

Training & Employment

A QUARTERLY NEWSLETTER FROM CEREQ AND ITS ASSOCIATED CENTRES

THE SITUATION OF YOUNG LABOUR-MARKET ENTRANTS IN EUROPE

Notwithstanding the creation of a European space for exchanges, labour markets in Europe remain quite marked by the particular features of each member country. Thus, the ways that young people enter the various labour markets are still far from convergent. Depending on the organisation of both industrial relations and the educational system, the school-to-work transition involves quite different realities. Thus, in certain cases, young labour-market entrants are workers like the others and in others, they are differentiated from the rest of the labour force.

In Europe, the conditions of labour-market entry for young people vary greatly from one country to another. In certain cases, their career profile is similar to that of the rest of the labour force, but in others, by contrast, they constitute a group with singular conditions of employment. Within this diversity, however, we may identify three main models reflecting the different situations confronting young labour-market entrants. These three models are distinguished by the relative importance they accord to experience and training in the school-to-work transition, but they also reflect different forms of labour-market organisation.

EXPERIENCE AND TRAINING, TWO ADVANTAGES FOR THREE FORMS OF LABOUR-MARKET ENTRY

- In the first model, the conditions of labour-market entry are basically tied to the nature of the qualification acquired in initial training, whereas the experience accumulated on the labour market plays a very secondary role, especially since initial work experiences have often already been acquired during initial training. This situation leads to a rapid integration of the labour-market entrants into the work situations of more experienced workers with the same qualification profile.

Denmark is a good illustration of this first model. In terms of unemployment risks, occupational mobility or the nature of the jobs held, young Danish entrants are hardly different from their elders (see table p. 2). All economic activities are open to them, and the wage return on initial training is rapid and largely stable. Rapid because the wage level of

young entrants basically varies in function of their diploma level, and relatively stable because, at the same diploma level, their wage differs little from that of more experienced workers (see graph p. 3).

The countries following this model are characterised by a highly developed system of initial vocational training which maintains close relations with the socio-economic players in order to meet the demands of the labour market. The titles and diplomas that the training system issues are particularly well recognised by the companies. The acquisition of work experiences during initial training is encouraged, moreover, by alternating training programmes and part-time education that leaves a place for a limited work activity. In Denmark, for example, 60 percent of young people over fifteen years of age in initial training hold a job.

- In the second model, the working conditions of the labour-market entrants are very different from those of more experienced workers, and at the same time, initial training plays a lesser role in the transition process. It is as if young entrants constituted the last group of individuals considered during hiring, and access to employment is thus difficult for them. The most favourable work situations are temporarily closed to them, and they find themselves confined to low-paying jobs or the least attractive sectors. The school-to-work transition thus seems to be a lengthy process of gradual improvements in the initial entry situation.

Italy is one of the countries reflecting this second model. Whatever their training level, young entrants are sharply stigmatised on the labour market and have great difficulty

CENTRE D'ÉTUDES ET DE RECHERCHES SUR LES QUALIFICATIONS

JUNIORS ON THE EUROPEAN LABOUR MARKETS: SELECTED INDICATORS

UNITED KINGDOM
DENMARK FRANCE ITALY

• UNEMPLOYMENT RATE (%)

Juniors	Total	10	18	25	31
Short-term unemployment		8	12	19	11
Long-term unemployment		2	6	6	20

Seniors	Total	7	8	11	9
Short-term unemployment		4	4	6	3
Long-term unemployment		3	4	5	6

Short-term = less than one year; long-term = more than one year.

• UNEMPLOYMENT RATE AND DIPLOMA LEVEL (%)

Juniors		7	8	14	30
Higher education graduates					
Secondary-school graduates		10	16	26	34
No diploma		17	26	49	31

Seniors		3	3	6	4
Higher education graduates					
Secondary-school graduates		7	7	10	8
No diploma		12	11	16	11

• VULNERABILITY TO UNEMPLOYMENT (%)

Proportion of unemployed juniors and seniors among individuals in employment one year earlier

Juniors	4.2	7.3	11.0	4.7
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Seniors	2.5	2.7	4.2	1.9
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Difference 1.7 4.6 6.8 2.8

• CONCENTRATION OF JUNIORS IN ECONOMIC ACTIVITY SECTORS (%)

Juniors	18	27	27	40
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The higher this indicator, the more the juniors are concentrated in certain economic activities; conversely, the lower it is, the more they are dispersed throughout all economic activities. (This indicator is equal to the coefficient of variation in the proportion of juniors in employment between the different economic activities.)

