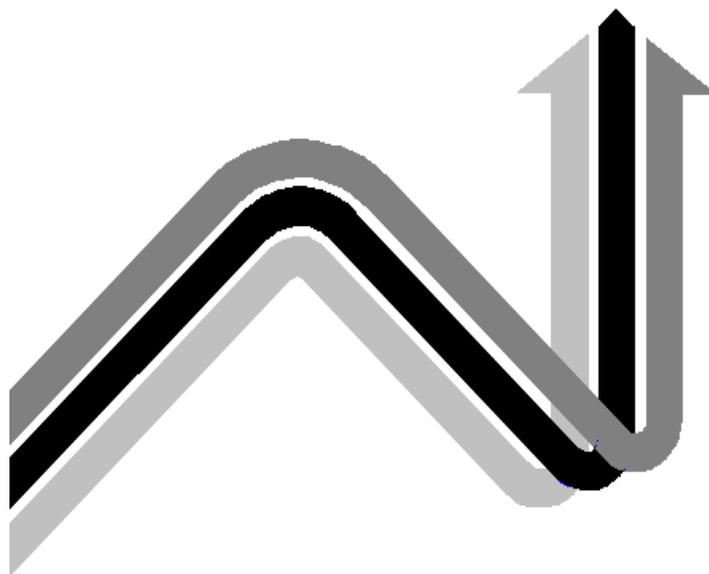


THEMATIC REVIEW OF THE TRANSITION FROM INITIAL EDUCATION TO WORKING LIFE



PORTUGAL

COUNTRY NOTE

JANUARY 1999

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1. INTRODUCTION

Purposes of the Thematic Review

This Country Note for Portugal forms part of the OECD's *Thematic Review of the Transition from Initial Education to Working Life*, a project launched by the Education Committee in November 1996. The review is a cross-national study designed to identify major aspects of change in the transition from initial education to working life occurring in OECD countries and, on this basis, to evaluate the contribution of different policy approaches to facilitating transition. Young people's expectations are changing, as are the labour markets in which they are seeking work, and all societies face major challenges in improving transition structures and processes. A detailed description of the review's objectives, analytical framework and methodology is provided in OECD (1996a).

The thematic review places young people's transition to work within a lifelong learning framework (see OECD, 1996b). The transition from initial education to work is only one of many transitions that young people will need to make throughout their adult lives. It is of critical importance, though, since the process by which young people move from initial education to work can influence the extent to which the benefits of education are retained, and opportunities for new learning are opened up. From this perspective, improving the transition to work means more than getting young people into work -- it also requires helping them to become effective learners throughout their adult lives so that they can remain productive and active citizens.

The thematic review process is a relatively new form of OECD activity in the field of education, having commenced in 1995 with the *Thematic Review of the First Years of Tertiary Education*. In contrast with OECD reviews that are concerned with education and training in a single country, a thematic review is intended to draw out key findings and conclusions of comparative interest.

From the perspective of participating countries, a thematic review is a less extensive process than a full country review; it involves less time and fewer resources, and does not entail a comprehensive consideration of policy issues in the ministerial portfolio(s) concerned. It also differs from a single country review in terms of output. After each country visit the OECD produces a short Country Note that draws together background materials and the review team's observations.

This paper, which is the Country Note for Portugal, is intended to fulfil three purposes: (a) to provide feedback to the country authorities; (b) to provide input to the OECD's comparative report that is integrating analyses and policy developments for all countries participating in the thematic review; and (c) to act as a stand-alone document for people interested in transition issues in Portugal. Because of the latter two purposes, the paper contains quite a deal of descriptive and comparative material on Portugal.

Portugal's Participation in the Review

Portugal is one of six countries participating in Round 1 of the review. The others are Australia, Austria, Canada, the Czech Republic, and Norway. These countries provide a diverse range of social and economic contexts and policy approaches towards young people's transition to work. As a society that is moving rapidly to modernise its educational and economic systems, Portugal's experience is of considerable interest to OECD countries as a whole.

Portugal's participation is being co-ordinated by Mr Domingos Fernandes, Director of the Department of Secondary Education in the Ministry of Education. The OECD is very appreciative of the assistance provided by Mr Fernandes and his colleagues from the Department and Ministry, including the organisation of a comprehensive and stimulating visit by a review team in December 1997. This was a particularly interesting time to be visiting Portugal. Employment was slowly growing again after four years of recession, a number of new policy directions were being discussed in education and training, and the effects of earlier initiatives were starting to become apparent.

Portugal was the sixth country to be visited in the thematic review. The review team comprised one member of the OECD Secretariat and three invited experts from other Member countries (see Appendix 1). During the 10 day visit, discussions were held with a wide range of policy makers from education and labour, educational and training institutions, research organisations, employers, trade unions, non-government organisations, and groups of young people.

The discussions centred on four main issues:

- the ways in which young people's transition to work in Portugal is changing;
- the main problems and priorities for action, including the identification of at-risk youth;
- the transition process and its outcomes, including the particular roles that education and training institutions, employers and other key agents should play; and
- policies and programmes that are particularly effective, the reasons for their success, and constraints that may limit their wider implementation.

Prior to the visit the reviewers had the benefit of a comprehensive Background Report prepared by the Ministry of Education in consultation with the Ministry of Labour and Solidarity¹, and key organisations involved in Portuguese education and training and the labour market (see Appendix 2). The Background Report, which was based on the guidelines and key questions detailed in OECD (1996a), is a further important output from the thematic review process. The Background Report drew on a wide range of statistical and policy material produced by various agencies in Portugal. Unless otherwise indicated, data included in this paper is taken from the national Background Report and other information supplied by the Ministry of Education.

The present review followed closely on three other OECD reviews of Portugal in the education and labour market areas: the Economic Survey 1995-96 which included analyses of the labour market, (OECD, 1996c); the review of the first years of tertiary education that was conducted in June 1997 (OECD, 1998); and the review of the public employment service which was also conducted in mid-1997. In framing the present report we have built on the earlier reviews' analyses and recommendations concerned with improving young people's transition to work, after making due allowance for the changes that have occurred since.

Needless to say, however, this Country Note is the responsibility of the present review team. Although it has benefited greatly from the background materials and briefings that were provided before, during and after the visit, any errors and misinterpretations are our own.

1 Until December 1997 the Ministry of Labour and Solidarity was known as the Ministry for Qualification and Employment. Throughout this paper the more recent nomenclature will be used, as will the term Labour Ministry.

Structure of the Paper

The remainder of the paper is organised around four main sections. Section 2 outlines key features of Portuguese society including the economy and labour market that shape young people's transition to work. Section 3 identifies major aspects of the education and training system as they relate to transition processes, and describes how these have changed in recent years. Based on this societal and institutional background, Section 4 attempts to identify the major problems that seem to be evident in young people's transition to working life in Portugal, and the relationship between education and the wider society. Section 5 draws upon this analysis to suggest how existing policies may need to be strengthened and new directions considered. Interwoven throughout the paper are descriptions of policies and programmes that struck the review team as being particularly innovative and effective. It should be noted that these are based on site visits made by the review team and, as such, are not necessarily representative of the policies or programmes concerned.

In the main, we agree with existing diagnoses of the challenges facing Portuguese education and training, although we are perhaps less critical than is the Background Report and many of the people we spoke to in Portugal. Other observers have remarked on the tendency to national self-doubt in Portuguese society and the apprehension that progress will not be sustained. In our view, Portuguese education and training has made major advances in recent years, and the lessons from those successes should inform the thinking about what now needs to be done, rather than for the policy debate to be overwhelmed by a seemingly long list of problems.

We concur with the broad policy objectives of the 1996 Agreement on Strategic Planning and the Educational Pact for the Future. That agreement sets out clearly the further changes needed to help Portugal become a more prosperous and equitable society. Within that broad approach we underline the particular importance of ensuring that education and training is more responsive to individual and social needs, and that a more decentralised approach occurs within a coherent national framework of qualifications and accountability. We trust that the international perspectives provided by the review can contribute, in a modest way, to the momentum for reform that is so clearly evident in Portugal.

2. KEY FEATURES OF PORTUGUESE SOCIETY

General Context

Since the overthrow of totalitarian government in the 1974 revolution Portugal has been characterised by wide-ranging reforms designed to democratise society and to bring the country into the international community. These changes have permeated all aspects of social, political and economic life. Educational opportunities at the secondary and tertiary levels have become more widely available, and education participation rates have risen sharply across all social classes. A more open and dynamic economy has created greater opportunities for social mobility while at the same time generating greater uncertainty and challenges for policy makers and young people alike.

Portugal joined the European Union (EU) in 1986, and this has been associated with a number of structural changes including increased labour market flexibility, opening up the economy to greater competition, and upgrading the education and training system. The Portuguese government's broad aim is to lift Portugal's per capita income to about 80 per cent of the EU average by 1999, a rise of about 10 percentage points from the relative income levels of 1995. A major strategy in this regard is to use EU transfers (estimated at 4.5 per cent of GDP over the 1995-99 period) to boost employment and

productivity by improving education and training and infrastructure (OECD, 1996c). A number of the programmes we saw during the review visit have been assisted by EU financial support.

In common with many other OECD countries, the demographic outlook in Portugal is for an ageing population. In 1995, 12.4 per cent of the population was aged between 5-14 years, the main period of compulsory education (OECD, 1997a). This was a little lower than the average for OECD countries (13.7 per cent). Just 10 years earlier, in 1985, the equivalent proportions were 16.3 per cent for Portugal and 15.4 per cent for the OECD country average. Thus, the ageing of the population in Portugal has proceeded more rapidly than for OECD countries as a whole.

Demographic projections are that the ageing process will continue in Portugal, which implies that the development of young people's knowledge and skills is of critical importance as the labour force will be required to support an increasing proportion of elderly people. As a small country with relatively few natural resources, the development of its people is vital for Portugal's economic and social prosperity. It was emphasised to us a number of times during the visit that if Portugal wants to compete internationally on a broader basis than just low wages, its industries are going to need to modernise and that this will require an increasingly well-educated labour force.

Portuguese society is often characterised as comprising a number of dualities in that there are major differences in earnings between workers in different industries and in small and large enterprises, and in wealth and opportunities between coastal and inland regions, and among the various social classes. While such differences are still clearly evident, they have been declining in magnitude as general income levels continue to rise and regional development programmes are implemented. Nevertheless, young people are increasingly leaving depressed rural regions for larger urban centres with better job prospects, and education and training facilities. In these circumstances it is particularly important that young people have adequate information on labour market trends, and qualifications that facilitate mobility in the domestic and international economies. It is also important that young people in rural areas have the skills and motivation to take advantage of the government incentives designed to stimulate new investment and self-employment in those regions.

