

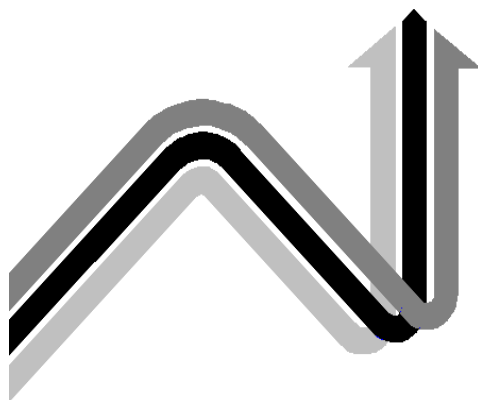
**The School-to-Work Transition:
Issues for Further Investigation**

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(English text only)

This paper reviews some of the leading issues concerning school-to-work transitions in advanced economies, drawing on three recent sources: the October 1999 Final Comparative Report of the OECD Thematic Review of the Transition from Initial Education to Working Life (here, 'Thematic Review Report'); the November 1999 meeting of the Education Committee, at which that report was discussed; and the proceedings of the February 1999 Washington conference organised jointly by the OECD and the US Departments of Education and Labour (published by OECD as *Preparing Youth for the 21st Century: the Transition from Education to the Labour Market*; here, *Preparing Youth*).

The discussion is organised in three sections, each based on a broad category of transition issue: firstly, the descriptive attributes of the school-to-work transition in advanced economies, including those that cause public concern; secondly, the determinants of key attributes; and thirdly, the policies with which governments have responded to transition-related problems.

1. Attributes and importance

This section considers leading attributes of transition patterns, the problems that they imply, and the reasons for taking them to be more or less important.

Transition duration

The measurement of the school-to-work transition has been advanced by recent work. The Thematic Report treats it as a national attribute, measured by the number of years between the highest age of compulsory full-time education and the age at which the proportion of young people who are employed and not in education rises past 50 per cent. On this basis, transition durations rose substantially, from 5.5 to 7.4 years on average during 1990-96 for the 15 OECD countries for which data are readily available (*ibid.*, Table 3.3). The indicator is both suggestive and useful, but it is open to criticism on two counts. Firstly, it increases with the dispersion of actual school-leaving ages, even when at the individual level there has been no change in the average time taken to move from full-time schooling to full-time employment. Secondly, it assumes that the transition starts at the compulsory schooling age, when in fact increasing numbers of young people (i) remain in full-time education to higher ages (leading to overestimation of durations) and (ii) enter part-time employment before the compulsory schooling age (leading to underestimation).

Further refinement of the indicator appears desirable. One possibility would be to base it directly on the experiences of individuals in longitudinal datasets: e.g., the difference between the age of moving from 'full-time schooling without paid employment' and the age of 'ending contact with formal education', averaged across all young people.

Overall status: how goes it?

A central question posed to the November meeting was whether or not 'tears should be shed' for youth: i.e., are there serious problems in the transition area, particularly in comparison to the wider education and employment problems that face advanced economies?

All commentators agree on the presence of significant transition problems in all economies; and that their content that varies from country to country (e.g., structural youth joblessness in the US, cyclically high unemployment in Germany and Japan). The Thematic Review Report makes a valuable contribution with its fourteen indicators of transition success, and its ranking of countries according to comparative outcomes on each indicator. Only the 'apprenticeship countries' -- Switzerland and Germany -- show no sub-standard performance on any indicator (Table 2.1), but they would be amongst the first to admit that they too face problems in particular areas, e.g., progression options between apprenticeship and tertiary education.

There remain nevertheless important differences in the interpretation of the overall condition of the transition in advanced economies. The Thematic Review Report adopts a stance of ‘cautious optimism’, noting high and rising levels of youth educational attainment, and teenage unemployment rates that lie nowadays below those of the 1980s. At the other pole, Richard Freeman’s contribution to *Preparing Youth* depicts a general deterioration of youth labour market prospects, in terms of both employment and pay rates, and asks why young people have responded so passively to this misfortune. In-between these poles, I note in my contribution to *Preparing Youth* that the deterioration of youth labour market positions, both absolute and relative to those of adults, varies greatly by country. It has been marked in terms of pay rates (but not employment) in the US, and in employment rates (but not pay) in France; but it has been insignificant in both respects in Japan, where young males (though not females) did no worse than adults during the past twenty years. (Further work has since established that the UK joins the US in the first group, Sweden joins France in the second, and the Netherlands and Germany join Japan in the relatively favourable third one).

