the right to annual holidays and a pension in old age; unemployment benefits are created; family allowances are widespread; maternity support is introduced; working hours, together with the right to overtime payment, are established; collective negotiation is regularised, workers’ commissions are legally permitted within companies and, shortly afterwards, the fixed-term contract is also legally regulated.

¹⁷ To the former Portuguese colonies’ civilian residents coming back (returning) to Portugal during that period the denomination “returnees” was given.

These changes pushed a significant number of companies to crisis situation and even bankruptcy.¹⁸ All this took place at the time that the first signs of the 1973 oil crisis made their appearance.

It is not hard to anticipate the formidable consequences this social, economic and political agitation caused on the configuration and functioning of the labour market (cf. Rodrigues, 1988). The main signs of this non-adjustment were:

- the swift rise of female unemployment. The return of male workers to Portugal “pushed” women into unemployment; in addition, legal protection of the right to maternity leave, together with social benefits determined by the new Constitution of the Portuguese Republic (1976), encouraged employers to give preference to recruiting men. A phenomenon of progressive masculinisation of certain industries thus takes place (Ganhão, 1997);
- the increased difficulties of young first-time job-seekers. These difficulties were worsened by the enactment of a law aimed at easing the “returnees” integration into Portuguese society; e.g. this decree gave them priority on the available jobs in the public sector;
- the ageing of the employed population as a consequence of the return of residents of former colonies;
- the emergence of unemployed people aged over 25, bringing a rise in unemployment; this increase came mainly from the employed population and was due both to company bankruptcies and to the increasing usage of fixed-term contracts, one of the most striking features of today’s labour market in Portugal;
- the persistence of long-term unemployment, a phenomenon which continued until the mid- 80s. It was related to the reorganisation of large companies in the industrial sectors of the Setúbal Industrial Rim (ship building, siderurgy, etc.), which led to knock-on effects in other sectors, and eventually led to “exclusion” unemployment (i.e., it excluded an important part of the economically active population aged over 45). We see here the “remains” of the revolution; and
- an increase in very long-term unemployment (two or more years) in 1985, rising to about 23 per cent. This is the period when unemployment reached new heights: about 9 per cent, youth (15 to 24 years old) unemployment being 22 per cent.

6.3.3. 1986 to 1998

In 1986, the Portuguese economy entered a “state of grace” and began a process of economic growth. External factors were the main contributors to this recovery: the reduction in the oil price, the dollar devaluation and Portugal’s entry into the European Community¹⁹.

Internally, the inflation rate decreased, investment increased, and a real growth in GDP, exports and industrial production took place. Yet, notwithstanding the creation of jobs that the economic recovery induced, the difficulties of absorbing unemployed manpower persisted, and still persist, confirming the existence of a structural unemployment scene. This will become increasingly serious as the reorganisation of production²⁰ starts to speed up and the education/training system “grows” beside the productive fabric.

Between 1992 and 1996, Portugal entered into a new era of economic decline. A decrease in economic activity (difficulties in both the industrial and the services sectors) led to a further worsening of the employment situation. By the end of 1996, Portugal had about 330,000 unemployed

¹⁸ One should stress that we are speaking of small and technologically ill-equipped companies, used to producing for a domestic market of weak purchasing power, and in which competitiveness was based on a very low paid unskilled labour.

¹⁹ For instance, one of the explanations in the decrease of the youth unemployment rate during this period is the possibility of the temporary occupation of young people in training programmes mainly financed by the European Social Fund. The extension of compulsory education from six up to nine years had a similar effect, giving rise to an increase of the inactive population and a consequent reduction in the economically active population.

²⁰ Which the single currency will accelerate.

individuals facing an increase in the long-term unemployment rate (circa 40 per cent). This rise in unemployment covers the entire age spectrum and both genders, implying a worsening in the overall unemployment rate (4.2 per cent in 1992 to 7.3 per cent in 1996).

With specific regard to young people, a rise in unemployment was also seen during this period; from 10 per cent in 1992 to 16.6 per cent in 1996. That means that the youth labour force is the category with greater difficulty in integrating into the labour market (Table 5). Moreover, this increase includes both young people with poor educational levels (maximum four school years) and those with upper secondary and higher education.

Table 5: Unemployment rate according to age group, 1992-1996

<i>Age Group</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>
15-19 Years	10.8	14.0	15.6	17.1	18.4
20-24 Years	9.8	11.7	14.2	15.8	16.1
25-29 Years	4.7	7.2	9.0	9.3	9.2
30-34 Years	4.1	5.4	7.4	8.0	6.7
35-39 Years	2.9	3.9	5.2	5.0	6.3
40-44 Years	2.5	3.6	5.1	5.4	4.7
45-49 Years	1.8	3.0	4.2	4.8	5.4
50-54 Years	2.2	3.4	4.3	5.0	5.3
55-59 Years	2.4	4.1	4.7	5.1	6.1
60-64 Years	1.5	2.7	2.9	2.7	2.8

Source: *Instituto Nacional de Estatística (INE) [National Statistics Institute] Employment Survey.*

Table 6: Unemployed population aged between 15 and 24, according to level of education

<i>Level of Education</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>
Total	109,000	112,600	114,500
None	2,300	1,400	1,400
1st cycle	14,500	12,800	13,500
2nd cycle	37,100	35,700	31,800
3rd cycle	28,800	33,400	31,500
Upper Secondary	22,300	24,700	29,200
Higher	4,100	4,700	7,100

Source: *Instituto Nacional de Estatística (INE) [National Statistics Institute] Employment Survey.*

As Table 6 clearly shows, the number of unemployed individuals having higher education levels (secondary and/or higher education) has been increasing. This data implies that, in all probability, educational level is not very relevant to recruitment. The few studies on the transition to work existing in Portugal, as well as the findings of indirect studies indicate this to be so. In order to understand the transition phenomena, productive specialisation along with the character of entrepreneurial activity are as significant as the education/training system's structure.

In 1997, particularly over the second trimester, unemployment started to fall, its rate reaching 6.5 per cent. Female unemployment, at a significantly higher rate than for males, is still an enduring feature: female unemployment was 7.1 per cent in the fourth trimester of 1997, male unemployment for the same period was 6.1 per cent. Moreover, female unemployment is higher in all the age groups up to the 50 years and over group (Table 7).

Table 7: Unemployment rate by age group (15-64) and sex, 1997 (%)

Age Group	Sex		Total
	Men	Women	
15 to 19 years	14.1	24.1	18.6
20 to 24 years	10.9	16.7	13.5
25 to 29 years	7.3	9.2	8.2
30 to 34 years	5.9	6.8	6.3
35 to 39 years	5.3	6.5	5.9
40 to 44 years	3.9	5.7	4.8
45 to 49 years	4.5	6.1	5.2
50 to 54 years	5.0	4.6	4.8
55 to 59 years	7.6	4.3	6.3
60 to 64 years	4.7	2.1	3.6
Total (15 to 64)	6.4	7.9	7.1

Source: *Instituto Nacional de Estadística (INE) [National Statistics Institute], Employment Survey.*

Unemployment fell in the under 25 age group: 16.6 per cent by the end of the fourth trimester of 1996 and 14.6 per cent by the end of the same period in 1997. Nevertheless, this age group still has the highest unemployment rate.²¹ Within this group, furthermore, young people with higher education are more likely to be unemployed (Table 8); the figures are even more striking if, within this age group, we look at the figures for young women (Table 9). One should also note that the percentage of the long-term unemployed is still quite high (41.6 per cent) though showing a tendency to decrease.

