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The role of youth programmes in the transition from school to work

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The role of youth programmes in the transition from school to work[‡]

by

Lena Schröder*

April 5, 2004

Abstract

The purpose of the study is to investigate how labour market regulation, modified by educational systems, affects the magnitude, composition and targeting of Youth Programmes. The data used include Ireland, France, the Netherlands, Scotland and Sweden. Although not fully comparable, the data provide detailed information on Youth Programmes that can not be found in other larger comparative data sets. Based on the combination of the strictness of labour market regulation and the linkages from education to the labour market the countries are classified into three “transition regimes”. The first tentative result is that the propensity to intervene in the transition from school to work is strongest in countries with strict labour market regulation in combination with weak linkages from the educational system to the labour market. In these countries the targeting of the large-scale programmes seems to be very broad. Other tentative results are that Youth Programmes providing only work experience are used as a measure to compensate for strict labour market regulation, while weak linkages from education to the labour market seems to evoke the need for Programmes providing certified occupational training. The results thus suggest that Youth Programmes play different roles in different countries, and that conclusions regarding the relative effectiveness of programmes can not be transferred from one country to another, without paying attention to the degree of labour market regulation and the special features of the educational systems. Another implication is that it might be considered whether educational and/or labour market reforms could be an alternative to some of the programmes, especially in countries with extensive use of Youth Programmes.

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1. Introduction

Since the first oil crisis in the beginning of the 1970s, most European countries have been facing growing unemployment with a subsequent increase in youth unemployment levels. One of the responses has been the introduction of various types of labour market programmes. The transition from school to work thus no longer involves only schools and jobs. At the interface between school and work, Youth Programmes play an important role in many European countries.

Despite the increasing importance of Youth Programmes, their role in the school-to-work transition process is neglected in the literature. Sociologists within the field emphasise how different dimensions of educational systems influence the first years on the labour market. Economists focus on the role of labour market regulations for youth employment and unemployment. When Youth Programmes are studied the issue is the effects of such programmes on future earnings or employment probabilities, using data for single countries and mostly for single programmes. The transferability of the results from these studies to countries with differing educational systems and labour markets structures is disputable. The purpose of this paper is to attempt to address this issue by means of a comparative analysis of the role of Youth Programmes in the transition from school to work. The countries studied are France, Ireland, the Netherlands, Scotland and Sweden.

The outline of the paper is as follows. Section 2 presents the data used in the study. Based on a very simple model of demand and supply of young labour, Section 3 classifies the five countries into particular “transition regimes” and formulates a number of hypotheses regarding the role of Youth Programmes in these regimes. A description of the Youth Programmes in the five countries is given in Section 4. Section 5 analyses the relation between transition regimes and the magnitude, composition and targeting of Youth Programmes in the five countries. Finally, a discussion of the results concludes the paper in Section 6.

2. Data

The data used in this study stem from an integrated cross-national dataset from the CATEWE research project.¹ The data-set is compiled from national surveys of school leavers around one year after leaving school. The year of observation is 1997 for Ireland, the Netherlands and Sweden, 1996 for France² and 1995 for Scotland. In order to achieve comparability between all five countries, those who continued into further or other types of education immediately after leaving school are excluded from this study. The remaining individuals have entered the labour market and possibly, with some delay, re-entered the educational system. The subsample from the CATEWE current data base is thus a labour market entrant survey rather than a school leavers' survey; cf Figure 1.

Figure 1 Schematic description of the data extraction procedure

CATEWE database, compiled from national surveys of school leavers one year after leaving school

Data used in this study	Individuals that went on studying without interruption
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3. Demand and supply of young labour

Youth Programmes are situated at the interface between schools and jobs. In order to understand their role in the transition process, it is important to consider how supply and

¹ Comparative Analysis of Transitions from Education to Work in Europe. For a presentation of the CATEWE-project and it's data bases see ESRI, Working Papers, April 2000.

² School leavers with a "General Baccalaureate" are not included in the French survey, as these leavers are not supposed to enter the labour market. As 95 % of students with a General Bac continue directly to further education, this doesn't seriously distort the comparability of the surveys.

demand for youth labour is affected by the structure of the labour market as well as by characteristics of education and training systems. Variations between countries in both of these aspects will probably yield different types of programmes, which target different proportions of the youth population and different subgroups of young entrants.

There are also common features in all transition processes. In all countries, young people are newcomers to the labour market and therefore differ from adults in some important respects. Being new entrants, young people lack, or have very short, work experience. This means that young people are less productive, or considered to be less productive, than their adult counterparts. Another consequence is that the training costs of the employing firm are higher, or considered to be higher, for young workers compared to adults. It is also more difficult and costly for employers to get information on the potential productivity of young job seekers, compared to those with previous work experience. On the other hand, young labour market entrants have higher educational levels, with a more up-to-date content compared to adults.

3.1 A simple formal framework

In order to illustrate the role of Youth Programmes I will use a very simple model for demand and supply of labour and for training slots.³ The reason for using this model is that it includes the training costs and the risk-taking of the firm, which is particularly relevant in case of labour market entrants. The model states that:

$$w_i = mp_i - tc_f - rc_f$$

where:

w_i = the wage cost for employing individual i ,

mp_i = the marginal productivity of individual i , i.e. the value of the increase in production that is a result of employing individual i

tc_f = the training costs of firm f

rc_f = compensation for risk-taking of firm f .

³ The model is a simplification of Rosen (1972).

From the employer's point of view, the model illustrates the reduction in wage costs that will be required in order to compensate for high training costs and/or low productivity. In addition, employers might require compensation for risks they are taking by recruiting someone without references from a previous employer. An employer will hire a job seeker if $w_i \leq mp_i - tc_j - rv_j$. How employers perceive the potential gains of employing a young inexperienced person is dependent on how the educational system and the structure of the labour market affect all the elements of this model.

Models of this kind have been used empirically by economists using differences between countries and/or changes over time to study how labour market regulations affect youth employment and unemployment.

Starting with w , the wage costs, countries differ in the degree of flexibility in the wage setting process. If wages are perfectly flexible, a lower wage will compensate for lower productivity, higher training costs and higher risks. Countries differ widely regarding the extent to which wages are regulated - either by minimum wage laws, or by collective bargaining. Although the evidence on the importance of minimum wages for youth unemployment and employment is inconclusive, there is a consensus that the relative youth wage has a role to play in the hiring decision, although this role seems to be smaller than would be expected on theoretical grounds.⁴

Differences in marginal productivity between individuals, mp_i , and in training costs, tc_j , do not play a prominent role within the empirical work by most economists. In some studies, number of years of schooling is used as a control for productivity.

