

Education and labor market attachment for youth Ensuring future employment rates

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Intro

- Nordic model:
 - Characterized by a compressed wage structure and generous welfare states.
- Employment:
 - Demand
 - Incentives for employers; particularly at the bottom of the skills distribution?
 - Supply
 - Incentives for workers; particularly at the bottom of the skills distribution?
 - Education
 - Incentives to invest in human capital?
- Flexibility of relative wages?
 - Joint work with Kalle Moene, University of Oslo and joint Norwell Nordic project: Karsten Albæk, SFI, Rita Asplund, ETLA, Lena Lindahl, SOFI, Kristine von Simson, ISF

Outline - the good news

- Surprisingly high employment rates
- Surprisingly high relative employment rates
- High labor supply, also relative labor supply
- High educational attainment
- Historically high growth in labor productivity
 - Innovations and high tech

Outline - institutions

- High levels of coverage and of union density
- Coordination and pattern bargaining
 - Creative destruction and structural change
 - Complementarity between welfare state and wage compressing institutions
- Consensus reforms
- Two tier bargaining
 - Supplementary local bargaining
 - Local incentives, pay for performance
- Strong emphasis on education
 - High educational attainment
 - Student loans, no tuition, large public sector educational sector

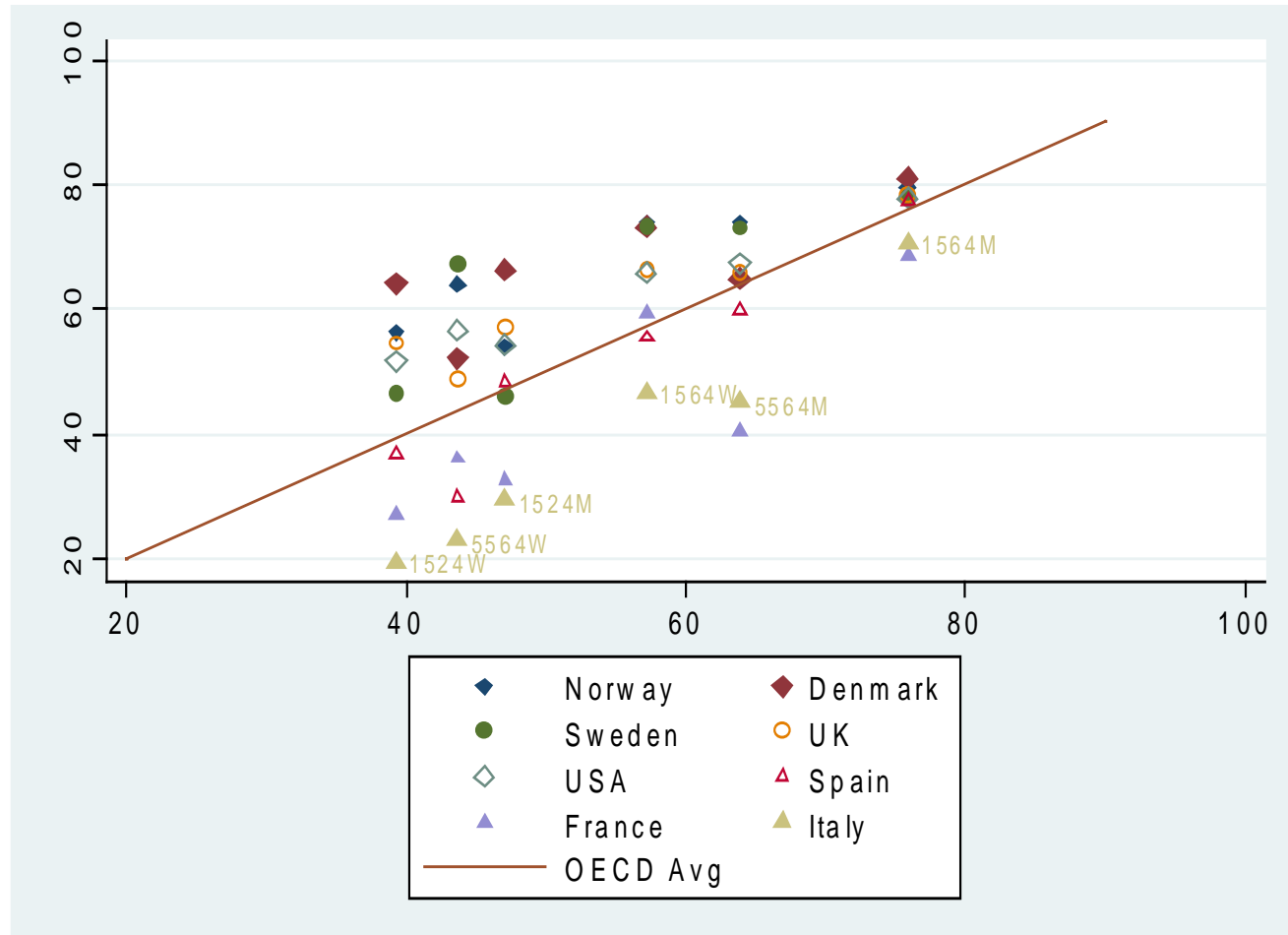
Outline - Challenges

- Youth unemployment
- Drop outs and non- completers
- Transitions school to work

- Youth unemployment; studens vs non-students
- Drop out vs non-completion
- Drop outs vs non-drop outs:
 - Outcomes 5 and 10 years later
- Policy challenges