Given the divergence in overall assessments, there is some need for further discussion of the appropriate indicators to use. For example, changes in relative youth employment and pay do not feature in the fourteen criteria offered in the Thematic Review Report. Insofar as those indicators are seen as informative, the ranking of other countries, including those covered by the Thematic Review Report, should be investigated further.

Unemployment vs. inactivity

A similar difference of interpretation occurs over the extent of youth inactivity, defined in terms of participating neither in the labour market nor in formal education. Although the Thematic Review Report notes the potential importance of inactivity rates, it stresses their ambiguity and the danger of interpreting high inactivity as evidence of deficient transitions -- young people may, e.g., be doing unpaid voluntary work, travelling abroad or caring for other family members. The Report concentrates therefore on unemployed young people, particularly the long-term unemployed, for whom there can be no doubt that the transition is problematic (Table 2.1).

By contrast, the background paper in *Preparing Youth* sees potential danger in youth inactivity, which has risen markedly during the past decade in Denmark, Sweden and the UK in particular, though apparently much less in Japan, France and Germany. What are these young people doing? Swedish evidence suggests that amongst 20-24 year old males -- for whom family responsibilities are likely to be much less marked than amongst females -- in recent years between one quarter and three fifths of inactivity has been associated with compulsory military service, up to one quarter with travel abroad, and between one third and one half with ‘other’ causes, including rejection of the wider economic and educational system. The share of marginalised and alienated youth appears markedly higher in the UK nowadays, in association with increasing compulsion on jobless youth to participate in work experience or training in return for benefit eligibility (section 2, below). The need for more information on youth inactivity is pressing.

Quantity and quality dimensions

The relative importance of quantitative and qualitative indicators of transition outcomes was extensively discussed at the November meeting. Is a high youth employment rate, such as that in the US, sufficient to indicate a successful transition system? Does the quality of employment, in terms of pay and training, matter too -- maybe even more?

The tendency for youth employment to be relatively poorly rewarded, in terms variously of pay rates, hours of work and job security, attracts divergent interpretations. Commentators from North

America and Australia tended to view such jobs as valuable sources of work experience and income for students who work part-time, or as stepping stones to better jobs for ex-students who work full-time. The potential value of work experience in a variety of less rewarding jobs for occupational choice and employer-worker matching is also recognised in some contributions to *Preparing Youth*.

Representatives of trade unions questioned however the appropriateness of the ‘stepping stone’ interpretation, and raised the prospect of permanent youth relegation to low skilled and low paid work, particularly for the disadvantaged. Commentators from Nordic countries tended to concur, insofar as they viewed such jobs as undesirable for young people. Thus a major goal of contemporary Swedish policy is to keep young people out of the market for low paid, unskilled labour by encouraging them to remain in (or return to) school to acquire the qualifications that should make it possible for them to avoid unskilled work. (The problem is that the Swedish labour market has during the past thirty years increasingly excluded even well qualified young workers from skilled work, raising therefore the dismal prospect of their exclusion from all work, skilled or unskilled). The extent to which young people in low skill, low pay jobs get trapped therein is a matter on which more evidence is needed (as noted under ‘state dependence’, below).

This issue overlaps with another: the possible vanishing of youth options for unskilled work, a prospect that tends either to be feared or to be welcomed, according to the stance taken on the wider quality issue. The potential cause of an excision of unskilled opportunities for young people is typically seen as technical change, intensified by the export of unskilled work to poorer countries as a result of continuing globalisation: and both factors do appear to be causing a general upskilling of the job structure. The question whether such a prospect should be welcomed or feared is however less than pressing, given that the burgeoning service sector can be expected to involve many low skill ‘McJobs’. There is also the prospective benefit, for the minority of unqualified and unskilled young people, of decreasing competition for the continuing stratum of low skilled employment as their numbers dwindle with the general rise in educational participation and achievement.

