

What Difference Does it Make? The Outcome Effects of the European Employment Strategy on the Transition from Education to Work

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Abstract

This article aims at assessing the effects of the EES on youth labour market outcomes in the EU-15 countries within the recent decade. With the European Employment Strategy, which was established in 1998, and the Lisbon objectives in education and training, which came into force in 2000, the European Union among other topics started focussing on young people and their chances in entering and succeeding the labour market. The political instrument for the implementation was the Open Method of Coordination (OMC), which aims at taking into account different complex institutional frameworks while formulating common targets that have to be reached using different policies.

The analysis of the effects looks at both the output (i.e. the implementation of youth employment policies) and at the outcome dimension (i.e. youth labour market indicators). Within the field of school-to-work transitions, like in other fields of social and employment policy, effects of the EES on the policy making process can be observed, while the effect on the outcome dimension – that is the relative youth unemployment and the employment rate among 15 to 24 years old people – hardly can be detected: Regarding the youth policies that were set up by the national governments, it can be shown that youth labour markets and their institutional frameworks between countries differ in the same way as the effects of the EES and the policies, and so do the outcomes. However, some general trends can be observed. The switch from employment to education issues might be one reason for the lack of empirical success regarding youth labour market indicators. The concentration on education issues has overshadowed the youth labour market policies, which appears in the non-development of such policies as well as in the lack of any empirical outcome effects.

Finally, the main result is that, for the EU-15 countries, the assumption that the EES has affected policy making processes could be supported. Furthermore, the degree of effectiveness with respect to the policy making process depends on the degree of pre-existing compliance between the EES and

national employment policy. In other words, those countries, which were very much in line with the targets of the EES beforehand, showed little compliance regarding the formulation of youth policies. Surprisingly enough, out of this group of countries, Denmark, Sweden and the United Kingdom show worsening outcome indicators, despite the fact that all of them launched youth programmes. In countries with low compliance beforehand, the outcome indicators also show no significant improvement. In a nutshell, the induction of active youth labour market policies through the EES shows indeed effects on the output dimension, but hardly on the outcome level.

1 Introduction

With the Amsterdam Treaty of 1997, employment policy became an important issue on the European level. Taking into account different institutional frameworks and economic conditions in the EU member states, the open method of coordination aims to create convergence by defining common employment objectives while leaving the policy measures in national responsibility. From the very beginning, the European Employment Strategy (EES) has focussed on young people's integration into employment, because youth unemployment is an unpleasant phenomenon in all European countries. For youth experiencing a failed integration into the labour market, perpetual disadvantages can be expected. Considering the demographic change, a large group of young but disintegrated people constitutes a potential threat for the economic growth.

Assessing the general effects of the European Employment Strategy within a comparative approach means to be confronted with a couple of analytical pitfalls and challenges. First, one needs to specify the concrete dependent variable: Does 'having an effect' mean that certain policies are created in accordance with the overarching goals of the EES (the output dimension)? Or, does the researcher refer to empirical changes originated from these policies (the outcome dimension)? Second, the question for effects always implies the proof of causal mechanisms, which again require certain methods able to investigate causality. These methods mostly rely on probabilistic theory and are only applicable having a large number of observations at one's disposal. Even if the European Union currently has 27 members, this number is much too small for this purpose. The third reason is of practical nature and refers to the huge amount of infor-

mation that has to be collected in order to investigate EES effects comparatively. Finally, some of the basic assumptions of empirical research are violated when comparing European countries. These are primarily a certain degree of homogeneity and of independence of the observations.

The review of the research literature regarding the effects of the EES or the “Open Method of Coordination” (OMC) reveals that systematic comparisons between more than two member states remain exceptions (Mailand 2008). This is valid for both the analysis of the output as well as for the outcome dimension and reflects the problems described above. Furthermore, most of the studies identify significant differences in EES effects between countries. Finally, the EES seems to have more impact on national policy making processes themselves – that includes problem perception, agenda setting, and decision making – than on the content of policies (Zeitlin/Pochet 2005; Mailand 2008). All these findings are based on investigations of employment or welfare policies in general (e.g. Heidenreich/Zeitlin 2009). Regarding school-to-work transitions, no scientific assessment of the impact of the EES is available. This article aims at partly filling this gap by comparing the performance of the youth labour markets of EU member countries at the start of the Lisbon process in the year 2000 and the performance in 2008, where the latest data are available. Given the above mentioned limitations on identifying causal mechanisms, conclusions on the effects can only be obtained while using the heuristic method.

According to very different institutional settings in European countries, transitions from school to work in Europe are very diverse. This is not only shown in various levels of youth unemployment, but also in different pathways, which school leavers take entering the labour market. Transitions are influenced by certain aspects of the education and training systems – such as the degree of standardisation or stratification (Allmendinger 1989) or the vocational specificity (van der Velden/Wolbers 2003) – and of the employment system – like employment protection (van der Velden/Wolbers 2003; Breen 2005; Wolbers 2007). Apart from these institutional dimensions, one has to take into account general labour market conditions, which are still different despite the common market of the European Union. Policy activities also vary between countries, because they have to be in

line with institutional peculiarities - even if labour market policies are increasingly coordinated on the European level.

Regarding policy activities related to school-to-work transitions, high and persistent youth unemployment in the European Member States caused the relative importance of youth labour market issues within the European Employment Strategy. The introduction of the Lisbon process marks a shift from a passive to pro-active policy scheme. Whereas in the 1990s the EU emphasised labour market flexibility as an instrument for tackling youth (long-term) unemployment, the EU started stressing the importance of increasing and preserving employees' human capital (Pastore 2007). In tackling long term youth unemployment, labour market flexibility turned out not to be sufficient. Therefore, the core of the EU strategy against youth unemployment included increasing labour market flexibility as well as a shift to more proactive schemes, such as the reform of the education and training systems. The main objective of the European Employment Strategy is that "educational systems should become of a higher quality, more inclusive to reduce the dropout rate, homogenous to other EU countries to favour labour mobility, flexible to allow young people to better find their best match" (Pastore 2007: 5). The EU also follows the principle of duality, which means emphasising the importance of providing job training together with education in order to favour smoother school-to-work transitions. In a nutshell, the focus of the European Employment Strategy – originally concentrated on flexibility and activation – is increasingly accompanied by targeting matters of education systems.

