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OECD THEMATIC REVIEW:
THE TRANSITION FROM INITIAL EDUCATION TO WORKING LIFE
(Interim Comparative Report)

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OECD THEMATIC REVIEW:
THE TRANSITION FROM INITIAL EDUCATION TO WORKING LIFE

1. BACKGROUND

The Organisation for Economic Co-operation and Development (OECD) is currently conducting a thematic review on the transition from initial education to working life. As an OECD member, Canada agreed to take part in Round 1 of the review through the Council of Ministers of Education, Canada (CMEC). Two CMEC members — Nova Scotia and Québec — played a very active role in the review by hosting an OECD review team last fall.

The federal Department of Human Resources and Development also contributed to the review, especially by producing a report on transition to work in the other provinces and in the territories. Québec and Nova Scotia presented their own reports, preliminary versions of which had been forwarded to the experts prior to their visit.

The OECD experts' analysis is forthcoming, as is the final version of the consolidated report for Canada.

Five other countries took part in Round 1 of the review: Australia, Austria, Norway, Portugal and the Czech Republic. The OECD will publish a first comparative report toward the end of 1998. Eight countries were selected to participate in Round 2 of the review. They are: Denmark, the United States, Finland, Hungary, Japan, Sweden, Switzerland and the United Kingdom. The experts will visit these countries in 1998 and 1999. In all, 14 countries, or about half of all OECD member countries, will have been involved in the review.

The final comparative report will cover both rounds of the review. As for the comparative report based on the six country reviews in Round 1 of the thematic review, an interim version was produced, but provides only limited data on Canada and Portugal. However, it did present highly interesting preliminary results. This document contains highlights from the interim comparative report.

1.1 Purposes of the Thematic Review

The cross-national review conducted by the OECD aims to identify major changes in young people's transition to working life in its member countries. The review will improve understanding of the increasingly complex routes taken by young people from school to the workplace and will, by the same token, help decision makers to formulate policies that will facilitate the transition to working life.

Although, in general, young people appear better equipped than previous generations to cope with the future because they are often better trained and better qualified, the

problems they are facing in finding jobs and staying employed seem to have worsened in a number of countries. The OECD member countries have been concerned with transition problems which have become particularly acute in the last 20 years as a result of the increase in youth unemployment in the 1970s.

1.2 Methodology

The methodology involves examining, within a comparative framework, the problems faced and the policies formulated by the different countries with respect to transition from initial education to working life, and summarizing these experiences in order to draw conclusions that are useful for all OECD countries. The comparative approach provides all participating countries with an opportunity to learn more about themselves by comparing their experiences with those of other countries. It also provides an opportunity to expand their knowledge base by gathering international data on the impact of the various policy reforms.

The first task for each of the participating countries consists in producing a background report based on a number of questions set out in the preparation guidelines. Once the OECD has received the background report, a team of reviewers visits the country. This four-person review team includes members of the Secretariat in charge of the thematic review at the OECD and experts in the area chosen for study in that particular country. Generally, the experts are from outside the country hosting the visit.

The review team meets with policy makers in education and employment, administrators of educational institutions or of various programs, employer and union representatives, researchers, and young people. The review team subsequently prepares a 30-page Country Note which provides a summary and an analysis of the reviewers' observations. The Country Note is then used to prepare the comparative report.

2. CONCEPTUAL FRAMEWORK

The review focuses on all school leavers, including those entering the labour force directly from secondary school or apprenticeship-type schemes, those going on to further education and training before looking for work, and those combining education and work in various ways.

The term "transition from initial education to working life" refers to the period of time during which young people move from full-time schooling to work as their principal activity.

In terms of age, the scope of the review involves young people between the early years of secondary school and the time they reach their late twenties.

3. KEY ISSUES AND CONCERNS

3.1 Changing Entry Conditions to the Labour Market

Most countries, including OECD member countries, are experiencing rapid social and economic changes that are making the transition to working life more problematic. Young people are having an increasingly hard time finding their first job. The skills and knowledge needed to access the labour market seem to be rising.

