

THE TRANSITION PROCESS FROM SCHOOL TO WORK: A MACRO APPROACH

Alka Obadić¹ & Martin Broz²

UDK/UDC: 338.24:37+331.5

JEL classification / JEL klasifikacija: J₂₁

Preliminary communication / Prethodno priopćenje

Received / Primljeno: October 15, 2008/15. listopada 2008.

Accepted for publishing/Prihvaćeno za tisak: December 22, 2008/22. prosinca 2008

Summary

Transition from education to work occurs at different points in time in different countries, depending on a range of educational and labour market characteristics. A purely micro-level approach to youth transitions would readily acknowledge the importance of contextual factors at the macro level. Individual expectations and actions are always affected by particular macro-level opportunity structures, mainly defined by the jobs available in particular occupations, industries, or regions for young people with particular qualifications and other resources.

This article provides a macro-level approach of the transition process from school to the world of work in the EU and OECD countries. The paper poses two main research questions: first, are there school-to-work transition differences according to educational level, race and sex, and second, does the level of education affect the spell duration of unemployment and employment?

The results indicate that the school-to-work transition speed differs in the selected group of countries by education level, race and sex. In seven of the ten European countries, the average search period for the first regular employment after graduation lasted for only 3 to 6 months and about 5% of those had been unemployed most of the time. The analysis shows that Spain, Italy and France consistently performed worst when considering the length of the transition process from school-to-work.

Key words: *transition process, education, young workers, employment prospect.*

¹ Alka Obadić, Ph. D., Assistant Professor, Faculty of Economics & Business, Zagreb, E-mail: aobadic@efzg.hr

² Martin Broz, student, Faculty of Economics & Business, Zagreb

1. INTRODUCTION

Transition from school-to-work has been a major research topic over the last ten years. The main reason for this is the occurrence of persistently high youth unemployment rates since the 1980s. A considerable number of young people are unemployed in the period after leaving school, and even those who immediately find a job are often working in vulnerable positions. This makes the integration process of young people into the labour market far from smooth. The concept of the school-to-work transition is associated with change, waiting and uncertainty. The route from schooling to employment is nowadays often longer and more complex than in the past. Critics point out that school-to-work transitions include inadequate educational attainments, high joblessness, excessive job turnover, and weak links between schooling and employment.

Young people experience different paths in their transition from school-to-work. Some go from job to job and do not develop a steady employment relationship until many years after leaving school, if at all. Others settle into a longer-term employment relationship soon after leaving school. Some policy makers and educators express concern that many new entrants to the job market tend to experience periods of churning, moving from one low paying job to another, without settling into a longer-term relationship (Yates, 2005, 21).

The paper poses two main research questions:

- first, do school-to-work transitions differences according to educational level race and sex exist, and
- second, does the level of education affect the spell duration of unemployment and employment?

This research also attempts to find out the extent of time spent moving from one short-term job to a stable one by looking at education levels of young people in selected EU and OECD countries. The main reason for this is that moving from one short-term job to another is non-productive and some measures should be taken to eliminate that.

The study also examines the success of students in moving from education to work and how much the level of qualification increases the likelihood of finding employment. The transition from education to work occurs at different points in time in different countries, depending on a range of educational and labour market characteristics. As they grow older, young people spend less time learning and more as parts of the labour force. In the 1990s, a renewed interest appeared in the relationship between higher education and the world of work. Greater attention was paid to an increasingly complex and often extended process of transition from higher education to employment. On the basis of the annual OECD Labour Force Survey and the annual European Labour Force Survey according to International Labour Organisation (ILO), the paper analyses the speed and the stability of the cross country labour market entry process among selected EU and OECD countries.

The paper is organized as follows. The first section of the paper defines the basic terms of the transition process from school to work and presents some literature review. Second section outlines a macro perspective approach of the transition process from school to work and concentrates on structural change issues. The third section stresses the

school-to-work experiences in some selected EU and OECD countries and explores the success of students in moving from education to work. The last section sets out the most important conclusions of the paper.

2. DEFINITIONS AND PREVIOUS WORKS

The transition period from school-to-work is conventionally understood as the period between the end of individuals' primary involvement in education or training and their stable settlement in a work position. School leavers have to find a workplace in which their qualifications can be properly used and which provides fertile ground for their future occupational or professional development (Müller, Gangl, 2003, 1).

Some researchers assume that time spent moving from one short-term job to another is non-productive and should be reduced³. Early labour market experiences of young people in the United States are often characterized as "churning" or "milling about" in the form of initial periods of joblessness or a series of "dead-end" jobs, or "floundering" from one job to another which represents a "waste of human resources". The need for school-to-work programs or other means of increasing early job market stability is predicted with the view that the chaotic nature of youth labour markets in the United States is costly, because workers float from one job to another without developing skills, behaviour, or other characteristics that in turn lead to higher adult earnings (Neumark, 2002, 462).