The objective of this paper is to compare the policy activities and the youth labour market performance in 15 EU member states¹ regarding school-to-work transitions. These transitions are seen as a result of the goals of the Lisbon process. For this purpose, the national differences in youth labour market and individual transitions between education system and labour market are examined (section 2). Then, the institutional settings of education and employment systems are described briefly (section 3), because they constitute the framework in which policy pro-

¹ Of course, the European Union meanwhile has 27 members. But in order to have the same reference year for all the countries under observation, this article is limited to the EU-15 countries Belgium, Germany, France, Italy, the Netherlands, Luxemburg, Denmark, the United Kingdom, Ireland, Greece, Spain, Portugal, Austria, Sweden and Finland.

grammes take place. Finally, the targets of the European Employment Strategy are described and resulting national policies are analysed (section 4). To some extent, this approach reflects the procedure of the European Employment Strategy itself, because it is geared towards the definition of common empirical quantified goals, while at the same time the concrete definition of national policies is left to the member states.

2 School-to-Work Transitions in the European Union

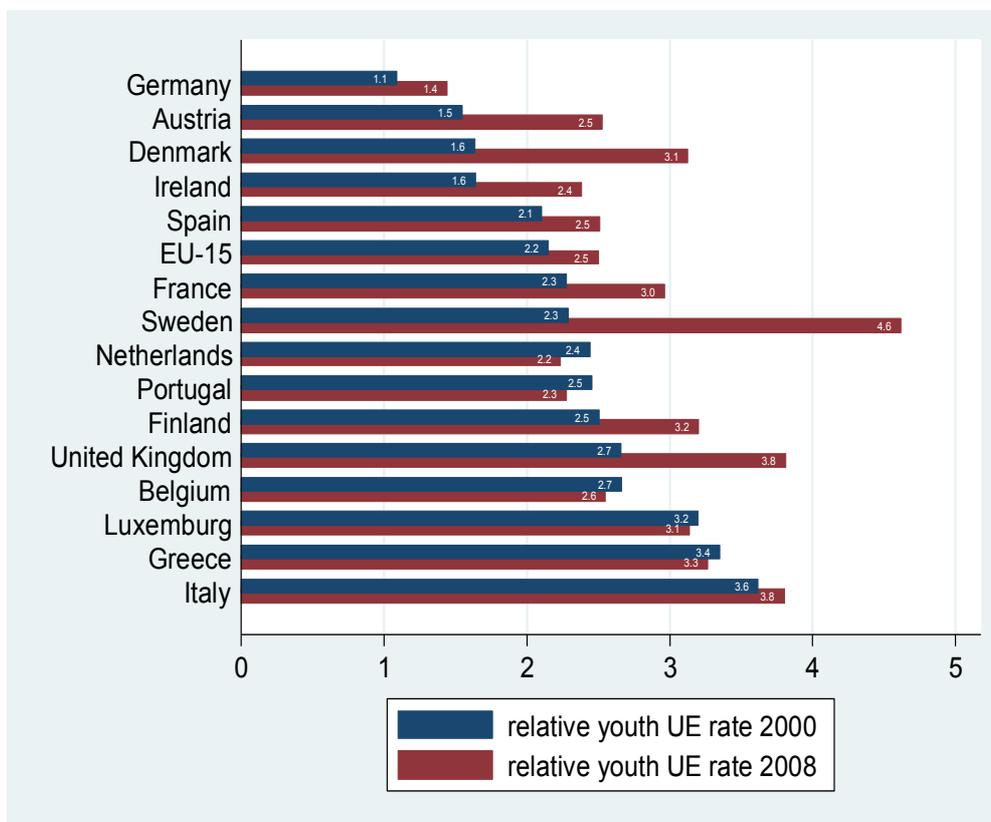
In sociological research, many indicators were proposed that aimed at measuring and assessing the quality of school-to-work transitions. On an aggregate level, this means using classical indicators such as the youth unemployment rate, the employment rate of young people or average entry wages. Within the last decades, the OECD developed an extensive body of aggregate-level indicators beyond these classical measures. The transition period is often calculated by taking the duration between the school leaving age – referring to the average age at which 50% of an age cohort have finished school – and the median job entry – defined as the age at which the employment-population ratio reaches 50%. By repeated measurements within comparative report designs across approximately 30 OECD-countries, these indicators comprehensively outline an accurate empirical picture of school-to-work transitions in each country studied. On the individual level, the very basic indicator is the first transition into employment (Russell/O'Connell 2001), which is not necessarily meaningful. In order to circumvent this problem, researchers tried to detect the crucial status change by accurately constructing concepts such as the “first significant job” that lasts at least six months, for example. This limitation serves to exclude very short, probably erratic employment periods that are of secondary relevance. However, the determination of the time period that has to be regarded as ‘not significant’ remains to a large extent arbitrary, which cannot be avoided even by increasing quality of available data. According to the purpose of this paper – that is the examination of EES effects on national level outcomes – the aggregate indicators seem to be appropriate, because they are available for the whole time period and beyond, and because individ-

ual indicators lose their advantage when being aggregated on the national level.

For a first instance, we use a simple aggregate measure in order to assess the effect of the European Employment Strategy on the youth labour markets in EU member states. The relative youth unemployment rate is calculated by simply dividing the unemployment rate of those younger than 25 by those who are 25 years and older. The relative youth unemployment rate has the advantage that youth unemployment is expressed in relation to overall employment and, therefore, it provides a kind of control for general economic conditions. The comparison of the relative youth unemployment in 2000, when the Lisbon process was initiated, and of the rate in 2008, should provide a success indication of the objective to enhance the situation of school leavers.

