

Is the Length of the First Job Search Spell a Valid Measure of External Effectiveness of University Programmes?

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Summary. The aim of this paper is to show that labour-market outcomes related to holding a job are not valid measures of the relative impact of different programmes, while better performing measures are those related to holding jobs reaching given quality standards. For this purpose, we develop a simple job-search model: graduates decide whether to accept a job offer depending on the utility of the different options. If graduates with better work prospects are more selective than others, it can be shown that neither the exit rate from unemployment, nor the probability of being employed at a given time, are necessarily higher for those coming from "the best" university programmes. On the other hand, under mild conditions, neither the waiting time for a job reaching given quality standards nor the probability of having a "good job" depend on individual behaviour, but only on work opportunities: this makes the latter indicators better measures of external effectiveness. Nevertheless, while cross-sectional data suffice for assessment of the working condition, evaluation of the waiting time for a "good job" requires longitudinal data.

Keywords: University educational programmes; External effectiveness; Transition from school to work; Job search models; Hazard function.

1. Introduction

The process of integrating young adults into the labour market is a common problem at the international level (OECD, 1998), as is shown by high youth unemployment rates in many countries. From a comparative standpoint, the assessment of the role of national school systems in the process of transition towards the labour market is one of the most interesting areas of investigation in this particular field (Muller & Shavit, 1998; Van der Velden & Wolbers,

2001; Iannelli, 2001; Brauns *et al.*, 2001). Other studies focus on the effects of various educational levels and programmes in individual countries (Nguyen & Taylor, 2003) or on earning returns to schooling (Angrist & Krueger, 1991; Harmon & Walker, 1995; Colussi, 1997; Checchi, 1997).

From a different perspective, occupational outcomes are considered as indicators of the *external effectiveness* of educational programmes (Gori *et al.*, 1993; Biggeri *et al.*, 2001; Rampichini & Petrucci, 2001; Bratti *et al.*, 2004).

One of the aims is to rank¹ professional training courses, schools, universities or specific university study programmes, with respect to their ability to favour the entry of young people into the labour market. Ideally, the purpose should be to assess the net impact of attending a particular course: occupational outcomes are then assessed by controlling for characteristics of the individual and of the context. The main problem to face is the selection process, if the propensity to choose a particular study programme depends on attributes that would make the individuals interesting to potential employers, even in the absence of the study programme itself.

To evaluate the external effectiveness of scholastic or university education in general, various authors (Biggeri *et al.*, 2001; Rampichini & Petrucci, 2001; Nguyen & Taylor, 2003; Porcu & Tedesco, 2004) use as indicator the length of the first job-search spell after attaining a qualification. Others (Giommi & Pratesi, 2001; Bratti *et al.*, 2004) focus instead on the probability of employment at a given time. The use of these indicators is based on the (implicit) assumption that better job prospects correspond to shorter time needed to enter the labour market. As we will see, however, these suppositions may be confuted.

Purpose of this paper is: a) to show the limits of occupational outcomes related to work in itself as indicators of the external effectiveness of study programmes; b) to assess the validity of alternative indicators of external effectiveness, related to performance of a work activity that reaches a given standard of quality.

The idea is simple. Having a job means that:

- (i) a job opportunity came up;
- (ii) one chose to accept the opportunity.

Hence, the waiting time for first employment depends on the effective willingness of graduates to accept the jobs that are proposed to them. Using a simple job-search model, it can be shown that the waiting time to first job is not necessarily briefer for graduates with better job prospects if they have higher ambitions.

¹ The approach, which originated in the growing demand for accountability in public sector activities, is particularly widespread (but also frequently criticized) in Great Britain, where all levels and types of educational institutions are subject to comparative evaluation. The resulting rankings (*league-tables*) of performance indicators are easily accessible to the public (<http://education/guardian.co.uk>). For a critical analysis of this approach, see Goldstein & Spiegelhalter (1996).