Other analysts⁴ see this period of short employment spells in a more positive light. They argue that early job mobility represents "job shopping" where young workers learn about different work environments and their own skills and interests. As young people acquire different work experiences they are able to move into jobs that better match their skills and interests, often with higher wages. In that way, the job-shopping phase can be beneficial for both workers and their employers.

Maybe it is better to define job shopping by comparing it with the now familiar concept of job search. Job shopping refers to the period of experimentation with jobs and accompanying high rates of mobility, which typically occurs at the beginning of the working life⁵. While job search is an underlying principle for unemployment, job shopping is a theory of job mobility. Search theories typically assume that the characteristics of potential offers can be set by searching, while our assumption is that some characteristics cannot be known without actual employment experience. Job shopping is the search for a suitable job when workers cannot predict perfectly either their performance in or their taste for a particular job (Johnson, 1978, 261).

In other words, although there are positive sides to search, there are also positive sides to early job stability. The evidence in D. Neumark's paper suggest that exogenous

³ See for example: *America's Choice: high skills or low wages!*; The Report by the Commission on the Skills of the American Workforce, National Center on Education and the Economy, June 1990.

⁴ See in more detail: Topel, Ward (1992), Jovanovic (1979), Johnson (1978).

⁵ The first use of the term "job shopping" was made by Loyd Reynolds in *The Structure of Labour Markets* (New York, Harper, 1951).

increases in early job stability in youth labour markets in the United States – through school-to-work or other programs – could have beneficial effects on the incomes that young people eventually earn as adults (Neumark, 2002, 463). An increased level of education may affect the length of the search period. Empirical analyses have revealed that the search time between school and working is shorter for those with higher level of schooling (see for instance Eckstein, Wolpin, 1995). At the same time, higher level of education makes employees more secure in the labour market. For the Norwegian labour market, Nilsen, Risa and Torsten (1998) reveal that increased education increases the chances of staying employed, and correspondingly, decrease the probability of being unemployed.

Topel and Ward found out that in the United States the evolution of wages plays a key role in this transition to stable employment and that the wage is the key determinant of changing decisions among young workers. Job shopping activities of young workers are strongly consistent with matching models of on-the-job search. The typical young worker holds seven full-time jobs during his first ten years in the labour market (Topel, Ward, 1992, 474).

Earlier research dealt with the relationship between early job market stability and adult wages by exploring the correlations between a wide range of individuals, youth labour market experiences and their labour market outcomes as more mature adults, in a multivariate framework that controlled other adult characteristics (Gardecki, Neumark, 1998, 305). The results suggested that adult wages are for the most part unrelated to the stability of early labour market experiences, especially for men, although, as many studies have found, training provides long-term benefits.

3. A MICRO – MACRO PERSPECTIVE

From a macro-level perspective, the pattern of individual transitions mirrors the integration of young people into to world of work. It reflects continuity and change in the societal division of labour and the broader system of social stratification. An important issue is the efficient use of talents and human resources. How are individual qualifications and preferences matched to job requirements? Often it is assumed that transition processes have been prolonged and that nowadays it takes young people longer to establish themselves in the labour market than was the case earlier.

Between finishing full-time education and arriving at a stable position in the labour market, young people may experience extended or repeated periods of unemployment, joblessness, or attachment to marginal forms of employment. More frequently than before, they return to education or training and pass through successive schooling and working episodes. Many deliberately take time out between education and work for leisure, travelling or other experiences before being subjected to the routines and constraints of the working life (Müller, Gangl, 2003, 2).

At the micro level, individuals experience transition processes as a series of events that arise from individual expectations and action, on the part of both the worker and the potential employer. According to matching models, individual job matches will form if employers perceive suitable job applicants for the particular position in question against

the alternative of non-contracting and, at the same time, young applicants consider job conditions appropriate over and against the alternative of unemployment or continued participation in training activities. Plausibly, young people leaving the educational system strive to obtain jobs promising adequate returns for their investments in education, be it in terms of job quality or monetary and non-pecuniary rewards or in terms of using the first job as a stepping stone to better employment in future. Employers, for their part, can be expected to recruit those applicants they consider to be both most productive and least costly for the kind of work required by the job (Müller, Gangl, 2003, 5).

However, even a purely micro-level approach to youth transitions would readily acknowledge the importance of contextual factors at the macro level. Individual expectations and actions are always affected by particular macro-level opportunity structures, mainly defined by the jobs available in particular occupations, industries, or regions for young people with particular qualifications and other resources. Furthermore, individual expectations and actions are dependent on stable institutional settings such as the education and training institutions, more or less formal requirements for entry into particular jobs, or regulations governing the rights and obligations of workers and employers.

At the macro level, transition patterns can be seen as reflecting the cumulative experiences of cohort members leaving the educational system for the labour market. In contrast to purely micro-level accounts, the core of research interest then concentrates on the aggregate effectiveness of youth labour market integration in different institutional contexts, rather than the explanation of individual variation in transition outcomes and sequences (Müller, Gangl, 2003, 6).

This second section of the research is concentrated on the issues of structural change of transition process from school to work and the speed of entry into the labour market after initial education.