- ▶ **Juniors** ended their studies within the previous five years.
- ▶ **Seniors** ended their studies over five years earlier (and are under 50 years old) (cf. Box p. 4)
- ▶ These data represent averages, for the period from 1993 to 1997, calculated on the basis of Eurostat's Labour-Force Surveys (LFS).

obtaining jobs, as attested by their very high level of unemployment, and especially long-term unemployment. But once they are hired, their situation becomes relatively stable, as indicated by their relatively low level of vulnerability to unemployment. Italy is one of the rare countries where the proportion of the labour force in employment continues to rise for over-30 age groups, which suggests that labour-market entry is a particularly long process there. The remuneration level of labour-market entrants, moreover, is markedly lower than that of their elders and varies little in function of education level: the return on training seems above all related to the acquisition of work experience (cf. graph p. 3). The distribution of young entrants by economic activities is very uneven, which reflects their concentration in certain economic activities (cf. table this page).

- The third model is the most complex, with greater access to jobs and occupational mobility than in the two others. Acquired experience and the qualification obtained in initial training each play a role in hiring but are partly interchangeable from the companies' viewpoints. Among the young entrants, the advantage of diploma-holders is very marked; at equivalent diploma levels, the work situation of experienced labour-force members is more favourable than that of the young entrants.

France and the United Kingdom are two countries representative of this model. Labour-market entrants there are more vulnerable to unemployment than other members of the labour force but for periods of time that are, on the average, shorter. Their work situation is more fragile, as reflected by the higher vulnerability indicator (cf. table this page). These difficulties, however, mainly concern the least qualified young entrants, who have to compete with the more qualified entrants often preferred in recruitments. In the UK, remuneration is linked to work experience and initial training; even as the length of experience increases, the diploma continues to have an impact on the wage. The same observation may be made in France, especially for higher education diplomas. However, at lower training levels, we can mainly observe a return on experience, which reflects the greater heterogeneousness of the French situation (cf. graph p. 3).

A SINGLE EUROPE WITH PLURAL LABOUR MARKETS

Workers like the others in Denmark, stigmatised in Italy or subject to sharp competition in France and the UK—the situation of young labour-market entrants is not the same in all the European countries. But this variation cannot be explained solely by their respective characteristics in terms of training level or acquired experience. It is also rooted in the form of organisation predominating in the different national labour markets. In function of this organisation, experience and training do not have the same impact on employment conditions:

- When the occupational markets are dominant, initial vocational training is preponderant, and it is structured through dialogue. Employers assess the vocational title for

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its production value, which justifies a strong commitment on their part to developing it, but a commitment to apprenticeship or alternating training as well. Those holding a recognised vocational title are thus in a privileged position, even if their experience is limited. The qualification is transferrable to the whole of an occupational field, and mobility between companies is thus potentially high. Remunerations are tied to the individual qualification and increase with the certified acquisition of new competences but are less affected by seniority.

In this kind of market, young entrants with recognised vocational training have direct access to the occupational sector corresponding to their title. At an equivalent level of qualification, their employment conditions and unemployment rates are very similar to those of experienced workers. This situation is found in Denmark, but also in Germany and Austria, where the same form of labour-market organisation is dominant.

