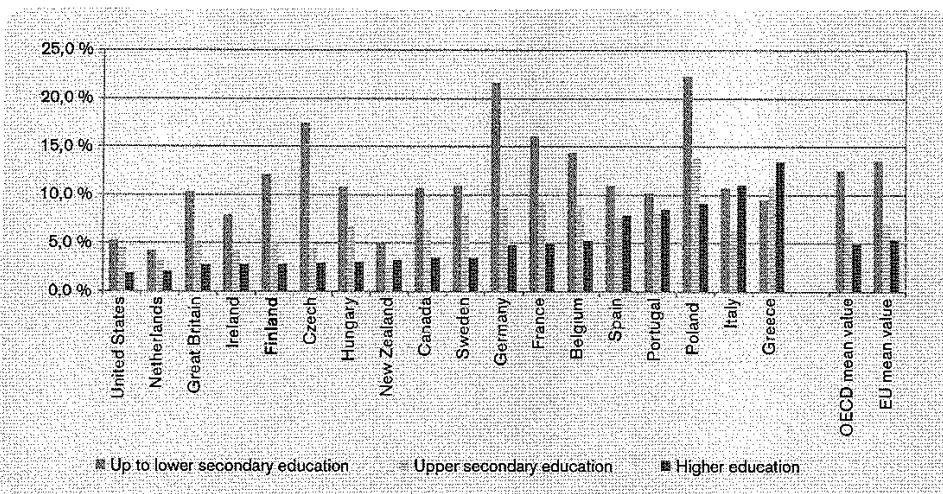


Job-search duration after graduation in selected EU countries

Source: Progress towards the Lisbon objectives in education and training, indicators and benchmarks 2007



Unemployment rates of youths aged 25 to 29 by educational attainment level in selected OECD countries, 2006

Source: OECD

The proportion of men among early school leavers is considerably larger than that of women. In 2007, the dropout rate for women was 6.3 per cent and 9.7 per cent for men. The EU average rates were similar: 16.9 per cent for men and 12.7 per cent for women. The situation of Finnish men has improved since the year 2000 (11.3 per cent), while that of women has remained nearly the same (6.5 per cent).

Transition from education to work

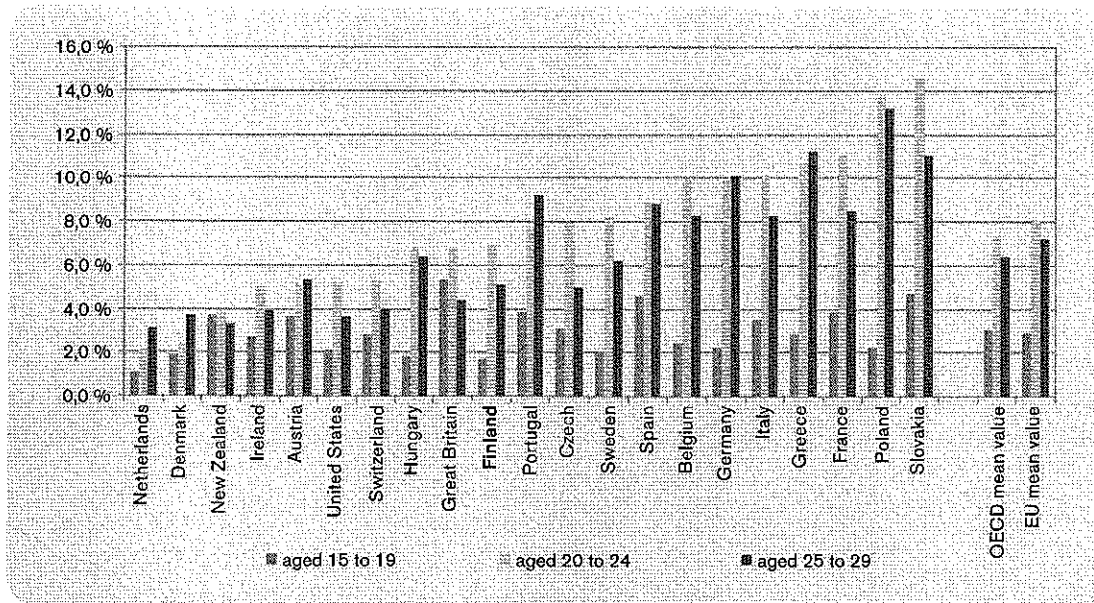
Transition from school to work is an important indicator that serves to measure the efficiency of education. Transition from school to work can be examined, for example, by means of the time span a person has to be unemployed after graduation before finding his or her first job, or by means of a percentage indicating the ratio of the unemployed in a certain age group of newly graduated young people to the whole age group.

