TALLINNA ÜLIKOOL

Rahvusvaheliste ja Sotsiaaluuringute Instituut
Sotsiaalse stratifikatsiooni osakond

TöökõrgEEL toimetised nr. 6/2010

YOUTH LABOUR MARKET STARTING POSITIONS AND EARLY CAREER OUTCOMES

Marge Unt

Euroopa Liit
Euroopa Sotsiaalfond

Eesti tuleviku heaks

Primus

ELLU VIIB SIHTASUTUS
ARCHIMEDES

There is persistent interest in Estonia in public and policy awareness persists concerning a disparity between the output of the education system and needs of the labour market. Estonia provides an especially fruitful ground for exploiting the value of education in structuring labour market entry and early career mobility.

First, economic reforms in Estonia are among the most radical in post-socialist countries, particularly with regard to the highly liberal economic principles and the modest role of the state. The dominance of liberal right-wing parties since 1992 has contributed to the dominance of the trust in the free market's 'invisible hand' and to the lack of any sufficiently strong political support for development of proactive social policy (Lauristin, 2003). Active labour market policies receive low coverage and even lower levels of financing and provide limited re-employment assistance and employment security (Saar and Lindemann, 2008). Indeed, international economists have characterized Estonia's labour market as highly flexible[1] (Cazes and Nesporova, 2003).

Secondly, Estonia experienced rapid expansion and differentiation of higher education due to the emergence of private institutions of higher education and the expansion of professional higher education. The proportion of students paying tuition fee is increased from 7% in 1993 to 54% in 2005 (Saar and Lindemann, 2008). The issue of tuition fees will inevitably increase internal stratification in higher education. Simultaneous to the expansion of tertiary education, more young people, in the 1990s compared to the 1980s, did not obtain a basic education.

Youth unemployment rates, throughout Central and Eastern European countries, are higher than among the general population, which indicates a serious risk of youth marginalisation and exclusion. The key issue is whether young people manage to avoid the status of being an outsider, i.e. whether they experience unemployment and 'bad' jobs as a temporary phenomenon or remain trapped in a worse position compared to more experienced workers. This dynamic issue requires longitudinal research in order to evaluate employment dynamics over long time periods.

In order to understand the dynamics of labour market entry and early careers, I initially analysed job quality, disparity between education and occupation requirements and early career mobility. Answers were sought to three core problems. Are the school-leavers

[1] The flexibility of the Estonian labour market is a contentious issue, depending on the focus of the argument. Arguments using the legal framework, primarily of labour legislation, tend to stress the labour market's rigidity in terms of the high level of employment protection. Arguments using labour market developments in general, and especially job mobility and moves between employment statuses, tend to stress in a positive manner the flexibility of the Estonian labour market (see also Eamets and Masso, 2005).

increasingly exposed to labour market risks? Is a 'bad start' in the context of disparity between education and occupation a temporary phenomenon? How has the labour market value of different educational qualifications changed during the recent decades?

THEORETICAL FOUNDATIONS

Youth labour market entry and early career

Research has established the empirical relationship between educational attainment and credentials with socioeconomic success. Different theories such as human capital, screening, signalling, control, cultural capital, institutional and credentialist theories explain the relationship (Bills, 2003). The central causal mechanism concerns how employers and job seekers acquire and use labour market information in order to fulfil the process of achieving labour market parity, in which employers hire workers and job seekers accept positions (Logan, 1996). Recent approaches indicate that this process is subject to social constraints and pressures (Kerckhoff, 1995; Marsden, 1990; Müller and Shavit, 1998; Müller and Gangl, 2003). Findings show thatinstitutional contexts, particularly institutional arrangements of educational systems, the organisation of the employment system and linkages between those institutions influence the impact of educational attainment (Hannan, Raffe and Smyth, 1997).

The expansion of secondary and tertiary education would modify the effect of education on success of labour market entry. First, there is a clear correlation between an increase in the number of students graduating from universities and an increase in the diversity of graduate outcomes. The main argument is the increasing variance in the labour market's evaluations of different disciplines. Reimer, Noelke and Kucel (2008) conclude in the context of countries with a high proportion of tertiary graduates in the labour market that, in comparison with graduates from other disciplines, individuals with a humanities, social science or law degree have a significantly higher risk of unemployment and attain lower occupational status. On the other hand, the increasing proportion of highly educated youth decreases employment opportunities for less educated young people (van der Ploeg, 1994). The most dominant explanation is the displacement argument according to which the decreasing employment opportunities for lower qualified are seen as a labour market disparity problem because available positions are filled by more highly qualified people (Kalleberg, 1996). Solga offers another explanation, stigmatisation by negative selection, arguing that educational expansion has not only changed the number of less educated people but has also intensified the process of negative selection, which causes the stigmatisation of the less educated. "Following the educational expansion, employers increasingly trust the sorting

function of schools and teachers' evaluation, resulting in the exclusion of the less well educated" (Solga, 2002: 159).

Bad entry: a trap or a stepping stone?

As previously noted, one of the central issues of this article is whether youth are increasingly exposed to the risk of 'bad entry' in terms of a disparity between education and occupation. Parallel to this issue is whether this disparity has a negative impact on all subsequent employment opportunities or is only a short-lived effect. Two major theoretical approaches to this issue exist: the stepping-stone and the entrapment hypotheses. The former emphasizes the brevity of the first employment opportunity and assumes upward mobility from then on.. The latter assumes the salient negative consequences of a bad entry for later employment trajectories (Blossfeld, Buchholz, Bukodi and Kurz, 2008). A 'bad entry' may be defined as a temporary job, a part-time job or an educationally 'inadequate' position.

A central argument of the stepping-stone theory is that over-educated workers have a higher probability of occupational upgrading (Sicherman and Galor, 1990). They might be overqualified for their initial temporary work experience, but the job may provide useful experiences helping them to be upwardly mobile afterwards. Sicherman (1991) confirmed this expectation with an empirical test designed for the US labour market. However, a replication of this model using German data produces contradictory results: people did not manage to move up in later career after making a bad start and were even less likely to be upwardly mobile (Büchel and Mertens, 2004).

One theoretical justification for the validity of the entrapment hypothesis is that more inadequate positions for labour market entrants exist in the peripheral segments of the labour market rather than in the core segment of the economy (Capelli and Neumark, 2004). Since movement between the peripheral and core segments are limited, a bad entry resulting in the 'periphery' is more likely to result in entrapment as there are fewer opportunities for further career development.

The role of institutions in early careers

In more recent years, research on the transition from school to work has reflected and partly fostered a progressive shift from social stratification and social mobility studies toward labour market sociology. This shift toward broader explanations of the process of entry into the labour market has also led to the acknowledgment of the importance of the institutional context in which the school-to-work transition is embedded. Also the opportunities to recover

from a bad start seem to be embedded in institutional settings. Two institutions, the educational system and the labour market, are of central importance in influencing school-to-work transitions (Müller, 2005).

Education and training systems

Education is clearly the main resource determining youths' labour market entries and early careers. Two of the most crucial features of an educational system identified by potential employers are the absolute level to which students are educated and the extent of the educational system's vocational specificity (Shavit and Müller, 1998; Brauns, Gangl, and Scherer, 1999; Gangl, 2003a).

With regard to the characteristics of educational systems, a widely applied typology in research on the school-to-work transition distinguishes between the level of standardization of educational provisions and the stratification of educational opportunities (Allmendiger, 1989). Standardization refers to the degree to which the quality of education meets the commonly applied standard in the country under consideration. On the other hand, the concept of stratification points to the degree of separation of students into differentiated educational tracks and to the selection procedures occurring at early ages. The idea is that the more successful an educational system is in providing standardised and specific vocational qualifications of immediate and clear labour market value to prospective employers, the more these employers will use educational signals (rather than work experience) in labour market allocation decision-making.

