

A stylized world map composed of a grid of dots in various shades of gray, with several dots highlighted in red. The map is centered behind the title text.

Youth, Education and Labour Market in the Nordic Countries

Similar But Not the Same

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- Youth unemployment is a serious problem in all Nordic countries. It is difficult to go from education and training to work.
- There are major differences between the education systems in the Nordic countries. Two of them have vocational education mainly in the form of apprenticeship training and the other two mainly as school-based training.
- The problems for young people are most severe for those who have not completed secondary school and for foreign born young people.



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Introduction: Conditions for Young People in the Nordic Countries – Similar But Not the Same¹

In many respects the Nordic countries resemble each other. Concepts such as *the Nordic model* and *the Scandinavian welfare policy regime* occur repeatedly in international studies of living conditions and welfare policy systems. Similarities between the countries include training and entry conditions for young people in the labour market. The proportion completing a more extensive education is high compared to other European countries. Among those who are 15–24 years the proportion who are inactive – in other words, outside both the education system and the workforce – is relatively low.

Closer examination, however, reveals major differences between the Nordic countries in the conditions for young people. In Denmark, labour market entry conditions are very good for young people, also compared to countries outside the Nordic region. By contrast, Finland and Sweden have high unemployment and considerably lower employment levels also in a broader international perspective. Norway falls somewhere in between, with considerably better labour market conditions for young people than Finland and Sweden.

The purpose of this study is to examine similarities and differences related to a specific aspect of the welfare systems, namely vocational training at upper secondary school level or initial vocational training, and labour market policy measures to facilitate the entry of young people into working life. Here the experiences of the Nordic countries are not entirely similar. Education at the upper secondary school level shows many similarities, but also fundamental differences. Are these differences between countries reflected in the establishment pattern for young people and differences in unemployment levels and earnings? Are there differences from a fairness perspective, in other words, does upper secondary school education contribute in different degrees to eliminating variations in educational outcomes and labour market access related to differences in social background, gender and ethnicity? While we do not claim to provide definitive or detailed answers to these two questions, we nevertheless hope to contribute ideas for further studies.

While the study encompasses the Nordic countries, the premise for comparison is to highlight a number of issues that are current in Sweden. The primary aim of the comparative approach is therefore to increase our understanding of the challenges faced by initial vocational training and labour market policy in Sweden.

Over the past ten years it has become more difficult for young people to enter the labour market in most of the established industrialised nations. Several studies indicate that absolute and relative youth unemployment has increased while the percentage working has dropped since the mid-1990s. At the same time the proportion of young people and young adults has diminished in the total population while knowledge and mobility requirements in the labour market have probably increased, a factor which is assumed to favour younger individuals over the middle-aged and elderly (see Freeman and Schettkatt 2000). The transition from school to working life takes ever longer. The dependency burden, measured as the number of persons in dependent age groups compared to the working age population, is increasing. This makes it more difficult to finance public welfare commitments. A detailed analysis of growth in the EU over recent years shows that lower youth employment is one of the factors responsible for reduced economic growth. On the other hand, growth has been positively influenced by increased employment among older workers (aged 55–64) and women (see European *Economy Research Letter* 2007).

Research also suggests that negative consequences of unemployment and inactivity in early life may follow individuals throughout their life cycle. This is not only a matter of financial difficulties, but also of mental and physical ill health in the wake of more or less permanent social exclusion. Growing unemployment and increasing social gaps give rise to anxiety about earning a living in the future, a factor which can encourage political trends of an anti-immigrant or populist nature (see *Racism and xenophobia in the EU member states. Trends, developments and good practice* 2006). In the longer term, extensive unemployment and social exclusion represent serious threats to democracy. This is evident from the experiences of mass unemployment in the 1930s but also from the anti-immigrant trends in several European countries in recent years.

1. We would like to thank Christer Gerdes for helpful comments on an earlier version.

1. Comparison of the Nordic Countries

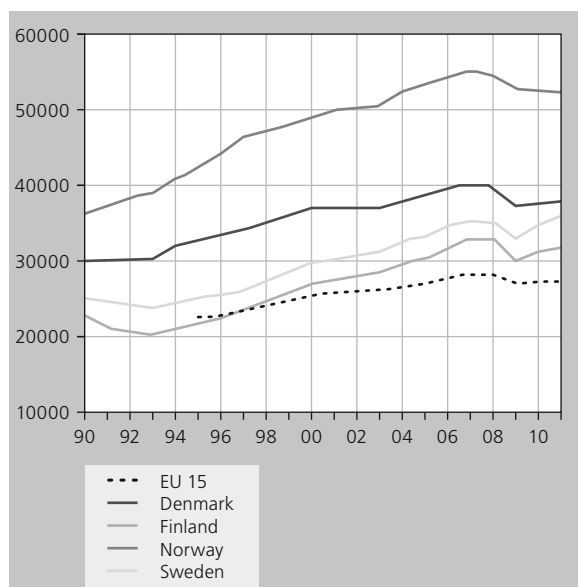
There are many marked similarities between the Nordic countries. In this introductory section, some fundamental features of their economies, labour market conditions and social welfare systems will be outlined as a background for the subsequent discussion of entry conditions for young people.

1.1 Economies

By accepted measures of economic development, the Nordic countries are successful. Figure 1 shows GDP development per capita in the years 1980 to 2011. In Denmark and Norway, per capita GDP is higher than in the other Nordic countries, partly because they were less severely affected by the economic crisis of the early 1990s. Norway's economic development has also benefited from the large amounts of oil revenue. Since the crisis years of the 1970s, Denmark has experienced stable and relatively high growth.

GDP per capita can be divided into two components: labour productivity per hour and the number of hours worked per inhabitant. The latter can in turn be divided into the percentage of the population who are working and the number of hours worked per employed person.

Figure 1: GDP per capita in euros (market prices), 1990–2011



Source: Eurostat.

Although Finland has experienced the strongest increase in labour productivity (production value per hour worked) since the early 1980s, employment development has been relatively weak and the growth in GDP per capita has therefore not matched the growth in labour productivity. Sweden experienced weak productivity development in the 1980s but fully on a par with the other Nordic countries in the 1990s and early 2000s. Figure 1 shows that the Nordic countries overall have enjoyed fairly favourable development since the mid-1990s compared to the EU15. Continental EU countries have shown fairly weak economic growth.

Another approach is to base the comparison on UN assessments of the standard of living in the various countries of the world, the so-called Human Development Index (HDI), where GDP data are combined with variables that reflect health, education and equality. According to the latest HDI assessment, Norway ranks first, Sweden ninth, Finland sixteenth and Denmark nineteenth (United Nations 2010).

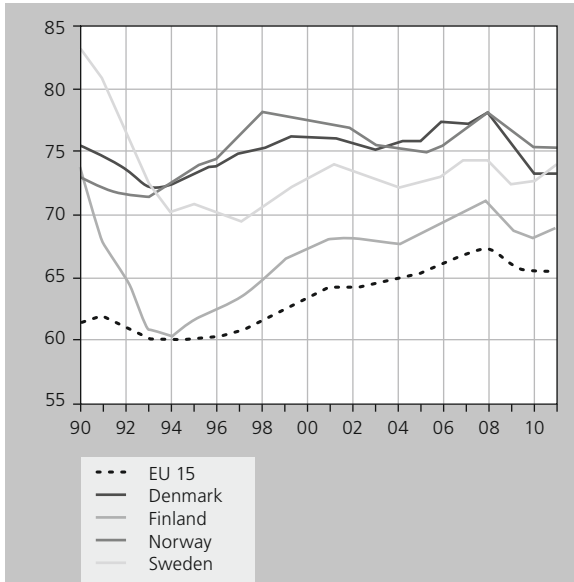
1.2 Labour Market

The employment level in the working age population is high in the Nordic countries. Figure 2 shows employment as a percentage of the adult population in the Nordic countries and the EU15 from 1990 onwards.

Unemployment is lower in the Nordic countries than within the EU15. The exception is Finland where unemployment reached very high levels in conjunction with the disintegration of the Soviet Union and the world economic crisis of the early 1990s. However, unemployment in Finland has gradually declined. It should also be mentioned that the unemployment levels have risen since the second half of 2008 in every Nordic country.

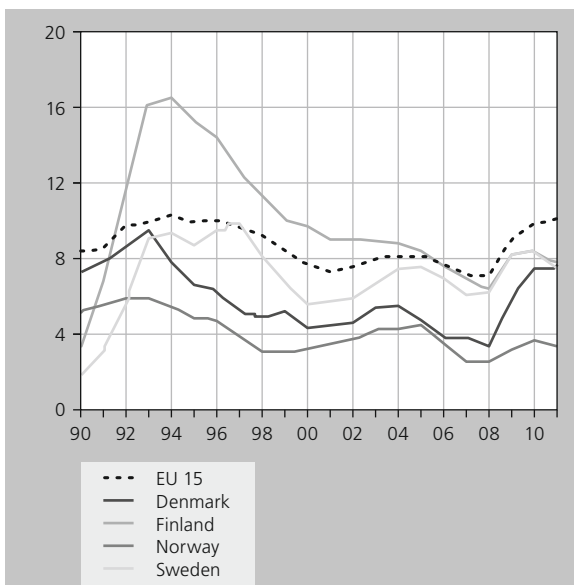
All four Nordic countries have enjoyed a higher level of employment than the EU15. Sweden and Finland suffered very severe job losses in the early 1990s. In both these countries, employment remains considerably below the 1990 level. In Norway the employment level is higher than in 1990, while in Denmark it is roughly the same as in 1990.

Figure 2: Employment rate for those aged 15–74 years in the Nordic and EU15 countries between 1990 and 2011



Sources: Eurostat and OECD.

Figure 3: Open unemployment among 15–74 year-olds in the Nordic countries and EU15 between 1990 and 2011



Source: Eurostat.

A high level of employment among women is characteristic of all the Nordic countries and closely linked to major investment in tax financed child and elder care, health care and education. From the welfare policy perspective there is much to suggest that the Nordic countries form a separate group compared to other European countries.

1.3 Welfare Policy and Social Conditions

Public consumption – that is, government and municipal expenditure for services such as schools, child and elder care, social services, health care, police and defence – is often measured as a percentage of GDP. In 2011, public consumption accounted for 29 per cent of GDP in Denmark, 24 per cent in Finland, 22 per cent in Norway and 26 per cent in Sweden. Within the EU15 the corresponding share was 22 per cent (see Eurostat www.epp.eurostat.ec.europa.eu, national accounts).

The Nordic countries allocate more to social security such as pensions and other social insurance, unemployment benefits and housing assistance than other European countries. However, with respect to Finland the difference is not that significant (see Table 1).

Table 1: Expenditure on social security in euros per person, 1990–2009

	1990	2000	2009
Denmark	7,086	9,384	11,545
Finland	6,921	6,403	8,561
Norway	7,062	9,911	12,297
Sweden	8,256*	9,053	8,705
EU15	5,737**	6,221	–

Source: Eurostat. *1993, **1995.

However, high public costs for social security need not mean social wellbeing and small income differences. High costs can also be a reflection of high open unemployment or a demographic structure with a large percentage of dependent seniors. It is therefore important to relate socio-political expenditure to employment, unemployment, income spread and the poverty rate. We present data on income spread and poverty rate in Table 2.



Table 2: Income spread according to the 80/20 quotient and Gini coefficient and the poverty rate in 2010.

	80/20 quotient	Gini coefficient	Poverty rate
Denmark	4.4	0.27	13
Finland	3.6	0.25	13
Norway	3.5	0.24	11
Sweden	3.5	0.24	13
EU15	5.0	0.31	16

Source: Eurostat.

We see that the income spread is relatively small measured by the Gini coefficient and the 80/20 quotient and that the poverty rate is low in the Nordic countries compared to other European nations. The Gini coefficient is a measure of how a society's total income is distributed among individuals (or households) and assumes a value between 0 and 1. A coefficient of 0 means that incomes are completely evenly distributed among the citizens; a coefficient close to 1 indicates that the distribution is extremely skewed, one individual (or one household) having all of society's income. The 80/20 quotient shows the ratio between the fifth of households with the highest income and the fifth with the lowest. The poverty rate is defined as the proportion of inhabitants who earn less than 60 per cent of the mean income.