Since Portugal is a society in rapid transition, care needs to be taken in interpreting "one-point-in-time" data and analyses.

The Economy and Labour Market²

Portugal's per capita GDP is lower than in most OECD countries. In 1994 it stood at the equivalent of about US\$12,000 (at purchasing power parity exchange rates) whereas the OECD country average was about US\$16,600 (OECD, 1997a). However, when examined over a longer time frame, the gap in GDP per capita between Portugal and other countries has narrowed considerably. In 1964, GDP per capita in Portugal was only about 45 per cent of average GDP per capita in EU countries. Since the late 1980s there has been a marked convergence of Portuguese GDP per capita with that of the EU, and by 1994 the ratio stood at about 70 per cent and, as noted earlier, the objective is that it reach 80 per cent by 1999. Portugal's recent macro-economic and fiscal performance has enabled it to qualify as one of the initial entrants to European Monetary Union.

2 Appendix 3 contains more detailed information on employment by sector, enterprise size, employment regulation, changes in the youth labour supply, and part-time work.

The shift to more market-oriented policies during the 1980s and the injection of EU funding for structural reform has assisted Portugal to increase employment levels, and as this coincided with reduced labour supply growth (due in part to increased educational participation), Portugal's unemployment rate has been substantially below that of other European countries since the late 1980s (OECD, 1996c).

A noteworthy feature of Portugal's economic performance has been the narrowing unemployment gap between females and males. In the early 1980s the female unemployment rate was about 10 percentage points higher than the male rate. By 1995 this had narrowed to 2 percentage points, one of the smallest differentials among OECD countries. The improved labour market prospects for Portuguese women have been a major factor in the increased rate of female educational participation in recent years. Nevertheless, as is documented below, young women continue to experience more difficulties in the transition to work than do young men.

In the early 1990s economic growth slowed substantially, employment fell, and between 1992 and 1996 the unemployment rate increased substantially from around 4 per cent to a little over 7 per cent. Unemployment among 15-24 year-olds also rose sharply between 1992 and 1996 -- from 10 to 17 per cent -- and the proportion who had been unemployed for 12 months or more increased. These labour market difficulties prompted wide-ranging debates on education and training in Portugal, and have led to some significant policy developments. Although economic growth has recovered somewhat during 1997 and early 1998, and unemployment rates have declined a little, young people's access to work is likely to remain difficult for some time to come.

One of the features of youth unemployment in Portugal is that the unemployment rate for those who have not completed upper secondary education tends to be lower than for those with higher levels of educational attainment (see Table 1). It seems that the Portuguese labour market is still able to absorb young people with low levels of formal qualifications. The authorities are properly concerned, though, about the long-term prospects of such young people in a dynamic and uncertain economy. They are also concerned that the relative ease with which early school leavers have in finding work makes it difficult to encourage young people to continue with their education. This issue is taken up further below.

Table 1 Youth unemployment by age and educational attainment, 1995

| Educational attainment | Portugal | | | OECD country mean | | |
|-----------------------------------|----------|-------|-------|-------------------|-------|-------|
| | 15-19 | 20-24 | 25-29 | 15-19 | 20-24 | 25-29 |
| Below upper secondary education | 16 | 14 | 9 | 21 | 22 | 17 |
| Upper secondary education | 34 | 20 | 10 | 23 | 16 | 10 |
| Non-university tertiary education | .. | 23 | 10 | .. | 15 | 8 |
| University-level education | .. | 15 | 10 | .. | 15 | 9 |
| All levels of education | 17 | 16 | 9 | 21 | 16 | 10 |

Source: OECD (1997a).

There is a relatively wide dispersion of wages in Portugal, due partly to the existence of a large number of very small firms. Wage dispersion seems to have increased since the mid-1980s as the coverage of collective bargaining agreements has declined somewhat. An increase in wage dispersion can increase the demand for education and training. Indeed, there is evidence that the earnings gains associated with further education in Portugal are comparatively high. For both men and women the earnings gap between those who have not finished upper secondary education and those with university-level qualifications is larger than the OECD country average (see Table 2).

Table 2. Relative earnings of employed persons by level of educational attainment and gender, 1995
(upper secondary education = 100)

| Educational attainment | Portugal | | | OECD country mean | | |
|---------------------------------|----------|------|--------|-------------------|------|--------|
| | All | Male | Female | All | Male | Female |
| Below upper secondary education | 68 | 66 | 67 | 79 | 81 | 76 |
| Upper secondary education | 100 | 100 | 100 | 100 | 100 | 100 |
| University-level education | 183 | 180 | 174 | 162 | 159 | 158 |

Source: OECD (1997a).

At the lower end of the earnings scale, though, the structure of wages may work against young people's employment. Although the minimum wage in Portugal is graded by age, the differentiation is less pronounced than in many other countries. For 15-17 year-olds the statutory minimum wage is 75 per cent of the adult minimum wage, and the full adult minimum wage is available to workers at age 18 (OECD, 1996c). Under these circumstances employers may well prefer to hire more experienced workers, and this could be part of the explanation as to why Portugal's ratio of youth to adult unemployment rates is higher than the OECD average (see Section 4). In mid-1998 legislation was enacted to prevent employers discriminating against young people on the basis of the minimum wage.

Human Resource Development

The formal educational attainment of the Portuguese adult population is relatively low. In 1995, only 20 per cent of 25-64 year-olds had completed at least an upper secondary education (Table 3) compared to an average of 60 per cent for OECD countries. Only about 7 per cent of 25-64 year-olds in Portugal have university-level qualifications, compared to an OECD country average of 13 per cent. The rapid rise in educational participation by young Portuguese in recent years means that the gap with other OECD countries will narrow over time. Even so, based on current educational participation rates, by 2015 the proportion of 25-64 year-olds in Portugal who have completed at least upper secondary education is projected to be still only half of the OECD country average (see Table 3). The generally low levels of education among Portuguese workers raise concerns about their capacity to adapt to economic and technological change.

Table 3 Percentage of the population aged 25-64 who have completed at least upper secondary education 1995, and projected 2005 and 2015

| | 1995 | 2005 | 2015 |
|----------------------|------|------|------|
| Portugal | 20 | 30 | 36 |
| OECD country average | 60 | 69 | 73 |

Source: OECD (1997a).

Since the 1974 revolution there has been markedly improved access to education. In 1995-96 some 57 per cent of 3-5 year-olds attended pre-school, 85 per cent of the relevant age group were enrolled in year 9 of basic education, and 55 per cent in year 12 of secondary education. Government policy objectives are to substantially increase these participation rates by 2000/01 to 76 per cent, 100 per cent and 66 per cent respectively. If these higher levels are achieved and sustained, the gap in educational attainment between Portugal and other OECD countries will narrow more quickly than Table 3 projects.

Government spending on active and passive labour market measures has been comparatively low by international standards (about 2 per cent of GDP in 1994 -- OECD, 1996c). A large proportion of these resources is supplied by the European Social Fund, and are directed to training and employment programmes managed by public bodies, private companies, trade unions, and employers' associations. While the quantity of training has undoubtedly increased substantially, concerns remain about its quality, especially in the absence of nationally recognised standards in skill achievement and qualifications. The 1996 Agreement on Strategic Planning is a promising development in this regard, with the commitment to harmonise the various qualifications awarded by the Education and Employment Ministries. We also see a need to ensure that the lessons from successful EU-funded programmes are applied to the mainstream education and training in which most young Portuguese are enrolled. This is not necessarily a straightforward task. Pilot projects are often successful due to factors that are hard to apply more broadly, such as small size, specially selected and enthusiastic staff, and generous start-up funding.

To help better integrate policy development and programme delivery for young people, in 1996 the Programme for the Integration of Young People in Working Life was formed under the auspices of a high-level contact group between the Education and Labour Ministries. This programme is seeking to develop a more integrated and articulated model of initial education and training, and to facilitate greater collaboration with industry. National associations of employers and trade unions play have played key roles in this regard through the 1996 Agreement on Strategic Planning that has sought to lift employment growth by partnership arrangements to stimulate investment in human resource development.

3. FEATURES OF THE EDUCATION AND TRAINING SYSTEM

Compulsory Basic Education

Since the school year 1987–88, nine years of schooling have been compulsory for Portuguese students, commencing at around age 6 and continuing to age 15. Compulsory education is divided into three cycles. The first cycle comprises years 1–4 of general education taught by generalist teachers; the second cycle covers years 5–6 and involves a basic introduction to interdisciplinary subject areas, normally taught by one teacher per subject area; and the third cycle involves years 7–9 where students are usually taught by specialists from different subject areas.

The three levels of compulsory education are provided in a wide range of institutional settings. In centres with large populations it is common for each level to be provided in a separate institution, while in smaller centres two or three levels are integrated in the one institution. The size of institutions varies widely, from large schools situated in the cities to smaller schools in the rural regions. Alternative programmes are available for those experiencing particular difficulties at school or who are at risk of leaving early. These programmes often include a practical component and some time spent in the workplaces of local enterprises.

The basic education sector also includes continuing education for those who are not of normal school age or adults who left school early. Often these programmes lead to a Level I or II vocational qualification³. These forms of provision are organised through the Programme for Educational Development in Portugal (PRODEP) which is supported by the European Social Fund.

3 In Portugal such qualifications are normally termed “professional” qualifications. In this report we have employed the term “vocational” qualification since it is used more commonly internationally.

In a noteworthy development in 1997/98 a pilot project commenced to link compulsory education to a level II vocational qualification. Organised through the Programme for the Integration of Young People in Working Life, this is aimed at young people who have completed year 9, but who do not wish to immediately continue with their studies. Its aim is to reach the objective in the Agreement on Strategic Planning of guaranteeing one year of qualifying training for those leaving the education system.

Although the period of compulsory schooling has increased to 9 years, and the network of schools has expanded considerably, the number of basic education students has been declining slowly due to the demographic trends noted in section 2. For example, there were about 1.5 million basic education students in 1980/81, 1.43 million in 1990/91 and 1.34 million in 1994/95.

Although 9 years of schooling is compulsory, not all young people are enrolled for that length of time. The drop-out rate ranges from about 2 per cent in year 5 up to 9 per cent in the 9th year. There are substantial regional variations in the drop-out rate from basic education. For example, the year 9 drop-out rates range from 5 per cent in the Lisbon region to 13 per cent in the Alentejo region. Young people who leave school with few or no qualifications are likely to face major problems in meeting the demands of modern economic and social life.

Guaranteeing at least 9 years of education is a high priority for Portuguese policy makers, and while there has been substantial progress in reducing the drop-out rate from compulsory schooling, this problem clearly needs on-going attention. As one policy response, vocational courses and apprenticeship programmes have been established for students who have not completed year 9. However, creating more diverse learning possibilities for students at risk without stigmatising them is a challenging task.

