

*Pathways to work:*

*Current practices and future needs for the  
labour market integration of young people*

**YOUTH: Young in Occupations and  
Unemployment: Thinking of their better  
integration in the labour market**

**FINAL REPORT**

***YOUTH FINAL REPORT***

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## **EXECUTIVE SUMMARY - THE LABOUR-MARKET INTEGRATION OF YOUNG PEOPLE: A CHALLENGE FOR EUROPE**

### **1. Aims of the study**

The study aims to provide a wider knowledge of youth labour-market trends and their evolution in order to adopt suitable correctives. Following the European Commission requests, the “Youth” project has attempted to define the main challenges that youth integration policies have to tackle in coming years.

### **2. Labour-market performance**

Young people constitute an exceptional resource for the renewal of society but labour-market inefficiencies prevent them being fully utilized. Their difficult position in this market is evident Europe-wide; from 2000 to 2005 the youth labour-market performance deteriorated as activity and employment rates fell while unemployment rose. Significant gender differences emerge with a greater activity rate for males. There are also gender differences in the level of unemployment: for young males unemployment tends to grow for all age groups whilst for females it tends to decrease because they become less active on the labour market. In general, there is a positive relationship between young people’s high education levels and their rate of employment. Against this, the early school leavers’ trend, with a prevalence of males over females, concerns all the EU countries in varying degrees. The NEET issue, that is young people who are not engaged in employment, education or training, is also effecting all the Member States. Likewise, the gender dimension shows that females are less favoured.

### **3. Youth condition**

The young are the segment of European population that works most in low-quality jobs which require low qualifications and are poorly paid. Many young people are denied access to the rights of social citizenship which the European social model has up to now guaranteed its workers. These factors help to delay access to an adult life based on economic independence from families of origin and on the possibility of making responsible choices connected to creating a family and parenthood.

### **4. The country clusterization**

A set of indicators has thus been defined for analysing the youth condition in individual and country clusters from the point of view of flexicurity and human

development. This factorial plan will enable the effectiveness of youth inclusion policies in Europe to be periodically monitored.

<p><b>FRIENDLY LABOUR MARKETS</b></p> <p><b>Highest human development indicators and best performer in youth employment</b></p> <p>Austria, Denmark, Netherlands, Sweden, Finland, United Kingdom and Ireland</p>	<p><i>The main challenges</i></p> <ul style="list-style-type: none"> <li>i) The reduction of the high level of youth unemployment;</li> <li>ii) The social inclusion of the weaker young groups;</li> <li>iii) The reduction of the share of young NEETs;</li> <li>iv) The completion of the education system reforms.</li> </ul>
<p><b>RIGID LABOUR MARKETS</b></p> <p><b>Low youth employment and good capability indicators</b></p> <p>France, Belgium, Germany, Luxembourg and Slovenia</p>	<p><i>The main challenges</i></p> <ul style="list-style-type: none"> <li>i) The flexibility of the education and training system;</li> <li>ii) The labour market flexibilization;</li> <li>iii) The integration and personalisation of lifecycle-oriented policies and services;</li> <li>iv) The development of workfare approaches;</li> <li>v) The cooperation among public and private employment services;</li> <li>vi) The participation of young females in the labour market.</li> </ul>
<p><b>STRONGLY SEGMENTED YOUTH LABOUR MARKETS</b></p> <p>Greece, Italy, Portugal, Spain and Poland</p>	<p><i>The main challenges</i></p> <ul style="list-style-type: none"> <li>i) The creation of a competitive, pluralistic, integrated, personalized, market-oriented and high quality system of life long learning;</li> <li>ii) The promotion of economic independence for young adults;</li> <li>iii) The integration of labour-market flexibilisation measures with security components;</li> <li>iv) The extension of the public and private employment services network;</li> <li>v) The encouragement of women's greater participation in the labour market.</li> </ul>
<p><b>LOW EMPLOYMENT AND SKILL MISMATCHES IN THE CONVERGENT/ TRANSITION ECONOMIES</b></p> <p>Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Cyprus, Malta, Romania and Bulgaria</p>	<p><i>The main challenges</i></p> <ul style="list-style-type: none"> <li>i) The conclusion of economic restructuring processes and the convergence of their economies with those of the EU15;</li> <li>ii) The introduction of new national strategies and new structures for the education and training system;</li> <li>iii) The increase of labour-market flexibility;</li> <li>iv) The extension of ALMP;</li> <li>v) The modernization of the social security system.</li> </ul>