Within the EU15 the poverty rate is higher and the gap between low and high income earners wider measured by the 80/20 quotient. Income differences are even greater in the United States than within the EU15: the United States has a Gini coefficient of 0.38 and a poverty rate of about 17 per cent (see OECD 2011a and 2011b). Other indicators of living conditions confirm the impression that social conditions are relatively equitable within the Nordic countries. OECD statistics show that the proportion of permanently poor, measured as the share of the population whose income is less than 60 per cent of the mean for longer than three years, is low. In Denmark and Finland the proportions are 12 and 14 per cent respectively, which may be compared to 19 per cent in the United Kingdom and 24 per cent in the United States. The Nordic countries are at roughly the same level as the Netherlands, Germany and Austria, while the Southern European countries have a considerably higher percentage of permanently poor.

After this introductory review of similarities and differences between the Nordic countries, we will now move on to our main topic: young people, vocational training and establishment in the labour market. We will start in the next section by describing entry conditions for young people against the background of labour market regulation in the Nordic countries.

2. Labour Market Conditions for Young People in the Nordic Countries

As observed in the introduction, conditions for young people are not uniform in the Nordic region but vary considerably from country to country. This becomes evident when we examine data on unemployment and employment.

Relative youth unemployment – in other words, unemployment among young people compared to unemployment among the middle-aged and elderly – is high in most advanced industrialised nations (OECD, *Society at a Glance* (2011), EQ2. Poverty). Within the OECD, which comprises 30 industrialised nations with close to 1.2 billion inhabitants, the unemployment level in the 15 to 24 age group was 2.3 times as large compared to the unemployment of those 25 or older in 2009 (OECD, *Employment Outlook 2010*). Between 1994 and 2009, the youth employment rate dropped from 45.5 to 40.6 per cent. While the proportion of young people in the education system did rise, there remained a considerable group of inactive individuals, that is, persons who were neither studying nor in the workforce. Those who do not complete an upper secondary school education gradually suffer increasing (negative) selection and become a socially disadvantaged group. On average, about 15 per cent of young people in OECD member countries leave school without completing an upper secondary school education.

Later we will discuss the situation in the Nordic countries. However, we will first present some explanations for the relatively high level of youth unemployment.

2.1 Causes of Unemployment

There are several reasons why youth unemployment is high both in absolute terms and relative to adult unem-



ployment. The most common are the following (see, for example, Layard et al. 2005 and Björklund et al. 2006).

Young people are new to the labour market. Like other groups in the same situation (recent immigrants; formerly also women returning to the labour market after a period of absence), many face an introductory period of job seeking and unemployment.

Young people who are working more often have temporary (time-limited) jobs and they are in a weaker position in the event of layoffs since they generally have less seniority. They are last in and usually the first to go. Far-reaching job security, regulated either by legislation, collective agreements or custom can make it harder for new entrants in the labour market. Those who are already established and have permanent jobs are favoured at the expense of young people and recent immigrants.

- Far-reaching protection also makes hiring a major and a long-term undertaking. This also increases the demand for reliable information about the applicant's likely performance level as an employee. Uncertainty about the applicants' productivity – and this type of uncertainty primarily affects young people and recent immigrants – reduces the inclination to offer them a job.
- Compared to middle-aged workers, young people are at a competitive disadvantage in the labour market because they have less experience and therefore, all things being equal, a lower expected productivity. Unless it is compensated by lower starting wages for young people, this productivity differential can contribute to a high level of relative youth unemployment.
- Another factor often mentioned in studies on entry conditions for young people in the labour market relates to training. Generally speaking, educational requirements have been driven up and an incomplete upper secondary school education creates major problems in the transition from school to working life. It is therefore considered important that the proportion that pursues and completes an upper secondary school education increases, a trend seen in most countries. However, there is often a residual group comprising between 15 to 20 per cent of a cohort who at age 20 have not yet completed an education. This group is becoming increasingly vulnerable.

We will return to these factors when discussing the experiences of the Nordic countries. The primary issue is the importance of the education system. A vocationally focused and working life-orientated education can help strengthen the competitiveness of young people relative to middle-aged and older workers by reducing the expected productivity differential. Also, it is often felt that vocational training under apprenticeship forms could reduce the number of education failures and increase the share completing studies, which in the longer term would reduce the absolute and relative level of youth unemployment. We will also discuss some of the issues affecting relative wages for young people and the regulation of employment conditions.

2.2 Is Youth Unemployment a Problem?

It was long a common perception that youth unemployment need not be seen as a particularly serious social problem. Even if young people are at considerably higher risk of losing their jobs than middle-aged and older workers, their periods of unemployment are usually fairly short. Young people change jobs and addresses more often. Job changes separated by shorter periods of unemployment are not necessarily a bad thing. »Job shopping« can provide experience of various segments of the labour market.

Many studies, however, indicate that unemployment in early life can have detrimental effects on a person's labour market career and income throughout the entire life cycle. The value of educational achievements is rapidly degraded unless knowledge and skills are put to use. The latter applies especially when the rate of technological and organisational change in working life is as rapid as it is today.

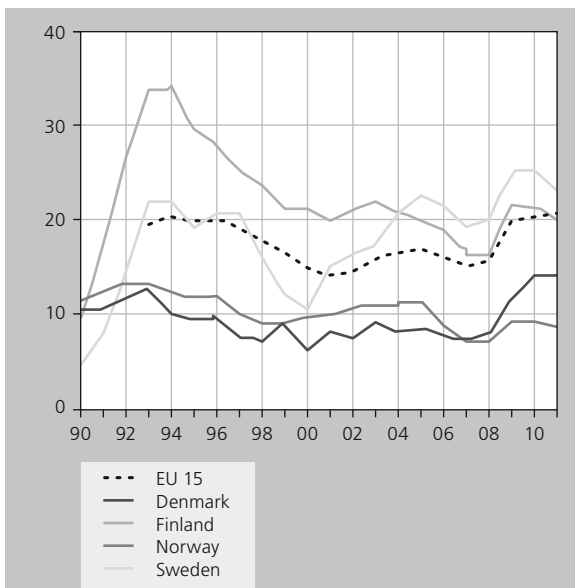
Several international studies have noted that labour market trends over the past 20 years, with rising educational requirements and increasing demands for company specific and social competence, have been particularly detrimental for young people with their limited experience of working life as well as of life in general (ILO 1998). New ways of organising work both in industry and the service sector, with less hierarchical management systems and more varied and customer-orientated job tasks replacing a strict division of labour is often believed to disfavour young people and immigrants.

Other factors nevertheless suggest that young people if anything should find it easier to make their mark in the new labour market. No previous generation has been so well trained, well travelled and linguistically proficient. The revolutionising effect of the new information technology on society should strengthen the position of young compared to older workers in the labour market. In addition, the relatively small size of the cohorts entering the labour market in the past ten years should also have improved their chances.

2.3 Absolute and Relative Youth Unemployment in the Nordic Countries

The question is then how youth unemployment has developed in the Nordic countries. Has it deviated from the unfavourable trend seen in many other old industrialised nations? Figure 4 provides an overview.

Figure 4: Open unemployment among those under 25 years of age in the Nordic and EU15 countries, 1990–2011



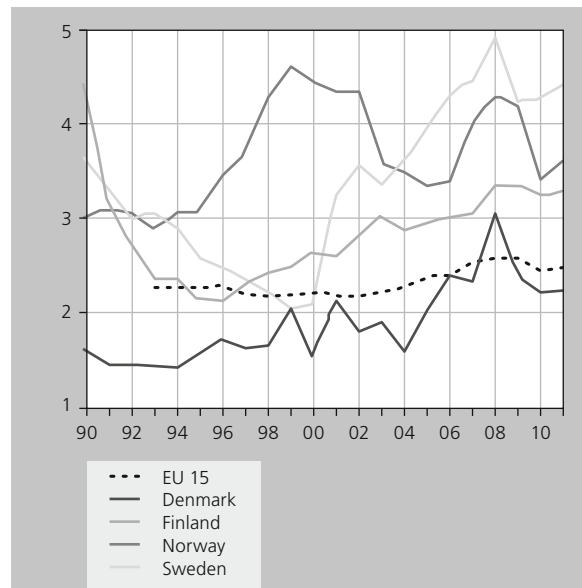
Source: Eurostat.

Unemployment levels vary widely, as Figure 4 shows. While unemployment among young people and young adults (under age 25) has been very high in Finland, as in Sweden, the level has dropped and is now close to the EU15 average. In Sweden a negative trend has developed since the late 1990s. Denmark and Norway, on the other

hand, have seen considerably lower unemployment, even if the unemployment rate has risen in Denmark as a result of the financial crisis.

To obtain an impression of the situation facing young people in the labour market, we should also compare youth unemployment with unemployment among middle-aged and older workers – in other words, the relative unemployment level – and look more closely at the employment level among young people relative to the employment level among adults (aged 25–64). Data on relative youth unemployment are presented in Figure 5.

Figure 5: Relative youth unemployment (the proportion of unemployed in the workforce aged between 15 and 24/the proportion of unemployed in the workforce aged between 25 and 64), 1990–2011



Source: Eurostat.

Figure 5 shows that in the EU15 youth unemployment is more than twice as high as among middle-aged and older workers (aged 25–64). In recent years, Denmark is the only Nordic country in which relative youth unemployment has been lower than within the EU15. In Norway, relative youth unemployment has been considerably higher, although we must remember that the youth unemployment level is much lower than in the EU15. The Swedish picture is rather less favourable. Here relative youth unemployment has increased in parallel with increased unemployment among the young. The unem-

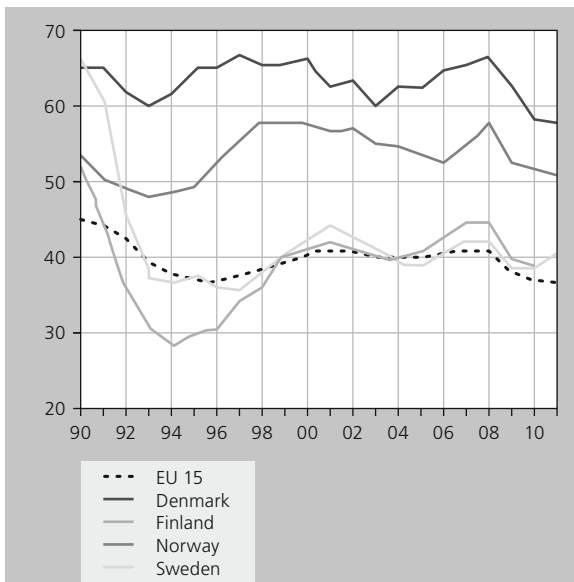
ployment level is about four times higher among those under age 25 than in the 25–64 age group.

However, when we compare the unemployment level in different age groups, it is important to take into account how large a share of the cohort is in the workforce. If 90 per cent are studying and 10 per cent are in the workforce, a 20 per cent unemployment level within the age group, the way it is measured – that is, as a proportion of the total workforce – means that 2 per cent of all persons in this age group are unemployed. The fact that numbers are high for the cohort in the workforce when the majority are outside the workforce indicates that we are dealing with a narrowly selected group, a group with special problems.

2.4 Employment among Young People

The youth employment rate also varies considerably between the Nordic countries. One reason is that the percentage of students in the 15 to 25 age group varies and develops differently in different countries.

Figure 6: Employment rate among those aged 15–24 years in the Nordic and EU15 countries, 1990–2011



Source: Eurostat.

As shown in Figure 6, young people in Denmark and Norway have enjoyed a markedly higher employment level

than those in Finland and Sweden, where levels are close to the EU15 average. The proportion of students is higher in Finland than in the other Nordic countries: in 2008 the proportion of students in the 15 to 24 age group was 70.5 per cent in Finland and 65 per cent in Sweden compared to 66.5 per cent in Denmark and 65.3 per cent in Norway. By comparison the proportion of students in this age group was 60.5 per cent in the EU15, according to Eurostat. Differences in the student percentage do not explain the variations in employment level.