Whether curriculum diversification in basic education is successful or not depends, upon other things, on the flexibility that schools have in responding to individual needs and, not least, the qualifications and attitudes of the teaching profession. As a general issue, and one not confined to just compulsory education, the review team is interested in how to encourage schools and courses to be more responsive to the needs of students, and to foster innovations in teaching and course delivery. This theme is returned to several times during the paper.

Although the organisation of compulsory education is not a major focus of the transition review, we could not help wondering whether the three-level structure in Portuguese basic education may not be unnecessarily complex and add to the problems of educational management. In particular, it may be worth considering combining the first two levels into a single six-year span of primary education, since this could simplify curriculum development and teacher preparation, reduce student drop-out at the point of transition from one level to the next, and potentially increase the scope for scale economies.

Secondary Education

Secondary education in Portugal is not compulsory. The normal entrance age is 15, and the duration is 3 years, comprising years 10, 11 and 12. About 90 per cent of those who complete basic education now enrol in secondary education, and about 55 per cent of the relevant age group progresses to year 12. As noted earlier, the objective is to increase the year 12 participation rate to 66 per cent by 2000/01.

In 1996-97 there were around 350,000 students enrolled in regular secondary schools, which represents very substantial growth from the 280,000 enrolled in 1990-91, and the 137,000 who were enrolled in 1980-81. In some cases both compulsory education and secondary education are conducted in the same institution. About 12 per cent of secondary students are enrolled in private schools. Portugal is one of the few OECD countries in which secondary enrolments have expanded rapidly over the past 10-15 years.

This growth has been due mostly to an increase in participation rates rather than to an increase in the size of the age cohort. Expansion of this magnitude has required very substantial investments in school construction, teacher education and the development of support services.

After the 1974 revolution the separate technical school stream of secondary education was abolished, and secondary education is now dominated by general, or academic courses (COPSE), and is mainly regarded as preparation for higher education. Technological or vocational courses (COPS) geared mainly to the labour market are provided in secondary schools, and in 1996-97 just under 25 per cent of secondary students were enrolled in such courses.

The secondary education curriculum is organised around four broad groupings of subjects: natural-scientific; arts; socio-economic; and humanities. Within each of these areas there is a general course and at least two technological courses (the natural-scientific area has five technological courses, and the other three areas each have two technological courses). In total, therefore, the regular secondary curriculum contains four general courses and 11 technological courses.

Technological courses aim to link education to work and the local community. However, only one of the technological courses includes an internship in local enterprises as part of the formal curriculum plan. In the other 10 technological courses the inclusion of an internship or work experience depends on the initiative of the school, and overall the majority of students in the technological courses probably do not participate in such activities. The control of the technological courses rests firmly in the education sector. For the purposes of international comparisons, the technological courses are classified as school-based vocational and technical programmes (OECD, 1997a).

Students with better grades in basic education normally choose the general courses in secondary education, in large part because of the high status of university education and the types of employment it leads to in Portugal. The technological stream seems, therefore, to be mainly an option for students without the abilities or ambitions for the general academic stream. It seems to lack status in its own right. Transfer between the general and technological courses is in principle automatic, although we understand that relatively few students take up this possibility. The technological courses, though, do include a general education component and it is possible for graduating students to enter tertiary education from such courses, although the numbers doing so remain small. Entry to higher education in Portugal is not automatic after the completion of secondary school, but requires meeting a number of criteria including high academic performance.

Secondary school pathways with a vocational orientation and which also equip students to enter higher education are attracting increasing interest in OECD countries. However, a strong focus on educational quality is necessary if the qualifications from such pathways are to have real credibility with either higher education or employers. For example in Austria, where such courses have operated successfully for many years, the programmes last for a year more than regular secondary education, and involve students in extensive contact with enterprises. From what we understand of the secondary technological courses in Portugal, there are real concerns about programme quality in terms of preparing students for either tertiary study or direct entry to employment. We would add, though, that it should not be presumed that the general education courses are necessarily performing well in both regards either, although students from the general courses generally do perform better in national examinations than those from the technological courses.

During the visit we met several employers and some teachers who had been educated in the former technical schools, and who were concerned that the sector had been abolished in 1974. Indeed, one

employer argued that the loss of those schools, and the lack of a substantial apprenticeship system in Portugal, meant that the country had a 20 year gap in the production of technical workers. In our view, though, the way to remedy any gap in technical skills is not to reintroduce a binary system of secondary education in Portugal. Given the prestige attached to academic education, and to preparation for university study in Portugal, there would be a strong risk that a separate technical school system would become a second-best choice, and thereby fail to achieve its aims. As we argue in Section 5, a more productive strategy would be to strengthen the role of applied learning and workplace experience for all students within the existing comprehensive secondary schools.

Because of the ageing population in Portugal and the increased number of working women, there have been considerable efforts to provide training in new work opportunities in social support for the elderly and children. However, our impression is that the profile of the secondary technological courses is somewhat dominated by technical areas such as engineering and design, with relatively few programs aiming at the service sector, both private and public. The enrolment data support this impression. In 1995-96 around 38 per cent of all technological enrolments were in the Natural Sciences stream, and males comprised four-fifths of the students in that stream. The only other technological stream that matched Natural Sciences for total enrolments was the Socio-Economic area. This issue is relevant to gender equity, among other things. Overall, about one in three male students (32 per cent) were enrolled in a technological course, and about one in four female students (23 per cent). The fact that there are more males than females in the technological courses may in part be explained by the nature of the technological courses on offer in secondary schools. It should be noted, though, that compared to many other countries these gender differences are not large: in 1995-96 males comprised a little over one-half (54 per cent) of the students in technological courses.

The drop-out rates from secondary education appear to be reasonably high: in 1995-96 the drop-out rates were around 18 per cent from year 10, 12 per cent from year 11 and 25 per cent from year 12. There are suggestions that the drop-out rate from the secondary technological courses is higher than from the general academic courses. Drop-outs are not necessarily a major problem if the young people concerned are able to leave education with credits or partial qualifications that are recognised in the labour market, and which make it possible to re-enter education at some later stage. We have the impression that students who do not complete all three years of secondary education may struggle in both of these regards.

Professional Schools

One of the most interesting recent developments in Portugal has been the creation of institutions called professional schools to provide an alternative education and training pathway for young people. These primarily serve a similar age group as upper secondary education, and are supervised by the Ministry of Education, but they are quite differently structured to regular secondary schools. They are mostly operated privately by industry-based or regional organisations under a contract with the Ministry of Education. The review team visited two such schools in Lisbon, one owned by a private company and serving the multi-media industry (see Box 1) and the other operated by one of the major trade union federations and directed towards the business and public service sectors. These institutions are strongly geared to meeting industry needs, and graduating students appear to have little trouble finding employment.

In 1997-98 there were 162 professional schools (plus a further 63 annexes or delegations of such schools) with a combined enrolment of about 26,000 students, which is equivalent to about 6 per cent of all secondary education enrolments. They have expanded rapidly since their first year of operation in 1989-

90 when they enrolled just 2000 students, which was less than 2 per cent of the size of regular secondary education.

Box 1: Example of a Professional School

The Escola Profissional de Imagem in Lisbon is operated by a private company with links to a similar organisation in Spain. Founded in 1991, the school concentrates on imaging and communication courses for the audio-visual industries. These fields have expanded rapidly in Portugal since the opening up of the TV sector to private operators in 1993. Prior to that time almost all training in audio-visual occupations was conducted within the public broadcasting system.

The school currently has about 200 students spread over a variety of courses that range up to three years in length. The courses are directed mainly at secondary school graduates who wish to enter the AV industry and who are not planning to enter higher education. Entry to the school is highly competitive with around three applicants for each place. Students are selected on the basis of tests, work portfolios and interviews. The school does not want to grow any larger because to do so would jeopardise the teaching environment and also risk flooding the market with graduates in specialist areas. Students pay tuition fees, but the school also receives financial support from the Ministry of Education and the European Union. Scholarships are available for low income students, and around one-third of students receive some form of scholarship.

Commencing in 1993, the school also started to offer three year courses for younger students who had completed year 9 of compulsory education. These are an alternative to the technological courses in regular secondary school, and at their completion students are qualified for entry to either the labour market or higher education. As far as possible, the general education component of these courses is linked to a relevant technical area; for example, physics teaching is related to photography.

Given the nature of the industry, there is a particular emphasis on giving students the skills to be self-employed and to work as free-lancers. Because of the high cost of audio-visual equipment, former students are able to use the school's facilities to become established. The school aims to create a teaching environment that is as close as possible to the workplaces students will enter. The school has very close linkages with the audio-visual industry. Enterprises are regularly consulted about the profile of graduates skills and knowledge, enterprises lend equipment and provide genuine projects for students to work on, and most of the teachers also work in the industry. The employment rate of graduates is very high, and many are recruited before completing their course.

The professional schools allow students to acquire a Level III qualification, which is equivalent to that from year 12 of secondary education. The courses they provide vary widely in subject field, but they seem to have been particularly successful in emerging job markets such as tourism, information technology, and communications, in which traditional qualification structures are less well established. The courses are structured by components (socio-cultural, scientific, technical, and practical) that enable contact with the world of work by different means.

With an average size of around 120 students the professional schools are notably smaller, and perhaps therefore more entrepreneurial and personalised, than regular secondary schools, which average over 500 students each. The professional schools are able to obtain the advantages of small size principally because their programmes are focused on particular industry niches, and they do not offer the broad range of curricula that a regular secondary school typically does. Significantly, too, the students in the professional schools are normally highly motivated and have clear occupational goals. Survey data indicate that around two-thirds of them chose this form of education because they believed it would improve their job prospects. Only about 10 per cent chose the professional school route because they felt that it would provide a better means of entering higher education than regular secondary school.

However, a follow-up survey cited in the Background Report gives a mixed impression of the success of professional schools in preparing young people for work. Although those we visited had very strong employment rates, the wider survey data indicated that 18 months after graduation from professional school, just over one-half (52 per cent) were working, 21 per cent were studying, 8 per cent were unemployed and looking for a new job, and 19 per cent were unemployed and still looking for their first job. The latter figure is particularly worrying in terms of how well professional schools are fulfilling their main mission.

There is evidence that where graduates from a professional school obtain employment through contacts of the school itself, or through the training period spent in an enterprise, then a longer period is spent working for the company concerned. This finding has interesting implications. It suggests that the graduates of regular secondary schools could also benefit if their schools monitored more closely their progress in the labour market, and intervened where appropriate.