## 5. Flexicurity measures and youth lifecycle

The policies studied are analysed from a youth lifecycle perspective. The results depend on their capacity to adapt to young people's pathways and conditions.

<b>Leaving general education, early leavers</b>	The measures, addressed to young people who abandon their education before reaching the age fixed by national regulations, are aimed at building educational pathways focusing on personalised forms of learning or encouraging young people to create life and work plans. Other measures are targeted at young people with special needs or background (immigrants, disabled, etc.).
<b>Developing social life</b>	The policies supporting the development of social life aim to facilitate young people's access to cultural and sporting infrastructures, to the different types of non-formal education, associative and voluntary work, and access to and construction of social and informal networks.
<b>Entering a professional learning process</b>	The policies providing qualification pathways outside of school and before entering the active labour policy channel aim to offer the basic skills (cognitive, organizational and social) for accessing a professional activity.
<b>Entering the labour market</b>	These are public actions mainly focused on external flexibility and on wage flexibility. Public policies intervene on the transition between school/training and labour market: labour contracts, active labour policies, social and unemployment benefits.
<b>Professional growth and mobility</b>	The policies supporting professional growth and mobility focus on young people's working relations inside the firm. Professional growth mainly concerns young workers' possibilities to develop their competences by work experience based on actual experiences of productive activity. Mobility concerns the possibility of improving their position both in a vertical sense - inside the workplace - and outside towards new and better jobs.
<b>Re-entering education/training pathways</b>	These policies are targeted at young workers who have entered the labour market early with low levels of education and/or qualifications or who are employed in low-skilled jobs.
<b>Transition to adulthood</b>	Adulthood is achieved when people become economically independent of their families of origin and are able to exercise all the prerogatives of responsible choice connected to creating a family and parenthood. The aims of these policies are to reduce the costs and difficulties encountered by young households in managing a whole range of responsibilities and personal interests.

## 6. Managing transitions and risks

The objective of full employment for young people would be achievable under three conditions:

- i) the coordination of monetary, financial and income policy to stimulate sustainable economic growth;
- ii) the reform of labour-market and social policies to guarantee everybody an appropriate balance between flexibility and a wider concept of security, transforming social policy into social risk management in all transition phases;

- iii) the fostering of individual autonomy through investments and improved capabilities to encourage people to accept and to manage risks associated with the transition phases of their lifecycle.

### 7. The five common challenges

The analysis of the successes and limits of the public policies undertaken by the European Union countries highlights the existence of five great challenges common to all.

<p><i>Challenge 1</i> To acquire a production mentality and a capacity to build and develop social networks in as short as possible timeframe</p>	<p>Families and young people have to acquire a greater capacity for and freedom of choice in education, training and work pathways. The reform of the education and training systems should ensure the exercise of this freedom.</p>
<p><i>Challenge 2</i> To safeguard access to work and increase the quality of the first job</p>	<p>Young people are activated when the services are capable of offering them the chance to improve, in transition phases, their position on the labour market and to obtain forms of income support and investments in training their human capital. The most successful flexicurity policies envisage the full involvement of social partners. Collectively-agreed social risk-management policies should provide a new kind of security that protects workers' rights and encourages young people to accept flexible contractual forms.</p>
<p><i>Challenge 3</i> To foster the professional growth of young workers, their mobility and career advancement</p>	<p>The recognition of learning, its certification and the value attributed to it in the internal labour market within the framework of a collective regulation of work relations by social actors, constitute the best way to encourage young people to enhance their professional and cultural capital by investing personal or collectively-agreed resources.</p>
<p><i>Challenge 4</i> To support access to an independent lifestyle</p>	<p>Young people can only become the protagonists of the Lisbon Strategy if European and national policies encourage them to accept and manage the risks connected with their transition to adulthood. The development of the prerogatives needed to achieve adulthood and autonomy and to shoulder individual and social responsibilities (creating one's own family, maternity and paternity) constitute the strategic objective of European policies and of the Member States with regards to young people.</p>
<p><i>Challenge 5</i> To promote the participation of young people in a new governance</p>	<p>The participation of young people and of their organizations in choices that concern them constitutes the premises for restoring their faith in the future. Europe and Member States must thus create occasions for listening to young people's voices in reformed governance practices at every level.</p>