The labour market regulation

The degree of labour market regulation influences the success of youths' labour market entry, beyond the role of the education system. Labour market regulation is influential because strong employment protection tends to reduce the dynamics of the labour market and hence affects the job-finding rates amongst job seekers in general (Bertola and Rogerson, 1997; Gregg and Manning, 1997; Gangl, 2003b). This might pose particular problems for youths as they need additional training. The high level of uncertainty inherent in recruiting inexperienced school leavers also works to the disadvantage of youths (Müller and Gangl, 2003). However, stricter labour regulation in the form of a strong union presence, a centralised system of collective bargaining or co-operative relationships between corporate partners, can also generate economically viable institutional structures which promote the integration of youths into the labour market (Soskice, 1994; Estevez-Abe, Iversen and

Soskice,. 2001). Empirical evidence regarding the effect of labour market regulation on youth labour market outcomes is still open to doubt. According to van der Velden and Wolbers (2003), the level of employment protection legislation appears to affect youth unemployment chances, but the effect is not durable once the structure of training systems is taken into account. Bertola, Blau and Kahn (2001) argue that the rigidities created by various labour market institutions have a negative effect on youth employment, but only in some countries. Using macro-level data, Breen (2005), on the other hand, finds labour protection clearly affects the extent to which youth unemployment exceeds adult unemployment, but only in the interaction with the structure and organisation of the education system. Systems of vocational training that teach specific skills and incorporate a strong work-based element provide a preventative to youth unemployment by offsetting the negative effects of extensive employment protection.

An additional dimension alongside employment protection is the provision of unemployment benefits which has impacts on labour market dynamics and therefore also on the entries and early careers of youths in the labour market (Saar, Unt and Kogan, 2008). European countries use various combinations of employment protection and unemployment benefits. The economists Boeri, Conde-Ruiz and Galasso (2004) point out these two strategies tend to compensate each other. Therefore low employment protection in some European countries (for example in Denmark) is 'compensated' by a high level of unemployment insurance and active labour market policies. The idea is that the shift in the balance between the two institutions in favour of unemployment benefits should increase labour market mobility, make the youth labour market more flexible and therefore increase their outflow rates from unemployment.

The Estonian institutional context

Educational system

In the Estonian educational system, two changes might be particularly relevant in scrutinizing the status attainment and over-education risks of labour market entrants.

First, the degree of standardisation of the range of educational levels has changed. The high level of standardisation carried forward from the socialist period declined in the early 1990s. The second half of the 1990s witnessed an increase in standardisation in basic and secondary education, most notably in the form of standardised graduation exams, the 'state exams', at the end of secondary school. Higher education witnessed a substantial decrease in standardisation during the same period.

Secondly, during the 1990s, Estonian higher education has undergone rapid expansion: graduates of the first stage of higher education increased from 18% in 1997 to 50% in 2006 (Veldre, 2007: 6). The reasons for this expansion were: (1) the establishment of private universities and professional higher schools; (2) reorganization of secondary specialized schools into public professional higher schools; (3) legislation allowing foreign universities to establish departments in Estonia. Although the number of students increased rapidly in the 1990s, the number of graduates did not increase substantially until 2002/2003. Only in 2002/2003 did the annual number of graduates exceed 8,000, which level is needed for raising the educational level of the younger cohort compared to the older cohorts. Extended study periods before graduation are the prime reason for the length of time between the expansion of tertiary education and the expansion's impact within the labour market. The majority of students do not graduate on time because they are working; 59% of all higher education students, in 2005, were in full-time employment (Üliõpilaste sotsiaalmajanduslik olukord, 2005/2006). The proportion of dropouts has been fluctuating between 11% in the academic year 1993/94) and 14% in 2004/05 (Ministry of Education and Research).

Labour market regulations

The link, during the socialist period, between education and future career was clearly defined and a mandatory assignment system guaranteed parity between educational status and the needs of the labour market for youth entrants in the 1980s[2]. Economic restructuring at the beginning of 1990s signified changes in relationships between employers and employees. As the mandatory assignment system no longer existed, employers had freedom of choice to hire their employees according to their own criteria. No substantial changes were made to the labour laws until July 2009. Thus, the legal protection of employees in 1990s and 2000s did not differ from the 1980s. Therefore, the index of employment protection legislation in Estonia resembles the EU-15 average, meaning that in legal terms labour market participants are well protected. However, the major problem concerning legal regulation of labour market is that employers rarely enact the regulations; violations occur frequently in the private sector and in small businesses (Arro, Eamets, Järve, Kallaste and Philips,. 2001). Violations of labour regulations may be due a low awareness of their rights, as well as a lack of trade unions[3], meaning that there not enough supporting bodies to existing legislation. Therefore, I can still characterize Estonia as having open employment relations.

[2] The mandatory assignment schema was applicable, only for graduates from vocational, specialized secondary schools and universities.

Hypotheses

Hypotheses concerning the cohort effects on the role of education

As Estonia experienced rapid changes in the economic, social and political sphere in rather short period of time, I expect school leaver cohorts did not face the same labour market opportunities when they entered the labour market under different institutional settings. The main distinction might be between school leavers' cohorts graduating before and after the end of socialism, in the context of the mandatory assignment system, which provided a strong link between education and social status. The reform years in the first half of 1990s increased labour market risks but also brought about excellent and rapid career opportunities for labour market entrants. The institutional measures for guaranteeing education-status parity were abandoned. The general importance of education was lower during the reform years, as youths oriented for a socialist labour market entered the new environment of the rapidly implemented market economy. As a result of the declining role of education in the labour market, the fairly advantageous position of entrants with a tertiary education qualification also deteriorated. However, during the stabilization years, starting from the second half of 1990s, I suppose labour market placed increasing value on educational qualifications.

Hypotheses concerning the influence of level of education on labour market outcomes

Primary or basic education

The opportunities (and chances) for individuals with anything less than secondary education of gaining entry into the labour market will deteriorate due to the increasing number of general secondary and tertiary graduates. The higher qualified entrants will crowd-out or displace the lower qualified entrants. Nevertheless, should the supply of higher qualified entrants increase due to educational expansion beyond the demand of the employers, some of these higher qualified entrants will be forced to accept positions normally taken by the less qualified. As a consequence, less qualified entrants and workers will experience being displaced as well as having higher unemployment risks (Kalleberg, 1996). Alternatively, this less qualified group may be disadvantaged because they have acquired the least amount of skills. I expect that young people with primary or basic education will have, due to a lack of skills and possible displacement by more qualified people, e fewer labour market chances compared to other educational groups. If the quality of the first job is the lowest possible, they will experience substantial negative mobility and higher downward mobility risks in their early labour market career.

Furthermore, I expect to find differences across the cohorts in the relative disadvantage of the least educated. On one hand, since the expansion of higher education was more rapid at the end of 1990s, I could expect increasing labour market problems for the least educated, because educational expansion could have lead to their displacement by higher qualified people. On the other hand, since the proportion of people with low education has increased since the end of the 1990s, the composition of the less educated group in terms of abilities and skills has become more heterogeneous and, possibly, less adversely selected. This might decrease the group's disadvantage compared with other educational groups. Furthermore, structural changes in Estonia have not led to a decline in demand for unskilled workers (Saar, 2008). The economic boom at the beginning of the 2000s and the subsequent employment growth may therefore have raised labour market opportunities for the least educated group of young people.