Employment-population ratios 2007

Demographic groups

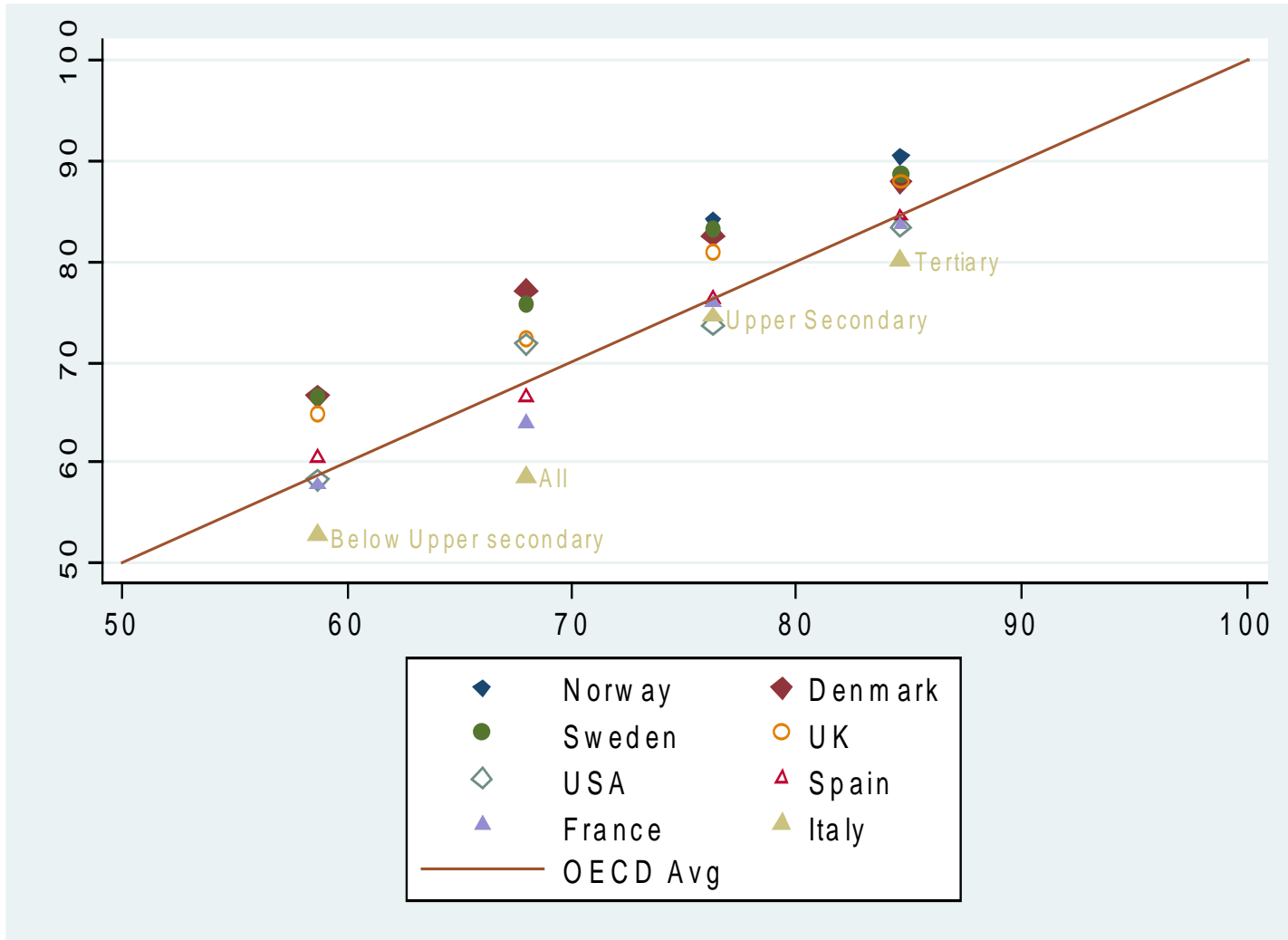


Source: Barth and Moene 2012, data from OECD, Labor force surveys

Relative employment rates

	Relative employment rate relative to prime age men					Empl./pop. %
	Men 1524	Men 5564	Women 1524	Women 5564	Women 2554	Men 2554
Denmark	0.74	0.72	0.71	0.58	0.91	90.2
Norway	0.61	0.83	0.63	0.72	0.92	89.2
Sweden	0.52	0.82	0.52	0.75	0.93	89.0
The USA	0.62	0.77	0.59	0.65	0.83	87.5
The UK	0.65	0.75	0.62	0.55	0.85	88.3
OECD avg	0.54	0.73	0.45	0.50	0.75	88.0
France	0.37	0.46	0.31	0.41	0.86	88.3
Spain	0.55	0.68	0.42	0.34	0.75	87.6
Italy	0.34	0.52	0.22	0.26	0.68	87.3

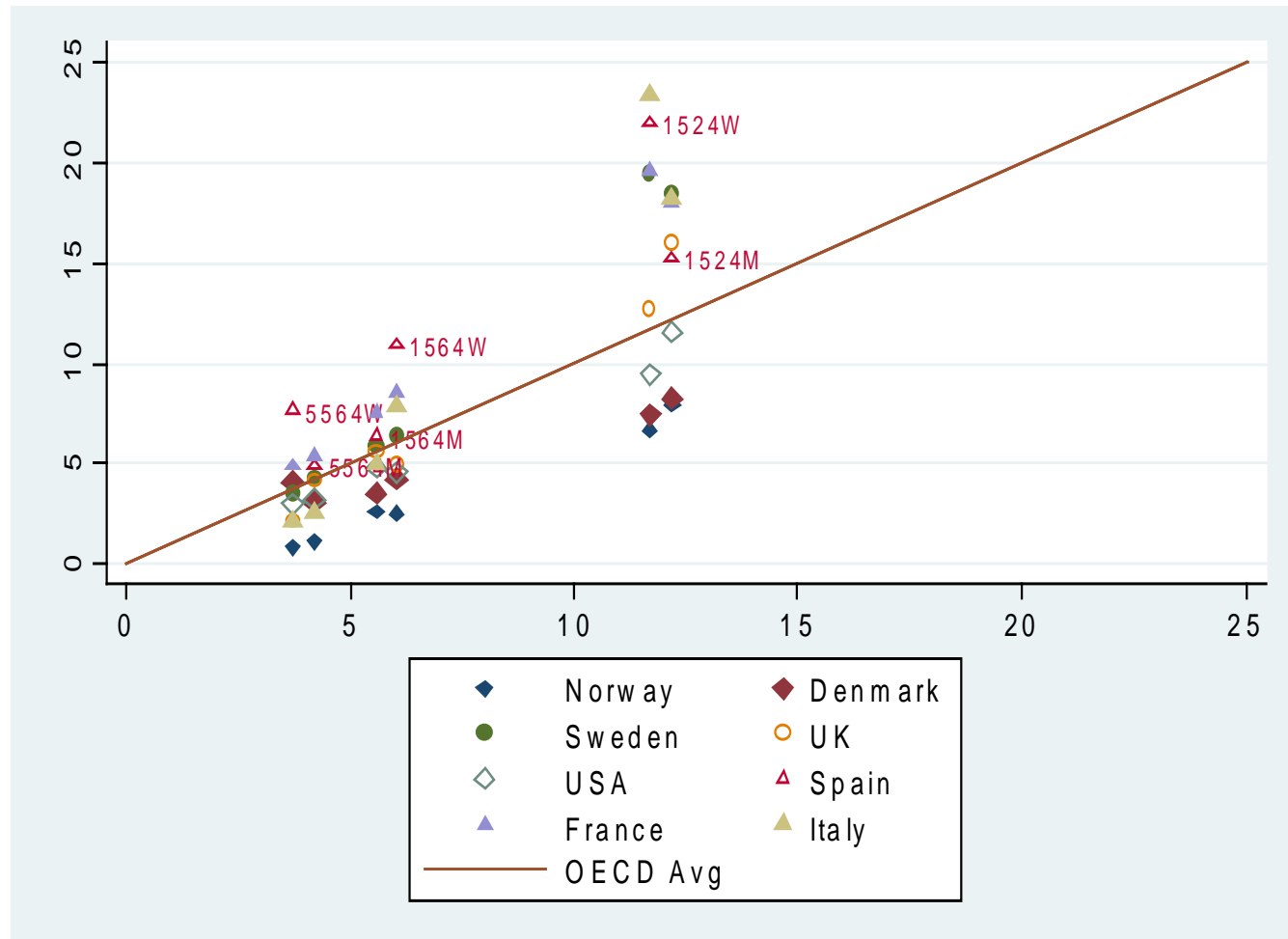
Employment-population ratios 2007 by education



Relative employment rates

	Low	Medium	Tertiary
	Relative employment rate relative to tertiary		Empl. pop. %
Denmark	0.76	0.94	87.8
Norway	0.73	0.93	90.4
Sweden	0.75	0.94	88.6
The USA	0.70	0.88	83.3
The UK	0.74	0.92	87.8
OECD avg	0.69	0.90	84.6
France	0.69	0.91	83.5
Spain	0.72	0.90	84.4
Italy	0.66	0.93	80.2