Figure 1 shows that the performance of European countries regarding relative youth unemployment differs remarkably. In 2000, this indicator ranges from 1.1 in Germany – which means that youth unemployment is only slightly higher than the general unemployment rate – to 3.6 in Italy – which means that youth unemployment is almost four times higher than general unemployment. In 2008, the lowest value can again be found in Germany (1.4), whereas the situation for young people is worst in Sweden (4.6). The EU-15 average changed only to a small extent between 2000 and 2008. The large differences between countries point to varying institutional and/or structural factors, because economic changes to a large extent are captured by taking the relative youth unemployment rate instead of the absolute youth unemployment rate. The crucial difference between 2000 and 2008 is found in countries' performances: while some countries show a development towards a more favourable situation for young people – such as the Netherlands, Portugal, Belgium, Luxembourg and Greece – in the majority of countries the indicator shows increasing values. This is most articulated in Sweden, where one finds a difference of 2.3 between 2000 and 2008, in Denmark with a difference of 1.5, in the United Kingdom and in Austria. In these four countries the relative labour market situation for young people seems to have deteriorated drastically.

Figure 1: Relative youth unemployment rates EU-15, 2000 and 2008

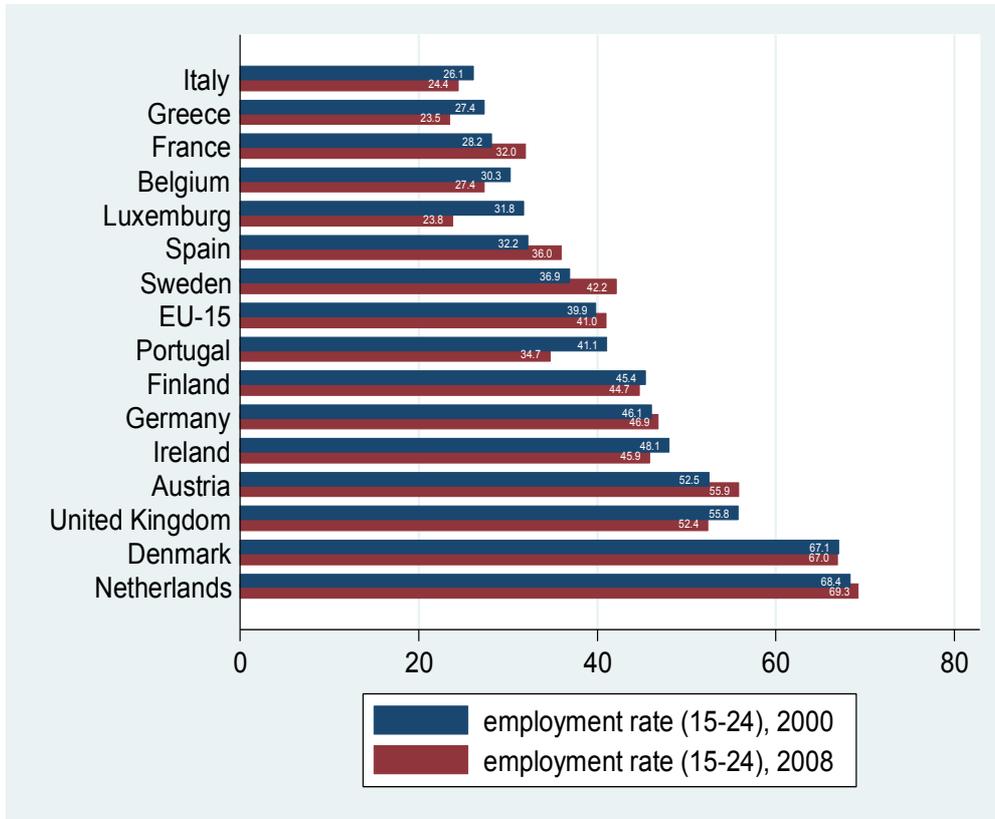


Source: OECD

One of the central objectives of the European Employment Strategy was to increase the employment rates for certain groups, such as women, older people and younger people. The employment rate is defined as the share of employed people among the population of working age, usually those between 15 and 64 years.² Naturally, the employment rates for young people are considerably lower than the employment rates of adult people, because many young people are still in education and, therefore, by definition inactive or not employed. In order to identify possible effects of the EES on school-to-work transitions, it is therefore appropriate to look at the development of the employment rates for people under 25 years between 2000 and 2008 (Figure 2).

² The employment rate for young people under 25 refers to the share of employed 15-24 year-old among the working age population between 15 and 24 years.

Figure 2: Employment rates 15-24 years old, EU-15, 2000 and 2008



Source: OECD

The changes between 2000 and 2008 are only marginal compared to the changes in the relative youth unemployment rate. Across the EU-15 countries, the employment rate for young people has increased slightly from 39,9% to 41%, and only in a few countries the rate differs by more than +/- 3% points. These countries are France, Spain, Sweden and Austria, where the employment rate for under 25-year-old people increased, whereas in Portugal and in Luxembourg the share of young people in employment has decreased. However, there seems to be no trend towards a sustainable increase of employment rates between 1990 and 2008 (see Appendix). The indicator of youth employment rate clearly shows no effect of the EES and of the induced policies.³

³ There could be a hidden effect of the EES on the employment rates that is the stabilization of the employment rate. This could only be proven by an experimental design, where the employment rates of countries with EES can be compared with employment rates of countries without the EES while holding all the other possible factors constant. Unfortunately,

The high variation as well as the modest trend in both indicators point to rigidities of youth labour markets beyond temporary economic conditions. The transition between school and work is determined by the institutional framework of the national education and employment systems. There is evidence that effects of country characteristics on the transition process between education system and labour market are stronger than the effects of individual characteristics (Brzinsky-Fay 2008). In the following section, the role of institutional frameworks is discussed more precisely.