There is a fundamental problem with the comparability of the statistical data. In Denmark and Norway, where large cohorts of young people undergo apprenticeship training, the employment rate becomes higher because apprentices are registered as employees, while students in school-based vocational training programmes which dominate in Sweden and Finland (countries without extensive apprenticeship training) are not seen as part of the workforce.

2.5 Regulation of the Labour Market

Compared to the Anglo-Saxon countries, labour markets are regulated in the Nordic countries. In a regulated labour market system, wages and employment conditions are determined not only by the market or individual contracts: collective agreements between social partners and/or government legislation play a major role. In recent years, there has been a common perception that labour market regulation in the Nordic countries, as in several countries on the continent, reduces flexibility and economic growth (see, for example, Annekov and Madaschi 2005). It has therefore been noted with surprise that the productivity trend has been positive in the Nordic countries since the early 1990s and easily on a par with countries such as the United States and the United Kingdom, while the trend has been considerably weaker elsewhere in the EU.

Research on the Nordic countries suggests that labour market regulation can increase efficiency (see, for example, Agell 1999 and Ahlberg et al. 2006). Large comprehensive trade unions assume broader socio-economic responsibilities and do not oppose new technology; a culture based on the collective bargaining system promotes collaboration and counteracts conflict; and a relatively limited wage spread and long-term employment rela-



tions facilitate investment in specific occupational competence. High unemployment in general and high youth unemployment in particular has been linked to general conditions of supply and demand and changing qualification requirements, rather than to regulation of the labour market (ILO 2000).

Examination of labour market relations in the Nordic countries reveals a number of variations closely linked to different traditions in terms of the respective responsibilities of the government and social partners for regulation of the labour market. In Denmark and Sweden the social partners regulate conditions in the labour market independently to a greater extent than in Finland.

The level of unionisation is high in the Nordic countries. An exception is Norway where just over 50 per cent are unionised. One reason for the relatively low level of unionisation in Norway is that unemployment insurance has been compulsory in Norway since the 1930s, while it is linked to the trade unions in Denmark, Finland and Sweden (the so-called Ghent model). Unemployment insurance is voluntary in Denmark and Sweden and to some extent in Finland. In Finland, unemployment insurance is tripartite. There is a compulsory basic compensation and a needs-based component. In addition, there is an income-related component, which is voluntary. In Sweden, the level of unionisation has declined from about 90 per cent of wage-earners to 70 per cent in recent years. The decline is mainly due to increased fees for unemployment insurance (see Danielsson and Öberg 2012).

The level of unemployment benefits tells us something about power relations in the labour market. The OECD regularly measures net compensation relative to lost wages for different types of households in various countries. The survey measures compensation during the initial period of unemployment, limited to a maximum of twelve months. The latest survey applies to 2010 and shows that the Nordic countries are among those offering relatively generous unemployment benefits. For a single person without children and wages corresponding to the national average before the period of unemployment, compensation amounted to 83 per cent of wages in Denmark, 57 per cent in Finland, 67 per cent in Norway and 68 per cent in Sweden.²

2. Net replacement rates for six family types: initial phase of unemployment, 2010, different earning levels, available at: http://www.oecd.org/document/28/0,3746,en_2649_37419_50404572_1_1_1_37419,00.html

Research provides no clear answer to the question of whether high benefit levels contribute to diminishing employment and raising the unemployment level. By contrast, most international comparative studies suggest that the length of the benefit period influences the unemployment level (see Bassanini and Duval 2006).

In Sweden, and even more in Denmark, the benefit level drops radically for those whose earnings exceed the national average. This is due to the relatively low income ceilings (maximum daily compensation level) in the Swedish and Danish unemployment insurance systems. However, the existence of various types of supplementary compensation should be noted. In Sweden, besides unemployment insurance which is regulated by government and primarily organised by the trade unions, there are also other forms of compensation (see Sjögren Lindquist and Wadensjö 2005 and 2007).

In all countries the proportion of employees covered by collective agreements is greater than the proportion who are members of trade unions: the agreements also extend to non-unionised workers. The prevalence of collective agreements is lowest in Norway where they cover about 70 per cent of the workforce (see Dølvik and Eldring 2006). The coverage level in Norway, which is low from a Nordic standpoint, reflects not only the low unionisation level, but also the absence of legislation guaranteeing that the lowest wages in collective agreements are applied to the entire industrial sector, including non-unionised labour. In Finland this is standard practice. In Denmark and Sweden the degree of collective agreement coverage and the strength of the partner organisations guarantee that agreements also extend to non-unionised labour.

There is no evidence that strong trade unions necessarily give rise to higher unemployment. A study by Bassanini and Duval (2006) indicates a weakly negative association between the degree of unionisation and youth unemployment in OECD countries. The same study also shows that corporate structures in the labour market, defined in terms of collective agreement coverage, reduce unemployment among both younger and older workers.

2.6 Relative Wages

The question is what effects regulated labour market systems have on the lowest wages in the labour market. Here we will use the concepts of starting wage, lowest wage and minimum wage. The starting wage level in relation to the average wage for experienced workers and white-collar employees can affect young people's ability to compete for vacant positions. Table 3 shows the lowest wages relative to the average wage in the Nordic countries according to an American study from 2004. The ratio is sometimes called *the minimum wage bite*.

Table 3: Lowest wage as a percentage of the average wage

Denmark	0.54
Finland	0.52
Norway	0.64
Sweden	0.51

Source: Neumark and Wascher (2004).

By comparison we can mention that the corresponding figures for France and Germany are 0.62 and 0.58, respectively. The Nordic levels are not particularly high compared to countries on the continent. On the other hand, the lowest wage levels are considerably higher than in countries with liberal labour market systems, such as the United Kingdom and the United States, where the minimum wage is, respectively, 0.42 and 0.36 of the average wage.

The data on minimum wages presented above have been questioned by Per Skedinger (2005). His results suggest that the Swedish minimum wage on average is considerably higher than shown in certain international comparisons, for example, those presented in Table 3. Although Skedinger compares minimum wages in selected countries in 2004, Sweden is the only Nordic country included. Information about Germany is also missing. Skedinger states minimum wages in Swedish kronor (SEK) per month. Wages are adjusted for differences in purchasing power between the countries. According to Skedinger's data, the Swedish minimum wage in seven collective bargaining areas falls within the range of SEK 12,790 to SEK 15,340 per month. This can be compared to SEK 11,780 in France, SEK 11,290 in the United Kingdom and SEK 8,630 in USA.

Per Skedinger's data suggest that the minimum wage level in Sweden is relatively high, higher than the level reported by Neumark and Wascher (2004). The question then is what effect the minimum wage has on the ability of young people to enter the labour market. In theory, high entry wages can have a variety of effects. High relative wages can induce young people to drop out of studies and look for work: in other words, they lead to increased job opportunities for the young. High entry wages can, on the other hand, affect the demand for young workers by making them less competitive in the labour market since their productivity is often lower than that of middle-aged and older workers. However, it is not a given that minimum wages lead to diminished demand. If young people are in labour market segments characterised by monopsony – in other words, a dominant employer – increasing the minimum wage can result in higher wages as well as higher employment among the young. The question of whether raising the minimum wage for young people leads to reduced or increased demand is one of the most hotly debated issues within labour economics research in recent years, especially in the United States. A modern standard work on monopsony in the labour market is Manning (2003).

The question is whether high minimum wages lead to high unemployment and low employment in the Nordic countries. As noted above, no such pattern can be discerned. The differences between the Nordic countries are difficult to explain in terms of differences in minimum wages. Data on the aggregate level are also too crude to permit identification of any meaningful relationships.

High entry wages should, if there is a negative correlation, above all affect persons with a weak educational background, in other words, those relegated to the least qualified jobs. A high minimum wage could lead to a more limited labour market for such individuals. We can test the association by means of OECD statistics on the unemployment rate for groups with different education levels.

The data in Table 4 do not support the hypothesis that countries with relatively high minimum wages, such as Sweden and the other Nordic countries, have a relatively low employment rate among the least educated, those without a complete upper secondary school education. In countries with a limited wage spread the employment rate is fairly high, especially among the most poorly

educated. This suggests that factors other than relative wages and job security are significant for variations in labour market conditions between different countries. Since here we are particularly interested in the entry conditions for young people, a natural starting point is to examine the educational conditions. How is education organised and what do we know about the share of students completing upper secondary school level in the Nordic countries?

Table 4: Employment rate in the 25 to 64 age group by education level, 2009

	Compulsory school	Secondary school	College/university
Denmark	65	80	87
Finland	67	74	83
Norway	66	83	93
Sweden	72	82	86
EU-21	57	73	83
OECD	60	75	83

Source: OECD, *Education at a Glance 2011*, Table A7.1b (web only). The EU21 consists of all EU countries prior to the accession of the 10 candidate countries on 1 May 2004, plus the four eastern European member countries of the OECD, Poland, Slovakia, Czech Republic and Hungary.

3. Educational Organisation and Student Completion Rate

As shown above, the Nordic countries are characterised by high educational participation. International statistics show that the expected period in education for children at seven years of age is among the highest in the world: 16.9 years in Denmark, 16.8 years in Finland, 17.3 years in Norway and 15.7 years in Sweden. (International Human Development Indicators).

This means that a considerable part of the population consists of full-time students. In Europe as a whole, the average proportion of full-time students is between 20 and 25 per cent. In the Nordic countries, excluding Denmark, the proportion exceeds 23 per cent.

3.1 Average Level of Education

The average education level is high in Denmark, Finland, Norway and Sweden (see Table 5). This applies both to the proportion aged 25–64 with a complete upper secondary school education and the proportion with experience of education at the college or university level.

Table 5: Percentage of those aged 25–64 with upper secondary school education and post-secondary education, 2009

	Upper secondary	Post-secondary
Denmark	42	34
Finland	45	37
Norway	44	37
Sweden	53	33
EU-21	48	27
OECD	30	25

Source: OECD, *Education at a Glance 2011*, Table A1.4.

It should be noted that the data in Table 5 tell us nothing about how many individuals have completed an education since those included in the category 'with upper secondary school education' in EU and OECD statistics may not have completed an education leading to eligibility for post-secondary studies. Among 20 year-olds in Sweden, only 75 per cent have a graduation diploma from upper secondary school and 65 per cent an education that makes them eligible for continued studies at a higher level. Data on the proportion with post-secondary education likewise do not show how many have obtained an undergraduate degree.

The proportion of the adult population with upper secondary school and university education has risen very rapidly in recent years. The most important explanation is that cohorts entering working and adult life in recent decades have been far better educated than was usual previously. The proportion that embarks on upper secondary school studies after compulsory school exceeds 90 per cent in all Nordic countries. Continuation to post-secondary studies has also risen sharply, above all in the past ten years. Since 1995, the ratio of graduates has risen by 88 per cent in Denmark, 140 per cent in Finland, 65 per cent in Norway and 67 per cent in Sweden.

Table 6: Proportion of students in the 15–19 and 20–29 age groups (full-time and part-time students at all educational levels), 2009

	15–19 years	20–29 years
Denmark	84	41
Finland	87	41
Norway	86	29
Sweden	87	34
EU-21	86	27
OECD	82	26

Source: OECD, Education at a Glance 2011. Table C1.1a.

Table 6 shows that students make up a higher proportion of the relevant age groups in the Nordic countries than is generally the case in the OECD. However, the trend towards a growing proportion of students among both young people and young adults is common to most countries. This also indicates that countries are increasing the allocation of tax revenues for funding education (see Table 7).

Table 7: Public education expenditure at all levels as a percentage of GDP, 1995 and 2008

	1995	2008
Denmark	6.2	7.1
Finland	6.3	5.9
Norway	6.9	7.3
Sweden	6.0	6.3
OECD	5.4	5.9

Source: Education at a Glance 2011. Table B2.1.

