

1. Introduction

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It is now a well established fact that education and training are of critical importance to individual labour market prospects. This insight into the importance of human capital has meant that education and training have become central issues in the social science research agenda and it has brought education and training to the fore in many recent policy debates and policy recommendations. This volume of the series on transitional labour markets addresses the issues of education, training and employment dynamics from the perspective of whether policies in these fields facilitate or inhibit social integration. The basic argument pursued throughout this volume is that, in order to respond to a lack of employment opportunities, and to risks of unemployment and social exclusion, individuals need to be enabled to organize and pass through multiple transitions between working and learning throughout their life course.

Modern democratic societies attempt to achieve social integration by promoting equal opportunity and occupational choice to their citizens to the extent possible. The institutional frameworks governing education and training systems and regulating labour markets entail a balance between basic rights and obligations that varies between countries. At the level of the individual, education and training systems and labour market institutions provide a framework within which individuals enjoy the right to a basic education and, in the majority of European Union countries, also a right to work. These rights are counterbalanced by the obligation to accept a suitable job offer or, among those dependent on unemployment compensation, retraining. In order to achieve social, or at least, labour market, integration it is necessary for individuals to accomplish a series of transitions between learning and work during the life course. The role of the modern welfare state therefore does not just consist of guaranteeing these rights but also entails the formation and implementation of interventions to support individual choices and transitions.

Most existing work in the area has, however, concentrated on the impact of the 'front end' of the education and training system – initial education and training – and has adopted a static approach to the analysis of the impact of education and training on subsequent events and transitions over

the life course. Analyses of the impact of continuing education and training on employment dynamics (for example, about market-related training programmes for the employed and unemployed) are still scarce and many analyses have remained rather static in character in the sense that only a few attempts have been undertaken to capture medium- or longer-term effects of educational choices for major areas of the life course.

This book adopts a dynamic approach to the analysis of the impact of education and training across the life course. We draw on transitional labour market theory (Schmid, 1993, 2000; Schömann in this volume) which was developed in response to emerging trends of flexibility of work and precarity of careers in the labour markets of the advanced societies. The dynamic approach of the book derives from its concern with important labour market transitions: those from education to the labour market, from employment to unemployment, from unemployment back to employment, from domestic to paid work and finally the gradual transition from employment to retirement.

Our central focus is on whether, and to what extent, education and training plays a preventive or curative role in facilitating positive labour market outcomes and thus promotes social integration (O'Connell, 1999; OECD, 1999; Schömann, 1998). The order of chapters follows the sequence of the life course. The empirical chapters start with an analysis of parental influence on children's educational choices and exits from initial full-time education. This is followed by first entry to the labour market and employment–unemployment transitions, and extending to early labour market exit and retirement transitions. Throughout we are concerned with the extent to which education and training choices, decisions and experiences influence subsequent labour market outcomes and their implications for social integration or exclusion over the life course. With regard to continuing training of adult workers, our focus is confined to job-related education and training. While we recognize that more general adult education, including access to adult education facilities and public libraries, may have implications for social integration, our focus on job-related training is dictated by resource and space constraints. Moreover, we believe that future research into the impact of adult education more broadly conceived would be valuable.

The concepts of the life course (Mayer, 1997) and transitional labour markets (Schmid, 2000) are combined in an attempt to develop a theory of transitional labour markets and the life course which has its roots in the work of James Coleman (Coleman, 1990) in the sense that social integration across the life course is a multi-level phenomenon where both individual decisions and societal opportunity structures determine actual outcomes over the life course. To capture the effects of institutional

arrangements on the life course we also adopt a modelling strategy based on systems theory to capture the interdependent institutional factors which then influence individual-level processes. The life course perspective requires a largely microanalytic research design based on individual and household surveys as well as micro-level analysis of the demand side of the labour market, that is firms' employment strategies.

Institutional factors may intervene as explanatory variables in micro-level analyses either directly, by affecting a specific outcome, or indirectly by influencing a process or relationship. Where institutional context is believed to influence an outcome directly, this can be analysed by comparing outcomes before and after a policy shift. To examine whether the institutional context influences processes or relationships, it is often necessary to undertake historical or cross-sectional comparisons in order to allow for variation in the institutional context: for example, by means of comparisons across countries. The latter approach has been applied throughout this volume either in comparative analyses of several countries within a single chapter or by comparing results from different countries across chapters.

The sequence of chapters runs from the influence of parents on children's education and labour market choices to first entry into the labour market, youth labour markets, employment and unemployment transitions, further training transitions to training an ageing workforce and early retirement transitions due to lack of marketable skills. Education and training as well as labour market policies are rarely defined as policies which address particular phases of the life course, but the analyses presented in this volume do suggest that differing policy domains are of varying importance at different stages of the life course. So initial education and training may be of greatest importance early in the life course, while continuing training may have greater influence later in life. Nevertheless, there is no one-to-one correspondence, since, as several chapters demonstrate, initial educational attainment may have lasting consequences for an individual's entire career prospects.

In general, the book draws upon the theoretical and empirical approaches of three social science disciplines: the economics of education and the labour market, the sociology of education and inequality, and the actor-centred approach of multi-level governance from political science. In Chapter 2, rather than outlining three separate approaches of social science analysis to the problems of social integration and social exclusion, we develop a theoretical framework which combines the insights of the differing approaches. Of course other approaches to the issue of social integration, including social psychology, public health, labour law and criminology, are also relevant. However, we consider that the attempt to integrate just three broad perspectives is itself a sufficient challenge for the

present volume. Individual contributions to the volume typically argue from a particular disciplinary perspective. The concluding chapter then attempts to bring together the differing approaches and findings from the empirical chapters.