Table 8: Unemployment rate for young people according to educational level, 1997 (%)

Educational Level	1997
No Education	10.4
Up to the ninth year	13.3
Upper Secondary School	19.0
Higher Level	19.5
Total	14.8

Source: *Instituto Nacional de Estadística (INE) [National Statistics Institute], Employment Survey.*

Table 9: Unemployment rate for young people by educational level and sex, 1997 (%)

Educational level	Sex	
	Men	Women
No Education	2.4	1.7
Up to the ninth year	72.9	81.2
Upper Secondary School	3.8	8.5
Higher Level	20.6	41.5
Total	42.8	57.2

Source: *Instituto Nacional de Estadística (INE) [National Statistics Institute], Employment Survey.*

²¹ In the fourth trimester of 1997, the unemployment rate was 5.9 per cent for the 25-49 age group and 4.0 per cent for the over-50 age group.

6.3.5. State policies

Until the 1980s, the policies aimed at vocational integration and employment promotion were characterised by a severe fragility – over a period of clear unemployment rises the intervening legal mechanisms were barely discernible. During the 1980s however, a structure was put in place for employment promotion actions, as well as for the creation and maintenance of employment. Nevertheless, a specifically youth-oriented policy had not yet been promoted.

By the mid-1980s, Portugal faced greater political stability; in addition, the country joined the European Community. It was then that a certain impetus appeared with regard to labour market youth integration policies. In this section, some of the main policies and legislative measures related to youth employment are reviewed.

6.3.5.1. General measures

The strategic target for the socio-economic development of Portugal during the period 1994-1999 is: to prepare the country for the new Europe, to achieve competitiveness on global markets and to attain a higher standard of living.

With respect to competitiveness, Portugal's main goal is to secure sustainable economic growth by the following means:

- highly educated human resources;
- improved infrastructure;
- less regional economic divides; and
- more competitive businesses.

The priority is to set up measures aiming to:

- stimulate the labour market and provide aid to young people;
- create infrastructures and networks that will internationalise, modernise and thus stabilise the economy;
- increase the competitiveness of enterprises; and
- reduce the regional divide through the promotion of the coastal region, the inland area, the Azores and Madeira.

Taken together, the measures are anticipated to help 50,000 individuals by 1998.

6.3.5.2. Aid to the unemployed

(i) *Unemployment protection system*

This measure's chief objective is to protect those who are involuntarily unemployed by providing unemployment benefit (the duration of benefit payment to depend on the age of the unemployed individual).

Another possibility is for individuals who are unemployed and in need but have exhausted their right to benefit, or do not fulfil the eligibility conditions; they can receive unemployment assistance. In 1996, 183,000 individuals benefited from the unemployment protection system.

(ii) *Grants for integration of young people into working life*

This measure comes into play in the absence of a Guaranteed Minimum Income (measure to be taken later on 1996, as we shall see further in this text) and by the small number of young people entitled to unemployment benefit. In this sense, the main purpose of this measure is to help first-time job seekers aged between 18 and 25 to integrate into working life.

To qualify, young people both willing to work and able to do so have to fulfil certain conditions:

- have been registered as unemployed individuals at their local employment office/job centre for at least six months;

- have completed compulsory education or an apprenticeship; or to have successfully participated either in one of the IEFP's [Institute for Employment and Vocational Training] vocational training courses, or in a training course recognised by the IEFP;
- must not have attended a public or private educational institute during the preceding two years; nor have participated in a vocational training course over the same period;
- must not be drawing any kind of unemployment benefit; and
- belong to a family whose income per capita does not exceed 60 per cent of the national minimum wage.

The grant provided is paid for a maximum of 15 months.

The impact of this measure has been quite limited for two reasons: an informational deficit; and the criteria set for eligibility for the grant. In 1998, 200 youth benefited from the measure; in 1996, only 65 young people were eligible.

(iii) Guaranteed minimum income

The main purpose of this measure is to provide individuals and their families with means to satisfy their basic needs and thus to facilitate their social and vocational integration. This income is granted to people who are aged over 18 - or if younger, with dependants under 18; permanent residents in Portugal; and are in a situation of extreme need.

The individuals qualifying for the guaranteed minimum income (if their age and health permit) must commit themselves to participating in an integration programme, as well as be available to undergo employment and/or educational programmes, vocational integration or other schemes designed to foster their and their dependant's self-sufficiency. The benefit is payable for one year and can be claimed anew when this period expires.

This measure is a recent one (enacted in 1996). As such, only its initial stage of application has been so far put forward. Social pilot projects were developed for one year (between the date the law was enacted and 1 July, 1997) with the objective of generating the conditions which would enable a complete application of the measure. Data as to the number of people involved in this particular measure is still to be collected.

6.3.5.3. Training, retraining and occupational mobility

This set of measures is dealt with in Section 6.4, however, a comprehensive list is provided here:

- apprenticeship training for young people;
- pre-apprenticeship vocational training for young people;
- vocational schools;
- training/employment programmes aimed at young people, staff company members and adults;
- training/employment aid through a gradual reduction in the working hours of older workers;
- technical and financial aid for co-operation training - semi-public vocational training protocols/centres;
- aid for special vocational training;
- training grants for workers;
- grants for temporary employment contracts;
- aid to business enterprises undergoing a restructuring process;
- additional training support for vocational training ex-probationers;
- public vocational training centres;
- educational and vocational training courses for integration into working life;

- school-workshop programmes;
- aid to education-employment within the scope of the Cultural Heritage Preservation programme; and
- vocational placement programmes.

6.3.5.4. Job creation

In the Portuguese context, four of these measures are especially significant:

(i) Local Employment Initiatives

In social-economic terms, Portugal suffers from deep imbalances and inequalities. Given this reality, the main purpose of this measure is to stimulate initiatives that would generate jobs, which, in turn, would stimulate the local economy. This measure involves the provision of both technical and financial aid, its target groups being unemployed people, young people, first-time job seekers and workers threatened by unemployment.

(ii) Financial aid to permanent employment contracts

The main purpose of this measure is to give private business incentives to offer permanent employment contracts to young people, first-time job-seekers and those registered as long-term unemployed, the jobs in question being a by product of the framework of investment projects. In 1996, 8,484 individuals benefited from these measures.

(iii) Support towards the creation of self-employment

The chief purpose of this measure is to encourage self-employment. Aid is provided to young people aged between 18 and 25 as well as to long-term unemployed people qualified for independent professions, including crafts. In 1996, 561 individuals benefited from this measure.

