



Employment opportunities for university graduates in Europe

Academics and the labour market

As far back as the 1980s university graduates¹ in western industrialized countries began to face the possibility of not automatically finding employment in their area of study. The job prospects tended to be better for students of some subjects, such as natural sciences or technical subjects than for humanities majors or social scientists (OECD, 1987). In the mid-1990s, economists and business administration students have the best chances of recruitment. With a few exceptions, engineers have similarly favourable chances of entering the work force. Students of the humanities and social sciences still seem to have below-average employment prospects, however, with the outlook for teachers and educators varying greatly from country to country.

In France, the practice-oriented curricula in the second phase of university studies and the shorter technical course at the Instituts Universitaires de Technologie (IUT) provide good career opportunities. Only graduates of the Grandes Ecoles have equally promising first job prospects. Liberal arts and social science graduates encounter a generally unfavourable job-hunting environment, at least when their training background is limited exclusively to university.

In the United Kingdom, a number of trade associations and professional organizations ensure graduates obtain vocational training following their bachelor's degree. This makes launching a career a smooth transition for architects, doctors and dentists and veterinary and agricultural graduates. In contrast, biologists, physicists and social scientists have greater difficulties in finding employment. Consequently,

the proportion of students who go on to obtain a master's degree is correspondingly high in these disciplines. It is a way of avoiding unemployment and enhancing chances of obtaining a permanent job (UFC, 1994).

In Italy, the employment situation of university graduates appears to have deteriorated in the 1990s. Follow-up studies dating back to 1989 disclosed a tight job market in almost all fields. At that time engineers and economics and business students were the exception; they fared much better than most of their peers when it came to finding a job. In the meantime, they, too, face problems in moving from the campus to the office. The situation has been aggravated by the number of graduates from the recently established short college programmes, who are now competing with university graduates for the few adequate training places.²

Austrian labour office records listed humanities and natural sciences as the academic fields with the highest rates of unemployment in 1994. They accounted for 35 per cent of the university graduates who registered as jobless. This figure was almost twice as high as the number of unemployed social science and economics graduates. Veterinary surgeons, pharmacists, translators, interpreters and theologians experienced few difficulties on the labour market. They accounted for less than two per cent of the university graduates registered as unemployed (Federal Ministry of Economics, Research and Technology, 1994, Table 2.3.7). The reasons for the high unemployment rate in some disciplines are the lack of openings for newcomers in certain job sectors (e.g. public service), and the discrepancy between the qualifications in demand on the labour market and those that most students opt for, especially in the liberal arts faculties.



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When seeking employment, university graduates in Europe generally have an advantage over people with other or no certified qualifications. Graduate unemployment rates are usually far below national averages. However, many find it difficult to launch a career after they graduate. Economists, engineers and some natural scientists have better chances than humanities and social science graduates. Nonetheless, temporary positions are becoming a more common phenomenon among graduates entering the work force.

1) The term "university graduate" is interpreted in different ways in the various European countries. Here it will be defined as ISCED Levels 6 and 7 in the OECD classification of educational levels, in other words it covers at least the lowest university qualifications or an equivalent degree.

2) For more information on the labour market for university graduates in Italy, see List 1996, Moscati/Pugliese, 1996



“Similar trends can be recognised throughout Europe when it comes to launching a career. Immediate employment in a steady job is becoming less common than temporary employment contracts and part-time work. Female university graduates generally have a harder time starting a career than their male counterparts.”

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Germany's university degree holders have also lost much ground on the labour market. The serious situation affects almost all disciplines equally. The brightest prospects are enjoyed by doctors, pharmacists, architects and civil engineers. The outlook is dimmest in the new *Länder*. Structural change in the German economy featuring expansion of the service sector and research and development will have an impact on the future employment prospects of the university educated. Highly specialized knowledge will be less in demand. In Germany as elsewhere, an ability to acquire such knowledge fast when required, as well as strategic thinking and problem solving skills will be crucial qualifications future university graduates must have.

Moreover, similar trends can be recognised throughout Europe when it comes to launching a career. Immediate employment in a steady job is becoming less common than temporary employment contracts and part-time work. Female university graduates generally have a harder time starting a career than their male counterparts. This is frequently because women tend to study subjects with poorer employment prospects. The number of women studying engineering, other technical subjects and natural sciences continues to be low. Courses in education, the humanities and social sciences remain female domains. Gender specificity is reflected not only in the unemployment rate. It is also apparent in the filling of temporary and permanent positions. Women more often hold temporary jobs. Available data fails to indicate whether women opt for this type of employment of their own accord for private reasons (second family income source, raising of children and caring for other members of the family).

