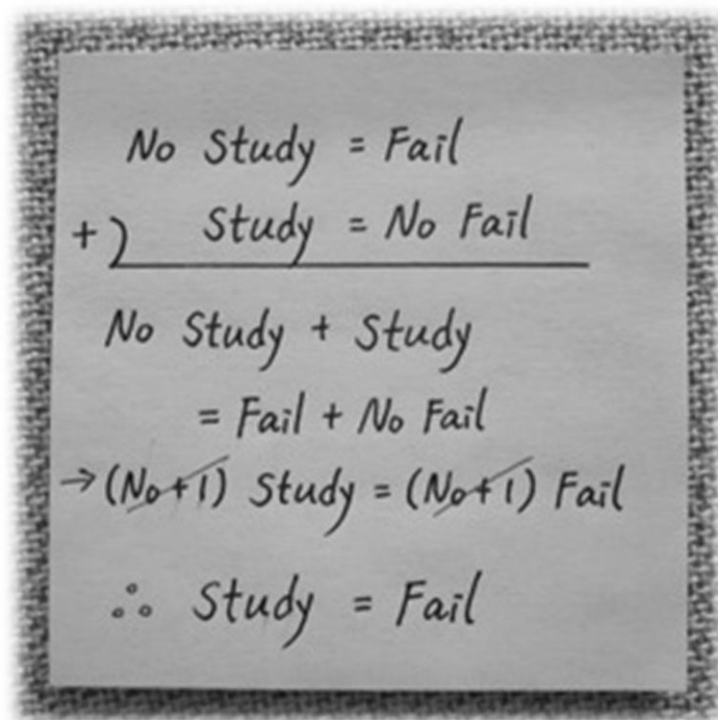


Where did the future go?

Unemployment of higher educated in Lisbon



A photograph of a piece of paper with handwritten text. The text is written in black ink on a light-colored background. The handwriting is somewhat informal and includes mathematical symbols and logical deductions. The text is as follows:

$$\begin{array}{l} \text{No Study} = \text{Fail} \\ +) \quad \underline{\text{Study} = \text{No Fail}} \\ \text{No Study} + \text{Study} \\ \quad = \text{Fail} + \text{No Fail} \\ \rightarrow (\cancel{\text{No}} + 1) \text{ Study} = (\cancel{\text{No}} + 1) \text{ Fail} \\ \therefore \text{Study} = \text{Fail} \end{array}$$

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Lisbon/Groningen, August 2012

Acknowledgement

Four years went by so fast at the University of Groningen. Traveling on almost a daily basis from Heerenveen to Groningen, sometimes spending more time in the bus than in the classrooms. But to every phase in life comes an end, which in this case ends with my masterthesis.

I was not looking forward to working on this big project and for this reason many tears were shed, even before I started working on this thesis. Not because I did not want to finish studying, but because I was afraid to fail writing my masterthesis. However, 6 months after the first masterthesis meeting, I can say that I did not need to be so afraid writing a masterthesis.

But without all the mental support I would not have made it so far. I want to thank a few people who helped me through this difficult time of my studies. First of all my parents, who, no matter what, will be there for me. Secondly my boyfriend, who gave me the permission to do another exchange, this time to Lisbon. Thirdly, the other exchange students, Bas Heite, Karin Ronde, Ruth Hiddink and Femke Hitzert, who supported me through the whole process of writing my thesis. Especially Karin, who helped me with distributing the questionnaire around the university. Fourthly, Johan-Detlef Dubbelboer, who just pushed me in the right direction and showed me that the world is not something really scary.

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Sandra van der Molen
Lisbon, July 2012.

Abstract

Employment of higher education has been seen as something natural, following higher education would help you find a good job. Not only the unemployment of youth and lower educated has risen over the past few years, also the unemployment rates of the higher educated got affected by the crisis.

In Portugal, the unemployment rate of the higher educated people between the ages 25 – 34 was 16% in the first quarter of 2012. This number is momentarily higher than the average unemployment rate of Portugal, which was 15% in the first quarter of 2012. The fact that the unemployment rate of higher educated is higher than the average unemployment rate is very interesting. The main question of this master thesis is about what strategies the students in Lisbon use to increase their entry possibilities on the labor market. This question is divided into four main themes; education, over-qualification, entrepreneurship and migration.

For this thesis information is given by OBIPNova. 976 graduates from the years 2004/2005 responded to the telephone questionnaire about the transition from university to work.

1010 graduates from the year 2008/2009 responded to a similar telephone questionnaire. The primary data, which is part of my own research, was collected in the form of a questionnaire on paper and online. In total 280 students from different universities in Lisbon answered the questions about the four main themes of this thesis.

OBIPNova's research discovered that the main reason graduates from Universidade de Lisboa and Universidade Nova de Lisboa follow higher education was the improvement of future prospects. Following a higher education would increase their possibilities of finding a job and was seen as the main motivation, followed by finding a well paid job and making it possible to occupy the job they desired. 78% of the respondents who filled in my questionnaire are following higher education because it would increase their chances on the labor market.

While studying, following an exchange program or internship has been seen as very important by the graduates from both universities. 33% of the respondents from the questionnaire followed an exchange program in or outside Europe. 51% of the respondents followed an exchange program because they thought it would increase their chances on the labor market after graduation.

34% of the respondents answered yes to the following question, 'Will you continue studying if you do not get a job when you are graduated?' Which indicates that some students prefer to increase their knowledge if there is no matching job available.

While the main motivation to follow higher education is the improvement of future prospects, it does not mean that it helps to find the right job. Different interviewees pointed out that momentarily it is better to not have a degree, or at least not to mention your degree in your CV, in order to find a job. Graduates are too expensive to hire, so companies prefer cheaper employees without a higher education diploma, or with an higher education diploma but not paying for it.

Over-qualification is a situation where a worker's highest qualification exceeds the one required by his/her job. The job accepted by a graduate is below his or her education level. Circa 35% of the employees in Portugal has a job which is lower than their education level. The amount of graduates accepting a job lower than their education level increases when unemployment levels become higher.

It seems that more and more graduates can only find a job lower than the qualifications of their end degree. In the 2004/2005 study, 16% of the graduates found a job lower than their qualifications. In 2008/2009, this increased to 25%. But now, in 2012, 40% of the respondents said they would accept a job lower than their degree qualification.

Entrepreneurship is seen as the main engine of growth in modern economics and its role in impacting unemployment is very important. The stimulation of entrepreneurship among higher educated would be a good solution for the growing unemployment rates. From the graduates only a small percentage were self-employed, 6% were self-employed one year after graduation and this increased to 8% three years after graduation. 4% of the graduates from 2008/2009 were self-employed one month after graduation and ended up at 5% graduates one year after graduation. Comparing the two groups of graduates, the number of self-employed one year after graduation went down. There is not a obvious reason for this decrease.

The respondents from the 2012 questionnaire gave another impression, 45% of the respondents considers becoming an entrepreneur after graduation. From the 153 respondents (54%) who answered no to this question, 42% would reconsider entrepreneurship if they could not find a job. The respondents from the questionnaire are positive about the possibilities that entrepreneurship might give. Especially in this case, however, intending to become an entrepreneur does not mean that someone will become an entrepreneur.

Migration, which is supported by the Prime minister of Portugal, is momentarily very popular. 52.000 Portuguese migrated to Brazil in the year 2011 and according to the figures of 2010, 91.900 Portuguese citizens are living in Angola. And these two figures are only from the two most popular destinations.

From the 2004/2005 graduates only 1% live outside Portugal, for the graduates from 2008/2009 this number is unknown. The respondents of the questionnaire have a very positive attitude towards migration. The least attractive movement is from Lisbon to the periphery, but still almost half of the respondents thought it would be very likely or completely likely to move there if a job was offered in the periphery. 61% of the respondents thought it would be very likely or completely likely they would move to another big city in Portugal. Migration to another European country is most likely (75% answered very likely or completely likely) followed by another Portuguese speaking country (67% answered very likely or completely likely). These results show a very positive attitude towards migration.

A question to compare the four themes of this thesis was asked. If the respondents who filled out my questionnaire had to choose between continue studying, accepting a job below your education level, migration or becoming an entrepreneur; 43% of the respondents would prefer migration if they could not find a job that matches with their education level. The explanation

for migration are the expected opportunities which can be found outside of the country. 27% would continue to study if they could not find a matching job and 14% accepts a job below their education level, mostly because they just need the money. Only 11% would try to set up their own business, these respondents think that it is a good idea to create your own job. 5% of the respondents do not have a clear idea about what they should do if they cannot find a matching job with their education level.

Keywords: Portugal, graduates, unemployment, continue studying, over-qualification, entrepreneurship, migration

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1. Introduction and overview

This chapter is an introduction to this masterthesis. Starting with the introduction of the main topic, followed by my motivation and the relevance of the topic. Also the research problem, research goal, research questions and the research area will be discussed in this chapter. Lastly, the methodology and data will be discussed.

1.1 Topic Introduction

'Hundreds of thousands of people demonstrated against youth unemployment in 11 cities across Portugal on Saturday' (Mitchell, 2011)

In many countries of the European Union, unemployment rates have risen since the economic crisis started in 2007, and unemployment rates are still rising. Portugal had an unemployment rate of 14,9 % in the first quarter of 2012 (INE, 2012), which is higher in comparison with the average unemployment rate of 10,2% across the EU27 in 2012 (EuroStat, 2012). The unemployment rate of tertiary graduates also raised and reached a level of 15,6% in the first quarter of 2012 in Portugal (INE, 2012). This rate is higher than the average tertiary unemployment rate across EU27 which was 5,3% in 2011 (Eurostat, 2011²).

For Portuguese students it is important to adjust to the problematic labor market. It is interesting to discover what strategies Portuguese students use to increase their entry possibilities on the labor market. Different strategies which are used on the labor market will be discussed. These strategies are related to education, over-qualification, entrepreneurship and migration.

Education and the Labor Market

A factor that can improve the entry possibilities on the labor market in Portugal is education. A question that should be asked is; how much should a student invest in education in order to increase the entry possibilities on the labor market? Boeri & Ours (2008) explain that the more education an individual will follow the higher the productivity will be. The higher the productivity, the higher the wages. The choice of education is based on financial considerations and on the expected benefits and the cost of schooling. But is this still the only reason for education? Nowadays, the unemployment rate of graduates is higher, and graduates struggle with finding a job; the reason to follow education might have changed. Students might not consider the financial benefit higher education could bring, but emphasize on the opportunity to increase their chances on the labor market.

Over-qualification/Over-skilling and the Labor Market

In several countries, large numbers of graduates hold jobs that are below their qualification level. Some graduates may choose to accept a job for which they are over-qualified. The probability of being over-qualified in the first job increases with the relative unemployment rate at graduation. If the unemployment rate is high, which is the case in Portugal, the chances of graduates accepting a job below their qualification level is bigger. This raises the question

if this phenomenon is happening with the graduates in Portugal (OECD Employment outlook, 2011).

Entrepreneurship and the Labor Market

Starting up a business after you graduate might be seen as a solution to the high unemployment rates. Starting up a business gives a graduate the opportunity to be self-employed. Entrepreneurship is seen as an engine of economic growth, which is linked to changes in unemployment. A relationship between entrepreneurship and unemployment can be expected, but the question that needs to be answered is if this is a positive or negative relationship (Faria, 2010). Do students have an interest in becoming an entrepreneur after they are graduated?

Migration and the Labor Market

In comparison with the other three strategies, migration is a total different strategy. Migration from a region or country with a high unemployment rate might be necessary to overcome the problematic labor market. The question with migration is whether to move to somewhere else and where to go to. First, the decision to move has to be made by the graduates, and secondly, they have to decide where to go to. Do graduates just move from city to city, from city to periphery, from Portugal to another European country, or from Portugal to a former colony?

1.2 Research problem

The unemployment rate of the tertiary graduates in Europe has increased, which also happened in Portugal. Table 2 shows that Portugal ends up at the 6th place in the EU21 in 2009. The position of the tertiary students in Portugal is troublesome; the unemployment rate is high but will be higher in the years after 2009.

Tertiary graduates not in education and unemployed	
2009	
Greece	13.2 %
Spain	10.8 %
Italy	9.9 %
Slovakia	8.3 %
Luxembourg	7.3 %
Portugal	6.8 %
Netherlands	1.7 %
EU 21	5.3 %
OECD countries	5.7 %

Table 1.1 Countries with highest unemployment rate of tertiary students

Source: OECD (2011), *Education at a Glance*, Table C4.3

After 2009, the unemployment rate of tertiary educated kept growing. The following table shows what happened with the unemployment rate in Portugal.

	Portuguese Population between the ages 25 and 34 with higher education					
	4 ^o Quarter 2010	1 ^o Quarter 2011	2 ^o Quarter 2011	3 ^o Quarter 2011	4 ^o Quarter 2011	1 ^o Quarter 2012
Employment Rate	82,60%	83,50%	84,30%	80,10%	79,70%	78,63%
Unemployment Rate	11,80%	11,80%	11,50%	13,10%	14,50%	15,61%
Activity Rate	93,70%	94,70%	95,30%	92,10%	93,20%	94,22%
Inactivity Rate	6,30%	5,30%	4,70%	7,90%	6,80%	5,79%

Table 1.2 Employment figures of the Portuguese Population between 25-34 with higher education

Source: Inquérito ao emprego INE

This table shows that the unemployment rate of higher educated is still rising, which is not a good prospect for the future graduates. In total the Portuguese population consists of 1.259.200 (12%) higher educated, from which 406.000 are between the ages 25 – 35 (INE, 2012).

1.3 Research Goal

The goal of this research is to discover how tertiary educated Portuguese students, with a focus on students in the city of Lisbon, adjust to the problematic labor market in their country, and to learn what strategies Portuguese students use to increase their entry possibilities on the labor market.

1.4 Research Questions

The following questions are formulated to achieve the research goal. In order to answer the main question, nine sub questions are formulated.

The main question of this masterthesis is:

What are the strategies of tertiary educated students in Lisbon to increase their entry possibilities on the labor market?

This leads to the following sub questions:

- 1a. What are the effects of education on employment?
- 1b. What are the effects of education on employment in Lisbon?

- 1c. Is education a strategy of the students of Lisbon to increase their chance of employment?
- 2a. Is over-qualification a problem in Lisbon?
- 2b. Will students accept jobs that are below their qualification?
- 3a. Is there a relationship between unemployment and entrepreneurship?
- 3b. Are Portuguese students interested in becoming an entrepreneur after graduation?
- 4a. What are the effects of unemployment on migration?
- 4b. What are the effects of unemployment on migration in Lisbon?
- 4c. Is migration a strategy of the students of Lisbon to increase their chance of employment?
5. What needs to be done by the Portuguese government, according to the students, to increase the chance of employment?

1.6 Research Area

In the academic year 2008/2009 a total of 373.002 students were studying in Portugal. Between the school years 2003/2004 and 2008/2009 Portugal has seen a decrease in students going to tertiary education. This decrease was by 5,5% (Eurostudent, 2012). The change in student population depends on many factors, for example on demographic changes. Trends in enrolment are examined by Eurostudent (2012) as well. This examination shows that Portugal had a high peak in 2004, 13,6% of the 18-34 year olds participated in tertiary education. A slight decrease was found after with 13,1% of the 18-34 olds participating in 2009. One of the big concerns is the decreasing number of young people and how such a change will affect higher education participation and funding. Lisbon has in total 9 universities, which attract students from all over the country.

1.7 Data and Methodology

The collection of information started with secondary data, through literature study about the labor market, education, migration, over-qualification, entrepreneurship and the connection of these topics with unemployment. Primary data was collected in Lisbon.. For this research, students from different universities were asked to answer a questionnaire. In total, 7 in-depth interviews with respondents of the questionnaire were held. An in-depth interview provides more information than a survey, which offers a better insight of the situation in Lisbon.

1.8 Definitions

Tertiary graduates are those who obtain a university degree, vocational qualifications, or advanced research degrees of doctorate standard (OECD, 2011¹).

Unemployed individuals are defined as those who are, during the survey reference week, without work, actively seeking employment and currently available to start work (OECD, 2011¹).

The unemployment rate refers to unemployed persons as a percentage of the civil labor force (OECD, 2011¹).

Employability is the ability to gain initial meaningful employment, or to become self-employed, to maintain employment, and to be able to move around within the labor market (Working Group on Employability 2009, p. 5)

Entrepreneurship is defined as the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organization (European Commission, 2003, p. 6 in Davey, 2011)

Graduate entrepreneurship refers to the interaction between the graduate as a product of university education and business start-up in terms of an individual's career-orientation and mindset towards self-employment (Nabi and Holden, 2008, pp. 546-547, in Davey, 2011)

2. Graduate Unemployment

To discover what strategies students and graduates use to increase their chances on the labor market, it is good to look at the history of tertiary graduates in Portugal. To give a clear overview of the history of tertiary graduates, Portugal will be compared with other countries.