(iv) Support for business start-ups

Bearing in mind that the Portuguese manufacturing sector is predominantly composed of small and very small companies, this measure aims to encourage the creation of small companies, either by individuals aged 18 or over, or by corporations or co-operative societies. The projects are selected according to their technical, economic and financial viability. The aid packages are made available through the IEFPP.

6.3.5.5. Special categories of workers

(i) Youth

Job creation for young people through exemption of employers from social security contributions. The aim is to create permanent employment for first-time job-seekers aged between 16 and 30. Employers are exempted from the payment of social security contributions for a period of 36 months when they recruit young people. The number of individuals included in this measure was 44,470 in 1996.

6.3.5.6. Placement

Due to its importance in the effectiveness of the Youth Integration into Work Programme, UNIVA (Units promoting integration into working life) deserves further consideration. The main idea behind UNIVA is the building of a "bridging platform" that contributes effectively to integration into the labour market. The goal is to bridge the gap between vocational training and working life. UNIVAs are meant to help young people, first-time (and other) job seekers to become integrated into the labour market; and to promote other activities aimed at labour market integration. The establishment of a UNIVA is dependent on IEFPP approval. In 1996, 94 UNIVAs were set up in Portugal.

6.3.5.7. Conclusion

(ii) *Youth Integration into Working Life Programme*²²

This programme (Cabinet Resolution No. 44/97 dated 20-03-1997) arose out of the problems of youth unemployment, integration difficulties, a young population with low levels of education/qualifications, employers lack of adaptability to new professions (to mention the most relevant features). The programme promotes both access and integration of young people into working life. A large set of measures is proposed, the four main policies being:

1. *Information, educational and vocational guidance* – the promotion of educational and vocational guidance via the promotion of the widespread availability of information (creation of an integrated and institutionalised system of information and educational and vocational guidance, involving institutions with responsibility for the young).
2. *Education and vocational training* - to guarantee compulsory education; to increase the training on offer to young people without compulsory education and aged over 15; to make available vocational training to every young individual with a compulsory education diploma, this training being performed prior to entry into the labour market; to foster the advanced training of those with third level education.
3. *Support measures for labour market integration* – to facilitate the integration of young people whose training process is completed, i.e., the integration of those with higher level training (promoting placements and on-the-job training periods).
4. *Access to employment* – to restructure the accessibility and structure of available aids, so that the existing support channels, tools and conditions can be used in a more effective employment-oriented manner. The promotion of wide-ranging dissemination actions among the youth; and the promotion of measures to stimulate involvement in self-employment are regarded as important within this line of action.

The Cabinet resolution also established the institution of an inter-ministerial commission to follow up the execution of this programme. It is clearly too soon to evaluate the application, let alone the efficiency of this programme.

6.4 The Structure and Organisation of the Portuguese Education and Training System

As we said above, Portugal lived under a dictatorial regime between May 28th, 1926 and April 25th, 1974. This country lived under the authoritarianism of a “rigid, closed and conservative institutional establishment” (REIS, 1993:12) for 48 years, the obvious consequences of which were felt at all levels of the Portuguese society. Inevitably, education becomes one of its more delicate areas.

The philosophy introduced during the First Republic²³ is under attack from the beginning, namely as far as the goals of expanding literacy and general access to education is concerned. Changes were justified with arguments that literacy and culture for all were noxious ideas or that Primary Education was excessively encyclopaedic.

²² This section was based on 1997's “The Basic Information Report - MISEP”. However, MISEP's report includes neither the data nor legislative measures of 1997, the analysis being based on the information concerning the period to 1996. As such, reference has to be made concerning the Youth Integration into Work Programme.

²³ Currently, First Republic designates the period between October 5th, 1910 and May 28th, 1926.

The generalised access to education and the consequent possibility of social mobility due to education, outlined and supported by the mentors of the First Republic, was progressively replaced by values like order, obedience and discipline.

By the end of 1973, the Minister for Education (Veiga Simão) tried to introduce some changes, the main guidelines being: the encouragement of pre-school education, the extension of the compulsory education from four years to eight years, the transformation of the secondary school and both the expansion and the diversification of the higher education system.

This reform was “interrupted” by the military upheaval on 25th April 1974. The years following the revolution are prodigal in political, economical and social changes, consequences being felt on every aspect of the Portuguese society and, in particular, on education.

It is possible to distinguish three different phases between the period of 1974 and the late 1990s: the first (between April of 1974 and July of 1976), usually referred to as a “revolutionary period,” was one of the most disturbed periods in the history of the Portuguese educational system; the second (between July of 1976 and October of 1986) which corresponds to a progressive normalisation period and which ends, as far as education is concerned, with the Comprehensive Law of the Educational System approval. The third phase, beginning in October 1986 and characterising the current system in place, has been considerably influenced by Portugal’s entry into the European Union and by the structural changes designed to promote Portugal’s swift overall development (and by extension, also promoting the development of the educational system).

The fundamental feature of the second period is the approval of the 14th of October, 1986’s the Comprehensive Law of the Educational System that materialises the changes that were being introduced since 1976. Its most significant aspects are:

- extending compulsory education from 6 to 9 years;
- creation of a three-year secondary education fundamentally comprising two kinds of courses: predominantly leading to further studies and predominantly oriented towards working life;
- granting a special place to technical and technological education;
- definition of a diversified higher education system (definition of general rules of admission to this kind of education, as well as framing both university education and polytechnic education);
- education for disabled people in regular education institutes;
- valorisation of distance learning (integrating Open University within this learning modality);
- creating “second chance” education for unqualified adults, designed for all those who are beyond the age limit for attending the regular education path and want to finish compulsory education or secondary education, as well as for those who did not have the chance to join the education system at a proper age. This measure is specially oriented towards the eradication of illiteracy.

Since 1996, the Portuguese educational system is organised as follows:

- pre-school education (complements the education provided by the family, and intended to be developed in co-operation the latter);
- school education (comprises basic, upper secondary and higher educational levels and includes special types of education); and
- extra-school education (includes reading and writing, basic education activities, and cultural and scientific skills up-grading).

6.4.1 Pre-school education

A non-compulsory system which precedes school education and is attended by children from the age 3 up to entry into basic education. In 1996/97, the total number of registered children was circa 186,000.

Since 1995, the government has been promoting public discussion on the possibility and necessity of rendering pre-school education compulsory. The main obstacles to this possibility are lack of finance and lack of supply from public institutions.