3.2 Educational Organisation at the Primary and Secondary School Levels

The structure of the compulsory school system does not differ much between the Nordic countries. In Denmark, Finland and Sweden, compulsory school education is nine years, while in Norway it is ten years. However, a tenth year of school is common in Denmark and Finland for those who have not yet qualified for upper secondary school studies or require more preparation, which means that studies at secondary school level only start at age 17. In all countries, students otherwise leave compulsory

schooling at 16 years of age. As previously mentioned, nearly all students go on to upper secondary school studies.

Compulsory school institutions are governed by state legislation which sets out educational goals and standards in detail. Practical responsibility for implementation is, however, decentralised to the municipal and regional level. Activities are subject to management by objectives: in other words, the state education authorities review activities to ensure that the education meets set objectives and follows established rules. In the Nordic countries, as in other European countries – except Belgium and the Netherlands – private education providers are a fairly limited element at the compulsory school level. Denmark has a tradition of association-related or privately administered education and the proportion of compulsory school students in these institutions exceeds 10 per cent. In Sweden the proportion of students outside the public education system has increased since the independent school reform of the early 1990s and now stands at between 6 and 7 per cent. There are practically no private school students in Finland or Norway. It should be emphasised that private independent schools are subject to the same rules as state schools and are funded from tax revenues. Tuition fees at the compulsory school level are not permitted in any Nordic country.

While the compulsory school structure is fairly similar in the Nordic countries, differences are all the greater when it comes to upper secondary school education. In the next section we describe differences in vocational training in greater detail. Here we will confine ourselves to highlighting some general characteristics.

Denmark has no integrated upper secondary schools. The organisation of secondary school education can roughly be divided into three categories. First, there is a generally orientated and preparatory upper secondary school education which concludes with matriculation and gives access to college and university studies. Second, business and technical schools offer training programmes that likewise are seen as general or academically orientated upper secondary school education. These also conclude with an examination that gives access to post-secondary studies. About 30 per cent of a cohort will choose the first-named education pathway and 15 per cent the latter. Third, in addition to these educational categories vocational training is very important. This usually involves a

four or five year programme characterised by alternating periods in vocational school and at a workplace. There are also shorter vocational training programmes with lower requirements in terms of academic subjects. About 40 per cent of a cohort will choose vocational training. They are employed under an agreed apprenticeship contract and receive wages during their training.

Finnish secondary school education is also divided organisationally between general academic and vocationally orientated schools. While the former are preparatory to academic studies, vocational training programmes also provide access to further studies at institutions such as technical colleges. Within the framework of vocational training there is also the option of apprenticeship training, although most vocational training follows a school-based format. In 2005 about 55 per cent of new students chose a general academic upper secondary school education and 38 per cent vocational training. Most others opted for a tenth so-called basic year of schooling, in other words, an immediate augmentation of compulsory school.

Norway has an integrated upper secondary school. This means that academic education programmes aimed at college and university level studies are integrated with vocational training programmes. They have been jointly regulated by the Education Act since 1998. Since 1994 all young people have had the right to an upper secondary school education that provides admission to university studies. Following educational reform in 2006, there are today three educational programmes that provide admission to studies at the college and university level and nine vocationally orientated training programmes. The vocational programmes do not automatically give admission to further studies, but students can take supplementary courses to qualify for such admission. While programmes preparatory to further studies follow a three-year curriculum, the vocational programmes are four or five years in length. Two years in a school environment are followed by apprenticeship training at a workplace for the remainder of the training period. In 2004, about 60 per cent of students were enrolled in a vocational training programme.

Sweden, like Norway, has an integrated educational system at the upper secondary level, comprising 18 different programmes, each lasting three years. One out of ten pupils that leave primary school is not eligible for a national

programme at upper secondary school and has to go a special introductory programme. Twelve of the national programmes have a vocational orientation and are meant to prepare pupils for working life, but compared to vocational education in Denmark and Norway the contents are broader. Until 2011 even the vocational programmes gave admission to study at post-secondary level, but this is no longer the case. The admission criteria for higher education have been enhanced and only pupils in academic preparation programmes automatically meet these new criteria. However, pupils in vocational programmes may choose supplementary courses to meet the admissions criteria for higher studies. The share of pupils studying in an independent or private school has been rising sharply since the beginning of the 1990s. A major school reform in the beginning of the 1990s gave pupils the right to freely choose the school they would attend.

3.3 Differences and Similarities in Educational Organisation

As indicated, the organisation of upper secondary school education shows a number of similarities in the Nordic countries. Education is provided mainly under government administration and to the extent that independent schools exist – which is most common in Denmark and Sweden – they are subject to government regulations and primarily funded by tax revenues. In all countries, education aims to prepare students for an active role in society, regardless of whether their goal is further studies or immediate entry into working life. Upper secondary school education is a right for all young people who meet the admissions criteria – in other words, have completed their compulsory school education – and the vast majority of those who graduate from compulsory school proceed immediately to upper secondary school education. In all the Nordic countries, over 90 per cent of a cohort will embark on an upper secondary education.

But there are also many differences, as already pointed out. In Finland, Norway and Sweden education is integrated: in other words, academic and vocational programmes are gathered into a single educational organisation. In Denmark, preparatory academic studies and pre-vocational training are separate forms of schooling. Differences are also considerable with regard to the organisation of vocational training. Sweden has, in practice, no apprenticeship training. A new programme has

been started but to date few students have taken advantage of it. In Denmark and Norway, on the other hand, most vocational training includes elements of apprenticeship training. Apprenticeship contracts are regulated via collective agreements and apprentices receive wages during their training. Apprenticeship training also occurs in Finland where it is regulated through special agreements that govern employment conditions and wages. In Finland, vocational training aims to make students eligible for post-secondary studies. This is not the case in the other Nordic countries. On the other hand, all students in vocational training have the option of taking supplementary courses to qualify for studies at a college or university.

There are also other important differences. It is not permitted to charge for school books or other study materials in Sweden, but this is allowed in the other countries. Other study materials include clothing and equipment used in vocational training. Student financing conditions also vary between the countries. Finland offers upper secondary school students the option of applying for student loans, but here they are supplemented by a general student grant. Norway offers grants as well as loans to upper secondary school students, but both types of funding are means tested. In Denmark the minimum age is 18 years for a combined system of grants and student loans. Danish study financing is among the most generous in the world. In Sweden, upper secondary school students receive a student grant equivalent to the child allowance. The grant is considerably lower than those provided in Denmark and Norway, but on the other hand it is not means tested. While no student loans are available, the student's parents can apply for a means tested housing allowance and/or social assistance. Apprentices in Finland and Norway receive wages and those who undergo apprenticeship training in Denmark receive wages throughout their training. Under the Swedish Upper Secondary School Ordinance, students are not permitted to receive wages while studying, but this regulation has been questioned and may soon be changed.

The upper age limit for participation in upper secondary studies also separates the Nordic countries. Most students are between 16 and 19 years of age in all four countries and only Sweden has an upper limit for starting upper secondary school studies at age 20. Denmark has no upper age limit and in Norway older individuals with

an incomplete education are likewise entitled to seek admission to upper secondary school.

3.4 Differences in the Proportion of Students Completing Studies

As can be seen from the data in Table 5, the proportion with an upper secondary or post-secondary education is high in all the Nordic countries compared to the average in the EU15 and the OECD. However, there are differences between countries in terms of the proportion of youth cohorts who have completed an upper secondary school education by age 20. The differences are major, as shown in Table 8.

Table 8: Percentage of students who complete their upper secondary school education and percentage of 20–24 year-olds with a complete upper secondary school education, 2009

	Percentage who complete their upper secondary school education	Percentage of 20–24 year-olds with a complete upper secondary school education
Denmark	85	75
Finland	95	84
Norway	91	78
Sweden	74	74
EU-21	85	–
OECD	82	–

Sources: OECD. Education at a Glance 2011. Table A2.1.

The data in Table 8 should be interpreted cautiously. As in the earlier tables containing comparative education statistics, the information is based on the *International Standard Classification of Education (ISCED)*, the educational classification system originally devised by UNESCO and generally used in international comparisons of educational levels and educational orientations. ISCED comprises a scale of six levels, from pre-school (0) to post-graduate education (6), with orientations categorised at each level. A complete upper secondary school education corresponds to level 3, which is usually divided into 3A, which represents an education preparatory for further studies, and 3B, which represents a vocationally orien-



tated upper secondary school education. There are two main reasons for caution when interpreting comparisons based on ISCED.

The first problem is that education programmes classified as level 3 in ISCED may not actually be comparable in different countries. They can include everything from short supplementary courses after compulsory school to education programmes extending over three to four years. It is important to consider the composition and organisation of education in different countries.

A second problem is that the data tell us nothing about how large a proportion has in fact completed their education. When evaluating the significance of an education – for example, from the labour market and wage-earning standpoints – it is important to ascertain not only how many have experience of education at a certain level, but also how many have completed the entire curriculum. The latter is not entirely straightforward. In Table 8, the second column is an attempt to come closer to such an assessment, although again we must be cautious in our interpretation. The requirements for being deemed to have completed an education can differ between countries, and between education programmes at the same level (ISCED 3) within a specific country. Some education programmes require actual final examinations; in others, reasonably active participation is essentially enough for being deemed to have passed.

Another approach to the question of how many youth and young adults fail to complete an upper secondary school education is to look at the proportion of 18–24 year-olds who have not completed an upper secondary school education – in other words, have not reached ISCED 3 and are not studying.

3.5 Tentative Explanations for Differences in Completion Rate

How, then, can we explain the differences in dropout rates between the Nordic countries? The negative figures seen in Denmark and Sweden compared to the other countries warrant a few comments (see Table 8). Studies show that the likelihood of persons with an immigrant background interrupting their training is very high and indeed one explanation for the very large differences between the Nordic countries may be the proportion of

residents with an immigrant background. Sweden has by far the highest rate of foreign-born residents. Among 15 year-olds in 2002 and 2003, persons with an immigrant background comprised 6.5 per cent in Denmark, 1.9 per cent in Finland, 5.6 per cent in Norway and 11.5 per cent in Sweden. The proportion is very low in Finland.

In the OECD's *Education at a Glance 2007*, results for first and second generation immigrants as well as native-born are reported with respect to the PISA mathematics test. Of the Nordic countries, Denmark, Norway and Sweden are included. Both first and second generation immigrants scored worse than natives. The poorer results may explain the higher dropout rate in the group. In Denmark, second generation immigrants surprisingly scored worse than first generation immigrants. A special study – PISA Etnisk 2005 – has been carried out in Denmark in order to examine differences in competence between Danish young people and young people with an immigrant background (see Egelund and Tranæs 2007). The differences are striking. Immigrant young people from non-Western countries scored much lower than native young people, while those from Western countries had only slightly lower scores than natives. The study involved young people at age 15 but points to difficulties for many young immigrants on leaving compulsory schooling.

In Sweden, the proportion with a home language other than Swedish will gradually increase in the upper secondary school age group. In October 2006, 12.4 per cent of class 9 students had a home language other than Swedish, compared to 19.0 per cent of those in class 1.³

While the high proportion of foreign-born of school-going age is likely to have a negative effect on upper secondary school completion rate, especially in Sweden, it is not a key factor when we attempt to explain the differences in dropout rate between the countries. It is also difficult to use the proportion of foreign-born students to explain Norway's very favourable completion of studies statistics. Since the Nordic countries have a fairly similar social structure, with a limited income spread and low poverty rates, it is reasonable to assume that institutional conditions in the education systems rather than differences in social structure underlie the dissimilarities between the countries.

3. National Education Agency, Analysis of official statistics for the 2006/07 academic year (the follow-up system).

All Nordic countries have in the past ten to fifteen years implemented significant changes to the structure and content of upper secondary school education. These changes may have had their greatest impact precisely on vocational training. In Denmark, a system of Basic Vocational Training (*erhvervsfaglige grunduddannelser* or EFG) was introduced in 1977. These programmes were supposed to be a step towards an integrated upper secondary school of the Swedish type. Vocational training would start with a basic year of mainly academic studies. After further reform of upper secondary education in 1982, Denmark abandoned the concept of an integrated upper secondary school. Initial vocational training remains independent and workplace-orientated according to the alternating training principle. The difference is that academic elements are divided into blocks. The training commences with one term (20 weeks) of general academic studies. The academic elements in vocational training programmes are now more extensive than before. The purpose is to make them more attractive and comparable to generally orientated upper secondary school programmes. In practice, however, it has been found that many have difficulty completing the vocational training programmes. In Denmark, as in the other Nordic countries, dropout rates from secondary school are higher in pre-vocational programmes than in programmes preparatory to further studies, an issue to which we will return in the next section.