Secondary education

Shavit and Müller (2000) indicate that vocational secondary education appears to be more effective when it is occupationally specific, i.e. when the skills taught match the demands of employers. Obtaining these skills reduces both the unemployment risks and the probability of entering the labour market as unskilled workers. However, it seems improbable that Estonian educational institutions can meet this precondition of providing any occupation specific, vocational education. The earlier, socialist period, link between schools and enterprises was dismantled with the initiation of the market reforms. Corresponding to generally low levels of employer coordination, employer involvement in the design of educational curricula is low. As a result, taught skills do not match employers' needs, which decreases the value of the credentials obtained within the vocational education system. Finally, general secondary education remains the most attractive route for students, especially because it constitutes the best pathway to higher education. As the majority of students graduate from the general secondary track, students in the vocational tracks are likely to be negatively selected in terms of academic ability and ambition. The expansion of higher education has decreased competition for entry into higher education institutions. However, there is a clear correlation between increasing numbers of young people with secondary education continuing their studies at the tertiary level and the degree of negative selection for young people who do not attain a higher education. Thus, the position of general secondary school graduates without a tertiary education may have become more vulnerable over time due to educational expansion either as a result of being crowded out of the labour market or by becoming an increasingly adversely selected group.

I therefore expect that vocational programs after primary or basic education are associated with inferior outcomes compared to general secondary education. Graduates of post-primary and post-basic vocational secondary schools obtain fairly low occupational positions and have no advantage in career advancement. Nevertheless, I expect post-secondary vocational graduates to have a relative advantage over both secondary general graduates and post-primary and post-basic vocational graduates. Due to their additional years in the education system, post-secondary vocational graduates have more skills, and especially more specific skills compared to secondary general graduates. If demand for skilled workers has increased while their numbers have declined, post-secondary vocational graduates may have experienced gains in their labour market position in the course of transition. At the same time, they may have been vulnerable to over-education in the course of educational expansion, and particularly with the growth of lower level tertiary programs, which are likely to be in competition with their courses. I suppose that due to the abovementioned changes in the 1990s, the disadvantages of vocational education have increased.

Tertiary education

In general, I hypothesise that all forms of tertiary education have an advantage in obtaining higher occupational status compared with secondary education. I expect that higher tertiary graduates have better labour market chances than graduates of professional higher education institutions or specialized secondary schools, because they are more selective and enjoy a higher level of prestige[3]. Also, the professional higher education institutions have corresponded mainly to the demands of students as opposed to the skill demands of employers. Therefore, the lower tertiary qualifications might limit graduates' labour market chances in terms of fewer chances to be upwardly mobile. Hence, I suppose that the former homogeneous group of equally good higher tertiary education graduates is differentiated into groups with a variety of labour market prospects depending on the kind of tertiary education institution and the field of education they attended. Furthermore, some institutions have became more selective and others less selective. Also the selection of students based on social background and cognitive skills may have altered the composition of students at tertiary educational institutions. Finally, I suppose that the increased heterogeneity as well as the expansion of higher education has led, over time, to an increased risk of over-qualification of all tertiary education graduates, particularly graduates from lower tertiary education.

[3] In this chapter *lower tertiary* is synonomous to a Diploma obtained from specialized secondary or professional higher education institutions and *higher tertiary* to Bachelor, Master and Doctoral degrees.

However, the results of the expansion in higher education might not be fully visible in our study because the age at which students finish their education has risen. More than a half of students are paying tuition fee (Saar and Lindemann, 2008). Irrespective of whether or not students have gained state funded places, students have jobs, in many cases to finance their studies. Consequently, students do not finish their degrees within the standard period of study. Furthermore, an increasing number of individuals enter the labour market prior to acquiring a tertiary qualification. Since many of the students, who have fuelled educational expansion in the past decade, have not graduated by 2004, the full labour market consequences of educational expansion are not yet visible in our data.

Data and methods

I used data from the Estonian Social Survey (ESS), established in the framework of the European Community Statistics on Income and Living Conditions (EU-SILC) project, which was collected in 2004 by the Estonian Statistical Office. A few country specific sections such as work and educational history of the respondents were added to the original questionnaire. The target population of the survey was household members aged 15 years and older in Estonia. A total of 8,906 individuals in 3,996 households were interviewed.

For the purpose of this analysis, our sub-sample consists of individuals who completed their education between 1980 and 2004. I focused on three cohorts entering the labour market during three contrasting time periods: the Soviet period (1980-1989), the early transformation period (1990-1996), the stabilization period (1997-2004), which covers the recession following the Russian economic crisis and the economic recovery and boom years (2002-2004). School leavers are defined as individuals who left education or interrupted it for one year or more[4]. The upper age limit for people included in our analysis was 30 years old by the time they left education. Applying these parameters reduced our sample to approximately 3,200 individuals.

Defining the last full time episode of an individual's education is complicated in Estonia, as the transition from school to work has become less clear. The percentage of individuals who have had a job lasting at least six months before leaving the educational system has increased considerably over the years (from 6% in 1980-89 to 15% in 1996-2001) (Täht, Saar and Unt, 2008). The jobs that students in Estonia have are generally not part-time

[4] Data indicate that a lot of young people now take a break after completing secondary education before starting their higher education studies. In 2003/2004, over 13,000 (nearly one fifth of the total) students attaining higher education were 30 years old or older (Eesmets, 2004). This means that I will have to underestimate the graduation rate for higher education institutions, especially for more recent cohorts.

and low-quality jobs like in the US. In Estonia, by the end of the 1990s, almost a half of the young people combining work and education were working as managers or professionals (Täht *et al.*, 2008). This situation raises the question of how to analyze those young people who entered the labour market before the completion of full-time education. Excluding them would mean omitting many of the most successful labour market entrants, who have found a 'real' job before they completed their education. Therefore, I define the first real job as the first job lasting more than six months, irrespective of when it started.

The quality of the first job is measured in two ways. First, we measured a youth's return to education in terms of occupational attainment using the International Socio-Economic Index (ISEI) (see Ganzeboom, Graaf, Treiman and de Leeuw, 1992 for details of ISEI). Secondly, to examine the parity between the educational level and occupation, I employed the following definition of over-education: if the labour market entrant's returns to education in terms of occupational attainment (as measured by ISEI) are on the mean of their corresponding educational group in the 15-64 year old Estonian population in 2004, they are considered to have a parity job. If the status of the first job deviates more than one standard deviation from the mean status of the respective educational level, the youth is regarded as having a disparity job. Thus, an individual is considered over-educated if the ISEI score of their first job is below the education group mean. Although the least qualified are usually excluded from the risk of over-education (Blossfeld *et al*., 2008), I still decided to include all educational levels. As my understanding of the definition of labour market entrants' over-qualification is in relation to the average position of the corresponding educational group in the labour market, the definition is meaningful for all educational groups.

For early career development, I studied the early occupational status developments of new labour market entrants. In this upward and downward mobility analysis, I studied the first occupational move that happened within a maximum period of five years. When the status score (as measured by ISEI) of the next job is 10 percentage-points higher, the move is considered upward mobility whereas a score of more than 10 percentage-points lower is considered a downward mobility; scores between 9.99% higher and 9.99% lower are treated as lateral mobility.

Educational attainment follows the Estonian classification of education into seven different categories. The first category includes persons without any educational degree and those who completed primary or basic education or less (9 grades and less). From 2001 onwards, this category includes the new track of vocational education for youths without basic education. At the upper secondary level, I differentiate general secondary (second

category) and vocational secondary (after leaving primary or basic education) (third category). The fourth category consists of persons with vocational education after leaving general secondary education, which I refer to as post-secondary vocational education. The fifth category includes individuals who completed specialized secondary education. In the second half of the 1990s most secondary specialized schools were reorganized into professional higher education institutions. Due to the lack of cases, I do not separate specialized secondary and professional higher education; I refer to both as the 'lower' tertiary education category. Individuals with a Bachelor's degree are classified as having 'higher' tertiary education. If an individual dropped out from the last school attended, the educational attainment is defined as the level they dropped out from.