Schooling and outcomes

Not enough attention has been paid to the link between schooling and labour market outcomes. Two levels must be distinguished: the individual and the aggregate. For the individual, in most OECD economies, acquiring more education means facing lower employment problems in subsequent working life. The benefit is not however universal. In the south European countries (Spain, Portugal, Italy, Greece) and in Korea, unemployment rates are above average for those who have undertaken tertiary education (*Preparing Youth*, background paper, Table 7). The problem is still greater in the aggregate, at national level. The high and rising educational achievements of Swedish and French youth have not prevented a massive growth of youth joblessness in both countries. Even well qualified young people have found it increasingly hard to find stable, let alone skilled, employment. In those economies, acquiring more education still works for the individual young person, in terms of improving employment prospects; but the effect is weaker than it was the case for previous generations, and it has applied with decreasing force to young people as a whole. In an era of widespread policy orientation towards supply-oriented policies towards youth joblessness, the limitations of increasing education (and training) as solutions deserve particular attention.

Social disadvantage

The various dimensions of social disadvantage, including gender, race, social class and disability, are known to be associated with inferior school-to-work outcomes. (The main exception is female unemployment, which lies below that of males in a few countries, including the UK).

But at least three issues require more information. Firstly, there is the importance of the various dimensions. For instance, although primary attention is often paid to gender-based disadvantage, the gap between youth outcomes for males and females, in both education and the labour market, has narrowed in some economies (e.g., Germany), while that associated with social class may well have increased, particularly where income inequalities have widened (e.g., UK). Secondly, countries appear to differ greatly in the intensity of the effect of social disadvantage on transition outcomes. Differences in youth unemployment rates by ethnicity, for example, are much greater in the UK and the US than in Germany and Japan.

Thirdly, returning to gender, there is evidence that the deterioration of the relative labour market position of youth during the past two decades, in terms of relative pay and employment rates, has been greater for females than for males in almost all the economies for which the issue has been studied. As relative female outcomes have by contrast improved in the adult labour markets of those countries, the reason for gender-specificity in deterioration for young people requires further study. Moreover, the extent to which the deterioration of youth outcomes has been female-specific has also varied greatly by country, being much higher in Japan, France and the US than in the UK, Sweden and Germany. The causes of these differences also merit study.

Importance of the issues: state dependence

Although *Preparing Youth* argues that ‘young people’s situation and future prospects are of vital concern to us all’ (cover text), the statement is not self-evidently true, particularly when compared to other the social and economic problems that demand public attention. Youth unemployment is not universally viewed as a more pressing issue than its adult counterpart. In Japan in particular, adult unemployment is implicitly treated as the more pressing policy problem. The reasons for the low priority given to youth unemployment there include: the importance of job quitting in generating youth unemployment; the desire to encourage ‘job shopping’ by young workers; the strength of family support networks for jobless young people; and the difficulties that displaced adults face in finding another job. A similar lack of urgency over youth issues can be seen in parts of southern Europe.

In order to pin down the importance of school-to-work issues, more needs to be known about *state dependence*: i.e., to what extent adverse experiences during transitions have lasting effects on the prospects of the individuals who experience them. Does youth unemployment scar young people, and if so how badly, and for how long? And does it do so more severely than for adults who undergo similar experiences? An expectation of widespread and durable scarring is implicit in many policies that make the improving of transition characteristics a top policy priority.

Evidence does exist on state dependence, but it is partial and mixed. For young people, evidence for the US suggests that any adverse effects of youth unemployment are weak and temporary. European evidence suggests, however, more extensive and lasting consequences. Neither, however, has indicated whether state dependence is more or less marked for young people. More information is therefore badly needed in this area -- which brings up the question of where evidence is to be sought.

Sources of evidence

Several commentators at the November meeting urged the desirability of greater recourse to longitudinal data in policy research on the school-to-work transition. The point is incontestable.

Much of the evidence used in OECD’s recent research involves aggregated descriptive statistics (e.g., youth employment rates, by age and gender) and aggregate cross-tabulations (e.g., youth unemployment rates by education level or by unemployment of other household members). These

statistics rely increasingly on microdata, such as national household or labour force surveys, but the potential of those data sources has been only partially tapped.

The principal potential benefit is the informational potential of multivariate analysis of microdata, when used to isolate the causal relationships that underlie aggregate associations. For instance, to what extent the positive association across individuals between adult unemployment and earlier exposure to unemployment as a young person reflects state dependence, in which early unemployment causes subsequent unemployment, as opposed to the ‘selection’ of unchanging individuals into both states, according to innate attributes such as ability, motivation or health. The ideal data for such analysis are longitudinal: repeated observations on given individuals across time (which may in practice be gathered retrospectively instead of concurrently).