The risk-taking, rv_j , involved in employing a new entrant is a central issue. The degree of perceived risk-taking is affected by regulations on the labour market. The most important regulations are those affecting the possibilities to use temporary contracts during a probation period and the potential costs related to poor recruitment decisions. As with minimum wage levels, evidence related to the importance of labour market regulation is inconclusive.

⁴ Card & Krueger (1995), Abowd *et al.* (1997), Neumark & Wascher (1999), OECD (1998a), Edin, Forslund & Holmlund (2000), Blanchflower & Freeman (2000), Marchand (1999), OECD (1999b), Nickell & Layard (1997), Dolado *et al.* (1996), Ryan (1999), Skedinger (2002).

However, it appears reasonable to assume that regulations are of some importance for the choice between experienced and inexperienced workers.⁵

The inconclusiveness of empirical research on youth unemployment and labour market regulation could be due to the omission of important variables since variation in the educational institutions are not included in the model specifications. Returning to the simple equation: $w_i = mp_i - tc_f - rc_f$, it is possible to argue that educational institutions are affecting most of the components. The apprenticeship system is the most straightforward example, and by some scholars, considered as a negotiated outcome of the model.⁶

There are, however, other aspects of educational systems that are important for the hiring decisions of an employer. How the potential productivity, mp_p , and the training costs, tc_f , of employing a young job seeker are perceived by the employer, is probably affected by the institutions of the educational system. Countries differ regarding the extent to which occupation-specific human capital, or even firm-specific capital, is provided by the regular educational system. The possibilities of employers or employer organisations to influence the curricula in vocational tracks also differ significantly between countries, as does the degree of vocational training provided by employers themselves, at their own domains. The higher the degree of occupational specificity provided by the school system and the higher the degree of employer involvement in curricula and training, the higher the potential productivity of a job applicant with adequate education and the lesser the perceived training costs. If potential productivity and training costs are fairly well known to employers, the perceived risk-taking by employing an inexperienced job applicant will be low.

3.2 A two-dimensional characterisation of school-to-work transition regimes

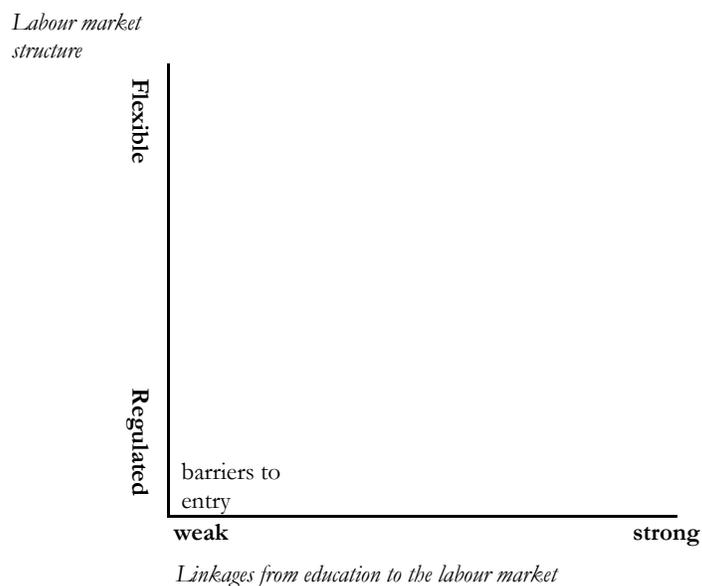
To simplify the analysis I will use the expression “strong linkages from education to the labour market” to denote educational systems with a high degree of occupation-specific human capital, coupled with a substantial employer influence/involvement in vocational education/training. Labour markets are characterised as either “regulated” - if labour contracts and wages are strictly regulated by laws or as a result of collective bargaining – or “flexible”.

⁵ OECD (1999a).

⁶ See Gautié (1999).

This characterisation of educational systems and labour market structures, permits different “transition regimes” where “strong linkages from education to the labour market”, as well as “flexible labour markets”, are supposed to allow smooth transitions from school to work. The most disadvantageous combination is when labour market entrants are leaving a school system with “weak linkages to the labour market” and trying to find a job on a “regulated” labour market (i.e. in countries close to the origin of the co-ordinates in Figure 2 below). “Smooth” and “disadvantageous” refer to the possibility of getting employed in any kind of job, not to the quality of that job or of the match between education and job.

Figure 2 Transition regimes



Countries receiving most attention in the school-to-work literature are the US and Germany, with transitions that can be classified as far away from the origin of the co-ordinates in Figure 2, but on different axes. Labour market entrants in the US are leaving a school with “weak linkages from education to the labour market” (close to the origin on the linkages from education axis) and entering a “flexible” labour market (far away from the origin on the labour market structure axis). Young Germans are leaving a school system with “strong linkages to the labour market” (far away from the origin on the linkages from education axis) and entering a regulated labour market (close to the origin on the labour market structure axis). The

German combination seems to give better solutions during the first years in the labour market, while its merits and drawbacks in the long run are questionable.⁷

It is expected that the model will show unemployment to disproportionately affect youth in countries close to the origin in Figure 2, i.e. the relative youth unemployment rate will be high. Such countries will also have the most obvious need to introduce Youth Programmes to compensate for barriers on the labour market, that are not modified by the educational system.

3.3 Classification of the five countries studied

In order to classify Ireland, the Netherlands, Scotland, France and Sweden, I will use information on educational systems derived within the CATEWE project, identifying the Netherlands as the country with the strongest linkages from education to the labour market. A high proportion of Dutch school-leavers have attended vocational education, some at the lower and most at the upper secondary level. The vocational programmes are very diversified and close linkages between vocational education and the labour market are maintained by a system of tripartite sectoral bodies. Scotland is at the other extreme where most upper secondary students follow largely general programmes. Sweden, France and Ireland are in between, with a significant amount of vocational tracks, but with less occupational specificity than in the Netherlands and without employer influence on curricula.⁸

Information on labour market regulation in the five countries are taken from the OECD *Employment Outlook 1999*, from which features relevant to the labour market entry of young people are selected.

⁷ See Winkelmann (1996a)(1996b), Harhoff & Kane (1997), Lynch (1994), Heckman, Roselius & Smith (1994).

⁸ See Ianneli & Raffe (2000) and other chapters in the same volume.