3.1.1 Demographic Trends

In all of the countries participating in Round 1 of the thematic review with the exception of the Czech Republic, the proportion of young people to overall population dropped between 1987 and 1997. Among 15- to 19-year-olds, this drop was the sharpest in Australia, Austria and Norway. Among 20- to 25-year-olds, it was the greatest in Austria, Canada, and Norway.

In 1987, the 20-to-24 youth cohort accounted for 9% of the population of Canada. In 1997, this figure was down to 6.6%.

Despite these almost general declines in most OECD countries, and strong growth in sectors that employ large numbers of young people (such as retail trade, the hotel and restaurant industry, and tourism), the relative situation of young people in terms of employment and earnings did not improve between the mid-1980s and the mid-1990s.

3.1.2 The Transition Process

The transition to working life seems to be changing in two ways in many OECD countries. First, it is beginning at a later age, and second, in some cases (including Canada), it is extending over a longer period of time.

Compared with the mid-1980s, the transition to working life in the mid-1990s was increasingly likely to start in the late rather than mid-teens, and to end in the mid-to-late rather than the early twenties.

The reasons for this change are complex. For example, delayed labour force entry may be linked to the high youth unemployment rates that continue to be evident in many countries but the high private rates of return to prolonged education may also be a contributing factor.

The transition process is not only longer than it used to be, it is also not as clearly defined. An increasing number of young people now study and work. This trend is particularly evident in Australia and Canada.

One consequence of a combination of demographic changes and delayed labour force entry has been that in all OECD countries, the proportion of workers under the age of 25 has fallen sharply.

3.1.3 Educational Participation

Educational participation rates have increased appreciably over the last decade in all of the countries participating in Round 1 of the review.

In Canada, for example, the proportion of 15- to 24-year-olds who were studying full time increased by 9%, from 48% in 1989 to 57% in 1996. The increase was particularly marked in the 20-to-24 age group, at 11%.

3.1.4 The Labour Market

The youth labour force participation and employment rates fell across a large number of OECD countries over the 1980s and into the mid-1990s, due mainly to a rise in educational participation.

In all of the countries participating in Round 1 of the review, employment has shifted away from agriculture and industry to the service sector. The sectors where employment has either been static or declined somewhat, such as manufacturing and construction, are most commonly those in which the education and training pathways that are of particular interest to many policy makers, such as apprenticeship, have had their origin. In general, in the service sector, education and training qualifications are more recent and less well defined, and employers

frequently emphasize personal qualities and generic employability when selecting young people.

Hotels and restaurants, wholesale and retail trade, automotive repairs, construction and personal services together account in many countries for the largest single group of young workers, suggesting that what happens to youth in the labour market partly depends on developments in a limited set of industry sectors.

3.1.5 Transition Problems

In all of the countries participating in Round 1 of the review, the changing context of transition has particularly affected those young people who leave school early and without qualifications.

The number of young people who are neither studying nor working is an indicator of the difficulties young people are experiencing during their transition to working life. For example, among 16- to 19-year-old men in Canada and Portugal, and among 16- to 19-year-old women in Australia, the number neither studying nor working is close to the number who are formally unemployed. It is substantially higher among women in this age group in Canada and Portugal. This indicator is often twice as high or higher among young women as among young men.

In virtually all countries for which data are available, during the 1990s, the earnings of young workers declined in relation to that of older workers. The Canadian Background Report signalled a widening gap between the earnings of young people and those of 45- to 54-year-olds since 1981.

The drop in young people's earnings can be linked to the increasing number of young people who are working part time or participating in other forms of insecure and temporary work. In countries such as Canada, Norway and Australia, part-time employment can be a means of financing their studies or of gaining experience and getting references from employers before going on to more stable employment. In Canada, 60% of high school students work part time. In Australia, slightly under half of young people entering university combine their full-time studies with a part-time job. In Norway, at least a quarter of full-time students between the ages of 18 and 24 are also employed.

3.2 Young People at Risk and Equity in Transition

The numbers and proportions of early school leavers have been declining in most countries over the past two decades. Nevertheless, early school leavers are among the major concerns of policy makers. In Canada, about 15% of 20-year-olds do not have a secondary school diploma, down from 18% in 1991.

Early school leavers' prospects of integrating into the labour market or social life in general are increasingly on the wane.