Among others the job-search duration of graduates was used as a monitoring indicator for the EU's

Lisbon targets. The report Progress towards the Lisbon objectives in education and training – Indicators and benchmarks (2007) uses data from a survey in which a cohort of young people and their experiences were followed over seven years (from 1994 to 2000) after leaving comprehensive school. The survey focused on finding out how long it took before a young person could find a job of any kind, and also how many unemployment periods he or she had during those seven years.

Even if this information describes the situation many years ago, it still shows clearly that unemployment among young people depends on the general unemployment rate. It is also noteworthy that it took Finnish youths relatively long in particular to find temporary employment in comparison with their European peers. This statistical fact was naturally affected by the depression that was still ongoing in Finland in 1995. Yet it reveals also that in a weak economic climate young people are the most vulnerable group. In the Finnish labour market, the importance of work experience is emphasized in recruitment when the labour force supply is relatively large.

Youths who are not enrolled in education and who are unemployed, percentage of the age group, 2006



Source: OECD

In young Finnish age groups, the share of those who are not in education and who are unemployed is below the average of 28 OECD countries and 19 EU countries. Relatively speaking, the 20- to 24-year-olds appear to face the biggest risk of remaining outside education and work. In this age group the difference from international average values is the least. Not all youths outside education and work remain permanently without a study place or a job. In the 25 to 29 years age group the share drops by almost two percentage points. Therefore it can be said that about 6,000 young adults either return to the education system or find employment. The fact that relatively many of the 20- to 24-year-olds are either looking for a study or work place or are wilfully outside active operation, is not cost-effective from the national economy perspective. In a situation where more people are leaving the Finnish labour market than entering it, it is especially important to draw these youths into education or employment.

It applies to most OECD countries that the more educated a person is the less likely he or she is to become unemployed. A comparison of 25- to 29-year-olds according to their education shows that only in Greece is the unemployment rate among those with basic education is the lowest and the highest among those with higher education. The unemployment

rate of higher education graduates is higher than that of upper secondary education graduates in Italy, Spain, Portugal and New Zealand.

There has been some discussion that in societies like Finland that invest heavily in education a point will be reached at some stage where an increase in educational level will no longer yield added value to the student in the form of better employment opportunities or higher pay. However, no such point has been reached so far; on the contrary in Finland an increase in educational level reduces the risk of unemployment. In 2006, the unemployment rate of the 25- to 29-year-olds with an upper secondary degree was lower than the total unemployment rate in the country.

Finance of education

Internationally the most widely used economic indicator of education is the ratio of funds invested in education to gross domestic product (GDP). The benefit of the indicator is its comparability between different countries. Yet the interpretation of the indicator is made difficult by the effect of the seasonal variations of the whole economy on the indicator value. In other words, even if the funds invested in educa-