## **8. Security and faith in the future**

It is necessary to effectively overcome the widespread conviction that the life conditions of the new generations are destined to deteriorate. This attitude can only change if young people's perceptions of their future change. It is thus necessary to reduce their uncertainties and increase confidence in their possibility to manage the risks, investments and sacrifices which appear necessary, even for these new generations, to enter adult life.

The success of the construction of Europe depends on the outcome of this global challenge and on the opportunities which, in a new climate of security and faith in the future, the European social model will be capable of providing for the young generations.

## 1. INTRODUCTION<sup>1</sup>

Thanks to the DG Employment Social Affairs & Equal Opportunities, calling for the tender (n° VT/2006/045) “Pathways to work: current practices and future needs for the labour market integration of young people”, ISFOL, as main contractor, together with its partners (CESOS, Italy - Szent István University, Godollo Economic and Social Science Department, Social Science and Teacher Training Institute, Godollo, Hungary - NTF National Training Fund, Praha, Czech Republic), has presented a project under the acronym YOUTH or “Young in Occupations and Unemployment: THinking of their better integration in the labour market”.

The study began on January 2007 for the duration of 18 months. The main intention of the research project was to obtain a comprehensive overview of current practices in the labour-market integration of young people, starting with a quantitative and qualitative analysis in the 27 European countries since 2000 to understand youth- employment structural changes. The focus was on the key pillar "current practices and future needs for the labour market integration of young people", with an integrated analysis of youth employment policies in Europe, based on current policy debates on the European Employment Strategy and European Flexicurity Model, to identify the best examples for improving young people’s pathways to work in the future and, more in general, to provide a tool to support the definition and implementation of policies in this crucial field.

The idea was to present scenarios of the 27 EU countries, taking into account economic and demographic trends, labour-market frameworks and the divergence between employment protection and social-security protection. A country clusterization was also proposed. More specifically, the socio-demographic changes considered relevant for the purposes of the project were those affecting young people’s integration (ageing society, the need for solidarity between generations, the socio-economic impact on the new generations with difficulties in leaving their family of

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<sup>1</sup>By Giovanni Principe - ISFOL General Director and YOUTH Project Director

origin, job instability, expensive housing and lack of incentives - family benefits, parental leave, childcare, equal pay - with negative consequences on the fertility rate).

In terms of the labour market framework, the youth rate of employment was the main aspect to be considered, mainly as a rate of young NEETs (not employed nor in education or training), with too high an average in the EU and facing an excessively high rate of unemployment.

In terms of social protection, the study focused on the particular risk of poverty for young people, because frequently victims of discrimination, as well as the effects of misalignment between the skills acquired by formal learning (education) and the requirements of the knowledge society. It follows that the education system has to meet the challenge to raise everyone's level of education and to improve transitions from school to work, with the contribution of all social partners (private and public), to promote the social inclusion of young people.

The qualitative analysis comprised an integrated survey of youth employment policies in Europe, using a specific schedule for each European Member State to obtain a comprehensive overview of current practices in the labour-market integration of young people. Seven case studies - Czech Republic, Denmark, Germany, Hungary, Italy, Romania and the United Kingdom - have provided a more in-depth analysis of context and policies.