6.4.2 School education

6.4.2.1. Regular Education²⁴

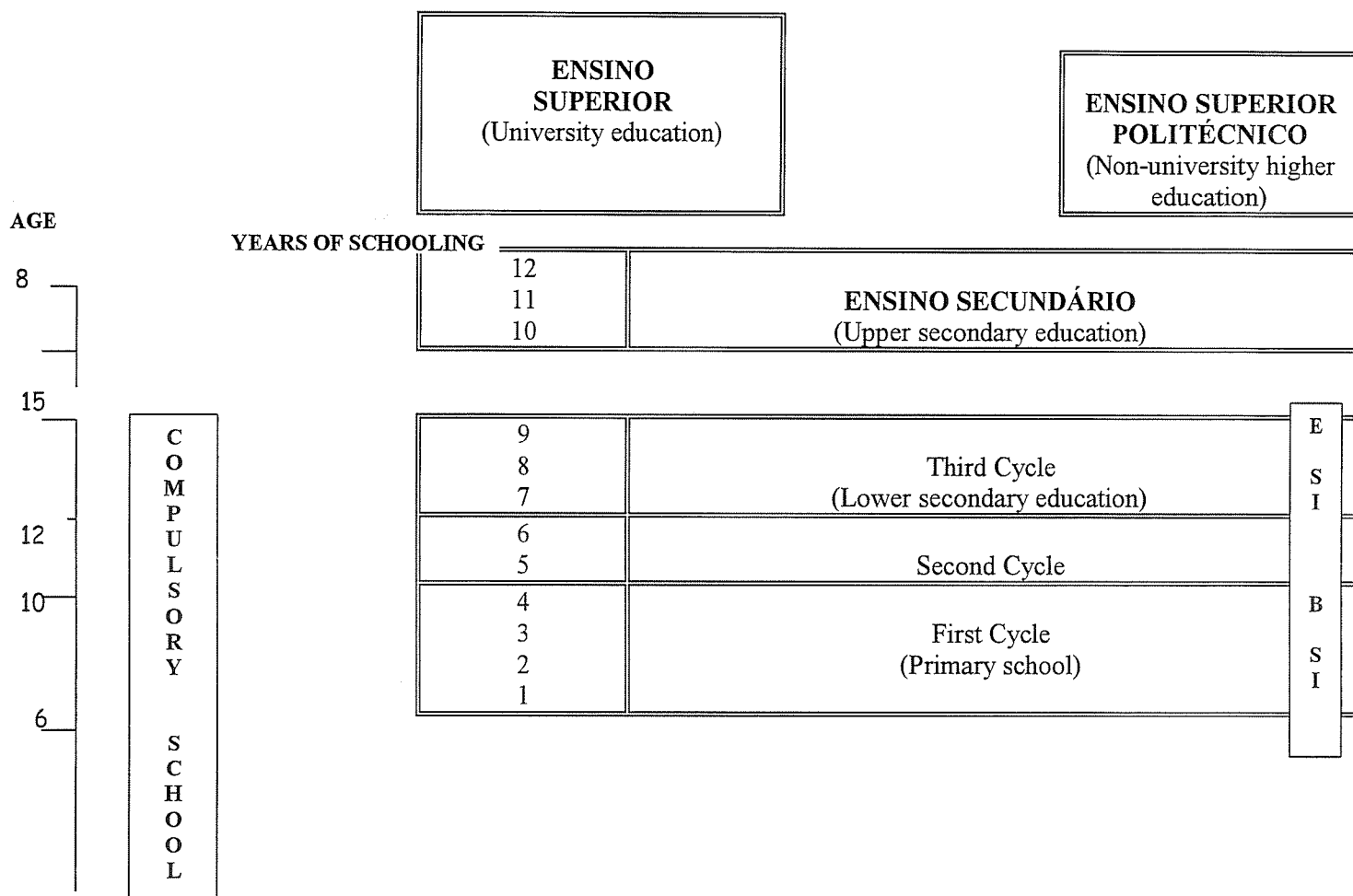
(i) Basic education (compulsory schooling)

As established by the Portuguese Constitution, basic education is universal, compulsory and free. It consists of three sequential cycles: the first lasts four years, the second two years, and the third three years. A child enters each stage at age 6, 10 and 12 years, respectively. Until 1986 compulsory school involved six years of schooling. From that date onwards, it was extended by a further three years. These nine years together form, since that date, basic education.

When students conclude compulsory school successfully, they are entitled to a diploma. However, it is possible to be issued with a certificate either per year or per cycle. During 1996/97, the first cycle accounted for circa 42 per cent of the total number of registered students in basic education.

²⁴ The expression "regular education" is used here not "special modalities of education".

Diagram 1
PORTUGUESE EDUCATIONAL SYSTEM STRUCTURE (post 1986)
(simplified version)



(ii) Upper secondary education

Upper secondary education attendance is optional (non-compulsory) and involves three years of schooling. Secondary education has one cycle only but with some options:

- secondary courses predominantly leading to further studies; and
- secondary courses predominantly oriented towards working life.

A student can move from one option to the other. Admission to any upper secondary education course depends on the successful completion of basic education, the minimum age on admission being 15 years old.

When students successfully complete upper secondary education they are entitled to a diploma, certifying the academic qualifications acquired (this is valid for both general courses and technological courses) and the training qualifications acquired (particularly in cases where courses are aimed at the labour market i.e., technological courses)²⁵.

The technological courses were added after the curriculum was reorganised in 1986. From then onwards, these courses have come to replace the previous technical-professional courses.

²⁵ These two routes are only two of the possibilities for obtaining a diploma (or equivalent) of upper secondary education. The Portuguese educational system provides other possibilities, outside so-called "regular" education.

In 1996/97 a total of 354,691 students were registered in upper secondary education (regular path), with 274,500 (77.4 per cent) enrolled in courses leading to further studies and only 80,191 (22.6 per cent) choosing those courses (technical) aimed at the labour market.

(iii) Higher education

Admission to public higher education in Portugal is subject to *numerus clausus*. Nevertheless, the emergence of private universities means that, in practice, family income ends up being the main obstacle to admission to this educational level (provided the student has successfully concluded upper secondary school or any other equivalent path). Higher education admission requirements are:

- having an upper secondary education course qualification (or equivalent) and have, in addition, to sit one examination per subject. These examinations (national examinations) test the ability of the student to attend higher education.
- for those aged over 25, who do not possess the educational qualification mentioned above must sit a special examination. This test (ad-hoc exam) also aims to assess the person's capacity to attend higher education studies.

Besides the mentioned provisos, recent alterations to the law allow higher education institutions to intervene directly in the student selection process. Should they wish, these institutions might submit their candidates to specific tests, the format of which is determined by the institution itself. It is too early to evaluate the impact of this measure. However, in the medium term there is a possibility that it will establish a certain hierarchy in terms of prestige among higher education institutions. Within the Portuguese educational system, the term "higher education" fundamentally²⁶ encompasses two types, which differ in terms of duration and degrees conferred:

- university education (which confers the degrees of licence, master and doctorate)
- polytechnic education (which confers the degrees of bachelor and specialised higher studies diploma (DESE)).

The most recent data available on students registered in higher education institutions relates to the 1994/95 academic year and to public institutions only (circa 65 per cent of the total number of students registered in higher education is concentrated in public higher education institutions).

The figures confirm that approximately 75 per cent of students registered in higher education institutions choose university courses, only 25 per cent being registered in polytechnical college courses.