3 The Institutional Framework of School-to-Work Transitions

3.1 Education System

A considerable body of research exists on classification of institutional arrangements regarding the labour market entry of young people in EU and OECD comparison. From an economic perspective, some distinguish between internal labour markets (ILM) and occupational labour markets (OLM) (Marsden 1990; Shavit/Müller 1998; Marsden 1999). This dichotomy has proved to provide some explanatory power regarding Northern European countries, but it failed to explain mobility, status attainment and unemployment of labour market entrants in Southern Europe (cp. Gangl 2001), as well as the structure of labour market entry sequences of school leavers in general (cp. Brzinsky-Fay 2007). Hence, one needs to draw on additional institutional variables, such as standardisation of certificates, stratification of the education system (Allmendinger 1989), and the vocational specificity (Shavit/Müller 1998; van der Velden/Wolbers 2003). These three dimensions of educational systems proved being the most relevant for the transition from school to work (Müller/Shavit 1998; Kerckhoff 2000).

The *vocational specificity* of an education system refers to the degree in which a vocational orientation already occurs within the education system and, therefore, to what degree awarded cre-

this is not possible. However, since the increase instead of stabilization of employment rates is an explicit EES objective, the stability of the employment rates is interpreted as an indication for 'no effect'.

dentials are of general nature or occupationally relevant (Kerckhoff 2000). In the literature, vocational specificity is understood in slightly diverging ways: on the one hand, it simply refers to the degree to which an educational system offers vocational tracks – contrary to general education tracks – and, on the other hand, it describes the differentiation of the vocational education itself – such as the number of different occupations. Here, I use the first notion, because reliable comparable information for the second one is hard to obtain. An institutional linkage between education and the labour market as provided by vocational schools or apprenticeships has proved to have a considerable effect on labour market outcomes of young labour market entrants. For example, high returns to individual qualifications are explained by a close linkage between credentials and job positions (Müller/Shavit 1998), and a low mobility at job entry period is found to be a result of a high specialisation of training credentials (Allmendinger 1989). Müller and Shavit also detect “a correspondence between the availability of vocational specific training in national education systems and the impact of qualifications in allocating workers to skilled, rather than unskilled, positions” (1998: 31-32). However, vocational specificity can be measured by the share of young people who are enrolled in vocational programmes – i.e. vocational training (OECD 2005), or – on a nominal scale level only – by simply the existence of a dual system of apprenticeship. These two measures differ with respect to the population of pupils they cover. While in the first indicator, all those in vocational schools and apprenticeships are included, the latter measures only apprentices. A couple of studies have proved that the existence of a dual system of apprenticeship has a positive effect on the chances of school leavers to find a job as well as to make a smooth transition between school and work (Russell/O'Connell 2001; van der Velden/Wolbers 2003). However, such a dichotomous indicator only remains very rough, because it hides important information such as the share of labour market entrants who are qualified by an apprenticeship.

The *stratification* of an education system refers to its selection procedures (Allmendinger 1989; Müller/Shavit 1998) – i.e. the “mechanisms through which each generation becomes distributed into [...] stratified occupational levels” (Kerckhoff 2000: 453). Originally, this dimension was measured by the proportion of a cohort that attains the maximum number of school years (All-

mendinger 1989: 235).⁴ Additionally, the degree of the education system's differentiation should be taken into account. Highly stratified systems are characterised by separated tracks, in which pupils are sorted early in their school career. Here, we find some overlapping with the concept of vocational specificity, since the existence of specific vocational tracks on the one side very often corresponds with the co-existence of specific tracks for higher education, on the other. Under certain conditions – e.g. early selection of pupils – this involves a stratifying effect as well. The effects of a high degree of stratification on relative youth unemployment are difficult to hypothesise, because on the one hand, higher barriers for inter-track mobility “weaken equality of educational and occupational opportunity” (Müller/Shavit 1998: 40), which can be expected to impede the allocation of the labour force and, therefore, lead to higher unemployment. On the other hand, educational tracks usually provide corresponding credentials, which may improve young people’s employment chances (Ibid.).

Finally, the concept of *standardisation* was introduced by Allmendinger (1989) and means “the degree to which the quality of education meets the same standards nationwide” (Allmendinger 1989: 233). Of all the three concepts, it is the least clear-cut but widely used, and it is originally measured by qualitatively specifying a country as exhibiting a high or low degree of standardisation (Allmendinger 1989).

Taking these main institutional factors into account, one can qualify countries into three types of school-to-work transition regimes mainly depending on differences in the educational system (Gangl et al. 2003). In these classifications, countries with vocational specificity, as apprenticeship and dual-type systems, are more successful in giving young people a good start on the labour market (e.g. Austria, Denmark and Germany). These countries have a strong linkage between the education and training system and the labour market, youths already have a ‘foot in the door’ and the education system sends clear signals to employers about the occupation-specific skills of the job seekers. Also the likelihood of entering a first significant job is greater in countries with low employment protection – e.g. Great Britain

⁴ In some publications, this concept is also labelled ‘selectivity’ (e.g. Isengard 2003).

and Ireland (Wolbers 2007). According to the insider-outsider-theory, school-leavers without any work experience (outsiders) have to compete on the labour market with those who already gained a position on the labour market (insiders). In countries with low employment protection, school-leavers become insiders more quickly than in countries with a strong employment protection.

3.2 *Labour Market Institutions*

The important labour market institutions in general are wage-setting institutions, employment protection, taxation, social benefits generosity, and active labour market policies (Eichhorst et al. 2008). Regarding the entrance of school leavers into the labour market, employment protection often is seen as the most relevant influencing factor (Breen 2005). The role of active labour market programmes for young people is assessed in section 0.