Expenditure on education as percentage of GDP in selected OECD countries

Primary, secondary and higher education									
	1995			2000			2005		
	Primary and secondary education	Higher education	Total of all levels of education	Primary and secondary education	Higher education	Total of all levels of education	Primary and secondary education	Higher education	Total of all levels of education
Netherlands	3.0%	1.4%	4.8%	3.0%	1.2%	4.5%	3.4%	1.3%	5.0%
Australia	3.6%	1.6%	5.3%	4.0%	1.5%	5.6%	4.1%	1.6%	5.8%
Belgium				4.1%	1.3%	6.1%	4.1%	1.2%	6.0%
Spain	3.8%	1.0%	5.3%	3.2%	1.1%	4.8%	2.9%	1.1%	4.6%
Great Britain	3.7%	1.1%	5.2%	3.6%	1.0%	5.0%	4.6%	1.3%	6.2%
Italy	3.6%	0.7%	4.8%	3.2%	0.9%	4.8%	3.3%	0.9%	4.7%
Austria	4.2%	1.2%	6.1%	3.9%	1.0%	5.5%	3.7%	1.3%	5.5%
Japan	3.1%	1.3%	5.0%	3.1%	1.4%	5.1%	2.9%	1.4%	4.9%
Canada	4.3%	2.1%	6.7%	3.3%	2.3%	5.9%	3.6%	2.6%	6.2%
Korea				3.6%	2.3%	6.4%	4.3%	2.4%	7.2%
Greece	2.0%	0.6%	2.6%	2.7%	0.8%	3.6%	2.7%	1.5%	4.2%
Mexico	4.0%	1.1%	5.6%	3.8%	1.0%	5.5%	4.4%	1.3%	6.5%
Norway	4.3%	1.6%	5.9%	3.8%	1.2%	5.1%	3.8%	1.3%	5.7%
Portugal	3.6%	0.9%	5.0%	3.9%	1.0%	5.4%	3.8%	1.4%	5.7%
Poland	3.6%	0.8%	5.2%	3.9%	1.1%	5.6%	3.7%	1.6%	5.9%
France	4.5%	1.4%	6.6%	4.3%	1.3%	6.4%	4.0%	1.3%	6.0%
Sweden	4.1%	1.5%	6.0%	4.3%	1.6%	6.3%	4.2%	1.6%	6.4%
Germany	3.7%	1.1%	5.4%	3.5%	1.1%	5.1%	3.4%	1.1%	5.1%
Finland	4.0%	1.9%	6.3%	3.6%	1.7%	5.6%	3.9%	1.7%	6.0%
Switzerland	4.6%	0.9%	6.0%	4.2%	1.1%	5.7%	4.4%	1.4%	6.1%
Denmark	4.0%	1.6%	6.2%	4.1%	1.6%	6.6%	4.5%	1.7%	7.4%
Czech	3.5%	0.9%	5.1%	2.8%	0.8%	4.2%	3.0%	1.0%	4.6%
Hungary	3.5%	1.0%	5.3%	2.9%	1.1%	4.9%	3.4%	1.1%	5.6%
New Zealand							4.7%	1.5%	6.7%
United States	3.8%	2.3%	6.6%	3.9%	2.7%	7.0%	3.8%	2.9%	7.1%
OECD mean value							3.8%	1.5%	5.8%
EU mean value							3.6%	1.3%	5.5%

Source: OECD

tion remain constant but the value of GDP changes, the ratio follows inversely the changes of GDP.

In the case of Finland, this phenomenon appears clearly when we compare the recession situation in the 1990s with the years 2000 and 2005. In 1995, the proportion of funds allocated to education in GDP was 6.3 per cent while in 2000 it was 5.6 per cent and in 2005 an even 6 per cent. The drop from 1995 is due to the growth of the national economy, not to a decrease in funds allocated to education.

In 2005, the OECD average value was 5.8 per cent of GDP. Finland with its 6 per cent is placed

eleventh among the OECD countries. The largest allocations to education are made in Denmark, Korea and the United States. In proportion to GDP it appears to be a distinctive feature of Finland that a larger share of funds is allocated to higher education than to the other sectors of the education system. In 2005, the proportion of funds allocated to higher education institutions in GDP (1.7%) was the fourth highest in the OECD countries while the proportion of funds allocated to the other sectors of the education system in GDP (3.9%) was placed only twelfth in an OECD comparison.

	Primary education	All secondary education	Higher education excluding research expenditure	Average value for all levels
Netherlands	6,226	7,741	8,719	8,147
Australia	5,992	8,408	10,199	8,340
Spain	5,502	7,211	7,182	7,134
Great Britain	6,361	7,167	8,842	7,741
Japan	6,744	7,908		8,378
Canada		7,837		
Korea	4,691	6,645	6,607	6,212
Greece	5,146	8,423	4,928	5,692
Mexico	1,913	2,180	5,346	2,405
Norway	9,001	10,995	9,981	10,980
Portugal	4,871	6,473	6,785	6,197
Poland	3,312	3,055	4,883	3,592
France	5,365	8,927	7,673	8,101
Sweden	7,532	8,198	8,281	9,156
Germany	5,014	7,636	7,772	7,872
Finland	5,557	7,324	7,582	7,711
Denmark	8,513	9,407		10,108
Hungary	4,438	3,806	4,837	4,423
New Zealand	4,780	6,278	8,864	6,342
United States	9,156	10,390	21,588	12,788
OECD mean value	6,262	7,804	8,102	7,527
EU mean value	6,055	7,600	6,990	7,036