Table 1 Employment regulation at the end of the 1990s

	Ireland	Netherlands	UK	France	Sweden
Probation period, months ^a	12	2	24	1.6	6
Employment protection ^b	1.6	3.1	0.8	2.3	2.8
Regulation of fixed term contracts ^c	0.3	1.2	0.3	3.6	1.6

a) Number of months in employment before rules for termination of contracts are applicable.

b) Summary of 10 indicators (including a) on a scale 0-6 where 6 is the strictest.

c) Summary of 6 indicators on a scale 0-6 where 6 is the strictest.

Source: OECD (1999a, Table 2.2, Panel A; Table 2.2, Panel B; Table 2.3, respectively).

The UK, closely followed by Ireland, have noticeably more flexible labour markets than the other three countries. In the UK and Ireland much longer probation periods are allowed and the regulation of employment contracts are less strict than in the Netherlands, France and Sweden.

Despite the vast literature on minimum wage levels and employment, it has been impossible to find comparative figures for the five countries referring to the end of the 1990s, i.e. the time of the surveys to be used in this study.⁹

Combining the labour market linkages of the educational systems with the labour market regulations suggests the division of transitions processes into three “transitions regimes”, in terms of Figure 2:

1. France and Sweden are close to the origin.
2. The Netherlands is far away from the origin on the educational linkages axis, but close to the origin on the labour market structure axis.
3. Scotland and Ireland are far away from the origin on the labour market structure axis but close to the origin on the educational linkages axis.

The most obvious hypothesis to be derived from the classification of transition regimes above, would be that unemployment disproportionately affects young people in France and Sweden as compared to the other three countries. The data used in this study has no information on adult

⁹ The most recent comparative study, Neumark & Wascher (1999), displays wage data for 19 countries in 1993.

unemployment levels, however. Therefore, to obtain measures of relative youth unemployment, data from the Labour Force Surveys have been used, cf. Table 2.

It should be emphasized that it is difficult to compare youth and adult unemployment. When labour force participation is low in the youth population, as in countries where most teenagers and many in their twenties are attending school, the youth unemployment rate tends to be high, especially among teenagers. Teenagers who enter the labour market in these countries could constitute a negative selection from the teenage population. Another problem with the youth unemployment rate is that countries differ regarding mandatory military service for young men. There are also differences with respect to the extent of Youth Programmes and how these programmes are classified in the labour force surveys.¹⁰ The numbers in Table 2 should therefore not be regarded as a “test” of the relative youth unemployment rate, but rather as a crude empirical illustration of the unemployment situation in the five countries at the time of the surveys.

Table 2 Unemployment rates for youth (15-24 years old) and adults (25-54 years old), averages 1995-97

	15-24 years old	25-54 years old	Ratio youth/adults
Ireland	17.8	10.5	1.7
the Netherlands	11.1	5.6	2.0
UK	14.5	6.8	2.1
Sweden	15.5	6.9	2.2
France	25.3	10.3	2.5

Source: OECD (1998a, Statistical Annex, Table C).

3.4 Hypotheses about the roles of Youth Programmes in different transition regimes

Using the classification scheme of the transition regimes in Figure 2 above and the classification of the countries in the preceding subsection, it is possible to formulate a number of hypotheses about the roles of Youth Programmes in the five countries.

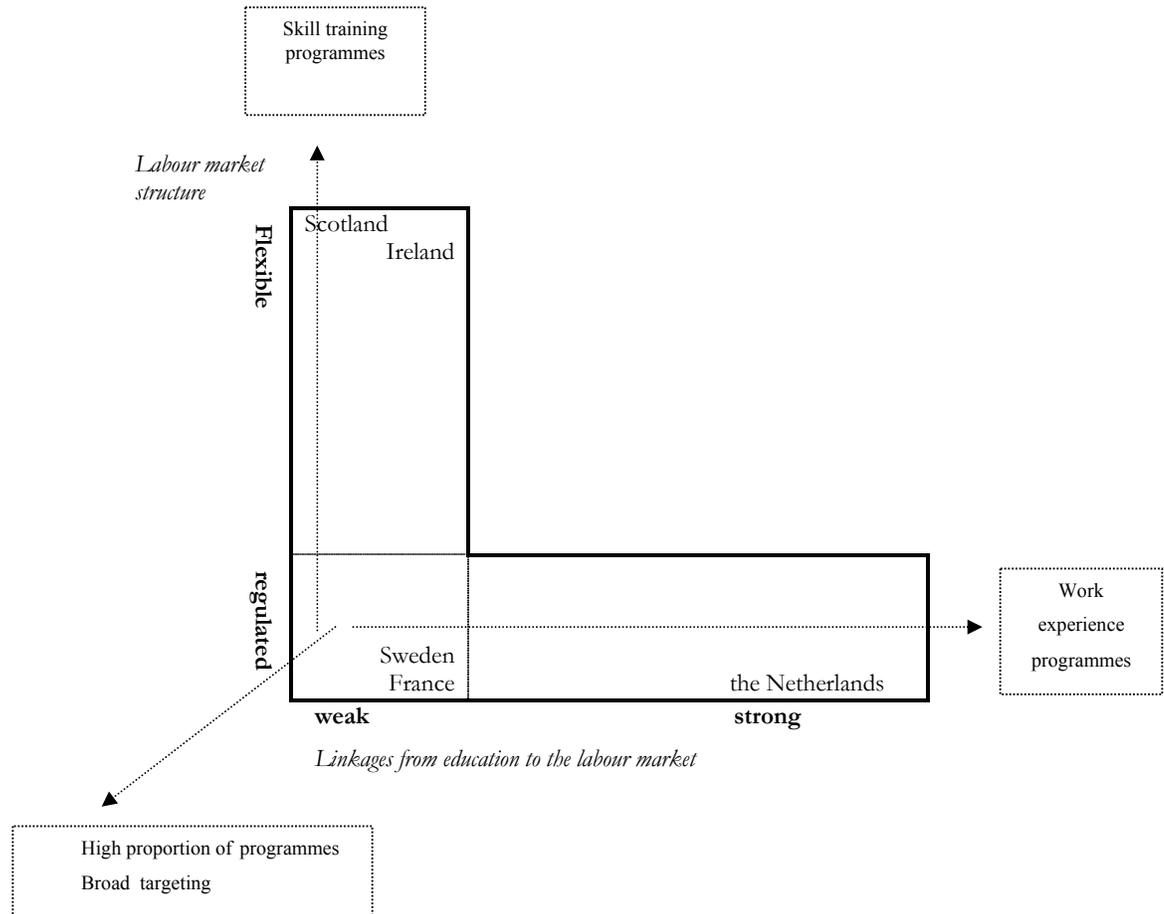
¹⁰ In the Swedish labour force surveys, e.g., participants in some of the pure work experience programmes are classified as employed while participants in other pure work experience programmes are classified as studying.