The information in this chapter is obtained from the publication *Education in a Glance* published by the OECD in 2011. Other sources that are used in this chapter will be cited.

2.1 OECD Countries

In the past 50 years, an expansion is observed in attending education in OECD countries. In 1961, following higher education was the privilege of the few, and a majority of young people did not attend upper secondary education. Nowadays, a great share of the population completes secondary education and one in three young adults has a tertiary degree. In some countries, even half of the population will have a tertiary degree in the future. The proportion of people, on average across OECD countries, with at least an upper secondary education has risen from 45% to 81%, and for those with a tertiary education has risen from 13% to 37%.

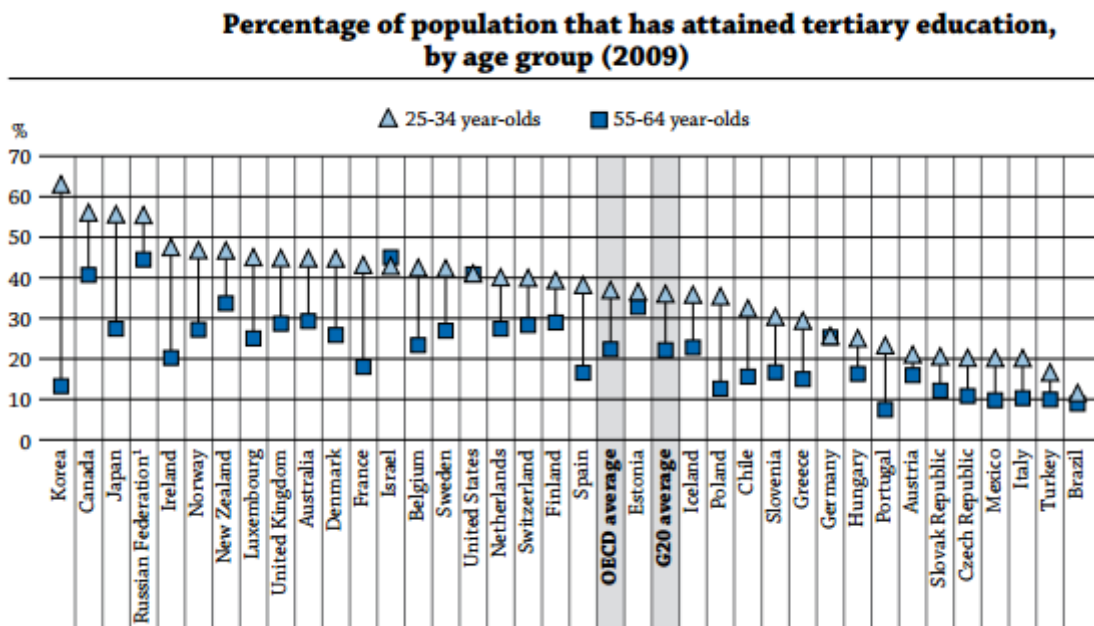


Figure 2.1 Percentage of Population that has attained tertiary education

Source: OECD (2011), *Education at a glance*, Chart A1.1

Higher levels of educational attainment (Fig. 2.1) lead to greater labor participation and higher unemployment rates. Individuals with a tertiary-level degree have a greater chance of being employed than those without such a degree. Having a degree improves job prospects in general and also increases the likelihood of remaining employed in times of economic hardship. On average 84% of the population across OECD countries with a tertiary education

is employed. Employment rates of those with a tertiary education are 27 percentage points higher than those who have not completed an upper secondary education (p. 116).

Unemployment rates across the OECD countries, between the years 1997 and 2009, for those with a tertiary-level education are on average at or below 4%, in comparison to the unemployment rate of those with an upper secondary education which is 7% and 10% for those who have not attained an upper secondary education. In 2009, the average unemployment rates was 4,4% for those with a tertiary education, 6.8% for those with an upper secondary education, and 11.5% for those who have not attained an upper secondary education.

The prospect of employment largely depends on the requirements of the labor market and on the supply of workers with different skills. Unemployment rates indicate the match, or mismatch, between what the education system produces and what skills the labor market demands. On average the unemployment rate decreases as educational attainment increases, this holds true both for men and women.

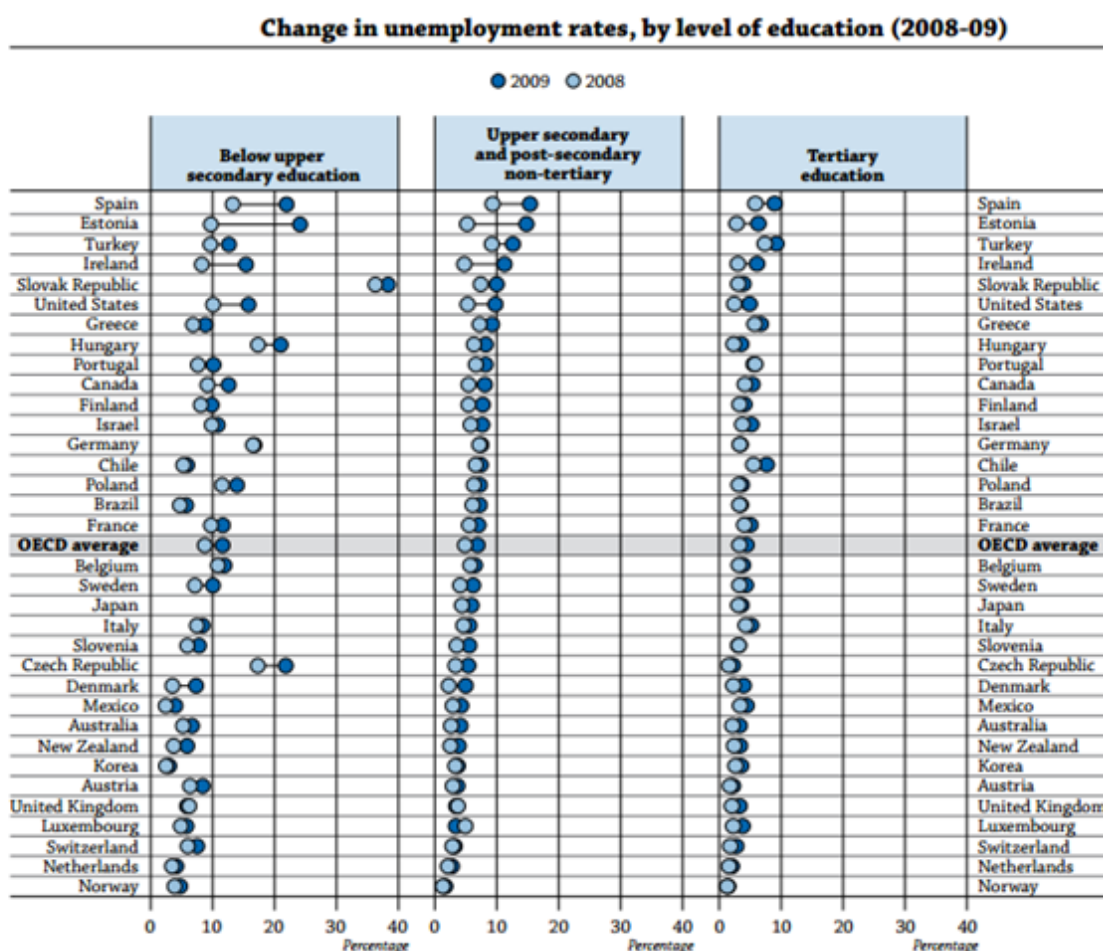


Figure 2.2 Change in unemployment rates
Source: OECD (2011), *Education at a Glance*, chart A7.2

The economic downturn affected the unemployment rates in 2009 (see figure 2.2). There are a few exceptions, but for the majority of the OECD countries the unemployment rates increased. However the rise of unemployment of those with tertiary education was less than the unemployment raise in total. The growth of the unemployment rate of those with tertiary education was 1.1 percentage points, in comparison with 2.8 percentage points for those without an upper secondary education and 2.0 percentage points for those with an upper secondary education. Figure 2.2 shows that the unemployment rate of high education (tertiary) did not increase in Portugal in the period 2008-2009, but what we can see in table 1.2 (p. 12) is that the unemployment rate after 2009 increased strongly. The crisis, which caused the growing unemployment rates, showed its effect on the unemployment figures after the year 2009.

Some graduates find the transition from education to the labor market impossible to achieve. High unemployment rates make it difficult for graduates to make the transition from school to work, also because those with work experience are favored over new entrants into the labor force. When the transition is difficult because the labor market conditions are poor, younger individuals tend to stay in education longer. High unemployment rates drive the opportunity cost of education down. Improvement of the transition from education to work can be achieved through producing an education system that produces appropriately trained individuals who meet the requirements of the labor market. Also a reduction of the young adults who are neither in school nor work is needed to reduce the unemployment rate.

2.2 Portugal

After the discussion of the education, employment and unemployment figures of the OECD countries, a focus is needed on the figures of Portugal. Mostly all the figures which hold for the OECD countries hold for Portugal as well. In this section we will discuss the figures of Portugal and the differences between the figures from the past and the present.

In the year 1998 the percentage of young individuals that attained a tertiary education in Portugal was 8%. The annual growth rate of individuals which attained a tertiary education between 1998 and 2009 was 5.4%. The total amount of young individuals who attained a tertiary education was 15% in 2009. The growth of attainment also leads to an increase of graduates from a tertiary education.

The employment rates of the Portuguese population between 25-34 years old who followed tertiary education are given by the Instituto Nacional de Estatística (INE). The unemployment rate of tertiary graduates was 15,62% in the 1st quarter of 2012, which is higher than the European average. The unemployment rate of the Portuguese population, from all ages, with a higher education is 9,19%, which is lower than the unemployment rate of the graduates between the ages 25-34. This indicates that the younger graduates, just out of university, have a harder time to find a job and that the older graduates can keep up with the jobs they already have. The employment rate has declined since the year 2009. Table 1.2 (p. 12) shows that the

employment rate went up in the first and second quarter of 2011, but decreased in the third quarter and after that still decreased. The first quarter of 2012 showed that only 78,63% of the population with a higher education between the ages 25-34 was employed.

The economic downturn, or in other words, the economic crisis has a downwards effect on the labor market. According to the publication of the OECD in 2011, *Education at a glance*, the unemployment rate increased, with an exception of a few countries. One of these countries is Portugal, the figures show that, at the highest point, the unemployment was 6.6% in 2007, went down to 5.8% in 2008 and was 5.6% in 2009. It might be that the economic crisis did not affect the tertiary graduates before the year 2009, but what can be seen in table 1.2 (p. 12) is that the crisis affected the unemployment rates of the tertiary students after 2009. The unemployment rate was 11,8% in the last quarter of 2010 and raised until 15,6% in the first quarter of 2012 (INE, 2012). The publication made by the OECD in 2011 had a wrong perspective of the future of Portugal.

Overall, Portugal shows a still growing unemployment rate, which was 14,9% in the first quarter of 2012. The average unemployment rate of higher educated was 9,19%, but for the higher educated between the ages 24-35 the unemployment rate raised until 15,6%. This percentage is even higher than the average unemployment rate of Portugal.

3. Theoretical Framework

After graduating, almost everyone wants to find a job as soon as possible, to enter a new stage in life. When the unemployment rate is high, however, this might not be so easy. Finding a job might take a longer time and some graduates will not find a job at all. In this chapter different strategies will be discussed that students in university or graduates trying to find a job can use.

In this research, four different strategies will be emphasized. The first one is related to following an education, do students stay longer in education when the unemployment rates are high and do students go on foreign exchanges to increase their chances on the labor market? The second strategy is related to over-qualification, do graduates accept jobs which are lower than their qualification level? Will they stay in under-qualified jobs, or will they start in an under-qualified job and try to move up from this position? The third strategy is based on entrepreneurship. Are the Portuguese students interested in becoming an entrepreneur right after graduation? Do they expect they will be an entrepreneur later in life? Or are there missing qualities to start up their own firm? Finally, the fourth strategy is related to migration. When the unemployment rate of graduates is high, they might decide to move. These movements can be from Lisbon to another Portuguese city, from Lisbon to the periphery, from Lisbon to an European country or from Lisbon to one of the former Portuguese colonies.

These four strategies are the main topics of this research, because they are related to what students and graduates do. They are based on the decisions made by the students and graduates themselves. These are not based on what the government decides for them, like employment protection legislations, unemployment benefits or wage differentials.

3.1 Education & the labor market

A well-established fact are the lower levels of unemployment of higher educated in comparison to lower educated people. Graduates have higher employment rates than individuals with lower levels of education (Núñez, 2009). However, if we have a closer look at the research done by Eurostudent (2012), the research reveals that the unemployment ratio of recent graduates is considerably higher than that of more experienced young people in many other countries. The relationship between higher education and the world of work has been an issue of debate since 1990. In those years a substantial graduate unemployment was reported in many relatively rich countries as well as in developing nations (Teichler, 2000). According to the Working group on Employability (2009, p.5), the role of higher education is 'to equip students with the knowledge, skills and competences that they need in the workplace and that employers require; and to ensure that people have more opportunities to maintain or renew those skills and attributes throughout their working lives'. The transition from education to work is one of the major passages in life (Teichler, 2000).

3.1.1 Education system

Portugal, like 47 other countries, changed their higher education system according to the Bologna Process. The Bologna Process supported a significant amount of changes in the European Higher Education Area, which laid the ground for higher education that is serving an increasing range of societal demands; higher education structures have been modified, qualified assurance systems developed, mechanisms to facilitate mobility established, and a range of issues for the social dimension of higher education indentified (Eurostudent, 2012). One of the changes that happened in Portugal after the implementation of the Bologna Process was the decrease of years in which the Bachelor degree was supposed to be finished. The amount of years went down from five to three years, but still the same amount of knowledge had to be obtained.

Portugal is a country where graduates are the exception rather than the rule, as can be seen in figure 2.1, thus the growing number of graduates should be welcomed news. But in the case of Portugal, it is not. The worst aspect of the crisis is that the young job seekers who invested the most in their education are hit the hardest (Guimaraes, 2010). Thus, over the last decades the number of graduates entering the labor market has increased, which produced a gap between the amount of jobs available for graduates and the graduates looking for a job. Finding a job became more difficult than ever and graduate unemployment is rising fast (OECD, 2006). Most experts agree (Teichler, 2000) that in most parts of the world the subsequent growth in the number of graduates tends to surpass immediate demand.

The decision to invest in education was influenced by the wage return, but this might have changed over time and might have been driven by other determinants. One important determinant is the strength of the local youth labor market at the time at which students make the education investment decision. Education may be more attractive when the local labor market is weak (Clark, 2011).

3.1.2 Life Long Learning

Staying in education is even more attractive when the local labor market is weak, but also the possibility to re-enter into the education system might be attractive. Lifelong learning has been one of the central themes of the Bologna Process, but only in a few countries the documents about higher education include a definition of lifelong learning. The provision of non-formal courses offered by institutions alongside their formal degree programs, or degree programs provided under various arrangements different from traditional full-time schemes are part of the lifelong learning concept. A majority of countries have put in place flexible study options targeting non-traditional learners. Students might have a different status other than the status of full-time student, the most common alternative being the status of part-time student. The age of the student is mostly the significant factor for the decision to follow a part-time study, with older students (aged thirty and above) being more likely to study part-time than younger ones. Some universities in Lisbon, for example Universidade Nova de Lisboa, offer some of their Bachelor programs with lectures only in the morning or only in the afternoon. Most of the master and PhD students follow their lectures at evening, so they can

combine studying with a part-time job. This also accounts for Bachelor students who decide to follow a bachelor program which only takes place on one part of the day. The possibility to follow part-time bachelor, master and PhD programs makes it easier for older students to enroll.

3.1.3 Student Mobility

The Bologna Process set a quantitative target for student mobility: by 2020 at least 20% of the graduates should have had a study or training period abroad. The data currently available, which only focuses on degree mobility, shows that the majority of Bologna countries have an incoming and outward mobility rate of less than 10%. The Erasmus program has been set up in Europe and successfully stimulated and supported temporary mobility of students within Europe (Teichler, 2009). The students perceive obstacles to mobility, which have to be dealt with in the coming years. If the obstacles could be dealt with the mobility rates might increase which can lead to a new dimension of social disparity (Eurostudent, 2012). In Portugal, from all the students enrolled in tertiary education, only 1,9% are students outside of the EHEA (European Higher Education Area) countries. 0,51% of the students enrolled in tertiary education in Portugal are from inside of the EHEA countries. 0,31% of the enrolled students go study abroad for a period of time at a country outside of the EHEA countries. But 2,9% of the Portuguese students, which is higher than average (1,83%), are enrolled in tertiary education in an country inside of the EHEA countries.