6.4.3. Special modalities of education

(i) Vocational training

Traditionally, vocational training in Portugal was done "on the job". Only with the enactment of the 1986 law was the way open to formal vocational training. This law takes as its goal the completion of a student's preparation for working life through the promotion of integration into the labour market. Its targets are:

- individuals who have concluded compulsory school and want to accomplish vocational training;
- individuals who did not complete compulsory school. In this case, vocational training acts as an alternative to the regular education path, in an attempt to bring back all those who either leave school or are not successful in the regular education. To these students, this special educational system gives vocational training and the equivalent to a regular education diploma; and
- workers aiming at professional upgrades or vocational retraining.

²⁶ Fundamentally, because there still are, outside the so-called regular education, the models of higher military education and higher police education which lead to the granting of Bachelor and Licence degrees.

The law further considers varied vocational training institution schemes and diversified structures, such as:

- making use of basic and upper secondary schools;
- protocols with companies and city councils;
- aid to state and private institutions and initiatives;
- imprinting a dynamic spirit on both actions and services developed within the community; and
- creating specific institutions.

This logic gives great flexibility in the educational and training system, both in terms of alternative types of education and places in which to train. Curricular organisation units can also be of varying duration and have multiple combinations.

This is crucial to the main aim of raising the educational and qualification levels of the Portuguese population. Yet, this flexibility has the important disadvantage of making the management of the system, the quality control of training, the listing of capacities and the definition of occupational profiles particularly difficult.

In an attempt to solve some of these problems, the government has recently enacted a law enforcing the accreditation of each and every training entity in the country. It is also carrying out a comprehensive study of occupational profiles per activity sector, one of its goals being the development of training references which can be used as guidelines by those entities.

The decrees regulating vocational training were enacted (decrees no. 401/91 and no. 405/91, of October 16) as recently as 1991. These decrees distinguish between vocational training within the educational system and vocational training within the labour market. The differences justifying the distinction between these two kinds of vocational training are the following:

- i) *Its institutional basis*: the school (when the vocational training is integrated within the educational system); and the company (when it is integrated within the labour market);
- ii) *Its specific addressees*: in the former case, the school population (including recurrent adult education and extra-school education); as to the latter, the working employed or unemployed population (including the candidates to a first job).

Decree No. 401/91 established certain distinctions: vocational training can be initial, if its goal is to bestow a certified vocational qualification, as well as to prepare for working life; or continuing, if it takes place during the individual's professional life. After the enactment of the decree, the term "vocational training" was used to refer to two types of training, depending on whether it occurred within the educational system or within the labour market. According to this regulating frame, the following vocational training possibilities are to be distinguished:

1. vocational training within the educational system - technological education within upper secondary education (initial) and vocational schools (initial and/or continuing);
2. vocational training within the labour market - apprenticeship (initial) and various courses (continuing).

(i) a Vocational training within the educational system²⁷

Vocational schools (initial and continuing training)

The vocational courses taught at vocational schools were created in 1989 (decree no. 26/89, of 21 January) and recently underwent a reorganisation process (following the publication of decree no. 4/98, of 8 January).

The vocational schools' courses present themselves as vocational training supply centres, as well as providing education equivalent to the regular education system (basic and upper secondary) diplomas. The establishment of these schools aims to promote an increase in human resources in Portugal. They also constitute a vocational alternative to higher education entry.

The vocational schools have introduced a comparatively innovative element to the process of schooling within the formal educational system. Such schools are created by means of a programme-contract established between the state and the so-called promoters (city councils, social solidarity institutions, unions, associations, etc.). This is an exemplary case of participation by the social partners in school management and direction (Marques, 1994).

The courses taught at the vocational schools are aimed at young people who, having completed either the third cycle of basic education (compulsory education) or initial vocational training, now look for an alternative route leading to integration into the labour market. Employed people who want to enhance their educational and vocational qualification levels can also be admitted to these courses. They can attend them during after-work hours.²⁸ This latter group introduces a distinct characteristic of the apprenticeship system, that is, the lack of an age limit to attendance. The target group of vocational schools can thus be more diverse than that for apprenticeship. Young individuals having achieved a ninth school year qualification, provided they attend one of these schools for a period of three years, receive a level III qualification, and also the upper secondary education equivalent.

The recently enacted 1998 law increases the number of vocational courses available. Furthermore it allows the possibility for courses specialisation:

- artistic courses;
- vocational courses directed towards students having completed the second cycle of basic education and showing ability and preference for the artistic. These courses enable the completion of compulsory education and award of the basic education diploma, as well as a level II vocational certification;
- courses of recurrent basic or secondary education providing level II or III certificates;
- supporting programmes for the integration into the labour market of young people with a basic education or upper secondary education (regular or professional) diploma; and
- other vocational training courses.

Finally, the new law also permits these schools to offer vocationally-oriented courses conducive to the completion of basic education (and the achievement of a diploma) as well as a level II vocational certificate.

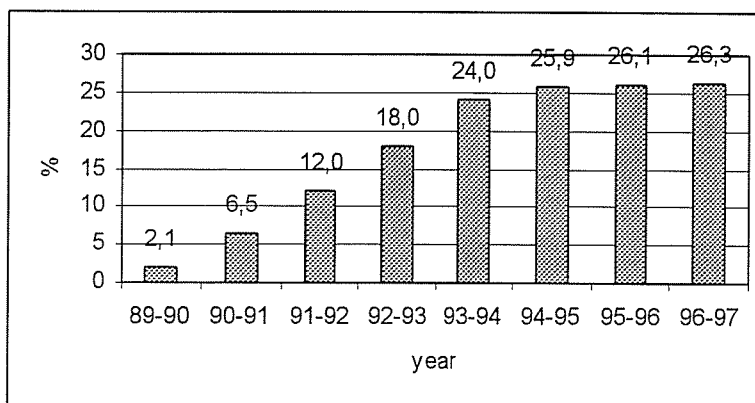
The preliminary results of 1996/97 educational statistics indicate that 26,347 students have been registered on vocational school courses (upper secondary education level). If one adds the number of students who have chosen courses predominantly oriented towards working life (still at upper secondary education level - 80,191) it is clear that the great majority (75.3 per cent) who have chosen initial vocational training within the educational system (a total of 106,538 students), prefer to

²⁷ We do not deal specifically with the problem of technological training at the level of upper secondary education; enough references have been made above.

²⁸ Though providing initial vocational training, vocational schools also provide the possibility of continuing vocational training courses.

complete this training within “regular” education. The corresponding figure for those opting to train within vocational schools is low at 24.7 per cent, although the number of students enrolled in vocational schools, between 1989 and 1997, increased roughly 12 times. In addition, the number of schools increased significantly: from 50 to 160. This increase is all the more significant since these schools were established only very recently.

Figure 7: Number of students enrolled in vocational schools, 1989-90 to 1996-97.



Source: *GETAP* and *DAPP/ME*.