The comparative analysis of policy directions and measures is offered in a youth lifecycle perspective. Within this framework, special attention is paid to transitions, from school-to-work or to training, from training-to-work and vice versa, in accordance with a lifelong learning approach, to be considered as critical life stages where interventions are needed to help young people find solutions by creating better and wider opportunities.

Within this perspective, the project then proposes the capabilities approach<sup>2</sup> to offer suggestions for the promotion of youth employment in a flexicurity-oriented dimension. The results of the overview have prompted a strong recommendation to extend the flexicurity approach. Too often Member State policies are constrained within narrow borders

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<sup>2</sup> Capability approach has been introduced by the Indian economist Sen to give evidence that not all people have an adequate level of capabilities to reach well-being and to be responsible of their own choices. For more details, see section 5.2.

and consider flexibility only in terms of room for manoeuvre for employers and social protection for employees who pay for it, without any consideration of what could be achieved on a broader canvas. First of all, on the empowerment side, capability building could be used to strengthen the labour supply in accordance with employers' demand. In the flexicurity perspective it is necessary to work simultaneously on flexibility and security policies.

The capabilities approach is significant when we consider that young people are exclusively a target of policy measures, losing sight of the political and cultural role of fresh ideas and change. It is important, instead, to consider young people in social, cultural and political terms and to propose measures and policies that integrate these aspects, pursuing the wellbeing of the young people as part of the collective wellbeing of all European citizens.

The methodological approach was developed under the excellent guidance of a Scientific Committee consisting of Prof. Luigi Frey (Sapienza University of Rome), Prof. Renata Livraghi (University of Parma) and Prof. Paolo Federighi (University of Florence). The "Youth" project was coordinated by Domenico Paparella, (Project Coordinator) Secretary General of Cesos, supported by Lidia Savino, senior researcher of Cesos.

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## 2. STRUCTURE OF THE REPORT

### Preamble

This Final Report presents the results and findings of the “Youth” research project with the most relevant conclusions and lessons learnt. The Report also includes policy recommendations and suggestions in terms of strategies and concrete cross-cutting measures and practices for supporting and improving young people's transition pathways to work in a balanced flexicurity approach. The main subjects and tasks of the study were the following:

Youth **trends** in EU 27:

- to analyse youth employment: rate of unemployment, rate of employment, transition from school to work, from precarious work to better working conditions, quality of work, ...;
- Member States’ **policies and practices** addressing youth employment:
  - to analyse current practices of labour market integration of young people, weak and strong elements;
- **Flexicurity approach** as overarching guiding principle for all the research stages in its various dimensions applied to education, labour and welfare:
  - to identify practices for improving young people’s pathways to work in a flexicurity-oriented life-cycle approach to employment.

In this context, the “Youth” Report demonstrates the EU challenges regarding investments in people through policies and measures based on the lifecycle approach to employment and education, modernising labour markets and reinforcing social inclusion, as set out in the Strategic Report on the Renewed Lisbon Strategy for Growth and Jobs: launching the new cycle (2008-2010), keeping up the pace of change. The research pathway covers the challenges fully spelt out in the Communication on Young

People's Full Participation in Education, Employment and Society “(COM (2007) 498 Final.

The study also take into account the recent EU process towards a transversal approach to youth policies, focusing on youth mainstreaming, inter-generational approach, lifecycle approach, flexicurity, and capability and workfare approach based on autonomy and youth empowerment. The study provides a wider knowledge of the trends in the youth labour market, its evolution and its strong and weak points in order to identify, understand and adopt suitable correctives.

In terms of the EC challenges, the “Youth” project has attempted to answer two crucial questions: - What are the main challenges to be tackled by youth integration policies in the coming years? - Which of these challenges are of a European dimension and how should they become a priority for future youth policies at European level? Considering the unfavourable trend of youth employment in all European countries, the “Youth” research has tried to explain its features in a flexicurity context, suggesting how the unsatisfactory youth labour-market performance can be improved through the lifecycle capabilities approach. Taking into account the different national and regional contexts, a Youth Flexicurity Clusterisation (EU Member States), four groups of countries) was carried out on the basis on youth labour-market outcomes for the four flexicurity components (pillars)<sup>3</sup> (EC Communication Towards Common Principles of Flexicurity: More and Better Jobs through Flexibility and Security COM (2007) 359 Final) and on capability indicators set up by the research group.