The professional schools help to meet the needs of significant, though minority, elements of both young people and industry in Portugal. The interesting policy question is whether some of the features that seem to make them successful can be incorporated into the regular secondary schools in which the majority of young Portuguese enrol.

Tertiary Education

Two main types of institutions comprise tertiary education in Portugal: universities and polytechnics. While universities are part of a long tradition in Portugal (the University of Coimbra is one of the world's oldest universities), polytechnics belong to the post-revolution era. Polytechnics offer shorter undergraduate courses (mainly four years against five years in the university sector), they do not have Master's or PhD programmes, and their mission is to focus strongly on meeting industry and regional needs. Polytechnics have had a sharp increase in enrolments during the last 15 years, and by 1995/96 they enrolled just under 40 per cent of students at under-graduate level.

However, the institutional landscape is more complex than a simple division into universities and polytechnics suggests. New universities with strong ties to regional economies have also been created over the past 20 years, and there is an increasing number of private institutions in tertiary education. In 1980/81 private institutions enrolled just 10 per cent of the 85,000 students in the tertiary education sector. By 1996/97 they enrolled about 35 per cent of a much expanded sector that in total enrolled some 340,000 students. Portugal has achieved faster growth in its tertiary education sector over the past 10 years than has any other OECD country, and the private sector has absorbed about 40 per cent of this growth. Diversity of institutional management and structure, and institutional competition, are distinctive features of tertiary education in Portugal. Further blurring in the institutional landscape results from the fact that polytechnics are able to be established within formal university settings, as is the case at the University of Aveiro (see below).

About two-thirds of those who complete secondary school enrol in tertiary education shortly thereafter. When allowance is also made for entry by mature-age students (although there does not seem to be a lot of this in Portugal), about 30 per cent of all 18 year-olds now enrol in tertiary education either straight from secondary school or by the time they reach their mid-20s, a participation rate that is close to the OECD average. Enrolment in tertiary education has increased rapidly. This increase derives partly from Portugal's entry into the European Union, leading to additional support for the reform and development of education at all levels and stimulating rapid economic change. The number of students more than doubled between 1990 to 1996, and has quadrupled since 1980. Growth in overall size of the tertiary education

sector has been associated with decreasing inequality in regional access, as many of the newer institutions have been established outside the main cities.

The strong increase in student numbers should be seen in connection with the fact that enrolment in tertiary education in Portugal was previously very low, but it is now approaching the level of other most other OECD countries. This development is impressive, but such rapid growth has raised questions about quality and the short-term capacity of the economy to make use of the enlarged supply of graduates. A number of people we spoke to expressed concern that the establishment of new courses and institutions, especially in the private sector, has brought too much diversity and too little coherence into the system. Drop-out rates from tertiary education seem to be particularly high, perhaps up to 40 per cent. This may reflect a gap between existing programmes and teaching approaches and the needs, interests and background of the new generation of tertiary students, and insufficient or unevenly distributed resources.

Access to tertiary education is relatively open, and most students enter after 12 years of schooling through a combination of results based on performance in the national admission examination and school-based assessment. Placements in high-status programs and institutions are rationed. It seems that few enter tertiary education from secondary technological courses or professional schools. This could be either because they lack the general education background to do so, or because they find ready employment in the labour market. From what we understand, the former explanation seems to apply more strongly in the case of the secondary technological courses, and the latter in the case of the professional schools.

Other Forms of Initial Training

In addition to institutions managed by the Ministry of Education, Portugal has a variety of training programmes for young people that are the responsibility of the Ministry of Labour and Solidarity, and of the Secretary of State for Youth. In policy terms, a distinction is made between training incorporated through the education system (and managed by the Education Ministry), and training incorporated in the labour market (and mostly managed by the Labour Ministry). The separation of ministerial responsibility in this manner, which is similar to that in almost all OECD countries, requires extensive collaboration to ensure that policy development and implementation is coherent and consistent across the education and labour market areas. As is elaborated below, Portugal has recently taken moves to strengthen links between the two Ministries.

In the case of the Labour Ministry, initial training programmes are located mainly in the Vocational Training Centres and Employment Centres that are operated by the Ministry's Institute for Employment and Professional Training (IEFP). The programmes operated by another branch of government, the Secretary of State for Youth, are based in the Portuguese Institute of Youth. The Institute conducts programmes in each region of the country that provide an interesting mix of social support, information and training for young people.

Apprenticeships

Apprenticeships have been in place in Portugal since only 1985, and at this point they involve only a relatively small proportion of young people. In 1997 there were about 15,000 apprentices in training in Portugal, which was equivalent to about 4 per cent of the number of young people enrolled in secondary education. The apprenticeship system, which is managed by the Ministry of Labour and Solidarity in collaboration with the Ministry of Education, is aimed mainly at 15-25 year-olds. Representatives of employers and trade unions are also involved in the development of the apprenticeship system.

The apprenticeship courses last between one and three years depending on the occupational field and the young person's background, and involve a combination of study in a professional training centre and practical training in a workplace. As the course progresses, apprentices spend more time in the workplace. The workplace component involves the young person in a contract with the employer, but overall responsibility for their progress rests with the IEFP. Apprentices are not paid a wage, but receive a small allowance to assist with travel and other expenses. The structure of the economy, dominated as it is by small- and medium-sized businesses and having a labour force with low levels of formal qualifications, is a major obstacle to the further development of the apprenticeship system in Portugal. There are examples of groups of employers collaborating to provide apprentices with a variety of workplace experiences, but these do not seem to be extensive.

In the past, apprenticeships were mainly geared to those with low levels of formal education, and were designed to provide a basic vocational qualification. As the general levels of education of those starting apprenticeships have been rising, reforms have been introduced to allow credits for general education courses taken in school, and thereby reduce the overall training time.

There is evidence of a high rate of employment (at least 80 per cent in most regions) for those who complete their apprenticeship, with most employed in the enterprise where they did their workplace training. Despite these impressive figures, and the relatively low drop-out rate from apprenticeship courses, it seems to be difficult to persuade students, their parents and teachers about the value of apprenticeships.

Initial Qualifications through Vocational Training Centres

There are two types of Vocational Training Centres that operate within the scope of the Institute of Employment and Professional Training (IEFP) of the Labour Ministry. Those directly managed by the Institute were established in the 1960s, whereas those with a more participatory management structure involving industry or regional organisations were piloted in 1980 and given legislative status in 1985. The Centres were originally intended to provide an initial vocational qualification for those with only six years of basic education. The essential purpose was to provide accelerated vocational training to help meet the growing need for semi-skilled workers in construction and manufacturing. However, with the general rise in educational participation over the past 15 years, and the gradual lift in qualifications of the Portuguese labour force, most of the trainees have now completed at least nine years of schooling and, some programmes require 11 years of school background. The training programmes have also been progressively redesigned to increase their technical components and to reflect demands in new occupational areas.

The Training Centres therefore provide an alternative route into the labour force for those who do not wish to continue in secondary school or for whom the professional schools are not suitable or available. The young trainees we spoke to commonly complained that school was boring and not relevant to their interests. Compared to the programmes in other institutions, those in the Training Centres normally include a lower proportion of general education, as it not anticipated that the Training Centre graduates would go onto higher education. However, compared to the technological courses in secondary schools at least, the Training Centres seem to offer young people the chance to learn using better equipped facilities and with instructors who have closer links to industry.

The Training Centres also provide the facilities and staff for the theoretical component of apprenticeship training, continuing training for those who are already employed, and courses to train the trainers in a

variety of private and public enterprises. Most of the Centres' programmes aimed at young people are fully publicly funded (with substantial input from the European Union), while fees are charged for those geared more directly to enterprise needs. The mix of programmes, funding sources and personnel working in the Training Centres and the entrepreneurial character evident in the management of the Centres, means that the Training Centres are closely attuned to the needs of local industries, and the young people who complete the initial training programmes normally have little difficulty in finding work.

In 1997 there were some 13,000 young people engaged in acquiring initial vocational qualifications through the Vocational Training Centres, which was a similar number to those engaged in apprenticeships. These courses mainly provide a basic qualification for those with at least nine years of schooling.

One interesting finding is that, in terms of employment placement, trainees from the centres managed in a co-operative arrangement with industry or regional organisations generally do better than those from the centres managed directly by the IEFPP. This is presumably because the jointly managed centres are more closely attuned to regional labour market needs. This is suggestive of the benefits that can come from closer linkages between education and training institutions and industry.

Some initial and continuing vocational training is also provided by other government bodies such as the Ministries for the Economy, for Culture, and for Agriculture, Development and Fisheries. The programs from such agencies are targeted to particular groups of young people, for example those in rural areas.

Employment Centres and Young People

The Employment Centres act as the point of first contact for people seeking jobs, and for employers who wish to recruit staff. The Employment Centres collaborate with the Vocational Training Centres in running labour market training programs, for example by assisting with trainee selection and work placement after the completion of training. Through their contacts with employers, and knowledge of local labour market conditions, the Employment Centres provide yet another source of information to the Training Centres on training needs. The Employment Centres appear to be well staffed with counselling and guidance personnel, and the national database on job vacancies is being improved

Two features emerged in talking with staff in the Employment Centre in Coimbra that we visited. First, geographical mobility among young people seems to be very low in Portugal. Young people generally do not wish to move far from home when locally available job options or education and training programmes do not fit with their expectations or wishes. This is perhaps understandable for young people in the Central Region where Coimbra is located, since that area has a strong local economy and a range of education and training facilities close at hand. It seems, however, that few young people move there from other, more economically depressed regions, despite the fact that the Central Region has labour shortages.

The second feature of note was the fairly restricted nature of the contacts between the Employment Centres and local educational institutions. The career and guidance programmes run by schools and tertiary institutions did not seem to make a great deal of use of the Employment Centre's information base, staff or facilities when advising students, or indeed in re-thinking the relevance of curriculum offerings. The impression we formed was that the contacts which had been made tended to be at the initiative of the Employment Centre, rather than from the educational institutions. Further attention could perhaps be directed to how to improve communications and resource sharing between the Employment Centres and schools and tertiary institutions.

The Portuguese Institute of Youth

The regional centres (or delegations) of the Portuguese Institute of Youth provide another channel for young people to access education and training opportunities. These are a network of storefront centres administered by the Secretary of State for Youth, with the main objective of meeting a range of needs of voluntary associations representing diverse elements of Portuguese youth. The Institute's regional centres are able to play a brokerage role between youth and other social agencies by being accessible to young people in a supportive environment. From what we observed in the Leiria Region, the youthfulness of the staff involved, and the Institute's flexible opening hours and well-equipped facilities, enable them to provide youth services in a way that many young people find to be attractive and accessible. For example, the information tools made available (Internet connections, newsletters, and all sorts of documents) seem to be up-to-date and appealing.