3.1. Structural Change of Transition Processes from School to Work

Levels of education have risen greatly in all European countries and such rises are likely to imply devaluation processes for particular qualifications that at an earlier stage would have guaranteed quick access to adequate employment. As a consequence of educational expansion, one would expect to see downgrading tendencies in the patterns of occupational allocation and increasing labour market difficulties for the least qualified (Müller, Gangl, 2003, 9). Considering the substantial expansion of upper secondary and tertiary attainment levels in most countries during this period, suggests that these increases have been matched by a demand for higher skills in most countries (Obadić, Porić, 2008, 439).

In a context of structural change it is also interesting to stress differences in school-to-work transitions by educational level, race and sex. More highly educated women look very much like men in their turnover behaviour. Women with more than high school education do not differ significantly from less educated or more educated men in their probability of staying at the current job. When each of the probabilities is evaluated in contrast with men of higher education, more educated women are significantly more likely to stay on the job than either group of men. Less educated women, on the other hand, differ significantly

in their turnover behaviour from both groups of men and from more highly educated members of their own sex. Looking simply at job-to-job turnover by sex conceals the fact that most of the differences by sex are accounted for by differences between less educated women and all others (Royalty, 1998, 429).

Conditional on schooling, however, the time between leaving school and working at the first full-time job is longer for blacks and their accepted mean wage is lower. Conditional on race, the time between leaving school and working at the first full-time job is shorter for those with higher levels of schooling and their accepted mean wage is higher. Interestingly, blacks display a similar pattern of duration and accepted wages to whites who are one "level" of schooling below, e.g. black high-school graduates and white-school dropouts (Eckstein, Wolpin, 1995, 263).

Educational expansion, however, has been accompanied in many countries by occupational change. Labour markets have undergone a considerable transformation towards service sector-based economies and many expanding firms and industries may provide ample job opportunities for young people. Therefore, in the 1990s greater attention was paid to an increasingly complex and often prolonged process of transition from higher education to employment. Moreover, rapid changes in technology also suggested that graduates could no longer expect to remain in a single profession or with a few employers: they had to be more flexible and better prepared for lifelong learning.

Finally, professional competence seemed to be based to a lesser extent on specific academic and professional knowledge. Students also had to learn to apply their knowledge, to enhance their socio-communicative skills. Graduates are expected to perform well in the framework of established job requirements and professional practices, but they are also trained to constantly reflect and challenge the established links between knowledge and work tasks. Higher education trains people for critical thinking, reflection, innovation, coping with undetermined work tasks and pro-active change of occupations on the basis of new knowledge (Teichler, 2007, 11-17).

In high school, youths learn mainly general skills. Because of their youth, those seeking jobs just after high school may know less about the world of work and be less committed to a particular occupation. Similarly, employers of these youths have less information about their skills. Both employers and employees may look at entry-level jobs as a learning process by which each can evaluate the long-term potential of their "match".

College graduates, on the other hand, invest more in specific skills and may acquire a greater knowledge of the job market within their field. Employers of new college graduates have potentially greater knowledge of the particular skills of their new employees, and because of the higher wages they must pay more incentive to find a good match. For these reasons, matches between new college graduates and their employers may be expected to last longer than those between new high school graduates and employers. Youths who have left school without a high school degree are twice as disadvantaged: they lack both general and job-specific skills, and they face employers who have low expectations and little motivation to invest in their matches. Therefore, schooling choices may dictate the speed and ease of the school-to-work transition (Yates, 2005, 21).

3.2. Entry into the Labour Market after Preliminary Education

The direction from schooling to employment is often depicted nowadays as long and dangerous, unlike the short and direct routes available to previous generations. Some countries have indeed seen major deteriorations. In France, in 1973 86% of the youth cohort had been employed nine months after leaving school, whereas in 1992 the percentage reached only 19% after three years (Ryan, 2001, 34).

The transition from education to work occurs at different points in time in different countries, depending on a range of educational and labour market characteristics. As they grow older, young people spend less time in education and more in the labour force. In 2006, on average 83% of 15-to-19-year-olds in OECD countries and 87.5% in EU-19 were in education. The average in OECD countries drops to 39.7% for 20-to-24-year-olds and to 13,8% for 25-to-29-year-olds (see Table 1).

Table 1: Percentage of the youth population in education, 2006

Country	Age group	In education			Sub-total
		Other employed	Unemployed	Not in the labour force	
OECD average	15-to-19	14,4	3,3	62,0	83,0
	20-to-24	12,2	1,8	24,4	39,7
	25-to-29	7,3	0,8	5,7	13,8
EU-19 average	15-to-19	10,7	3,3	70,7	87,5
	20-to-24	10,2	1,9	29,1	42,3
	25-to-29	7,0	0,9	5,9	13,8

Source: OECD (2008).

Since 1995 the proportion of 15-to-19-years olds in education has expanded rapidly in most OECD countries, with increases of 20% or more in the Czech Republic, Iceland and the Slovak Republic. Young adults thus begin their transition to work later, and in some cases over a longer period. This reflects not only the demand for education, but also the general state of the labour market, the length and orientation of educational programmes in relation to the labour market and the prevalence of part-time education (OECD, 2008, 381).