Longitudinal data are nowadays widely used in academic research in Europe, as previously in North America. They now appear also in the OECD’s descriptive work. For example, the estimates of the length of the transition in various countries that are provided by the Thematic Review Report derive from national longitudinal microdata. It is undesirable to allow the analysis of microdata to remain the exclusive domain of academic research, given that the latter often emphasises technical refinement and narrowly defined issues, at the expense of policy issues and the wider picture. To return to the previous example, the need is for more widely based and informative research on the presence and content of state dependence in youth unemployment, both in itself and relative to its adult counterpart.

One aspect of the problem also deserves comment at this stage. Evidence for Japan is frequently absent from comparisons of school-to-work attributes across countries that rely on national micro-data sets. The omission is serious, given that the country is the second largest in the OECD, and given the distinctiveness of its transition-related institutions (below). The regular absence of Japan reflects partly the rarity of microdata collection in Japan, as well as the limited availability of what microdata has been collected. The problem goes deeper, however: even descriptive statistics available from existing Japanese surveys are often not included in OECD compilations. At least some Japanese officials appear eager to draw attention to their country’s situation, and a greater effort here would yield benefits.

2. Determinants

The causes of transition attributes have attracted considerable interest. Several questions remain to be answered: notably, the degree to which ‘a healthy macro-economy’ generates favourable transition outcomes, the role of national institutions in differentiating transition outcomes across countries, the causes of youth inactivity and the effects of socio-economic inequality.

Macroeconomic context

Does a high level of total employment, as currently in the US, make for successful school-to-work transitions? The potential contribution is clear: youth unemployment and inactivity rates are both pro-cyclical in almost all economies, and ‘super-cyclical’ (in the sense that youth unemployment is more cyclically sensitive than that of adults) in many economies. In the latter cases, nothing could do more for youth access to employment than rapid and sustained economic growth, taking up the economic slack that has depressed youth economic activity so strongly in many European economies and Japan during the past decade.

The first problem is the difficulty of attaining such a solution. The key to effective aggregate economic performance remains a matter of controversy, contested between the proponents of deregulation and flexibility, who laud market-based solutions along US lines, and the pragmatic regulators, who praise

collective regulation along various lines, including nowadays those suggested variously by the contemporary Dutch, Irish and even Korean experiences.

The necessity and sufficiency of good macroeconomic performance for successful transition patterns are however both open to question. Concerning necessity, there is the impressive ability of Germany and Japan, as revealed during the 1990s, to sustain high rates of youth transition to work, or at most little deterioration in *relative* youth outcomes in the labour market, at a time of mounting slack in the aggregate economy (section 1, above). Concerning sufficiency, there is the steadily declining access of young people to skilled work in Sweden even during the period of successful macroeconomic management before 1990. As a Dutch speaker put it at the November meeting, it is easier to paddle downstream than upstream, but even when paddling downstream, care and attention are still required.

Transition-related institutions

The absence of any serious deterioration in transition outcomes in Japan and Germany during the 1990s points to the potential importance of institutions in setting transition outcomes. The role of institutions has two aspects: the generic and the nationally specific.

On the generic side, two aspects are particularly striking: educational content and labour market structure. A contrast can be drawn between institutions (whether at the level of the occupation, the sector or the entire country) that combine vocational education (at upper secondary or tertiary level) and occupational labour markets (OLMs), and those that involve general education and internal (or casual) labour markets (ILMs). The former group divides into vocational education that relies on full-time schooling and that that involves part-time schooling (apprenticeship).

A first reading of the evidence suggests that apprenticeship/OLM systems produce better transition outcomes, particularly youth employment opportunities, than do full-time schooling-cum-ILM systems. Evidence in favour is presented in the key summary assessment in the Thematic Review Report (Table 2.1). The potential reasons include: the development of mutually valuable ties between employers and young workers during an apprenticeship, and the deterrence to youth recruitment provided by fixed, job-based pay structures in many ILMs.

The favourable contribution of apprenticeship to youth employment rates has been noted for many countries, including Austria and Denmark as well as Germany, and led to widespread interest in expanding the scale of apprenticeship activity. At the same time, there must be more to it than that. Extensive, occupationally-oriented vocational education has not been associated with high youth access to jobs in Sweden and France. The importance of ILMs in those countries might be seen as accounting for that failing, but the same has clearly not been the case in Japan, where ILMs have been most pervasive of all. In sharp contrast to the French case, the ‘super-highway’ services provided to Japanese youth by school-employer linkages (*Jisseki-Kankei* and related attributes) have been underlined by the continuation of high rates of youth recruitment during the employment crisis of the 1990s. National specificity seems therefore more important than generic attributes in the links between institutions and transition outcomes.