Control variables include gender (coded 1 for women, 0 for men), ethnicity (0 – Estonians, 1 – other ethnic groups, mostly Russian-speaking people). As previously mentioned before three different cohorts (the reference group is the last school leaver's cohort 1997-2004) are compared. In order to partially control the aspect of the employers' demand for qualifications, I include labour market outcomes for industry as variable. Industry is measured using Singelmann's (1978) classification. In order to understand the heterogeneity inside educational levels, especially at the tertiary level, I used the following additional variables characterising the educational biography of individuals: (1) a variable characterising labour market experience during school studies, (2) field of study at tertiary level (technical fields, social sciences and humanities), (3) dropout (if people did not finish their studies, defined as the level they dropped out from).

My analyses are carried out by using different duration models and regression methods.

Results

The first job quality, disparity, and early career mobility

Entering the labour market has become increasingly less clear, both in terms of returning to formal educational system after a break and in terms of starting an occupational career before graduation. In the 1980s, 64% of graduates entered the labour market within six months of graduating. This figure declined to 59% for the educational cohort entering labour market between 1997 and 2004. While tertiary graduates have always managed to enter labour market relatively quickly, the biggest changes have occurred among the behaviour and opportunities in the labour market of individuals with less than or equal to secondary and

general secondary education. For instance, in the 1980s, 60% of general secondary graduates worked full time within six months of graduating but only 45% did so in late 1990s and early 2000s. Youths graduating from general secondary school as well as those with less than secondary education who leave the educational system for longer than a year, are increasingly likely to continue their educational career as their prospects to enter labour market are rather limited. At the tertiary level, the proportion of people who combine studying and working is increasing gradually and exceeded 31% in the last cohort. Most of them have taken not a part-time job, but a full-time one lasting longer than six months. Although the transitions from school-to-work have become less clear-cut, it is still arguable that the first job and an early career play a crucial role in people's life, influencing other transitions like entering cohabitation and parenthood (Blossfeld, Klijzing, Mills and Kurz, 2005).

First job quality

In order to see which starting positions labour market entrants manage to reach while entering the first time, I analysed the socioeconomic status of the first significant job. Table 1 shows that individuals with less than secondary education obtain the lowest socioeconomic status. They are typically employed in routine manual occupations. While under socialism, vocational graduates obtained somewhat higher socioeconomic status, their status has declined thereafter and converged to the level of the least educated. Strikingly, the status of post-secondary vocational graduates has deteriorated to the level of the least educated in the most recent cohort. In contrast, secondary general graduates enjoy a persistent status premium compared to the least educated and secondary vocational graduates across all cohorts. While initially general secondary graduates do not differ in status from post-secondary vocational graduates, the drop in the latter's socioeconomic status implies a substantial status premium for general secondary compared to post-secondary vocational graduates for the most recent cohort. Specialized secondary graduates consistently enjoy a somewhat higher status premium than secondary general graduates but their status is considerably lower than the status of professional higher education graduates. Finally, higher tertiary graduates, while obtaining the highest status in all cohorts, experience a substantial drop in socioeconomic status after the regime change, but their advantage increases thereafter. 68% of higher tertiary graduates in the most recent cohort have entered the group of managers and higher professionals. This percentage for all other educational groups is substantially lower.

The linear OLS regression models in Table 2 confirm the results of the descriptive analysis in many respects. During the reform years, the youth average starting positions were

lower, but recovered later on. Graduates from basic and vocational education based on basic education have a significant disadvantage compared to graduates of general secondary schools. In line with our hypothesis, graduates from secondary vocational tracks perform worse in terms of ISEI compared to general secondary graduates. However, I do not find the expected ISEI advantage of post-secondary vocational graduates compared to general secondary graduates. All higher education graduates attain somewhat higher occupational status compared with youths who attained general secondary education. Attaining lower tertiary education and higher tertiary education increases the ISEI score by 3 and 22 points respectively net of control variables, which is a substantial difference. Being a dropout has no significant effect. Working during studies decreases the occupational status of the first job as many people continue at the same workplace after graduation. The first job quality varies for graduates from different fields of study: studying business, law or social sciences ensures substantially higher occupational status compared to studying exact sciences, engineering and humanities[5]. The service sector provides more high level jobs than other sectors.

The first job quality of non-Estonians is somewhat lower compared to Estonians. Women reach substantially higher occupational positions than men in their first job.

Table 1: Occupational status in the first job by educational groups and cohort

	Cohort 1980-89			Cohort 1990-96			Cohort 1997-2004		
Education	Average ISEI score	% of managers and higher profes-sionals	% of semi-profes-sionals	Average ISEI score	% of managers and higher profes-sionals	% of semi-profes-sionals	Average ISEI score	% of managers and higher profes-sionals	% of semi-profes-sionals
Lower secondary or less	31.41	0	4.0	30.32	2.0	1.0	32.38	2.1	4.9
Secondary vocational	34.04	1.7	5.9	32.91	1.2	3.1	33.85	1.9	5.8
General secondary	38.91	3.3	13.0	38.90	8.0	9.5	39.56	7.8	16.6
Post-secondary vocational	38.79	1.4	16.7	38.94	-	4.2	33.25	3.4	8.6
Specialized secondary	41.82	15.5	29.4	40.16	6.1	18.5	41.29	6.3	21.9
Professional higher education	-	-	-	-	-	-	55.45	42.2	33.3
Higher tertiary	60.22	65.1	14.5	53.89	52.3	20.4	57.71	68.3	17.5
Total	40.25	15.4	14.4	38.35	12.5	9.5	39.22	12.5	12.5

[5] Comparison of the earnings indicated quite close differences according to field of study: tertiary level graduates studying social sciences earn the highest salaries followed by graduates studying pure sciences and engineering (Kraut, 2005).

Table 2: Determinants of ISEI status of first significant job (OLS regression)

	Model 1		Model 2		Model 3	
	Coef.		Coef.		Coef.	
Cohort (ref. 1997-2003)						
Cohort 1980-89	.15		.34			
Cohort 1990-96	-1.02	+	-1.39	*		
Level of education (ref. general secondary)						
Primary or basic	-7.79	**	-5.33	**	-4.96	**
Secondary vocational	-5.02	**	-2.91	**	-2.90	**
Post-secondary vocational	-2.30		-1.34		-4.14	
Professional tertiary	3.27	**	3.34	**	6.62	**
Higher tertiary	21.63	**	18.84	**	19.88	**
Demographics						
Female	3.05	**	2.03	**	1.94	**
Non-Estonians	-.80	+	-.88	+	-1.08	*
Educational characteristics (all levels)						
Dropout			.04			
Working during studies			-2.80	**		
Educational characteristics (only tertiary)						
Field of study (ref. engineering)						
Business, law and social sciences			2.09	+		
Other fields			-1.91			
Industry (ref. Social services)						
Extractive			-1.09		-1.46	+
Transformative			.86		.69	
Services			6.62	**	6.17	**
Parental highest social position (ref. manager/professional)						
Technician	-1.00		-.57		-.54	
Low white-collar	-2.72	**	-2.17	**	-2.19	**
Skilled blue-collar	-4.62	**	-3.72	**	-3.76	**
Semi-/unskilled blue-collar	-6.79	**	-5.84	**	-5.77	**
*Interactions: Cohort*level of education*						
1980-89*lower sec or less					.28	
1990-96*lower sec or less					-1.19	
1980-89*secondary vocational					.53	
1990-96*secondary vocational					-.79	
1980-89*general secondary					.17	
1990-96*general secondary					.68	
1980-89*post-sec vocational					3.60	
1990-96*post-sec vocational					2.69	
1980-89* lower tertiary					-1.90	
1990-96* lower tertiary					-4.41	**
1980-89*higher tertiary					3.09	+
1990-96*higher tertiary					-3.87	+
Constant	38.10	**	38.36	**	36.16	**
R square	.330		.370		.374	