(i) b Vocational training within the labour market

Apprenticeship (initial training)

The apprenticeship system, regulated by Decree no. 102/84, was recently revised by Decree no. 205/96. The latter decree initiated four types of courses, each of them corresponding to different qualification levels:

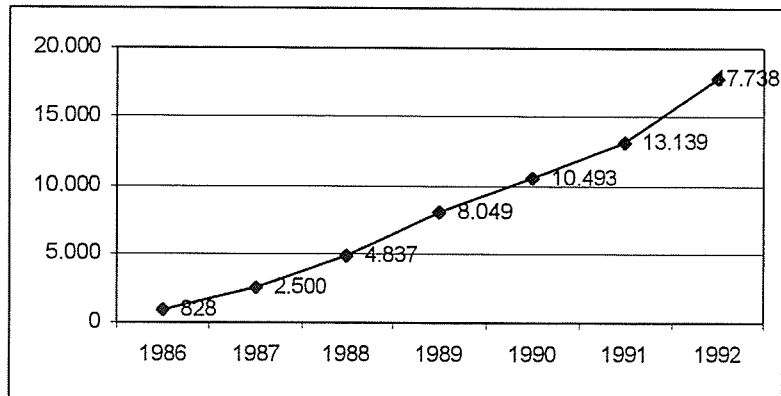
- guiding courses of level I, which admit young people who have not finished compulsory education. To qualify, an applicant has to undergo an evaluation and obtain, as a result of this evaluation, a determination deeming them unsuited to a vocational qualification route.
- learning courses of level II²⁹. Their target group is of two types:
 - young people who have not finished compulsory education and have submitted themselves to an evaluation. This evaluation must consider them fit to enter a vocational qualification route; and
 - young people having finished the nine years of compulsory education.
- learning courses of level III. Their target group is also of two types:
 - young people who have a compulsory education diploma;³⁰
 - young people who have an upper secondary education diploma with no vocational qualification.
- post-upper secondary technological specialisation or advanced technological qualification training courses. Admission to these courses requires a professional qualification of level III. At the end of the course, the certificate obtained is defined according to its guiding frame.

These courses are promoted by means of an agreement made among a learning co-ordination unit,³¹ an educational institution and a company or organisation of a relevant industrial sector. The data available on the number of students on apprenticeship covers only the period 1986-1992.

²⁹ For those who have not completed compulsory education, these courses give the equivalent to the third cycle of basic education.

³⁰ This group is entitled to a diploma equivalent to that of upper secondary school at the end of the course.

Figure 8: Growth in number of students, 1986-1992



Source: *Neves, Pedroso and Matias, 1993.*

(i) c Various courses (continuing training)

This kind of vocational training covers several models (skills upgrading, retraining, vocational qualification and specialisation). It can be taught by several organisations: among others, the IEF - Institute for Employment and Vocational Training (an institution under the aegis of the Ministry of Labour and Solidarity) - companies, unions, employers associations.

(ii) Adult education

In Portugal, the importance of issues like illiteracy and school failure³² made alternatives to “regular” education vitally important. It is within this context that adult education arises. Its desired target groups are:

- individuals who are no longer in the normal age range for basic education attendance (15 years and over) and upper secondary education (18 years and over); and
- individuals who did not have the opportunity to join the educational system at normal school age.

Adult education can be taken as an alternative to or alongside a job. It is targeted, in terms of content and organisation, to meet the needs, interests and knowledge of the different age groups towards which it is directed. The individuals attending adult education are entitled to the diplomas and certificates ordinarily provided within the “regular” education system, i.e., the ones corresponding to basic education (first, second and third cycles)³³ and upper secondary education³⁴ levels. The Portuguese educational system also allows for vocational training to be undertaken within the adult education system. The individuals completing this educational process are entitled to vocational aptitude certificates of levels I, II and III.

Interestingly, although the adult education system was initially aimed at adults, it is more frequently attended by young people who experienced school failure. Figure 9 illustrates this clearly.

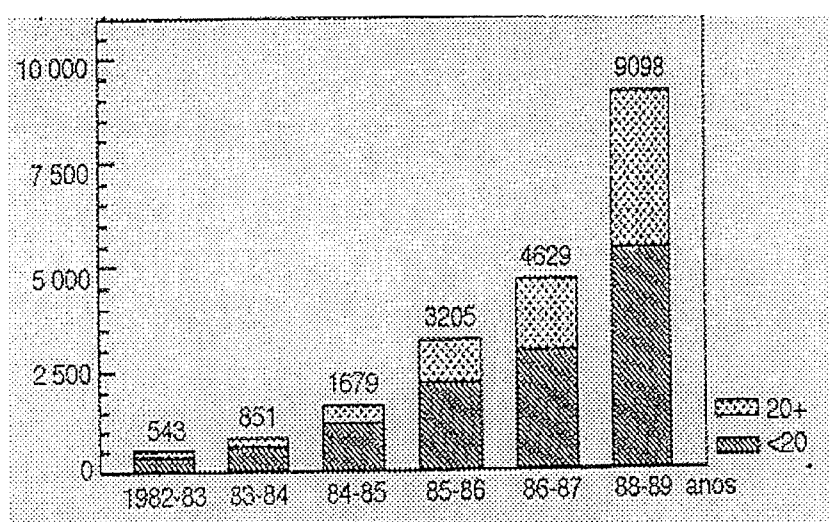
³¹ The co-ordinating body can be individuals or groups willing to organise training courses. For that, they are given credentials by the Institute for Employment and Vocational Training. In this category can be included, for example, public education institutions, the local training structures of the Institute for Employment and Vocational Training or the semi-state vocational training centres.

³² In 1991, the average failure rate in school during the nine years of compulsory education was still 31.2 per cent; the illiteracy rate was 11.0 per cent.

³³ The basic education (compulsory education) diploma.

³⁴ The upper secondary education diploma.

Figure 9: Adult education – growth in student numbers (second cycle) by age groups 20 plus and less than 20



Source: DGAE, 1987: pp.12-14, DGEE, 1989, pp.29-30.

The number of youth registered on “second chance” education has been increasing (Table 10).

Table 10: Young individuals registered on “second chance” education

Education Level	1995-96	1996-97
First cycle (comp. school)	9,805	11,634
Second cycle (comp. School)	10,366	10,147
Third cycle (comp. school)	29,788	32,630
Upper secondary school	6,893	18,876
Total	56,852	73,287

Source: Regional Education Office.

In the context of the growing participation of young people on “second chance” education, the Ministry of Education has recently decided to reformulate this education system. It thus seeks to establish two differentiated streams: one for young people aged up to 18, and another specifically aimed at the adult population. The underlying idea is to advance a certificate of qualifications and skills accomplished out of school and throughout life. This process will have the co-operation of the Ministry of Labour and Solidarity. Its founding notion is that of “lifelong learning”.

(iii) Distance learning

This special system of education is effected through multimedia and new information technologies. It has been established to complement regular education and can also be an alternative to regular school education.

(iv) Special education

Special education is an educational mode designed to allow disabled children and young people access to the different levels of education. It also aims to promote the integration of the disabled into the labour market.