At the same time, our understanding of both apprenticeship and Japanese institutions remains imperfect. Taking apprenticeship first, its contribution is often overestimated: in particular its ability to deliver lasting gains in earnings, relative to that of full-time vocational education to the same level of attainment, remains dubious. But the bigger question, given the presence of distinct advantages, concerns the institutional pre-requirements of apprenticeship. To what extent is the panoply of multi-level social partnership regulatory bodies that governs apprenticeship in Germany necessary for success? (And nowadays sufficient for continuing success in Germany itself?).

Only a partial answer can be offered at present. On the one hand, the other countries to have built large scale apprenticeship systems (Switzerland, Austria and Denmark) show so many institutional similarities to Germany as to support the 'institutional necessity' hypothesis. On the other hand, the institutional innovations seen in France and Ireland during the past decade, which involve more nationally specific (and, by German patterns, idiosyncratic) institutional development, have already registered some success in increasing the quantity and quality of apprenticeship activity. More research is needed here.

Turning to Japanese institutions, the resilience shown by youth recruitment in Japan in the 1990s appears to depend on a less complex institutional base than is involved in apprenticeship. It has also adapted to changing needs and circumstances, as its qualitative attributes have come in for increasing criticism as paying insufficient attention to the needs of young people as individuals, and the locus of recruitment has shifted from larger towards smaller firms. Nevertheless, it continues broadly to function successfully -- and how it works still remains obscure. Its genesis is usually traced to the 1960s policy of giving responsibility for youth job placement to secondary schools, which led to the development of a network of bilateral linkages between schools and employers, in which employers implicitly contracted to hire young people into regular employment according to the recommendations provided by schools. But just how such a network might generate such favourable employment outcomes remains unclear. Swedish schools nowadays have responsibility for the activities of teenagers, including those who have left school, but that has not ensured widespread employment opportunities for youth along Japanese lines. Similarly, school-employer linkages have been emphasised in both the US and the UK, but the results have been less than spectacular. The secret of Japan's transition successes remains to be elicited.

Youth inactivity

The past decade has seen a selectively strong growth in youth inactivity, as defined simultaneously in relation to education and to the labour market. Countries showing marked increases include Sweden, Denmark, Hungary and the UK; those with little or no increase, Denmark and Japan.

The causes of the changes are ill-understood. To some extent they are a reflection of increasing labour market difficulties for young people - though in some countries, including Hungary, inactivity has risen even as unemployment has fallen. Some contribution may have come from increasing compulsion in public income support for jobless young people (section 3, below). These sources point to policy concern over the change. Some sources of inactivity are policy neutral. Changes in military service rates for males and early reproduction and family responsibilities for females are potentially important factors. Finally, some of the changes reflect positive choices amongst young people who nowadays enjoy increased opportunities, including the significant number of young Norwegians and Swedes who opt for extended travel abroad.

The variety of both national trends and potential causes points to the need for a better understanding of this striking attribute of the contemporary transition pattern.

Social inequality

The constraints imposed by socio-economic inequality on transition outcomes deserve further attention. A couple of aspects stand out. The scope for levelling up the educational achievements of the children of disadvantaged groups is less in countries in which income inequality is high and public income support weak, notably the US and the UK, compared to Japan, Germany and Sweden. The mechanisms in question include: participation in upper secondary education, the amount learned in schools, learning resources in the home, lifetime motivation to succeed, and wider social exclusion. The long hours of work that both parents often undertake in low income households in order to maintain their standard of living are not conducive to nurturing their children's ambitions and potential, nor to sustaining them in education or during unemployment. The pathology of household deprivation and

social exclusion appears to be highly transferable within families across the generations -- and possibly increasing, judging by the correlation between adult and youth unemployment amongst household members. The most deprived areas of the US, the UK and France in particular have seen the growth amongst young people of a culture of economic inactivity, drug abuse, violence, and alienation from mainstream society.

A potentially important issue here is the availability of public income support for post-compulsory students, particularly at upper secondary level. In the absence of such support, the pressure on lower achievers to leave school to seek work can become intense, to the detriment of their achievements and labour market prospects.