As well as general information and support services, the Institute's regional centres are directly involved in some training and employment programmes. For example, they manage the AGIR programme for unemployed tertiary graduates (see Box 2).

The Portuguese Institute of Youth and its regional centres are an interesting attempt to provide a "one stop shopping" approach to youth services, and to help provide connections between the various programmes offered by the Education and Labour Ministries. The review team was left wondering, however, about the strength of the connections among these various elements, and how they may appear from the perspective of young people themselves. The impression we formed is that while the programmes run by any one branch of government may be coherent in their own sphere of operations, they may not be so coherent among the agencies themselves. As such, young Portuguese may be faced with a somewhat fragmented picture of where they can turn to for assistance.

Box 2 : The AGIR Programme for Unemployed University Graduates

The recent phenomenon of high rates of unemployment among tertiary graduates in Portugal has prompted particular attention on strategies to get unemployed graduates into jobs. The AGIR programme, which is administered by the Secretary of State for Youth through regional centres of the Portuguese Institute of Youth, includes a strand to place young unemployed graduates in the job market. The programme is open to degree holders aged less than 30 years who are looking for their first job and/or have been unemployed for less than a year. Over the course of 8 months it involves 240 hours (one day per week) of structured programmes in project management, time management, communication, and decision making. These classes are conducted at the regional youth institute and are intended to add a sharper vocational edge to the university qualifications held by participants. The other four days per week are spent in subsidised employment at a carefully selected local employer. The employers are screened to ensure that a genuinely new position has been created and that no job displacement occurs. The employer has to agree to provide a minimum of 12 months employment at regular wage rates after the programme concludes. The enterprise also has to provide structured workplace supervision and training for the young graduate. In selecting employers preference is given to enterprises that have had little experience of employing graduates in the past, so as to increase their awareness of the value of highly qualified labour.

On average about 50 per cent of the young graduates in the AGIR programme have full-time jobs in the year after the programme; about two-thirds of these are with the participating enterprise, and one-third with other enterprises. The success rate tends to be higher in regional areas than in Lisbon. Important factors in the programme's operation are the chance it provides for both the young graduate and the enterprise to learn more about each other, the combination of theoretical and practical training, and the on-going individualised support provided to both the graduates and employers by the Youth Institutes.

4. ISSUES IN THE TRANSITION FROM INITIAL EDUCATION TO WORK

Chapter 4 of the Background Report summarised the main concerns of the Portuguese authorities' about young people's transition to work in the following terms:

- the structure, organisation and curricula of the education and training systems;
- the orientation of the schools and the vocational training institutions;
- the structure and operations of the employment market;
- the co-operation between education and employment structures at regional and local level; and
- the articulation between the ministries responsible for the education and training systems.

This is a formidable listing of problems. While the review team basically agrees with the diagnosis provided by the Portuguese authorities, one contribution of a comparative review like is to point out where the system is doing well, and perhaps to suggest some priority areas to which efforts could be directed rather than attempting to tackle all problems at once. In this section, we elaborate where we feel the main concerns lie. In the final part of the paper, Section 5, we suggest some of the broad policy directions that could now need to be considered.

In approaching this discussion, we want to briefly return to the main organising theme of the transition review: young people's transition from education to work needs to be seen in a lifelong learning

perspective. That is, overcoming the problems of transition involves more than getting young people into work, vital though that is. It is also important that young Portuguese have the knowledge, skills, and attitudes to be active learners throughout their lives. Achieving this goal requires a high-quality system of initial education and training, as well as structures and pathways that provide effective transitions from education to the labour market, and back again.

Trends in Youth Unemployment

In 1996 the unemployment rate among 15-24 year-olds stood at 17 per cent, compared to 10 per cent in 1992 and 1994. The rise in youth unemployment during the 1990s has caused considerable concern in Portugal. However, to put this in perspective, the unemployment rate among 15-24 year-olds in Portugal was close to the OECD average in 1996 (see Table 4), and it was substantially lower than in other Southern European countries (Spain, Greece and Italy) that to a large degree have similar economic structures. Overall, about 1 in 14 Portuguese aged 15-24 was unemployed in 1996 compared to 1 in 10 in Greece, 1 in 8 in Italy, and 1 in 5 in Spain. Although the Portuguese authorities are quite rightly not complacent about youth unemployment, Portugal's performance in this regard has had some positive aspects, especially when account is taken of the large number of young people entering the labour market over the last 10 years (see Appendix 3).

Table 4 compares several indicators of youth unemployment in Portugal in 1996 with the 28 other OECD countries. On most of the indicators Portugal lies close to the average. The major features are as follows.

- The labour force participation rate for 15-24 year-olds in Portugal, at 44 per cent, is slightly less than the OECD country average (51 per cent). Out of the 29 OECD countries Portugal has the 18th highest value in this regard. Those countries with higher rates of youth labour force participation are either those where many young people hold apprenticeships and hence are classified as employees (e.g. Austria, Denmark and Germany) or where many full-time students work part-time (e.g. Australia, Canada and the United Kingdom and USA). These forms of youth labour force participation are present in Portugal, but to a lesser extent than in many other OECD countries.
- The unemployment rate for 15-24 year-olds in Portugal was 17 per cent in 1996, which was almost exactly the average rate for OECD countries (16 per cent). However, the average rate is inflated somewhat by several countries with very high youth unemployment. When Portugal's ranking is calculated, it has the 10th highest youth unemployment rate among the OECD countries.
- The combination of slightly below-average youth labour force participation and an average youth unemployment rate meant that in 1996 that the ratio of unemployed youth to the 15-24 year-old population in Portugal (7 per cent) was just below the OECD country average (8 per cent).
- Adult unemployment in Portugal in 1996 was slightly lower (6 per cent), than the OECD country average (7 per cent). Accordingly, the ratio of the youth to adult unemployment rates was a little higher in Portugal (2.6) than on average in the OECD (2.4). On this particular indicator Portugal was in the highest one-third of OECD countries. This implies that, compared with most OECD countries, Portuguese youth fare relatively worse in the labour market than adults. Taking a longer-term view, though, even this indicator of youth labour market problems has been gradually improving. In 1980, the ratio of youth to adult

unemployment rates to Portugal stood at 3.8 to 1, and in 1990 at 3.0 to 1. By this measure, Portuguese youth have become more competitive in the labour market.

Table 4 Unemployment indicators, 1996

| | Labour force participation rate, 15-24 year-olds, % | Unemployment rate, 15-24 year-olds, % | Unemployment as a % of population, 15-24 year-olds | Unemployment rate, 25-54 year-olds, % | Ratio of youth to adult unemployment |
|------------------------------------|---|---------------------------------------|--|---------------------------------------|--------------------------------------|
| | (A) | (B) | (A*B) | (C) | (B/C) |
| Australia | 70 | 15 | 10 | 7 | 2.2 |
| Austria | 60 | 7 | 4 | 5 | 1.4 |
| Belgium | 33 | 21 | 7 | 9 | 2.4 |
| Canada | 62 | 16 | 10 | 9 | 1.9 |
| Czech Republic | 50 | 7 | 4 | 3 | 2.2 |
| Denmark | 74 | 11 | 8 | 6 | 1.8 |
| Finland | 45 | 25 | 11 | 14 | 1.8 |
| France | 29 | 26 | 8 | 11 | 2.4 |
| Germany ¹ | 56 | 8 | 4 | 8 | 1.0 |
| Greece ¹ | 37 | 28 | 10 | 7 | 3.8 |
| Hungary | 37 | 18 | 7 | 9 | 2.1 |
| Iceland | 60 | 8 | 5 | 3 | 3.4 |
| Ireland | 44 | 18 | 8 | 11 | 1.7 |
| Italy ^{1,2,3} | 39 | 32 | 13 | 9 | 3.6 |
| Japan | 48 | 7 | 3 | 3 | 2.5 |
| Korea | 35 | 6 | 2 | 2 | 3.8 |
| Luxembourg | 41 | 9 | 4 | 3 | 3.4 |
| Mexico | 53 | 7 | 4 | 3 | 2.4 |
| Netherlands | 66 | 12 | 8 | 6 | 2.2 |
| New Zealand | 68 | 12 | 8 | 5 | 2.4 |
| Norway ⁴ | 60 | 12 | 7 | 4 | 3.4 |
| Poland ¹ | 40 | 31 | 12 | 12 | 2.7 |
| Portugal | 44 | 17 | 7 | 6 | 2.6 |
| Spain ⁴ | 44 | 42 | 19 | 19 | 2.2 |
| Sweden ⁴ | 48 | 16 | 8 | 7 | 2.2 |
| Switzerland | 64 | 5 | 3 | 4 | 1.3 |
| Turkey | 47 | 13 | 6 | 4 | 2.9 |
| United Kingdom ⁴ | 71 | 15 | 10 | 7 | 2.1 |
| United States ⁴ | 66 | 12 | 8 | 4 | 2.8 |
| Country average | 51 | 16 | 8 | 7 | 2.4 |
| Portugal's rank⁵ | 18th | 10th | 16th | 15th | 10th |

Notes:

1. 1995

2. 14-24 year-olds

3. 25-59 year-olds

4. 16-24 year-olds

5. Portugal's position in the 29 countries ranked from the highest value to the lowest.

Source: OECD (1997c).

A further welcome improvement in Portugal in recent years has been the steady decline in the proportion of 16-19 year-olds who are in neither education nor in employment. Teenagers who are neither studying nor working would seem to face particularly severe risks in making a successful transition to stable employment. Preliminary analyses of data from Eurostat, the European statistical agency, indicate that in 1996 there were about 9 per cent of 16-19 year-old Portuguese who were neither in education or employment, whereas the proportion in 1986 was almost twice as high at 17 per cent. This improvement has been mainly due to increased participation in education, although it is worth noting that the percentage of 16-19 year-old girls outside both education and work remains much higher than the equivalent percentage of boys. Clearly, special attention needs to be paid to the problems of young girls in making the transition to work.

The gender differences in transition are evident in Table 5, which compares unemployment rates for males and females one year after having left secondary education. Young women experience notably higher unemployment rates than young men, and the gender gap is larger in Portugal than in other OECD countries for which comparable data are available.

Table 5 Unemployment rate for persons having completed their education, one year after completion, by highest level of educational attainment and gender

| | Leavers from lower secondary school) | | | Leavers from upper secondary school) | | |
|------------------------------|--------------------------------------|-------|-----|--------------------------------------|-------|-----|
| | Men | Women | All | Men | Women | All |
| Portugal, 1994 | 23 | 40 | 32 | 19 | 28 | 25 |
| Country average ¹ | 28 | 40 | 33 | 28 | 33 | 30 |

Note:

1. The average of eight other OECD countries: Australia 1995; Denmark 1995; Finland 1995; France 1995; Ireland 1995; Poland 1994; Spain 1994; United States 1995.