In France and Sweden, with an unfavourable combination of labour market regulation and weak linkages from the educational system to the labour market, the “barriers” to labour market entry are higher than in the other three countries. Thus, i) *the need for intervention, and therefore the proportion of the unemployed engaged in Youth Programmes, will be higher in France and Sweden than in Ireland, Scotland and the Netherlands.* As a consequence, ii) *the targeting of the programmes will be broader in France and Sweden than in the other countries.*

There are also implications regarding the content of the Youth Programmes. In countries iii) *where labour markets are strictly regulated, new entrants have difficulties getting a first job.* The role of *Youth Programmes should thus be to provide school-leavers with work experience.* On the other hand, iv) *weak linkages from education to the labour market imply a need for Youth Programmes emphasising complementary occupational training.*

In Figure 3, the five countries have been located in Figure 2 in accordance with the classification in Section 3.3 and, moreover, the issues raised by the four hypotheses above have been superimposed on the diagram.

Figure 3 Transition regimes and the role of Youth Programmes



Given that the typology illustrated by Figure 3 proves useful, it indicates that in the evaluation of Youth Programmes it might be important to distinguish between different types of programmes and relate their effectiveness to the labour market and educational surroundings in which they are operating.¹¹

4. What is a Youth Labour Market Programme?

Youth Programmes are related to many, sometimes conflicting, goals. For simplicity, they are summarised here as anti-cyclical/demand oriented, supply oriented and/or redistributive.

The purpose of using special labour market programmes for the unemployed was initially demand oriented and anti-cyclical, i.e. to expand labour demand in recessions. This was the main reason behind the English public works in the slump following the Napoleonic wars, the New Deal in the US and the New Labour Market Policy in Sweden in the 1930s.¹²

The supply-oriented measures primarily aim at matching labour demand by providing skills in short supply. They are not exclusively restricted to the unemployed and could consist of general or specific skills training in classrooms and/or at work places. The purpose is not necessarily to favour one group over another.

If there is a redistributive goal, the programmes are targeted at certain groups considered to be more disadvantaged than others. Labour market entrants - such as school-leavers, former housewives and newly arrived immigrants - are often considered to be more disadvantaged in the labour market than others.¹³

¹¹ In the evaluation literature, programmes are seldom differentiated according to the content of the programmes. An exception is O'Connell and McGinnity (1997) who found a significant difference between programmes providing specific skills training and general programmes, where only the specific skill training programmes had a positive impact on participants future income and employment stability in Ireland. In Sweden a study by Schröder and Sehlstedt in the end of the 1980s (see Schröder 1996b) revealed that an "individual upgrading plan" yielded positive results regardless of the type of programme, i.e. the programme content was related to the participants education and professional aspirations. Other evaluation results for Sweden shows negative or no effects [see Regnér (1997), Larsson (2000) and Calmfors *et al.* (2001)]. In a summary of the evaluation results of the French Youth Programmes Gautié (1999) states that programmes combining work experience and training had a positive impact on employment probabilities, while programmes that failed to provide training at best had no impact on employment probabilities.

¹² With respect to the Swedish New Labour Market Policy there were complementary, supply oriented, goals, connected to social policy as the programmes were frequently used as a "work test" for benefit claimants. In recent times, the "work test" elements have been emphasised more than the anti-cyclical goals. The programmes consist of subsidies to employers and of special job creation schemes in the public sector. See Schröder (1991).

¹³ Calmfors (1994).

Many of the programmes are accessible to all age groups. What has become more common in the last decade however, is the provision of programmes specifically designed to suit the needs of young labour market entrants and restricted to this age group. The goals of these special Youth Programmes fall into all of the categories above. Even if there is no overt anti-cyclical goal, the Youth Programmes are typically initiated or expanded during recessions. The main purpose however, seems to be to increase the marketable skills or employability of unemployed youth by providing general or specific work experience/training or just social training. They thus include an implicit redistributive element as well.

The benefits and drawbacks of labour market programmes remains a controversial and unresolved question within economics, starting at least with the debate between David Ricardo and Thomas Malthus almost two hundred years ago.¹⁴ More recent studies of such programmes have concentrated on the future labour market effects for individual participants.¹⁵ Evaluations of the effects of Youth Programmes have mainly been related to their principal aim, i.e. do they increase the employment probability or future earnings of programme participants. As with all other evaluations in the social sciences, an evaluation of the true effects of Youth Programmes is hampered by complex methodological problems. What the researcher (and the policy maker) really wants to know is the contrafactual situation: what would have happened to the young unemployed had the programmes not existed? The methodological answers to this challenge fall within two categories. Experiments where the young unemployed are randomly assigned to the programme and quasi-experimental methods controlling for unobserved heterogeneity with econometric methods. None of the methods can perfectly model the opposite situation. It is only in the US that experimental and econometric methods have been used to such an extent that it is possible to draw firm conclusions on the benefits and drawbacks of the programmes.¹⁶ The conclusions from the comprehensive US studies are that the best Youth Programmes are well targeted, of long duration, adapted to the needs of the individual and combine social training and motivation.¹⁷

¹⁴ Ricardo, D. (1821; 1951 and 1952).

¹⁵ A few studies of displacement effects are related to the redistributive issue, (for Sweden see Dahlberg & Forslund (1999)).

¹⁶ Besides the US there are some evaluations using modern methodology of Youth Programmes in especially the UK, but also in France, Ireland and Sweden. They are, however, not as extensive as those in the US.

¹⁷ Ryan & Büchtemann (1996), Ryan (1997), Grubb (1999), OECD (1996), OECD (1999), Fay (1996), Katz *et al.* (1998).

As extensive evaluations of Youth Programmes exist only in the US, the consensus on the optimal design of Youth Programmes is mainly derived from one country where the educational system as well as the labour market structure differs from what is the case in most European countries. It is therefore unlikely that the conclusions from the US can be easily transferred to the European context.

4.1 Description of Youth Programmes in the five countries

While the educational systems and the structure of the labour markets in the five countries under study are fairly well known, this is not the case with Youth Programmes. To provide some background information, this section gives a brief overview of the programmes available for youth in the five countries, at the time of the surveys.

In response to rising unemployment levels, a range of measures were introduced in *Ireland* in the 1970s. Initially these had an anti-cyclical purpose and consisted of wage subsidies for temporary jobs. By the early 1980s, the focus of the programmes shifted to training the unemployed - i.e. they became more supply oriented. Unemployment, however, continued to increase, which led to a renewed growth of employment programmes. In 1994, Ireland had many different types of programmes, which were still running at the time of the Irish survey.