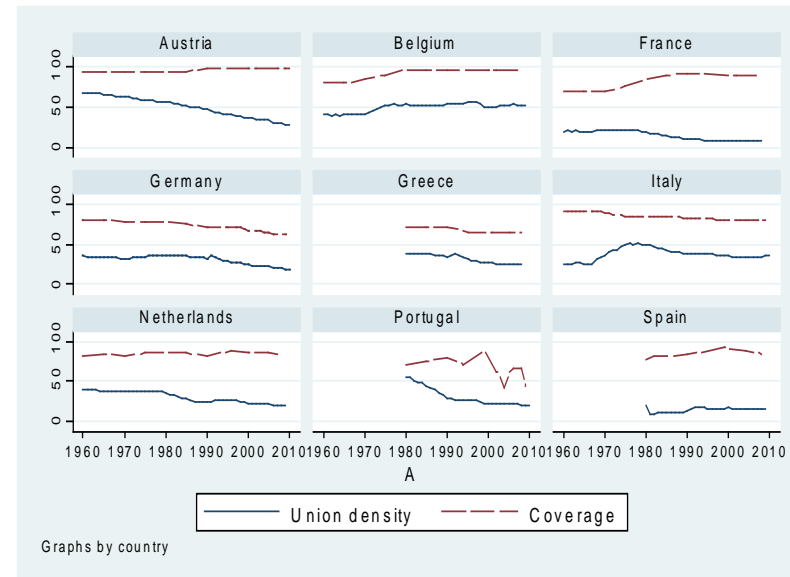
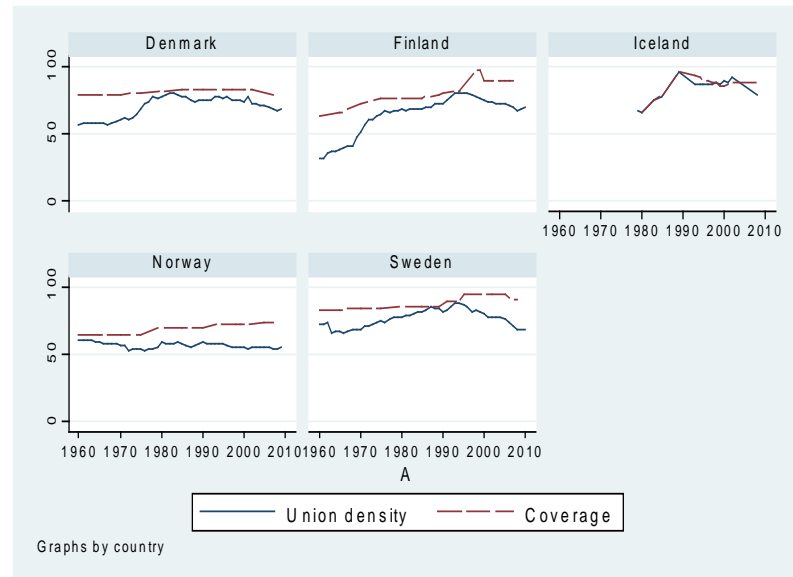
Participation



Relative participation rates

	Participation rates relative to prime age men					Part./Pop. rate %
	Men 1524	Men 5465	Wom en 1524	Women 5564	Wom en 2554	Men 2554
Denmark	0.78	0.72	0.75	0.59	0.92	92.5
Norway	0.65	0.82	0.66	0.71	0.92	90.9
Sweden	0.61	0.82	0.62	0.75	0.94	92.9
The USA	0.68	0.77	0.63	0.64	0.83	90.9
The UK	0.74	0.75	0.68	0.55	0.85	91.6
OECD avg	0.58	0.72	0.48	0.49	0.76	92.2
France	0.43	0.45	0.36	0.40	0.88	94.2
Spain	0.62	0.68	0.51	0.35	0.78	92.6
Italy	0.40	0.51	0.28	0.26	0.70	91.0

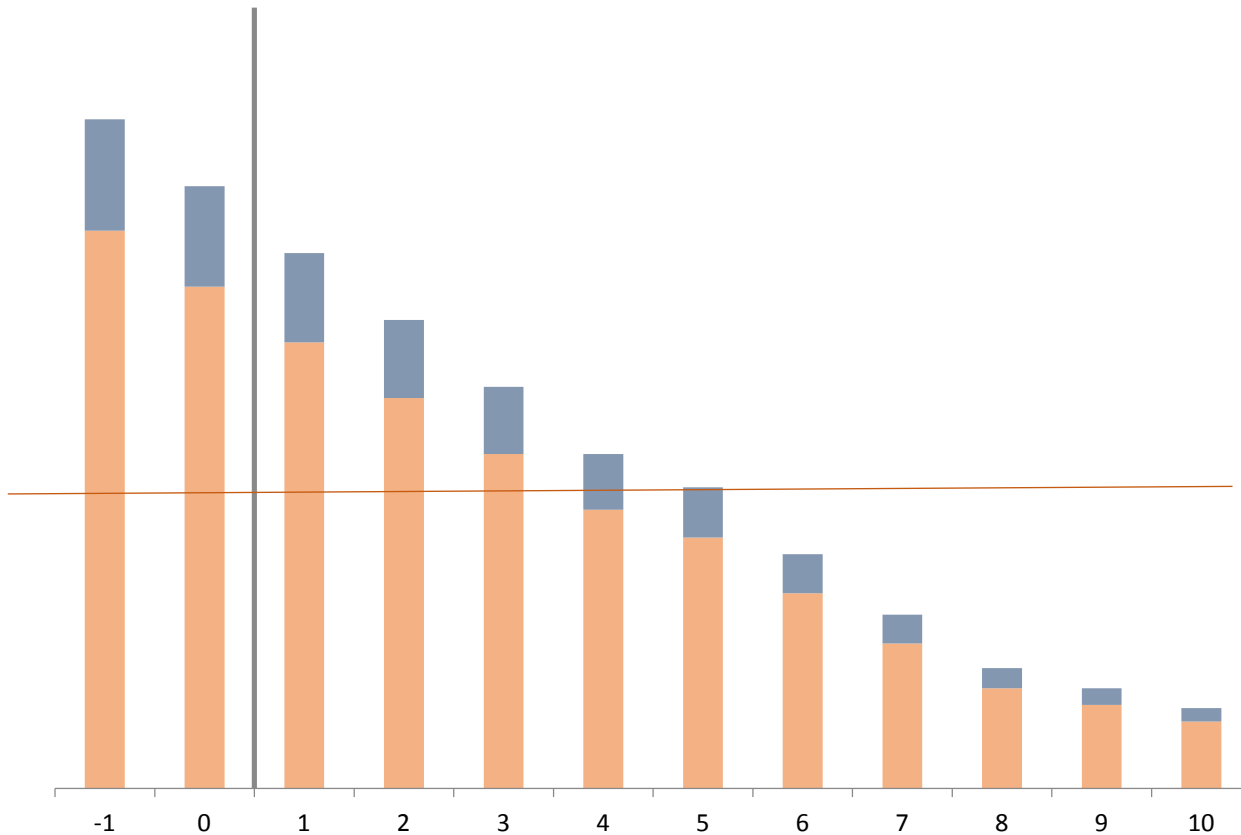
Union density and union coverage



Data from Visser ICTWSS

Productivity and wage differences across firms

productivity and pay within firms



	Norway Workplaces	Employees	Sweden Employees
Union(s) present	78	87	
Union membership		54	70
White collar			73
Blue collar			67
Employers' organization	70	79	86
Collective agreement	80	87	88
White collar			86
Blue collar			93
Local bargaining			
Covered plants	75	78	83
Private sector			71
Public sector			100
Bargaining topics			
covered plants	66	80	
Performance Pay, Main occupation	48	51	
- Private sector	59	59	
- Private, collective	56	60	
Share of wage growth determined locally:			
- Blue Collar		0.6	
- White Collar		0.44	