Messer and Wolter (2007) researched the worthiness of an exchange abroad. A survey was distributed around Swiss university graduates from the classes 1999 and 2001. This survey showed first of all that participation in a student exchange program depends on the socio-economic background of students. The researchers expected to find a positive impact on the young graduate's entry into the labor market. This could be measured on two basic factors: firstly, the probability of finding a job, and secondly, the starting salary. Messer and Wolter concentrated on the second factor; the starting salary, because the employment rate of Swiss students is fairly high. The problem the researchers run up against was the difference between students who opt for an exchange semester and those who do not. The mobile and non-mobile students are generally different in terms of motivation, ability, social background and other factors. Therefore, a potential impact of student exchange experience on salary level cannot legitimately be caused by the student exchange per se, because the differences between the two groups of students might cause this same effect. The research did discover that the starting salaries upon entry to the labor market and the probability of writing a dissertation were examined as possible expressions of the benefits deriving from exchange semesters. On the other side the research found that this group of graduates would have established salary advantages even if they had not participated in any exchange program. This indication suggests that the characteristics of graduates who chose to participate in an exchange program are simple better graduates. The advantages these graduates have in the labor market and scientific or academic career are simply attributable to the better capabilities of these graduates and not to the fact that they did attend to an exchange program. But, Messer and Wolter do think an exchange semester is worthwhile. They point out that student mobility

increases the awareness of cultural differences and might lead to other advantages, which were not covered in their research.

3.2 Over-qualification & the labor market

Across OECD countries over-qualification and over-skilling have become growing problems. Over-qualification is a form of qualification mismatch and over-skilling is a form of skill mismatch. The two other forms of qualification and skill mismatch are under-qualification and under-skilling, but these two forms are not relevant to this research. Qualification mismatch is the discrepancy between the qualifications held by workers and those required by their job. Qualification only reflects the certified skills, mostly required in initial education. While a great deal of skill acquisition happens on the job along with some skill obsolescence. Thus, skill mismatch is a genuine discrepancy between one’s competences learned on the job and those required by his/her job. In the OECD countries about one in four workers are over-qualified and about 40% of the over-qualified workers feel that they have the skills to cope with more demanding tasks at work (OECD Employment outlook, 2011).

Qualification mismatch	Discrepancy between the highest qualification held by a worker and the qualification required by his/her job.
Over-qualification	Situation where a worker's highest qualification exceeds the one required by his/her job.
Skill mismatch	Discrepancy between the skills = both specific and general - possessed by a worker and the skills required by his/her job.
Over-skilling	Situation where a worker's skills are above those required by his/her job.

Table 3.1: Definitions of key terms
 Source: OECD Employment outlook, 2011

In several countries, including Portugal, large numbers of graduates hold jobs that are below their qualification level. Some graduates may choose to accept a job for which they are over-qualified. The probability of being over-qualified in the first job increases with the relative unemployment rate at leaving education: the percentage of over-qualified in the first job is 39% when leaving education at times of constant unemployment – *i.e.* a relative unemployment rate of 1 – but with an unemployment rate twice as high as its five-year average 42% will be over-qualified for the job (OECD Employment outlook, 2011).

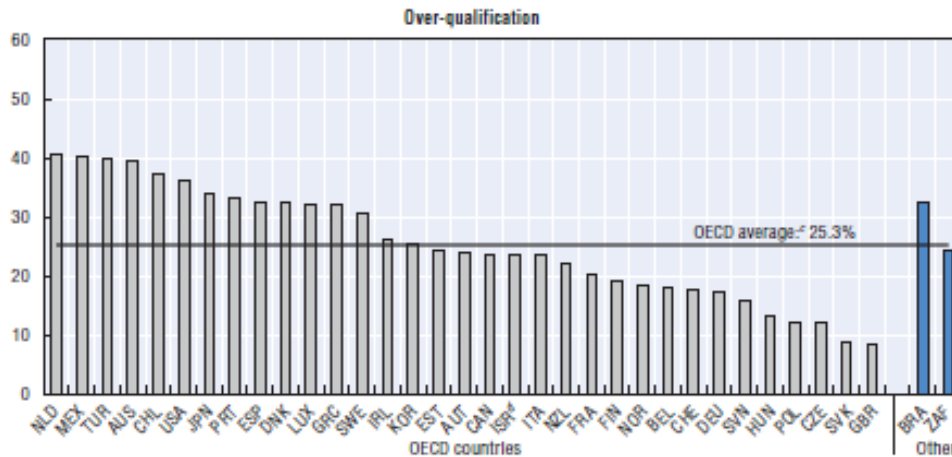


Figure 3.1: Indicators of qualification mismatch, OECD and selected countries, 2005
 Source: OECD Employment outlook, 2011

Young people leaving their education after graduation at a time of rising unemployment will face an increased risk of over-qualification, but not of over-skilling. One explanation for this is that the *best* students might choose to stay in education longer rather than enter the labor market in the midst of a recession. This can also be linked to the section ‘education & the labor market’, because students stay longer in education to adjust to the problematic labor market. But, because of staying longer in education, the qualification of students will be larger than in normal times.

Not only has the higher unemployment rate played a part in the growing number of graduates holding jobs below their qualification levels. The increase in the number of students following higher education has created an ‘over-education’ problem, because there are too many graduates for the economy to absorb (Mosca & Wright, 2011).

3.3 Entrepreneurship & the Labor market

A lot of research is done on entrepreneurship, especially the relationship between unemployment and self-employment. Entrepreneurship is defined as ‘the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organization’ (European Commission, 2003, p. 6 in Davey, 2011). Graduate entrepreneurship refers to the ‘interaction between the graduate as a product of university education and business start-up in terms of an individual’s career-orientation and mindset towards self-employment’ (Nabi and Holden, 2008, pp. 546-547, in Davey, 2011). Entrepreneurship is seen as the main engine of growth in modern economics (Thurik, 2009 in Faria, 2010), and its role in impacting unemployment is very important. Economic growth is linked to changes in unemployment, through the growth rate formula of the Okun’s law (Prachowny, 1993 in Faria, 2010), so we can assume that there is a relationship between entrepreneurship and unemployment. Okun’s law emphasized that for

every 1% increase in the unemployment rate, a country's GDP will be roughly 2% lower than its potential GDP. Only the question that still needs to be answered is; what type of relationship is there between unemployment and entrepreneurship?

3.3.1 Theory

The most important theory that is related to this research is the 'recession-push' theory, which supports the idea that unemployment reduces the opportunities of gaining paid-employment. These reduced expected gains from job search 'pushes' people into self-employment. This theory suggests a positive relationship between self-employment and unemployment. But on the other hand, the 'prosperity-pull' hypothesis represents an opposite interpretation of this relationship, when unemployment rates are high, firms face a lower market demand. A lower market demand reduces self-employment incomes and possibly also the availability of capital, and thus the risk of bankruptcy might increase. Individuals in this situation are 'pulled' out of self-employment. At the same time, self-employment may become riskier because if the firm of the self-employed person fails, it is less likely that the self-employed worker can find a job in paid-employment. So, this theory suggests that there is a negative relationship between self-employment and unemployment.

The two theories are both supported in a lot of different studies; the 'prosperity-pull' hypothesis is mainly supported by micro-econometric studies, while macro-econometric analyses usually generate ambiguous results or weak evidence in favor of the 'recession-push' theory. Due to the complex relationship between unemployment and self-employment various scholars have found a large array of different results, so that the exact nature of the relation is still not clear.

In times of recession, it is harder for individuals to find paid-employment, the job offer arrival rate will be lower, because the search costs for finding a paid job are higher. Thus it is conceivable that in times of high unemployment individuals are pushed into self-employment for lack of alternative sources of income such as paid-employment (Congregade et al., 2011).

3.3.2 Research

Faria et al.'s (2009) view is that the relationship between unemployment and entrepreneurship is dynamic and nonlinear. Garofoli (1994) and Audretsch and Fritsch (1994) found that unemployment is negatively related to new-firm startups, while Highfield and Smiley (1987) and Evans and Leighton (1990) found a positive relationship between unemployment and the propensity to start-up a firm. Country specific studies, also done in Portugal by Baptista and Thurik (2007), could not give a clear picture on the interaction between entrepreneurship and unemployment.

The OECD did a research on the entrepreneurial activities in Europe, focusing on youth entrepreneurship. Because of the dramatically raised unemployment rates over the past 4 years, the youth face tougher conditions in entering the labor market. For this reason the OECD did a research on the interest of the youth in entrepreneurship. The research discovered that about 40% of the youth indicate an interest in self-employment and that governments have a substantial number of programs in place to help them start businesses, including

entrepreneurship education and training. But youth entrepreneurship is unlikely to be a solution for the youth unemployment problem, but it can decrease it slightly. Policy should target resources on young people with the best chance of success and provide sufficient support to start businesses in high competition sectors. To maximize effectiveness and efficiency, the government should provide integrated packages of complementary support rather than one-shot instruments (OECD, 2011²).

The European Commission’s Eurobarometer conducted a survey across Europe and other industrialized countries in 2009 to learn about individual’s attitudes towards self-employment and business start-up (EC, 2009 in OECD, 2011²). The results from the survey showed that 28% of the people indicated that self-employment would either be very feasible or quite feasible within the next five years. The two youngest cohorts (ages 15 to 24 and 25 to 29) have the highest level of interest for self-employment with 40% and 42% of people that responded that self-employment is very feasible or quite feasible. The younger cohorts in the population may offer the most potential for entrepreneurship.

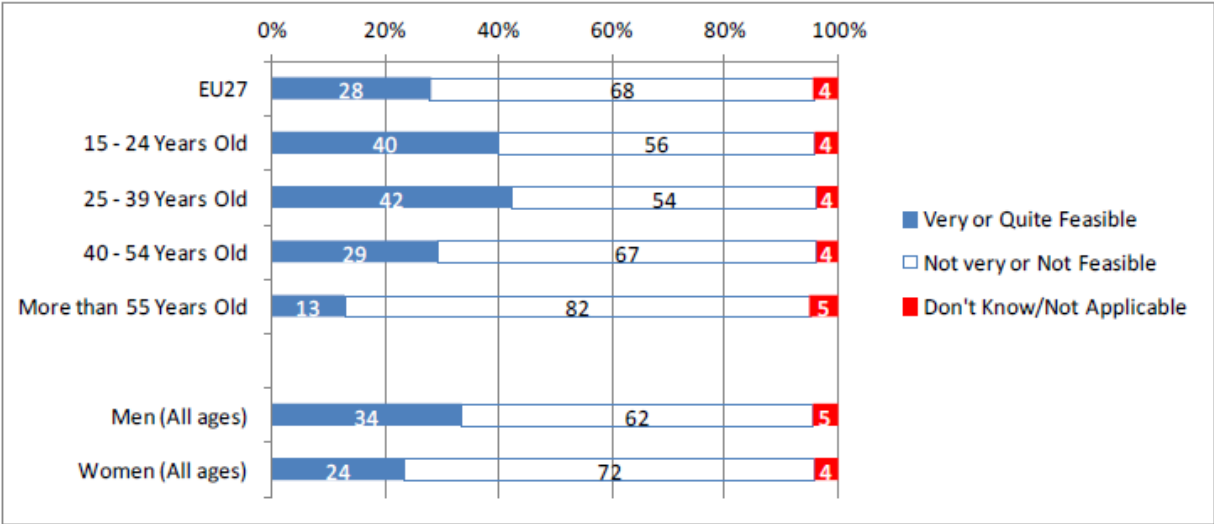


Figure 3.2: Perception of the Feasibility of Self-employment, 2009
 Source: European Commission (2009), Eurobarometer, "Entrepreneurship in the European Union and Beyond"

But intention is one thing; the action of starting up a firm is another. Almost 15% of the adults are self-employed in the European Union, but only a small percentage of those are between 25 and 34. Of course this age group is based on a lot of individuals which are still in education or training, which reduces the amount of individuals that can start up a firm. Youth entrepreneurship will not solve the youth unemployment problem, but it does have a role in facilitating a route into the labor market for a limited group of young people with the ambition and wherewithal to become entrepreneurs (OECD, 2011²).

Davey et al. (2011), did a research on the entrepreneurship perception and career intentions of international students. Their results showed that a great percentage of respondents viewed themselves as having their own business in the future (47.5%) rather than working as an employee (24%), with 28,5% of the respondents which were unclear about their future. Portuguese respondents showed some indecisiveness with a tendency to have their own business. The perceptions regarding the contribution of entrepreneurship to society

were: firstly, the contribution to job creation was the principal factor, secondly that entrepreneurship is crucial for an economy's competitiveness and thirdly that it unlocks personal potential (Davey et al., 2011).

Milan et al. (2012) found a positive impact on survival of formal education and previous experience within the labor market. But in addition, they also found that entering self-employment from unemployment has a strong negative effect on survival within self-employment. However, the expenditure on start-up subsidies decreases the risk of exiting self-employment, specifically for the group of individuals entering self-employment from unemployment. Subsidies are an adequate instrument for equalizing survival chances across individuals entering self-employment from unemployment and those entering with a different starting status.

In Iran a research is done to explain the entrepreneurial intentions among agricultural students (Hashemi et al., 2012). Iran also has a growing unemployment rate; therefore, more scholars are turning to entrepreneurship and self-employment as a solution to student unemployment. Colleges in Iran provide a window of opportunities for students to perceive entrepreneurial activities more feasible and desirable. The following points lead to turning towards entrepreneurship education in the higher education institutions in Iran; growth of population in Iran, the lack of economic improvement made government policies downsize the structure, increasing numbers of graduates and the inability of the private sector to create targeted job markets for different graduates. Proper training methods can train students in developing business units and increasing self employment opportunities. By introducing these training programs, the graduates can be prepared for a future as an entrepreneur.

But even by introducing all these opportunities, the graduates in Iran are still looking for employment opportunities in paid-employment. Which causes a gap between the expectations the government has and the actual student's involvement in entrepreneurial activities. Agricultural students mostly agreed with the statement 'I will create business if I fail to obtain a corporate employment job (Hashemi et al., 2012).

3.4 Migration & the Labor Market

Migration is defined as any permanent change in residence, the movement from one place to another. Thus the most important aspect of migration is that it is spatial by definition. The movement can be internal (within a country) or international (between countries), and can be voluntary or forced (Weeks, 2008). Migration is certainly not a random process. It is a rational choice that involves two decisions. The first decision relates to *whether* to migrate. The second decision is on *where* to relocate to. The decision whether to move to is based on a cost-benefit analysis that weighs pros and cons of migration. The costs of migration are front loaded; they are all paid at the time of changing residence. These costs are based on transportation and relocation, but also include huge psychological costs related to abandoning the network of relatives. The decision to relocate is based on the expected benefits; the benefit for unemployed tertiary graduates is to find a job that matches to their competences.

The second decision relates to where to relocate to. The final destination will depend on the expected chance to find a job and the earnings related to this job in the different

destinations. The hourly wage and the unemployment rate of the different destinations play an important role in the decision where to relocate to (Boeri & Ours, 2008)

Push and pull factors, which were first forwarded by Ravenstein (1889) (in Weeks, 2008), are frequently used for the explanation of migration. Factors that might push a person to migrate can be stress or strain, but a reasonably attractive alternative (push) is needed before people will migrate voluntarily. Weeks (2008) gives the following example, *'If you lost your job, it could benefit you to move if there are no other jobs available where you live now, unemployment compensation and welfare benefits have expired, and there is a possibility of a job at another location'* (p. 273). The unemployment, in this case, is the push factor and the employment in the area of destination is the pull factor. But in reality, whether or not you will migrate depends on more complicated circumstances than this simple example suggests.

In human society, young adults aged 20-29 are far more likely to migrate than people at other ages. This is about as close as we are likely to get to a 'law' of migration (Tobler, 1995 in Weeks, 2008). Explanations for the large migration rate of this age group are that these young adults will leave their parents' home, establish an independent household, get a job, marry, and have children. The migration rate of men and women are almost the same, only women migrate more on their own than men do.

Different theories of international migration (neoclassical economics, new household economics of migration, dual labor market theory and world system theory) show that people mostly migrate for job-related reasons. The flow of labor can be explained by a simple supply-and-demand model, with people moving from places where there aren't enough jobs to places where there are jobs (Weeks, 2008).

In this research the tertiary graduates are the target group. Higher levels of human capital are associated with a higher probability of migrating. Factors that are important are the subject studied, class of degree (grades) and quality of higher education institution attended (e.g. ranking). The different reasons mentioned above about why and where to relocate also hold for tertiary graduates. The decision is based on non-human capital characteristics such as ethnicity, age and gender, but also on expected employment and wage rates in both origin and destination regions (Moska & Wright, 2011). Mare and Timmers (2003) found evidence that people choose destinations where the employment growth is stronger and hence the internal flows are related to relative local labor market conditions. Students migrate because the wage return to their skills at home is relatively low and not in order to acquire skills they cannot acquire in their country of origin. Especially in countries where the enrolment rates of students is higher than the amount of jobs available for high educated graduates, the student out-migration rates are higher (Rosenzweig, 2006). Skilled labor has become more mobile than unskilled labor, which creates problems in the source countries of migrants and the consequence may be detrimental fiscal competition with countries who invest less in higher education in order to avoid brain drain (Justman & Thisse, 1997).