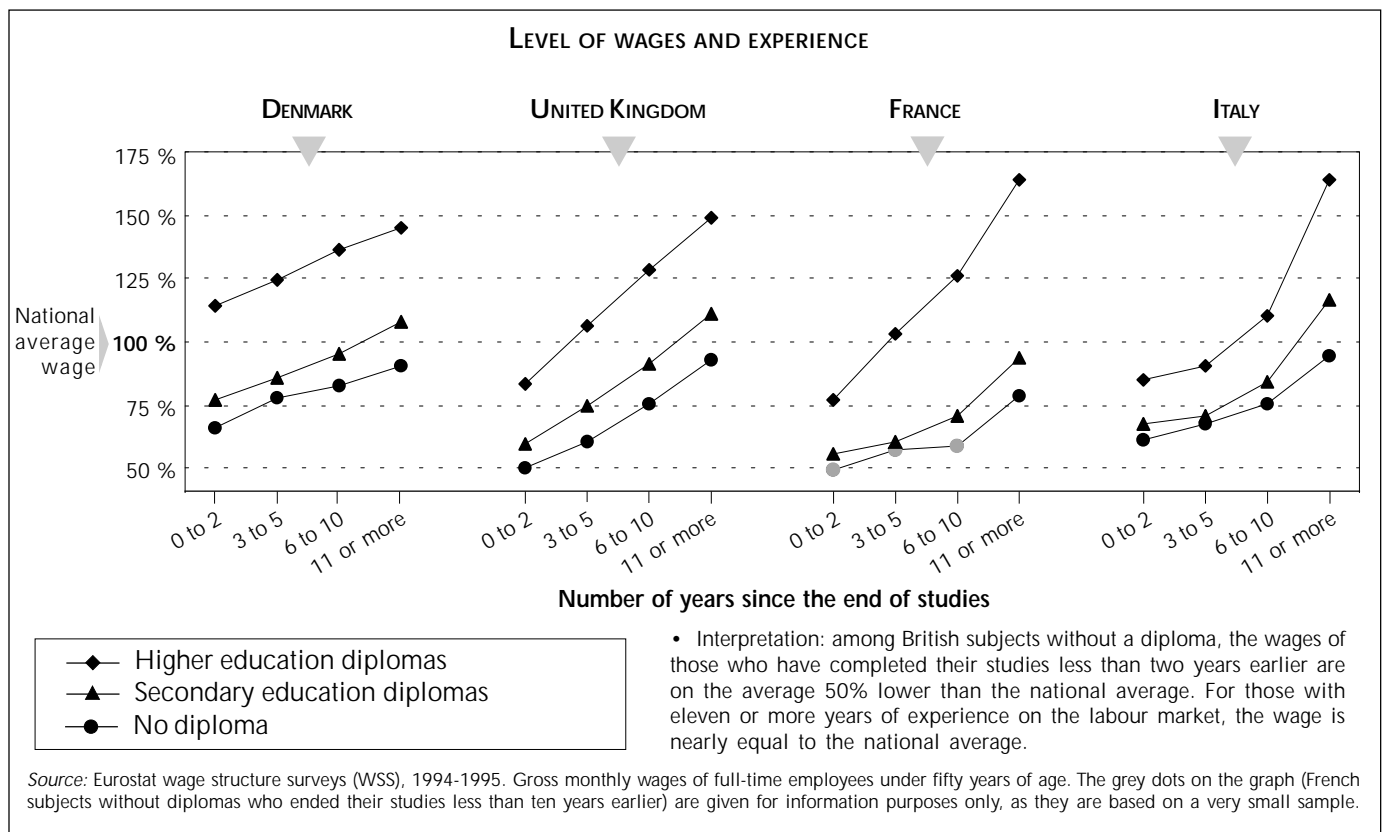
- When the internal markets are dominant, employers prefer vocational training specific to their company and consider the broad general or vocational initial training provided by the educational system only as a sign of aptitude. Mobility between companies is low insofar as the skills acquired on the job are only recognised internally, but the employees in place are highly protected. Remunerations are tied to the job and increase significantly with seniority in the company.

Access to the internal segment is selective. It may be obtained through the young entrants' initial diplomas, and possibly at the cost of a certain downgrading, or in function of the experience they have acquired outside. While waiting to enter this internal segment, they are unemployed or hold more unstable and less well-paid jobs in the external segment

of the labour market. In this type of organisation, the situations of labour-market entrants and experienced workers in fact differ markedly, as may be observed in countries such as Italy or Greece which correspond to this model.

- When the labour market is open, the fixed costs of hiring, job training and termination should be low. In a context of sharp business competition, the companies seek to minimise their wage costs and investment in training, and they are all the more able to do so insofar as the training level of the labour force is high and there is sharp competition for employment. Thus, for comparable wage expectations, they select candidates in function of their diplomas and their experience. Employment relations are not stable: there is considerable mobility between companies as well as alternating periods of employment and unemployment. In this model, labour-market entry is easy for young people insofar as their training level is high and their wage expectations limited. They are little affected by long-term unemployment, but their jobs are highly unstable and their wages unlikely to rise. Since the wage bill (in terms of direct wage, social security contributions or greater flexibility) is a major criterion in recruitments, certain public measures for assisted jobs can nonetheless act in their favour.

France and the UK, as well as Belgium, Spain, Sweden and Finland, reflect certain aspects of this last model: diplomas and experience play a large role, and young entrants often hold unstable jobs and are thus more vulnerable to unemployment. But these countries also show certain features of the second model, based on a labour market that is essentially internal, notably the increase in wages with work experience. For entrants with a diploma, however, there is less discrimination than in the countries associated with the second model, such as Italy.