The introduction of a curriculum-based upper secondary school in Sweden in 1994, with three-year vocational programmes, also appears to have been followed by a rise in the proportion of students who have difficulty completing the curriculum, especially in the vocational programmes. One purpose of the reform was to make all students, regardless of educational choice, generally eligible for college and university studies. More time was therefore allocated to general academic elements in the vocational training programmes. As already pointed out, since 2011 vocational programmes do not automatically make students eligible for higher studies, but the rather broad and general contents of the programmes have not changed much.

However, the expansion of general academic study elements again offers no satisfactory explanation of the rising dropout rate in Denmark and Sweden in recent years. All Nordic countries have raised the general academic requirements within vocational training. Finland

and Norway have gone in the same direction without any negative effects on completion being discernible. After a reform in 1994, upper secondary school education in Norway has a uniform structure with common and broad entry points. The intention is that the first two years of upper secondary school should differ very little and be independent of educational orientation. Vocational training starts with two school-based years comprising significant elements of general academic subjects such as English, mathematics, natural history and so on, followed by two years of apprenticeship at a workplace.⁴ The design of vocational training in Norway is usually called the 2+2 model. Vocational training programmes do not automatically confer general eligibility for university studies. Students should nevertheless be able to supplement their education in order to obtain such eligibility.

In autumn 2001, a number of changes were implemented in the Finnish vocational training system. As of the autumn term that year, all vocational training programmes last a minimum of three years. They must furthermore contain sufficient general academic elements to confer general eligibility for studies at a technical college or university.

3.6 Why Is the Completion Rate Lowest in Sweden?

Our review suggests that it is hard to identify a single factor that would explain why the share completing their studies has developed so differently in the Nordic countries. A combination of several factors is probably involved. One interesting question is why international comparisons show secondary school completion to be lower in Sweden than in the other Nordic countries.

There is much to suggest that the completion rate in Denmark and Sweden has been negatively affected by the increased proportion of foreign-born students in the past 15 years. There has been less impact on educational outcomes in Finland because of the small proportion of foreign-born students in upper secondary school. By contrast, Norway has a high proportion of students with an immigrant background. However, it should be added – and here the Danish and Swedish experience differs from that of Norway – that the proportion of 18 year olds

4. Eurydice, *Structures of education, vocational training and adult education systems in Europe*, Norway 2005/06, available at: www.eurydice.org

who are studying has increased considerably: in 1991 the proportion of 18 year olds who were studying was 67 per cent in Denmark, 69 per cent in Finland, 74 per cent in Norway and 55 per cent in Sweden.⁵ In Denmark and Sweden the proportion of students who proceed from compulsory school to upper secondary school has risen more than in Finland and Norway. In addition, the proportion of students in longer upper secondary school programmes has risen more sharply in Denmark and Sweden than in Finland and Norway since the early 1990s. In relative terms this may have had a negative effect on the share completing their studies in the first two countries.

Add to this that supporting measures for weak students are designed differently in the Nordic countries. As already mentioned, Denmark and Finland offer the option of a voluntary tenth supplementary year for students who find it difficult to meet upper secondary school admission requirements. In Denmark, over half the students make use of this option. Both Denmark and Finland also offer students with special needs resulting from low study motivation or functional impairment the possibility of attending a special form of vocational training. In Finland, 7 per cent of compulsory school students receive special tuition full-time (see Julkunen and Öhman 2005). Over 20 per cent receive special tuition part-time. Denmark has 'production schools' that offer vocational training with elements of academic subjects in workplace-related environments. The training period varies, but is at most one year. The target group is persons under age 25 who have had difficulty completing an upper secondary school education. Students in these schools account for between 5 and 10 per cent of all students in initial vocational training programmes. Finland also offers vocational training for students with special needs. Here again the proportion is between 5 and 10 per cent of students in initial vocational training.

The introductory programmes in Sweden, which encompass a larger proportion of all secondary school students than the corresponding training programmes in Denmark and Finland and probably most closely approach what we may call training for students with special needs, do not have the same robust working-life connection.

5. National Center for Education Statistics, *International Education Indicators: A Time Series Perspective*, Table 4, US Department of Education, available at: <http://nces.ed.gov>

One factor that may be significant for the high rate completing their studies in Norway is the follow-up-service (*oppfølgingstjensten*) for young people up to age 20. This corresponds to the municipal follow-up responsibility which exists in Sweden, the difference being that the follow-up service has an active and not merely a monitoring role. In Sweden, the follow-up responsibility requires municipalities to keep informed about young persons who do not attend secondary school, while municipalities under the Norwegian system must work actively to develop alternatives for those who cannot cope with school, the primary aim being to enable a return to upper secondary studies.

In summary, we find that the relatively weak upper secondary school completion in Sweden probably is linked to several factors. One explanation relates to the age limit in the Swedish secondary school system. The 20-year limit prevents many students from completing their education. In this respect, upper secondary schools in the other Nordic countries are more flexible. A second explanation may be that many Swedish students are inadequately prepared for upper secondary school studies. As already mentioned, Denmark and Finland offer the possibility of augmenting compulsory school with a tenth supplementary year. Norway has a ten-year compulsory school curriculum. A third explanation, to which we will return in coming sections, has to do with the design of vocational training. Elements of workplace training are less extensive in Sweden than in the other Nordic countries. This may have a negative effect on educational outcomes for those less motivated to study. The fact that vocational students and apprentices receive more extensive allowances and wages during training in the other Nordic countries is another likely reason why vocational training programmes in Sweden, relatively speaking, are faced with particularly significant problems with regard to completion of studies.

4. Initial Vocational Training

In all Nordic countries, a fairly large proportion of young people choose vocationally programmes in upper secondary school. Observed over a longer period – from the 1970s onward – this proportion has diminished. There has nevertheless been a clear political ambition to increase the proportion of students in vocational training by making the programmes more attractive in various ways.



Table 9: Percentage of upper secondary school students in vocational training, women and men, 2010

	Women	Men
Denmark	40	53
Finland	67	73
Norway	47	61
Sweden	53	59
EU-27	44	55

Source: Eurostat, Pupils in upper secondary education enrolled in vocational stream.

One observation concerns the percentile differences between women and men. The usual pattern is that women are underrepresented in vocational training programmes (see Table 9). Young women to a greater extent choose programmes preparatory for further studies. This relates to the fact that vocational training traditionally has been orientated towards male-dominated trades and industrial occupations. With the increasing importance of vocational training programmes directed towards service occupations, the proportion of women has increased.

In recent years, the upper secondary school and vocational training systems have been reformed in all Nordic countries. Reforms have had two objectives: first, to create better conditions for an upper secondary school education that includes the majority of all young people who leave compulsory schooling and, second, to make vocational training programmes equivalent to programmes preparatory for further studies. Measures have focused on enabling more students to complete an upper secondary school education while at the same time making vocational programmes more attractive. In practice, it has not proven easy to combine these two ambitions. The countries have also had varying degrees of success in meeting their objectives.

4.1 Initial Vocational Training in Denmark

Initial vocational training in Denmark is characterised by periods of training at a vocational school alternating with periods at a workplace. The education is arranged as apprenticeship training and usually comprises three and a half to four years. One-third of the training period is school-based and two-thirds workplace-based. In ad-

dition to initial vocational training, special commercial and technical colleges also offer entirely school-based and more academically-orientated programmes. These programmes confer eligibility for post-secondary studies.

After a reform in 2000, vocational training starts with a basic education (*grundforløb*) at a vocational school. A total of seven basic education programmes are aimed at different branches of industry. The basic education focuses on academic subjects, which are combined with job experience and comprises at most one year. While in basic education, students choose their vocational orientation (*hovedforløb*); there are 89 vocational orientations. A prerequisite for starting alternating training is that the vocational student has secured a contract with an employer. However, those who do not manage to do so can obtain school-based experience. This means that the work experience portion of their training is completed at a workplace arranged by the school. About one-third of Danish employers accept apprentices, but positions are nevertheless scarce in relation to demand. Young people with an immigrant background find it particularly hard to secure a contract.

A fundamental feature of the Danish vocational training system is the major influence and responsibility of the labour market organisations. They have a responsibility for the content, organisation and funding of training programmes. The Councillor of State responsible for education is served by a council of partner representatives, the Basic Vocational Training Council (Rådet for de Grundlæggende Erhvervsrettede Uddannelser) which primarily has an advisory function on general education policy matters. For every vocational orientation there is also a trade committee (*fagligt udvalg*) which has a direct operational function. The trade committees are in practice responsible for the organisation, content and quality of the training. They are in charge of ensuring availability of trainee positions, as well as quality monitoring and setting of examinations.

The social partners are also involved in the financing of vocational training. Apprenticeship training in Denmark has three sources of funding: government, individual enterprises and employers collectively. The government funds the vocational schools, which today number around 90. Government funding of a school is calculated on the basis of the number of students per year and is intended to cover everything from instructor salaries to



the cost of premises and equipment. In recent years the schools have gradually grown in size. Institutions for labour market training (AMU schools) have been amalgamated with vocational schools, while technical schools and commercial schools have been combined.

The second source of funding consists of individual companies that take on apprentices. During the periods in which an apprentice attends the workplace, the employer is required to pay contractually agreed wages. To encourage companies to make trainee positions available, the government has resorted to subsidising employers.

The third and most important element in the funding of apprenticeship training in Denmark is the *employers' trainee reimbursement scheme (arbejdsgivernes elevrefusion)*. This involves a fee that all employers are required to pay regardless of size of enterprise and whether or not they accept apprentices. The fee system was introduced in 1976. The money goes into a fund administered by the labour market partners and is used to cover three types of expenditure. First, wages are paid to apprentices during periods spent at a vocational school (that is, when they do not receive wages from their employer); second, special compensation is paid to apprentices who incur extra travel costs; and third, extra costs associated with job placement of apprentices abroad are covered.

Wages are paid during the training period. The apprentice wage represents about 50 per cent of the wage paid to fully trained workers and is established by collective bargaining between the parties (Albæk 2005). One possible reason why the apprenticeship period in Denmark traditionally has been as long as four years is that employers are anxious to be compensated for the fact that wages during the initial training phase exceed the value of the apprentice's contribution to production. During the later part of apprenticeship training, the relationship between labour productivity and wages is probably reversed.

Initial vocational training in Denmark is intended to provide complete training – students should be fully productive on completion of the training programme – in contrast to Sweden where vocational training in upper secondary school is of a preparatory nature. The Danish vocational training system solves a number of problems related to the uncertainty and risks – transaction costs – of educational investment and hiring (for an overview of

theories in this area, see Olofsson and Wadensjö 2006). First, it diminishes employer uncertainty about the competency and ability of job seekers, which facilitates hiring. Second, the Danish system, which spreads the cost of vocational training among employers collectively, reduces the fear of individual employers that training-related expenditure will be forfeited because the employee leaves the company on completion of training.

Some features may be considered less positive, however. Compared to the other Nordic countries, Danish vocational training provides less general academic competence. Students follow an individual study plan and have considerable freedom to shape the content of their own school-based studies. Most choose to limit the basic education segment to 20 weeks. Of the study period, only one-fourth (or four weeks) is earmarked for general academic studies. During the actual vocational training, or main programme, the school-based segment comprises a maximum of 60 weeks or eighteen months. Half the study period is earmarked for industry and trade-related subjects. One-quarter of the study period consists of elective subjects and one-quarter is devoted to subjects of a general academic nature, such as mathematics, social studies and Danish. Individual students can compose their education to make added room for general academic subjects in order to gain admission to higher studies. This option is not used to any great extent.

Despite its limited element of more academically orientated subjects, the Danish vocational training system, like the Swedish, among others, is battling significant problems with regard to non-completion. The trend has been negative since the mid-1990s (see Table 10).