Source: Estonian Social Survey 2004, 2005; own calculation

Model 3 includes the interaction term between the level of education and school-leaver cohort. When looking at the first job quality by cohorts, one can see change in returns to the tertiary level education. The value of higher tertiary education is significantly lower than in 1980s for the last cohort, but has somewhat recovered from a substantial status drop in the early 1990s. This confirms our expectations that during the 1980s, institutional channelling of graduates guaranteed a very strong link between status and a first job. Thereafter, it was a time of significant status drop for tertiary graduates as, during the reform years, businessmen could emerge from nowhere and, without appropriate education, rapidly reach high status and amass fortunes (Kogan and Unt, 2005). It is also clear that for the last cohort, the link between higher education and status returns is getting tighter compared to the Durkhemian *anomie* of the transition years. Another noteworthy trend is connected to lower tertiary education which has managed to increase its market value significantly. This is connected to the reforms in the specialized secondary education system and with expanding other forms of lower tertiary education. In the 1980s and even in the early 1990s, lower tertiary graduates were a rather homogenous group including mainly specialized secondary school graduates who were prepared as semi-professionals. Thereafter, hand in hand with expansion of lower tertiary education, the meaning of lower tertiary has changed and been lifted to the level of higher education and at the same time, this category has consisted of very different schools and tracks since the second half of the 1990s. Previous analysis indicates a clear social selectivity in the Estonian educational system (Saar and Unt, forthcoming). The social background effect is very pronounced: young persons with parents who belong to managers or professionals have a higher relative probability of attaining higher tertiary education. The effect of educational background variables is smaller. One can see some reproduction of the group with higher tertiary education.

Over-education

In order to assess the relative quality of the first job for different educational levels, I analyzed the risk of over-education for each educational group compared to the average labour market status of the corresponding educational group in the total working population. The risk of entering the labour market below the average status of the corresponding educational group has increased only slightly. While 12% of school leavers in 1980s who entered the labour market were over-qualified, 15% of last cohort did so. Binary logistic regression models in Table 3 reveal the most important characteristics of occupation/education disparity and parity. In line with my expectations, the risk of over-qualification has slightly risen for the last cohort

compared to the 1980s. After I controlled the additional educational characteristics and the industry of the first job, there was a gradual increase, for successive cohorts, of getting an inadequate job. One explanation for this might be that after the first shock of the economic transformation it took a few years until the labour market processes had become sufficiently structured to be able to observe a clearer cohort pattern in education/occupation disparity. Moreover, the speed of the educational expansion increased in the second half of 1990s, and this may have increased further the likelihood of over-education, because youths do not manage to get as good positions as the average in the workforce.

I used higher tertiary graduates as the reference category as they are usually seen as the most vulnerable group to over-education. As Model 1 shows, this is not true if over-education is defined in reference to the average position of respective educational level in the total workforce. Especially those graduates with less than secondary or general secondary are the most exposed to the risk of entering labour market below the average to their educational level. One explanation for this might be that the opportunities of people without any specific occupational training are more dependent on their experience than for other educational groups. At the same time, higher tertiary and even more so lower tertiary graduates are facing a higher risk of landing an inadequate job compared to the secondary vocational school graduates. This might indicate that for vocational school graduates work experience plays a lesser role. While controlling for additional educational characteristics, the differences between tertiary education levels disappear. Contrary to the results from most EU countries (Reimer, Noelke and Kucel, 2008), people graduating from social sciences, law, and business administration, face a lower probability of starting their occupational career as over-qualified. Starting working before graduation also increases the risk of being over-qualified. Labour market outcomes of youth are, as expected, also structured by industry, mostly by reforms that affected the extractive industry, which provides the least adequate positions for youth.

Young women are more likely to start a work career as overeducated if I control for heterogeneity measures inside the tertiary system and industry. When calculating the effects of education across cohorts (Model 3), one can see that compared to the 1980s and the early 1990s, secondary vocational school graduates in particular are more likely to start from lower positions than the corresponding educational group already in the labour market. The aspect that secondary vocational graduates have lower stating positions than general secondary graduates was already visible from status attainment. Their starting positions were comparable more to the least educated. Contrary to my expectations, higher tertiary graduates

are not exposed to the increasing risk of over-qualification. This might be partially explained by the favourable economic situation in 2000s.

Table 3. Overqualified in the first significant job (bianary logistic regression) (reference: adequately matched)

	Model 1		Model 2		Model 3	
	Coef.		Coef.		Coef.	
Cohort (ref. 1997-2003)						
Cohort 1980-89	-.42	**	-.75	**		
Cohort 1990-96	-.35	**	-.40	**		
Level of education (ref. Higher tertiary						
Primary or basic	.27	+	-.03		-.15	
Secondary vocational	-.73	**	-1.05	**	-.76	**
General secondary	.31	*	.20	*	-.30	
Post-secondary vocational	-.41		-.61	+	-17.71	**
Professional tertiary	.30	*	.11		.57	+
Demographics						
Female	.13	+	.27	**	.23	**
Non-Estonians	.18	+	.16	+	.14	
Educational characteristics (all levels)						
Dropout			.84	**		
Working during studies			.19	+		
Educational characteristics (only tertiary)						
Field of study (ref. engineering)						
Business, law and social sciences			-.90	**		
Other fields			.07			
Industry (ref. Social services)						
Extractive			1.54	**	-1.50	**
Transformative			.13		.02	
Services			-.12		-.23	
Parental highest social position (ref. manager/professional)						
Technician	-.60	**	-.60	**	-.70	**
Low white-collar	-.53	**	-.58	**	-.62	**
Skilled blue-collar	.35	**	.14		.18	
Semi-/unskilled blue-collar	.66	**	.42	*	.50	**
*Interactions: Cohort*level of education*						
1980-89*lower sec or less					-.83	**
1990-96*lower sec or less					-.22	
1980-89*secondary vocational					-1.30	**
1990-96*secondary vocational					-.68	*
1980-89*general secondary					-.11	
1990-96*general secondary					-.01	
1980-89*post-sec vocational					17.13	**
1990-96*post-sec vocational					15.76	**
1980-89* lower tertiary					-1.68	**
1990-96* lower tertiary					-.79	**
1980-89*higher tertiary					-.72	*
1990-96*higher tertiary					-1.35	**

Constant	-1.10	**	-2.36	**	-1.79	**
Pseudo R square	.043		.107		.107	

During this period many workplaces were created, the overall workforce grew and an increasing number of tertiary graduates managed to find workplaces which were as good as the average workplaces held by their working counterparts. Secondly, over-education of the highly educated might become more widespread in the second half of 2000s as the expansion of tertiary education in terms of graduates has taken place since 2002/2003, which is mainly out of this chapter's timeframe.

Early career mobility

Risk of long-term unemployment

In order to understand the development of the early career, I first studied the risk of becoming long-term unemployed within a five-year period after labour market entry. As unemployment practically did not exist in the 1980s and became visible only in the early 1990s, my analysis was restricted to school leavers in the 1990s and the early 2000s. As my results (see Table .4) indicate, the last school leavers' cohort is slightly more exposed to the risk of long-term unemployment. Regarding the effect of ethnicity, young Estonians firmly enjoy a more secure position in the labour market than non-Estonians. At the same time, gender does not appear to make any difference in unemployment risks. Educational level plays an important role in the likelihood of unemployment, as having either general secondary or any type of tertiary education decreases the probability of unemployment. Surprisingly, vocational post-secondary education seems to provide even less protection against career instabilities than general secondary education. As expected, low educated and secondary vocational graduates are more vulnerable than general secondary graduates. It is also remarkable that events which happened before entering the first job like dropping out of school or working while at school also impact on later work career. The probability of dropouts losing their jobs is high, whereas the probability is low for people with early work experience. Of course, the data may reflect contemporary individual life strategies and behaviour uninfluenced by past events. As the most recent cohort is slightly more exposed to long-term unemployment risks, the question arises whether this increasing risk is equally distributed by educational levels. Looking at interaction effects, it seems that especially low educated, post-secondary vocational and lower tertiary graduates have lost more ground.