Recently two different phenomena are found. Young people from the big cities in Portugal, who suffer from the heavy economic recession, are becoming interested in (organic) farming. Some of their families still have land in the countryside, which is hardly used. The young people decide to leave the city, because they cannot find a job there and start-up a farm at the

family-owned land. A movement from urban to rural, back to the countryside where their family originally came from (Bcs-Oeko, 2012).

The second phenomenon is more drastic, and is called ‘the ticket to another life’. Guimaraes (2010) estimates that one in every ten graduates is leaving the country, because of the relatively few and usually low-skilled jobs on offer in the country, many of Portugal’s graduates are choosing to try to find their luck somewhere else. According to the World Bank, 20% of Portuguese graduates now live abroad (2010), of which more than half of these graduates (11%) completed degrees in Portugal before leaving the country. Portugal now has the distinction of being a net exporter of brains. But the graduates which have the most skills and best qualified ones, are also the ones who are the most adventurous. They are the ones who are ready to face the risks involved in emigrating (Guimaraes, 2010). In 2011 a total of 52.000 Portuguese emigrated to Brazil looking for a job there. Brazil shows a growing economy, with sometimes higher wages than in parts of Europe, and creating 70.000 extra jobs in the technology sector alone each year (Espresso Emprego, 2012).

Angola, another former colony of Portugal, attracts higher educated and professionals because they have a lack of them in their own country. For the Portuguese this is a great opportunity, because the language is the same and the country needs people with the right qualification level. According to figures from 2010, in total 91,900 Portuguese citizens are living in Angola (Queiroz, 2011).

3.5 In practice

The four major themes discussed in this chapter; education, over-qualification, entrepreneurship and migration, are used to set up the questionnaire for the students from the different universities in Lisbon. The theme education concentrates on motivation to study, participating in an international exchange program and continuing to study if a job cannot be found. Over-qualification is focusing on the acceptance of a job when a matched job cannot be found. The theme entrepreneurship questioned about the possibility to set up an enterprise. And finally, migration or movement, discussed the likeliness to move to another city in Portugal or the periphery, and the migration to another European country or a Portuguese speaking country. The exact question asked in the questionnaire will be discussed in the next chapter.

4. Methodology

4.1 Introduction

This research concentrates on the tertiary graduates in Lisbon, thus this target group should play an important role in the gathering of information. In this chapter the sources of the data will be explained. This research has an explorative character, and the data gathering is both qualitative and quantitative. The research questions, mentioned in the first chapter, are partly processed in the questions asked in the surveys and in-depth interviews. How these questions are processed will be explained in this chapter.

The gathering of information in this research is done in two different ways, namely: primary and secondary data. Secondary (desk) research uses data that has already been published by someone else. Primary, or field, research is undertaken where the secondary sources cannot provide the detail of information required to solve a particular problem or to sufficiently aid the decision making. Primary research involves the collection of new data (Hooley et al., 2008).

For both, secondary and primary data, there exists a language barrier. A lot of research papers or other articles are written in Portuguese. Translating the research papers from Portuguese to English will not always give the right translation and this might cause a problem with interpretation. The language barrier in primary data might not be as big, because most Portuguese students can speak and write in English, but still a Portuguese student might not always be able to say in English what he or she means.

4.2 Secondary data

The advantages of secondary data are that it is relatively cheap and quick to obtain, and can also be reliable and accurate. For this research, most secondary data are out of date and can not be applied for the situation of unemployment in Portugal right now. A lot of information can be found about the relationships between unemployment and education, over-qualification, migration and entrepreneurship, but a lot of the information is not specific enough.

4.3 Primary data

In this research the tertiary graduates are the target group, but this target group has been split-up into two different groups. First of all, the tertiary students who are in university at the moment. The second group are graduates who already found a job or still are looking for a job.

The tertiary students are approached in three different ways, first of all some departments of the Universidade Nova de Lisboa did send out the URL for the online survey. Students from the departments Geography, Politics, Languages and Archeology were approached to fill in the online survey. Secondly, the social network Facebook was used to

reach more students, which were mostly students from Finance, Business, Economics and Architecture. Thirdly, surveys were handed out at the plaza in front of the Universidade Nova de Lisboa.

Information about graduates was delivered by the OBIPNova (Observatório da Inserção Profissional dos Diplomados da Universidade Nova de Lisboa), which is a group of professors and researchers who collect information about former students. OBIPNova has been collecting information about the graduates who graduated in '04/'05 and '08/'09, and is momentarily working on data-collection of the graduates from '10/'11. This data will be available in October '12.

4.3.1 Surveys

As explained above, the surveys for this research are filled in by tertiary students from every level, bachelor, master and PhD students. The questions asked were in English, because the expected language barrier was not big with students. The questions are based on the research questions mentioned in the first chapter. In this section the reasons for putting the different questions in the questionnaire are explained by the theoretical framework.

First of all some basic questions about age, sex, university, years in university until graduation, education level and field of study were asked. These questions make it possible, if needed, to compare different types of students with each other.

Secondly, questions were asked about the relationship between unemployment and education.

Did you choose to participate in university to increase your chances on the labor market?

Núñez (2009) showed in his research that graduating from tertiary education is very important. The reason for this is the well-established fact that higher educated have a lower unemployment rate than individuals with a lower education, also the employment rate of tertiary educated is higher than the individuals with a lower education.

Did you participate in an international exchange program?

If yes, did you participate because it would increase your chances on the labor market?

Will you continue to study if you do not get a job when you are graduated?

Thirdly, a question was asked about the relationship between unemployment and over-qualification.

Would you take a job which is lower than your qualification level?

Large numbers of graduates hold jobs that are below their qualification levels. Some graduates may choose to accept a job for which they are over-qualified, because they can't find a job that matches with their qualification level. The probability of being over-qualified in the first job increases if the unemployment rate in a country grows (OECD Employment Outlook, 2011).

The fourth group of questions are about the relationship between unemployment and migration.

Is it likely you would migrate to another big city in Portugal if you got a job offer there?

Is it likely you would migrate to the periphery of Portugal if you got a job offer there?

A recent phenomenon is the migration from young people from the big cities in Portugal, like Lisbon and Porto, to the periphery of Portugal. In the cities they suffer from high unemployment rates and by moving to the countryside they can start farms on the unused land that is still owned by their family (Bsc-Oeko, 2012).

Is it likely you would migrate to another European country if you got a job offer there?

Is it likely you would migrate to a Portuguese speaking country (For example Brazil, Angola or Mozambique) if you got a job offer there?

Brazil and Angola, both former colonies of Portugal, are Portuguese speaking countries. Lately, a lot of graduates are leaving the country and buying a ‘ticket to another life’. These two countries are both attractive because of the language, but also because these countries have growing economies and still have a lack of graduates. The possibilities for Portuguese graduates is a lot bigger in Brazil and Angola than in Portugal (Guimaraes, 2010).

The last question that will be asked is not based on any secondary data. This question will only be answered by the respondents of the questionnaire and their answers will be discussed in this thesis.

What should the government do, according to you (student), to decrease the unemployment rates of graduates?

4.3.2 In-depth interviews

One of the questions asked in the survey was: *‘I am looking for some students for an in-depth interview. If you like to have a discussion with me about the employability of high educated students/graduates, please write down your email address and I will contact you’*. In total 63 students filled in their email address, most of them had just started higher education. From the 63 students, 20 students were in the last part of their education, or started studying at a later stage in life. These 20 students were the relevant group to approach for an in-depth interview. I send out 20 emails to different students, from which 8 responded to set up a meeting. Finally, 7 students were able to come to the meeting and one student canceled her appointment.

5. Transition from school to work

The Universidade Nova de Lisboa and Universidade de Lisboa, both large public universities, have been working on a very important research. The group OBIPNova is a group of professors and researchers who follow the graduates from both universities. Following the students has been done in two different graduation years and momentarily the graduates from the year 2010 are being questioned. The other two groups have graduated in 2004/2005 and 2008/2009. The aim of this research is to map the graduates' transition to work trajectories, which is an underdeveloped subject in Portugal. The '04/'05 questionnaire is carefully conducted and consists out of 158 questions related to the transition from university to work. The first 5 years after graduation are divided into 3 different blocks; 1 year after graduation, 3 years after and 5 years after. Apart from allowing the construction of a database about different university graduates' professional trajectories, the chosen period will also allow one to assess the impact of the current economic recession in the evolution of this population's professional situation. The data will be obtained through the administration of a questionnaire by telephone to the population of both universities, and, in a second phase, through the conduction of in-depth interviews to individuals who previously answered the questionnaire. Some of the questions which were asked in the questionnaire will be discussed in the next two sub-chapters. First of all, in 5.1, the graduates from the year 2004/2005 will be discussed. 5.2 will consist of some of the questions which were asked at the graduates from 2008/2009. And finally, 5.3 will be composed of the answers from the questionnaire, which is part of my own research, filled out by students from different universities in Lisbon

5.1 Graduates 2004/2005

In total 976 graduates from the academic year 2004/2005 answered all the 158 questions through the telephone. These graduates are from Universidade Nova de Lisboa and Universidade de Lisboa. The questions asked are related to their transition from school to work. The questions which are related to the four main themes of this thesis will be discussed. First of all, the next table will give an overview of the employment figures of Universidade Nova de Lisboa.

Graduates 2004/2005 Universidade Nova de Lisboa & Universidade de Lisboa		
Activity – 1 st Period (1 year after)	Employment rate	88,11%
	Unemployment rate	5,81%
	Activity rate	93,55%
	Inactivity rate	6,45%
Activity – 2 nd Period (3 years after)	Employment rate	92,83%
	Unemployment rate	2,27%
	Activity rate	94,98%
	Inactivity rate	5,02%
Activity – 3 rd Period (5 years after)	Employment rate	91,60%
	Unemployment rate	2,30%
	Activity rate	93,75%
	Inactivity rate	6,25%

Table 5.1 Employment figures Graduates 2004/2005 Universidade Nova de Lisboa & Universidade de Lisboa
Source: Research OBIPNova – Graduates 2004/2005

The figures in table 5.1 are conducted from the answers that graduates gave in the questionnaire. The figures from the 3rd Period (5 years after graduation), can be compared with the employment figures from the 4th Quarter 2010 (Table 1.2, p. 12). The employment rate for the Portuguese population between the ages 25-34 with higher education was 82,6% in the 4th Quarter of 2010. This is almost 10% lower than the graduates from Universidade Nova de Lisboa. It means that on the other hand the national unemployment rate, which was 11,8%, was almost 10% higher than the graduates from Universidade Nova de Lisboa and Universidade de Lisboa. The activity and inactivity rates do not show any differences with the national activity and inactivity rates. Figure 5.1 shows the motivations the graduates had to go to higher education. The most important motivations were based on the belief that higher education will increase the chances on the labor market and increases the chance of getting a well paid job.

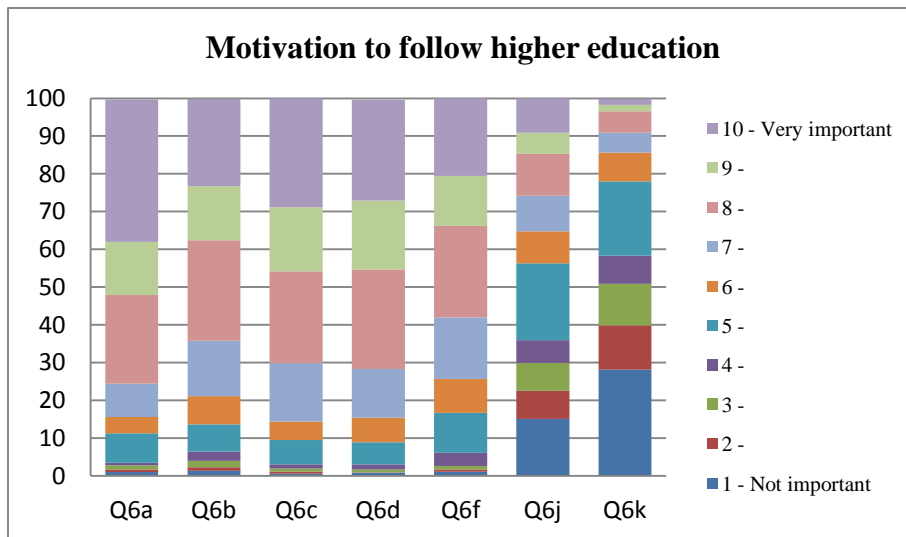


Figure 5.1 Motivation to follow higher education

- Question 6a** = How important was the belief in increasing the chances to finding employment?
- Question 6b** = How important was the belief that it increased the chances in finding a well paying job?
- Question 6c** = How important was the belief that it increased the likelihood of performing the desired occupation?
- Question 6d** = How important was the belief that it would give more chances to advance in a career ?
- Question 6f** = How important was the 'likeliness' of the study?
- Question 6j** = How important was it that your family always wanted that you would finish a degree course?
- Question 6k** = How important was it that your friends also applied to higher education ?

The questions 6j and 6k, about influence of family and friends are not seen as important factors that influenced their choice to follow higher education. The reasons to access higher education are mostly based on the future prospective it will give.

From the 976 graduates, 36,7% did an internship in the time they were studying. From these graduates doing an internship, 24% kept on working for the same company they did during their internship. The 36,1% students which completed an internship thought that their internship had a positive effect on finding a job after they graduated. The following figure, 5.2 shows that an internship is seen as an important factor that increases the chance to get a job after graduation.

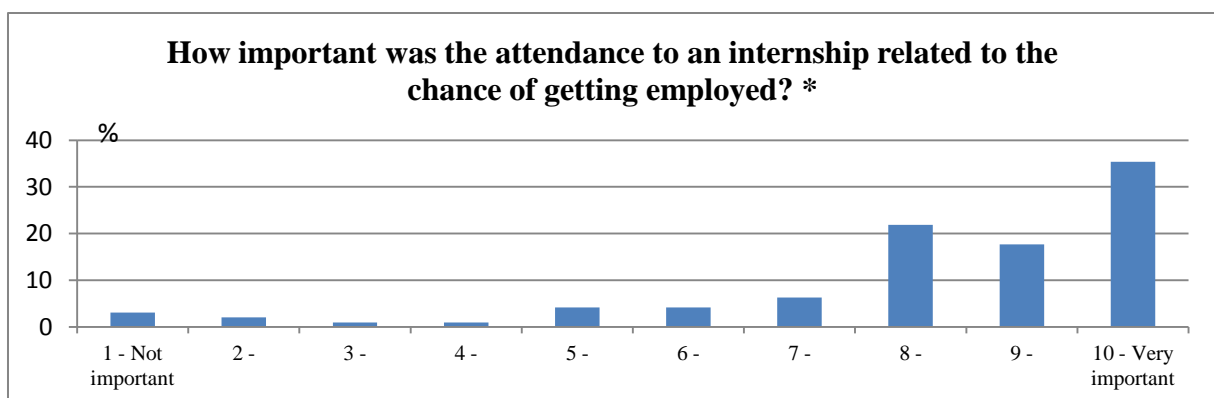


Figure 5.2 Importance of internship

* This question is only answered by 96 graduates

The same questions were asked about attending an Erasmus program or another international exchange program. Out of the 976 respondents, 186 (19,1%) had attended an exchange program. The graduates which participated in an exchange program also emphasized that it is an important factor in finding a job. Figure 5.3 shows the answers of the 186 respondents which attended an exchange program.

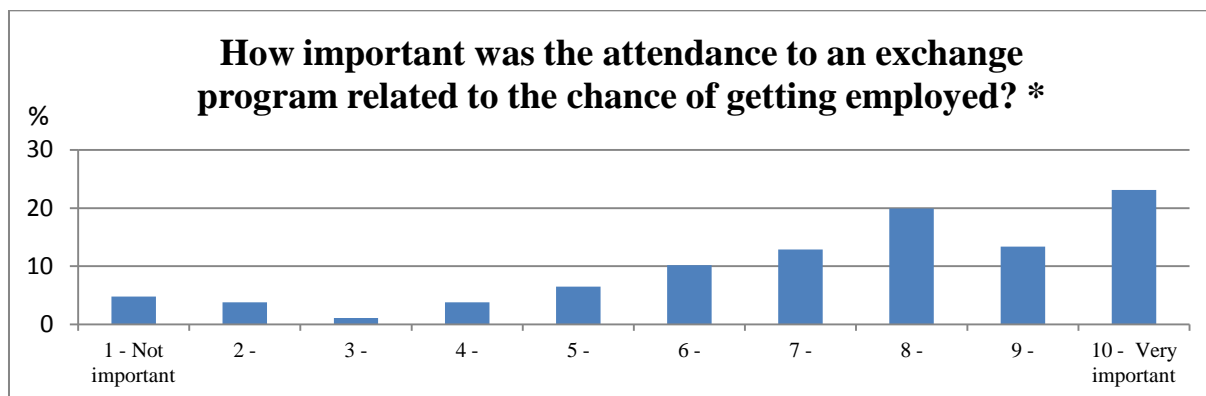


Figure 5.3 Importance of exchange program

* This question is only answered by the graduates that attended an exchange program (Total 186 graduates)

One of the most important questions that has been asked is about the duration of finding a job after graduation. Three questions were asked. The first question is about finding any job, the second about finding a job that is on the level of higher education and the third about finding a job that is on the undergraduate level.