Table 10: Vocational training completion in Denmark: the proportion that have completed their training as a percentage of the total number who commenced their studies five years earlier, 1996 and 2005

Year	1996	2005
Women	69	54
Men	65	48
Natives	64	47
Immigrants	38	28

Source: Danish Ministry of Education (www.uddannelsesstatistik.dk).

The strong decline in the completion of studies can be ascribed to several factors. The most important, as noted by the Danish Ministry of Education, is the vocational training reform of 2001 under which the alternating training system with a basic programme (*grundforløb*) and a main programme (*hovedforløb*) became standardised. The elements of academic and school-based tuition increased. This may have made studying more difficult for many and contributed to protracted study periods and a higher proportion of failures. The number of students in vocational training also increased quite considerably during the period. Compared to 1997, an additional 10,000 young women and men embarked on initial vocational training in 2005.

It is important to note the age distribution in Danish vocational training. Among those who started vocational training in 2005, about 30 per cent of men and 40 per cent of women were over 20 years of age.

To ease the way for those who find it difficult to cope with standard vocational training, two special abridged training programmes have been introduced. These programmes combine vocational training and labour market policy measures. Initial vocational training (*erhvervsgrunduddannelse*, abbreviated EUG), is one. This programme is shorter than standard vocational training and usually lasts two years. Two-thirds of the training period is workplace-based. As with standard vocational training, students themselves have considerable freedom to influence the educational content. They receive wages and a diploma on completed training. The other variant consists of courses at the referenced production schools. These are intended for persons under age 25 who have not completed an upper secondary school education and need more advice and guidance to choose a future occupation. The training period lasts a maximum of one year and mainly includes working life and practice-related elements.

4.2 Initial Vocational Training in Finland

Initial vocational training in Finland resembles that in Sweden. Most vocational training is school-based and organised within the framework of government administered and integrated upper secondary schools. Vocational training programmes fall into eight main sectors including social care, technology and transportation. Within

the framework of these eight sectors there is room for specialisation towards 51 competency areas. Training content and competency descriptions are developed in cooperation with the labour market organisations. The largest training sectors are technology and communication, accounting for about 40 per cent of the total student population, followed by health and social care, as well as tourism and hospitality management, each with 15 per cent of the students.

The most recent reforms have been aimed at standardising the vocational training programmes. The intention has been to make added room for general academic elements in parallel with more workplace training. Since 2001, all vocational training programmes last three years. They provide general eligibility for studies at university level. At the same time, workplace-based training is somewhat more extensive than in Swedish vocational training programmes. Sweden requires at least 15 weeks of workplace training. In Finland, the workplace segment of vocational programmes must comprise at least one term or 20 weeks.

As in Sweden it is possible to choose apprenticeship training as an alternative to school based vocational training programmes. Educational content requirements are the same and 20 to 30 per cent of the training period should be school-based. Apprentices are expected themselves to arrange a contract with an employer. However, the number of apprentices is small. In total, Finland only had about 18,000 apprentices in 2004, compared to about 125,000 students in school-based vocational training. There is a political will to increase the number of apprentices. The average age of apprentices is higher than among students in school-based vocational training. Many apprentices have already completed a school-based training programme and also have working life experience. As in Sweden, there is no extensive system of licensed occupations in Finland, which is probably a major reason why the level of apprenticeship training is low compared to Denmark and Norway.

Training is financed exclusively by tax revenue, national as well as municipal. One or more municipalities are the providers of vocational training in about 80 per cent of cases. Individual employers receive no direct compensation for trainee positions. By contrast, companies who accept apprentices are compensated. Apprentice wages and working conditions are regulated in collective agree-



ments. To be entitled to employ apprentices, an employer must undergo a suitability test, a type of licensing procedure.

Compulsory core subjects include Finnish/Swedish, one foreign language, social studies, mathematics, physics and chemistry, hygiene and aesthetics. These subjects should comprise at least one term of full-time studies. Four and a half terms are earmarked for vocational subjects and work placement, and one-half term for elective subjects.

Men comprise just under 55 per cent of students in vocational training, while women constitute about 57 per cent of students in programmes preparatory to further studies. The gender distribution resembles that of other Nordic countries. The same is true of the student dropout rate, which is nevertheless lower than in, for example, Sweden. Dropouts are more than twice as common within vocational training as within programmes preparatory to further studies.

To reduce the proportion of education failures, special incentives have been instituted in order to stimulate schools to higher completion rates and assist students in finding work immediately upon completion of training, for example, through well-developed contacts with working life. Incentives are designed as a bonus system: the higher the completion rate, the higher the grant. There are obvious risks associated with a performance-related funding system of this type. Unless it is closely monitored, the system can create incentives for individual schools to lower their requirements in order to report better outcomes.

For students who find it especially difficult to study because of functional impairment or social problems there are shorter and academically less demanding vocational training programmes. Besides these schools there are special workshop schools for young people over age 15 who have not embarked on upper secondary studies or have dropped out of upper secondary school education.

4.3 Initial Vocational Training in Norway

All young people in Norway are guaranteed admission to upper secondary school, either in programmes preparatory to further studies or in vocational training. Initial

vocational training comprises a larger share of all upper secondary school students in Norway than in the other Nordic countries. The high share reflects the appeal of such training both to students and employers in combination with an increased number of training locations. The first half of vocational training programmes is usually provided at integrated upper secondary schools. This is followed by a period of apprenticeship at a contracted company.

As already mentioned, vocational training in Norway is organised according to the so-called 2+2 model. Students can choose between a total of nine (until quite recently twelve) training programmes which range from medical and social care to workshop trades. Training starts with a one-year basic course designed to provide a broader orientation within the area of training. This is designated VG1. The curriculum includes core subjects such as Norwegian, one foreign language, social studies, mathematics, natural history and physical education. Students who wish to qualify for university studies must take a supplementary six-month course after completing their vocational training. The first year is rounded out with a theory test. This test is part of the final examination and must be successfully passed before the workplace-based segment can begin.

The first year is followed by two advanced courses, designated VG2 and VG3. VG2 is also a one-year programme and, like the basic course, school-based. At this point there is increasing specialisation. In total the advanced courses offer about one hundred study alternatives. The final step towards specialised occupational competency involves the selection of a VG3 course. Now the actual two-year apprenticeship period begins. Half the apprenticeship period is earmarked for theoretical studies. These studies are provided at the company where the apprentice is working, or through a training provider contracted by the company. There are about 180 occupational fields in total. The apprenticeship period ends with a practically orientated skills test, after which the apprentice receives a certificate of occupational skills or a journeyman's certificate.

As in Denmark, vocational training in Norway is based on extensive and regulated collaboration between educational authorities and schools, on one hand, and labour market partners, on the other. At the national level there is a National Council for vocational training (*Rådet for*

fagopplæring i arbeidslivet) and 20 national vocational training councils (*Opplæringsråd*). The first-named Council includes representatives of employer organisations and trade unions and collaborates directly with the Ministry of Education on training issues related to working life. The national vocational training councils represent specialist competence in various recognised occupations (that is, about 180 training areas in total).

There are also operational organs at the county level where the partners have a majority influence. Responsibility for upper secondary school education is at the regional level. Counties own the upper secondary schools and are responsible for vocational training. However, the operational responsibility rests with regional vocational training committees appointed for four-year terms in which partners have a majority. These committees are, among other things, responsible for monitoring the workplace-based portion of vocational training and ensuring that the education standard at the companies meets set requirements. They are also required to issue diplomas upon completion of apprenticeships.

The partners' commitment and responsibility for vocational training is also reflected in collective agreements between the main organisations. Both the main agreement and the national wage agreement also address vocational and apprenticeship training. Consensus between the parties concerning conditions for apprentices, not least wage conditions, is most probably a key reason why the position of vocational training is strong in Norway, as in other countries where apprenticeship training is well developed.

In Norway, training costs are primarily covered by national tax revenues, even though practical training responsibility rests with the counties. Corporate costs related to the training of apprentices are also partly covered by government funding. Companies that are recognised by the regional vocational training committees receive a training grant from the government. The purpose of the grant is to contribute to costs during the time apprentices engage in academic studies and do not contribute to production,; a period estimated at one year (of two workplace-based years in total). There is no equivalent to the Danish system, which redistributes parts of the training costs throughout the employer collective.

Most vocational students in Norway are between 16 and 21 years of age. However, schools and training programmes are also open to older individuals. About 20 per cent of students are over age 21. As in most other countries, young women represent a majority among students in general education programmes, but a minority in vocational programmes. Variations between individual programmes are nevertheless considerable and divided along traditional lines. To cite a few examples: 87 per cent of students in health and social sciences programmes are women, while 96 per cent of students in electrical trade programmes are men.

As in Denmark and Sweden, persons with an immigrant background are underrepresented in vocational training programmes. Only 8 per cent of upper secondary school students with an immigrant background are apprentices.

Table 11: Percentage of students starting an upper secondary school education in 2000 who completed their education within five years, by educational orientation and gender

	Completed	Interrupted
Programmes preparatory for further studies		
Total	81	15
Women	85	12
Men	77	19
Pre-vocational education		
Total	53	38
Women	59	33
Men	48	43

Source: Statistics Norway.

If we examine data on the completion and dropout rates in educational programmes, we find that Norway does not differ significantly from other countries. Data from Statistics Norway provide a somewhat different picture than the OECD data presented earlier. The dropout rate is considerable and, as in other countries, higher in vocational training than in programmes preparatory to further studies. Table 11 shows the proportion of students who have completed an education within a five-year period. The fact that the percentage numbers for those who have completed and interrupted their studies does not add up to 100 per cent is explained by the fact that those



who interrupt and then immediately start on another upper secondary school education are reported separately.

Men are much more inclined than women to interrupt their education, just as in the other Nordic countries. The dropout rate from vocational training is considerably higher than from general education programmes. The dropout rate among students of immigrant background is about 10 percentage points higher than the average for all upper secondary school students.

To encourage less motivated students to study, there are alternatives to the standard 2+2 vocational training model. Students can choose to start the workplace-based phase immediately. They can also choose a shorter education as trainee candidates. As shown earlier, there is also a well-developed follow-up responsibility designed to find alternatives for young people who, for various reasons, have problems completing their education. The 20-year age limit applied in Sweden does not exist in the Norwegian secondary school system. Schools are obliged to offer upper secondary school education to all who do not already have such an education up to and including the year they turn 24, although younger students are prioritised when places are limited.

4.4 Initial Vocational Training in Sweden

In Sweden today, as well as in many comparable countries, more or less all students go directly from obligatory education to education at the upper secondary level. In Sweden as late as 1970, just over 20 per cent did not attend upper secondary education after elementary school. Today, only 2–3 per cent do not begin upper secondary studies immediately after elementary school.

Education programmes also tend to have a broader content, with increased elements of general theoretical and academic subjects. In Sweden, this is a result of the establishment of curriculum-based upper secondary school in 1971 and programme-based upper secondary school in 1994. However, the trend towards a broad education has also been reinforced by students tending not to choose vocational programmes. For example, the share of upper secondary students in vocational programmes was significantly higher during the era of curriculum-based upper secondary school than it is today. At the beginning of the 1980s, more than 70 per cent of students choose

vocational curricula in upper secondary school; today, this share is lower than 40 per cent. At the same time, the vocational programmes in upper secondary schools suffer from high dropout rates. Between 25 and 30 per cent have not earned their final grades four years after starting a programme, and a significantly higher share – approximately 40 per cent – do not meet the criteria for general eligibility for higher education. From a social, long-term perspective, this is very serious. As stressed earlier, the experience since the beginning of the 1990s has been that the job market is highly limited for those without an upper secondary education. An incomplete education means an increased risk of unemployment for the individual and lower tax revenues and higher welfare expenditures for the state and municipalities.