Source: Barth, Moene, Willumsen 2014

Data: Employer survey 2003 (Norway),

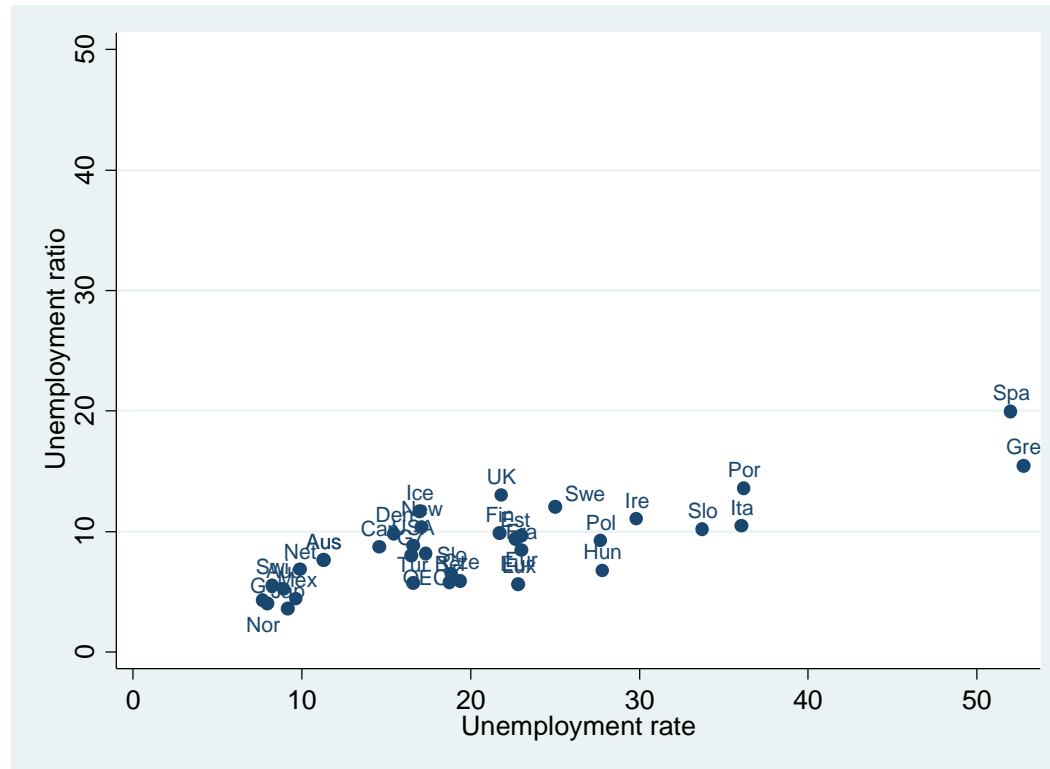
National Mediation office (Sweden)

Challenges

- Youth unemployment
- Drop out rates and non completion
- School to work transitions

Definitions:

