



# Vocational education and employment over the life course using a new measure of occupational specificity

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## ABSTRACT

Vocational education is seen as beneficial for the labor market allocation of young people. However, recent studies point to disadvantages later in the life course, where the specific skills that are obtained from vocational education decrease employability. This paper re-evaluates this hypothesis for the Netherlands with an improved measure for the vocational specificity of educational programs, utilizing both vertical (level) and horizontal (field) information on education. More specifically, we use a gradual measure for the linkage strength between education and occupation to predict employment over the life course. Using data from the national Dutch labor force surveys, we show that there is considerable heterogeneity in occupational specificity within the categories of vocational and general educational programs that is masked when using a dichotomous classification of general versus vocational education. In the life course analyses we find that the large early benefits of having vocational education disappear later in the career and turn into a small disadvantage before retirement.

## 1. Introduction

The preparation of youth for the labor market is a key responsibility of an educational system and education plays a major role in the distribution of life chances through this function. Previous studies have highlighted the importance of the vocationality of the educational system for allocating graduates in the labor market, finding that vocational education enhances the transition from school to the first job (Shavit and Müller, 1998; Müller and Gangl, 2003; Breen, 2005). The strong occupationally oriented training in vocational education systems has been praised by policy makers as an efficient way of lowering youth unemployment (OECD and ILO, 2014; Biavaschi et al., 2013). The suggested mechanism that explains why vocationally educated graduates find a job faster is that their occupation specific skills are immediately valuable for employers (Arum and Shavit, 1995).

Recent studies have suggested that the effect of occupation specific skills varies over the life course (Hanushek et al., 2017; Forster et al., 2016). This indicates the importance of taking a life course perspective and of looking beyond the immediate transition from school to the first job. The main finding of Hanushek et al. (2017) is that initial employment benefits of vocational graduates turn into disadvantages if one considers the whole labor market career up to the retirement age. Older workers with a vocational degree are less likely to be employed than older workers with a general degree. Their main explanation for this phenomenon – which they term life course vocational decline – is that over the career, specific occupational skills become obsolete faster than general skills if they are not adequately updated by on-the-job training. Vocational workers have a specific set of skills and are therefore less flexible than workers with a general educational degree.

Research on the school-to-work transition as well as on the hypothesis about life course vocational decline argues that the

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occupational specificity of an educational program is the main mechanism through which vocational education influences labor market outcomes. However, both lines of research do not measure occupational specificity directly. Instead, they assume a dichotomy: vocational education leads to highly specific skills, and general education yields no specific skills. Following DiPrete et al. (2017), we argue that the vocationality of educational programs is gradual. Some vocational programs, like car mechanic training, might indeed convey very specific occupational skills, whereas for instance commerce oriented vocational programs might in fact rather teach general skills even though they are classified as vocational programs. The same argument can be made for educational programs that are classified as general. It is hard to argue that the occupational specificity of the study of medicine is similar to that of any social sciences major, although both are labeled as general education in conventional educational schemes.

Our main research question is as follows: *Do graduates from educational programs that are more strongly linked to certain occupational positions experience an initial advantage and subsequent disadvantage in employment probabilities compared to graduates from programs with lower occupational specificity?* In answering this question, we will contribute to the literature in two ways:

First, we will re-evaluate the life course hypothesis of vocational decline. So far, the decline has mostly been investigated with comparative survey data that contain only small samples for individual countries (Hanushek et al., 2017; Forster et al., 2016). In these cross-national data, the level of detail that is available about both the level and field of study of educational graduates tends to be low. For this study we rely on the Dutch Labor Force Survey (EBB), which contains highly detailed information about education and occupation. The Netherlands is a perfect case to test the life course hypothesis: it has a comparatively high enrollment in vocational education, with a similarly large dual system in which school and work are combined (Bol and Van de Werfhorst, 2013). If the life course hypothesis holds, we would expect to see differences in life course probabilities in employment for vocational and general graduates.

Second, we investigate the vocational decline hypothesis using an improved measure for vocationality. Instead of dichotomizing educational programs as vocational or general, this measure captures the occupational specificity of educational programs directly. Following DiPrete et al. (2017), we use the linkage strength between educational programs and occupational positions to measure the occupational specificity of single educational programs. We will not only focus on levels of education but also fields of study, given the importance of fields for the labor market success of school leavers (e.g., Kirkeboen et al., 2015). If, as the existing literature argues, occupational specificity is indeed the main mechanism through which vocationally schooled graduates gain a benefit when entering the labor market and suffer a penalty in later life, we should find these results especially with our more direct measure of occupational specificity.

Answers to the question of vocational decline are relevant to public debates about the value of vocational content of education. The generally positive evaluation of vocational education in the school-to-work transition leads to calls for more vocational elements in education and a tighter coupling of school and work place whenever youth unemployment is on the rise. However, such policies are only advisable if a highly occupation specific education does not revert into a disadvantage over the life course.

Our analyses yield two important findings. First, we find that the occupational specificity of educational programs is very poorly captured by using a dichotomous indicator of vocational versus general education – at least in the Netherlands. We find large heterogeneity in occupational specificity if we look *within* general or vocational programs at a given educational level. This is an important finding for the field, indicating that we need to rethink how the vocationality of educational programs is operationalized. Second, we only partially confirm the life course hypothesis. Having a highly occupational specific education degree generates an initial benefit, as occupational specificity is strongly associated with employment at the start of the career. This initial benefit decreases in later life, but in contrast to what earlier research suggested, we find that only very late in the career (after 60 years of age) having occupation-specific education becomes a penalty.

## 2. Vocational education and labor market outcomes

In the following section, theoretical arguments about labor market outcomes of vocational education are presented for (1) the school-to-work transition and (2) the further labor market career.

### 2.1. School-to-work transition

As already mentioned, vocational education is commonly found to be advantageous for the labor market allocation of graduates (e.g., Shavit and Müller, 1998; Müller and Gangl, 2003; Breen, 2005). Cross-national research has shown that in countries with a high proportion of vocational education, labor market entry is smoother (Shavit and Müller, 1998; Van der Velden and Wolbers, 2003; Breen, 2005; Wolbers, 2007). Some of these comparative studies find that vocational graduates indeed experience advantages compared to their peers with general training (Shavit and Müller, 1998; Scherer, 2005), while others conclude that the transition benefits also extend to other graduates in countries where vocational education is widespread (Iannelli and Raffe, 2007; Wolbers, 2007). There are several mechanisms through which educational programs become occupation specific and through which the benefits of vocational education may operate.

First, the most dominant explanation focuses on the type of skills taught in vocational education programs. Vocational degrees are beneficial for obtaining employment because of the specific skills that graduates have obtained (Arum and Shavit, 1995; Scherer, 2005; Wolbers, 2007; Van de Werfhorst, 2011). In vocational education, students are prepared for a very narrow set of occupations. Someone who learns the narrow technical skills to repair cars will most often end up working in an occupation where these skills can be put to use. In contrast to generally schooled workers, vocational graduates have skills that are immediately productivity-enhancing, thereby making them attractive for employers.

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