If Europe's Single Market has created a uniform economic space, the same is not yet true for the labour market, which, in each country, remains marked by a specific form of organisation without, however, being completely reduced to it. The conditions of labour-market entry for young entrants reflect this diversity. But the three main models are not immutable, for in each one of them, the situation of labour-market entrants will probably have to change in response to the pressure of various factors:

- A long-term positive economic situation, combined with low demographic growth, could diminish the importance of competition between young entrants and experienced workers or even lead to significant recruitment problems for employers.
- With the spread of the new information and communication technologies, production and consumption alike are undergoing transformations. This expansion is pushing the companies to seek more qualified candidates for recruitment.
- Systems of work relations are presently based on skills. But the increasingly evoked notion of competence is calling established frames of reference into question and may lead to new equilibria.

Thomas Couppié and Michèle Mansuy (Céreq)

FURTHER READING

- "Jeunes et marché du travail : comparaison européenne". [Young People and the Labour Market: European Comparison.] *Revue de l'Ires* no. 31 (1999), special issue.
- J. C. Barbier and J. Gautié (eds.). "Les politiques de l'emploi en Europe et aux Etats-Unis". [Employment Policies in Europe and the United States.] *Les Cahiers du Centre d'études de l'emploi* no. 37 (1998).
- P. Garonna and P. Ryan. "Le travail des jeunes, les relations professionnelles et les politiques sociales dans les économies avancées". [Youth Jobs, Industrial Relations and Social Policies in the Advanced Economies.] *Formation Emploi* no. 25 (January-March 1989).
- Y. Lichtenberger. "Compétence, organisation du travail et confrontation sociale". [Competence, organisation of work and labour confrontation.] *Formation Emploi* no. 67 (July-September 1999).
- E. Verdier. "Politiques de formation des jeunes et marché du travail : La France des années quatre-vingt". [Youth Training Policies and Labour Market: France in the 1980s.] *Formation Emploi* no. 50 (April-June 1995).

JUNIORS AND SENIORS: TARGETING EXPERIENCE OVER AGE

In order to compare young entrants and experienced adults on the basis of their experience rather than their biological age, Céreq has developed indicators of labour-market entry reflecting the "length of time since the end of studies". Since this variable does not exist in most European labour-force surveys, however, it has been constituted by combining the highest diploma level and the theoretical age when this diploma was obtained (cf. *Education at a Glance. OECD Indicators* [Paris: OECD, 1998]). The difference between actual and theoretical age of obtaining the diploma thus permitted the establishment of two categories: the "juniors", whose studies came to an end within the preceding five years, and the "seniors," whose studies came to an end at least five years earlier.

This statistical study was carried out within the framework of two European projects:

- Céreq serves as consultant to the European Commission's "Education and Culture" division. In this role, it participated in the preparation of the forthcoming issue of *Key Data on Vocational Training*, which is devoted to the youth transition and is scheduled to appear at the beginning of the year 2001. The editorial board of this publication includes experts on the subject of labour-market entry and representatives of the European Commissions DGs and bodies: the "Education and Culture", "Employment" and "Research" directorates, Eurostat, CEDEFOP and the Turin Foundation. Eurostat provided access to Community databases (VET data concerning initial vocational training, labour-force surveys and a survey on wage structure) and calculated the wage indicators concerning juniors and seniors.
- Céreq also participates in the CATEWE (Comparative Analysis of Transitions from Education to Work in Europe) research programme which is funded by the "Research" DG and deals with processes of youth labour-market entry in Europe. This programme is co-ordinated by the Economic and Social Research Institute (ESRI) in Dublin and includes partners from Belgium, Germany, the Netherlands, Portugal, Scotland and Sweden. The quantitative analyses developed in this programme rely on two sources of information: the Community labour-force surveys and national labour-market entry surveys.

briefing

▼ Updates

An international workshop on the comparison of data on the school-to-work transition took place in Paris on 21-23 June 2000. Organised by the OECD and participants in the European CATEWE project (Comparative Analysis of Transitions from Education to Work in Europe), the workshop was attended some sixty statisticians, researchers and policymakers from the European Union and elsewhere. Discussions addressed the utility and quality of the data and indicators developed to analyse the transition and their comparability between countries, with emphasis on the Labour Force Surveys and longitudinal surveys of those exiting the educational system.