After graduation, how many months did it take to find a job or paid work?			And how many months did it take to find a job that can be considered as a job for someone with a higher education?			And how many months did it take to find a job that can be considered as a job for someone with a undergraduate degree?		
	Percent	Cumulative Percent		Percent	Cumulative Percent		Percent	Cumulative Percent
0	42,3	42,3	0	31,3	31,3	0	27	27
1	11,1	53,4	1	8,8	40,1	1	7,7	34,7
2	8,4	61,8	2	5,9	46	2	5,4	40,2
3	7,3	69,1	3	6,5	52,5	3	5,6	45,8
4	3,9	73	4	2,7	55,1	4	2,2	48
5	3,7	76,6	5	3,4	58,5	5	3,2	51,1
< 6 - 24 >	20,4	96,2	< 6 - 24 >	22,3	85,1	< 6 - 24 >	24,4	75,5
25	0,1	96,3	28	0,1	85,2	28	0,1	75,6
26	0,1	96,4	29	0,1	85,3	29	0,1	75,7
28	0,1	96,5	30	0,7	86,1	30	0,9	76,6
29	0,1	96,6	32	0,1	86,2	32	0,1	76,7
30	0,3	96,9	36	2,2	88,3	36	2,4	79,1
31	0,1	97	42	0,1	88,4	42	0,2	79,3
32	0,1	97,1	48	0,8	89,2	48	1,1	80,4
36	1	98,2	60	0,5	89,8	60	0,8	81,3
42			Never got that type of job	7,4	97,2	Never got that type of job		
48			No answer / I don't know	2,8	100	No answer / I don't know	16,1	97,3
Still unemployed	0,8	99,3						
No answer / I don't know	0,7	100					2,7	100

Table 5.2 Amount of months to find a job

The first column shows that almost everybody found a job, only 0,8% of the graduates is still unemployed by the time the questionnaire was answered. 27% of all the graduates found a job in the first month after graduation that matched with their education level. After 2 years three quarters of the graduates found a job that is matched by their education level. 16,1% of all the graduates did not find a job that is matched with their education level. Still 8,7% of the graduates found a job that is qualified as a job for people with a higher education, which leaves us with 7,4% without. In the end, as said before, only 0,8% of all the graduates did not have a job.



Figure 5.4 Self-employment or employee

Figure 5.4 shows if the respondents were in an occupation and if this occupation was carried out as self-employed or employed by someone else. While the respondents were still following education, 54,4% were not working (or did not give an answer), 39,3% were working for a company while they were studying, and 6,1% were self-employed. After graduation, the group which was not working (or did not give an answer) shrank first to 31,1% one year after graduation and to 11% three years after graduation. On the other side, the working group grew, the respondents working for a company increased first to 62,5% one year after and until 81% three years after. The self-employed group grew very slowly to 6,4% one year after and ended at 8% three years after graduation.

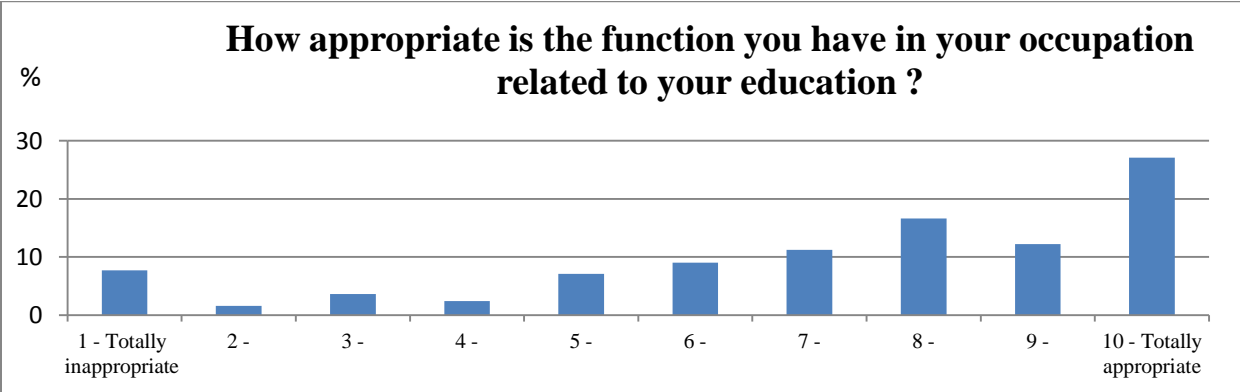


Figure 5.5 Appropriateness of the occupation
 * This question was filled out by 90,6% of the respondents

Figure 5.5, which shows the appropriateness of the occupation, is somewhat consistent with table 5.2, which gives the total amount of respondents who found a job, matched or not matched with their education level. 7,4% of the respondents answered that they had not found a job that is at least at the level of higher education, in figure 5.5 and 7,7% answered that their occupation was totally inappropriate compared with their education level. This can also be seen as over-qualification.

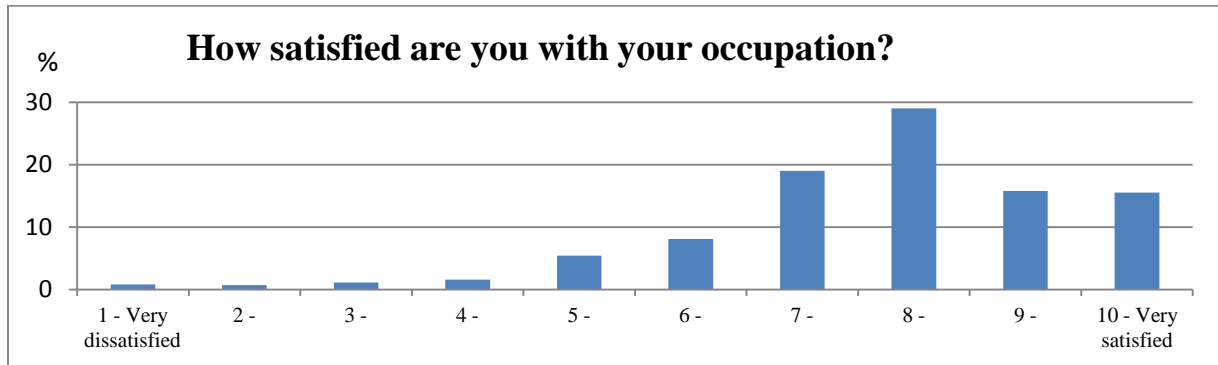


Figure 5.6 Satisfaction with the occupation
 * This question was filled out by 90,6% of the respondents

Looking at figure 5.6, the graph shows that most of the respondents (87,5%) are positive about the occupation they have at the moment and give the grade 6 or higher. The satisfaction of the total career is also very positive. 83,5% of the respondents gave their career the grade 6 or higher, which shows that the respondents are quite satisfied with their careers.

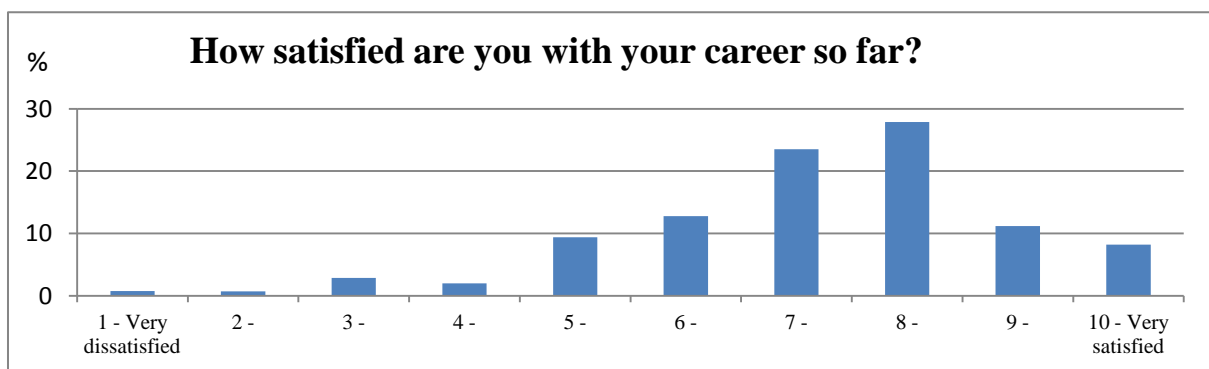


Figure 5.7 Satisfaction with the career so far

One of the last questions asked in the questionnaire for the 2004/2005 cohort was about the county the respondents lived before starting at university and where they moved after graduation. The respondents were all spread around Portugal, before and after attending university. 52,7% of the respondents lived in Lisbon and the surrounding area of Lisbon, After graduation, 64,7% of the respondents stayed in Lisbon and this increased the amount of higher educated by more than 10% in the Lisbon area. From the respondents, 0,8% came out of the country to study in Lisbon, the same amount left the country after graduation. But the conclusion cannot be made that this are the same people which immigrated to Lisbon to attend university and also emigrated.

5.2 Graduates 2008/2009

In total 1010 graduates from the year 2008/2009 were prepared to answer all the questions through a telephone interview. The questionnaire made for the graduates from the year 2008/2009 had been shortened from 158 question to 108 questions. Unfortunately, some relevant questions for this masterthesis were deleted from the original questionnaire. The question about satisfaction of the occupation and career were deleted from the questionnaire. This also holds for the question about the county the respondents lived in before and after graduation. Which makes it impossible to compare some of the questions that have been asked. But first of all, the following table shows the employment figures of the graduates 2008/2009 from Universidade Nova de Lisboa and Universidade de Lisboa.

Graduates 2008/2009 Universidade Nova de Lisboa & Universidade de Lisboa		
		Total UNL
Activity - 1st Period (1 month after)	Employment rate	36,53%
	Unemployment rate	33,87%
	Activity rate	55,25%
	Inactivity rate	44,75%
Activity - 2nd period (1 year after)	Employment rate	56,83%
	Unemployment rate	15,21%
	Activity rate	67,03%
	Inactivity rate	32,97%

Table 5.3 Graduates 2008/2009 Universidade Nova de Lisboa & Universidade de Lisboa
Source: Research OBIPNova – Graduates 2004/2005

The figures in table 5.3 are conducted from the answers that graduates gave in the questionnaire 2008/2009. The figures from the 2nd period (1 year after graduation), can again be compared with the employment figures from the 4th quarter of 2010 (Table 1.2, p. 12). The employment rate for the Portuguese population between the ages 25-34 with higher education was 82,6% in the 4th quarter of 2010. This is circa 25% higher than the employment rate of the graduates from the year 2008/2009. The national unemployment rate was 11,8% and is 4% lower than the unemployment rate of the graduates from Universidade Nova de Lisboa (15,21%). An interesting aspect shown by the table is the low activity rate, and on the other hand the high inactivity rate. The activity rate of the national population between the ages 25-34 with higher education was 93,7%, which is a lot higher than the activity rate of the graduates 2008/2009. The reason why this activity rate is a lot lower is not clear.

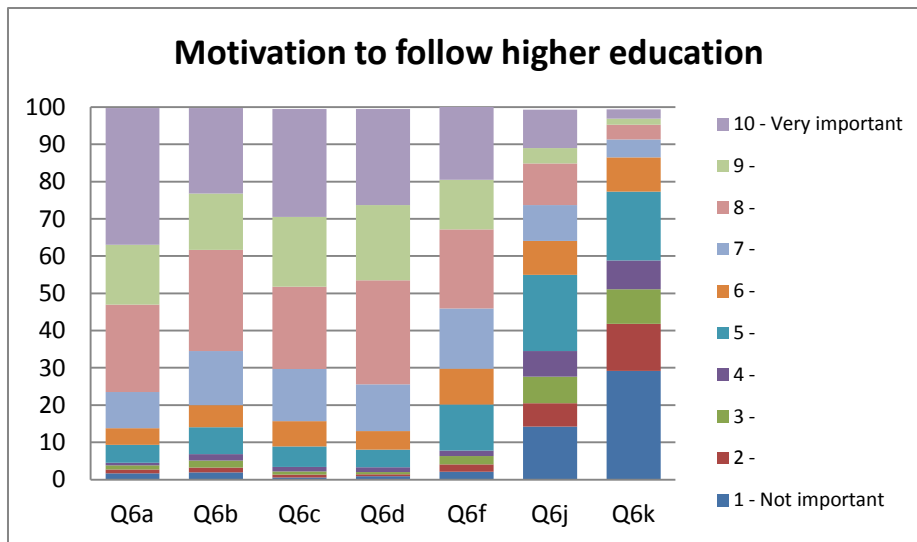


Figure 5.8 Motivation to follow higher education

- Question 6a** = How important was the belief in increasing the chances to finding employment?
- Question 6b** = How important was the belief that it increased the chances in finding a well paying job?
- Question 6c** = How important was the belief that it increased the likelihood of performing the desired occupation?
- Question 6d** = How important was the belief that it would give more chances to advance in a career ?
- Question 6f** = How important was the 'likeliness' of the study?
- Question 6j** = How important was it that your family always wanted that you would finish a degree course?
- Question 6k** = How important was it that your friends also applied to higher education ?

For the graduates 2008/2009, the main reason to follow higher education was the belief that it would increase their chances on the labor market, followed by the chance to advance their careers to perform the occupation they desire and finding a well paid job. The influence of parents wanting their children to succeed in obtaining a university degree or friends who went to university, is again not seen as an important factor.

From the 1010 respondents, 160 (15,8%) attended an internship during their time at the university. For the students who attended an internship, 21,9% could keep on working at the company where they attended the internship. The following table shows how important, according to the graduates that completed an internship, it was to attend an internship related to getting employed after graduation. The figure shows that most of the respondents think about internships as something that might increase the chances to find a job after graduation.

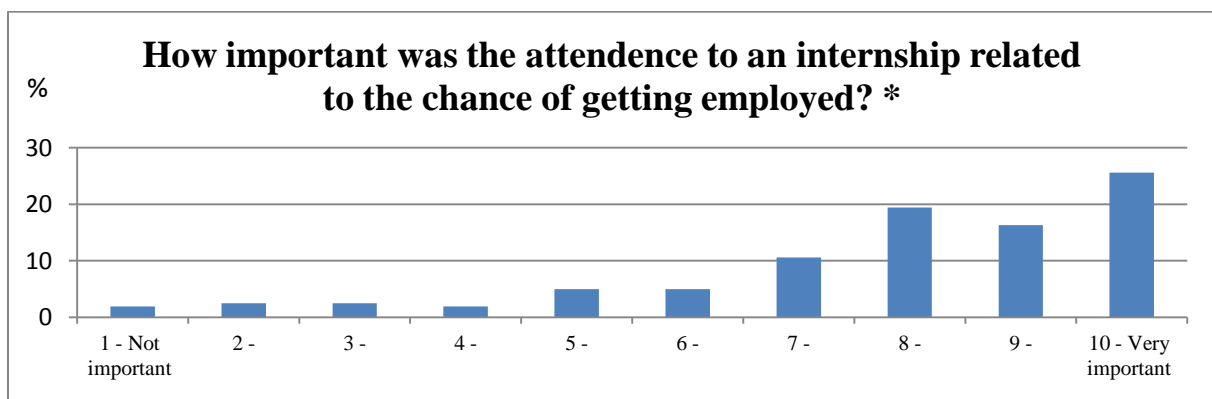


Figure 5.9 Importance of internship

* This question is only answered by the graduates that attended an internship (Total 160 graduates)

The same question was asked about participating in an Erasmus program or another exchange program. From the 1010 respondents 229 (22,7%) attended an exchange program, which is quite a large amount. The following figure shows the perceived importance of an exchange program, according to the graduates who attended to an exchange program, for finding a job after graduation.