This volume combines quantitative longitudinal analyses based on individual- as well as firm-level data, complemented by in-depth case studies of institutional factors in the development and negotiation of training policies. Each of the four parts of the book has at least one comparative chapter, explicitly comparing similar data sets across countries. The main countries analysed are France, Germany, Ireland, the Netherlands and Spain. In the country-specific chapters the authors have sought to present results in a manner that permits comparison with the results from other country-specific chapters dealing with similar issues using comparable methodologies and analytic techniques.

The empirical part of the volume has four major parts. Part I produces individual-level analyses of selectivity within the education system and the labour market segmentation at entry to the transitions into the labour market. Part II examines micro-level evidence on participation in further training, including differential access to training by age and educational attainment, as well as the impact of training on transitions between unemployment and employment. Part III looks at the incidence and impact of enterprise-based training, the role of state intervention in training of workers, as well as the complex relationship between enterprise-based training and social exclusion of older workers. Part IV focuses on actors in the training field, using case study approaches to differentiate the differing roles of social partners and local, national and European policy makers. Finally, conclusions attempt to derive guidelines for policy making in this field for the local, national and the European level.

This volume on training and human capital investment strategies deals with investment-oriented labour market processes concerning individuals, households, firms and political actors. Policy interventions to advance social integration have generally been recognized as achieving their targets, although often the returns to training and other forms of human capital investments tend to be small and to be realized rather slowly. Exceptions are training programmes for target groups in fields of precisely identified skill shortages. The specific approach of this book has been to pursue a theory-driven research agenda based on the analysis of labour market transitions rather than static labour market outcomes. This means that we developed a series of guiding hypotheses relating to processes of labour market integration derived from Schmid's theory of labour market transitions and transitional labour markets (Schmid, 2000; Schömann in this volume) and individual chapters examined those hypotheses across five

European countries. A second set of hypotheses, mainly addressing institutional aspects, also put to the test in the course of this project, suggests that education and training can serve as a form of individual or societal insurance against the risk of social exclusion. We believe that further comparative research is warranted into these fundamental institutional differences between national education and training systems and labour market regulations.

The concept of transitional labour markets stresses the multiple dimensions of processes of social integration and exclusion. The major dimensions are related to each of the five major transitional labour markets corresponding to a life course perspective on labour market transitions. The theory of labour market transitions developed in this module highlights the fact that there are important multi-level relationships which intervene in labour market processes so that individual transitions, for example into the labour market or back into employment, may turn out to be very hard to accomplish in specific macroeconomic, macrosocial or country-specific institutional arrangements. The two major hypotheses tested are: that (a) initial investments in education and training, as well as the early experience of transitions, have lasting effects on entry into the labour market and subsequent labour market transitions; and (b) segmentation early in the education system, and particularly at the time of entry and re-entry into the labour market, has a strong tendency to persist unless mitigated through transitional labour market arrangements which confer additional qualifications.

PLAN OF THE BOOK

Chapter 2 gives a definition of what constitutes training transitions and explains why training transitions are an important policy instrument to avoid social exclusion. It relates the policy issues of lifelong learning to the theory of transitional labour markets. Our central concern is with the role of investment in human potential in preventing social exclusion and promoting social integration, and with the institutional mediation of basic labour market processes that constitute transitional labour markets which allow for the combination of learning and working. Our dynamic focus includes, not only the impact of initial education and training on the first transition from school to work, but also the impact of continuing training on transitions from unemployment to employment, as well as the potential for training to prevent the undesirable transition from employment to unemployment or involuntary early retirement. A second major aspect addresses the importance of early preparation for transitions later in the

life course, in effect learning to accomplish transitions. How can this be achieved? How well prepared are the different national education and training systems to meet these new challenges? What type of new institutional arrangements are needed to facilitate transitions related to training and further training? This concerns both the education system and labour markets and we argue for the need to analyse both systems jointly.

The first empirical part of the volume identifies important features of the institutional background for training transitions in the major European countries. This section focuses on an analysis of transitions within the education system and the first entry into the labour market based on individual level analyses. Here we try to answer the question of what kind of institutional arrangements tend to facilitate socially integrative transitions or increase the chances of subsequent social integration.

Part II deals with the evaluation of training interventions. Active labour market policies aimed at the unemployed have come to play a central role in the response to unemployment in Europe. Why is this the case? What are the effects in terms of equity and efficiency of such government intervention? If there is market failure what are the outcomes in terms of social integration and social exclusion? What type of policy measure works, what are the components of a policy evaluation framework which reflects upon social integration and social exclusion? These issues are addressed by four chapters which analyse individual-level data covering several different countries.

In Part III we shift the focus to the firm's rationale for training. Models based on the perspective of the firm emphasize the close relationship between wages and productivity in influencing training decisions. In practice, the link between age and productivity can dominate firms' training rationale and this can lead to differential access to training and thus increase the risk of social exclusion facing older employees. Alternatively, seniority rules can adversely affect the employment prospects of young labour market entrants and other labour market outsiders such as women seeking to return to work after a period of domestic work. Differential returns to general versus firm-specific training imply various forms of cost sharing between firms and the individual, as well as the need for state interventions to organize and finance training in order to overcome market failures leading to under-investment – either in overall training or in the training of particular groups.

The aims and strategies of political actors are dealt with in Part IV. Who are the actors in the field of training and what are their strategies? The two chapters in this section adopt case study approaches to investigate the formulation and implementation of training policies in negotiations between the social partners at the level of the enterprise, and in the relationship

between local, regional and national actors and the institutions of the European Union. Finally, the concluding chapter provides a summary of results and of what we can learn about the impact of education and training on social integration from the approaches of the different social sciences in this volume. Here we attempt to unite the differing perspectives and findings into an integrated framework which sets out the potential for a transitional labour market of learning and working to promote social integration.

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