The sectoral distribution of university graduates follows a similar pattern in all countries. Service enterprises, trade and industry and the public service recruit the lion's share of graduates, with practice-related courses and application-oriented subjects tending to yield better employment prospects than traditional academic studies.

University graduates continue to enjoy better employment opportunities than

graduates of other training courses and job applicants with no training. In almost all OECD countries the 1992 unemployment rate among university graduates was considerably lower than the overall unemployment rate (Table 1). This applied to the total 25-to-64-year-old age bracket and with a few exceptions to the 25-to-34-year-old category as well. However, comparison of different age groups also shows that the integration of young university degree holders into the work force is particularly difficult. Their edge over nongraduate peers was frequently less marked in the under-35 bracket than in unemployment figures for ages up to 64. The labour market prospects for university graduates improves with increasing age and professional experience in all countries.³

A detailed comparative study on the vocational integration of university graduates in three different, prototype European educational systems was carried out to identify common problems and put alternative solutions into sharper focus.

The labour market for university graduates in France

In 1992, one third of the 827,400 young people who left the French educational system had completed higher education (MEN, 1994 a, p. 207). Despite more diversified qualifications and increasing vocational input in the curricula, university graduates have a hard time on the job market. Nonetheless, higher education improves employment prospects considerably. Labour market newcomers with no certified qualifications have poorer employment opportunities than the better qualified, and women are usually worse off than men. In 1993, university graduates had a 14.2 per cent lower unemployment rate than other members of the work force in the 15 to 24 age bracket (MEN 1994 b, p. 29). Nevertheless, this is overshadowed by the fact that by now one of every ten unemployed persons under the age of 25 is a university graduate.

The outcome of the first job-hunt depends increasingly on the graduate's field

3) The level of qualifications corresponds to at least the lowest university degree or comparable qualifications.



of study. The more practice-oriented the university course, the smoother the transition to the labour market in most cases. Good professional opportunities are provided by short technical courses, practice-oriented second level university degrees and DEA/DESS* diplomas in natural sciences. Holders of the *licence* or *maîtrise* in natural sciences or mathematics appear to have no problems in launching a career. Particularly poor conditions are generally faced by graduates of humanities and social science courses, biologists and physiologists (*Le monde de l'Education*, December 1992, No. 199, p.98). Grande Ecole engineering and economics graduates have better chances of finding a permanent position soon after their final examination. However, this situation is expected to deteriorate. It is no longer unusual for graduates of the elite universities to spend 5 to 6 months job-hunting. A striking, new trend is for graduates to continue their studies. As recently as the 1980s this was almost unheard of, but 20 per cent of the 1993 graduates of a major Paris economics university decided to enrol in post-graduate studies (*Le Nouvel Economiste*, 10 September 1993).

A comparison of the monthly net income of 25-to-29-year-olds in 1993 revealed that graduates of short two-year university programmes made 20 per cent more and higher academic degree holders earned 60 per cent more than others of their age whose qualifications were limited to apprenticeships or vocational training. Similar figures held for the 35-to-44-year-olds. The level of education not only increases chances of finding a job, it also boosts earning potential (MEN, 1994, p. 31).

The chart shows that there is a close relationship between level of qualifications and starting salary. For example, graduates of two-year university courses who decide to continue their education and acquire a *licence* or *maîtrise* can increase their salaries by about 30 per cent. If they continued studying and obtained a DEA/DESS they would earn 60 per cent more. Technical university (IUT) business management/economics graduates can increase their salary from FF 7,000 to FF 10,300 by obtaining a practice-oriented higher degree (MST in accounting/finance), or even to FF 12,000 if they go

Table 1:
Total unemployment rate and unemployment rate among university graduates in selected countries in 1992 (in per cent)

Countries	Unemployment rate among active 25-64-year-olds		Unemployment rate among active 25-34-year-olds	
	Total	Graduates	Total	Graduates
Australia	8.8	4.4	10.0	3.7
Austria	3.6	1.3	3.3	2.2
Belgium	7.8	2.2	8.6	3.4
Canada	10.0	5.2	11.9	6.5
Denmark	10.6	4.8	13.6	7.8
Finland	11.4	3.4	13.4	6.6
France	8.8	4.4	11.3	6.8
Germany	6.2	3.7	6.1	4.3
Italy	7.4	6.0	13.7	17.2
Netherlands	5.6	3.9	5.8	5.2
Norway	4.6	1.8	6.8	2.8
Portugal*	4.9	1.8	6.1	2.5
Spain	14.7	9.9	21.1	17.5
United Kingdom	8.4	3.6	10.2	3.8
USA	6.6	2.9	8.2	3.0
OECD	7.6	3.8	9.6	5.9

* 1991

Source: OECD, 1995, Table R21 (A and B)

on still further to graduate from a Grande Ecole of economics and business studies.