Secondly, the acceptability or otherwise of low paid work for non-student youth differs according to the wider context. A low paid job means a higher level of relative pay in a low inequality labour market, such as the Swedish, than in a high inequality one, such as in the US -- although the public acceptability of low youth pay appears paradoxically to be greater in the US than in Sweden.

3. Policy

A clearer view of the key attributes of contemporary transitions considered in section 1, allied to improved evidence on their causes (section 2), would lay the ground for improvements to transition policies. This section considers various policy dimensions for which the need for improved evidence is already clear.

'Pathways engineering'

As noted in *Preparing Youth*, most countries possess multiple pathways between school and work, which have often grown up historically in *ad hoc* and uncoordinated ways. A general category of policy interventions identifies the principal routes between school and work and seeks both to rationalise their content and to improve their inter-relationships. Leading examples include the reconstitution during the past decade by both Denmark and the Netherlands of upper-secondary vocational education, both full-time and part-time, on a common basis, leading to a common set of vocational qualifications. Similarly, the UK has attempted to introduce a single, codified set of National Vocational Qualifications (NVQs) for both youth and adult training, in place of the partial coverage 'jungle' of qualifications that had developed previously. One goal of these efforts has been to increase the transparency of qualifications and the visibility of skills.

Another has been to expand the flexibility of learning options open to young people, thereby making easier both lateral mobility (between routes at a given level of qualification) and vertical mobility (from the top of one ladder to the bottom of the other). In the latter respect, a major limitation of apprenticeship has attracted increasing interest: its educationally terminal status, leading only into labour market. Following the lead of Switzerland and Austria, other countries with significant apprenticeship systems, including notably Germany, have sought to develop pathways between apprenticeship completion and entry to higher levels of full-time education, primarily along vocational tracks. (France has taken a different tack in making apprenticeship a recognised means of preparation for tertiary vocational qualifications).

The net benefits of such efforts deserve further exploration. There is a potential downside: encouraging young people potentially to waste an expensive vocational preparation by making it easier for them to return to general education in the hope of improving their prospects, given that employers often hire more according to the level than the skill content of qualifications. If they learn more as a result, all well and good. But the large number of *Bac Pro* graduates who enter overcrowded, high

dropout rate, non-vocational university courses in France are often seen as a waste of resources and individual talents. The gap between the intentions of policy makers and the actions of young people can be as great in 'pathways engineering' as in other public interventions.

Vocational qualifications

A leading component of pathways engineering has been the systematisation, and sometimes the modularisation, of skill standards and vocational qualifications. The case for comprehensive and modularised qualifications, independent of the means of skill learning, to which the UK's NVQ system aspires, is widely appreciated, in terms of both increased skills visibility and flexible choices of the method and pace of learning.

The potential drawbacks are also worth considering. The costs of setting up and administering a qualification system are considerable, particularly in countries whose institutions are heterogeneous and in which occupational labour markets are not important -- as in the US. The benefits are also potentially restricted when ILMs are prominent, as employers then pay little attention to vocational qualifications in filling job vacancies. These difficulties continue to discourage the development of national skills standards in the US. The standardisation of qualifications across young people and adults can produce problems too. In the UK, the dominance of adult needs in formulating NVQs has contributed to the educational impoverishment of youth qualifications, a difficulty that has been recognised by a reversal of direction, towards the reintroduction of a separate set of youth qualifications.

Nor is modularisation purely beneficial. The option to complete only some parts of a full qualification encourages employers and young people to opt for limited and biased forms of training. Thus many, even most, of the trainees sponsored by the Modern Apprenticeship programme in the UK are not expected to complete their training, partly because either they or their employers prefer to avoid learning the Key Skills (literacy, numeracy, etc.) that are required for final certification. It is for such reasons that Germany has thus far rejected proposals for the introduction of a lower craft certificate, which would involve shortened training periods and lower levels of skills attainment than in regular apprenticeship.

Information and guidance

The case for good careers education and guidance prior to youth entry to the labour market, as underlined by the Thematic Review Report, is widely recognised. The problems are: to what extent and how early to provide such information; how to ensure its quality and relevance; and to what extent school-based provision can substitute effectively for early labour market experience.