Overall, older non-students are much more likely to be employed than non-students aged 15 to 19, and a higher percentage of male than female non-students are employed. A significantly higher share of females than males are out of the labour force. Employment-to-population ratios among young adults not in education provide information on the effectiveness of transition frameworks and thus help policy makers to evaluate transition policies. In 2006 in 9 out of 26 OECD countries (the Czech Republic, Finland, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, the Slovak Republic), and in the partner countries Estonia and Slovenia, 90% or more of 15-to-19-years olds were in education. This indicates that few leave school early (OECD, 2008, 382).

As already mentioned, education systems have continued to expand since the start of the decade. Between 2000 and 2006 in OECD countries, the proportion of individuals in school has increased by more than 5 percentage points (and in EU-19 around 4 percentage points) among 15-to-19-year olds (see Table 2).

Table 2: Trends in the percentage of the youth population in education and not in education (by age group and work status)

Country	Age group	2000			2006		
		In education	Not in education		In education	Not in education	
		Total	Employed	Not employed	Total	Employed	Not employed
OECD average	15-to-19	80,4	11,3	9,2	85,6	8,0	6,5
	20-to-24	35,3	47,8	17,5	41,4	44,3	14,6
	25-to-29	12,4	68,6	19,0	14,5	69,1	16,9
EU-19 average	15-to-19	83,6	9,0	7,7	87,5	6,2	6,3
	20-to-24	36,5	46,4	17,1	42,5	42,4	15,3
	25-to-29	11,7	69,1	19,3	13,8	68,7	17,5

Source: OECD (2008).

During a key transition period (i.e. ages 20 to 24) the proportion of individuals in education has increased by 6 percentage points in both groups of countries. The proportion of 20-to-24-year-olds in education has risen by more than 10% in the Czech Republic, Germany, Greece, Hungary, the Netherlands, Poland and the Slovak Republic. At the same time, the proportion of 20-to-24-year-olds not employed has decreased in all of these countries. In OECD countries, the number of individuals in employment has decreased by 3.5%, largely because a large proportion of the students are those with better employment prospects.

The lengthening of education process has contributed to lower non-employment rates in most of the countries (particularly among 15-to-19-years old). Even if the expansion of education among 20-to-24-year-olds and 25-to-29-year-olds has led, on average, to lower employment rates, the positive effects for individuals and society typically far exceed the lost productivity of the extra years of schooling. The returns to education are substantial in most countries and earnings foregone during studies are outweighed by the benefits later in working life (OECD, 2008, 382).

4. THE SCHOOL – TO – WORK EXPERIENCES

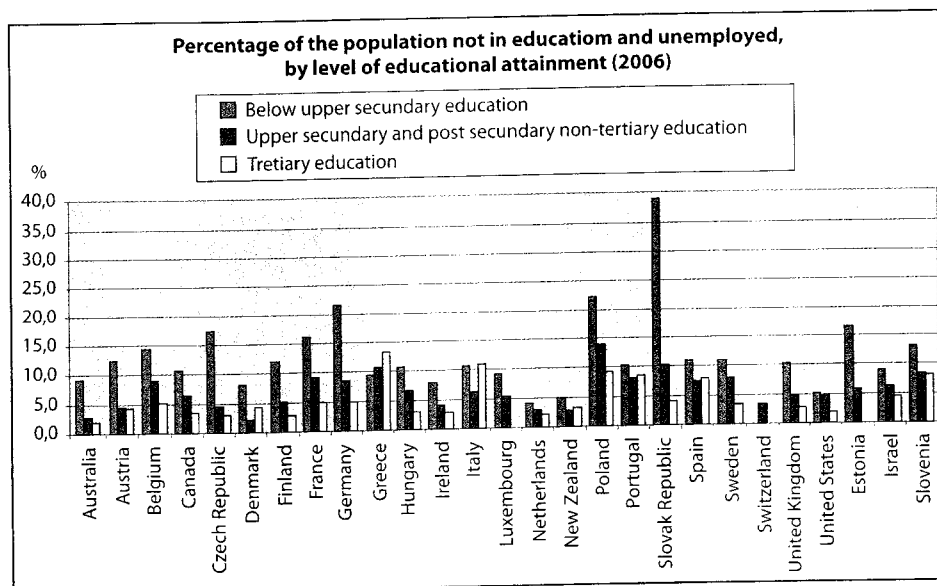
In most EU and OECD countries, education policy seeks to encourage young people to complete at least upper secondary education. Since many jobs in the current labour market require ever higher general skill levels, persons with low attainment are often penalised. Differences in unemployment rates among young non-students by level of educational attainment are an indicator of the degree to which further education improves the economic opportunities of young adults.