Career opportunities for university graduates have deteriorated in the past few years. Although the unemployment rate among university graduates feared at the beginning of the 1990s failed to materialize, the goal of encouraging 80 per cent of the population to obtain university entrance qualifications and thus raise the country's overall educational level has aggravated the situation. Most young people who obtain this certificate consider it to be a minimum qualification and a stepping stone to further education. The horizontal permeability of postsecondary education and the trend to supplement completed studies with further qualifications and certificates have resulted in an increase in the number of university graduates and an inflation of university diplomas. In contrast to other European countries, France faces not only the problem of a degree

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* Editor's note:
DEA = Diplômes d'Etudes Approfondies
DESS = Diplômes d'Etudes Supérieures Spécialisées



Illustration: Salaries of French university graduates upon entering the labour force

(This 1991 survey of 43 000 academics who graduated in 1988 was carried out 33 months after they had completed their studies.)

Higher education degree qualifying for a job in industry or the business sector	Higher education degree qualifying for a job in the service sector
	FF 15,000
	Schools of economics: HEC, ESSEC, ESCPL (14 800)
	Engineering universities: SUPELEC, Pontes, Mines (14 200)
	FF 14,000
	FF 13,000
Other schools of engineering (12 600) DEA/DESS natural sciences (12 500) Schools of chemical engineering (12 400)	Business management universities: ECRICOM (12 700)
MIAGE (12 100)	Business management universities: ESCAE (12 200)
	FF 12,000
Schools of veterinary medicine (11 800)	Schools of political science IFP (11 600)
	FF 11,000
License/Maitrise in applied natural sciences (10 800) Schools of agricultural science (10 600)	License/Maitrise in administrative sciences (10 900) DEA/DESS law/political science (10 700)
	MST accounting/finance (10 300)
DEA/DESS natural sciences/chemistry (10 100)	FF 10,000
	License/Maitrise in economics (9 600) DEA/DESS languages/literary studies (9 500) DEA/DESS psychology (9 400)
License/Maitrise in natural sciences (9 200)	FF 9,000
	DUT informatics, License/Maitrise law (8 700) BTS informatics (8 500)
License/Maitrise in natural sciences/chemistry (8 500)	License/Maitrise in languages (8 200) License/Maitrise in humanities (8 100) BTS commerce (8 000)
BTS mechanical engineering, DUT electrical engineering (8 000) BTS electrical engineering/electronics, DUT chemistry (7 900)	FF 8,000
	DUT technology and commerce (7 800)
DUT mechanical engineering (7 700) BTS chemistry/biology (7 600)	
	BTS accounting/finance (7 100)
DUT biology (7 000)	FF 7,000
	BTS office studies (6 800)
	BTS tourism (6 300)
	FF 6,000

Source: Le Monde de l'Education, 1992, p. 102



Table 2:
What happens to British university graduates after their first university degree subdivided according to discipline in 1992/93 (in per cent)

Subject	Employment permanent	Employment temporary	Employment total	Education continued	Other *	Total
Medicine/dentistry and related subjects	86.0	0.9	87.0	8.3	4.9	100
Biology	33.7	6.9	40.5	38.8	20.7	100
Veterinary medicine/agriculture	55.9	4.9	60.8	20.0	19.2	100
Physics	29.2	5.5	34.7	46.1	19.2	100
Mathematics	44.8	4.1	48.9	28.8	22.3	100
Engineering/technology	46.2	3.9	50.1	20.7	29.2	100
Architecture	55.2	5.0	60.2	16.2	23.6	100
Social sciences	31.8	5.1	36.9	39.7	23.5	100
Economics and finance	54.5	5.2	59.7	13.8	26.5	100
Librarianship and information technology	32.6	7.6	40.3	29.8	29.8	100
Languages	40.8	6.1	46.9	33.7	19.4	100
Humanities	35.8	6.7	42.5	35.8	27.8	100
Art	38.4	5.3	43.7	36.0	20.2	100
Education	70.3	3.3	73.5	8.7	17.7	100
Multiple courses of study	42.0	6.2	48.2	28.9	22.9	100
Total	44.1	5.0	49.1	29.6	21.3	100

*) Graduates who do not try to get a job or to continue their education, jobseekers and foreigners who left Great Britain after graduating

Source: UFC, 1994, Table 3; own calculations

glut. Although university graduation still offers a relative salary advantage over lower education, a closer look at the income prospects in different areas of study reveals that all subjects no longer lead to similar monetary rewards. This is all the more discouraging because the French higher educational system with its diverse selection of shorter and longer practice-oriented curricula theoretically offers the best chances for launching a successful career.