The “Youth” Report provides a cluster analysis of policies affecting young people. With this methodological approach, linking quantitative and qualitative analyses, the Report offers interesting points for reflection on the impact of strategies promoting a flexicurity approach; the most effective features of this approach for improving young people’s employment situation; the other factors (governance aspects related to local labour markets, etc.) and general policies able to render flexicurity pathways effective in terms of the social and professional integration of young people along all their lifecycle stages.

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3 Flexible and reliable contractual arrangements; Comprehensive lifelong learning strategies; Effective active labour-market policies; Modern social-security systems.

The aim was to identify, for each of the four country clusters, youth-policy approaches and the relevant measures across the four components (pillars) of flexicurity and, where possible, links between the different components. This is consistent with the EU challenge for MS to put into practice the Lisbon Strategy at national and local level.

**The structure of the report** follows the overarching guiding principles for all the research stages. The political debate on the inclusion of young people in the labour market has generated a complex Community process for establishing a joint political, strategic and programmatic framework strategy for the Member States (MS). This has also been prompted by the development of the theme on a conceptual level by the scientific community, which constitutes the guiding thread of the present "Youth" research report.

The research team has acted in the awareness of the multidimensional and multidisciplinary nature of causes affecting youth unemployment and the definition/choice of the policy measures to combat them. Therefore in the research project it was attempted to interconnect the various disciplines which led the research group to share different perspectives and methodological approaches. The scenario was the EU policy debate and process on youth issues, with the aim of analysing problems of the labour-market integration of young people and finding possible solutions, taking into account all the relevant European Commission dossiers. The multidisciplinary and integrated strategy of the complex research process should be considered as an added value in terms of its usefulness for key stakeholders towards a policy-oriented direction.

The "Youth" report consists of an executive summary to present the main results, followed by an institutional presentation of the "Youth" project in the introduction (Chapter 1). Chapter 2 consists of the present outline of the report structure in which, after a brief preamble (2.1), the main contents of each chapter are described as follows.

### **Background. Youth integration: the challenges at European level (Chapter 3)**

In the **third chapter** the Report outlines the **complex Community process** for establishing, at European level, a joint political and

programmatic framework strategy for the Member States (MS) and MS challenges’ in youth employment within the Lisbon Cycles. This complex process of policy direction was triggered by the international debate on issues crucial for the implementation of the **European Social Model**, which recognises the central role of the younger generations in contributing to sustainable development in Europe.

The impact of demographic change and globalization on Europe's economy and on societies as a whole requires a new focus on youth issues. The current EU policy context regarding youth issues and the EU Youth Agenda for the next years within the framework of the Lisbon Strategy as the result of an EU political process statement is described in this chapter. The main results of the political process are presented: European Union statement, commitment of Member States (MS) and their responses to Community input in terms of measures implemented and national reforms. Taking into account the Youth Project key words and the research strategy and process, the transversal reading of the EU reference framework regarding youth issues follows two lines of attack (para. 3.1).

<b>Lifecycle and flexicity approaches</b>	<b>The EU policy process: towards a flexicity-oriented lifecycle approach to youth employment (para. 3.2)</b>
<b>MS strategies and measures</b>	<p><b>The European Employment Strategy (EES) and the Lisbon cycles. Member States’ challenges in youth employment and youth empowerment within the Lisbon process governance</b></p> <p><b>EU Countries’ performance and progress and the last cycle of the Lisbon Agenda 2008-2010 (para. 3.3)</b></p>

The first line of attack, the EU policy process: towards a flexicity-oriented lifecycle approach to youth employment (para. 3.2), refers to the EU framework based on milestones consistent with scientific progress and the development of the political debate and social dialogue in the Member States. A core message is stressed for each of the steps in the EU policy process concerning youth issues (see Boxes I to VI).