The nature of *wage-setting institutions* has certain effects on general economic performance and on unemployment by influencing the price mechanism in the labour market. In general, high union density and bargaining coverage correlate with lower overall wage inequality,⁵ which also seems to apply to relative wages of youths. At the same time, both are associated with a higher level of real wages, inflation and unemployment rates and lower employment (Aidt/Tzannatos 2002). The insider-outsider-theory (Lindbeck/Snowder 1989) implies that school leavers are outsiders by definition, so that they are in a disadvantaged position regarding bargaining processes. From this point of view, high union density and high bargaining coverage represent insider power and can be expected to have negative effects on youth labour market integration indicators. The effects of the degree of centralisation or co-ordination of the wage bargaining process on the quality of school-to-work transitions point in the same direc-

⁵ For the measurement of wage-setting institutions, both indicators are used. The advantage of bargaining coverage – defined as the number of employees covered by collective agreements, divided by the total number of wage and salary-earners – is that it reflects better the influence of wage-setting on the labour market price mechanism, but unfortunately, for comparative purposes, it is only available for the years 1990 and 2000. The union density – defined as the percentage of employees who are members of a trade-union – is measured by the OECD every year, but it has the disadvantage that it only indirectly measures the influencing effect of wage-setting on the labour market price mechanism. In some countries (e.g. France or Spain) both indicators differ remarkably from each other.

tion as is reflected by the negative correlation between high wages (as a result of strong union power) and employment rates of young people (OECD 2004: 138). The positive effects of union density and bargaining coverage on minimum wages point in the same direction, because the existence of minimum wages seems to lower the employment rate of young people (Neumark and Wascher 2004).

The degree of *employment protection* constitutes one of the main influencing factors for the integration process of young people. It contains regulations concerning hiring and dismissal of employees, ensuring job security on the one hand, while narrowing flexibility of employers on the other. However, the effects of employment protection on overall economic performance are contradictory (OECD 2007). Because of the negative effect on hiring rates, employment protection legislation (EPL) is likely to affect young people disproportionately, given the high incidence of young people among labour market entrants and jobseekers (OECD 2004). Again, the insider-outsider-theory suggests that established employees are in a better position and negotiate better employment conditions in collective labour agreements than outsiders and labour market entrants (Lindbeck/Snowder 1989). For example, insiders may establish seniority, which decreases older workers' chances of being fired, while at the same time increase new workers' probability of losing their job. This "last in, first out" principle is an extreme example and has a strong negative effect on school-to-work transitions.

Table 1: Institutional indicators & relative youth unemployment

Institution	Wage setting institutions	Employment protection	Vocational specificity	Stratification	Outcome	
Indicator	Union density (%)	EPL-indicator	Share of students in vocational education (%)	Interdecile range in reading competencies	Relative youth unemployment	Employment rate 15-24 years (%)
Austria	38.7	2.1	67.7	258	1.8	53.7
Belgium	53.4	2.5	65.6	281	2.7	27.9
Denmark	74.3	1.7	52.2	234	1.8	64.2
Finland	75.9	2.1	56.1	212	2.6	40.1
France	8.8	3.0	52.4	251	2.6	29.0
Germany	26.5	2.6	68.8	281	1.1	47.5
Greece	30.3	3.3	30.1	260	3.8	26.6
Ireland	43.4	1.0	9.2	233	1.9	42.6
Italy	36.0	2.7	47.4	255	3.9	26.9
Luxemburg	43.6	3.3	64.3	256	3.3	34.1
Netherlands	23.3	2.4	66.0	232	2.1	61.7
Portugal	21.8	3.7	20.2	250	2.5	40.4
Spain	15.8	3.2	37.8	229	2.3	31.2
Sweden	79.6	2.5	55.0	243	3.1	38.9
United Kingdom	31.9	0.7	58.9	261	2.6	55.5

Source: OECD, own calculation.

The institutional indicators are reported in Table 1.⁶ Wage-setting institutions are measured by the indicator union density, which reflects the proportion of trade union members among all employees. The degree of employment protection is measured by the OECD employment protection legislation (EPL) index.⁷ The

⁶ The indicators shown here are the average values of all the years between 1990 and 2008, for which they are available. The union density, the EPL indicator, the share of students in vocational education, the relative youth unemployment rates and the employment rates are available for every year, the data on reading competencies are the average from 2000 and 2003.

⁷ The EPL indicator is calculated by the OECD and is composed of 18 items that describe a couple of measures regarding strictness of employment protection legislation. It ranges from 0 (low strictness of EPL) to 6 (high strictness of EPL). There are three variants of this indicator: variant 1 is available from the 1985 onwards and includes items for regular and temporary workers; variant 2 includes item for collective dismissals, in addition, but is only available from 1998 onwards; variant 3 contains three new items and is only available for 2008. In order to provide as many data points as possible, the variant 1 is used here. For

indicator that is mostly used for vocational specificity is the share of students receiving vocational-oriented courses, be it within a dual system or within a vocational school. The stratification of an education system can be operationalised in many different ways. Here, the interdecile range of reading competencies is taken, which reflects the inequality among students at the age of 15.⁸ The idea behind this is that the higher the difference in competence scores between the first and last deciles, the higher is the stratifying effect of an education system.

Table 2: Regression of institutional characteristics on relative youth unemployment rate

	Relative youth unemployment rate	
	beta	Sig.
Union density	0.137	0.038
EPL-index	0.310	0.000
Vocational specificity	-0.199	0.002
R²	0.12	

Source: own calculation

Estimating two simple OLS regression models of the institutional factors on the outcome variables relative youth unemployment (Table 2) and the employment rate of the 15 to 24 year-olds (Table 3) reveals an interesting picture: First, the R²-determination coefficients show that institutional effects are more relevant for the employment rate than they are for the relative youth unemployment rate. Only 12 percent of the variation of the relative youth unemployment rate is explained by the three institutional factors wage-setting institutions, employment protection and vocational specificity, whereas 45 percent of the employment rate's variation is explained by employment protection, vocational specificity and stratification.⁹ The standardised beta-

more information on the construction of the EPL index see www.oecd.org/employment/protection.