Youth Unemployment rate vs ratio



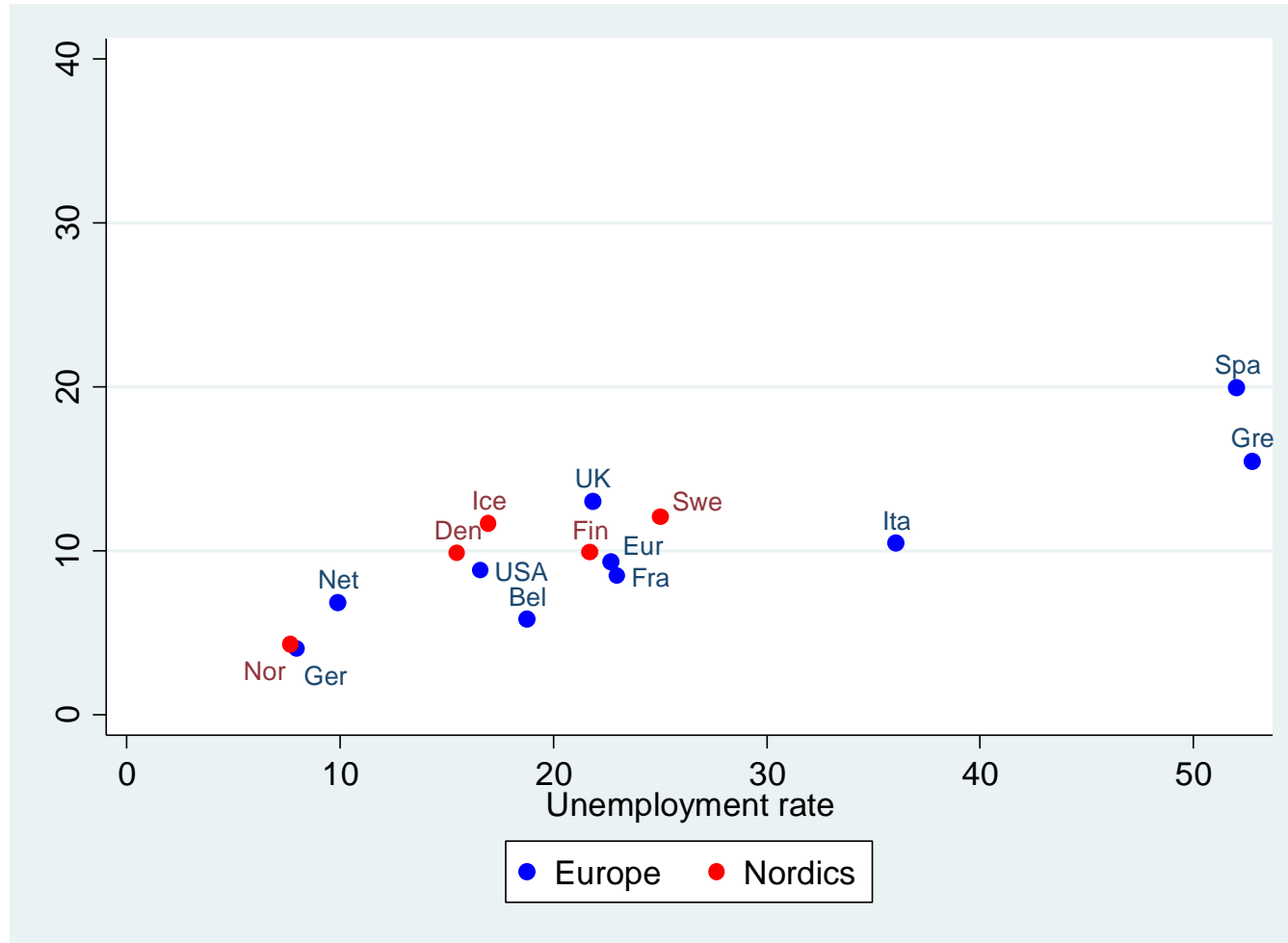
Youth 16-24 år

Unemployment ratio:
Percent of youth
population

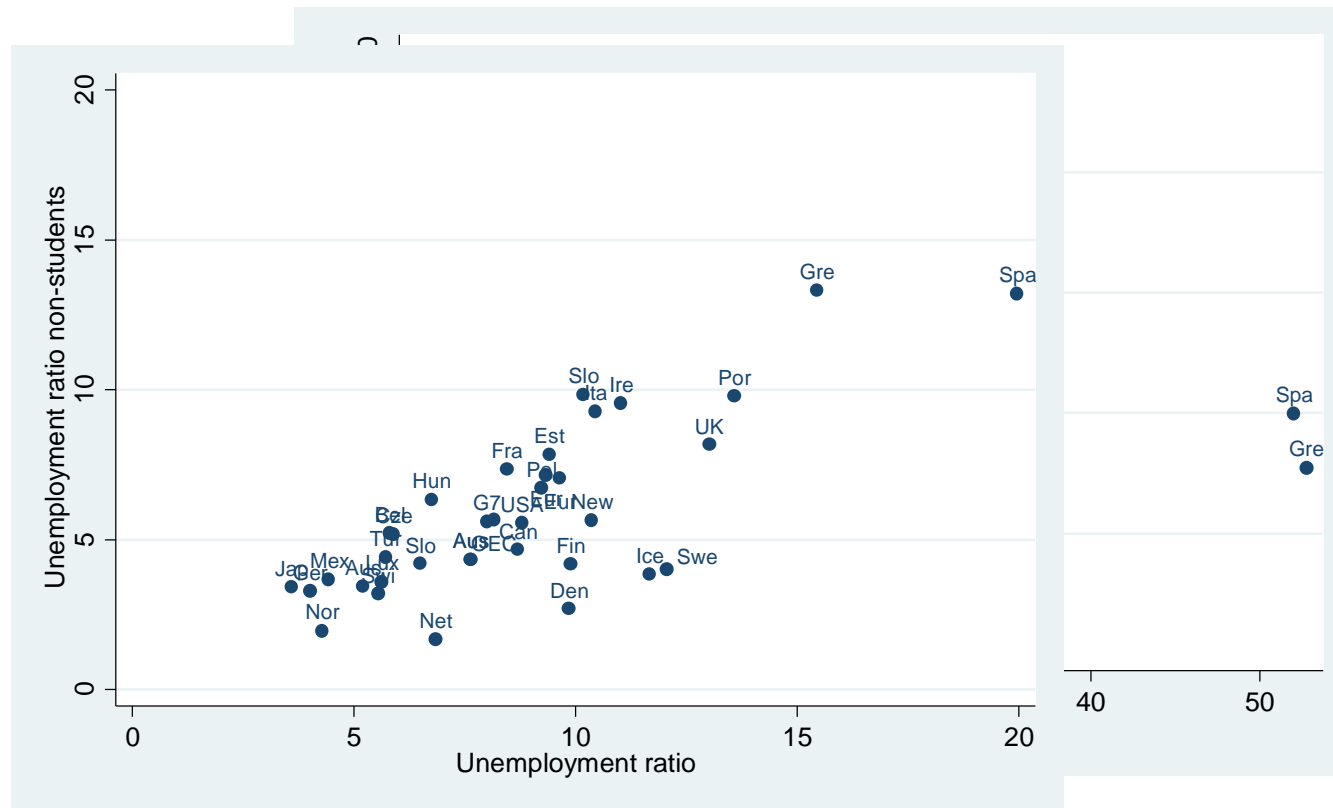
Unemployment rate:
Percent of labor force