Research from Australia indicates that the reasons for early school leaving seem to relate less to financial problems of families and more to the rejection of school atmosphere, curriculum and pedagogy by a minority of young people. Research from other countries, including those visited for the purposes of the thematic review, has shown that specific youth training measures and temporary employment schemes often have no significant impact on the probability of being in a job one year after finishing such programs, unless they are combined with intensive efforts to prevent school leaving in the first place.

Satisfactory results can be achieved with preventive and curative measures which are flexible, tailored to the individual needs and conditions of young people at risk, and integrated across the education, employment, and community and social services sectors.

Even if there are good reasons for the attention of the public and of policy makers to focus on at-risk youth under 20 years of age, the fact that the employment situation of 20- to 24-year-olds is often worse than that of younger people should not be overlooked. One of the consequences of rising education participation has been to delay labour market integration difficulties. This is particularly evident in Canada, Norway and Portugal.

3.2.1 Systemic Disadvantage

Regional and gender differences can have an effect on educational attainment and labour market access. Substantial regional differences were evident in large countries like Australia and Canada, but in smaller European countries as well.

As for gender differences, it should be noted that the participation of young women in secondary and tertiary education has increased significantly over the past 20 years. However, they tend to be under-represented in vocational and technical education.

In Canada and Australia, young women are currently attaining higher levels of educational participation and success, while certain groups of young men are now

tending to become at risk. In Québec, for example, young women are generally more successful than young men in both education and labour market entry.

3.3 The Relevance and Quality of Education and Training

Problems of relevance and responsiveness of education and training to changing work tasks and employment structures are of particular concern in countries where the upper levels of secondary school are largely university-oriented and the majority of school leavers enter the labour market without any kind of recognized qualifications for work and employment.

All countries are interested in the proportions of young people actually working in their field of study or training after graduation. Some see it as proof of the insufficient responsiveness of educational systems when many young people work in areas of activity other than those for which they have been prepared. Others believe that this phenomenon is rather a sign of the breadth of qualifications, proof of young people's flexibility, and evidence of an effective interface between education and the labour market. Still others feel that young people choose to work in other areas of activity for a variety of reasons, including higher income.

Most OECD countries have a long history of division between practical and academic learning which is reflected in the separation of general and vocational education structures. No country has so far been able to overcome this divide, despite the greater and greater efforts being made toward this end.

3.4 Pathways Through Education and Training and into Work

The pathways that are not linked to future tertiary or higher education are shrinking as students seek to keep their options open for as long as possible. In Australia and Canada, practically the entire age group under study participates in general upper secondary education.

3.4.1 Country Differences in Pathways

The available pathways through initial education and into working life differ markedly among the six countries participating in the review. In each of these countries, there are principal pathways, and alternative pathways which generate less interest.

3.4.2 Issues Arising from the Structure of Pathways

Where the choice between the general education pathway and vocational pathways is delayed until late in upper secondary education, as in all Canadian provinces and in all Australian states, participation in vocational pathways is low, and the problems associated with prolonged general education become more apparent.

When vocational education provides qualifications that lead to either employment or further studies, it becomes more attractive. This type of pathway makes it possible to eventually combine a secondary vocational qualification and a higher education qualification. This combination can be seen as desirable in an uncertain economy.

Broader pathways, especially broader vocational pathways, can provide better preparation for flexibility later on.

3.5 Continuity and Change in Sharing Responsibility for Transition

The roles of many traditional actors in the transition from initial education to working life are changing. The diversification and reorganization of learning pathways has caused young people themselves to become important decision makers.

An overall impression is that decision makers and more particularly policy makers in the various countries have not kept up with the pace of change, and that no one country has managed to meet all of the challenges in combining increased individual choice and responsibility with coherence of provision and equity.

3.5.1 Reconciling Coherent Educational Frameworks and Individual Choice and Responsibility

In Canada, as in North America more generally, opportunities for choice among different educational institutions exist mainly at the post-secondary level. To some extent, Québec is an exception in that the vast majority of those who want to continue their studies after secondary school have to enrol in public general and technical education colleges known as CEGEPs (from *collège d'enseignement général et professionnel*) which offer programs leading to university and programs leading to technical trades.