⁸ Any information here is calculated from the competence scores for reading of the "OECD Programme for International Student Assessment (PISA)" (OECD 2001: 253; OECD 2004: 444; OECD 2007: 255-6). Reading competency scores are available for all three assessments carried out in 2000, 2003 and 2006. The interdecile range as a measure of dispersion is calculated by subtracting the value of the 1st decile by the value of the 9th decile.

⁹ The independent variables included vary between the two regression models. Adding the interdecile range of reading competencies to the first regression reveals that it has no signif-

coefficients show the expected values: a high union density increases relative youth unemployment. Because from both indicators that are measuring wage-setting institutions, union density was expected to be less expedient, this variable probably is only significant on a 5%-level. A high employment protection increases youth unemployment more. Simultaneously, higher strictness of employment protection clearly decreases youth employment rates. Both effects are highly significant. High vocational specificity to a small extent decreases unemployment, but clearly increases the employment rate. Finally, a high difference in reading competencies between the lowest and the highest decile significantly decreases the employment rate of the 15-24 years-old.

In sum, the institutional setting of countries plays an important role in how young school leavers are integrated into the labour market. Because of different national historical and economic developments, these institutional frameworks show a significant variation between countries. Nevertheless, they are confronted with a common target structure, namely the objectives of the EES. Therefore, institutional preconditions should be taken into account when one assesses the role of policies for school-to-work transitions.

Table 3: Regression of institutional characteristics on employment rate (15-24 years)

	Employment rate (15-24)	
	beta	Sig.
EPL-index	-0.500	0.000
Vocational specificity	0.315	0.017
Difference in reading competencies	-0.337	0.011
R²	0.45	

Source: own calculation

icant effect on relative youth unemployment, while the model becomes overdetermined and the other effects become insignificant, too. The same holds for the second model regarding union density.

4 Policies Against Youth Unemployment

4.1 *The European Employment Strategy*

By having established the European Employment Strategy in 1998 and the Lisbon objectives in education and training in 2000, the European Union has put an important focus on young people and their future chances in the labour market. During this process, regarding youth and school-to-work transitions, an increasing emphasis on education issues can be observed. This observation can be explained by the expansion of the policies from employment to social inclusion issues. Accordingly, the relative weight of guidelines regarding youth (un)employment within the EES decreases from 1998 onwards. The employment guidelines were replaced by those related to the education system, which to a certain extent can be explained by the effects of the PISA study.

Because the EES is not a concrete programme of active labour market policy, but a political decision and implementation framework, it is difficult to be assessed with conventional evaluation methods, i.e. experimental arrangements are as impossible as causal analyses (Jacobsson 2005: 26; Zeitlin/Pochet 2005). Therefore, politics such as the EES can only be assessed in a heuristic way. Schmid, Schömann et al. (1997) developed an analytic evaluation framework, which systematically comprises all the important macro and micro dimensions that have to be considered when evaluating of active labour market policies. The first two steps of this framework will be followed here:¹⁰ In the first instance, a context analysis will be conducted, which means to examine whether an initiation of a programme fits to the overall political situation, that is the compliance of national governments with European politics in general and with the EES in particular.¹¹ This will be followed by a problem analysis, which investigates the appropriateness of the programme's objectives regarding the concrete problems. The monitoring and the impact analy-

¹⁰ If applied to one single country, each of these steps would constitute a research article itself. Therefore, the examination in this context must remain on a quite general level.

¹¹ Following the original analytic evaluation framework, context analysis comprises power constellations, legal frameworks, economic and demographic conditions on the national level. Transferring this to EU-Politics means referring very much to compliance of national governments.

sis refer to a large extent to micro-economic methods of programme evaluation and must be replaced by non-statistical conclusions.

4.2 National School-to-Work Transition Policies

In this section, a couple of examples of youth policies in EU member countries will be presented in order to get an impression what kind of policy activities happened during the Lisbon process. Again, it must be mentioned that it is not possible to causally trace back national policies to the EES, because hypothesis-testing methods are not applicable. The countries are selected according to both diverging institutional settings and outcomes: Sweden stands for a Scandinavian country, where vocational education is mainly school-based, union density and bargaining coverage are high; employment protection is on a medium level, and there is a relatively low difference in reading competencies. On the outcome dimension, Sweden shows a dramatic deterioration of youth unemployment. Denmark differs from Sweden regarding its structured vocational education and its low strictness of employment protection. The employment rate in Denmark is among the highest in Europe and the relative unemployment rate doubled between 2000 and 2008. The United Kingdom represents a case with low strictness of employment protection and medium performance regarding its outcome indicators. Spain is chosen, because its employment protection and union density is high, while the relative unemployment rate is around the European average and its employment rate is far below the average. Finally, the Netherlands can be seen as a kind of “model student”, because of its favourable characteristics: relative youth unemployment is lower than the European average, while the Dutch employment rate of 15 to 24 years old is among the highest in Europe. The interdecile range of reading competencies is the second smallest in the OECD countries and employment protection is on a medium level.

In *Sweden*, there is only little opposition against the EES among political actors, because the employment guidelines are to a large extent in line with government policy (Jacobsson 2005). With respect to employment figures of young people, Sweden shows a relatively high demand for political activities in order to tackle youth unemployment (see Appendix), because the labour market situation for young people deteriorated dramatically: in

2000, youth unemployment was twice as high as general unemployment, while in 2008, young people were four times more frequently unemployed than people between the age of 25 and 64. In the same period, the employment rate of young people remained on a relatively low level around 40%. Although young people in Sweden are less active compared to the European average, their unemployment risks are increasing sharply at the same time. The Swedish policies aiming at supporting the labour market integration of young people mainly comprise three programmes: the municipality youth programme (MYP), which is targeted at teenagers, the youth guarantee (YG), and general ALMP programmes run by the central public employment service that are also available for young people (Forslund/Nordström Skans 2006). Evaluations of these programmes reveal that the central programmes are more effective than municipality programmes, and that long-run effects can hardly be identified. However, these programmes partly were introduced before the introduction of the EES, and a study about the effects of the EES on Swedish labour market policies reveals that “most policy actors involved [...] have the impression that the EES has not had any substantial impact on Swedish policy” (Jacobsson 2005). In the case of Sweden, the EES has neither induced the emergence of youth policies nor has it unfolded any impact regarding aggregate outcomes for school leavers.