- *Foundation level programmes*, which provide general education and are targeted at those with poor educational qualifications and severe difficulties in the labour market.
- *Specific skill training*, which aims at a higher level compared to the foundation level programmes.
- *Employment/enterprise subsidies*, consisting of a 12 month subsidy to employers in the private sector.
- *Direct employment schemes* are subsidised temporary part-time employment in community based work, including “team-work” targeted at unemployed young people.
- *Youthreach programme* is a 2-year programme specially targeted at early school leavers who are unemployed. The aim of the programme is to provide the participants with sufficient training and qualifications for direct entry into the labour market or to successfully access further education or training, for example in the foundation level and specific skill training programmes.¹⁸

¹⁸ O’Connell (1996), McGinnity (1999), Hannan (1996).

In *the Netherlands* active labour market policy measures were not introduced until the beginning of the 1990s. The Dutch Youth Programmes consist of a network of public institutions responsible for guiding and assisting young unemployed to get training or a job on the regular labour market. As a last resort, after 6-12 months of unemployment, the young unemployed are placed within the *Youth Work Programme* (Jeugdwerkgarantiewet). In this programme, the participants are formally employed by the “Youth Work Guarantee Organisation” from which employers in the public and the private sector can “borrow” workers, free of charge. Since 1995 all unemployed youngsters up to the age of 21 and all unemployed school leavers up to the age of 23 are eligible, provided they have been unemployed for a minimum of 6 months.¹⁹

The main programme available for school leavers in the *Scottish* sample is the *Skillseekers Programme*, which started in 1991. The objective of the programme is to increase the level of training of the participants and the number of employers involved in training. The Skillseekers are provided with a Skillseekers card with which they can buy training in a job or at a college or in a combination of both. The programme guarantees a place to those under the age of 18 who do not have either a job or a course. Being unemployed however, is not a precondition for receiving a Skillseekers card and as such the programme partly serves as an alternative to full-time vocational education. In 1996 the Modern Apprenticeships were included into the Skillseekers programme. The programme is huge and engaged more than 50 per cent of the economically active 16-17 year olds in 1997/98.²⁰

In *France*, government intervention in the labour market began in the mid 1970s. In the 1990s a wide range of labour market programmes were available for young people. Programmes providing training in workplaces within the private sector are the *skill formation contract*, (contrat de qualification (CQ)), and the *employment contract conditional on reskilling*, (contrat d’adaptation (CA)). Participants are paid under the minimum wage (CQ) or at least the minimum wage (CA). Employers are partially exempted from social security contributions and receive a training subsidy. Labour market selectivity processes influence access to these two skill formation schemes. During the early 1990s more than 50 per cent of participants in CQ and CA had an educational level equal or superior to the Baccalaureate. Being unemployed is not a precondition for eligibility to these programmes.

¹⁹ Hoogstad (1997), Hövels & den Boer (1996), de Koning (1999).

²⁰ PACEC (1998).

The *solidarity contract*, (contrat d'emploi solidarité (CES)), on the other hand, is targeted at groups in difficulties, especially the long-term unemployed, and is limited to the public sector. Participants operate under a half time work contract for which they receive the minimum wage. The lower status of this programme is reflected by the level of education achieved by participants - less than 15 per cent of the participants having the equivalent of the Baccalaureate.

Between 1994 and 1996 the *aide au premier emplois des jeunes* was operating. This programme targeted all school leavers under the age of 18 who never held a job, entitling them to unemployment compensation. Employers in the private sector received a subsidy for the first nine months if employing an eligible young person.²¹

Sweden probably has the longest tradition of active labour market policy among all the European countries. In fact, the principle of active labour market policy (work instead of benefits) was already established by Parliament in 1918. Since then the active labour market programmes can be classified into two distinct groups: subsidised work and training. Earlier, all programmes had an explicit anti-cyclical goal. The purpose of both types of measures has since been to enhance the employment chances of participants. However, the anti-cyclical element remains since the programmes are typically expanded in recessions. The main programmes available for unemployed youth at the time of the survey were the following.

The *Work Place Introduction* and *Recruitment Support* programmes are open to all unemployed individuals over the age of 20 and consist of wage subsidies to employers in the private or public sector for a period of six months. General and specific skills training is provided for unemployed over the age of 20 in the *employment training* courses, where the course duration depends on the type of programme but normally ranges from a couple of months up to more than a year. Participants receive a grant.²²

Since the end of the 1970s, training and the labour market introduction of the youngest age groups have been the responsibility of the educational authorities and the local governments. Since 1995 this category comprises all young people under 20 years of age. Individuals who are unemployed and under the age of 20 participate in *Municipal programmes*. The content

²¹ Gautié (1999), Werquin (1999).

²² Adult education (second chance education) leading to the same educational qualifications as in ordinary schools are provided on a vast scale by municipal organisations. These programmes are not targeted at the unemployed and not classified as labour market programmes.

of these programmes is decided by the Public Employment Service and local government; it can consist of work practice, education, self-confidence training, job search assistance etc.²³

Youth Programmes in the five countries are thus very heterogeneous, reflecting different historical traditions as well as different “transition regimes”. In Sweden and Ireland the programmes have an implicit anti-cyclical element since the programmes are expanded during recessions, which is not the case in France.²⁴ A common feature of the programmes is to enhance the future employability of participants.²⁵ The methods chosen to achieve this goal differ significantly between countries. The Netherlands and Scotland represent two extremes - where the Netherlands has only one work experience programme and Scotland has only one training programme. Ireland, Sweden and France offer a wider range of programmes. The definition of what constitutes a Youth Programme is therefore complex. There are, however, some common features identifiable: (i) the programmes consist of some form of subsidies to employers or some form of training given outside of the regular educational system; (ii) the target group is unemployed youth or young people who haven’t found a job or a place in the regular education and training system. Youth Programmes could therefore be defined as a special measure designed for school-leavers who are neither working nor studying. With this definition in mind, it is not clear whether the Scottish Skillseeker Programme should be classified as a Youth Labour Market Programme or as a track within the ordinary training system.²⁶

5. Youth Programmes and Transition Regimes

The purpose of this section is to study if and how labour market regulation, modified by the educational system, affects the magnitude, composition and targeting of the youth programmes. The proportion of the young population participating in Youth Programmes, as well as the proportion unemployed, is greatly influenced by the general level of labour demand

²³ Schröder (1996a, 1996b).

²⁴ O’Connell (1996), Bourdet & Persson (1992).

²⁵ In Scotland, increasing the amount of training provided by employers is an additional goal.