At the end of the transition period, between the ages of 25 and 29, when most young people have finished studying, differences in access to employment are linked to the education level attained. Not attaining an upper secondary qualification is clearly a serious handicap. On the other hand, tertiary education offers a premium for most job seekers. Since it has become the norm in most OECD countries to complete upper secondary education, many young persons who do not complete this level of education are much likely to have employment difficulties during entry to the labour market. Belgium, France, Ireland, the Slovak Republic and Sweden experience the greatest differences in unemployment rates for 20-to-24-year-olds with an upper secondary level of education and those without (OECD, 2007, 331).

4.1. How Successful are Students in Moving from Education to Work?

It is important to see the number of years that young people are expected to spend in education, employment and non-employment and examine the education and employment status of young people by gender. During the past decade, young people have spent more time in initial education, delaying their entry into the world of work. Part of this additional time is spent combining work and education, a practice that is widespread in some countries. Once young people have completed their initial education, access to the labour market is often impeded by periods of unemployment or non-employment, although this situation affects males and females differently. Based on the current situation between the ages of 15 and 29, this indicator gives a picture of major trends in the transition from school to work (OECD, 2008, 374).

Figure 1: Share of the 25-to-29-year-olds who are unemployed and not in education, by level of educational attainment (2006)



Source: calculated according to OECD (2008).

At the end of the transition period, when most young people have finished studying, access to employment is linked to the education level attained. Those who do not complete an upper secondary education are much more likely to have difficulty finding employment when they enter the labour market. On the other hand, tertiary education offers a premium for most job seekers (except in Greece, Italy and New Zealand).

On average across OECD countries, a young person aged 15 in 2006 can expect to continue his/her education for about 6.7 years. In 20 of 29 OECD countries for which data are available, a 15-year-old can expect to spend on average from five to seven and a half additional years in education. On the other hand, the gap between the two extremes is large: eight years or more in Denmark, Finland, Iceland and the Netherlands and the partner country Slovenia, but less than five years in Mexico and Turkey.

In recent years, however, more attention has been paid to the transition process, which could operate smoothly or less smoothly and could be determined by specific dynamics, providing the smart ones of the less qualified graduates with another chance and causing problems for the highly qualified who were not well prepared to handle the transition process.

About 40% of the graduates surveyed in the ten European countries⁶ seeking for a job around the time of graduation, started their search prior to graduation. In most European countries, the transition from higher education to employment seems to have been smoother than the public debates about the problems caused by the expansion of higher education and the precarious labour market situation in general suggest (see Table 3).

Table 3: Transition from higher education to employment in ten European countries

Country	Job search		During the first 4 years	
	Average duration of job search (months)	Still on search after 12 months (%)	Mostly short-term/ occasional jobs (%)	Mostly unemployed (%)
Norway	3,3	1	2	1
Sweden	4,9	2	4	1
Finland	5,1	4	9	2
United Kingdom	4,4	4	8	2
The Netherlands	4,7	3	15	2
Germany	5,5	3	11	2
Austria	6,0	2	18	7
France	7,1	20	17	7
Spain	11,6	10	23	18
Italy	8,9	4	20	9
Total	6,1	5	13	5

Source: Teichler (2007, 21) according to the CHEERS Graduate Survey.

⁶ The study was initially called Higher Education and Graduate Employment in Europe, but it also was called CHEERS (*Careers after Higher Education – a European Research Survey*) by its participants (see Schomburg, Teichler, 2006). More than 36 000 graduates from ten countries were surveyed about three to four years after graduation. Further than 30% began the search around the time of graduation and less than 30% somewhat later. More than half the graduates from Norway and Sweden began their search prior to graduation in contrast to less than one fifth of those from Italy and France.

In seven of the ten countries, the average search period for the first regular employment after graduation lasted for only 3 to 6 months. However, as shown in the previous table, the average duration was about 7 months in France, 9 months in Italy and one year in Spain. Over the first four years after graduation, about 5% of the respondents had been unemployed most of the time. This percentage was marginal in six countries, but comprised 7% in Austria and France, 9% in Italy and 18% in Spain. About four years after graduation, only 3% of the graduates in the ten European countries were unemployed: 5% in Italy, 7% in France and 10% in Spain.

Altogether, Spain, Italy and France consistently stood out as far as the length of the transition process was concerned⁷. About 13% of all the graduates in the ten countries spent the first four years after graduation mainly in occasional jobs or short-term employment. This reflects difficulties in finding a suitable job.

Analysing gender differences in educational attainment it is evident that everywhere, women's increasing participation in education has substantially contributed to educational expansion. In most of them, the educational attainment of women may now seem to exceed that of men (Müller, Wolbers, 2003, 57). The average overall number of expected years in education is higher for females (6.9 years compared with 6.6 for males). In all countries except Austria, Germany, Mexico, the Netherlands, Switzerland and Turkey, and the partner economy Estonia, females spend more years in education than males. In Turkey, female students can expect to receive nearly one year less of education than their male counterparts whereas in Norway, Spain and Sweden the opposite applies (see Figure 2).