OECD data

Unemployment rate vs ratio



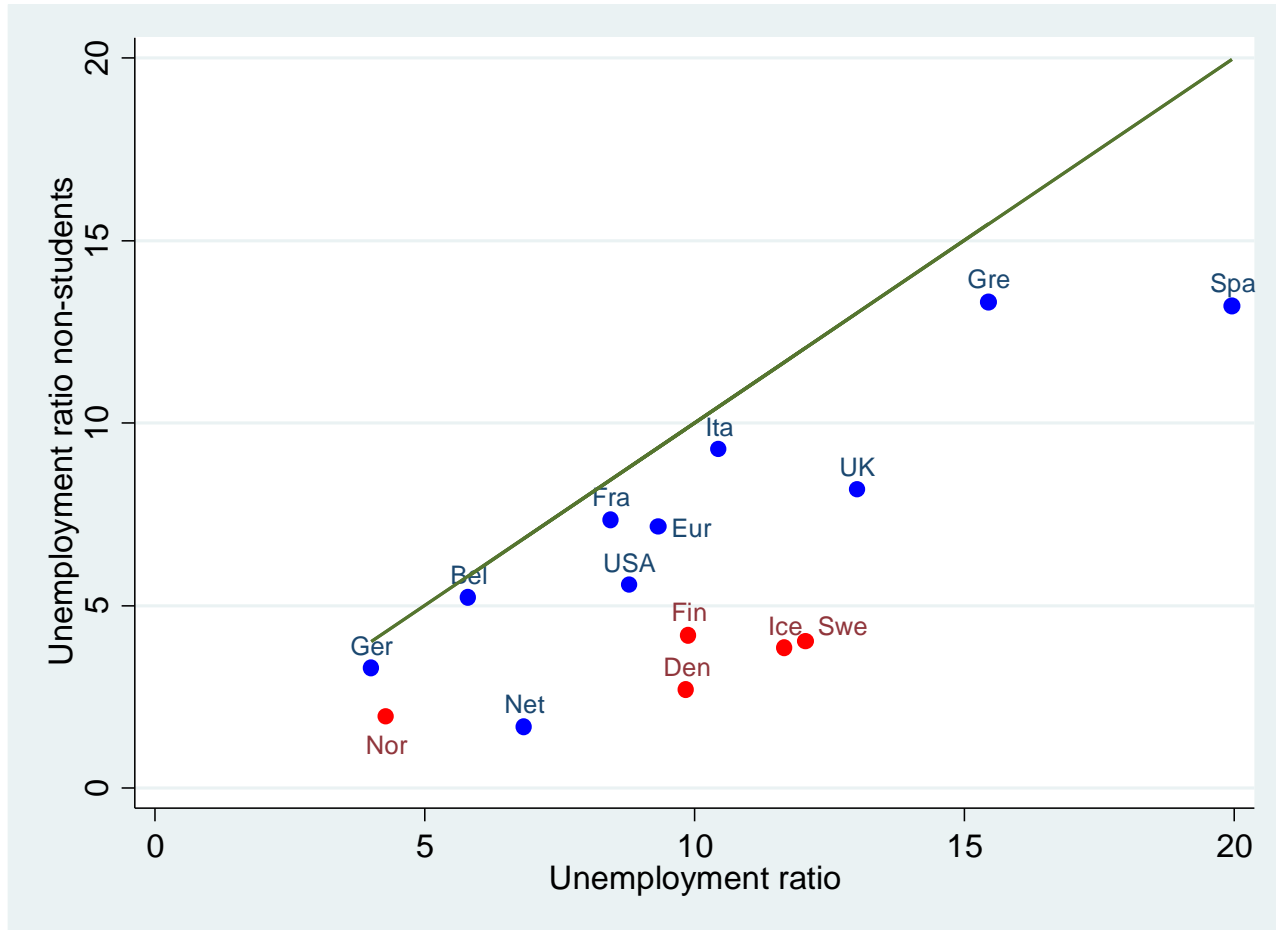
Definitions: with and without students



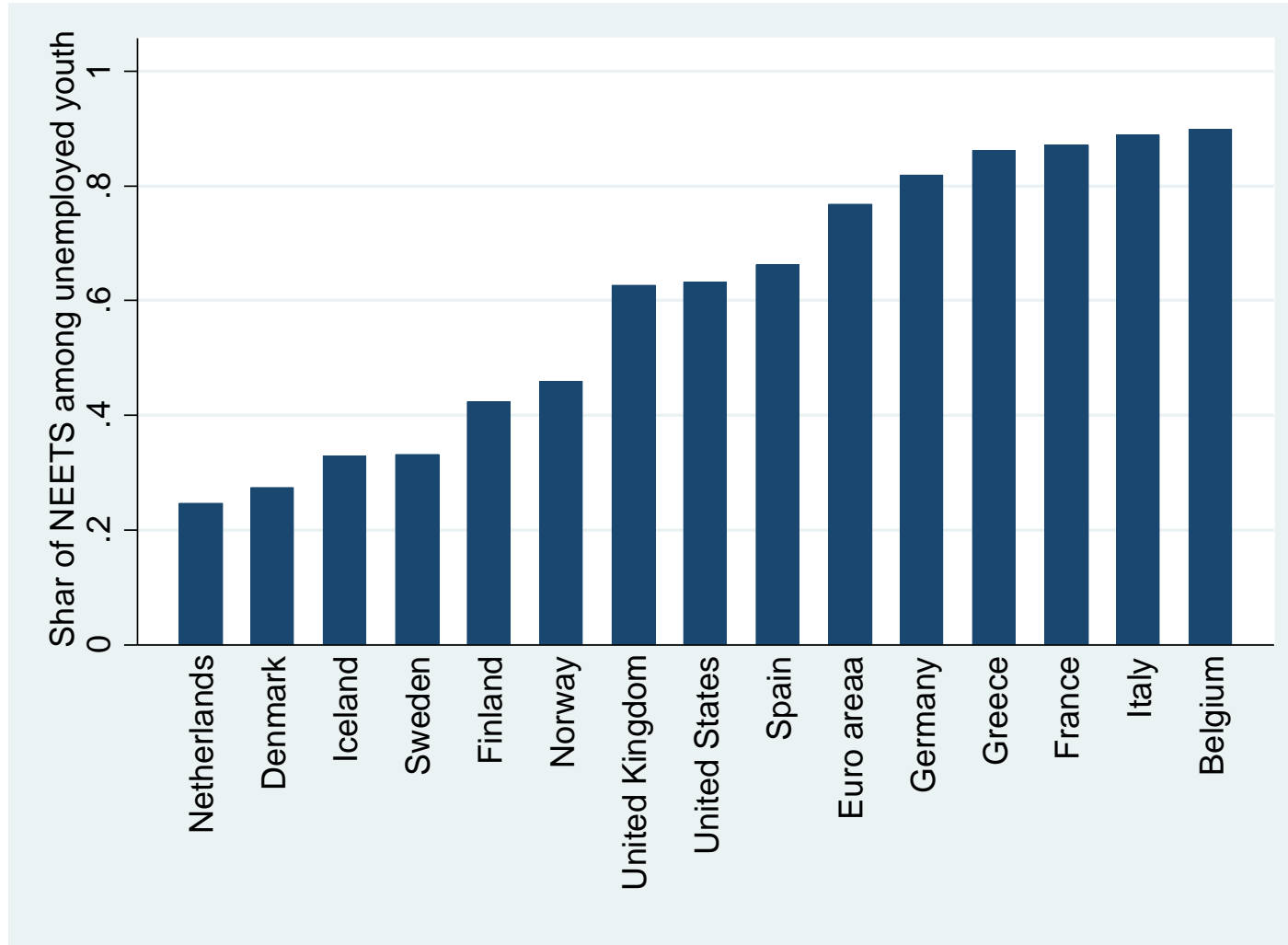
Youth 16-24 years
Unemployed with and
without students,
percent of youth
population

OECD data

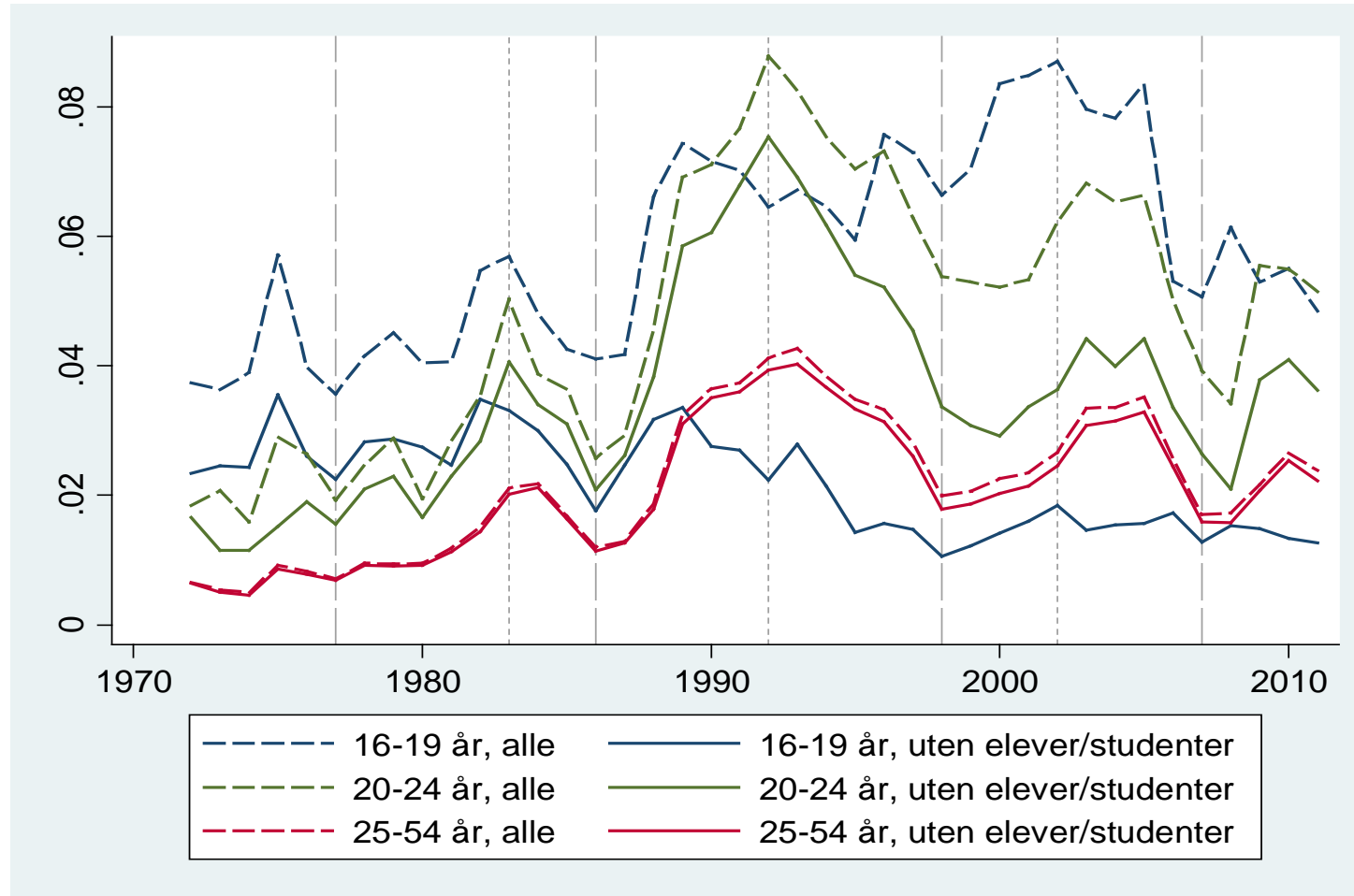
Unemployment ratio with and without students