The research group was aware of the security dimension in the implementation of flexicurity principles at national level which must be addressed through national pathways (see also the following paragraph: Member States' Challenges in Youth Employment). Undeclared work, as emphasized in the Communication on this kind of employment COM (2007) 628 Stepping up the Fight against Undeclared Work, has also been taken into account as well as the situation of young student target groups. The Spring European Council (March 2007 European Alliance for Families) emphasised the need to support young people during their lifecycle stages. The European debate, Social Services of General Interest, (SSGI) COM (2006) 177 final, should be considered a tool for supporting youth pathways and for youth social and professional inclusion. The study gives its findings with regards to this approach.

**The second line of attack:** the EES and the Governance of the Lisbon Cycles (para. 3.2) stresses that the EU Member States have to address the causes of youth unemployment problems more systematically and more broadly, using the EU reference framework of the Lisbon Strategy and European Employment Strategy (EES), the European Pact for Youth (2005) and the common flexicurity principles (2007). Member States' challenges in youth employment are amply described in para. 3.3.1. Young people's demands are described in para. 3.3.2. To develop flexicurity at national and local level, within the framework of their National Reform Programmes (NRPs) of Autumn 2008 (Member States' Autumn 2008 Reports on the Implementation of the Lisbon Strategy NRPs) and paying more attention to youth, MS should implement the agreed common principles on flexicurity by defining national pathways (para. 3.3.1.Box VII).

In the following chapters, the study analyses the effectiveness of the flexicurity policies and measures adopted by single EU countries. Considering these two lines of attack, **the end of the Chapter 3 focuses on the EU agenda for the next decade, closely linked to youth demands** including the empowerment issue (para. 3.3.2, Box XI). **Within such a context, the European Youth Forum (EYF)** stresses key issues for the improvement of young people's employment and living conditions (3.3.2 Box XI). Young people are asking the EU to take them into account when developing policies that affect them, and to ensure that the main policy areas become part of the dialogue between youth organisations (EYF and the National Youth Council) and the European institutions.

**Finally, Chapter 3 underlines** that the effects of policies and measures are also considered crucial and should be linked both to the evaluation of policy measures at national/local level and to **the need to highlight results** in terms of youth social and professional integration. Within the framework of the EU recent institutional debate, the need **for better monitoring of the implementation of the European Youth Pact** at all levels of decision-making was stressed, **making it more operational in line with the objective to develop a life-cycle approach.**

#### **Quantitative and qualitative analysis of labour-market integration of young people (Chapter 4)**

Chapter 4 of the “Youth” Report explores the reasons for their insufficient labour-market integration through the statistical-econometric analysis of quantitative data, based on Eurostat source and qualitative data.

In recent years there has been a resurgence of interest in young people’s employment problems. This interest is timely and Europe-wide, prompted by escalating youth unemployment, difficulties in the transition from school to the labour market and the precariousness of short-term employment alternating with unemployment. Even countries with a high level of adult employment and some of the best labour-market performances have encountered problems in recent years.

The unfavourable position of young people in the labour market is evident across Europe as demonstrated by the youth-to-adult unemployment ratio (15-29 versus 30-59) in the 27 member countries. It is evident that the integration of young people in the labour market is becoming increasingly difficult, subject to long entry periods in which unemployment alternates with atypical contracts. The more or less stable level of the youth to total employment ratio from 2000 to 2005 shows that temporary employment is becoming widespread among the young. The accession of the EU 12 has had repercussions on the mean age of women at childbirth and on other elements such as the level of human capital, performances on the labour market and the age of entry in the labour market.

**The first section** of Chapter 4 illustrates the indicators of youth labour-market integration in the 27 Member States, discussing the reasons for insufficient labour-market integration.

**The second section** estimates how indicators of human capital affect the labour-market integration of young people.

**The third section** analyses how labour-market institutions and differences in employment protection legislation are responsible for differences in the size of youth employment

**The fourth section** describes the contribution young people make to the labour force and economic growth and provides recommendations to improve their labour-market integration.