The employment rate among 20–24 year-olds has dropped by 20 percentage points since 1990; instead they are studying at a post-secondary level. The employment rate for those without an upper secondary education has dropped even more, and is currently 15 percentage points below the average. It becomes even more clear that there are problems if we add to this that the authority responsible for job-market policy in Sweden, the Swedish Public Employment Service, predicts an increasing shortage of an upper-secondary educated workforce in manufacturing, construction and health care and that the total number of those employed should increase by many hundreds of thousands by the year 2030 if the share of the population employed is to be kept at today's level.

The latter aspect, combined with concerns regarding the high dropout rate, influenced the 2011 reform of the upper secondary school system. A new examination system was introduced together with apprenticeship alternatives for the school-based vocational programmes. There are, however, very few apprentices and the interest shown from the parties in working life is limited. The share of pupils from primary schools choosing vocational programmes has also fallen even more after the reform, something that has been attributed to lower status vocational programmes (given that vocational students are no longer eligible for higher studies).

4.5 Concluding Assessments

We thus find that initial vocational training is organised very differently in the Nordic countries. The greatest differences are between Denmark and Sweden: in a sense, these countries are opposite poles. The education systems in Finland and Norway occupy a middle ground. The Finnish system is closest to the Swedish.

- In Finland, vocational training confers general eligibility for higher studies. This is not the case in Denmark or Norway and no longer in Sweden. On the other hand, students can take extra courses to meet the requirements for general university admission in the last three countries.
- Denmark is the only Nordic country that lacks integrated upper secondary schools. Vocational training is provided at special schools. In Norway, where apprenticeship training also has a very strong position, the school-based training segment takes place in integrated upper secondary schools.
- Working life contacts are, for obvious reasons, more developed in countries with extensive apprenticeship training. The cooperation of partner organisations is a prerequisite for a functioning apprenticeship system. Collaboration with partners is regulated.
- In all countries the designation ›initial vocational training‹ applies to training at upper secondary school level. However, the meaning of the concept differs. In Denmark and Norway the intention is to offer complete training. In Sweden and Finland the nature of the training is preparatory. The emphasis on complete training in Denmark and Norway should be seen from the perspective of a system of trade licences or licensed trades. Such regulatory provisions are less prevalent in the Finnish and Swedish labour markets.
- School-based training is publicly funded in all countries. Financing conditions vary for the workplace-based training segment. The trend has been to increase funding for employers who enter into contracts with apprentices, a factor reasonably linked to the supply of apprenticeship positions. Denmark is alone in having a system that redistributes and spreads training costs and training risks over the entire employer collective.

- Financing conditions for students also vary considerably. Most countries offer a general allowance that can be combined with a means-tested allowance or loan. Apprentices receive compensation which is regulated through collective agreements. Danish students enjoy the most generous study financing conditions. Sweden has the least favourable conditions and upper secondary school students under age 21 are only offered a student grant commensurate with the child allowance. Parents are required to provide for young people who have not completed an upper secondary school education until they are 21 years of age. Other financing options become available only at the post-secondary level.

- A low rate completing their studies is a general problem in vocational training. In all Nordic countries, young men are overrepresented among those who interrupt their studies and young people with an immigrant background drop out of studies more frequently than others. Since Finland has no large groups of foreign-born young people, upper secondary school completion is not affected as negatively in these countries. Even in Denmark and Norway, often highlighted in international presentations – including OECD publications – as countries where few interrupt their studies, dropouts are a major problem in the vocational training system. Apprenticeship training appears to offer no guarantee of a higher completion rate.

- The completion rate problems are handled in different ways. One is to allow individuals to remain in upper secondary school programmes for longer periods of time. Another approach is to offer shorter and mainly workplace based training programmes that are less demanding from the academic standpoint. Such training variants are common in Denmark, Finland and Norway. They are also combined with measures from social agencies to seek out and attempt to induce young people who have dropped out to resume their studies (the follow-up responsibility). In many cases this involves cooperation between educational institutions and political actors in the labour market.

5. Labour Market Policy Measures

Both the scope and orientation of labour market policy measures for unemployed young people differ between the Nordic countries. Table 12 shows the extent of the



measures relative to GDP and as a percentage of total labour market policy expenditure.

Table 12: Public expenditure on labour market policy measures aimed at young people and as a percentage of total active labour market policy expenditure in 1995 and 2002

	Percentage of GDP		Percentage of expenditure on active labour market policy measures for youth	
	1995	2002	1995	2002
Denmark	0.14	0.10	7.7	6.2
Finland	0.15	0.17	9.9	17.2
Norway	0.08	0.01	6.2	1.3
Sweden	0.02	0.02	0.7	1.8

Source: Quintini, Glenda and Martin, Sébastien, »Starting well or losing their way? The position of youth in the labour market in the OECD countries«, Table 6, OECD Social, Employment and Migration Papers 2006 (www.oecd.org/els/working-papers).

Since the data in Table 12 refer to active labour market policy measures, various forms of unemployment benefits and social assistance are excluded. As the data show, the absolute and relative extent of the measures vary most considerably. Denmark and Finland allocate the most resources, Norway and Sweden the least. To what extent does this reflect different levels of political ambition? Is the reason linked to national differences in the assistance packages for unemployed young people and young adults? Is it because of the varying degree to which young people fall under the same measures as adults? Does this impact the development of unemployment and inactivity, on one hand, and the proportion completing an upper secondary school education, on the other?

5.1 Unemployment and Inactivity

First of all, we must relate the data on labour market policy measures to the respective country's unemployment and inactivity level. As already noted, Finland and Sweden are the Nordic countries with the highest percentage of open unemployment in the under 25 age group, as well as the highest percentage of inactive (young people outside both the workforce and the education system).

This reasonably explains the fairly extensive level of youth measures in Finland. Why is Sweden different? Is it because more extensive measures are implemented within the framework of the education system? Instead, there is much to suggest that Denmark and Norway are the countries which have implemented and are implementing the most far-reaching measures, aimed in the first place at offering training to unemployed young people.

Special measures for unemployed and inactive young people vary in nature depending on what is considered »problematic«. This may include both individual and structural factors. In general, perceptions about the causes of unemployment have changed in the Nordic countries since the 1980s. Until the 1980s, it was generally believed that unemployment was caused primarily by socioeconomic factors outside the individual's control. Labour market policy should reflect the principle of the right to work. If an individual was unemployed, society therefore had an obligation to provide compensatory measures in the form of either activity or unemployment benefits. Compensation should be generous and without strings attached.

The problems of lower economic growth, rising unemployment and high inflation (so-called stagflation) came to characterise the national economies from the mid-1970s. This created conditions for a different view of the causes of unemployment. Instead of the Keynesian perception that unemployment primarily reflects low demand, the significance of voluntary unemployment was stressed. Excessively generous social security systems impeded mobility and the inclination to look for work. Regulated, high entry wages made it more difficult for the most vulnerable groups – the poorly educated, young people and immigrants – to gain a foothold in the labour market. Added to this was the effect of globalisation with increasing low-wage competition from regions within and outside Europe. These new problem scenarios have had a powerful impact at the political level since the 1990s and have essentially characterised unemployment policy measures, regardless of political majority conditions. Briefly stated, the decommodifying characteristics ascribed by Gøsta Esping-Andersen (1990) to the Nordic welfare regimes with their foundation in social democracy may be said to have gained a more recommodifying orientation: individuals should not be protected but prepared for the market.



Activation policy has been a key concept in this context. The long-term unemployed and long-term welfare dependent should be activated rather than offered passive assistance. Not only unemployment insurance benefits but also social assistance should be made conditional. Unemployed and poorly educated young people have been the focus of activation policy. Those who do not accept offered employment should perhaps not be entirely cut off from assistance, but at least face clear sanctions in the form of reduced assistance. The expression 'activation policy' is primarily associated with Denmark, but has gained considerable currency also in the other countries. The concept is broad and, as we shall see, allows various interpretations. It also comes close to what in the Anglo-Saxon countries is called *workfare*, that is, a policy of moving people from social assistance into work.

Fundamentally, activation policy is based on the notion that long-term unemployment among young people is linked to a personal disinclination to look for work and acquire the necessary competence to earn a living. This disinclination is reinforced if welfare systems are too generous and impose no specific conditions. What is needed, therefore, are stronger financial incentives and a range of sanctions to foster behaviour that will lead to long-term paid employment.

5.2 Danish Experiences of Activation Policy

As noted in the previous section, a varied palette of training measures has been the predominant element of Danish policy to counteract youth unemployment and prevent social marginalisation among the young. Training, not employment, should be the main alternative for unemployed young people. This strategy has resulted in the establishment of the referenced production schools as well as shorter and flexible initial vocational training variants. This in turn has reduced the significance of traditional labour market policy measures, such as employment subsidies and public works.

Coordination has also been a keyword in Danish policy. One expression of this has been the development of job and training centres at the local level, partly as a result of the educational and vocational guidance reform of 2004. These centres should include various service orientated institutions ranging from labour exchanges and social services to schools in order to give individuals better op-

portunities for obtaining coordinated and needs-adapted assistance. Assistance strategies should be based on individual action plans and long-term monitoring of results for up to two years after completing training.

Coordination and investment in training have also been central strategic elements in the activation policy developed in phases since the early 1990s. As early as 1990, a first so-called youth guarantee (Tiltak for arbeidsledige ungdom) was introduced, a model which eventually spread to Norway and Sweden. Its purpose was to guarantee unemployed young people rapid activation measures, primarily in the form of training. Initially targeted on young people aged 18–19 years with no accrued entitlement to unemployment benefits, the system was gradually expanded to include young adults under 30 years of age. Social assistance for those who rejected the offered activity was reduced.

In 1995, a requirement was introduced which stipulated that young people under 25 years of age who had been unemployed for six months had to accept training or have their social assistance reduced. The training period should comprise at least 18 months and the compensation would equal 50 per cent of unemployment benefit. A more radical step came in 2005 with the decision that young people and young adults would receive no assistance at all if they refused to undergo training. Parents of young people who dropped out of school would also face reduced assistance.

The focus on training, and the fact that poorly educated young people should in the first instance be trained, is familiar from other countries. The more stringent activity requirements for those dependent on social assistance are also familiar, not least from a Swedish perspective. However, there is more to the Danish policy than stricter requirements. The Danish compensation systems for students and those dependent on social assistance are, as already noted, very generous by international standards. The Danish social assistance system is probably the most generous in the world and offers 60 per cent of unemployment benefits to single individuals and 80 per cent to those who cohabit. Unemployment insurance provisions are also generous. The maximum compensation period is two years (earlier four years), compared to 60 weeks in Sweden. This is also a feature of what is usually called *flexicurity*; an attempt to increase mobility and facilitate matching in the labour market through a combination

of generous compensation systems and the absence of legally enshrined job security.

Several international studies also show that Danish social security systems have been very effective from a distribution policy perspective. A major study of conditions for unemployed young people in the Nordic countries and Scotland from the late 1990s showed that the unemployed were much less prone to personal financial difficulties in Denmark than in other countries. One result was that they had less need to change their way of life and consumption patterns. Ultimately, this also meant that they had a more positive attitude to life in general.

Overall, the unemployed also seem to have had a positive attitude to activation policy. Activation has primarily meant training. For middle-aged and older workers, job training within public organisations has been another important element. For young people, everything has revolved around training. With reference to Jørgen Goul Andersen's and Jacob J. Pedersen's argument: if this is to be called workfare, it must be seen as workfare-lite.

5.3 Youth Measures in Finland

In Finland, training measures have a very high priority. Unemployed young people are often referred to standard training programmes, as in Denmark. But the training focus is not as dominant as in Denmark. Youth measures also include more traditional labour market policy approaches.

As in Denmark, activation has been a keyword in the framework of youth measures. Among other things this has meant a drive for increased flexibility and individual adaptation of measures as well as coordination between social services, social insurance systems and the labour exchange. Special service centres for unemployed young people have been established. Coordination is intended both to provide a broader range of measures and contribute to more efficient utilisation of public resources. It should be possible to use funding from unemployment insurance to create employment opportunities for the long-term unemployed, for example, through hiring grants.