The labour market for university graduates in the United Kingdom

A 1992 international comparison of educational levels showed the United Kingdom, where 20.4 per cent of the pertinent age group held a bachelor's degree,

as sharing the top place with Denmark. Corresponding figures included 13 per cent for the Federal Republic of Germany⁴, 14.5 per cent for France, 9.8 per cent for Italy and 7.9 per cent for Austria (OECD, 1994, Table R 12).

In 1992/93, 49 per cent of the 79,000 university students awarded a first degree obtained employment. The majority, or 44 per cent of the total, even held a permanent position. Thirty per cent of graduates continued their education, especially in physics, biology and humanities.⁵ Doctors and teachers enjoyed the best chances of obtaining permanent employment lasting longer than three months. Librarians, humanities majors and biologists often had to content themselves with temporary positions (Table 2). On the whole, women were slightly more successful in finding a job than men. Fifty per cent of the 1992/93 female graduates of bachelor

4) These statistics equate the first university degree in West Germany and France to the master's.

5) While the United Kingdom regularly compiles comprehensive records of what happens to university graduates (based on reports by individual universities), other countries rely on sporadic studies of this subject.



Table 3:
What happens to university graduates subdivided according to branch of industry and sex in 1992/93 (in per cent)

Branch of industry	Men	Women	Total
First Degree			
Public service	21.1	28.4	24.5
Education	4.4	11.2	7.6
Commerce	34.7	33.3	34.0
Industry	28.1	13.4	21.3
Other	11.6	13.8	12.6
Total	100	100	100
Higher Degree			
Public service	20.1	33.0	25.3
Education	27.2	36.4	30.9
Commerce	13.2	8.8	11.5
Industry	28.8	11.4	21.9
Other	10.6	10.2	10.5
Total	100	100	100
Altogether			
Public service	20.8	29.7	24.7
Education	11.9	18.1	14.6
Commerce	51.0	26.6	27.2
Industry	28.4	12.9	21.5
Other	11.3	12.8	11.9
Total	100	100	100

Source: Universities' Statistical Records, 1994. Tables G and N. own calculations

the men, compared to 18.1 per cent of the women, obtained a position in the educational sector. The relation was reversed in industry: 12.9 per cent of the women, compared to 28.4 per cent of the men, went to work in that sector.

Figures for England alone⁶ showed that 11 per cent of those who completed a first-degree course in 1992 were classified as unemployed (DFE, 1994 b, Table 10). Unemployment was rarer among university first-degree (9.7 per cent) and higher-degree holders (2.6 per cent) than among graduates of the then-existing polytechnics or one of the higher education colleges (14 and 11 per cent respectively). The reasons for this are the subject of speculation. The general educational level may play a role. Universities usually attract the best-qualified school leavers, as measured by A-level grades. Future employers also seem to place less emphasis on highly specialized training than on the development of intellectual capacities.

Crucial determinants of entry-level earnings are the level of the degree acquired and the academic major in addition to the industrial or business sector. On this count, parallels with the situation in France are apparent: in England, too, higher degrees mean higher pay. Specialists in application-oriented technical disciplines have an advantage over social science and humanities majors in their first foray into the labour market.

An annual survey of the Association of Graduate Recruiters (AGR, 1994) on beginning salaries of university graduates in the United Kingdom revealed a median annual salary in 1994 of approximately £13500. More than one quarter of first job holders earned salaries of £17000 or more. Average starting salaries for university graduates in industry in 1994 equalled those in the service sector, where the median ranged from £11000 in hotel and restaurant trades to £17 850 in legal counselling. The production sector showed a narrower scope, ranging from £13 000 in construction to £14770 in the chemical industry. Variance was particularly conspicuous in the higher salary brackets. The service branches offered up to £19 500, while industrial plants paid no more than £15 950.