Chapter 4 includes relevant tables and figures. More statistical tables could be found in Annex 1 to the Report.

### **The European flexicurity approach applied to young people: a cluster analysis (Chapter 5)**

Taking into account all the above-mentioned phenomena (as described in Chapter 4), the “Youth” project has tried to explain youth employment features in Europe in a context of flexicurity, focusing on how to improve the unsatisfactory youth labour-market performance through the lifecycle capabilities approach.

The ultimate claim of the capability approach is that the ends or goals of policies should be young people’s wellbeing in all its dimensions which necessarily includes their capabilities. The aim of this approach is to encourage individuals to be autonomous and responsible for their own choices. Not all people have the same capabilities and there are some people who do not have the minimum level necessary to actively participate in the labour market and in society. The role of public institutions (in cooperation with private ones) is to increase the capabilities of young people, providing resources to facilitate the achievement of the shared objectives or improving the capacity to convert the available resources into wellbeing (measurable in quality of work and quality of life).

**Chapter 5 of the "Youth" project** uses the principal component analysis to cluster the EU Member States. The research group has carried out a flexicurity cluster analysis (see para. 5.2 Methodology) identifying suitable **indicators** (para. 5.3 the Statistical Model, Table 24 - Indicators within the flexicurity cluster analysis) on the basis of capability approach, youth labour-market outcomes and on the four policy areas identified by the European Commission as flexicurity components (pillars).

The Principal Component Analysis used for clusterization enabled the research team to identify four heterogeneous groups of countries (para. 5.3). The analysis shows that European countries differ in their socio-economic structures in terms of flexicurity. There are countries with a good flexicurity experience and countries where the risk of precariousness stirs the debate on flexicurity; there are also countries where flexicurity is far from being applied.

Annex 3 focuses on contractual arrangements and quality of jobs and their impact on youth employment with a descriptive analysis in seven EU countries (IT, DK, D, HU, RO, UK, CZ).

### **Analysis of EU Member States' policies and measures (Chapter 6)**

Chapter 6 of the Report provides a comparative overview of the studies conducted during the "Youth" research and a descriptive analysis of a selection of policy measures concerning the different components of a flexicurity strategy for young people in the **27 Member States** of the European Union. The measures were studied first separately (see Annex 4 Country fiches - Schedule A and Schedule B Annex 2.1 to the Annex 2 Case Study Reports) and then aggregated according to specific national contexts (see the seven Case Studies in Annex 2 to the "Youth" Report). Here we give a comparative analysis of the different types of measures and components adopted by the Member States in relation to the different lifecycle stages of young people. The aim was to compare the effects where evaluations are available or, more simply, to evaluate their desirability.

Chapter 6 has two parts. It begins with a presentation of the methodological approach concerning the lifecycle model proposed. The different stages regarding policies for labour-market integration of young people have been identified in Box A: leaving general education; setting

up a social life; entering professional learning processes; entering the labour market; professional growth and mobility; re-entering education and training; transition to adulthood.

In **the first part of Chapter 6**, Member States' policies are analyzed in consideration of youth lifecycle phases. The aim is to identify the most significant measures that can accompany young people during their lifecycle, from leaving the educational system to setting up their own families. Within each lifecycle phase, measures involving different components of a flexicurity strategy for youth are examined and surveyed.

**In the second part of the chapter** (Policy Analysis of Country Clusters) policies are analyzed in relation to the **four clusters of EU Member States** as described in Chapter 5. Clusters have been defined in consideration of a set of indicators connected to youth conditions (see Chapter 5, para. 5.3: the Statistical Model, Table 24 - Indicators within the Flexicurity Cluster Analysis). This enabled identifying the criteria to be considered when selecting policies in relation to the flexicurity development perspective in each European country.