Table 4. Risk of long-term unemployment during 5 years after labour market entry (bianary logit model) (ref: working, no exits to inactivity)

	Model 1		Model 2		**Model 3**	
	Coef.		Coef.		Coef.	
Cohort (ref. 1997-2003)						
Cohort 1990-96	.23		.13			
Level of education (ref. General secondary)						
Primary or basic	.54	+	.37		.65	
Secondary vocational	.76	*	.67	*	1.66	*
Post-secondary vocational	.94	+	.80		.70	
Professional tertiary	-.44		.15		.33	
Higher tertiary	.17		.77		.48	
Demographics						
Female	.07		.25		.19	
Non-Estonians	.67	**	.68	**	.66	**
Educational characteristics (all levels)						
Dropout			.52			
Working during studies			-.53			
Over-educated in first job			-.55		-.68	
Educational characteristics (only tertiary)						
Field of study (ref. engineering)						
Business, law and social sciences			.39			
Other fields			.37			
Industry (ref. Social services)						
Extractive			.33		.20	
Transformative			.12		.09	
Services			.41		.36	
Parental highest social position (ref. manager/professional)						
Technician	-.11		-.23		-.24	
Low white-collar	.06		-.14		-.22	
Skilled blue-collar	.13		-.10		-.13	
Semi-/unskilled blue-collar	.49		.20		.24	
*Interactions: Cohort*level of education*						
1990-96*lower sec or less					-.28	
1990-96*secondary vocational					.80	*
1990-96*general secondary					.22	
1990-96*post-sec vocational					-1.75	
1990-96* lower tertiary					-.82	
1990-96*higher tertiary					-.03	
Constant	-3.73	**	-2.79	**	-2.06	**
Pseudo R square	.047		.065		.081	

Source: Estonian Social Survey 2004, 2005; own calculation
Note: Effect significance: + p<0.10, * p<0.05, ** p<0.01.

Upward and downward mobility

Next, I present youth chances to improve or downgrade their occupational status after the first job. Special attention is paid to over-educated people, in the context of the likelihood of moving a job with more parity. The descriptive results of this analysis are presented in Table 5. During the 1980s, general secondary graduates had the highest chances for positive career developments while the lower tertiary graduates (including only specialized secondary graduates in this cohort) were the least likely to change their occupational status. Upward mobility chances do not have any clear structure by education level for cohorts entering labour market during the reform years, as only around 18% of all school-leavers managed to be upwardly mobile during their early career. Since the second half of the 1990s, overall mobility rates have dropped rapidly, with the exception of higher tertiary graduates, who face the best early career opportunities.

Table 5. Vertical mobility in early career by educational cohort, %*

	Upwardly mobile			Downwardly mobile		
Level of education	1980-1989	1990-1996	1997-2003	1980-1989	1990-1996	1997-2003
Primary or basic	11	18	3	11	6	6
Secondary vocational	11	21	8	5	9	11
General secondary	18	17	7	8	10	8
Post-secondary vocational	10	8	0	5	0	0
Lower tertiary	8	19	10	11	13	5
Higher tertiary	14	16	14	10	16	8
Over-educated	36	44	26	4	0	0
All	13	18	8	9	10	8

*Mobility during first five years of a work career included only those who stayed in the labour market after the 1st job.
Source: Authors' calculations based on the Estonian Social Survey 2004;

In order to gain a hint into the possibilities of the over-educated, the descriptive results are encouraging. Being overqualified seems to work as a stepping stone at least for a quarter of the over-qualified in the last cohort, which is far more than the average chances for upward mobility. Additionally, over-qualified youth do not face any further downgrading risks. Here one should keep in mind that 18% of them occupied the lowest positions, which means that they could not move down.

The downward moves are at the same level for all cohorts. Of course, one has to take into account that the youngest cohort might still experience early career mobility. The last cohort's mobility rates might be underestimated as most of them do not have five years of work experience, as do the older cohorts.

Turning to the multivariate framework, the results indicate similar descriptive results that school-leavers had the most career opportunities in early career during the reform years (Table 5). Thus, although the average social status of first job was lowest for labour market entrants in the first half of the 1990s, they tended to experience significantly more upward occupational mobility over their early career than those who finished their schooling in the 1980s. Again, in line with my other hypothesis, the probability of upward mobility decreased substantially for the youngest school leaver cohort. While looking at the effects of education in the first model, youths with low educational resources and lower tertiary education are less likely to climb the career ladder compared to general secondary graduates. People graduating from business, law and social sciences had better starting positions than people from engineering. However, their career chances do not differ. Young people from other fields are less mobile than graduates from engineering. Controlling for other characteristics, the over-educated have significantly more chances to improve their labour market status than employees with an adequate parity in education-occupation. This indicates that youth education does not lose its value when starting a career in lower status jobs than is average for the corresponding educational group. On the contrary, they are successful in using their gained labour market experience in moving to positions which have better parity with their qualifications. Although career prospects of women and men do not differ, there is a still strong ethnic division. Estonians are more likely to opt for a better job. Youth career advancement chances are influenced by the industry where they start working. Social services provide the best chances for upward mobility, especially compared to extractive and also compared to the personal service sector. In the context of the changing value of education across the cohorts, the relative winners during the transition years were the least educated. The reform years offered them extraordinary chances to make a career even without appropriate education. Secondly, the meaning of lower tertiary education has changed.

Table 6. Upward and downward mobility transitions after the first significant job (competing risk piecewise exponential model)

	Upward mobility[1]			Downward mobility[1]		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3

	Upward mobility[1]			Downward mobility[1]		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Cohort (ref. 1997-2003)						
Cohort 1980-89	-.10	-.07		-.74**	-.86**	
Cohort 1990-96	.39+	.44**		-.38+	-.40*	
Level of education (ref. General secondary)						
Primary or basic	-.02**	-.49*	-1.21	-.08	.34	.09
Secondary vocational	-.01	-.11	.02	.09	.37	.58
Post-secondary vocational	-.43	-.29	-.16	-.61	-.51	-.17
Professional tertiary	-.37+	-.41	.03	.02	-.05	-.18
Higher tertiary	-.07	.71**	.41	-.06	-.56+	-.39
ISEI of the first job		-.06**			.04**	
Demographics						
Female	.18	.20	.18	.52**	.58**	.56**
Non-Estonians	-.48**	-.62**	-.48**	-.59**	-.45**	-.59**
Educational characteristics (all levels)						
Dropout		-.50+			.20	
Working during studies		.17			-.01	
Over-educated in the 1st job		.61**			-.89+	
Educational characteristics (only tertiary)						
Field of study (ref. engineering)						
Business, law and social sciences		-.11			-.74	
Other fields		-.65+			-.85*	
Industry (ref. Social services)						
Extractive		-.75**			.93*	
Transformative		-.34			.34	
Services		-.12			.59+	
Parental highest social position (ref. manager/professional)						
Technician	-.02	-.02	-.01	-.40	-.40	-.44
Low white-collar	-.14	-.14	-.10	-.27	-.27	-.31
Skilled blue-collar	-.56**	-.56**	-.53**	-.19	-.19	-.22
Semi-/unskilled blue-collar	-.65	-.65	-.58	.17	.17	.18
*Interactions: Cohort*level of education*						
1980-89*lower sec or less			1.22			-.70
1990-96*lower sec or less			1.82+			-.66
1980-89*sec vocational			-.11			-1.34**

	Upward mobility[1]			Downward mobility[1]		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
1990-96*sec vocational			.57			-.79+
1980-89*general sec			.21			-.63
1990-96*general sec			.05			-.23
1980-89*lower tertiary			-.69+			-.37
1990-96*lower tertiary			.32			-.08
1980-89*higher tertiary			-.46			-.32
1990-96*higher tertiary			-.21			.28
Constant	-5.45**	-3.12**	-22.48	-5.74**	-8.77**	-22.4
Total persons	1,760	1,760	1,760	1,680	1,680	1,680
-2*LogL	-799.67	-714.88	-793.22	-567.3	-540.8	-563.93

Source: Estonian Social Survey 2004, 2005; own calculation
Note1 Effect significance: + p<0.10, * p<0.05, ** p<0.01.