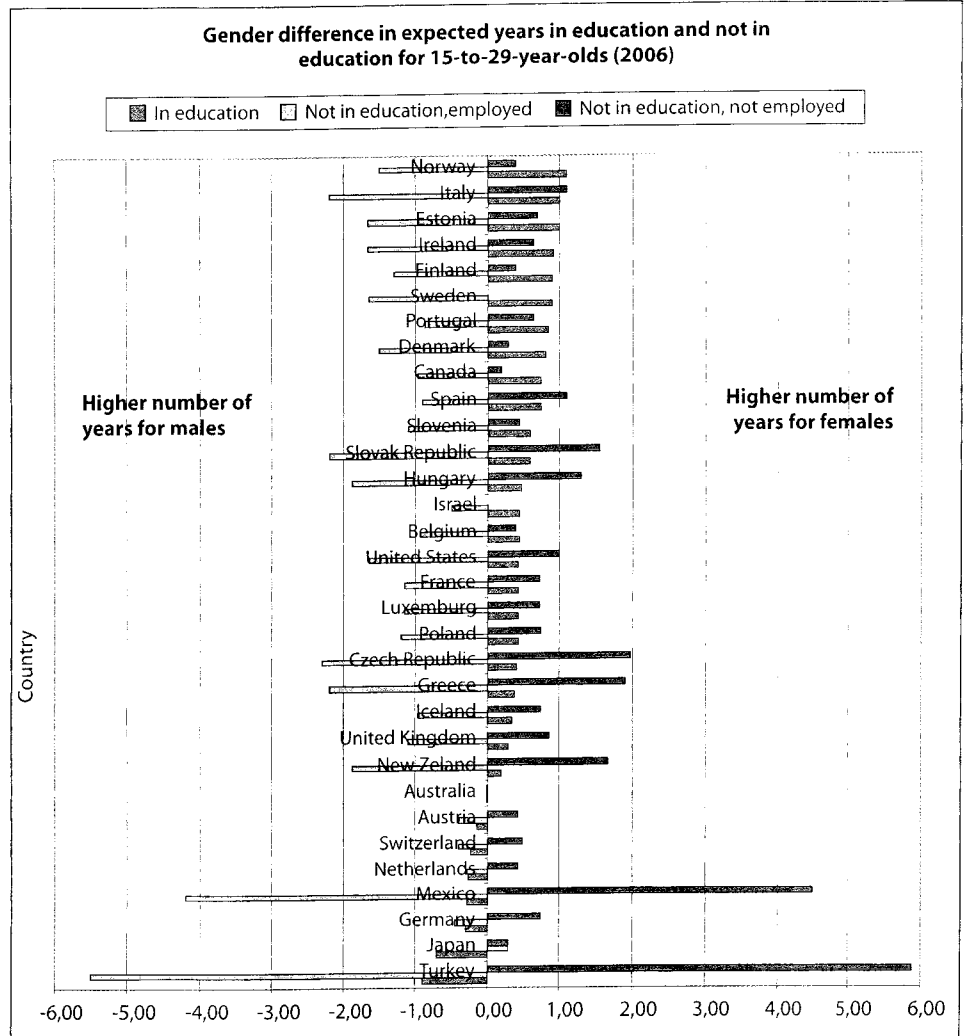
However, up to age 29, males are expected to be employed to a much greater extent than females. This difference is close to one and a half years in the OECD countries and also largely reflects the fact that females are more likely to be outside both the education and labour market system than are males (not in education, not employed and not looking for job). The empirical evidence in Norway⁸ suggests that individuals with higher levels of schooling get jobs more quickly, and also have longer durations of their first jobs. Females appear to have lower reservation wages when entering the labour market (shorter search time and lower wages) and also stay in the first job longer than males do.

Still, males and females differ very little in terms of the expected number of years in unemployment, even though expected periods of unemployment tend to be marginally longer for males (0.9 for males, 0.7 for females). Periods of unemployment for females exceed those for males in Denmark, Greece, Portugal, Spain and Slovenia (OECD, 2008, 378).

⁷ The long duration seemed to be caused by a mix of post-graduation moratorium that was customary in these countries – often also underscored by graduates continuing to live with their parents – and by a difficult labour market situation for graduates (Teichler, 2007, 21).

⁸ Survey used a large data sample of Norwegian individuals completing their education in 1989-91 – 11658 school-leavers aged 16-33 (Bratberg, Nilsen, 1998).

Figure 2: Gender difference in expected years in education and not in education for 15-to-29-year-olds (2006)



Source: calculated according to OECD (2008).

4.2. Policy Context

Education and training are keys to explain the current competitive strengths of national economies, and to secure future competitiveness. In such environment the transition from school-to-work has been a major research topic over the last ten years. The main reason for this is the occurrence of persistently high youth unemployment rates since the 1980s. A considerable number of young people are unemployed in the period after leaving school, and even those who immediately find a job are often working in vulnerable positions.