Source: OECD (1997a).

In addition to the relatively high unemployment rates among young women, there are two other respects in which the recent performance of youth unemployment in Portugal is more worrying than the data in Table 4 would imply: high unemployment rates among well-educated young people; and the high proportion of the young unemployed who have been out of work for 12 months or more.

As was noted in Section 2, unemployment rates in the 15-24 age group are currently higher among young people with better qualifications. In 1996, the unemployment rate among higher education graduates was 25 per cent, compared to 19 per cent for those with year 12 or year 9 qualifications, 12 per cent for year 6 qualifications, and 15 per cent for those with up to 4 years of schooling. The positive relationship between the youth unemployment rate and the level of educational attainment evident in 1996 also applied in 1992 when overall unemployment was much lower. Interestingly enough, among workers of all ages those with higher education qualifications have a lower unemployment rate (5 per cent in 1996) than those with fewer qualifications (e.g. 10 per cent for those with year 9 qualifications), which is more in line with what happens in most OECD countries. This implies that unemployment among young graduates in Portugal may be a short-term phenomenon and that they are soon absorbed into the labour market.

Nevertheless, the fact that young Portuguese who are well qualified experience such high rates of unemployment shortly after graduation clearly raises important issues about the transition process. Also worrying for Portugal is the composition of the young unemployed: in 1995 around 40 per cent had been unemployed for 12 months or more. Among the 15 EU countries there were only five that had a higher

concentration of long-term unemployed among the young (Eurostat, 1997). From what we were told, quite a high proportion of the long-term unemployed are young people with tertiary educational qualifications.

Concerns in Basic and Secondary Education

From a lifelong learning perspective, it would seem that there are concerns with skill and knowledge development within basic and secondary education. We were told several times during the visit about the relatively low performance of Portuguese secondary school students in international studies of mathematics and science. The evidence seems to support this concern (OECD, 1997b). Among the 18 OECD countries who participated in the 1994-95 international study, Portugal had the highest proportion of 13 year-olds who scored poorly in science (about 30 per cent), and the highest proportion who scored poorly in mathematics (about 40 per cent). There was good news, though, in regard to reading: a 1991 survey showed that Portugal had the third lowest proportion of students (about 7 per cent) who performed poorly in reading. Literacy is clearly of critical importance to lifelong learning, and an investigation into the reasons for the strong performance of Portuguese students in reading could give important insights into how performance in mathematics and science could be improved.

A high priority is to further reduce the drop-out rate from basic education. Both regional and socio-economic differences exist in the drop-out rate from compulsory education, which indicate important differences in various segments of the population concerning the value of education, as well as the availability of jobs for those with low qualifications. In responding to individual learning needs there is a risk that courses designed specifically for students with learning difficulties or behaviour problems can have a stigmatising effect. The difficult balance is to achieve individualised teaching but within a common curriculum framework that prevents some students finding themselves in dead-end tracks. As noted earlier, the review team also raises the question of whether the division of basic education into three cycles is an obstacle to the achievement of 100 per cent completion of compulsory education.

Today about 90 per cent of the age group enter upper secondary education after year 9, and about 55 per cent progress to year 12. These participation rates are much higher than those of even ten years ago, and indicate that the secondary school system has been able to respond to the pent-up demand for education among the Portuguese people. However, each percentage point gain in education participation tends to require proportionately more changes in the school system. Moving from current participation levels to the government targets for 2000/01 -- 100 per cent transfer to upper secondary education, and 66 per cent participation in year 12 -- could require changes as significant as those that have already taken place.

Creating a broader set of opportunities within secondary education, and improving learning environments are two important steps that need to be taken. Secondary education needs to be more diversified; both to meet the interests and abilities of more young people, and to better prepare them for future employment and further study. Problems related to program structure, content, and teaching quality have to be addressed so that the secondary school system is able to provide adequately for the needs of close to 100 per cent of the age group. We have already indicated -- as does the Background Report and most of the people we spoke to -- that secondary education is presently too subordinate to the requirements of tertiary education. From what we have seen, the physical environment for learning, and equipment levels, could also both be considerably improved.

A more diversified secondary education system is important not only to improve employment preparation, but also to prepare for tertiary education, which has itself become much more diverse during the last decade. In our view, the present division into general academic and technological streams is not an

adequate response to the need for greater diversification in secondary education. From what we were able to observe and read, in many cases the technological stream is neither a good preparation for work nor an adequate alternative pathway to tertiary education. Its status and quality seem to be too uncertain to perform as a real alternative to the general stream. Students in the technological stream appear to have little sustained contact with the world of work, and those in the general stream none at all.

There are many reasons for strengthening employment preparation within the school system for all young people. The fact that Portugal has many small enterprises limits the possibilities for training in the broad competences necessary for adaptation within a rapidly changing economy. To be prepared for changes in the labour market, workers need formal qualifications that secure access to new work, not only their experiences from a single enterprise. The development of a knowledge-based economy and society does not only imply an increase in demand for those with tertiary qualifications. In most countries, it is the intermediate-level of skilled jobs that is increasing in greatest number. This will require balancing the multi-skilling of young people through a broad curriculum, and the specific demands of the job market.

Concerns in Tertiary Education

A sizeable, and increasing, proportion of young Portuguese now make the transition to work after at least some experience of tertiary education. Accordingly, the nature of young people's tertiary education experience, and the connections between tertiary institutions and the world of work are significant parts of transition policy making as a whole. Policy making on tertiary education was the focus of an earlier OECD review, and visits to tertiary institutions formed only a small part of our review visit. However, we offer the following observations, based on our limited experience, which are broadly consistent with more detailed analysis of the tertiary sector.

There seem still to be divisions between the old, traditional universities and the newer institutions. The division of labour between the universities and the polytechnics does not seem to be very clear -- a problem that is not unique to Portugal. The rapid growth of the tertiary sector, including both public and private institutions, also raises questions about how quality is defined, assessed and maintained in a large, diverse system, and how standards are established and conveyed to all stakeholders.

The long duration of university study is likely to contribute to the relatively high rate of non-completion or at least to prolonged studies. At present no national data are available on student flows into and through tertiary education, or from tertiary education into the labour market. Few tertiary institutions appear to conduct follow-up surveys on student destinations, or maintain contact with former students after they leave the institution. Some institutions are moving to remedy this gap (see Box 3 for an example), and there are some welcome national developments underway including a recent study commissioned by Ministry of Education and a longitudinal database being planned by INOFOR.

The rapid growth in tertiary enrolment results in a strong generation gap in access to tertiary education, and one might expect a high proportion of adult students. This seems not to be the case; as there are few part-time adult students. If the dropout rate is as high as 40 per cent, one should also expect a high number of students re-entering tertiary education, but there seem to be few re-entry points into the system. In this respect the private institutions may be best placed to find ways to respond to these needs, and positive experiences transferred to public institutions.

As noted several times, unemployment among young tertiary graduates is relatively high when compared with most other OECD countries. This may be due to the rapid expansion in tertiary education, but there may be other reasons as well. The growth in public sector employment has slowed, some course offerings may lack relevance to labour market needs, and graduates may have unrealistic expectations about the

types of jobs and income level they should have. Tertiary institutions, however, are showing some signs of movement towards more evening courses, industry-funded research, courses established by close institution-industry contact (such as the recent formation of the Higher Education-Company Council), and more competition for publicly-funded research. Lack of data and the great variety within the tertiary sector make an accurate assessment of the situation difficult.

As in many other countries, the majority of tertiary graduates have traditionally found employment in the public sector. However, with the decline in public sector spending in Portugal, and the privatisation of many public services, more and more graduates will work in the private sector. Although there are promising examples of stronger links between tertiary education and private employers (see Box 3), many employers may not have had much experience with tertiary qualifications or tertiary education more generally. As is recognised by the authorities, there is a need to improve the information value of tertiary qualifications, and to build a system to assure accountability and quality.

Concerns in Education-Industry Linkages

The Portuguese economy has a high proportion of small and medium-sized enterprises (SMEs). SMEs cannot afford a high turnover rate: when a small enterprise recruits someone -- a young person for instance -- the new employee must be the right person because any one worker has a proportionately large impact on the performance of a small firm. The problem is exacerbated when, as is often the case, SMEs cannot afford to pay for the extensive training of workers, or lack the facilities and staff to do so. The SMEs are thus particularly dependent on the training provided within the education system, or the training organised by groups of small firms perhaps in conjunction with the education system. The high proportion of SMEs in the economy, and their limited capacity to further develop workers' skills, could help to explain why expenditure on research and development in Portugal is particularly low, and foreign direct investment in Portugal has been declining during the 1990s (OECD, 1996c).

The fact that young people who do not complete secondary school do not appear to have great difficulty in finding work in Portugal indicates that transition success does not rely *only* on factors such as skills and qualifications. There is some evidence presented in the Background Report that personal contacts play an important role in young people obtaining their first job (30 per cent of professional school graduates reported success in this way, compared to only 12 per cent who had answered advertisements). It may well be that the strong emphasis in the Portuguese economy on small, family-owned enterprises creates job opportunities for young people who may struggle to obtain work in other circumstances. This hypothesis is supported by evidence in the Background Report that small enterprises disproportionately employ people with low qualifications: about two-thirds of their workforce has no more than six years of formal education.

This feature of the Portuguese labour market has two implications for the transition process: first, it reduces the incentive for young people to continue with their initial education; and second, the lack of formal qualifications and skills makes these workers, and the enterprises that employ them, vulnerable to economic and technological change. Almost half of the small enterprises indicate that their workers need more training; most of these companies belong to the commercial and manufacturing sectors, industries that are especially subject to technological change. However, most on-the-job training in Portugal is carried out by larger enterprises.

Box 3 : Industry Links at the University of Aveiro

The University of Aveiro is a relatively new institution, that began in 1973 with a degree in electronics engineering to meet the needs of the national postal and phone companies, which had research and development bases in the region. This was followed in 1974 by a degree in glass and ceramic engineering which is another important industry in the regional economy. This course, which was designed in consultation with local enterprises, led to the establishment of an Industry-University Council to provide on-going advice on industry needs. The University has since expanded into a wide range of areas, including teacher training. One particularly notable development has been a management-type engineering degree intended to meet the needs of small enterprises that would not be able to employ engineers in specialist fields. The University has recently introduced Portugal's first tourism degree course.