In the 1980s, graduates of lower tertiary education were prepared for work as skilled blue collars with few possibilities to change their position later. Since the 1990s, lower tertiary graduates include also graduates from newly established universities, who seem to have considerably better starting positions as well as career prospects in a later career.

As for the risk of downward mobility, the vulnerability of an early career increases for the succeeding cohorts. The effects on the cohorts are even stronger than for upward mobility and clearly indicate the youths' increasing exposure to labour market uncertainties[6]. Education does not determine downward mobility. But after controlling for additional educational and sector effects, the protective effect of higher tertiary education becomes slightly visible. Estonians switch more between jobs than other ethnic groups; they were more upwardly as well as downwardly mobile. Women tend to experience more downward moves than men. Also, significant effects emerge for industry – mining and service sector workers experience a significantly higher rate of downward mobility than employees in social services. Working experience prior to leaving education does not have any significant effect on downward mobility. Being overqualified for a first job decreases later chances to move even further downward. In the context of interaction effects, recent vocational school graduates are particularly exposed to the risk of being downgraded.

[6] Although the last cohort does not have a bigger proportion of downward moves according to the descriptive analysis of Table 4, the model takes into account that the last cohort has been exposed to the risks for a shorter time than the other cohorts, i.e. the probablility of them experiencing more downward moves during first five years of their careers is greater than earlier cohorts.

Conclusions

This chapter studied the labour market entry and early careers dynamics of school-leavers in Estonia over the last two decades. Analysis shows that school leavers of the 1990s compared to those of the 1980s are facing both greater career opportunities, but also increasing labour market insecurity and instability.

Until the end of the 1980s, the Estonian labour market was relatively stable and regulated, but it changed dramatically at the beginning of the 1990s. Within a brief period of time, the labour market became highly flexible and offered rapid career opportunities especially for young people who had just left education. This allowed new entrants to occupy relatively high positions without either or both previous work experience and appropriate qualifications. However, after stabilization of the labour market, in the middle of 1990s, employment opportunities for new entrants became more restricted. Relatively young people occupied many (good) positions in early the 1990s, which made it more difficult for later cohorts both to enter as well as progress in their early career. Thus, school leavers of the youngest cohorts entering the labour market were more often over-educated and upward mobility chances decreased significantly. As a successful entry has become more challenging, people start from lower positions than is average for their educational group already in the labour market. In the context of the permanent or temporary character of over-education, our analysis indicates that the over-educated have a high level of chances to improve their status later on. Similar to the US labour market, young people in the Estonian labour market can use jobs, which have little parity to their qualifications, as stepping-stones to better positions as they provide useful work experiences which is valued by employers.

Education can undoubtedly be considered an important influence on the process of entering the labour market, as well as on the development of the early career. People with basic education or less are the most marginalised group in the labour market, in all aspects. At first, they struggle hard to find stable jobs (Täht *et al*., 2008). As expected, their occupational status is low, they have higher unemployment risks, and they have fewer opportunities to move upward than general secondary graduates. I presumed that the expansion of tertiary education would further contribute to the marginalisation of the least-educated. Results are supporting the crowding out thesis for people with basic or less and general secondary education. They more often accept lower positions than the average in the workforce compared to higher tertiary graduates. As they do not obtain any specific skills at school, they start from lower positions and only after gaining work experience can further their careers. During the reform years, the least educated youth had good chances to access better positions, but since late the

1990s this advantage had vanished. As the proportion of the low educated is increasing while the proportion of low skilled jobs is decreasing, they are one of the most vulnerable groups in the labour market.

Graduates from both types of vocational secondary schools have poor labour market prospects. The jobs available for them are comparable with the workplaces of the least qualified and they face higher unemployment risks compared to general secondary graduates. Unlike apprenticeships in vocational education systems, secondary vocational education does not guarantee a higher social position upon entry into the labour market compared to general secondary education (see also Helemäe and Saar, 2008). Estonia lacks coordinated labour market regulation, and consequently institutional prerequisites for vocational education are useful to young people in the labour market.

As expected, graduates from tertiary education were the most successful educational group in terms of job status attainment. Higher tertiary graduates lost their advantage slightly during the reform years, but secured their positions afterwards. In Estonia, contrary to results from OECD countries (Reimer *et al*., 2008), graduates from business, law and social sciences have slightly better starting positions than graduates from engineering. Nevertheless, their early career prospects do not differ. Surprisingly, there is no sign of an increasing over-education risk for tertiary graduates throughout the observed period, which might be connected with the time lag between the expansion of tertiary education and its consequences in the labour market. This is because many of the students, who fuelled the educational expansion in the past decade, have not yet graduated.

Bibliography

Allmendinger, J. (1989) 'Educational Systems and Labour Market Outcomes', European Sociological Review 5: 231–250.

Bertola, M.G. and Rogerson, R. (1997) 'Institutions and labour reallocation', *European Economic Review* 41: 1147–1171.

Bertola, M.G., Blau, F.D. and Kahn, L.M. (2001) 'Comparative analysis of labour market outcomes: lessons for the United States from international long-run evidence', in A.B. Krueger and R. Solow (eds) *The Roaring Nineties: Can Full Employment be Sustained*?, pp. 159-218. New York: Russell Sage Foundation.

Bills, D. B. (2003) Credentials, Signals, and Screens: Explaining the Relationship between Schooling and Job Assignment. *Review of Educational Research,* 73 (4)**,** 441-469.

Blossfeld, H.-P., Buchholz, S., Bukodi, E. and Kurz, K. (eds.) 2008., *Young Workers, Globalization and the Labor Market. Comparing Early Working Life in Eleven Countries,* Edward Elgar Publishing.

Blossfeld, E. Klijzing, M. Mills and K. Kurz (eds.) (2005) *Globalization, Uncertainty and Youth in Society*. London/New York: Routledge.

Boeri, T., Ignacio Conde-Ruiz, J. and Galasso, V. (2004) 'Cross-Skill Redistribution and the Tradeoff between Unemployment Benefits and Employment Protection'. IZA Discussion Paper No. 1371.

Brauns, H., Gangl, M. And Scherer, S. (1999) *Education and Unemployment: Patterns of Labour Market Entry in France, the United Kingdom and West Germany. Comparative Analysis of Transitions from Education to Work in Europe,* Mannheim: Mannheimer Zentrum für Europäische Sozialforschung.

Breen, R. (2005) 'Explaining cross-national variation in youth unemployment: market and institutional factors', *European Sociological Review*, 21(2): 125–134

Büchel, F. and Mertens, A. (2004) , Overeducation, Undereducation, and the Teory of Career Mobility', *Applied Economics* 36:803-16.

