

NON-TECHNICAL SUMMARY

Transition from Educational System to Labour Market in the European Union: A Comparison between New and Old Members

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Abstract

The paper looks at the way in which national institutional arrangements, namely educational systems, and related modes of labour markets and welfare provisions, affect the aggregate effectiveness of youth labour market integration in the new EU member states in comparison to the old EU countries. The study utilizes the European Union Labour Force Survey 2004.

Results of the cluster analysis provide substantial support for distinct patterns of labour market entry in terms of the stratification of labour market exclusion, downgrading risk and labour market (LM) mobility of LM entrants in different CEE countries.

- In **Slovakia and Poland** the situation for school leavers is the worst among CEE countries. There are clear signs of the formation of an insiders-outsiders labour market. Due to growing unemployment young (especially low educated) school leavers have increasing difficulties in smoothly entering the labour market: they have higher unemployment compared with experienced workers. Relatively low mobility rates are matched with long duration of unemployment. It is apparent that Slovakia and Poland show a particular combination of the structural features of early labour market careers: here strong qualification and relatively strong

experience effects occur in conjunction with very high unemployment risks at the early stages of career, but medium downgrading risks once initial employment has been secured. This pattern seems to have similar elements with Southern European countries.

- **Slovenia** differs from other CEE countries remarkably by stronger LM legislation, higher trade union density, and spending on LM policies. The labour market entry process in this country is more similar to the ILM model with quite high youth labour market flexibility, strong experience effect on unemployment, and a high risk of having precarious forms of employment. This finding does not fit into our previous assumptions based on the high labour market regulation and vocational specificity of educational system in Slovenia, suggesting searching for other explanations. Despite the high proportion of vocational school graduates, the link between schools and employers may be weak. The result is that vocational education in Slovenia does not work as a safety net.
- In **Hungary, the Baltic countries and the Czech Republic** the labour market entry pattern combines elements present in Denmark (such as the role of medium experience effect on unemployment), the UK (as far as large educational differentials in outcomes and low representation of precarious forms of employment are concerned), and their own peculiarities, such as a low level of mobility at market entry. Exclusion from entry into employment operates on a clear-cut qualificational basis. This kind of educational sorting finally leads to labour market segmentation based on the skill levels among labour market entrants. Some of these features are to be expected if the institutional packages characteristic of these countries are taken into account. However, low youth labour market flexibility does not fit into these explanations. We suppose that the institutional rules worked out during the reform period that were aimed at preventing labour market rigidities have not worked as intended. The rather vulnerable situation for LM entrants in the Czech Republic requires an especial explanation. While the Czech Republic would seem to share relatively low employment protection with

Hungary, it contrasts from the Baltic countries in terms of higher vocational specificity of educational system. This institutional combination should make the labour market entry smoother compared with other CEE countries. The question is why it is not so. One explanation to this irregularity may be connected with the circumstance that vocational specificity of educational system is supported neither by employment protection nor by unemployment protection. On the other hand, it could also be explained by a very low enrolment rate at the tertiary educational level. This means that the transition from secondary to tertiary education is the most critical moment in an educational career (Matějů, 2004). It may explain the very strong effect of education on unemployment: LM entrants with higher education have very good prospects compared with other contemporaries.

Key words: school-to-work transitions; transition economies; school leavers; comparative research