The workshop was broken down into five topics:

- Needs for data and systems of indicators on the school-to-work transition, featuring a paper on research perspectives by José Rose (Groupe de recherche sur l'éducation et l'emploi [GREE], Céreq's associated centre in Nancy).

- The Labour Force Surveys, with a paper by Michèle Mansuy (Céreq) on the use of these data for analysing the youth transition in Europe.

- The objectives, uses, strengths, weaknesses, and lessons of the different kinds of national transition surveys.

- A European overview of these national transition surveys.

- The usefulness of transition surveys as a basis for international comparisons.

The value of individual follow-up surveys analysing the transition was not contested during this meeting, in spite of widely held criticisms of their high cost, the difficulty of using and analysing them and the time elapsed between the initial need and the production of results. These surveys remain an irreplaceable tool for understanding processes of labour-market entry and clarifying public policies. An effort is still needed, however, in order to improve the accessibility of data and analyses and to take into account the diversity of the players intervening in the process (young people, companies, public

institutions, etc.).

In a context where coming and going between training and labour market is ever more frequent, the question of the end of the school-to-work transition process might seem somewhat moot. The assessment of the quality of this process, however, remains crucial. But this requires a redefinition, if not a definition of the analytical categories—beginner, first job, downgrading and so on—especially since these categories should permit international comparisons. The same is true of the choice of the categories surveyed: the preference seems to lie with age cohorts, which ensure more comparability between surveys than cohorts of school leavers. The question of whether data should be harmonised before or after collection was not resolved, but in all cases it seems desirable to leave room for the collection of specific national data for purposes of comparison.

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The 17th annual Applied Micro-economics Conference took place in Quebec City, Canada, on 8-9 June 2000. Organised by the Centre de recherche en économie et finance appliquées (CREFA) of Laval University in Quebec City, the conference was attended by about 180 researchers and doctoral candidates. Thomas Lemieux of the University of British Columbia delivered the opening speech on "Schooling, Experience and Earnings: Twenty-Five Years of 'Mincer Equations'". The introduction of parallel workshop sessions and specifically designated chairs and

speakers created conditions for fruitful exchanges among participants. Two sessions in particular were devoted to topics bearing on Céreq's research: one dealing with applications of the theory of human capital and the other on relationships between education, experience and employment, which featured a presentation by Arnaud Dupray (Laboratoire d'économie et de sociologie du travail [LEST], Céreq's associated centre in Aix-en-Provence) on "The Impact of Education at the Time of Labour-Market Entry: Sign of Competence, of the Ability to Learn or Tool of Classification?" Also

noteworthy were a workshop dealing with youth jobs, a second on education-training relationships and a presentation by Andrew E. Clark (Laboratoire d'économie in Orléans, Céreq's associated centre for the Centre and Poitou-Charente regions) entitled "Inequality-aversion or inequality-loving? Some surprising findings". Abstracts of the talks and a selection of the papers presented during the conference are available on the Website www.jma2000.ecn.ulaval.ca.

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▼ **New Publications**

**L'insertion professionnelle en 1999
des diplômés de l'enseignement supérieur**

[Labour-Market Entry of Higher Education Graduates in 1999]

 Daniel Martinelli and Mickaële Molinari (Céreq)

This document presents the final results of a 1999 survey carried out by Céreq on the school-to-work transition of higher education graduates in 1996. The fifth in a series of studies begun in 1987, this work sheds light on the conditions of labour-market entry on the basis of a sample of ten thousand young people.

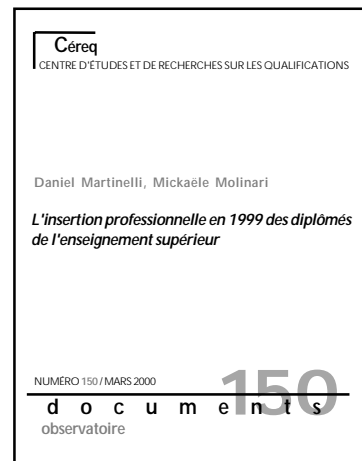
Notwithstanding the growing number of students enrolled in higher education, their labour-market entry takes place in relatively favourable conditions. Thus, graduates of top-level scientific and technical streams (engineering schools, graduate programmes in "hard" sciences) are in particular demand in the companies, and the rapid rise of the new technologies is facilitating their recruitment.

University training programmes have undergone unprecedented development and now give access to all the job possibilities of higher education. University graduates presently constitute half of the recruitments of young engineers and nearly 60 percent of the recruitments of entry-level managers in administration and sales. They are thus competing with graduates of the elite "Grandes Ecoles" but also with those holding polytechnic diplomas or higher technician certificates in the tertiary sector.