²⁶ To some extent, the same objection could be made with respect to the French training programmes *contrat de qualification* and *contrat d’adaption* as unemployment is not a precondition for eligibility to these programmes, either.

in the country. When adult unemployment is high, so too is youth unemployment.²⁷ Consequently, the magnitude of Youth Programmes in a given country is largely dependent on the general unemployment situation, especially when programmes are used as anti-cyclical measures. In order to neutralise the influence of the level of labour demand in the five countries, the analysis of the role of Youth Programmes in the different transition regimes will be restricted to those who are either unemployed or participating in a Youth Programme. These individuals are defined to “at risk”, i.e.

“at risk” \equiv unemployed or participating in Youth Programme.

Table 3 shows the shares “at risk” in the five countries and the proportion of these participating in a Youth Programme.

Table 3 Unemployed and Youth Programme (YP) participants as a percentage of the population in the sample

	Ireland	Netherlands	Scotland	France	Sweden
1. % of total sample in YP	5.1	1.3	21.3	18.8	15.9
2. % of total sample unemployed	14.3	3.3	13.1	20.6	7.8
3. % “at risk” = 1 + 2	19.4	4.6	34.4	39.4	23.7
4. % YP participants among “at risk” individuals = 1 / 3	26.3	28.3	61.9	47.7	67.1
N	1731	6755	1471	3390	4854

Table 3 shows that there is substantial variation among the five countries in the proportion of school leavers classified as “at risk”. In Scotland and France this group represents as much as one third to two fifths of the young people in the sample. Partly this might be explained by the presence of programmes used as alternative training routes – the Skillseekers programme in Scotland and the *contrat de qualification* and *contrat d’adaption* in France. In Sweden and Ireland the proportion is somewhat lower, but still around one fifth are considered to be “at risk”. In the Netherlands the proportion is very small, however.

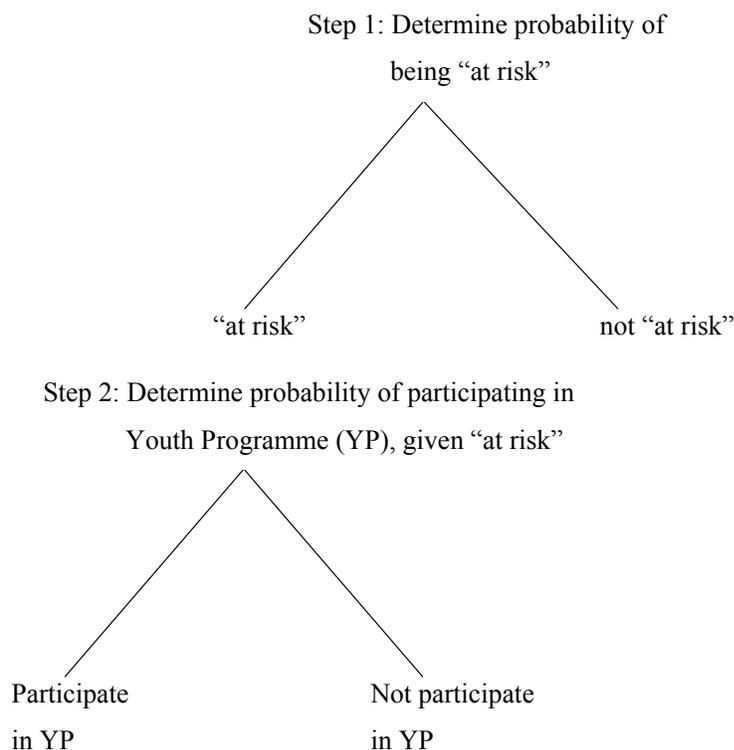
The share of Youth Programme participants among the “at risk” individuals also differs considerably between countries, from Sweden engaging two thirds of young people at

²⁷ OECD (1999b), Blanchflower & Freeman (eds.)(2000).

risk in Youth Programmes to Ireland and the Netherlands with slightly above one quarter. It should also be noted that the ordering among the countries with respect to the share of participants in Youth Programmes is different from the ordering with respect to shares at “risk”.

In Figure 4, the two-step procedure used in the regression analysis is outlined.

Figure 4 Estimation strategy



5.1 Labour market entrants at risk

Table 4 provides descriptive statistics for individuals “at risk” as compared to the other individuals in the samples. In France, Sweden and the Netherlands more girls than boys are “at risk”. In France and Sweden this might reflect the fact that these countries have mandatory military service for males. In all countries the youth are in their late teens or early twenties, varying from around 17 years of age in Scotland to about 20 years in France and the Netherlands.

Table 4 Background characteristics of the entire sample, means

	Ireland		Netherlands		Scotland		France		Sweden	
	“at risk”	all others								
% female	46.5	45.8	57.2	46.2	45.6	46.3	61.1	42.0	58.7	41.5
Mean age	18.1	18.9	20.4	20.1	16.9	17.2	20.2	20.0	19.3	19.3
<i>Education:</i>										
Incomplete lower sec	27.0	5.8	8.7	3.6			3.8	5.4	-	-
Failed lower sec	7.4	6.8	1.0	5.0	43.3	22.1	18.4	18.3	-	-
Passed lower sec	24.0	20.3	43.4	33.0	27.7	29.1	9.2	9.7	17.7	12.2
Failed upper sec	8.5	11.0	18.3	10.4	18.3	19.4	5.5	4.3	-	-
Passed upper sec/acad	17.7	24.6	3.8	6.4	7.7	24.0	9.5	8.5	20.4	30.5
Passed upper sec/vocational	12.2	29.5	25.0	41.6	2.9	5.4	53.1	53.1	51.5	48.6
Passed upper sec/ac or voc	2.6	1.7							10.3	8.8
<i>(Total upper sec)</i>	<i>32.5</i>	<i>55.8</i>	<i>28.8</i>	<i>48.0</i>	<i>10.6</i>	<i>29.4</i>	<i>62.6</i>	<i>61.6</i>	<i>82.2</i>	<i>87.9</i>
<i>Family background</i>										
Father employed	41.3	67.2			61.8	76.7	68.2	75.3	79.0*	81.9*
Mother employed	17.7	30.0			57.7	69.7	53.3	58.6	81.9*	86.0*
N	411	1320	229	6526	465	1006	1278	2112	1257	3597

Note: by definition, “at risk” individuals are individuals that either are unemployed or participate in Youth Programmes

* reflects the situation in 1990.

There are considerable differences between those “at risk” and the rest of the sample in terms of educational levels. An interesting feature is that in all countries but France the share of individuals with upper secondary education is lower among the “at risk” individuals than among the others.