The relation between labour market policies in *Denmark* and its actors and the EES is quite similar to that of Sweden. Denmark has gone through a period of sustained labour market reforms since the mid-1990s and many of the Danish labour market reforms can be found in the EES, i.e. the combination between generous benefits and activation measures (OECD 2010). Regarding young people, Denmark launched the “Youth Unemployment Programme (YUP)”, which is regarded as relatively successful, but as in the case of Sweden, this programme started before the EES was introduced. Jacobsson explains that “[...] Danish labour market policy change preceded the EES and the implementation of the strategy has accordingly not led to any significant shift in Danish policies” (2005: 122). The level of compliance with the employment guidelines is high in Denmark and, following the “compliance hypothesis” (Mailand 2008), the measurable impact of the EES is expected to be quite low. Looking at the two key indicators of youth labour market integration

reveals that the employment rate of 15 to 24 year olds remains on a high level above 60%, while the relative youth unemployment rate increased slightly since 2000 (see Appendices A1 and A2). Despite this moderate increase in relative youth unemployment, there seems to be no urgent pressure to implement new policies that enhance the transition from school to work. This is supported by the fact that the EU recommendations for Denmark never contain youth issues. Hence, it is not surprising that activities of the Danish government cannot be observed and the impact of the Lisbon strategy remains very small.

The *United Kingdom* has already shown a relatively high compliance with the objectives of the EES (Mailand 2008) before its implementation, therefore its expectable effects are low. The “New Deal for Young People (NDYP)” was launched in 1998 before the EES was established and remarks the last big attempt to tackle youth unemployment by active labour market policies. This is surprising, because the labour market situation for young people is deteriorating both in terms of employment rate for 15 to 24 year-old, which remains on a medium level below 60% and in terms of relative youth unemployment, where we find a significant worsening between 2000 and 2008. However, the recommendations of the EU were related to the gender pay gap and childcare facilities, but not to youth issues. The majority of researchers perceive effects of the Lisbon Process and the OMC only on the politics level – that is the changing influence of the EES on the political process – rather than on the outcome level (Armstrong 2005).

The relative youth unemployment rate in *Spain* is on a moderate level and did not change significantly between 2000 and 2008. The employment rate is increasing slightly, but remains on a very low level below 40%. Additionally, school leavers in Spain more often hold fixed-term contracts than school leavers in other European countries, so that they are confronted with employment insecurity (OECD 2007). These figures constitute a need for action regarding the integration of young people into the labour market. In 2006, the Spanish government launched a labour market reform, which is very close to the EES. Regarding young people, it focuses to a large extent on reducing the incidence of temporary contracts. Apart from that, only few programmes in Spain are targeted specifically on youth (OECD 2007: 135). In sum, the effect of the EES on Spanish labour mar-

ket policies is visible but more in a general sense and not targeted on youth. Spain shows less compliance with the EES objectives than, for example, Sweden and Denmark. However, outcome effects on the youth labour market are not observable.

The situation for young people in the *Netherlands* is relatively positive: the employment rate for the under 25 year-olds increased considerably since 1990 and remains between 65% and 70% since 2000. The relative youth unemployment rate is also quite stable: the youth unemployment is twice as high as the general unemployment rate. The need for action is not too high, but in 2006, the government launched a programme against early school drop-out, which can be related to the EES guidelines, but which is also in line with Dutch labour market and education policy. It can be assumed that this programme would have been implemented even without the EES. Effects of the EES, again, can be found at the politics dimension (Visser 2005), where objectives are defined, rather than on the empirical outcome dimension.

5 Conclusions

In order to assess the effects of the European Employment Strategy and the Lisbon process on transitions between school and work, this paper has roughly described the situation of the EU-15 member countries' youth labour markets. The large variation in the figures is attributed to different institutional frameworks.¹² The general aggregate indicators have shown a very inconsistent picture: the development of the relative youth unemployment rates – reflecting the country's disadvantage of young people in relation to adults – increases in most of the countries and also in the EU-15 average. Only a minority of countries – namely the Netherlands, Portugal, Belgium, Luxembourg and Greece – show a slight enhancement of the situation of young people in the Eu-

¹² The economic conditions are not highlighted here for two reasons: first, the usage of an average indicator across many years as well as the definition of relative youth unemployment as the most crucial outcome indicator smooth business cycle effects to some extent. Second, within the common market of the European Union, macroeconomic shocks do affect all the countries to a similar extent.

ropean Union. The degree of deterioration of young people's relative labour market situation is highest in Sweden and Denmark, where the relative youth unemployment rate doubles between 2000 and 2008. Also Austria and the United Kingdom belong to the bad performers regarding this youth labour market indicator. The second indicator refers to the employment rate of 15 to 24 year-olds, which is an explicit indicator of the EES' employment guidelines. Since 1990, the changes of this indicator have been low or moderate: in most countries, the employment rate remains stable, and between 2000 and 2008 nearly no changes are observable.

Regarding the youth policies that were set up by the national governments, it has been shown that explicit youth programmes are not self-evident in every country. To the extent to which the youth labour markets and their institutional frameworks differ between countries, the effects of the EES and the policies differ as well, and so do the outcomes. However, some general trends can be observed. The switch from employment to education issues may be one reason for the lack of empirical success regarding youth labour market indicators. On the one hand, it can be seen as a positive development to switch to more sustainable activities that unfold their effects only in the long run, because a failed educational career cannot be repaired by later measures of active labour market policies. But on the other hand, they are necessary in order to react to economic shocks and labour market malfunctions and, therefore, should not become second-order policy activities. The concentration on education issues has overshadowed the youth labour market policies, which appears in the non-development of such policies as well as in the lack of any empirical outcome effects.