Most undergraduate degrees are four or five years in length, with the final year being mainly enterprise-based and involving students working on industry problems and presenting their results in a university seminar. It is estimated that around 80 per cent of Aveiro graduates find their initial employment in the enterprise in which they did their final-year project or work placement. About half the students come from the Aveiro region, and most find work in the area. Few students enrol from secondary school technological courses, although this is changing with the University's recent sponsorship of a new polytechnic institution (see below). A recent study, jointly sponsored by the university and the graduate students' association, estimated graduate unemployment at 2 per cent, well below that for Portugal as a whole. This was the first follow-up survey of Aveiro graduates, and it is hoped to repeat it every two years and thereby improve its coverage and design.

The failure rate in first year tends to be fairly high, but overall the effective drop-out rate is low because students change courses or shift to other institutions, especially private universities. On average, students take 6.5 years to complete a 5-year degree. The University maintains close contact with industry to monitor changing personnel needs. For example, a recent survey of the chemical industry indicated that employers are placing increasing emphasis on graduates' communication skills and the ability to work in groups. These links are reinforced by research projects, especially in engineering, that are industry focused. It is also possible for suitably qualified industry personnel to teach at the University. A university-enterprise office has been established to maintain a database on industry requests for work placements, skill profiles, and joint research projects.

The university has been active in UNAVE, an EU-funded program to stimulate vocational education and training in the tertiary education sector. Feedback to UNAVE from industry indicated that although young graduates were well equipped with technical skills and knowledge, they often lacked understanding of enterprises' organisational culture, and had few financial or social skills: "the young graduates are oriented to scientific activity, not production activity". More recently the University has helped to establish UNEFOR, a non-profit organisation set up to encourage university-business partnerships in the local region. UNEFOR plays a brokerage role between educational institutions, industries and local government agencies. Their work includes the placement of Portuguese university graduates in enterprises in other EU countries, and the placement of other EU graduates in Portuguese enterprises.

The University has recently sponsored the establishment of a new polytechnic institution, the Higher School of Technology and Management at Agueda. Staffed by university academics, the new institution aims to provide 3 year degrees in electronics and mechanical engineering closely linked to local industrial needs in small enterprises, and in geographical engineering, which is intended to meet needs on a national level. Only 45 students are enrolled at present, but there are plans for expansion to approximately 600. The teaching approach focuses on practice in laboratories, and liaison with local firms. It is also intended to provide retraining for the existing workforce in engineering enterprises. The development seems promising, but whether the courses may be too specific, and not necessarily equip students to play wider roles and participate in further university studies is an open question.

In this regard, it could be useful to complement traditional measures of transition problems, such as the youth unemployment rate, by indicators of the labour market position of young Portuguese well after they have left school, say at about 30 years of age. The relative speed of the transition to work of young people with low qualifications may be paid for later on in terms not being able to adapt to changes that take place at work or the wider economy. Although, here it must be said that Portugal's performance appears relatively good. In 1995 the unemployment rate of Portuguese aged 25-29 who had left before completing upper secondary education was 9 per cent, which was well below the average for other OECD countries of 17 per cent (see Table 1).

An important step towards improving connections between education and industry would be to lift the visibility of the Portuguese vocational preparation system and the qualifications it provides. If employers had a clearer understanding of what knowledge and skills particular qualifications certify, and have confidence that those competences are important for their business, the bargaining position of young people in the labour market would be improved. Under the present circumstances, where employers often seem to have little understanding of what young people's education and training qualifications actually signify, older workers with labour market experience are at even more of an advantage. The moves towards a national certification system that are currently underway are strongly supported by the review team. Among other things, a national certification system will make it easier for young people who wish to work in other parts of the country.

The extent to which industry's views should shape education policy is a difficult matter to decide. Many educational and training institutions doubtless feel that employers' expression of their needs focus too much on the short-term and the immediate, whereas the educators' mission is a broader one, and focused on the long-term development of young people in all their dimensions, not just those related to employment. Of course, there must be an intermediate position which revolves around industry and educators having more opportunities to meet and discuss their respective views, and for information flows between the two sectors to be improved. We understand that there is little tradition in Portugal of employers, trade unions, educators and policy makers seeing education and training as a shared social responsibility. These relationships take time to develop and though there are some promising initiatives in this regard, especially at national level, and in tertiary education, we have the impression that industry-education partnerships at regional and local level, and in the school sector, are only at an embryonic stage.

5. BUILDING BETTER CONNECTIONS: POLICY SUGGESTIONS

The review team agrees with the policy objectives set out in the 1996 Agreement on Strategic Planning and the Educational Pact for the Future. These policy documents are right to emphasise the importance of education and training in Portugal's social and economic development, the need to create better structured and more diverse pathways for young people between education and work, and to strengthen partnerships between the Education and Labour Ministries, and between government, employers and trade unions. We found the Background Report and the site visits to be very helpful and the discussing of issues with educators, government officials, employers, unions and others to be enlightening. Given all our limitations, we hope the policy suggestions we present below will assist in generating further discussions among the interested parties. The suggestions are intended to further encourage the development of an education and employment system that is responsive to individual, economic and social needs, and based on a coherent framework with ways to measure accountability.

Portugal has taken major steps in reforming its system of transition from initial education to working life. The guidelines adopted by the policy makers are appropriate for the intended outcomes, namely, (1) broad access to education at all levels for all learners, (2) a system with high standards and low dropout rates, and (3) responsiveness to the needs of the economy. Even though these desired outcomes are shared by

other OECD countries, there are factors that are unique to Portugal in trying to bring them about: a dramatic rise in demand for tertiary education at a time when the economy is having difficulty in absorbing graduates in the short-term at least; a relative abundance of jobs at the lower end of the qualifications scale; and a comparatively high dropout rate at the secondary school level. What are the essential elements of an education and training system that is likely to address these concerns?

Coherence and Accountability

Because a very high value is placed on higher education in Portugal, the secondary school system is strongly oriented to preparing students for further study. The government has initiated a number of policy steps to boost enrolment at the upper secondary levels and provide better access to tertiary education. However, there are also significant developments to diversify pathways at upper secondary level, to help prevent students from dropping out of secondary school and to better prepare them for employment. From what we could tell, though, much of this diversification has occurred outside of the main secondary school system. Recent reforms are encouraging new partnerships that produce different programs supported jointly by educational institutions and employers or unions. Most of these new initiatives are alternatives to the existing school system, and many have strong private sector involvement.

The increased diversification of pathways linking education and work raises a number of questions, most of which deal with qualifications or certification. Diversification can lead to more responsiveness to student needs and to local requirements, but it needs to take place within coherent standards and certification systems so that young people are readily able to transfer between different parts of the education and training system, and labour mobility is enhanced. Although there are promising steps in the direction of a national qualifications framework in Portugal, much remains to be done.

Although the policy makers are aware of the need for greater coherence and accountability in education and training, the existing system appears well entrenched and somewhat resistant to change. For example, although the structure of tertiary education sector has been substantially altered by the creation of polytechnics, there are signs that their original mission is being lost as they have begun to mirror universities with university staff teaching polytechnic courses that are often becoming more academic in nature.

If significant changes are to occur in education and training outcomes, adjustments have to be at all levels of the system. For example, if it is determined that policy makers want all students exiting the system at any point be equipped with particular knowledge and skills, education and training institutions need better understanding of the education institutions or labour markets which young people are entering. What their former students accomplish when they enter the labour market or continue their education should be of paramount importance to each institution.

Once a framework is established, institutions that provide education and training at all levels would have their place in the system. Each institution would have its mission clearly stated, including the credits and certificates it issues. If an institution issues a particular certificate indicating that the recipient is able to do certain tasks, and is able to explain how to do the task, thus displaying academic subject knowledge and communications skills, then such qualifications become meaningful for the labour market and for other educational institutions. The different missions of education and training institutions should make no difference as long as the qualifications are clear and transferable among functions.

What should help the system is the proliferation of alternative programs and institutions at all levels with high standards. Proliferation of qualifications and transferable credits should not be construed as increasing the rigidity and control by central authorities; instead it should be seen as a building block for

the creation of a flexible, cohesive system. In this regard, it is important that innovative local programmes -- many of which are supported by EU funding -- are integrated into a coherent national system of credentials and certificates in education and training.

Multiple Entry and Exit Points

The young people who leave school soon after compulsory education, or even before completing compulsory education, lack formal qualifications to guarantee them access to either the job market or to later re-enter education. With a high dropout rate from secondary schools and the commitment to create alternative programs to address the needs of potential dropouts, it is advisable to have formal certificates for students leaving the system at any given point. This would give them a way to re-enter, or move around in the education and training system.

The Portuguese economy is in transition. There are major differences among regions. Geographical mobility for young people appears to be poor. The important agricultural sector is being modernised, and although other labour-intensive sectors, such as textiles, clothing and shoes continue to create jobs that require low skills, these sectors are also the focus of modernisation efforts that will require more skilled workers. The alternative education and training programs can no longer be separate, stand-alone, short-term programs with no academic underpinnings. Sooner or later, new industries requiring more highly technical workers will likely appear. Given Portugal's interaction with other countries, new plants and investments can proliferate in the near future. To prepare for the demands of the changing economy, it is critical that students who choose to leave the system have a way to re-enter at a later date. Correspondingly, programmes to improve workplace training will have more impact on labour mobility and flexibility where they have defined standards leading to nationally recognised credentials or qualifications.

The need for multiple entry and exit points seems to be particularly pressing at the tertiary level. From what we understand, it can be difficult for students to transfer from one tertiary institution to another without loss of credits. This is especially problematic where courses are long, as they are in Portuguese universities. There also seems to be a lack of opportunity for re-entry into tertiary education for students who drop out at an earlier stage. As the economy depends increasingly on workers who have upgraded their skills and knowledge, a better-developed system of credit transfer and recognition of prior learning will generate high personal and social benefits.

Integration of Academic and Vocational Learning

Whether their initial destination is higher education or the labour market, all students can benefit from a curriculum built on high standards and one that integrates academic and vocational learning. The review team believes that the deep-rooted belief systems about the main purpose of secondary education as being to prepare students for university entrance is an obstacle to reform in Portuguese schools. Most parents and students choose the general or academic route, and the technological courses are widely perceived to be second class. Nevertheless, the economy needs skilled workers, and will increasingly favour those with the knowledge and motivation to be active lifelong learners. An integrated model of upper secondary education is based on the premise that *all* students need to be prepared for both work and further learning, and that all students, whether headed initially for university or directly into the labour market, will benefit from a programme of studies that integrates academic and more vocational or applied learning. Even if no country has successfully managed such integration on a widespread scale, the experience of countries such as Austria and Norway is that the most attractive vocational pathways are those that prepare young people for both the labour market and for higher education.