The transition from education to work and integration into the labour market will depend both on the level and on the kind of qualifications obtained. In some OECD and EU countries, education and work are largely consecutive, while in others they may be parallel. The ways in which education and work are combined can significantly affect the transition process. Of particular interest is the degree to which working while studying (beyond the usual summer jobs for students) may facilitate entry into the labour force. The transition from education to work is a complex process that depends not only on the length and quality of the schooling received but also on a country's general labour market and economic conditions. High general unemployment rates make the transition substantially more difficult. Unemployment rates among those entering the labour market typically reflect this by exhibiting rates that are above those of more experienced workforce.

General labour market conditions also influence the schooling decisions of younger individuals: when labour markets are poor, younger individuals tend to remain longer in education; the opposite applies in good labour markets. It is logical that employment prospects should influence the length and timing of schooling, since high unemployment rates drive down the opportunity costs of education, such as foregone earnings, which tend to be the most prominent component of the cost of education in most countries (OECD, 2008, 376).

Taken together, the interaction between the education system and the labour market makes it difficult to understand the school-to-work transition, but educational policies can make a substantial contribution towards facilitating it. In all countries, the technological, economic and social development in modern societies has led to increased demand for a (working) population with higher skills and qualifications. Therefore, most countries have extended their educational systems not only by expanding tertiary education but also by increasing the proportion of young adults receiving an upper secondary education. These policies have aimed at forming a competitive labour force but also at bringing down unemployment rates and inactivity among the younger population (OECD, 2008, 376).

Policy successes and failures can both be seen. Amongst the successes, vocational education, apprenticeship, and labour market programmes all appear to increase employment prospects for participants. That applies to Europe at least, where, in the absence of sustained macroeconomic expansion, such interventions, particularly those angled towards the educational end of the spectrum, remain the preferred option. Labour market programmes and deregulation do not earn much credit, but the former does at least raise employment rates for participants, and both spread unemployment around less unevenly, reducing long-term unemployment.

Policy failure includes both ineffective and damaging interventions. The ineffective category includes particular aspects of most labour market policies. Firstly, some programmes make participants worse off during participation, while doing nothing for their labour market prospects. Secondly, programmes based upon work experience and training at the workplace relocate regular youth employment (Ryan, 2001, 90). It can be concluded that in the practice, this implies that no key element in the transition from school-to-work should be considered without also considering the characteristics of the educational system and the labour market.

5. CONCLUDING REMARKS

School-to-work problems run wide and deep. Unemployment, long-term unemployment and inactivity amongst young workers variously cause concern in many developed countries. Widespread insecurity in early working life does cause distress, but for most it is a temporary phase, and for many it offers practical and matching benefits. The integration of young people into the labour market differs considerably across EU and OECD countries. The youth labour market has held up well – for males, and relative to its adult counterpart, at least – in Germany, Japan and the Netherlands, where most school-leavers still move directly to regular employment.

Bearing in mind technological progress and all kinds of rapid changes in technology the transition process from school-to-work also changed. In the 1990s greater interest was paid to an increasingly complex and often extended process of transition from higher education to employment. In the 21st century, interest in the relationships between higher education and the world of work grew further. This is reflected in common European policies to ensure the “employability” of those who are awarded the new degrees established in the bachelor-master structure across Europe, as well as in increasing budgets for higher education and research in order to make Europe economically more competitive on global scale.

Considering the two main research questions of this paper the results indicate that the school-to-work transition speed differs across selected group of countries by education level, race and sex. Firstly, females are more likely to be outside both the education and labour market system than are males. Looking simply at job-to-job turnover by sex conceals the fact that most of the differences by sex are accounted for by differences between less educated women and all others. Interestingly, blacks display a similar pattern of duration and accepted wages to whites who are one “level” of schooling below, e.g. black high-school graduates and white-school dropouts. Secondly, in seven of the ten European countries, the average search period for the first regular employment after graduation lasted for only 3 to 6 months and about 5% of those had been unemployed most of the time. The analysis shows that Spain, Italy and France consistently performed worst considering the length of the transition process from school-to-work. It could be concluded that even if the expansion of education among 20-to-24-year-olds and 25-to-29-year-olds has led, on average, to lower employment rates, the positive effects for individuals and society typically far exceed the lost productivity of the extra years of schooling.

LITERATURE:

1. Bratberg, E., Nilsen, A. (1998) *Transitions from school to work: Search time and job duration*; Discussion Paper series, IZA DP No. 27, December 1998.
2. Eckstein, Z., Wolpin, K. I. (1995) *Duration to First Job and the Return to Schooling: Estimates from Search-Matching Model*; Review of Economic Studies Vol. 62, No. 2 (April 1995): 263-286.
3. Gardecki, R., Neumark, D. (1998) *Order from Chaos? The Effects of Early Labour Market Experiences on Adult Labour Market Outcomes*; Industrial and Labor Relations Review 51: 2 (1998): 299-322.
4. Johnson, W.R. (1978) *The Theory of Job Shopping*; The Quarterly Journal of Economics, Vol. 92, No. 2 (May 1978): 261-278., the MIT Press.
5. Jovanovic, B. (1979) *Job Matching and the Theory of Turnover*; Journal of Political Economy, Vol. 87, No. 5, Part 1 (Oct., 1979): 972-990.
6. Müller, W., Gangl, M. (2003) *The transition from school to work: a European perspective*; in "Transitions from Education to Work in Europe" – The Integration of Youth into EU Labour Markets (edited by Walter Müller, Markus Gangl), Oxford University Press, New York: 1-19.
7. Müller, W., Wolbers, M. (2003) *Educational attainment in the European Union: recent trends in qualification patterns*; in "Transitions from Education to Work in Europe" – The Integration of Youth into EU Labour Markets (edited by Walter Müller, Markus Gangl), Oxford University Press, New York: 23-62.
8. Neumark, D. (2002) *Youth Labor Markets in the United States: Shopping around vs. Staying Put*; The Review of Economics and Statistics, Vol. 84, No. 3 (Aug., 2002): 462-482.
9. Nilsen, A., Risa, A., Torstensen, A. (1998) *Staying or Leaving: Transitions from Work among Norwegian Youths*, mimeo, Department of Economics, University of Bergen, Norway.
10. Obadić, A., Porić, S. (2008) *The Coordination between Education and Employment Policies*; 4th International Conference – An Enterprise Odyssey: Tourism – Governance and Entrepreneurship, CD-ROM Electronic Proceedings: 429-442, ISBN 10: 953-6025-24-8, June 11-14, Cavtat, Croatia.
11. OECD (2007), *Education at a Glance 2007*; OECD Indicators, OECD, Paris.
12. OECD (2008), *Education at a Glance 2008*; OECD Indicators, OECD, Paris.
13. Royalty, A.B. (1998) *Job-to-Job and Job-to-Nonemployment Turnover by Gender and Education Level*; Journal of Labor Economics, Vol. 16, No. 2 (April, 1998): 392-443; The University of Chicago Press.

14. Ryan, P. (2001), *The school-to-work transition: A cross-national perspective*; Journal of Economic Literature, Vol. 39, No. 1 (March, 2001): 34-92.
15. Schomberg, H., Teichler, U. (2006) *Higher Education and Graduate Employment in Europe – Results of Graduate Surveys from 12 Countries*; 1st Edition, Springer.
16. Teichler, U. (2007) *Does Higher Education Matter? Lessons from a Comparative Graduate Survey*; European Journal of Education, Vol. 42, No. 1: 11-34.
17. Topel, R.H., Ward, M.P. (1992) *Job Mobility and the Careers of Young Men*; The Quarterly Journal of Economics; May 1992: 439-479.
18. Yates, J.A. (2005) *The transition from school to work: education and work experiences*; Monthly Labor Review: 21-32; February, 2005.

PROCES PRIJELAZA IZ SUSTAVA OBRAZOVANJA NA TRŽIŠTE RADA: MAKROEKONOMSKI PRISTUP

Alka Obadić¹ & Martin Broz²

Sažetak

Proces prijelaza iz sustava obrazovanja na tržište rada pojavljuje se u različitim zemljama u različitom vremenskom trenutku ovisno o karakteristikama tržišta rada i stupnju obrazovanja. Čisti mikroekonomski pristup tranziciji mladih odmah bi potvrdio važnost kontekstualnih faktora na makro nivou. Pojedinačna očekivanja i postupci uvijek su pod utjecajem određenih makroekonomskih prilika koje su uglavnom određene dostupnošću poslova u određenim zanimanjima, industrijama ili regijama za mlade ljude s posebnim kvalifikacijama i vještinama.

U ovom radu istražuje se proces prijelaza iz sustava obrazovanja na tržište rada na makroekonomskoj razini u zemljama EU i OECD. Postavljaju se dva temeljna istraživačka pitanja: prvo, da li postoje razlike u procesu prijelaza iz sustava obrazovanja na tržište rada prema stupnju obrazovanja, rasi i spolu i drugo, da li stupanj obrazovanja utječe na razdoblje trajanja nezaposlenosti i zaposlenosti?

Uzimajući u obzir dva temeljna pitanja istraživanja postavljena u ovom radu, rezultati ukazuju kako se proces prijelaza iz sustava obrazovanja na tržište rada razlikuje u skupini odabranih zemalja obzirom na stupanj obrazovanja, rasu i spol. U sedam od deset europskih zemalja, prosječno razdoblje traženja prvog zaposlenja na puno radno vrijeme nakon završenog fakulteta trajalo je samo 3 do 6 mjeseci. Gotovo 5% takvih bilo je većinu vremena nezaposleno. Analiza pokazuje kako Španjolska, Italija i Francuska kontinuirano ostvaruju lošije rezultate uzimajući u obzir dužinu procesa prijelaza iz sustava obrazovanja na tržište rada.

***Ključne riječi:** process tranzicije, obrazovanje, mladi radnici, perspektiva zapošljavanja.*

JEL klasifikacija: J₂₁

¹ Dr. sc. Alka Obadić, docent, Ekonomski fakultet-Zagreb, E-mail: aobadic@efzg.hr

² Martin Broz, student, Ekonomski fakultet-Zagreb