Share of NEETs among unemployed youths

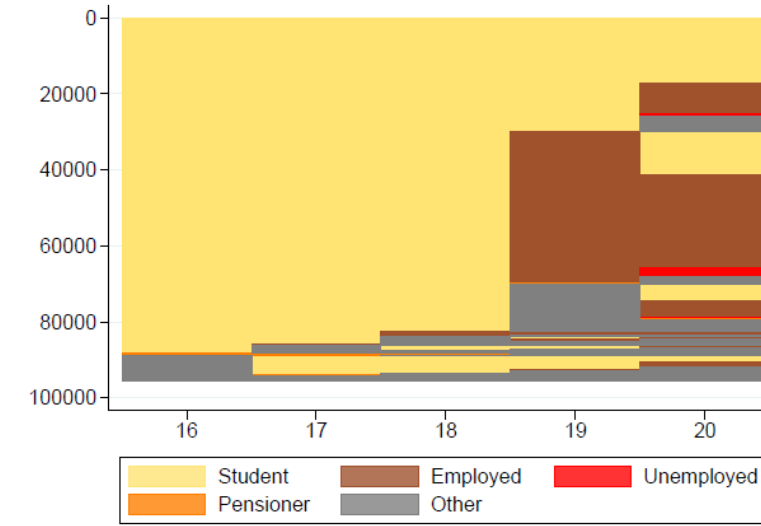
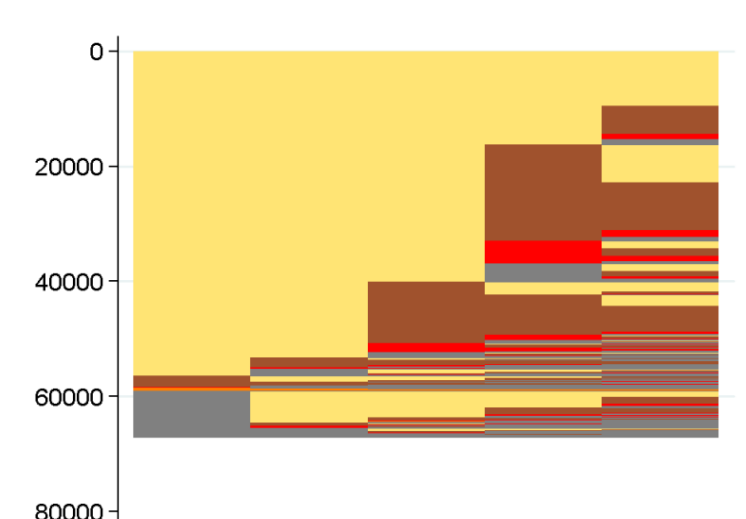
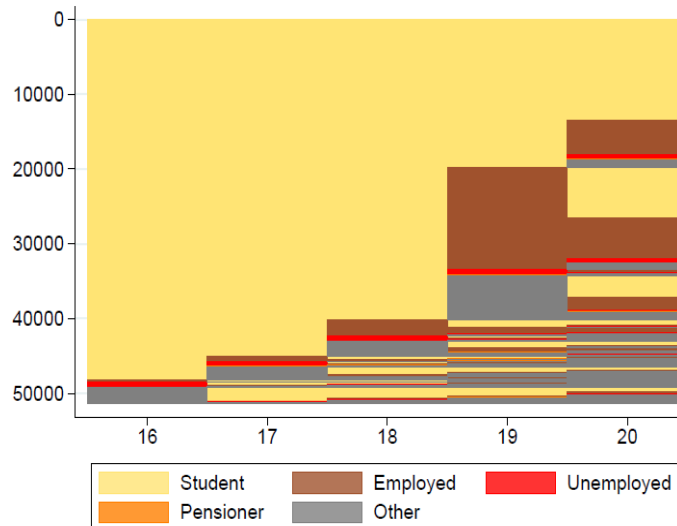
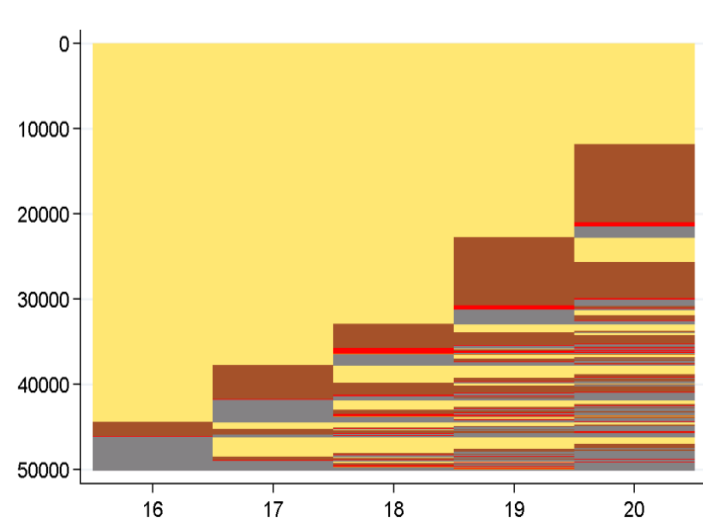


Norway: Unemployed with and without students, percent of population.