Considering the special needs in question, specific kind of service is felt to be required, including the support of specialised teachers/tutors, as well as of curricula, programmes and assessment adaptation.

(v) *Extra-Mural Education*

Extra-mural education includes literacy learning, basic education, skills improvement and cultural and scientific activities. Retraining and vocational up-grading activities are also part of this education mode. Extra-mural education takes place within an open system of multiple initiatives, both of a formal and in-formal nature. Above all, extra-mural education envisages the enhancement of knowledge and development of the potential of all individuals, accomplished either as a complement or supplement to school education.

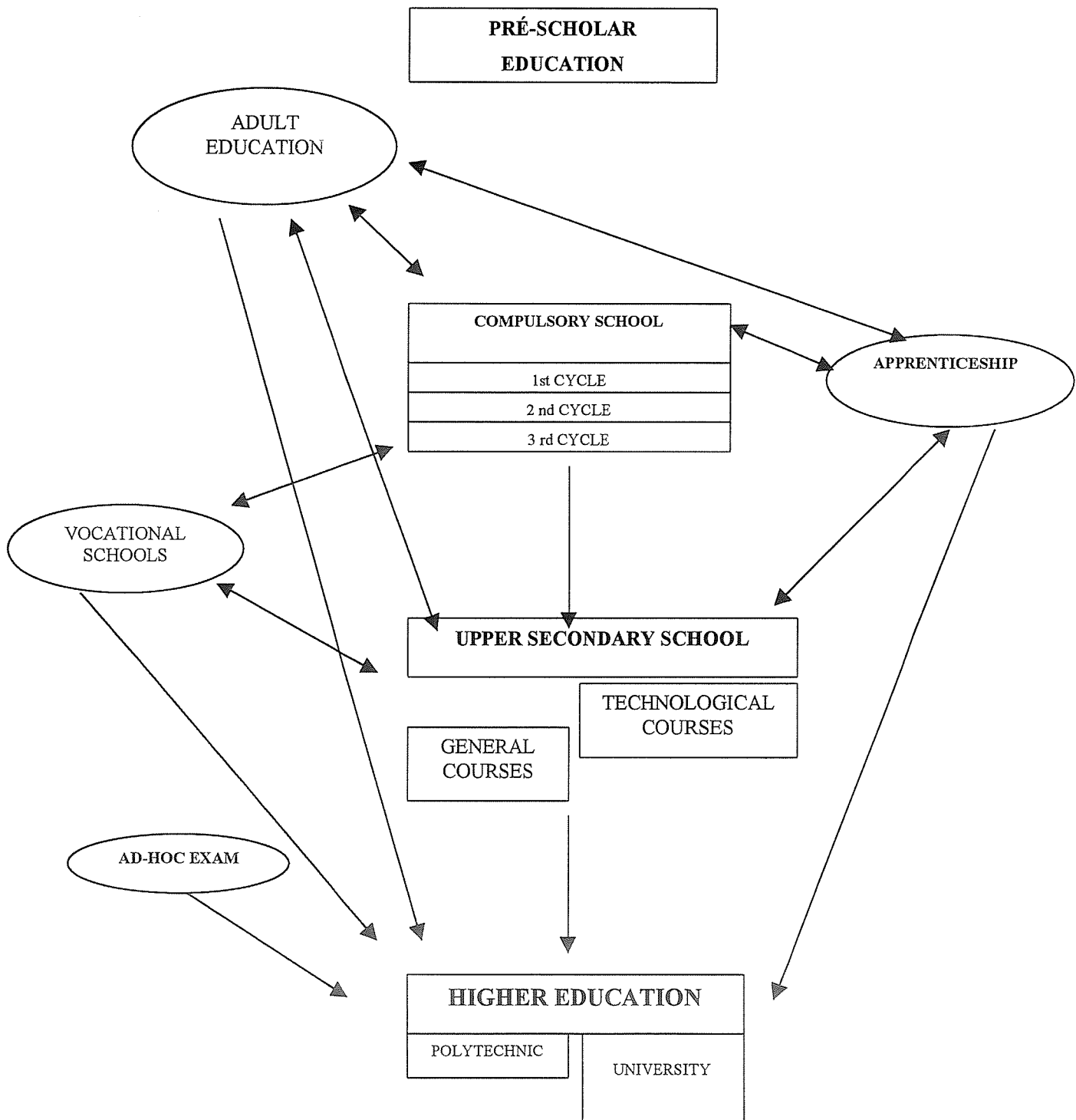
6.5 Standardisation and Flexibility within the System

The administration of the Portuguese public education system – regular education path – which is overseen by the state, is, generally speaking, quite centralised. The exception to this general trend is in the higher education domain, where the universities have managerial, financial and curricular autonomy. However, overall the Portuguese educational system is characterised by a plurality of paths which act as alternatives to the traditional regular education path. These alternatives are within the vocational training path but all of them entitle the students to equivalents (together with their respective diplomas) to regular qualifications. The fundamental distinctive feature of the system is thus its diversity and its flexibility: there are several ways into the system and all of them can lead to higher education.

To apply the proposed typology to the Portuguese case raises the following problems:

- i) either to consider the traditional regular education path only, thus encompassing the majority of the students (a further reason for this being the fact that the other paths are still quite recent) and, consequently, to consider the system as a relatively standardised one;
- ii) or, to consider the entire set of educational alternatives on the grounds of their equivalence in terms of both diplomas and qualification levels, therefore concluding that the system is unstandardised.

Diagram 2
POSSIBLE EDUCATION ROUTES WITHIN THE EDUCATION/TRAINING SYSTEM*



* See Lopes, H. and Oliveira, L., 1995.

The graphical depiction both of special education paths and adult education is not meant to suggest any difference in hierarchy.

6.5.1 Standardisation

Generally speaking, and if we are to consider the regular education path only, it is true to say that the standardisation of the education system varies in accordance with the different education degrees, and also in accordance with the dimensions examined (e.g. curricula, assessment, certification, etc.). As such:

(a) *By the curricula criterion:*

- i) the regular system is highly standardised at primary, secondary (lower and upper) level, having a standard curriculum for each subject with both a specific number of hours to be spent on each subject over the school year and specified end-term objectives for each subject (defined at a national level);
- ii) considering the alternative modalities to the regular system – extra-mural education, “second chance” education, apprenticeship and vocational schools (at the same levels: primary, lower and upper secondary) - each modality has not only its own curricula, but also its pedagogical methods. This is especially true of the modalities that are designed for particular target-groups, which are nevertheless a significant part of the population.
- iii) Standardisation of the curriculum is minimal within higher education. The definition of academic level, though subject to ministerial approval (by the Ministry of Education), is supervised by each educational institution. Each university also stipulates the evaluation modes and models. Higher Education in Portugal is thus quite unstandardised.