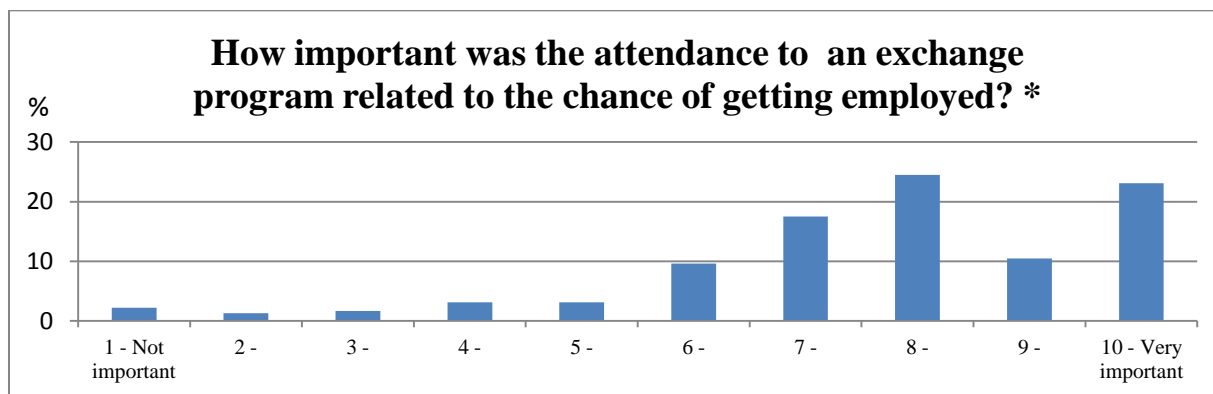


Figure 5.10 Importance of exchange program

* This question is only answered by the graduates which attended an exchange program (Total 229 graduates)

The question about duration to find a job after graduation is also asked at the graduates from the year 2008/2009. After 33 months of looking only 70,6 % of the graduates found a job. The percentage of graduates who found a job which is considered as a job for someone with a higher education (55,4%) is a lot lower and is even lower for a job that can be considered for someone with an undergraduate degree (48,7%). These figures tell us that almost half of the graduates found a job that matched with their education, circa 7% has a job which is almost matched, about 25% has a job that is below their education level and which leaves us with 30% of the graduates that are unemployed or inactive.

After graduation, how many months did it take to find a job or paid work?			And how many months did it take to find a job that, at least in some parts, could be considered as a job for someone with a higher education?			And how many months did it take to find a job that, at least for some part, can be considered as a job for someone with an undergraduate degree?		
	Percent	Cumulative Percent		Percentage	Cumulative Percent		Percentage	Cumulative Percent
0	27,6	27,6	0	14,7	14,7	0	11,3	11,3
1	8	35,6	1	5	19,7	1	4,4	15,6
2	5,8	41,5	2	5,3	25	2	5	20,7
3	5,1	46,6	3	4,6	29,6	3	4,2	24,9
4	2,8	49,4	4	1,9	31,5	4	1,7	26,5
5	2,2	51,6	5	1,9	33,4	5	1,7	28,2
< 6 - 24 >	18,9	70,5	< 6 - 24 >	22,2	55,2	< 6 - 24 >	20,3	48,5
33	0,1	70,6	29	0,1	55,3	29	0,1	48,6
Never found a job	27,8	98,4	33	0,1	55,4	33	0,1	48,7
			Never found a job like that	42,2	97,6	Never found a job like that	48,4	97,1

Table 5.4 Amount of months to find a job

The next figure (5.11) shows how the occupation was carried out in the different phases during education or right after graduation, and whether the occupation was carried out as a self-employed or employed by someone else. We can see from the table, but cannot say with certainty that more respondents were working during their time in university than after. 43,2% was employed by a company and 6,2% was self-employed while they were in university. Those numbers decrease by a great amount in the first months after graduation, only 26% of the graduates had a job at a company and 3,6% were self-employed. One year after graduation those numbers increase, but did not reach the amount of students working during their education. One year after, 40,8% were working at a company and 4,6% were self-employed. It is difficult to compare the figures 5.4 and 5.11, because the scale is different. Figure 5.4 shows the ratings during education, one years after and three years after graduation, while figure 5.11 shows during education, one month and one years after graduation. Because of the different scales it is only possible to compare what occupation is carried out one year after graduation.



Figure 5.11 Self-employment or employee

The questionnaire of 2004/2005 asked questions about the satisfaction of the occupation and the career of the graduated so far, these questions were not conducted in the questionnaire 2008/2009. Only the question about the appropriateness of the occupation was asked. Figure 5.12 shows the results of this question.

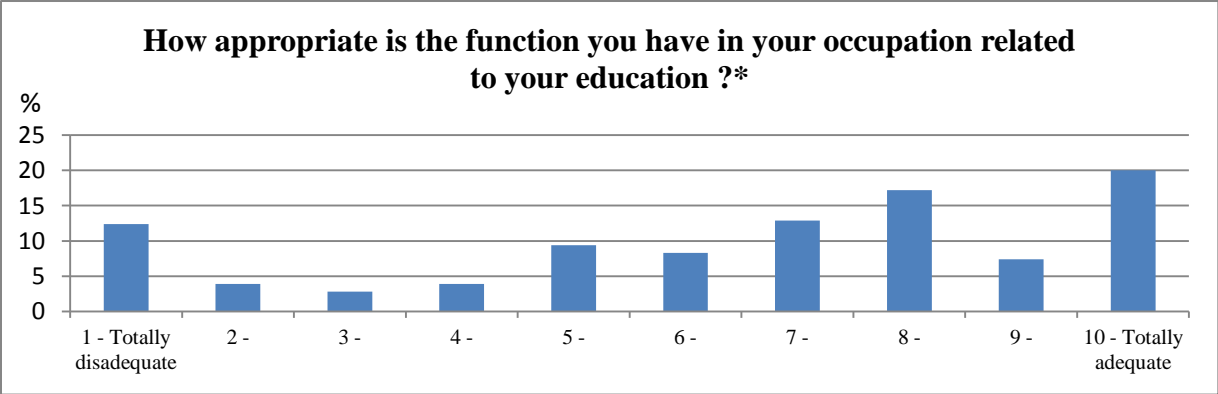


Figure 5.12 Appropriateness of the occupation
 * This question is only answered by 45,4% of respondents

The figure shows that the opinions of the jobs are divided. 12,4% even thinks their occupation is totally inappropriate, 32,5% gives a mark of 5 or lower, which indicates that almost a third of the respondents do not consider their occupation appropriate related to the area they graduated in. This is quite reasonable looking at table 5.4, 25% of the graduates found a job that is not matched with their education level.

5.2.1 Comparison

Before looking at what the students from the different Universities in Lisbon think about their future, the tables and figures from the graduates of 2004/2005 and 2008/2009 need to be compared. The first, and one of the most important tables, is table 5.5 which shows the employment figures one year after graduation. From the graduates of 2004/2005 88,11% found a job within one year after graduation, this amount decreased by more than 30 percentage points for the graduates from 2008/2009. The reason for this decrease might be the crisis showing their effects in Portugal. The decrease of activity, or increase of inactivity is an interesting factor. Which might imply that, while the graduates already had a degree, they decided to keep on studying and are not looking for a job.

Graduates 2004/2005 & 2008/2009 Universidade Nova de Lisboa & Universidade de Lisboa			
		Graduates 2004/2005	Graduates 2008/2009
Activity - 1 year after graduation	Employment rate	88,11%	56,83%
	Unemployment rate	5,81%	15,21%
	Activity rate	93,55%	67,03%
	Inactivity rate	6,45%	32,97%

Table 5.5 Employment rates 1 year after graduation

The motivation of students over time has not changed significantly, and the fact that higher education will increase their chances on the labor market stayed the most important reason to enter higher education. The same holds for importance of attending an internship or an exchange program. The graduates from both years think that attending one of these increases the chances of finding a job after graduation.

Comparing the amount of months to get a job is a very interesting subject. For the graduates from 2008/2009 the maximum amount of months looking for a job, when answering the questionnaire, has been 33 months. Thus, it would be good to compare it with how many graduates from 2004/2005 around the same period found a job. After 32 months 97,1% of the graduates 2004/2005 had found a job, and 76,7% of the total amount of graduates had found a job that matched with an undergraduates level. Looking at the graduates from 2008/2009, we can see that only 70,6% found a job after 33 months, and only 48,7% found a job that matched their undergraduate level. Not only can we see a big difference in these figures, but also the amount of graduates who found a job right after graduation decreased from 42,3% to

27,6% and for an undergraduate job it decreased from 27% to 11,3%. These figures show that in 4 years time finding a job has become a lot more difficult. A lot of the graduates (30%) were, when the survey was hold, still looking for a job.

Looking at the figures 5.4 and 5.11 about what kind of occupation someone had, we cannot see a large difference in the type and amount of respondents working while they were in university. A difference can be found when looking at the numbers employed one year after graduation. 62,5% of the 2004/2005 graduates were working as employees one year after graduation, which is for the 2008/2009 graduates only 40,8%. Also, the amount of graduates that were self-employed decreased from 6,4% to 4,6%. Adding these two together, this might mean that there were more people unemployed 1 year after. Officially no conclusion can be made from these tables, but putting the tables with the employment figures and amount of months looking for a job together, we can say that more people were unemployed one year after graduation.

One comparison can still be made between the appropriateness of the job related to the education the graduates completed. The percentages show that more 2008/2009 graduates (32,5%) thought that their job was inappropriate than the 2004/2005 graduates (22,4%). This of course tell us that the graduates from 2004/2005 found jobs that were more appropriate related to the education they had done. This can be caused by the fact that they already had more time to look for a job that matched with their education level.

To sum up, the graduates from 2008/2009 had higher unemployment rates than the graduates from 2004/2005. Also more graduates were still unemployed after 33 months, and found fewer jobs that matched with their education level. The 2008/'2009 graduates have less appropriate jobs related to their education level, which indicates that they are working in jobs that are not matched and the graduates might be over-qualified for the jobs they take. Less people are employed one year after graduation, and also the amount of self-employed shrank. The figures show that the 2008/2009 graduates have a harder time finding a job, and even a harder time to find a job that is appropriate related to their education level.

5.3 Students

In total 280 students filled out the questionnaire that was part of the 2012 research; this questionnaire was made out of 21 questions. The bachelor (61,1%), master (37,1%) and PhD (1,1%) students, which studied at different universities around Lisbon, were mostly from Universidade Nova de Lisboa (68,9%), followed by Universidade Católica (16,4%). 52% of the students were female, which makes 48% male. 51,1% of the students lived in Lisbon before they started studying, which is quite the same as the graduates from 2004/2005 (52,7%). 7 students were interviewed to give an in-depth view of the subject. José ZéFrancis has a degree in theology and geography, momentarily he is working on a research for his PhD. Beatriz Ferreira finished her bachelor in geography and is following a pre-master at the moment. Both José and Beatriz attended to an exchange program with the University of Groningen. Margarida Vieira Mesuita finished her bachelor degree in architecture in February, at the moment she needs to find an internship before she can start a master degree in architecture. Rodrigo Candeias has a bachelor degree in cultural history and management, but momentarily he is studying history and geography to become a high school teacher. Pedro Calados is a private musician and a primary school music teacher, he just started studying anthropology. For him it is possible to follow the courses while he is working. Carlos Vieira is a philosophy student and plans to go on Erasmus to the United Kingdom. And at least, Jorge Valera completed two bachelor degrees, one in political science and the other in sociology, momentarily he attends the bachelor philosophy. He plans to go the United Kingdom for his PhD. 6 out of these 7 students are following courses at the Universidade Nova de Lisboa, Margarida followed her courses at Universidade Técnica de Lisboa. The answers on different questions from both the respondents of the questionnaire and the interviewees are used in the next sub-chapters.

5.3.1 Education & the Labor market

The figure below shows that 77,9% of the students choose to participate in university because they thought it would increase their chances on the labor market, only 12,1% of the students participates in university for another reason. This motivation was also very high for both groups of graduates, which indicates that following higher education still is seen as a source to increase the chances on the labor market.

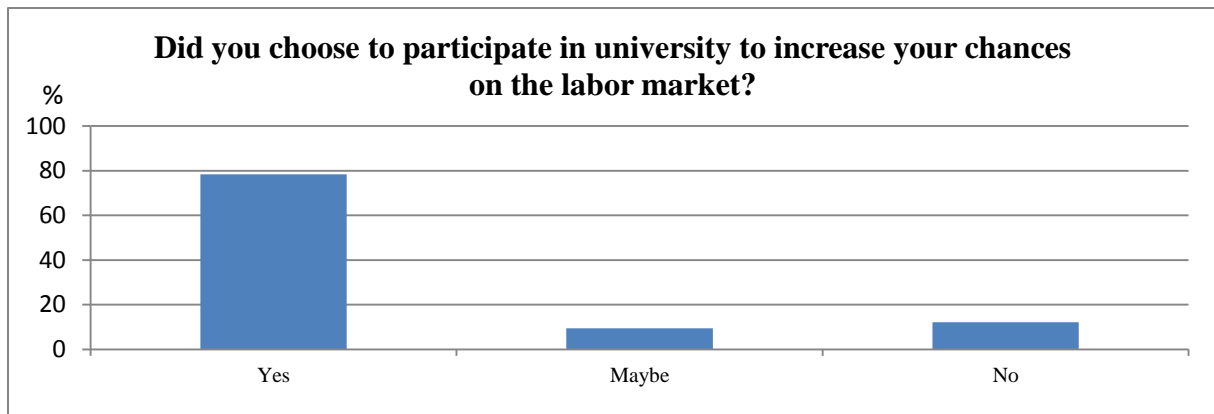


Figure 5.13 Motivation to attend higher education

From the 280 students, 32,9 % participated in an exchange program. Which is quite high compared to the goals the Bologna Process has set for mobility programs. The goal is to achieve that 20% of the students participate in a mobility program (Teichler, 2009). The high participation rate of the respondents could be caused by my introduction as an exchange student, which might have triggered students who did an exchange to fill out my questionnaire. From these 32,9% of the students, 16,9% did an exchange program in a Portuguese speaking country. The choice to follow an exchange program was mainly because it would increase their chances on the labor market (50,6%). José ZéFrancis, pointed out that improving his English skills was one of the main reason he attended an exchange program. José thought that if his English would improve his opportunities on the labor market would grow. Beatriz Ferreira added, that not only the English skills are important to improve, but that it is also necessary to work in another language, not only with people from the country you are studying in, but from other countries as well. She thinks that this international experience is very good. Carlos Vieira sees the Erasmus exchange program as a solution to find a job abroad. He applied to Erasmus in the United Kingdom, and sees Erasmus as an entrance to stay in the United Kingdom permanently. ‘The perspectives in Portugal are not very good, according to Carlos, and his feelings tell him that he has a future outside of Portugal. Especially, because he does not see any perspectives about employment that is related to his major philosophy.

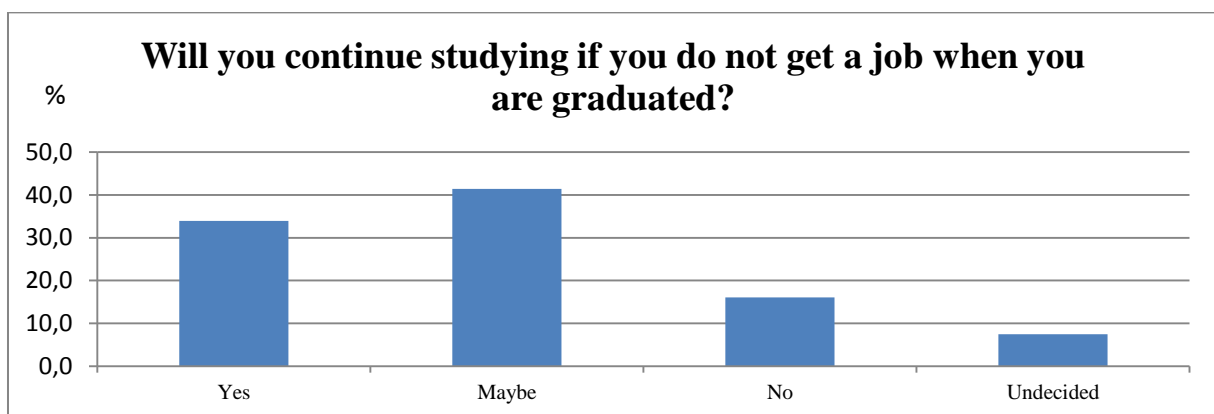


Figure 5.14 Continue studying

The answers to the question, ‘Will you continue studying if you do not get a job when you are graduated?’, were spread. 33.9% of the students thought they would continue. Reasons are mostly based on increasing their future chances on the labor market. José ZéFrancis believes that the biggest investment in ourselves is gathering more knowledge. Combining a part-time job while continuing studying was also a common answer, and some students already have a job and are studying at the same time. This combination is seen a lot at the Universidade Nova de Lisboa, also known as lifelong studying. The University provides the possibility to follow classes in the evening, thus it is possible to work during the day. Just like Pedro Calados, who is 35 years old, and started to follow courses again last year. He has the possibility to follow his courses from his bachelor degree in Anthropology in the morning, and teaches music at a high school in the afternoon. People like Pedro, started later in life studying again, not in particular to find another job, but to increase their academic knowledge. Rodrigo Candeias choose to study again because he was without a job at the moment and started a master on communication sciences, which he did not finish. Then, he entered a trainee program related to history, taking care of the Art in a small municipality. When this traineeship ended after one year, he decided to go back to university again. This time he applied for a teaching master, because he substituted for a history teacher for 7 months in the year 2009. Rodrigo said that he did okay in teaching, but it is not the job he loves. Now, he wants to get his teaching license to teach both history and geography, which is a mixed subject in Portugal. People like Rodrigo, started later in life studying again, because they needed to find a way to get employed again or find another stable job.