Standards and certification systems are a way of providing signals about pathways and choices to young people and their parents, as well as of harmonizing education

and training with labour market requirements. There is debate on the development of standards and national structures in many countries, including Canada.

3.5.2 Changing Relations Between Levels and Agencies of Government

Within federal systems, such as Canada and Australia, competing and multiple jurisdictions can pose particular problems for young peoples' transitions. Some of these problems also exist in a smaller federal country such as Austria. Problems of competing jurisdictions can also occur within the same level of government, between the ministry of education and the ministry of labour, for example.

The emphasis on the multiplication of education and training options, and on improved connections between schools and enterprises is frequently associated with increased devolution of responsibility for program delivery to regional and local authorities and with greater autonomy being given to schools. This is particularly apparent in the Czech Republic and Québec, but also, to varying degrees, in all of the countries visited.

3.5.3 Employer and Trade Union Involvement in Education and Training

Most countries are looking for ways to encourage greater employer involvement in, and responsibility for, education and training. This is a difficult task, especially in times of economic difficulty.

In general, the educators met on the country visits expressed support for employer involvement, but there was also considerable frustration with the somewhat contradictory messages from employer groups such as large corporations and local industry.

The Czech Republic, Portugal and Canada face particular difficulties in encouraging greater employer and union involvement in initial education and training.

4. RECENT POLICY RESPONSES

4.1 Types of Policy Responses

Responsibility for policy making in relation to young people's transition from school to work tends to be highly fragmented across different ministries and levels of government and among different actors. Policy making in this area is generally difficult to coordinate so that there is a danger of transition being "nobody's responsibility".

The question of how to improve the information base on transition is an important element in the overall policy response.

4.2 Educational Reforms with Direct Consequences for Transition

Never since the 1960s has education been as high on the reform agenda as it has during the 1990s.

The most commonly applied policy response to labour market changes affecting youth has been to encourage, or at least not hold back, a rapid rise in upper secondary and tertiary educational participation. However, more education is not necessarily a guarantee of employment. In some countries such as Portugal, university graduates are currently experiencing higher unemployment rates than early school leavers.

4.2.1 Developing Pathways

Most OECD countries have recently developed a greater variety of more open pathways at the upper secondary and tertiary levels. There has been a clear intention to make vocational pathways more attractive by designing them so that they provide access to tertiary studies as well as the labour market.

One general observation about the pathway reforms that many countries have attempted is that they tend to be more successful in building bridges to general education for those who started out in vocational education than the reverse.

4.2.2 Qualification Frameworks

The nature of qualification systems and the extent to which they are built on industrial negotiation and consensus shape to a large extent the links between education and employment, especially for young labour market entrants.

4.2.3 The Adaptation and Updating of Curricula

In both Australia and Canada, attention is being paid to how to include more vocationally oriented curricula in comprehensive upper secondary education institutions in ways that do not create separate, unequal streams.

4.3 Labour Market Measures for Young People

The greatest emphasis in youth-oriented policies should be on prevention.

It is very difficult to assess the real impact of active labour market programs. However, in the case of youth labour market programs, such assessments have generally produced disappointing results.

4.3.1 Labour Market Programs

In Canada, many demand-side labour market measures (such as direct job creation, wage subsidies and tax incentives to employers) have been cut back in favour of measures designed to improve the skills and employability of workers, especially youth. This suggests that the key success factor in labour market training programs appears to be strong links to the local labour market.

Programs that emphasize on-the-job training with “real” employers as opposed to classroom training unrelated to a particular workplace appear to generate more successful outcomes.

4.3.2 Other Forms of Labour Market Measures

As with the evaluation of education and training programs for unemployed and at-risk youth, the impact of measures designed to encourage employers to hire at-risk or unemployed youth (such as direct wage subsidies, tax credits) is not clear.

According to employer comments, addressing youth wage rates alone cannot be the answer to the youth labour market problem without at the same time addressing the productivity, skills and attitudes of young people.

Recent longitudinal studies show that leaving initial education and moving directly into work is a sound predictor of the probability of remaining employed for a substantial part of the following four to six years, regardless of education level. Conversely, moving from initial education into unemployment or out of the labour force increases the chances of spending a significant part of the following four to six years out of work. This is a powerful argument in favour of early intervention among recent school leavers.