(b) *By the evaluation criterion:*

- i) in evaluation for the regular education path the degree of standardisation is considerably less, despite the national standard for both certification and acknowledgement of the school degrees performed. Up to the eleventh year of schooling, evaluation schemes (tests) are carried out on a school-by-school basis. In Portugal, the exams taken in the final upper secondary school are, in fact, the only ones performed and evaluated at a national level;
- ii) when the entire educational unit is considered it appears to be quite standardised.

(c) *By the teacher training criterion:*

Regardless of whether the regular education path only or the system as a whole is considered, from the teacher training criterion it is unstandardised.

Within the regular education path itself, the increase in students over the period subsequent to the 1974 Revolution faced a twofold problem: lack of infrastructure and lack of adequately qualified teachers. To tackle this problem, this period saw the recruitment of teachers with higher qualifications, bachelor degrees or even qualifications that were the equivalent of upper secondary education. This situation is still not completely consistent. This measure was also responsible for the introduction of different criteria in career progression. In addition, there are teachers who belong to the ministry board alongside others who are recruited yearly on a fixed-term contract³⁵.

One other interesting element is the connection between career progression and the security of tenure teachers have at a school, a region or the country, depending on whether they are at the beginning or middle of their career. As a result, only some teachers can develop medium-term pedagogical projects, the others must constantly risk changing schools, or even region, annually. Portugal has the highest rate of mobility of teachers in Europe. Added to this, teachers’ on-job training has no effect on their promotional prospects. This is a key element in the quality of education and it is also the subject of severe criticism from the unions, which argue that training programmes are random and do not correspond to actual

³⁵ Until this year, the exact number of teachers in this situation was 30,000 (from a total of 134,000). Recently, government and unions reached agreement by which roughly half of those teachers got permanent jobs.

needs. Where secondary education alternatives are concerned, the teachers' basic qualifications can be different. The teachers can obtain training, not through teachers' continued training, in regular training, but through "training of trainers" courses.

6.5.2 Flexibility within the system

As already noted, one characteristic of the Portuguese education system is its high flexibility, i.e. the formal possibility of mobility between vocational and academic paths. Students not only have the possibility of "getting out of" and/or "coming back to" "regular education" during the course of their educational career, but, it is also possible for them to move onto higher levels during their education. Moreover, within the Portuguese system the option for a vocational or professional path does not preclude admission to higher education, as is the case in other Western European countries.

It is important to stress that this flexibility within the Portuguese education system is a recent phenomenon. Until the 1974 Revolution not only there was any mobility between academic courses and vocational courses precluded, but also admission to university was impossible for those who attended technical education.

6.6 Conclusions

The Portuguese case indicates a number of issues that should be developed within the conceptual framework.

- 1) Besides the discussion on the reformulation of the concepts "horizontal differentiation" and "vertical differentiation" when applied to classify the education/training systems, and apart from a revision of the CASMIM typology criteria (as mentioned in other reports), the project would benefit greatly if equal weight was given to the institutional aspects that shape the labour market.

In effect, the framework seems somewhat unbalanced. The point is that it seems to make the transition processes dependent solely on social class background and the organisation of education/training systems. Now, if an understanding of the transition is what is aimed at, the labour supply side of the question is at least as important as the demand side (as the Portuguese case so plainly illustrates).

- 2) The two types of institutional contexts – qualificational *versus* organisational space – are crucial for the understanding of: (a) the organisation and working methods of the education/training systems (Shavit and Müller, 1998); and (b) the societal coherence between these and the productive system. On this subject some observations may be put forward:
 - (i) The context of Maurice, Sellier and Silvestre's work (1982) was on internal markets. This context, however, does not represent the context in which the great transition processes in times of crisis take place (or at least such is not the case in the experience of a large number of countries);
 - (ii) This same work can be read from a different perspective, namely the theoretical reflection on the concept of "market" that the authors put forward at the end of the book is remembered. The point is to start from the notion of space and to imagine that such a notion does not confine itself to the company's space. Rather, the labour market can be conceived as a big societal space, imbued with the historical and cultural specificity which frame different forms of state intervention, different institutions, types of companies and individual attitudes;
 - (iii) From the historical point of view, the notion of *transition* itself appears to make reference to groups of individuals who have difficulty in finding and achieving stability in a job. These individuals remain therefore for even larger periods of time in the "external market" and their situation constantly shifts from small periods of

employment to small periods of unemployment and/or inactivity and vice versa (Rose, 1984).

- 3) Against this background, the state intervenes in different ways depending on the countries themselves, the strength of their social partners, and their negotiation traditions. One can present Portugal and Germany as opposite extremes of this case.

The employment policies oriented towards youth in transition aim to manage this work force: available but unemployed in the labour market. In so doing, the state works as a functional equivalent to the companies, in the sense that it interferes in youth *distribution* and *mobility* (public recruitment institutions, mobility support measures), *utilisation* (unemployed occupational schemes) and *reproduction* (education, training, unemployment benefits, etc.). The point here is to consider both the forms of intervention performed by the state (and social partners) and the role they play in the configuration of transition processes.

- 4) One further aspect is related to the industrialisation thesis, also referred to by Shavit and Müller. Following Treiman (1970), the industrialisation hypothesis should be rejected in that rationalisation of production, international competition and the operating of multinational companies lead societies to converge on a common pattern of occupational stratification.

On the contrary, it may be worth to consider that a potential aggravation of the differences between poor and rich countries emerges as a consequence of the labour force education profile (which is different from country to country). The credibility of this hypothesis rests on the significance of such profiles in pinpointing important factors in the production process and state-of-the-art sectors, thus shifting the “poorer” and tailored production phases, or the trading stage (as in Portugal) to countries in which the labour force has low schooling levels and a poor qualificational profile (Boyer, 1986).

In this sense, the industrialisation stage of the countries under examination should be taken into account. In order to explain the school to work transition, the countries’ productive specialisation (e.g. textiles *versus* telecommunications), the structure of their enterprises, the existence of internal markets, their level both of management formalisation and human resources management, are as important as the organisation of the education/training system.

In the end, we may well be facing situations in which the education/training system organises and develops itself outside the industrial system; this seems to be what happens in the Portuguese, as opposed to the German case. Having said that, it is not at all clear how this process takes place in other countries; to be acquainted with these realities could be an interesting factor in the understanding of transition processes.

- 5) An alternative hypothesis – also proposed by Maurice, Sellier and Silvestre (1982) - would be to use the comparative methodology between countries, in that it is important to detect both the societal comparability and the similarities and differences between countries.
- 6) Finally, and as stated in the Irish report, the characteristics of individuals seem to be fundamental. An individual has a certain amount of autonomy in the structures in which

they find themselves, which permits decision-making in defining strategies regarding their professional future, and thus contributing to their transition process.

The most obvious example of such autonomy is the question of emigration. When facing a market in which there are no employment alternatives - either in terms of jobs available, or when those available are beyond the individuals’ expectations or academic qualifications - the question of emigration emerges. As outlined above, the mass emigration of the Portuguese in the 1960s,

mainly to France and Germany, were indicative of survival strategies utilised in a market which, deprived of industries, had no jobs to offer.

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