A very interesting factor that was firstly pointed out by Beatriz Ferreira, and later was backed-up by Carlos Vieira, came out of the interviews. Higher education will give you access to better paid jobs, but the amount of jobs is narrow. So, momentarily, as Beatriz said, ‘it is easier for people with no education or lower education to find a job. Because they are cheaper, and the companies do not have to pay so much for the people. Now, even people are not telling that they have a higher education, because they will not get hired. They are too expensive to hire.’ Beatriz shorted her CV, which was almost 3 pages long, into only 1 page. She thinks that she will not be hired because it would be too much. Carlos Vieira said that if he would stay in Portugal that in some cases he would not put his degree on his CV, depending on what job he would be applying for. This way he would be more attractive to the job. So, you go to university... ‘to hide it after’, as Carlos said. It makes it interesting because in the 1st quarter of 2012, the unemployment rate of higher education between 25 and 34 (15,61%) was higher than the total unemployment in Portugal (14,9%).

5.3.2 Over-qualification & the Labor market

Figure 5.15 gives the results from the question ‘Would you accept a job which is lower than your qualification level?’ 39,6% of the students said they would accept that job, and 50% of the students said maybe. Like José ZéFrancis said; ‘Now it depends. Some years ago I would do it. But now I am not sure. Because there are many years of studying. Well, it depends on the salary and the conditions.’ Carlos Vieira emphasized that people need to be open for jobs

that do not match their education level. ‘If I was only available for something that is related to my degree, that would not be an intelligent decision. To wait until I find work that I related to my degree, that is not a smart decision. I think nobody, unless the science degrees, should have that perspective. Nowadays everybody should be very open and do something that appears. Just take the jobs that you can get’.

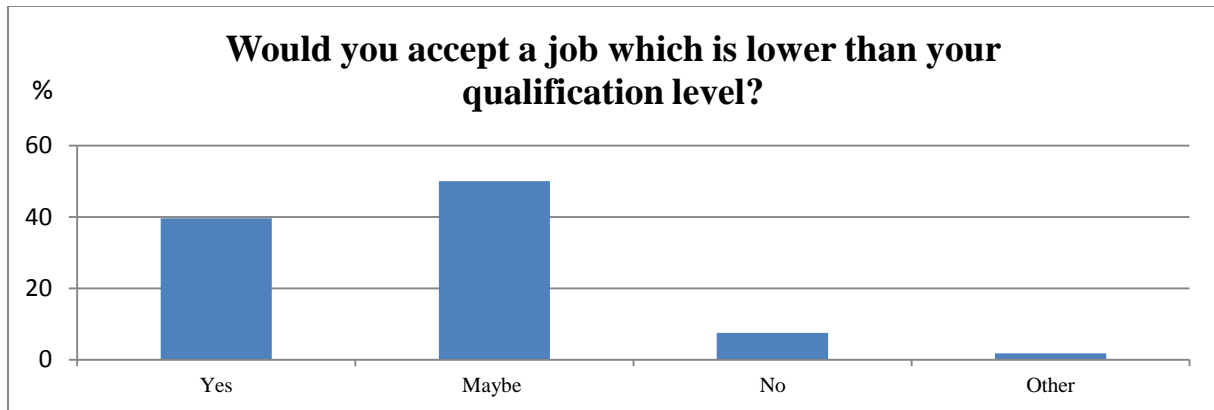


Figure 5.15 Over-qualification

One of the reasons that is given by a respondent of the survey is that ‘starting a job that requires less qualifications than mine would (hopefully) allow me to progress inside the company and eventually match my objectives.’ Another respondent added that ‘by accepting a job other options might grow’. One of the other main reasons to accept a job below their education level is the need of money and the realization of the economically difficult situation. One of the respondents just said it was ‘a matter of surviving’.

5.3.3 Entrepreneurship & the Labor market

From the 280 respondents, 57,9% knew someone who had become an entrepreneur after graduation. The respondents had to answer the question which is displayed by figure 5.16. 45% has considered becoming an entrepreneur right after their graduation. ‘Because it is more challenging. You get to learn more than if you were hired by a corporation’, according to one of the respondents. Another pointed out that he had many new ideas and that he always looked for things that does not exist in Portugal, the best way to explore that is by creating his own company. Jorge Valera, said that entrepreneurship has a big advantage. ‘It allows creativity a lot more than if you are working for a big firm.’ He thinks that entrepreneurship certainly will be a solution for some, but that creativity is not something that comes out of yourself only, it is always something that you do with others. The higher risk, but on the other side higher return is also emphasized by a few students. An enterprise would give chances to have a better life, and having an enterprise meant hard work, but hard work would always bring success.

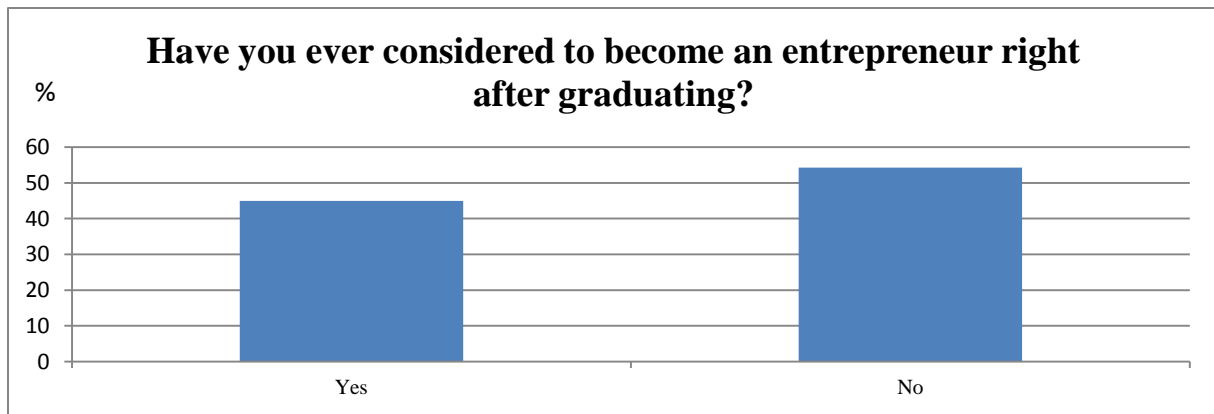


Figure 5.16 Entrepreneurship right after graduation

From the 153 respondents (54,3%) who answered no, 42,1% would reconsider entrepreneurship if they could not find a job. These 153 respondents also answered the question if they thought they would become an entrepreneur later in life. 17,8% of these respondents think they will become an entrepreneur later in life, 58,9% answered maybe. One of the respondents said, ‘It is something I want to do sooner or later and if I have no chance to get a job fair for my education level, this is definitely a very good option’. All these numbers leave us with only 21 respondents who have not considered becoming an entrepreneur right after graduation, even if they could not find a job or don’t expect they will become an entrepreneur later in life.

José ZéFrancis was one of those respondents, he thinks entrepreneurship is not something he would like to do. He thinks that he will not be good at selling or making something. ‘A business, I am not good for that’. On the other hand, Beatriz Ferreira sees her future in building her own enterprise. She discovered, while working on a school project, that a digital garden/park guide for I-phone and I-pads had not yet existed, and that there is a new market for this product. At the moment she is working, with another person, to create a small company to develop the garden/park guide. ‘This is my chance. So, I will develop that idea for the next years’. Magarida Vieira Mesquita thinks that starting a business is not possible right after graduation, especially in her area. Magarida finished her architecture degree and is momentarily looking for an unpaid internship. She thinks that you need at least 5 years of experience, but this depends on the area in which you want to start up the enterprise. She probably wants to start her own enterprise in 20 years, she first wants to understand the market, get experience and get a name in the market. Without a good name, you will not get any clients and in architecture without knowing the market real well, it will be impossible.

On the other side, 43,9% of the respondents believe that they have the capacities to start up an enterprise and 14,7% think they don’t have the capacities to start up their own business. The other respondents think they might have enough capacities, but are not sure about it.

5.3.4 Migration & the Labor market

On December 18, 2011 something interesting happened. Portugal's conservative Prime Minister Pedro Passos Coelho sent out an unprecedented message to the population of Portugal: emigrate. The growing unemployment was hitting young people and educators extremely hard and Passos Coelho suggested to the teachers that they should consider the alternative; moving to Portuguese speaking countries like Brazil and Angola. The Prime Minister got support from the other ministers, but the governments from Brazil and Angola responded quickly with the answer that they did not need any teachers. The European Parliament responded negative to the message of Prime Minister Coelho. Ana Maria Gomes, a member from the European Parliament, was furious about the comment the prime minister had said. 'Worse than feeling impotent is giving up, because no matter how complicated things are, we can and must pull out of this, because we have qualified young people, the result of the investment in education made over the last few decades,' said Gomes (Queiroz, 2011).

Pedro Calados, thought it was really irresponsible to say something like that for a prime minister. 'It is him running away from his responsibilities. It would be his work to make the country suitable for work. The solution should not be go away and go work in Africa, because there are less people, and more land. There are more opportunities and prospects. It is a very bad phrase coming out of this persons mouth. But I honestly agree with him. If people are not comfortable they should move. They have to change things or they should move.'

Carlos Vieira thinks that the prime minister has good sense. That he, is at least, saying the truth. 'But it is a pity that he has to say something like that. But this is a short term solution. [...] And he knows that the situation will be getting worse'.

Rodrigo Candeias is not too positive about the statement of the prime minister. The prime minister tells the Portuguese population to migrate, but he does not know what he is talking about. 'To move to another place where you do not know anyone, or where you do not know the language, to move to a place where you are exposing yourself'. Rodrigo thinks it is not easy to migrate and that you will even be more fragile than in your own country.

The survey asked 4 questions about different possibilities to migrate. First of all, migrate to another big city in Portugal, for example Faro, Porto or Braga. Secondly, the movement to the periphery of Portugal. Thirdly, another European country. Finally, a Portuguese speaking country which had been a former colony from Portugal.

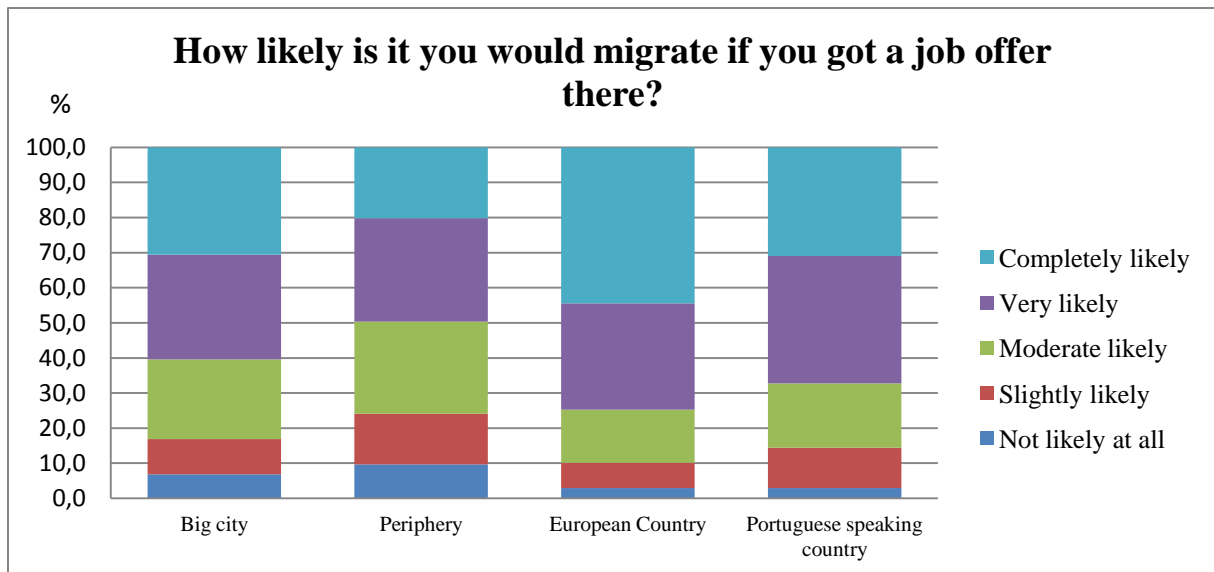


Figure 5.17 Likelihood of migration

Interesting is the very positive attitude for migration. Migration, or movement to the periphery is seen as less attractive. But almost half of the respondents thought it was very likely or completely likely that they would move to the periphery of Portugal if they would get a job offer there. 60,5% of the respondents thought it would be very likely or completely likely they would move to another big city in Portugal. Which is lower than what was answered for migration to another European country (74,7% answered very likely or completely likely) or to another Portuguese speaking country (67,2% answered very likely or completely likely). This indicates that the respondents would prefer to migrate instead of staying in Portugal if they would get a job offer.

The respondents' explanation was also related to migration outside of Portugal. They see migration as something that brings a lot of challenging and amazing opportunities around the world. Some expect better salaries, bigger opportunities and bigger learning experiences. The main reason to leave Portugal is because the labor market is in a poor shape and that 'other countries would probably give more value to my level of education, which does not happen in Portugal'. Most of the respondents see migration as a short term solution. They want to improve their skills and experiences abroad. When the Portuguese economy would get back on track, they would return and expect that, because they have international experiences, they would have an easier access to the labor market.

José Zéfrancis definitely wants to leave the country. He does not see any possibilities in Portugal. He lived before in Brazil, Angola and Spain, but he doesn't know what country he prefers to move to. He does not want to go back to the north of Portugal where he is originally from. He does not think he has any possibilities in the north of Portugal, there is no work for him as a geographer. He thinks that attending an exchange program makes it easier to leave Portugal, you learn about different cultures.

Magarida Vieira Mesquita has a good view about her future. After she attends an internship for architecture, she and her boyfriend want to migrate to Macau. She really wants to go to Asia and thinks that Macau is the easiest place to start in Asia. Macau will give her the possibility to speak Portuguese in her job, but she is afraid that the culture is really

different. ‘Macau has both Portuguese and Asian, so it is a mixture. So, maybe it is easier to go there than other places in Asia’. Other countries, which crossed her mind, were Spain and Scandinavian countries. But Spain is in the crisis as well, and she thinks that the Scandinavian countries would be good in summer, but that she would really hate it in the winter because of the cold. Brazil is not her type of country, and she is very afraid about Angola. ‘The type of life is really complicated. You have to go to and from the job, and you need security all day’. According to Magarida, Brazil is also putting in more rules for foreigners to stay. The companies have to prove that they cannot hire a local instead of a foreigner. If the company cannot prove that, the foreigner cannot stay in Brazil.

Carlos Vieira’s plans have been discussed in the paragraph about student mobility. He prefers to stay in the United Kingdom after he attends the Erasmus exchange program there. Carlos hopes to find a job after attending to the exchange program while staying in the United Kingdom, not having the urge to move back to Portugal.

5.3.5 Comparison

Of course, everyone wants to find a job that is matched with their education level after they graduated. But what if that doesn’t happen? The figure below shows what the students responded if they had to choose between migration, accepting a job below their education level, continuing studying or entrepreneurship.

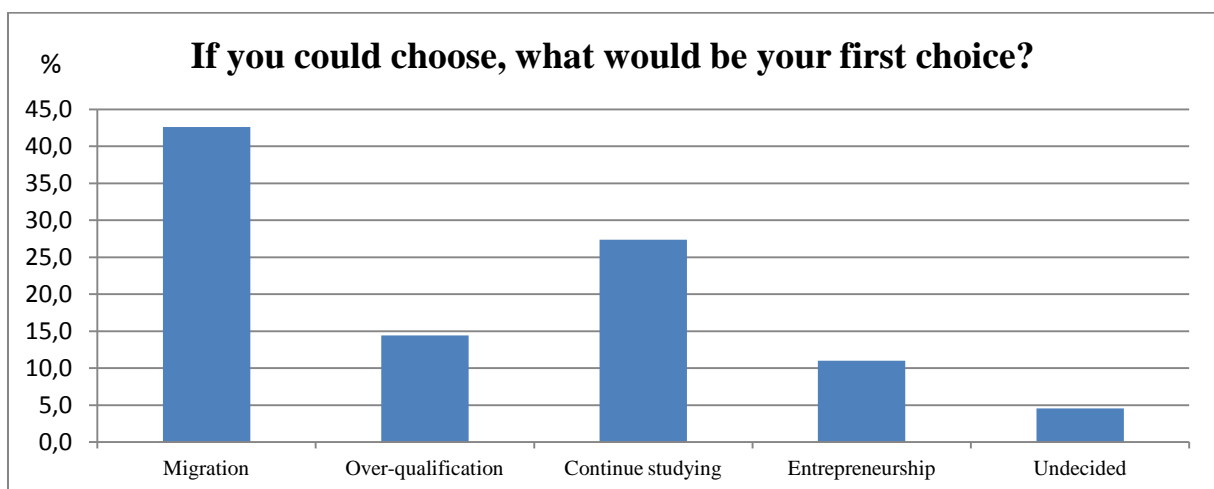


Figure 5.18 First choice if a job can't be found

42.6% of the students would, if they could not find a job that is matched with their education level, choose migration. The explanation this group gave was the expected opportunities outside the country. 27,4% would continue to study if they could not find a matching job, they would try to find a job while studying or combine a part-time job with another degree. 14,4% would accept a job below their education level, mostly because they just need the money. And finally the smallest group, 11,0% would try to set up their own business. If there are no opportunities to find a job, the respondents think it is a good idea to create your own job. 4,6% of the respondents do not have a clear idea what they would do if they could not find a

job. Of course, every students wants to find a matching job, but if they cannot find it here in Portugal most of them would prefer migration.