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courses found employment (compared to 48 per cent of their male counterparts). Forty-five per cent of the female and 43 per cent of the male graduates obtained permanent positions. A larger proportion of the women (31 per cent) than of the men (28 per cent) continued their education (UFC, 1994, Tables 1 and 2).

In 1992/93, commerce absorbed 34 per cent and industry 21 per cent of the graduates with a bachelor's degree. The public service provided jobs for just under a quarter of the graduates, while education provided jobs for only 8 per cent. This pattern differs for new master's and higher degree holders. Education absorbed 31 per cent of these people, commerce only 12 per cent (Table 3). Gender-specific differences were pronounced in education and industry. Only 11.9 per cent of

6) These figures apply only to England since no comparable data exists for Scotland or Wales.



Starting salaries of university graduates also vary according to the level of the degree obtained, the subject major and the nature of the job opening. Bigger salaries are offered above all to holders of higher academic degrees such as MA/MSc or PhD. A doctorate boosts the pay in the surveyed enterprises by an average of £2189. A master's degree increases the starting salary by £501. Studying the right subject can yield as much as £300 annually. Disregarding the generally lower salary levels in the United Kingdom, the situation of job market newcomers resembles that of the Federal Republic of Germany. The advantages of academic training are similar in both countries.

A conclusive assessment of the labour market situation of university graduates is difficult due to the latest reforms in favour of more competition and market orientation. Until now the elite character of university studies, the minimal government involvement in establishing standards, the teaching and research conditions and the brevity and more stringent organization of university programmes were considered to be relatively good safeguards for prompt labour market integration of university graduates. Despite the criticism - also voiced in Britain - about the low relevance of university courses to the requirements of the business sector, British university graduates, with a comparatively broad academic background, seem to have been fairly well prepared to cope on a job market which has afforded only loose ties between the curriculum and the demands of the job. So far entry to the labour force following briefer university first-degree courses and early job experience appear to have sufficed to offset the lack of specialist knowledge.

The labour market for university graduates in Germany

The labour market for degree holders is tight in Germany as well. In 1995 about 206,000 university graduates, an all time high, were unemployed (iwd of 24 October 1996). Approximately 30 per cent of

Table 4:
Initial salaries of British university graduates according to branches of industry in 1994

Branch of Industry	Average
Hotel and catering	11,000
Accounting	12,500
Public services	12,950
Civil engineering	13,000
Metalworking industry	13,000
Electrical engineering	13,250
Commerce	13,250
Insurance	13,450
Other processing industries	13,736
Transport/communication	13,747
Energy and water	13,830
Other private services	14,000
Food, drink and tobacco industries	14,200
Banking	14,584
Chemical	14,770
Legal counselling	17,850
Average	13,500

Source: AGR, 1994, Table B2

them had recently completed their studies; almost 60 per cent were between 25 and 39 years old.

The number of unemployed university graduates has increased almost fourfold since 1980. Nonetheless, university graduates encounter a more favourable environment when looking for a first job than groups with other vocational backgrounds. The unemployment rate among university graduates is four times lower than that of unskilled workers. Since the early 1990s the unemployment rate of university and college graduates has been increasing at a slower pace than that of other workers. The unemployment rate of young university degree holders in 1995 was estimated at 6.4 per cent in western Germany and 4.6 per cent in eastern Germany, compared to 9.4 per cent for the overall work force. However, the figure varies from field to field. Humanities graduates and young engineers face greater challenges in finding their first job than those who have studied economics or sciences, medicine or pharmacy, for

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Table 5:
Unemployment rate among university graduates in Germany according to age group (in per cent of all unemployed university graduates)

Age	West Germany 1995	East Germany 1995
under 25	1.1	2.0
25 to 29	14.1	9.5
30 to 34	22.8	13.2
35 to 39	18.2	12.7
40 to 44	13.5	16.1
45 to 49	8.6	12.4
50 to 54	6.9	14.0
55 to 59	10.9	15.4
60 to 65	3.8	4.5

Source: Bundesanstalt für Arbeit, Stand: 30.09.1995

“The trend to downgrading is illustrated by the increasing number of university-educated persons who take positions which do not correspond to their qualifications. Almost one in every five performs a job for which higher education would not have been necessary.”

whom the situation has improved slightly. Nevertheless, the average young unemployed university graduate spends seven months looking for their first job. Many make use of this waiting period as an opportunity for - unpaid - on-the-job training.

German university graduates do not begin their working life with what is commonly known as a “normal” position. More and more are forced to accept poorly paid short-term or single-project contracts with no social security. Nevertheless, getting started by means of a project-related contract is a way of obtaining professional experience, thus improving chances of finding permanent employment during the next round of job applications.