Currently, it appears that the secondary technological courses in Portugal do not succeed in preserving both options for students. Pathways that provide such combinations of qualifications can encourage lifelong learning, by enabling students to see the worlds of work and study as intertwined. The effective provision of such pathways, though, requires far-reaching changes in curriculum, pedagogy and assessment, and strong partnerships between schools, enterprises and tertiary institutions. There are some examples of the integration of academic and vocational learning at professional schools. Unfortunately, these schools enrol few students and are unlikely to grow expand much further without major policy redirection. The review team suggests that appropriate expansion of the professional school model be coupled with transferable credentials and certificates. Such expansion, though, will be critically dependent on the availability of curriculum developers, and teachers experienced in applied teaching and learning methods.

Teacher Education and Professional Development

The key role that teachers are expected to play in implementing educational reforms cannot be over-emphasised. Teachers need to be exposed to the intricacies in the labour market, as well as given more training to ensure that they are equipped to develop and teach new curricula. Teaching and learning have to be improved so that cross-cutting skills, such as problem solving, teamwork, and communications skills, are embedded in the curriculum. Teachers need to see incentives to encourage them to switch to methods of integrating these cross-cutting skills in all classes. As more and more modern workplaces require such skills in their new recruits, it becomes essential that even during the compulsory schooling years students be taught differently. A set of broadly defined employability skills needs to be identified, and support provided to embed these key competencies into the curriculum.

Teachers and careers counsellors at all levels of the education system need to be exposed to the world of work to be able to understand the changes in the global economic market and be able to articulate why continuous learning and retraining have become critical components of employability. Teachers need the professional freedom to implement change and engage in creative teaching methods, and an incentive structure to do so. Our impression is that the combination of a high degree of centralisation in the education system, combined with strong teacher unions, makes it difficult for individual teachers and schools to exercise initiative. Redesigning pre-service teacher education to better develop teachers' initiative and drive is an important part of this approach, but unless it is coupled with systematic professional development of the existing teacher force, schooling reforms are bound to be ineffective. Teachers are the engines of change in any school reform movement, and unless appropriate policy initiatives are undertaken such reform efforts are likely to fail.

Linking Education and Training

The case for introducing more entry and exit points in the education system, and for better integrating academic and vocational learning, is part of a bigger argument about the benefits from better linking education and training. The relatively low level of qualifications in the Portuguese labour force has been commented on several times in this report, as has the problems this poses for Portugal's future economic competitiveness. In this context there are undoubtedly strong pressures to expand workplace training. In our view, though, the impact of such programmes is likely to be only short-term unless they are linked to education.

It is understandable that employers would want new entrants with appropriate skills. However, it is also true that small companies are predominant in Portugal (see Appendix 3). This structure creates two

problems for enterprise-based training. First, most small companies cannot afford training, and second, they have neither the funds nor the professional capacity to design their own training. Another serious problem for small companies is that workers with low academic qualifications appear to make up the majority of their workforce. Although small companies are generally unable to provide education and training, they are the ones whose employees would benefit the most.

If training and education are better linked (by which we mean there is ready transferability and mobility between the two domains) young people will have more opportunities to improve their general educational competence as they acquire more vocationally-relevant skills in workplaces and other settings. The possibility of such integration allowing young people to build more flexible careers would be particularly important for girls since it seems that at present girls' choice of vocational training at secondary school concentrates on a relatively narrow group of occupations.

Data and Information Systems

There are two types of information issues that should be addressed. One issue relates to the provision of information about changing labour markets and the changing nature of jobs to individuals leaving full-time schooling and entering the world of work. This is equally important whether the young person enters the world of work after compulsory schooling or after completing a university degree. This information is not just about the availability of jobs at the time of leaving education, but it should be provided on an ongoing basis starting at the basic education level. The purpose is to match the learner's interests with areas of employment, so that the learner can remain motivated and engaged in learning. It also enables the learner to understand the need to take certain courses in order to reach a specific occupational goal, and to increase awareness of the different aspects of particular industries and the variety of jobs that they entail.

The second main issue concerns data collection and analysis. Improved data will enable policy makers to learn from their previous reform efforts. Portugal is experimenting with a number of innovative programs to improve the transition from initial schooling to work and to keep students from dropping out, but there seems to be little systematic documentation and synthesis of these experiments. Small-scale interventions or alternative programs can be determined to be a success only if data collected over a period of time shows clear benefits to the targeted group. Even then, the wider application of such innovations outside their original setting may remain a problem.

Since high standards are the key to all education reform efforts, data collection and evaluation need to be taken seriously. Funds should be made available for such activities, and program improvement should be tied to measurable outcomes. Appropriate data and analysis are vital to the design of public policy initiatives. Only if there is evidence that individuals who participate in certain programmes with special characteristics do very well in the labour market in five, ten and fifteen years after graduation, after allowing for all the intervening factors, can we state with some confidence that the policies have achieved their goals. Immediate job placement and high wages may not tell the entire story.

Evaluation results are also important. Pilot programs and alternative interventions can be replicated and brought to scale only after they have been rigorously evaluated. Successful replication cannot be achieved in the absence of data and evaluation. Therefore, if education and training reforms are to be sustained they must be documented and evaluated. To collect data may appear to be burdensome when there is a great urgency to reform the education and training system, but without it continuous improvement cannot take place.

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APPENDIX 3: Further Information on the Economy and Labour Market

Employment by Sector

Compared to many other OECD countries a relatively high proportion (13 per cent) of Portuguese workers are employed in agriculture, fishing and mining. Taking a longer-term view, though, the share of agriculture in total employment has halved since 1985 (OECD, 1996c). The scale of this change implies a high degree of flexibility among the Portuguese workforce. It also implies that regional areas formerly highly dependent on agriculture may have suffered considerable hardship over the past decade. The unemployment rate in the Alentejo, for example, is three times that in the Central region.

In 1996 around 30 per cent of employees worked in manufacturing, utilities and construction. Manufacturing has recently been on a downward trend in terms of employment, with almost 100,000 jobs being lost between 1994 and 1996. The decline has been particularly marked in textiles and food processing, and has followed a period of earlier employment growth in these sectors associated with Portugal gaining access to the EU market. The volatility in agriculture and manufacturing employment places a premium on workers being adaptable in the face of change.

Most employment growth has been concentrated in the tertiary sector, and the majority of workers -- some 56 per cent in 1996 -- are now employed in services broadly defined, including commerce, retail, hospitality, finance and government. Even here, though, employment growth has been far from even. Financial services and telecommunications have experienced considerable growth, especially in high-skill jobs, whereas areas such as transport have seen substantial job losses due in part to the privatisation of public enterprises. In general, privatisation has proceeded more rapidly in Portugal than in most OECD countries.

A feature of the Portuguese labour market is the high degree of self-employment, especially in services and agriculture. About 25 per cent workers were self-employed in 1995 (OECD, 1996c), which is one of the highest proportions among OECD countries. However, it should be noted that many of those classified as self-employed in Portugal are in effect employees without any form of employment tenure. An economy heavily dependent on small enterprises and self-employment may struggle to adapt in the face of technological change and greater competition.

Enterprise Size

Enterprises in Portugal are generally small. In 1994, of the 375,000 registered enterprises in Portugal 95 per cent employed less than 20 persons, 4 per cent employed between 20 and 99 persons, while less than 1 per cent employed more than 100 people. In all, around 45 per cent of Portuguese employees work in enterprises with less than 20 employees, that average just 3 employees per company. As the Background Report notes, the owners of small enterprises are often poorly educated, and may be somewhat uncertain about employing young people with good educational qualifications. The structure of small enterprises can make it difficult to provide training, or even to receive students or trainees for periods of work experience. In 1994 only 8 per cent of companies with between 10 and 50 employees provided formal training programmes, compared with 65 per cent of companies with more than 500 employees.

There is a downward trend in enterprise size in Portugal. Between 1990 and 1994 the average number of employees per company declined from 16 to 12, and the number of firms with more than 100 employees saw their share of the workforce decline from about 35 per cent to 30 per cent. The recent moves to privatise a number of large public enterprises and for enterprises of all types to out-source more of their

activities are likely to exacerbate the trend towards a reduction in average enterprise size in Portugal. In an economy based on small and medium sized enterprises investment in on-the-job training can be difficult in the absence of co-operative arrangements among enterprises or government support.

Small enterprises are concentrated in the service sector (commerce, retail, hotels, restaurants and so on). In Portugal, as in many other countries, vocational qualifications in these industries are often recent in origin, not widely understood by employers, and less frequently required for employment than in other industries. As such, the extent to which young people can acquire general employability skills and some exposure to modern workplaces through their education can make a big difference to their employment prospects in the service sector.

Employment Regulations

The OECD *Jobs Study* (OECD, 1994) ranked Portugal as having the most strict employment protection legislation in Europe. Such legislation imposes transaction costs on firms and reduces their capacity to quickly adjust employment, and thereby contributes to lower employment levels. On the other hand, employment protection legislation can strengthen bonds between workers and firms, and lift productivity through increased investment in training and an enhanced sense of job security that could be viewed as a trade-off for lower wages than would otherwise be the case

The net impact of these competing effects of employment protection legislation are difficult to evaluate in general terms. However, strict legislation is more likely to favour those who already have jobs rather than young people seeking to break into the labour market. In recent years labour markets in Portugal have become more liberal, but the issue of whether there are structural barriers to young people's employment is likely to require continuing attention.

Changes in Youth Labour Supply

Between 1992 and 1996 the fastest growth in unemployed 15-24 year-olds who were looking for their first job occurred for those who had completed year 12 at secondary school, or higher education. During the visit we were told that part of the explanation for this phenomenon lies in the rapid rise in the number of well educated young people leaving the education system in recent years. This argument certainly has merit: between 1990 and 1995 the number of students enrolled in regular secondary education increased by 65,000 (23 per cent), in professional schools by 19,000 (302 per cent), and in higher education by 141,000 (90 per cent). These are high growth rates by any standards, and it is not surprising that the labour market has not been able to absorb all of the extra qualified labour. However, we were also told that part of the problem is that newly qualified young people expect to obtain the types of jobs that have gone to well educated Portuguese in former times, and are reluctant to take lower status jobs. This adds even further weight to the argument that labour market information and counselling need to be strengthened in Portugal, and integrated even more into the educational system.

Part-time Work

Part-time work is a growing feature of the labour market. Between 1992 and 1996 part-time employment grew by 22 per cent, while full-time employment fell by 4 per cent. However, part-time work remains only a minor feature of the Portuguese labour market, with only about 9 per cent of jobs being part-time in 1996, which is about half of the average for EU countries. More than half of all part-time work is concentrated in the service sector, and a further one-third in agriculture where most of those who work part-time are poorly educated. Relatively few young people, including students, have part-time jobs, although what impact this has on the transition process is difficult to judge at the present time.