The “at risk” group is also distinct with respect to parents’ employment situation. Throughout, employment is lower among the parents of individuals “at risk” than among individuals not at risk.

Table 5 reports the results of the regression analysis, determining the probability of being “at risk”. Although there is considerable variation between the countries, it is clear that individuals “at risk” constitute a negative selection from the sample. We can say this referring both to education and family background.

Regarding education, with the exception of France²⁸, lack of upper secondary education strongly increases the probability of belonging to the “risk group”. This is true for Sweden as well where, as demonstrated in Table 4, the educational differences between those at risk and the others are quite small. Concerning family background, the pattern is even more distinct. In all four countries where information on the employment situation of the parents is available, having an employed father or mother significantly reduces the probability of being “at risk”.

²⁸ The French survey does not include leavers with a general baccalaureate, which means that the atypical French pattern is relevant only for leavers from all other types of educational programmes.

Table 5 Binomial logit regression on single countries
 Dependent variable: 1 for youth “at risk” (unemployed or participating in a youth programme), 0 otherwise

	Ireland	Ireland	Nether-lands ^a	Scot-land	Scot-land	France	France	Swe-den	Swe-den ^b
Upper secondary academic	-0.76 (0.18)	-0.65 (0.18)	-0.83 (0.30)	-1.37 (0.17)	-1.28 (0.18)	0.14 (0.13)	0.17 (0.13)	-0.77 (0.12)	-0.73 (0.12)
Upper secondary Vocational	-1.30 (0.20)	-1.16 (0.20)	-0.83 (0.13)	-0.84 (0.13)	-0.69 (0.29)	0.02 (0.07)	0.04 (0.08)	-0.31 (0.10)	-0.27 (0.10)
Upper secondary unclassified	-0,02 (0.45)	(0.02) (0.46)	-	-	-	-	-	-0.21 (0.15)	-0.17 (0.15)
Father Employed		-0.93 (0.14)			-0.51 (0.12)		-0.32 (0.08)		-0.08 (0,09)
Mother Employed		-0.53 (0.18)			-0.27 (0.12)		-0.17 (0.07)		-0.23 (0.10)
Number of obs	1731	1731	6755	1471	1471	3390	3390	4854	4854
-2 Log likelihood	1328.2	1270.5	2529.2	2005.4	1973.2	4545.5	4519.6	4661.5	4605.6

Standard errors in parenthesis. Coefficients are **bold** if $p < 0.05$.

- a) no information on parents in the Dutch data.
- b) employment situation of parents refers to 1990.

5.2 Youth Programme participation

We start with a very simple test of hypothesis i) in Section 3.4, i.e. that intervention in the form of Youth Programmes will be higher in France and Sweden than in the other countries. The results are reported in Table 6.

The first column shows the outcome of simply regressing participation in Youth Programmes on country dummies, using the Netherlands as the reference country. In the second specification controls for gender and age are included. For both specifications, we see that, consistent with hypothesis i), participation in Youth Programmes is significantly higher in Sweden and France than in the Netherlands and in Ireland. However, contrary to the hypothesis, the relative participation rate is high in Scotland, too. Presumably, this reflects that the Skillseekers programme is used as an alternative training route for Scottish youth, yielding an upward bias in the Youth Programme participation.

Table 6 Binomial logit regression. Dependent variable = participation in YP, given “at risk”

	Specification 1	Specification 2
Ireland	- 0.09 (0.19)	-0.27 (0.20)
Scotland	1.43 (0.15)	1.15 (0.18)
France	0.85 (0.14)	0.84 (0.14)
Sweden	1.65 (0.14)	1.56 (0.15)
Female		0.24 (0.07)
Age		-0.09 (0.03)
-2 Log likelihood	4541.3	4521.9
N	3640	3640

Standard errors in parenthesis. Coefficients are **bold** if $p < 0.05$.

In Table 7 we consider what types of Youth Programmes the young people “at risk” are participating in, in the different countries. In line with the discussion in Sections 3.3-3.4, the two countries with flexible labour markets and weak linkages between the educational system and the labour market, Scotland and Ireland, have programmes providing skills training only. Conversely, the Netherlands with heavily regulated labour markets but strong links between the educational system and the labour market offers only work experience programmes. And, as expected from Figure 3, France provides work experience programmes as well as training programmes, the two accounting for about 40 and 60 percent, respectively, of total training. However, the data for Sweden do not adhere to Figure 3; while a mixture of work experience programme and training programmes would have been expected, like in France, essentially only work experience programmes are offered in Sweden.

Still, in general, it appears that strict labour market regulations are compensated by programmes providing labour market entrants with work experience while weak linkages between the educational system and the labour market are compensated by provision of skill training programs, in accordance with hypotheses iii) and iv) in Section 3.4. With respect to the latter feature one would expect to find a high proportion of the training programmes providing specific, rather than general, skills. However, while this is certainly true for Scotland it is not the case in Ireland and France.

Table 7 Programme characteristics

	Ireland	Netherlands	Scotland	France	Sweden
<i>Content of programme</i>					
No training, work experience only	4.0	100.0	0.0	41.4	96.3
General training	77.6	--	0.0	51.6	--
Specific skills training	18.4	--	100.0	7.0	--
General or specific skills training	0.0	--	0.0	0.0	3.7
<i>Gives certification</i>	100.0	0.0	100.0	51.4	0.0
<i>Institution:</i>					
Classroom based	58.4	0.0	0.0	3.7	3.7
Workplace based	4.0	100.0	46.9	42.4	96.3
Alternance	11.2	0.0	53.1	47.1	0.0
Class or workplace	26.4	0.0	0.0	6.7	0.0

5.3 Targeting of the programmes

Finally, we consider what determines whether a youngster participates in a Youth Programme, given that he/she is “at risk”. To this end, a logit model is estimated, with the same explanatory variables that were used to estimate the probability of being “at risk”; cf. Table 5. However, here *only the “at risk” individuals* are included in the estimation. The results are reported in Table 8.

Education is an important consideration in the targeting of programmes. The impact of this variable varies markedly across countries, however, even with respect to countries that face similar labour market conditions. For instance, Scotland and Ireland, which are located close to one another in Figure 3, aim their Youth Programmes towards entirely different groups. In Ireland, individuals with an upper secondary vocational education are less likely to participate in a programme than those with an upper secondary academic education, while the reverse is true in Scotland (when controlling for parents’ employment). In the Netherlands, having an academic education strongly increases the likelihood of being a participant in a Youth Programme. This probably reflects the high esteem of the Dutch vocational programmes on the Dutch labour market.