Pathways through high school

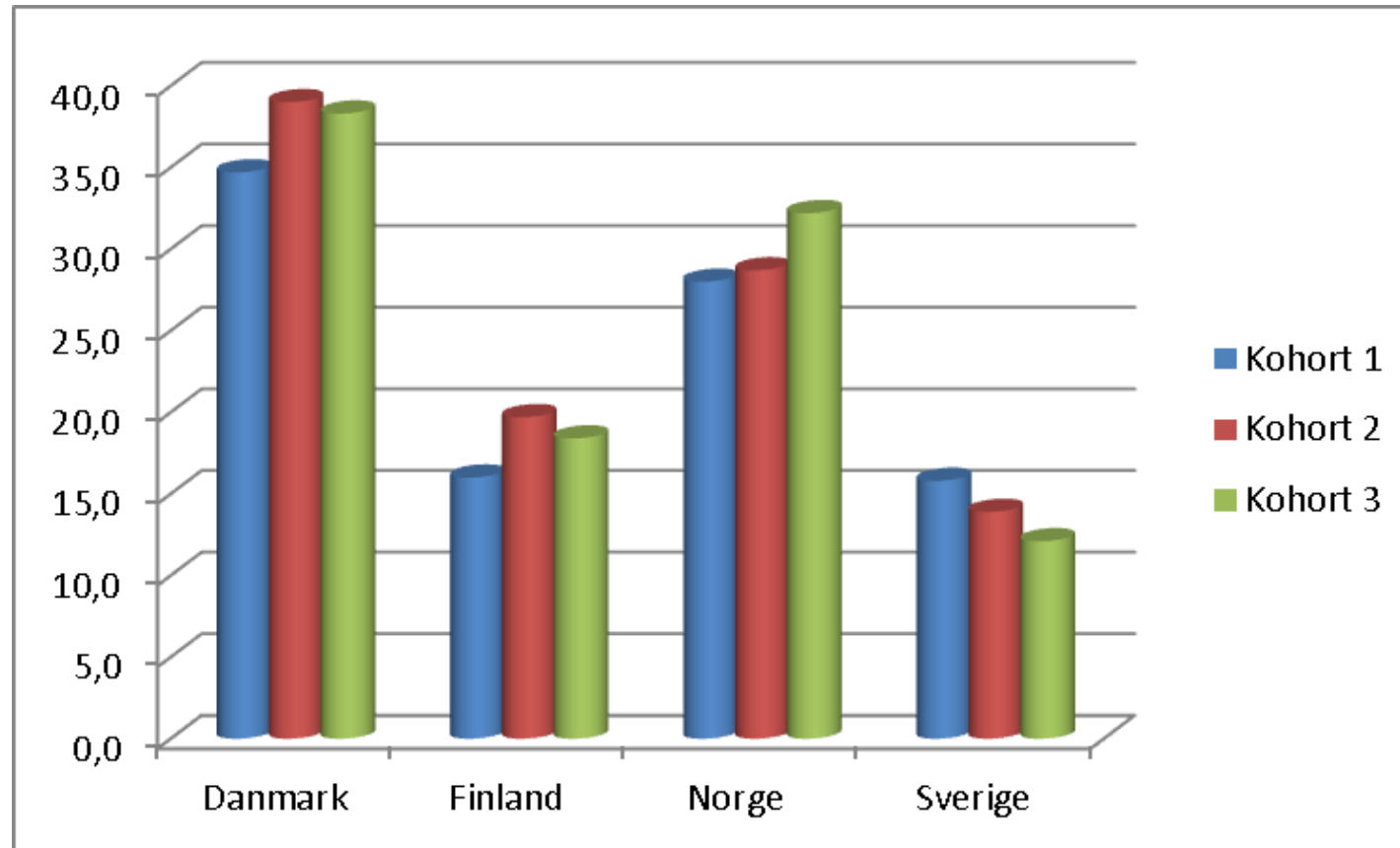
DK, FI, NO, SW



Nordic project, joint with
 Karsten Albæk, SFI
 Rita Asplund, ETLA
 Lena Lindahl, SOFI
 Kristine von Simson, ISF. Comparing 3 cohorts 16 years in 1992, 98 and 03

Cohort 2

Non completion rates by 21 years



Nordic project

Late completions (26, 31)

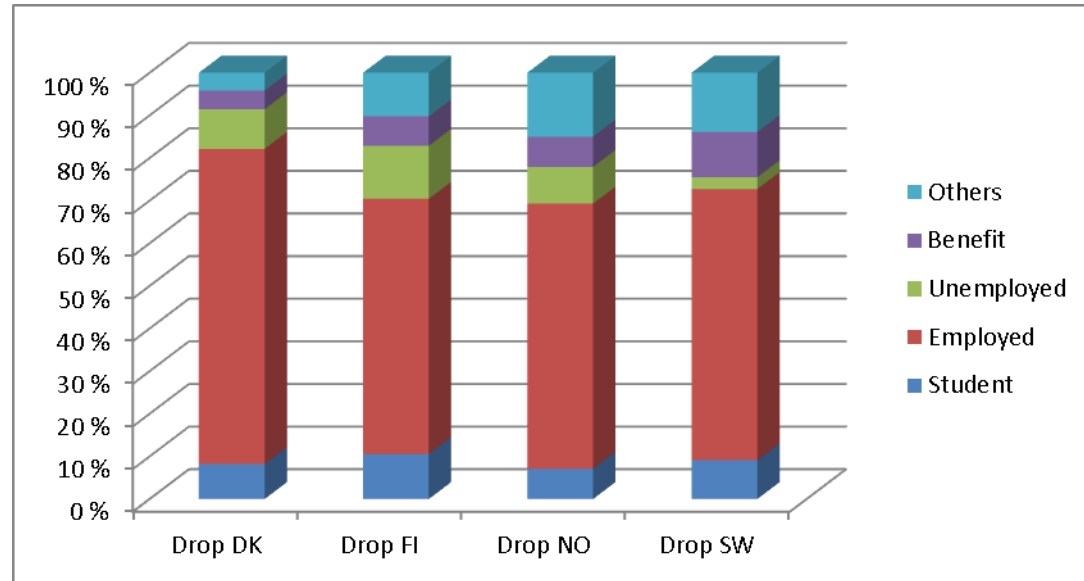
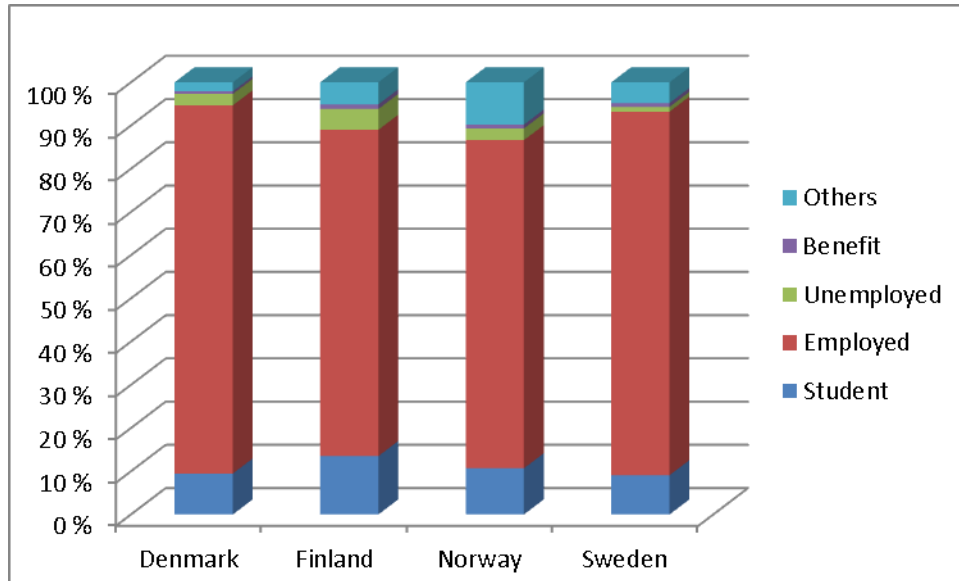
Percent of non-completers (21)

	Danmark		Finland		Norge	
Age	26	31	26	31	26	31
Cohort 1	41.6	51.8	25.4	34.7	41.9	50.1
Cohort 2	42.9		29.7		29.1	

	Danmark	Finland	Norge	Sverige
Upper secondary attainment at 30-34 2011	82	91	86	91

Main activity at 31

Completers and non-completers



Nordic project
Cohort 1

Summing up

- Compressed wages, generous welfare states
- High employment and participation rates, also relative
- Labor market institutions, welfare state insurance, high levels of education
- Creative destruction and structural change, local incentives, supported by social insurance
- Measuring youth unemployment
- Challenges:
 - High school drop outs, participation of marginalized youth (NEETS)