A comprehensive strategy for those at risk in the transition from initial education to work remains to be either planned or introduced in most countries. Such a strategy should include both preventive and curative measures.

4.3.3 The Nordic Experience with the “Youth Guarantee”

An interesting concept, the “youth guarantee,” emerged in the Nordic countries during the 1970s. The concept, which covers a combination of different types of measures, was inspired by the aim of avoiding young people’s marginalisation and facilitating their integration into mainstream labour markets. It highlighted the responsibility of society for its young people and its obligation to guarantee meaningful jobs and an educational system that could respond to their needs and demands.

4.3.4 Norwegian Experience with Youth Guarantee

The case of Norway is a good illustration of how the youth guarantee concept evolved over time. The youth guarantee was officially instituted in 1985, and was a promise by the government to young people under the age of 20 (and not a guarantee in the legal sense). It ensured all young people a job or an education through measures such as offering young people who were neither studying nor working a job for a six-month period in combination or not with training.

4.3.5 Main Lessons from the Nordic Experience

The main lesson to be learned from the Nordic experience is that a whole range of prerequisites have to be fulfilled if a youth guarantee is to be effective. Among the most important prerequisites are the availability of a variety of types of labour market programs so that assistance can be tailored to individual need, and a monitoring and tracking system for school leavers.

A comprehensive approach must include a financial support system that guarantees that no one is excluded from upper secondary education for economic reasons and close ties between upper secondary and tertiary education to make access to further education possible for all.

4.4 Providing Career Information and Guidance

Approaches to providing career information and guidance within schools vary across countries. The growing variety of programs, courses and exit points from education and training pathways are increasing the importance of information and counselling in providing guidance for educational choices and during the transition from initial education to working life.

At the tertiary level, there is an increasing tendency for combinations of guidance and placement services to be developed by educational institutions.

As regards the counselling of girls and young women, even the most imaginative approaches across countries have had little success in convincing significantly larger numbers of females to choose vocational education and training, particularly in traditional “male” occupations. Continuing improvement of information and guidance provision does not appear to be sufficient. The education and employment systems themselves and the linkages between initial and further education and training need to be better aligned.

4.5 Encouraging Partnership and Local Initiative

Several countries have favoured the creation of partnerships between educational institutions and enterprises. Governments have a role to play in monitoring the impact of these partnerships to ensure that quality outcomes are achieved.

4.5.1 Education-Industry Partnerships

The common ingredient in successful approaches to education-to-work transition is the development of partnerships between educational institutions and enterprises.

The existence of strong partnerships at the national and industry sector level and of corresponding regional or local bodies to support transition arrangements is an important factor in creating and sustaining strong relationships between individual enterprises and schools in OECD countries.

Building and maintaining partnerships is not easy, especially when economic conditions are difficult and employer associations are not well developed. In order to make local partnerships work to the benefit of students, it is important among other things to make sure all partners — the students, the educational institution and the enterprise — derive some advantage from their association.

4.5.2 Intermediary Bodies as Brokers

Education and training intermediary bodies, which frequently operate on a not-for-profit basis, can deliver significant benefits both to young people and to firms. These bodies often act as brokers between young people, schools, employers and training organizations.

4.6 Improving the Information Base

The Round 1 background reports and country visits make clear that existing data provide only partial indicators of trends and problems in the transition from education to work.

There are few data available at the international level on the transition experiences of young people from different social backgrounds or regions. This is an important information gap.

The available indicators of transition outcomes focus on labour force status, principally the extent to which young people are unemployed. Youth unemployment rates need to be presented with care in order to avoid misinterpretation. There needs to be a broadened conception of school-to-work transition outcomes that encompasses earnings, occupational status, the extent to which training is available, job mobility, job satisfaction, and the extent to which young people's competencies are actually utilized in the economy.

As well, existing indicators provide few insights on the process of moving from full-time education to work and thus on the factors which contribute most significantly to success or failure at different stages of transition.

5. CONCLUSION

In coming months, the results of the thematic review will be examined in terms of at least two broad questions: What types of policy responses work best in different national contexts? What are the key elements of a comprehensive policy framework for improving young people's transition to work?