As in the other countries, activation policy is based on a form of youth guarantee, referred to as a social guarantee

for young people, as well as a training and work placement guarantee. The intention behind the first guarantee is to offer unemployed young people extensive counselling and guidance through the referenced employment centres. A job should be offered within three months of the start of unemployment. However, in contrast to current conditions in Sweden, the Finnish youth guarantee is also linked to a training guarantee. The service centres are free to arrange training or work placement, all depending on the individual's background and needs. The process should be based on an individualised action plan. As in the other countries, the policy includes the option of sanctions. Those who do not participate actively in the placement process, or in the activities offered, can be cut off from assistance.

Employment grants are an important feature of Finnish labour market policy. There are two types of grants: one for private companies and one for the public sector. Private companies can receive funding equivalent to ten months' wages for hiring an unemployed young person, provided that the company offers the person open-ended employment. Similar grants are available in the public sector, so-called temporary public sector jobs. These measures should primarily be directed towards long-term unemployed young people who risk becoming permanently excluded from the labour market.

Labour market training is not used as an instrument for unemployed young people in Finland. Labour market training within the arsenal of labour market policy is intended for middle-aged and older workers. An unemployed person must have reached the age of 40 to be referred for training. On the other hand, there are two job training programmes that also include unemployed young people. First, the unemployed are assigned to a workplace or workplace-like environment administered by the employment office for on-the-job training for a period extending from one year to a maximum of 18 months. Compensation equal to unemployment benefits is paid during work placement. The funding of activity grants can be direct via unemployment insurance. Second, there is a programme for apprenticeship training which is linked to standard vocational training. Unemployed young people can be offered both initial vocational training and supplementary training. The compensation is equivalent to unemployment benefits and employers who accept apprentices receive compensation as in the standard vocational training system.

5.4 The Youth Guarantee in Norway

In Norway, labour market policy measures for youth and young adults are organised within the framework of a youth guarantee. A special guarantee to activate unemployed young people under 20 years of age was formulated in the late 1970s. In the mid-1990s the system was expanded to include long-term unemployed aged 20–24 years. The intention of the guarantee was that they should be offered some form of measure as an alternative to long-term unemployment. In accordance with the principles of activation policy, sanctions in the form of reduced or denied assistance should be used as disciplinary instruments when an unemployed person refuses to participate in assigned activities.

The youth guarantee can be seen as part of the package usually referred to as Reform 94 which we touched on in the previous section. Under the reforms, everyone should be offered the right to a three-year upper secondary school education and a follow-up responsibility would be introduced for working with young people who for various reasons failed to start or complete an education. The youth guarantee became the activating element for those who could not return to the standard education system.

When the guarantee was introduced for 20–24 year-olds in 1995, two objectives were formulated. First, all those who had been unemployed for four months or longer would be called to the labour exchange for follow-up interviews. The purpose would be to design an individual action plan. The action plan then had to be followed; otherwise the unemployed person risked losing their social assistance. Second, the guarantee would comprise a number of activity goals, set out in detail in the action plan. Activities could consist of work placement, participation in job clubs, labour market training or standard school-based training.

Work placement has been the dominant element of the Norwegian youth guarantee. Over time there has been a shift in emphasis from training towards work. Initially, there was more talk of the preparatory nature of the measures. A 1999 decision makes it clear that job assignment should be prioritised. The latter is reasonably also linked to the significant drop in the number of openly unemployed and long-term unemployed young people in Norway in the second half of the 1990s. Of all the

Nordic countries, Norway also has the lowest proportion of long-term unemployed as a percentage of the total number of unemployed.

5.5 Swedish Experiences

The activation policy trend of the 1990s has characterised youth measures in all the countries discussed, but the concrete design has varied. In Denmark, education has been entirely dominant. In Norway, the youth guarantee has been orientated towards work placement. In Finland, measures have been more varied and have included both employment and training elements.

Several aspects of the youth measures in these three countries are worth a special look from the Swedish perspective. Sweden has had a type of youth guarantee aimed at providing youth and young adults under 25 with some form of activity after no more than 100 days of unemployment. There is also a municipal follow-up responsibility for tracking down young people under 20 years of age who are not studying. Under a 1998 amendment of the Social Services Act, social assistance to unemployed young people can also be made conditional.

A first aspect worth examining is the coordination of measures. In Sweden, this has been a major problem. The division of responsibility between secondary schools, social services and employment offices has been unclear. There have also been obvious conflicts of objectives. Labour market policy measures within the framework of the youth and job guarantee (formerly called the development guarantee) was before financed by the national Labour Market Administration but organised by the municipalities. This system has, however, been changed and replaced by a job guarantee organised through the employment agencies and separated from the municipalities.

In Sweden, the follow-up responsibility has primarily applied to information, in other words, municipalities have had to keep informed about youth employment. There has been no requirement of contacts or active measures on the part of municipalities. Moreover, the responsibility has only applied to young people under age 20. In Denmark, Finland and Norway the emphasis has rather been on reaching out to youth and young adults who have not

completed an upper secondary school education. Age has been less important in this context.

We also find that training measures have been minor in Sweden compared to the other countries. The growing difficulty experienced by many Swedish young people in completing their upper secondary studies, coupled with high unemployment in the 20–24 age group, has not been offset by increased training measures. Sweden does not offer the option of attending academically less demanding vocational training programmes. In addition, labour market training has not been designed to accommodate unemployed people under 25 years of age. Given the limited offering of vocational training within Komvux and the 20-year age limit applicable to studies in the Swedish secondary school system, young adults have had very limited opportunities to obtain initial vocational training.

Sweden also differs in terms of the sharp demarcation between education and job training within labour market policy and the standard education system. In Sweden, training measures within the framework of labour market policy have become increasingly separated from the standard education system. The fundamental concept has been that training provided with labour market policy funding should eliminate temporary bottlenecks and short-term competence shortages in the labour market and concentrate on qualifications that can be acquired over a maximum training period of about one year. Added to this is a perception that standard training, for reasons of fairness, should not be offered within the framework of labour market policy. It would be unfair and create a number of incentive problems in the training area if large numbers of unemployed were to have their vocational training funded by activity assistance while others must apply for standard student funding. In the other countries, particularly Denmark, entirely different assessments have been made. The premise has rather been that a completed upper secondary school education should be seen as a right. In addition, they have pointed to an efficiency gain from the distribution policy standpoint: those who are furthest from the education system and at greatest risk of becoming stuck in a socially marginalised situation have obtained both an education and a livelihood at an acceptable level.

There have been several outcome assessments of labour market policy youth measures. Many Swedish assessments paint a negative picture of the results of the measures in terms of jobs and income generation, although the picture is somewhat brighter with respect to the number who embark on standard training after completing a youth programme (see Carling and Larsson 2005). Corresponding studies on the effects of youth measures in Denmark provide a slightly more positive picture, especially regarding transition to regular studies (see Jensen et al. 2003). The importance of breaking lengthy periods of unemployment, not least in order to reduce the risk of stigmatisation, is also emphasised. A Norwegian outcome assessment of the youth guarantee also paints a more positive picture (see Hardoy et al. 2006). Above all it is stressed that the goal of activating the long-term unemployed has been achieved. Outcomes in terms of work for the long-term unemployed after completing programme participation also suggest a positive trend. Transition to regular studies, on the other hand, is not very common, although this may indeed not have been expected considering the orientation of the Norwegian youth guarantee.

6. Summary and Conclusions

Even though the Nordic countries show marked similarities in terms of socioeconomic and social conditions, there is much that separates them. Welfare policy ambitions may be similar, but when we examine the conditions in which young people have to establish themselves in the labour market and earn a living, we find significant variations. Young people face considerably less favourable labour market conditions in Finland and Sweden than in the other Nordic countries.

In the present study our aim has been to analyse these differences between the countries against the background of variations in institutional conditions in the field of education and labour market policy. In what ways does initial vocational training differ between the countries? What efforts are made for young people who have problems at school and therefore experience special difficulties establishing themselves in the labour market?



6.1 Differences in Vocational Training and Labour Market Policy

We found that upper secondary school education shows clear differences between the countries. Finland and Sweden offer mainly school-based vocational training programmes. The other countries offer apprenticeship training linked to a regulated system of trade licences.

Apprenticeship training offers no guarantee of a high completion rate. We found, for instance, that non-completion problems in Danish apprenticeship training are very large compared to conditions in Finland, although Finland has a school-based and academically more demanding vocational training system. While results in Sweden may be negatively affected by the high proportion of students with an immigrant background, this is by no means the only reason why completion problems appear to be especially large in Sweden. One factor which helps to mitigate problems in Denmark, Finland and Norway, compared to Sweden, is the availability of more multi-faceted training options at various levels. These countries also have no upper age limit – or time limit – for upper secondary studies, the premise being that everyone has a right to complete an education. More extensive efforts are made to prepare students for upper secondary school studies, partly through an optional supplementary year, while the follow-up of those who drop out of school is also more extensive and action orientated.

This is also linked to the orientation and extent of labour market policy. In real terms Sweden allocates fairly modest resources for special youth measures within the framework of labour market policy. This is reflected not only in higher youth unemployment, but also in a higher level of inactivity among young adults. While, for example, Denmark activates unemployed and poorly educated individuals through various education programmes, long-term unemployment and social assistance dependence is more common among young people in Sweden. We also found that Sweden, in contrast to the other Nordic countries, differs by a more rigid demarcation between the standard education system and labour market policy measures. In Sweden, standard education is in principle not permitted within the framework of labour market policy. This makes labour market policy measures less flexible while at the same time limiting the possibilities of offering initial vocational training to young adults.

The clearest differences can again be seen between Denmark and Sweden. Vocational training and labour market policy in Denmark are based on coordination, individual adaptation and generous funding. Educational measures and labour market policy in Sweden, on the other hand, are characterised by a division of responsibility between the school, labour exchange and social services, strict demarcations between standard education and youth measures, and an emphasis on general or academically orientated upper secondary school education.

The question remains whether anything can be said about the effectiveness of these different strategies. While we have no foundation for a definitive assessment, we nevertheless wish to formulate a few suggestions based on conditions in Sweden:

- Swedish measures for unemployed and inactive youth would benefit from closer coordination between different actors: the school (introductory programmes), labour exchange and social services. Today's unclear distribution of responsibility makes the measures less effective.
- Initial vocational training in various forms and at different levels should be offered within the framework of the Swedish upper secondary school. General university admission should not be the assumed goal of all education programmes.
- More opportunities must be created for young adults (over 20 years of age) to participate in initial vocational training. At present this option is essentially missing. Most vocational training programmes offered to this age group, such as Higher Vocational Training, are at the post-secondary level.
- The demarcation between labour market policy and standard education should be re-examined. Distribution fairness and effectiveness motives speak for a more flexible use of the available labour market policy resources.

6.2 Measures that Open Doors

Youth researchers seem essentially to agree that transition patterns from adolescence to adult life, and from school to working life, have changed in recent decades. The pattern is not only more protracted, but the transition is not as linear or fixed as before. The process is

characterised by upward and downward leaps. The problem is that measures implemented within the education system, as within labour market policy, are insufficiently adapted to these changes. Activation policy characterised by coercion and focused on jobs is an example of a one-sided policy that has no room for individually tailored measures, nor allows the individual to participate and influence the nature of the measure. Also, a job may not always be the most desirable goal. On the contrary, a measure leading to a menial job may reduce the individual's possibilities of developing and earning a living in the longer term. The Swedish Labour Market Administration has also started to open up for possibilities to study as part of a labour market programme.

In other words, there is a need to keep many doors open. Narrow measures and narrow training closes doors and limits options. It is often said, for instance, that apprenticeship training hardly provides what young people need

today. However, we should avoid hardlining the arguments. One conclusion of our study is that a variety of measures are needed. Individual tailoring is essential. Initial vocational training of a less academic nature may well lead to opportunities. Contact with working life provides significant first experience and may have a great impact on self-confidence. In addition, apprenticeship training offers a wage-earning opportunity to groups who often come from socially less privileged environments.

Vocational training and labour market policy can be of critical importance, compensating for differences in the social background of youth and young adults. From the Swedish standpoint the problem appears to be that the changes implemented in recent years with regard to vocational training and labour market policy have tended to limit the possibilities both of training and labour market policy in this respect.



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