In addition, the supply of higher training has undergone considerable modification for several years. Enrollments in athletic streams (STAPS) have greatly increased; their employment possibilities are expanding outside of teaching, but these often involve limited-term jobs (counsellors, tutors) which may not suffice to absorb the growing numbers of athletics graduates.

By contrast, the number of theses, already somewhat stagnant, may decline in coming years. But PhDs are still entering the labour market in favourable conditions, even if their first jobs are becoming more precarious.

Document no. 150, "Observatoire" series, Céreq, June 2000, 68 pp., 100 F.



This document may be purchased at the Céreq bookstore or ordered from Marie-Christine Antonucci, Céreq, 10, place de la Joliette, BP 21321, 13567 Marseille cedex 2. Tel. 33 4 91 13 28 89, fax 33 4 91 13 28 80. E-mail: antonucci@cereq.fr. Payment must accompany orders (please add 25 F for shipping and handling).

▼ In Focus

For nearly thirty years, Céreq has been conducting transition surveys aimed at understanding the conditions surrounding young people's access to the labour market at the end of their schooling. These surveys serve both researchers and public policymakers responsible for the vocational training system.

These investigations now take the form of 'generational' surveys. The '92 Generation survey, which was carried out in 1997 and has now been processed, as well as the '98 Generation survey, focus on all those leaving the initial training system during a given year, regardless of their final level of studies, and whether they are drop-outs or university graduates. The survey rate is about 1/20, which amounts to some 27,000 subjects queried. The structure of the French educational system is such that information on all exit levels is simultaneously available, thus allowing a comparison of the relative performances of different diplomas on the labour market and the observation of possible situations of competition over access to jobs.

Queried five years after their exit from school, the young people relate their itineraries during this time: periods of unemployment, immediately after exiting school or later, number and nature of jobs held, wages, complementary training or resumption of studies. A calendar permits these different episodes to be situated month by month and allows processing over the entire period. A range of biographical information is also made available: parents' socio-economic situation, schooling, living situation (independent or not), marriage, birth of children and so on.

The processing of such a survey yields three kinds of data:

- Statistical indicators describing the situation of the cohort throughout the five years in question: evolution of unemployment and employment rates, status and socio-economic category of the jobs held, mobility, wage pattern. These indicators can be varied according to the diploma obtained (or not), training specialisations, social background and so on.
- 'Reverse' indicators relating to the influx of youth labour in a given sector or occupation. This influx can be described with indicators similar to those cited above: direct access to a given sector or not, rates of graduates recruited in a given occupation and so on.
- More analytical breakdowns aimed at explaining a given factor on the labour market, such as the function of social background, falling behind the age group, work experience (or not) prior to the end of schooling and so on.

The '98 Generation survey is now getting under way. An initial three-year inquiry will take place in 2001, followed by a second inquiry in 2004.

▼ **Formation Emploi**

Recent articles in Céreq's quarterly journal



**Formation Emploi no. 69
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✍ Gilles Lazuech

**Les stratégies d'orientation face aux
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[Guidance Strategies in Face of the Transformations of Training Supply: The Case of Short Higher Education Streams in Fine and Applied Arts"]

✍ Emmanuel Sulzer

**Les grutiers. Quand la certification
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[Crane Operators: When Certification Might Overlook Competence].

✍ Jean-Michel Boucheix and Alexandre Chanteclair

**Former pour éviter la
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[Training to Avoid Marginalisation]

✍ Agnès Checaglini

**L'organisation du système des tests
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[The Organisation of the Test System in the United States and Its History]

On Nicholas Lemann's *The Big Test. The Secret History of American Meritocracy.*

✍ Laurence Coutrot

**Formation Emploi no. 70
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SPECIAL ISSUE ON YOUTH JOBS

Professionalisation of jobs or professionalisation of young people? What's happening with the "New Services, New Jobs" programme launched in 1997? A mid course assessment.

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[Professionalisation, a New Category of State Intervention]

The Example of the "New Services, New Jobs" Programme

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Professionalisation : de quoi parlent les chercheurs, que cherchent les acteurs ?

[Professionalisation: What Are the Researchers Saying and What Do the Players Want to Hear?]

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Un pari pour une reconnaissance sociale accélérée.

[Betting on Faster Social Recognition]

Interview with Josiane Teissier

✍ by Jean-Frédéric Vergnies

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