School-to-work transitions in the European Union: evidence from the ECHP

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The proposed paper will focus on dynamics of 'school-to-work' (SW) transitions in a longitudinal and comparative context. The kind of general indicators of SW transitions used by Eurostat (Statistics in Focus, Theme 3-4/2003) can form the point of reference. Analysis in the above SiF is based on 2000LFS special module on SW transitions. It constructs various indicators by using retrospective information on the time of *first leaving continuous education*, and current information on status and characteristics of economic activity – expressing the latter as a function of the time elapsed since the former.[1],[2]

As microdata for the EU/European countries are not available to us for the LFS, the proposed analysis will use the European Community Household Panel (ECHP) data, available for 14 EU countries for (up to) 8 waves, with reference years 1993-2000. Because of differences in the nature and scope of the LFS and ECHP datasets, both the actual measures and the statistical methodology in the proposed analysis will differ from that of SiF in a number of respects – which may have both positive and negative consequences. (i) A major difference is that the basic variable in ECHP is *age at (or time of) completing the highest educational level achieved*, rather than age at first leaving continuous education. (ii) ECHP also obtains information on age of starting the first 'regular' job. (iii) The information is supplemented by true longitudinal history of any education and training undertaken during the time the individual is in the panel. Items (i) and (ii) are obtained once at the time the individual first enters the panel, and (iii) is obtained annually at each wave.[3]

Details of the statistical methodology to be used will be developed later; but here a few basic points may be noted, leaving aside specific technical issues such as incompleteness, temporal inconsistency, censoring or truncation of panel data. We may use *time since most recent exit from general education* (constructed by adding (i) and (iii) above) as the reference variable, and study characteristics of economic activity as functions of that. Individual's information on economic activity at each wave can be seen as a separate data point in this analysis (thus increasing the number

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[1] Thus essentially cross-sectional (though in part retrospective) information is interpreted here as if it pertains to real cohorts. The SiF analysis also does not explicitly take into account the individual's age at leaving continuous education, nor any education or training completed subsequently. These features adversely affect the comparability across European countries, because of differing national systems and patterns of education and training.

[2] Seven measures have been presented in SiF as functions of time since first leaving continuous education: activity rate, unemployment rate by level of education, proportion self-employed, proportion in precarious (involuntary part-time or temporary) work, employment in the service sector, and an hierarchical index of occupational status.

[3] See end of this note for a more complete listing of the relevant variables available in ECHP.

of observations available), but in the manner of SiF, treating them as if they reflected the experience of a real cohort over the limited time-span of interest. Hence in form, this analysis will be similar to that in SiF, though the two will differ in substantive content and statistical methodology.

The ECHP questionnaires, of course, contain detailed information on current activity status and job characteristics. In fact, the ECHP encompasses two related measures of the individual's economic activity: (i) the conventional (ILO) current activity status, and (ii) a self-declared measure of the individual's main activity status. Analysis of economic activity according to the more robust latter concept is a special feature of the survey. This measure is more directly related to longer-term information on income from work and from other sources. It provides the opportunity to collect additional information on job characteristics of those engaged in work in a more substantial manner. It focuses on significant changes in status, which are more amenable for measurement in a longitudinal enquiry aimed at cumulating information on activity status and changes therein over time, and constructing activity histories. Consistency between these two types of measures of activity status is also an important issue.

In the context of longitudinal analysis, it may be noted that temporal information on economic activity is obtained in ECHP in two complementary forms: (i) in the form of recent *job histories*, providing information on the dates of beginning and termination of current or recent jobs and unemployment experience; and (ii) a month-by-month *activity status calendar* covering the survey reference year. Such information permits rich longitudinal analysis.

In addition to the types of indicators presented in SiF, the longitudinal data from ECHP will permit the construction of some useful supplementary measures. For instance: (i) life-table type measures can be constructed showing cumulative proportions completing the (personal) highest level as a function of age; (ii) the classification by level of education can be enriched by incorporating into it information on whether or not the person also received vocational training; (iii) similarly, we can also use information on whether the person received vocational training *after* entering employment (first 'main' job).

Relevant information in contained in the ECHP data set can be summarised:

At the first interview: Highest level of education complete; age when completed; (all types) of vocational training ever undertaken; age at which most recent such training completed; degree of satisfaction with this training; age at starting first job (other than short period of casual work).

At each wave[4]: General/higher education completed during the preceding year. Whether undertook vocational training, and if so: the duration, dates, type of training; its objective and usefulness for the job; whether it was organised through the employer. Various items of information on job status and characteristics at each interview, as well as monthly calendar of activity status during the preceding year.

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[4] ECHP Wave 1 departs somewhat from the sequence of questioning which is generally standard across the waves.