Even for university graduates higher unemployment rates and longer periods of unemployment increase the risk of employment in a job for which they are overqualified. The trend to downgrading is illustrated by the increasing number of university-educated persons who take positions which do not correspond to their qualifications. Almost one in every five performs a job for which higher education would not have been necessary. Graduates of specialized institutions of higher education are more prone to this pitfall than university gradu-

ates; women are at greater risk than men. The proportion of graduates of specialized institutions whose jobs do not conform to their education is between 19 and 33 per cent for females, and between 8 and 16 per cent for males. Eleven to 22 per cent of female university graduates are employed in positions requiring a lower level of qualifications than they possess; only 6 to 12 per cent of their male colleagues suffer the same fate (*Bundestagsdrucksache* 13/1714 dated 19 June 1995). The greater risk faced by women of working in a job below their qualifications is apparently related to gender-specific academic preferences. Women are more inclined than men to study subjects that are in less demand on the labour market (Büchel, 1996, p. 292).

The monthly net income of a German university graduate was just over DM 4200 in 1991, while graduates of specialized institutions of higher education earned slightly less than DM 3800 (Jagoda, 1996). Thus, the earnings of persons with a higher education exceeded that of unskilled workers (DM 1960) and skilled workers (DM 2284). In this context, too, German women graduates are worse off than their male counterparts. Women with a university degree average DM3200 per month, their male peers DM4600. Women who have



graduated from a specialized institution of higher education average DM2500 per month, males with the same level of qualifications earn DM4000. These differences in net income can partly be attributed to different tax brackets. The net income of a married woman who opts for payroll tax deductions according to Scale III is initially taxed more heavily than her husband, although this might be balanced out when their joint income is taken into consideration.

Results

A common trend toward adapting higher education to the requirements of the national labour market can be ascertained in many European countries along with a reduction in the amount of time spent in higher education. Despite common problems it will be neither possible or sensible to develop a uniform European policy to foster the appropriate professional integration of graduates. This makes it all the more imperative to find solutions tailored to national peculiarities. However, planners would be well advised to look beyond their country's borders for inspiration. One question cannot be answered immediately: whether the orientation of higher education on specific requirements of the domestic labour market might limit qualifications for a European labour market and by the same token impair Europe-wide cross-border worker mobility.

The lion's share of the 150 million workers in the European economic area are employed in the service sector. By the turn of the century this number will have increased by 7 million (Prognos, 1990). Forecast growth varies from Member State to Member State, from 50 per cent in Greece to approximately 71 per cent in Norway, the United Kingdom and the Netherlands. The expansion of the service sector will have an impact on the educational and vocational training systems. The shifts in employment opportunities will primarily benefit highly qualified persons. Their know-how will be in particular demand in the areas of telecommunications, the media, electronic data processing, biotechnology, the environment, health, leisure and travel. Continuing structural change throughout Europe

and increasing internationalization of markets will open more and more foreign doors especially to job-hunting specialists and executives.

A survey of 286 enterprises in 12 European countries in 1992 produced the surprising discovery that German and French companies already recruit 42 per cent and 32 per cent respectively of their junior managers from other European Union countries (CSU, 1993). This is not due to any lack of qualified candidates in Germany and France but to the increasing internationalization of enterprises. Other important factors are the special cultural and language backgrounds of foreign graduates, who increase customer identification when firms venture abroad, and facilitate their access to foreign markets.

In the case of transnational recruitment in domestic placement, graduates who have studied economics or engineering have the edge on those who completed other courses. The highly qualified have higher hurdles to overcome in a foreign country than less qualified workers. The former are expected to possess not only expertise in their area. Their knowledge of the host country's legal system and government, their ease in dealing with business partners there as well as their mastery of the local language are taken for granted.

German enterprises cite their own uncertainty in evaluating qualifications acquired abroad as the greatest obstacle to recruiting foreign graduates at present. In addition, they complain about a lack of language skills and large investments in familiarization, which are frequently entirely unjustified by the length of employment (List, 1996). Although the relative size of the European mobile labour force is not expected to change drastically in the years to come, the issue of occupational and regional mobility of graduates in particular will continue to gain importance. In contrast to the mass migration of the 1960s, which was motivated by divergent employment opportunities and levels of prosperity, the impetus for movement in the coming millennium will be the network of economic, social and cultural ties gradually meshing into a uniform European social sphere.

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