Capelli, P. and Neumark, D. (2004) 'External Churning and Internal Flexibility: Evidence on the Functional Flexibility and Core-periphery Hypothesis', *Industrial Relations* 43: 148-82.

Cazes, S. and Nesporova, A. (2003) Labor Markets in Transition: Balancing Flexibility and Security in Central and Eastern Europe, Geneva: International Labor Organisation.

Ganzeboom, Harry B.G.; De Graaf, Paul; Treiman, Donald J.; (with De Leeuw, Jan) (1992). "A Standard International Socio-Economic Index of Occupational Status." *Social Science Research* (21-1), pp. 1-56.

Eamets, R. and Masso, J. (2005) 'The paradox of the Baltic States: labour market flexibility but protected workers', *European Journal of Industrial Relations*, 11: 71-90.

Eesmets, K. (2004) 'Education and well-being', in Purju, A. (ed.), *Social Trends 3*. Tallinn: Statistical Office of Estonia, pp.19-35.

Estevez-Abe, M., Iversen, T. and Soskice, D. (2001) 'Social protection and the formation of skills: a reinterpretation of the welfare state', in P.A. Hall and D.Soskice (eds) *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage,* pp. 145–183. Oxford: Oxford University Press

Gangl, M. (2003a) 'The Only Way is Up? Employment Protection and Job Mobility among Recent Entrants to European Labour Market', *European Sociological Review,* 19: 429-449.

Gangl, M. (2003b) 'Structure of Labour Market Entry', in W. Müller and M.Gangl (eds) *Transition from Education to Work in Europe. The Integration of Youth into EU Labour Markets*, pp.107–128. Oxford: Oxford University Press.

Gregg, P. and Manning, A. (1997) 'Labour market regulation and unemployment', in Snower, D.J. and de la Dehesa, G. (eds.), *Unemployment Policy: Government Options for the Labour Market*, Cambridge: Cambridge University Press, pp. 395–429.

Hannan, D. F., Raffe, D. and Smyth, E. (1997) 'Cross-National Research on School to Work Transitions: An Analytical Framework', in R. Werquin, J. Breen and J. Plans (eds.), Youth Transitions in Europe: Theories and Evidence, Marseille: CEREQ, pp. 409–442.

Helemäe, J. and Saar, E. (2008) 'Vocational secondary education in Estonia: producing diversion and/or providing safety net', paper presented at RC28 annual conference. Florence.

Kalleberg, A. L. (1996) ‘Changing contexts of careers’, in Kerckhoff, A.C. (ed.), *Generating Social Stratification*, Westview: Boulder, pp. 343-358.

Kerckhoff, A. (1995) ‘Institutional Arrangements and Stratification Processes in Industrial Societies’, Annual Review of Sociology 15: 323–347.

Lauristin, M. (2003) ‘Social Contradictions Shadowing Estonia's "Success Story"’, *Demokratizatsiya*, 11: 601-616.

Logan, J. (1996). Opportunity and choice in socially structured labor markets. *American Journal of Sociology, 101,* 114-160.

Marsden, D. (1990) 'Institutions and Labour Mobility: Occupational and Internal Labour Markets in Britain, France, Italy and West Germany', in R. Brunetta and C. Dell'Aringa (eds) *Labour Relations and Economic Performance*. Houndmills: Macmillan.

Müller, W. (2005) 'Education and Youth Integration into European Labour Market', *International Journal of Comparative Sociology*, 46: 461-485.

Müller, W. and Gangl, M. (2003) ‘The transition from school to work: a European perspective’, in W. Müller and M. Gangl (eds) *Transition from Education to Work in Europe. The Integration of Youth into EU Labour Markets*, pp.1–22. Oxford: Oxford University Press.

Müller, W and Gangl, M. (2003) *Transitions from Education to Work in Europe. The Integration of Youth into EU Labour Markets,* Oxford: Oxford University Press.

Müller, W. and Shavit, Y. (1998) ‘The Institutional Embeddedness of the Stratification Process’, in Y. Shavit and W. Müller (eds.), From School to Work: A Comparative Study of Educational Qualifications and Occupational Destinations, Oxford: Clarendon Press, pp. 1–48.

Reimer, D., C. Noelke ja A. Kucel. (2008). "Labor Market Effects of Field of Study in Comparative Perspective: An Analysis of 22 European Countries." International Journal of Comparative Sociology 49(4-5): 233-256.

Saar, E. (2008) ‘Expansion of higher education and opportunities in the labour market’, in Heidmets, M. (ed.), *Estonian Human Development Report 2007*. Tallinn: Eesti Koostöökogu, pp. 20-27.

Saar, E. and Lindemann, K. (2008) ’Estonia’, in Kogan, I., Gebel, M. and Noelke, C. (eds.), *Europe enlarged: a handbook of education, labour and welfare regimes in Central and Eastern Europe*. Bristol: Policy Press, pp. 151 – 181.

Saar, E.; Unt, M.; Kogan, I. (2008). Transition from Educational System to Labour Market in the European Union: A Comparison between New and Old Members. International Journal of Comparative Sociology, 49(1), 31 - 59.

Y. Shavit and W. Müller (eds.). (1998) From School to Work: A Comparative Study of Educational Qualifications and Occupational Destinations, Oxford: Clarendon Press.

Shavit, Y. and Müller, W. (2000) ‘Vocational Secondary Education. Where Diversion and where Safety Net?’, *European Societies* 2: 29-50.

Sicherman, N. (1991) ‘Overeducation in the Labour Market’, *Journal of Labour Economics* 9: 101-22.

Sicherman, N. and Galor, O. (1990) ‘A Theory of Career Mobility’, *Journal of Political Economy* 98: 169-92.

Singelmann, J. (1978) *From Agriculture to Services. The Transformation of Industrial Employment,* Bevery Hills, CA: Sage.

Solga, H. (2002) 'Stigmatization by Negative Selection. Explaining Less-Educated People's Decreasing Employment Opportunities', *European Sociological Review* 18: 159-178.

Soskice, D. (1994). 'Reconciling markets and institutions: the German apprenticeship system', in L. Lynch (ed) *Training and the Private Sector—International Comparisons*, pp. 25-60. Chicago: University of Chicago Press.

Täht, K., Saar, E. and Unt, M. (2008) 'Changing mobility regime in Estonia? Young people's labor market entry and early careers since the 1980s', in Blossfeld, H.-P., Buchholz, S., Bukodi, E. and Kurz, K. (eds.), *Young Workers, Globalization and the Labor Market. Comparing Early Working Life in Eleven Countries*, Edward Elgar Publishing, pp. 311-332.

Van der Ploeg, S. (1994) 'Educational Expansion and Returns on Credentials', *European Sociological Review* 10: 63-78.

Van der Velden, R. K. W. and Wolbers, M. H. J. (2003) 'The integration of young people into the labour market: the role of training systems and labour market regulation', in W. Müller and M. Gangl (eds) *Transitions from education to work in Europe – the integration of youth into EU labour markets*, pp. 186-211. Oxford: Oxford University Press.

Veldre, V. (2007) 'Hariduslik kihistumine soolisest aspektist'. (in Estonian: Gender aspect of educational stratification). *Eesti Statistika Kuukiri* 6: 5–16.

Üliõpilaste sotsiaalmajanduslik olukord, 2005/2006. (2006). www.eyl.ee/public/files/uuringu_tulemused.pdf.

[3] During the 1990s, trade union membership declined in Estonia from almost 100% to 15% (Arro *et al.*, 2001). In countries where the percentage of unionised workers is low, collective agreements can still cover a large number of workers helping to secure their rights (e.g. France and Spain). In Estonia, however, the rate of workers' interests' coverage by collective bargaining is very low, even lower than in the UK.