Source: OECD

Student financial aid

The most typical form of student financial aid in Europe is in the form of a study grant. The grounds on which study grants are awarded differ a great deal from country to country. In the Nordic countries, the study grant supports an individual student, and its utilization rate is high. In most countries student financial aid is a means-tested benefit, and it depends on the parents' income as well as the student's own income. Among the countries that participated in the EUROSTUDENT survey, a loan-oriented student financial aid system is in place in Sweden, England/Wales, Turkey and Scotland. In other countries student financial aid takes almost completely the form of study grants (for example France, Austria, Spain, Ireland, Italy, Portugal, Romania and Slovenia) or a mix of study grant and loan (for

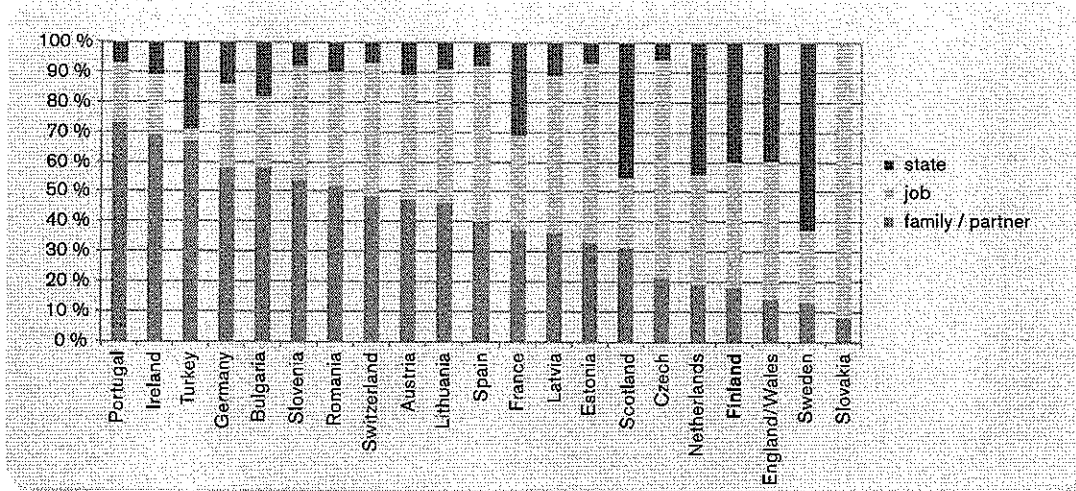
example, Finland, the Netherlands, Switzerland, Germany and Lithuania).

In Finland, the share of the state-funded financial aid in the income of a student living on his or her own is 40 per cent. Among the countries that participated in the EUROSTUDENT survey, its share is higher only in Sweden (63%), in Scotland (45%) and in the Netherlands (44%).

The EUROSTUDENT survey countries have been grouped on the basis of the main source of student income as follows:

- Ireland, Portugal and Turkey are countries where the main source of student income is the family and the spouse.
- Spain, Slovakia, the Czech Republic and Estonia are countries where more than half of student income consists of income from work.

Total income (%) of a student living on his or her own, EUROSTUDENT 2008



Source: EUROSTUDENT 2008

The category "other income" is not included in the table. Percentages by country: Portugal 2%, Ireland 4%, Turkey 2%, Germany 8%, Bulgaria 4%, Slovenia 2%, Romania 19%, Switzerland 4%, Austria 10%, Lithuania 3%, Spain 5%, France 0%, Latvia 8%, Estonia 14%, Scotland 6%, Czech 6%, Netherlands 16%, Finland 10%, England/Wales 12%, Sweden 3%, Slovakia 4%

- Correspondingly, Sweden provides an example of a country where state-funded student financial aid is the main source of income.
- In Austria, Lithuania and Switzerland, the main sources of income are income from work and support from the family.
- In England, Finland and the Netherlands, student income is a mix of financial aid and income from work.
- In France, income from work, support from the family and student financial aid form one-third of student income.

the participation rates among students from different educational backgrounds are very big.