6. The Government & the Labor market

At the moment the governments of a lot of different countries are trying to find a solution to the crisis which has been around for a while. The crisis has caused different problems; one of them is the increasing unemployment rates across the world. In Portugal, the unemployment rates are also rising, mostly for the youth, but also the higher educated are affected by a growth in unemployment. Governments all across the world are trying to find a solution; experts, economics, politicians etc. all have their own ideas. In this chapter, not the opinions of the experts are important, but the opinions of the students. The question, what should the government do, according to you (student), to increase the employment options of graduates, was asked in the questionnaire.

The answers to this question are from a wide range. Some students think that it is out of the governments hands. That there is not much they can do, because they do not have access to money. The government is already in debt, and at the moment it is just a technique to survival. On the one hand, students emphasize the bureaucracy and corruption of the government. The government needs to change totally, before it can do its job the right way. The quote of one respondent is: ‘Stop being corrupt and act on behalf of the people and the country and not on behalf of their own interest and those from the parties they present’. On the other hand, according to some students the government is not the problem itself, but that the people should change. One of the interviewees, Carlos Vieira, said that the mentality of the people needs to change, he thinks this starts in education. The way of thinking, planning and seeing the future. Jorge Valera added to this that the mentality has to change into a participatory mentality. People not only should show that they are unhappy with the situation, for example by street demonstrations, but that they actually do something about how the situation is right now.

Most of the students point out that support is needed, not only financial support and loans for students and graduates, but also financial support to companies. This financial support, is intended for hiring graduates, or in a bigger picture, to higher people. Also, cuts in taxes are named if the companies hire graduates, as a rewarding system. A better connection between companies and graduates is imposed, so that graduates can get more easily in contact with the companies. Financial support for students and graduates are high on the list, also the help of the government is expected to finding a job.

Two conflicting answers are the improvement and investment in education, while on the other hand the reduction of students is mentioned. The reduction of students will lead to less graduates and a smaller gap between graduates and vacancies. ‘It is beyond ridiculous that so many people are allowed to graduate in areas in which there is no need to that many graduates to begin with’. Even the reduction of unsuccessful courses is mentioned. Carlos Vieira, a philosophy student, said that some courses are just a waste of time. ‘You are wasting time, wasting money, and the diploma that I will get, does not help me to get a job’. According to him, some courses will help you to get a job, but history, philosophy, even geography and communication sciences, won’t help you to find a job, at least not in Portugal.

An investment in internships and exchange programs are seen as quite important. Internships are seen as a step closer to obtaining a matching job, because the internship normally is related to the education they follow. Exchange programs are seen as something which gives you more experience in life, but also gives students the ability to learn about other cultures and languages. This experience can be brought back to the country of origin, in this case, back to Portugal. Not only investments in going abroad are needed, but also foreign investment in Portugal is needed. The rules for investment by foreign companies should be easier, so that more companies will invest and jobs will be created.

The government should support start-ups, not only graduate entrepreneurship, but entrepreneurship for everyone. Jorge Valera pointed out that entrepreneurship has a big advantage, because it allows creativity a lot more than if you are working for a big firm. He thinks that entrepreneurship might be a solution for the higher education unemployed. Not only should the government invest in that, but also an investment is needed in the culture of Lisbon. Promotion of the city might increase tourism, which will enlarge the amount of people working in the tourism sector. If there are more tourists, which will spend money in Lisbon and strengthen the economy, and more people are needed to fill in the jobs.

Answers like open firms or create jobs are easier said than done.. Changing the laws, which makes hiring and firing easier is also pointed out a lot of times. When firing is easier, a company might consider to hire a graduate, because the company has always the possibility to fire the person again. Without this possibility, a lot of graduates work on short contracts and are 'thrown' away after firms have to give them long term contracts. Another possibility is both given by students who filled out the survey and by interviewees, namely lower working hours, so more people can work. Pedro Calados said, 'I also think that everybody should be allowed to work a little bit, everybody could earn a little bit of money, and everybody could have a life'. But on the other hand, Rodrigo Candeias, pointed out that part-time jobs are not a solution. He gives the following reason, 'The problem is that you get paid so lowly in a full time job, a part-time job will not make up for your expenses'.

Finally, a total revolution of the country is mentioned. Pedro Calados said that everything will change in the future. 'In one way or the other, in our lifetime we will see big changes. Kind of the French revolutions, where the bourgeoisie will have a different role in society. Now they rule the world, they are the owners of the money, just do what they feel like they have to do'. He thinks this revolution won't start in Portugal, but maybe in Spain, Italy, England or the Netherlands. This revolution will happen and start somewhere. We need a new solution for the world, and Pedro doesn't want to go back to how the economy was before; he wants to go forward not backward. Carlos Vieira also mentions a revolution, but he thinks it needs to start in education. Without changing the mentality of the people, he thinks it will be very difficult to adapt to a different type of living.

7. Conclusion and Recommendation

Both secondary information and the primary data can bring us to a few conclusions. The following chapter holds different conclusions divided into the main themes of this thesis. First of all, education and the labor market, which will answer the sub-question 1c; *Is education a strategy of students to increase their chances on the labor market?* Secondly, over-qualification and the labor market, which will answer the sub-question 2b; *Will students accept jobs below their education level?* Thirdly, entrepreneurship and the labor market, which will answer sub-question 3b; *Are Portuguese students interested in becoming an entrepreneur?* Fourthly, migration and the labor market, which will answer sub-question 4c; *Is migration a strategy of the students of Lisbon to increase their chance of employment?* And finally, the options of the students about what the government should do about the high unemployment rates of higher educated, which is sub-question 5; *What needs to be done by the Portuguese government, according to the students, to increase the chance of employment?* The conclusions of the main theme will bring us to the answer to the main question of this masterthesis; *What are the strategies of tertiary education students in Lisbon to increase their entry possibilities on the labor market?*

7.1 Education and the Labor market

Throughout the years, the percentage of young individuals that attained a tertiary education has grown from 8% in 1998 to 15% in 2009 (OECD, 2012¹). The unemployment rate of the tertiary educated graduates between the ages 25 – 34 is momentarily 15,62% (INE, 2012) and is suspected to become higher in the coming year. This rate is even higher than the overall unemployment rate of Portugal, which is 14,9%.

The choice to follow tertiary education has been the same from the year 2004 until now, and the most important factor to pursue higher education is to increase the chances on the labor market. 77,9% of the students choose for tertiary education to increase their chances on the labor market. This also holds for a lot of older students who reentered the university. Following an internship or exchange program are seen as very important factors to increase students' chances in the labor market.

When no job can be found after graduation, 33,9% of the students would continue studying to increase future possibilities, or combine studying with a part-time job.

According to the interviewees, the influence of education on the chances on the labor market has changed. Carlos Vieira and Beatriz Ferreira pointed out that, nowadays, it is probably better not to mention that you have a university degree when you are applying for a job. University graduates are too expensive at the moment and they will not get hired.

In conclusion, the respondents from the questionnaire use education as a strategy to increase their chances on the labor market. Their motivation to follow higher education is to increase the chances on the labor market, this was also the case for the graduates from the years 2004/2005 and 2008/2009. In reality, however, having a university degree might not increase their chances on the labor market momentarily. This might be the reason why the

unemployment rate of tertiary education graduates between the ages 25 – 34 has become larger than the average unemployment rate in Portugal.

7.2 Over-qualification and the Labor market

In 2005 circa 30% of all the Portuguese employees on the labor market were working in an occupation that was lower than their qualification level. These workers were overqualified for their jobs. The OECD average was 25,3% in 2005, Portugal is one of the countries which have a higher percentage than the average. If the unemployment rate of a country rises, the amount of employees working in a job lower than their qualification level will grow (OECD Employment outlook, 2011). So, what we can expect, since the unemployment rate in Portugal grew by almost 4 percentage points in the last year and a half, is that the amount of over-qualified workers has grown as well. But not only the higher unemployment rate increases the group of over-qualified workers, also the growing number of university graduates caused a gap between the amount of graduates and the amount of matching jobs.

From the 2004/2005 graduates, 22,4% thinks their occupation is not appropriately related to their education level, and they gave the mark 5 or less. 32,5% of the graduates from '08/'09 gave a 5 or less for the appropriateness of their occupation. These figures might indicate that the graduates hold a job that is not matched with their education level, thus they can be over-qualified for the job. Looking at the future of the students, 39,6% believes that they would accept a job which is below their education level, 50% might accept the job depending on the conditions.

In conclusion, over-qualification can be found in Portugal and, because of the growing unemployment rate, the group of over-qualified might even grow in the future. This indicates that accepting a job below their education level is seen as a useful strategy to increase their chances on the labor market. If the students had to choose between continue studying, entrepreneurship, migration or accepting a job below their education, 14,4% of the students would accept a job below their education level if they could not find a matching job.

7.3 Entrepreneurship & the Labor market

A lot of research has been done about the relationship between unemployment and entrepreneurship. This relationship can be positive or negative. The 'recession-push' theory supports the idea that unemployment reduces the opportunities of gaining paid-employment, thus pushes people into self-employment. The 'prosperity-pull' theory supports the opposite idea that when unemployment rates are high, firms have lower market demand and individuals are pulled out of self-employment. A country specific study about Portugal by Baptista and Thurik (2007) could not give a clear picture on the interaction between entrepreneurship and unemployment.

The amount of 2004/2005 graduates working as entrepreneurs was very small. Only 6,4% of the graduates were entrepreneurs one year after graduation, which slowly grew until 8% three years after graduation. From the graduates of 2008/2009, 3,6% were entrepreneurs

one month after graduation and 4,6% were entrepreneurs one year after graduation. The percentages of entrepreneurs went down if we compare these two groups of graduates. This might indicate that setting up your own enterprise is becoming less interesting or more difficult. On the other side, the students are quite interested in becoming entrepreneurs, 42,1% of the respondents considers to become an entrepreneur right after graduation. Considering becoming an entrepreneur, however, does not mean that one will become one.

To conclude, there is a large group of students that are interested in entrepreneurship, but being interested does not mean that they will set up their own enterprise. The amount of entrepreneurs went down looking at the two different groups of graduates. This can indicate that becoming an entrepreneur is momentarily less attractive or more difficult in the Portuguese economy.

7.4 Migration & the Labor market

Migration is a permanent change in residence, the movement from one place to another. Young adults between the ages 20-29 are far more likely to migrate than people at other ages. But before someone migrates, push and pull factors have to be in place, push factors like high unemployment rates at the place of origin and pull factors like high employment rates at the destination. Migration, or movement, can be within or between countries. This thesis looked at the movements from Lisbon to other big cities and from Lisbon to the periphery. Migration was divided into migration from Portugal to another European country or to a Portuguese speaking country. In this case, 52.000 Portuguese emigrated to Brazil in the year 2011 to find a job there (Espresso Emprego, 2012). According to the latest figures of 2010, 91.000 Portuguese citizens are living in Angola (Queiroz, 2011).

From the graduates of 2004/2005, only 0,8% live outside the country, which looks very small in comparison to the figures above. There is no record of the graduates of 2008/2009 living outside the country. But if we are looking at the students, they show a big interest in migration. The most attracting place to migrate to if a job would be available there are other countries in Europe (74,7% answered very likely or completely likely), which are followed by other Portuguese countries (67,2% answered very likely or completely likely). The less interested place to migrate to is the periphery of Portugal itself, but still 60,5% answered very likely or completely likely to migrate if a job would be offered there. Even this amount is very high, which indicates that migration is seen by students as a serious possibility to adapt to the high unemployment rate on the labor market. If the students had to choose between migration, continue studying, accepting a job below their education level and entrepreneurship, 42,6% would choose to migrate. This indicates that migration is the strategy that is favored most by the students over the other 3 strategies, and in particular migration to another European country or Portuguese speaking country.

Even Portugal's conservative Prime Minister Pedro Passos Coelho supports migration. He sent this message out to the Portuguese population, but is it actually a good solution to send people away? As said before, the young adults between the ages 25 – 29 are the ones that are most likely to migrate. Graduates which have the most skills and best qualifications are

also the ones who are the most adventurous. They are the ones that are ready to face the risks involved in emigrating. Portugal is at the moment a net exporter of brains and these brains are the ones that should help rebuild to economy of Portugal, instead of walking away from the problems.

To conclude, a lot of Portuguese citizens are living outside of the country already. They left Portugal to look for a job somewhere else, as they see more opportunities outside the country. Portugal is a net exporter of brains, a lot of high educated people are leaving the country. The Prime Minister is supporting this phenomenon, which also can be seen in the positive view by the students. A lot of students would use this strategy to increase their chance of employment.

7.5 The Government & the Labor market

Every country has to deal with the growing unemployment rates, especially the rising unemployment rates of the youth. But even the unemployment rates of higher educated are growing and this group always had the lowest rates. The students who answered the questionnaire have different opinions about what the government should do about the growing unemployment rates.

Some students believe it is out of the hands of the government, that the government has no money to support them. But most of the students are expecting support from the government. Financial help during education, financial help after, paid internships and investments in education are expected. Also, financial help for companies, so they can hire graduates or financial help to set up enterprises by graduates. But the question is, is this kind of support possible if there is no money?

On the other side, some students think a total revolution is needed. The government needs to become less corrupted. The government should act on behalf of the people and the country and not on behalf of their own interest and those from the parties they present. A new solution is needed for the world, not returning to how the economy was before, but moving on to something better. This is a good view for the future; moving forward instead of moving backward.

7.6 Main strategies of the students in Lisbon

The overall conclusion of this masterthesis is based on the main question; *What are the strategies of tertiary education students in Lisbon to increase their entry possibilities on the labor market?* While focusing on four main strategies; education, over-qualification, entrepreneurship and migration, the following conclusion can be made. Every student wants to find a job that is matched with his or her education level, because that is why they started studying in the first place. Higher education is seen as a strategy to increase chances on the labor market and finding a well paid job. But if a student has to choose between the four main strategies when a matched job could not be found, migration would be the first choice of

42,6% of the respondents of the questionnaire. These students believe that there are more opportunities outside Portugal, especially in other European countries. 27,4% of the respondents would continue to study and 14,4% would accept a job below their education level. 11,0% of the respondents would be interested in setting up their own business. These percentages are not directly answering the main question of this masterthesis, because the answers given by the students indicate that they are interested in one of those strategies, but being interested does not mean that it will happen in the future.

7.7 Advise for further research

This research is divided into four main themes; education, over-qualification, entrepreneurship and migration. Because of this, none of the themes are really researched in-depth. For further research, a focus on one of the themes would help to understand what the graduates exactly do after graduation. For example, brain-drain in Portugal, which is related to the theme migration. A lot of students are willing to migrate if they are not able to find a matching job in Portugal. Losing graduates might have effects on Portugal. Researching how many graduates leave the country, where they migrate to, and what effects are caused by brain-drain would be an interesting topic for further research.

7.8 Reflection on the used methodology

In chapter 4 the methodology of this masterthesis was described, both secondary and primary data was part of the methodology. A lot of research has been done about the four main themes of this masterthesis, but most of the secondary data, written in English, was not relevant for this research. Most of the data, which would have been relevant, was only available in Portuguese, therefore it was difficult to use it.

The gathering of primary data was done by a questionnaire among students from different universities in Lisbon. First, the decision was made to only distribute the questionnaire among the students from the faculty of Social Sciences at Universidade Nova de Lisboa. Halfway through the research, the decision was made to open up the questionnaire online for all students in Lisbon. This choice was the right one, because if only the students from Social Sciences would have filled out the questionnaire, the results could have been biased. Still, because the in-depth interviews were only with students from the faculty of Social Sciences the results can be biased.

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