France and Sweden constitute two polar cases with respect to the influence of the individual’s education. In Sweden, having *any* kind of upper secondary education, as opposed to elementary education, increases the probability participation in a Youth Programme. A partial explanation for this conspicuous result is that the Employment service is encouraging youngsters without an upper secondary education to return to school, rather than enter the labour market. In France, *no* educational variables are statistically significant. This might reflect

the wide variety of programmes in France, with a special programme for almost all groups of labour market entrants. Those most qualified could be selected into the most prestigious programmes as has been shown in other studies and the most disadvantaged into less prestigious ones.

According to hypothesis ii) in Section 3.4, the targeting of programmes will be broader in France and Sweden, than in the other countries. This is certainly true for France, and relevant for Sweden as well, considering that more than 80 per cent of the “risk” group has an upper secondary education.

Table 8 Binomial logit regression on single countries
Dependent variable = participation in YP, conditional on being “at risk”

	Ireland	Ireland	Nether-lands ^a	Scot-land	Scot-land	France	France	Swe-den	Swe-den ^b
Upper secondary academic	0.16 (0.35)	-0.09 (0.37)	1.52 (0.61)	-0.44 (0.32)	-0.70 (0.33)	0.19 (0.19)	0.12 (0.20)	1.32 (0.22)	1.29 (0.22)
Upper secondary vocational	-1.36 (0.62)	-1.51 (0.64)	0.35 (0.29)	0.17 (0.53)	-0.25 (0.54)	0.07 (0.12)	0.04 (0.12)	1.18 (0.18)	1.17 (0.18)
Upper secondary unclassified	-0.58 (0.99)	-0.43 (1.01)	-	-	-	-	-	0.67	0.63 (0.25)
Father Employed		0.90 (0.29)			0.77 (0.19)		0.49 (0.12)		0.30 (0.17)
Mother Employed		-0.25 (0.41)			0.54 (0.19)		0.21 (0.11)		-0.07 (0.18)
Number of cases	411	411	229	465	465	1278	1278	1257	1257
-2 Log likelihood	304.2	294.3	368.7	737.9	566,5	1844.5	1821.3	1225.6	1483,9

Standard errors in parentheses. Coefficients are **bold** if $p < .05$.

- a) no information on parents in the Dutch data.
b) employment situation of parents refers to 1990.

Table 8 also shows that the employment situation of the father and the mother is a strong selection mechanism. In the preceding subsection it was demonstrated that having an employed father or mother reduced the probability of belonging to the group “at risk” in all the countries; see Table 5. Here, the influence of having employed parents is reversed: young people “at risk” are more likely to participate in a Youth Programmes if their parents are employed. This is especially true with respect to employed fathers. The only variation across the lies in the strength of the effect. In France and Sweden the coefficients for the “mother

employed” and “father employed”, respectively, are statistically significant at the 10 per cent level only.²⁹ The explanation for the consistent pattern with respect to parental influence could be that employed parents are more anxious to get their “at risk” children to join a Youth Programme than are unemployed parents.

6. Summary and discussion

The data used include only five countries at one point of time. Furthermore, the data are not fully comparable, due to differences in sample design. The results should therefore be treated with caution and considered primarily as suggestive. The great advantage with the data used is, however, that it includes variables not found in other larger comparative data sets. In addition to information on the respondent’s educational level, educational content and the employment situation of the parents, there is quite detailed information about the Youth Programmes in which a significant proportion of young school leavers are participating.

The purpose of the study has been to investigate how labour market regulations, modified by the educational systems, affects the magnitude, composition and targeting of Youth Programmes. Based on the combination of the strictness of labour market regulations and the strengths of the linkages from education to the labour market, the five countries studied are classified into three “transition regimes”.

The first tentative result is that the propensity to intervene in the transition from school to work is strongest in countries with strict labour market regulations, if the barriers to entry are not modified by strong linkages from the educational system to the labour market. Of the five countries in the study, France and Sweden are classified as countries with this unfavourable combination of education and labour market regulation. The propensity to intervene is measured by the share of Youth Programme participants among the youngsters “at risk”, i.e. individuals that are either unemployed or participating in a programme. This share is higher in France and Sweden than in Ireland and the Netherlands. Scotland, however, deviates from the expected pattern. In spite of having very little in the way of labour market regulations, Scotland has a higher share of “at risk” individuals in youth programme than France. The outlying position of Scotland might be explained by the special characteristics of its youth programme –

²⁹ With respect to Sweden this could be due to the fact that parents’ employment refers to the situation seven years before the time of the CATEWE survey.

the *Skillseekers* programme, which seems to serve as an alternative to full-time vocational education. Taken together, with the exception of Scotland, Youth Programmes seem to be used as large-scale compensation when education does not provide labour market entrants with directly marketable skills and labour markets are regulated.

A second tentative result is that the countries with the highest barriers to entry on the labour market and with subsequent large-scale programmes are targeting very broad groups among young people “at risk”. France has programmes for all labour market entrants, regardless of their educational level. In Sweden, programmes are targeted at the 80 per cent of the unemployed who have some kind of upper secondary education.

A third tentative result is that Youth Programmes providing only work experience are used as a measure to compensate for strict labour market regulation; this can be seen in the Netherlands, followed by Sweden and France. In Ireland and Scotland where labour markets are more flexible, “pure” work experience programmes are non-existent or extremely rare.

A hypothesis which receives partial support is that in countries with weak linkages from education to the labour market, i.e. Scotland, followed by Ireland, France and Sweden, Youth Programmes would provide participants with occupational training. This seems to be the case in Scotland, and to a limited extent in Ireland and France. In the Scottish case the purpose of the *Skillseekers* programme – the only programme available for young Scottish school leavers – would appear to be to compensate for the training deficit resulting from the special nature of the Scottish educational system. Sweden, on the other hand, has no programmes providing certifiable occupational training. This could be one factor behind the lack of positive results in evaluations of Swedish youth programmes. Occupational skill training deficits in Ireland, Sweden and France are also indicated by evaluation results showing that programmes giving occupational skills training yield better results on future employment probabilities, compared to programmes providing general skills.

The results suggest that Youth Programmes play different roles in different countries, and that results regarding the relative effectiveness of different types of programmes can not be transferred from one country to another, without paying attention to the degree of labour market regulation and special features of the educational systems. This implies that gainful information could be derived by studying the experiences in countries with similar “transition regimes”. From a Swedish perspective it would be valuable to know whether the training content of the most prestigious French Youth Programmes could be implanted into the Swedish “pure” work experience programmes. Another implication is that it might be

considered whether educational and/or labour market reforms could be an alternative to some of the programmes, especially in countries with extensive use of Youth Programmes.

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