In Finland, the entry rate to higher education of children of fathers with up to lower secondary education is quite good. The share of the children of fathers with up to elementary education is somewhat smaller. The background of Finnish high education students is higher education-oriented, as it is also in other countries of the survey. Yet the Finnish system can be considered quite open because differences between shares of students from different educational backgrounds are small when compared internationally.

Student socio-economic background

One of the most important objectives of education policy is to promote entry to higher education irrespective of the student's socio-economic background.

The table entitled Participation in higher education according to father's socio-economic background explores the effect of father's education on participation in higher education. Ratios over one indicate an over-representation of the share and those under one indicate an under-representation of the share. The openness of an education system can be assessed by comparing the proportions of students with different educational background.

In all EUROSTUDENT countries the children of fathers with a higher education degree were over-represented in higher education. The differences of

Conclusions

Ensuring the availability of a competent workforce as the workforce declines and meeting increasing international competition are the major challenges that the Finnish education system has to tackle in the next few years. At the same time, education should prepare students to become responsible citizens in a multicultural society where the goals of sustainable development are emphasized.

From an international perspective, the Finnish education system is able to yield relatively good results with reasonable resources. Yet the upgrade of education systems is one of the key socio-political objectives in all OECD countries. Faith in the development of human capital appears to remain strong.

Participation in higher education by father's socio-economic background in selected European countries

	Father with up to lower secondary education	Father with upper secondary education	Father with higher education
Netherlands	1.04	0.83	1.37
Bulgaria	0.09	0.56	3.05
England		0.69	1.77
Spain	1.03	0.79	1.63
Ireland	0.81	0.83	1.53
Italy	0.59	0.91	1.75
Austria	0.70	0.77	1.91
Norway	0.58	0.83	1.45
Portugal	0.71	0.80	3.01
France	0.60	0.70	2.29
Sweden	0.66	0.85	1.77
Germany	0.40	0.54	2.03
Finland	0.96	0.82	1.43
Czech	0.21	0.81	2.15

Source: EUROSTUDENT 2008

Finland's late transition to large-scale upper secondary and especially higher education of the population is reflected in the educational level of the population. Even if Finns are generally regarded as an education-minded and competent nation, their level of education does not reach the international top, especially regarding the proportion of those with a higher education degree. In the 25 to 64 years age group, the proportion of people with a higher education degree in Finland is the same as the OECD average value. The situation of young adults is better. We must note, however, that the main peer countries also invest in young people's educational level and that the Finnish 25- to 34-year-olds are not in the lead in terms of educational level.

The high average age at graduation has recently come up strongly in discussion, in particular with a view to the looming availability bottlenecks in a competent workforce. Raising the employment rate requires an increase in the number of the employed, both in older and young workforce.

An international comparison shows that transition phases in particular present a problem for the Finnish system. In Finland, nearly all students completing comprehensive education move to further or supplementary education in the same year, but at the next stage the transition from upper secondary level to higher education institutions is slower. Fin-

nish youths also have to wait for a rather long time before they find employment after graduation. It clearly takes Finnish youths a longer time to move to higher education than in many peer countries. In this respect the same group with Finland is shared by the other Nordic countries and Hungary. Friction in transition phases can also be seen in the education participation rate of the 20- to 29-year-olds. Where in OECD countries a quarter of the said age group participates in education, the corresponding figure for Finns of the same age group is 42 per cent. This can be seen as problematic from the viewpoint of the employment target set by the Government.

Even if Finns move slowly from one level of education to another and study for a relatively long time, nevertheless before long most of them complete a post-basic degree. Finland's performance is good when we compare for example, school dropout rates between the EU Member States: Finland's dropout rates are clearly lower than the EU average. It is also a positive feature that in the 2000s the situation in Finland has taken a turn for the better.

The funds allocated to education in Finland represent approximately the OECD average value. It is noteworthy that with this average expenditure on education the Finnish education system appears to yield excellent results. An obvious proof of this is Finland's success in the PISA survey.