One of the drawbacks of traditional apprenticeship, entered directly from lower secondary education, as is nowadays still largely the case in Switzerland, Austria and Denmark, is the requirement for an early choice of the occupation around which a young person's career plans are to be built. Those countries devote an exceptional resources to providing information and guidance to students, including provision for plant visits and work experience, but the ability of young teenagers to make a decisions with such potentially far-reaching implications remains open to question. The high incidence of occupational mobility after apprenticeship completion encourages such concerns, though that is often seen as an acceptable price for society and individuals to pay for the wider socialisation benefits of apprenticeship, including even its occupationally misdirected components.

At the other pole, countries that rely primarily on general education, including the US and Japan, are in a position to postpone the point of decision towards upper secondary, and even tertiary, education, when the young person is better placed to take it. The extensive and costly careers guidance provided to Japanese secondary students, by teachers who themselves often undertake work placements in the

companies with which the school has recruitment linkages, has contrasts favourably to its uneven and poorly informed equivalent in the US, where young people are largely left to learn for themselves, by job shopping in early working life.

The merits of these various approaches are a matter of continuing dispute. In some accounts, extensive 'job shopping' by young Americans is more a matter of frustration and waiting than purposive job search. At the same time, young Japanese workers report a higher informational valuation for actual work experience than of teacher-based guidance, and the Japanese government has been casting about for ways to tailor guidance more closely to individual student personalities than to competition for high status outcomes.

The most promising way of finessing the controversy over the merits of in-school and post-school informational provision to (and acquisition by) young people is to inject work experience into the educational curriculum, through such devices as work placements, work shadowing and school-based enterprise. The widespread adoption of such measures in many economies is a promising development and a suitable topic for more detailed evaluation.

Labour market flexibility

The contribution of increased labour market flexibility to the improvement of school-to-work transitions remains controversial. The relevant policies include the introduction of lower youth-specific rates into statutory minimum wages and collective agreements, and the encouragement of fixed-term contracts for youth recruitment and training. These features have been widely implemented, even in countries whose labour market policies have otherwise avoided the deregulatory paradigm (e.g., Sweden, France).

Such changes might be expected to induce employers to employ and train more young people than would otherwise have been the case. But the effect is theoretically ambiguous: employers may also be encouraged to provide only low paid, insecure employment, with little or no training content -- which for many commentators does not count as an improvement.

Flexibility, as applied to youth, has certainly not cured the grievous transition problems of the European countries that have had greatest recourse to it. Indeed, the benefits of low youth pay and fixed term contracts can arguably be realised only within the external collective regulation of training content and quality that nowadays typically characterises apprenticeship.

The primary contribution of 'flexibility' in practice appears rather to have been to break up concentrations of long-term youth unemployment, creating more short spells of unemployment, interspersed within early working lives with temporary employment and participation in labour market programmes. This gain is limited relative to the need, but it is still potentially worthwhile, in terms of both a less unequal distribution of youth unemployment and less damage done to youth skills and motivation as a result of long-term unemployment.

Labour market programmes

A further issue raised by labour market programmes is the content of the activity on offer to young people in difficulty: in particular, the role of off-the-job activities, ranging from formal education to work, through projects of public interest (social, environmental ..) to personal development through challenge and adventure projects (e.g., Outward Bound in the UK)., relative to work-based activity, including both on-the-job training and work experience.

Many advocate the orientation of labour market programmes largely or wholly towards the workplace, typically in the for-profit sector. The anticipated benefits include the learning of work-relevant skills and attitudes, which are expected to increase the employability of participants. Such arguments have been influential, leading in some countries to a near-exclusive orientation of public programmes to sponsorship by private employers.

There are however problems. The rhetoric of youth opportunities is then often not matched by the reality. Employers are rarely willing to take on the most disadvantaged young people, for whom some form of sheltered activity is required if they are to be helped at all. The employers who do sponsor young people may offer them little beside low pay, work experience and a sense of exploitation. Finally, a wider range of options than simply a workplace placement is required if the needs of some individual young people are to be met effectively.

More evaluation-type information on such programmes is desirable: what activities do young people themselves value the most, and which turn out to do most for their labour market prospects?

Safety nets

Preparing Youth has pointed to the importance of the support systems provided in the Nordic countries to young people facing transition difficulties. A right to both income support and vocational development is provided, in return for an obligation to participate in either developmental activity or work. Such nets are ‘tightly knit’ in terms of the effort made to prevent individuals from falling through holes. One benefit has been a major contribution to high rates of completion of upper secondary education.