Finally, as the main result, for the EU-15 countries the assumption that the EES has affected policy making processes could be supported. Most probably it has induced the emergence of a couple of policy activities, but did fail to have a sustainable effect observable on the aggregate level. Furthermore, the degree of effectiveness with respect to the policy making process seems to depend on the degree of "pre-existing compliance between the EES and national employment policy [...]" (Mailand 2008). In other words, those countries, which were very much in line with the targets of the EES beforehand, showed little compliance regarding the formulation of youth policies. Surprisingly enough,

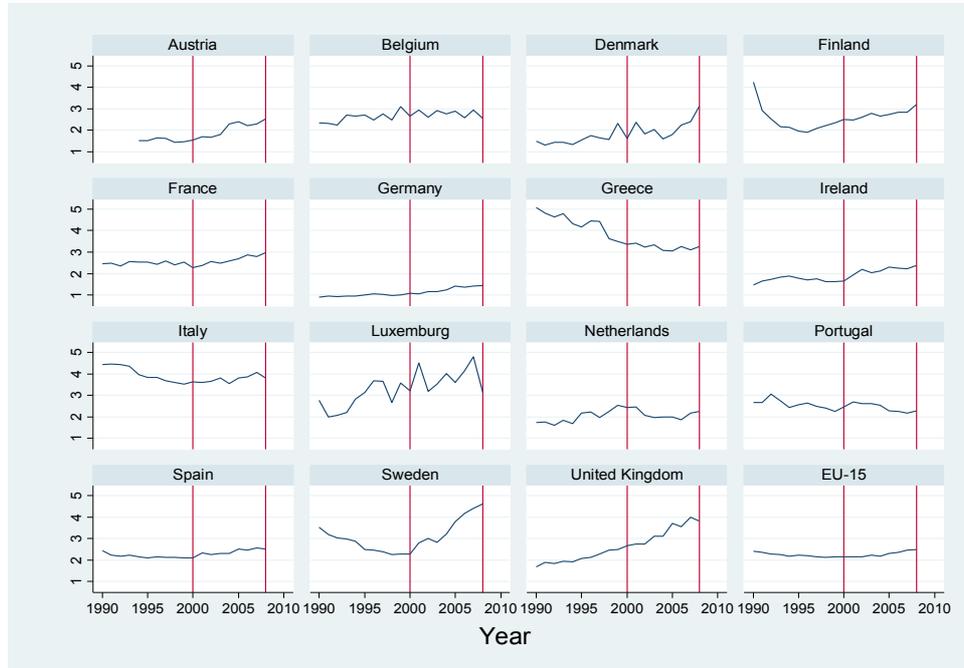
out of this group of countries, Denmark, Sweden and the United Kingdom show worsening outcome indicators – despite the fact that all of them launched youth programmes. In countries with low compliance beforehand, the outcome indicators also show no significant improvement. In a nutshell, the induction of active youth labour market policies through the EES shows indeed effects on the output dimension, but hardly on the outcome level.

Abbreviations

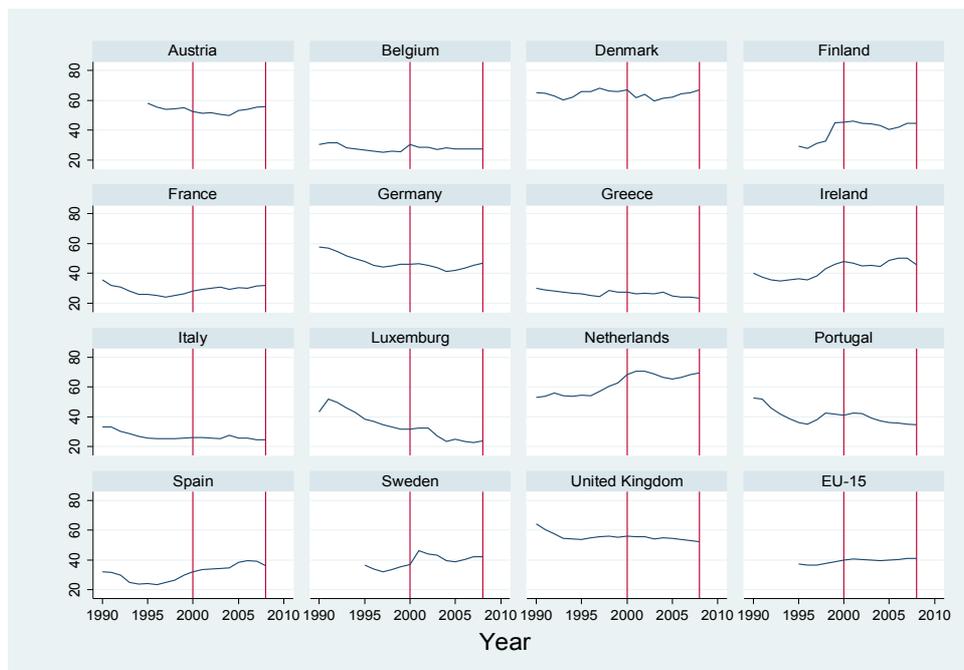
EES	European Employment Strategy
EPL	Employment protection legislation
EU	European Union
EU-15	European Union with 15 member states (1995-2003)
ILM	Internal labour markets
MYP	Municipality Youth Programme
NDYP	New Deal for Young People
ALMP	Active labour market policy
OECD	Organisation for Economic Co-operation and Development
OLM	Occupational labour markets
OLS	Ordinary Least Squares
OMC	Open Method of Coordination
PISA	Programme for International Student Assessment
YG	Youth Guarantee
YUP	Youth Unemployment Programme

Appendix

A1: Relative youth unemployment rates in EU-15 countries, 1990-2008



A2: Employment rates for 15 o 24 year-old in EU-15 countries, 1990-2008



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