Should such policies be more widely adopted? Two doubts stand in the way of a simple answer of ‘yes’. Firstly, in some countries, notably Japan and Italy, the family commonly provides income support for many young people in difficulty, and nowadays there is increasing interest in the private rather than the public provision of income security where possible. The difficulty is that young people living in poorer families or outside families altogether will fall through a purely private net, and their needs must not be overlooked.

Secondly, there is the balance between the rights and responsibilities within the design of a public safety net. A ‘safety net’ changes into ‘workfare’ as the level of income support and training provision declines. When young people are required to participate in low quality training programmes, and receive only a low training allowance, as has been the case particularly in the UK, some not surprisingly respond by rejecting the entire package and dropping out. The growth of educationally and economically inactive youth in the UK in the last decade has been fuelled at least in part by the cumulative growth of compulsion in income support, combined with low benefit entitlements and the low quality of much work-based ‘training’. Similarly, even in Sweden, where higher incomes and better options might be expected, some of the growth of youth inactivity may have a similar origin. As the economic prospects of the inactive are presumably the most bleak of all, the risks associated with compulsion in youth support services require careful consideration.

Institutional development and collective ownership

The contrast between the powerful contributions to transition outcomes that are made by particular national institutions, notably apprenticeship in Germany and school-work recruitment linkages in Japan, and the disappointing ones made by particular national policies, notably labour market flexibility and labour market programmes in, e.g., the UK and Sweden, points to another area for further investigation.

It was noted above that the ways in which successful national institutions work is only imperfectly understood. So are conditions under which governments may be weaned off a diet of *ad hoc* policy innovation, in favour of systematic institutional innovation, which, as a German commentator at the November meetings emphasised, involves an extended timetable, a durable products and attitudinal change amongst those involved.

An aspect that has attracted attention concerns the overlapping issues of ownership, commitment and joint regulation. Here a tension can be seen between the 'Anglo-Saxon' preference for employer leadership in policy implementation, and a continental European preference for joint (employer-employee) ownership of institutional mechanisms. The rhetoric of partnership is used in both cases, but the in the former case its implementation is more at the disposal of the individual employer and the result is shallower than in the latter one. Indeed, the emphasis on locally based employer-led partnerships in the UK and US may reflect the need to take the default option, given the weakness of the sectoral and national organisations of employers and employees which might naturally do better the job of institutional development.

The merits of the two approaches require more detailed assessment in the school-to-work context. The successes of Germanic apprenticeship and Japanese school-employer linkages may well prove to depend on the existence and utilisation of joint regulation, formal and informal respectively.

Policy coherence

The November meeting paid particular attention to the requirements for greater coherence in transition policies formulation, which typically require contributions from ministries of employment, education and finance, as well as in policy implementation, which may involve many schools, employers, training institutes, careers services, etc..

One approach to encouraging coherence is to merge some of the relevant government departments. Australia and the UK both merged their employment and education ministries in pursuit of a better linkage between education, training and employment policies. The merits of the approach are however less than clear. Australia subsequently de-merged the two responsibilities, responding to the excessive range of the merged portfolio, and the enduring pressure for crisis-dominated policy formulation within the merged entity. The preference nowadays is for *ad hoc* teams, drawn from the three ministries, to deal with particular transition issues as they arise. The UK has not de-merged, but the continuing difficulty of unifying policy formulation within the unitary ministry is reflected in the low involvement of education officials in the reform of apprenticeship in the 1990s.

The question of optimal decentralisation in policy formulation and implementation is also of interest. The case for decentralisation, in terms of a better accommodation to heterogeneous local needs and conditions, is well known. The dangers are: the disintegration of national purpose and control over its pursuit when decentralisation is strong and effective; and the demoralisation of local agents when decentralisation is largely nominal (e.g., when inadequate budgets are provide to, and excessive restrictions imposed upon local bodies). More information is desirable concerning both aspects of the formulation and execution of transition policies

4. Conclusion

Much has been learned about the school-to-work transition as a result of the intensive efforts of the OECD secretariat during the past three years. But *chaque train peut en cacher un autre*: the increase in our knowledge reveals in turn a variety of issues for further investigation, in pursuit of deeper understanding and better policy formulation. Amongst the most pressing are the incidence of youth

inactivity, the variety of national trends in youth labour market circumstances, the feasibility of generalising high quality outcomes for as many young people as possible, and the types of institutional development that offer the best way forward for particular countries. Such issues will prove important in the 2000s, building on the gains in knowledge during the last quarter of the twentieth century.