The aim of the following analysis **is to pinpoint common trends in the different countries belonging to the four clusters** (para. 6.3, Box 13: Youth Flexicurity Clusterisation). This part offers clusterisation of measures for each of the four groups of countries (clusters described in Chapter 5) according to the four flexicurity pillars. The aim is to highlight possible relations between public policies and results achieved by the various countries in terms of developing young people's competences and employability. It will thus also be possible to reach initial conclusions on the great challenges facing these groups of countries.

Finally, the chapter ends with some reflections on the factors that affect young people in terms of policy-measure implementation. It offers a remodulation of the lifecycle model proposed at the start of the chapter.

### **The “Youth” research project: the general findings (Chapter 7)**

Chapter 7 provides a path for reading the main results of the research with the intention of explaining them also in terms of usefulness and European added value.

This chapter also provides a cross analysis of youth trends with measures. The aim is to show the general findings of the research by discussing, first of all, the scope of youth employment and unemployment and the factors influencing the youth employment rate (para.7.1). After a presentation of the conceptual framework of the policy analysis (para 7.2), the condition of working students and contractual aspects are also examined (para 7.3). Special emphasis is given to the role of human capital, one of the main challenges in terms of youth employment and empowerment, focusing on its quality and the need to develop entrepreneurship skills for young people (para 7.4).

**Also discussed in this chapter is the growing interest in** the quality of youth work, including the age and gender pay gap, in line with the need to pay attention to transition pathways (para.7.5). Another aspect linked to these core issues is the welfare of young people, influencing their real opportunities to develop social life (para 7.6). This paragraph considers specific target groups, the NEET trend and the housing issue. Following the research pathway, the chapter provides in para. 7.7 a summary of the flexicurity analysis given in Chapter 5 (Cluster Analysis) and in Chapter 6 (Policy Analysis of Country Clusters).

The flexicurity-capabilities clusterization model and the country cluster policy analysis provided by the “Youth” research have been used to define strong and weak points as well as the main challenges and the policies that could help to tackle them. At the end of Chapter 7 there are some final remarks connecting the main research findings with the background of the EU policy framework (described in Chapter 3), identifying the guidelines for formulating the recommendations given in the following chapter (Chapter 8).

## **Policy recommendations (Chapter 8)**

The next Lisbon 2008-2010 cycle emphasizes the relationship between EU Member State reforms within the NRP affecting national flexicurity pathways for young people’s social and professional integration and the Lisbon Strategy's benchmarks.

Within this context, Chapter 8 of the “Youth” Report starts with the considerations and core messages provided by the research results to

propose directions for improving young people's social and professional integration.

The recommendations for promoting the full employment of European youth identify the general economic conditions for realistically pursuing this goal. The factorial analysis revealed the strengths and weaknesses of the different groups of countries, together with the major challenges and the policies which experience tells us can help to achieve this goal.

Notwithstanding the differences emerging between individual countries and between country clusters, the joint analysis of the social, economic and demographic evolution and of the policies implemented to date has enabled us to define five great challenges shared by all European countries. These challenges involve the main transitions in a young person's lifecycle, where flexicurity policies and capabilities have to be developed to ensure a faster entry into adult life. There are also the general challenges at EU and Member States' level to be considered (the importance of young people's trust in their future, participation in decision-making process at local level, etc.) involving youth employment trends and, above all, the need to suggest real pathways for implementing measures at national and local level.

Areas for improvement are outlined, to be considered as common challenges at European level, with special attention to be paid to the local dimension in terms of governance and for the evaluation and monitoring of policies addressed to young people.

The final paragraphs give some indications on general strategies at European and national level to improve policies for promoting the transition to adulthood.

*The "Youth" Report also offers statistical tables (Annex 1) and technical tools for collecting information: Annex 4 Country Fiches - Schedule A EU27, Annex 3 Contractual Arrangements and Quality of Jobs: impact on youth employment. descriptive analysis in seven EU Member States countries (IT, DK, D, HU, RO, UK, CZ), Schedule B Annex to Annex 2 (Case Study Reports). Case Study Reports are also provided (Annex 2 CZ, DK, DE, HU, IT, RO, UK). Annex 5 provides references (literature, European Union Institutions and related bodies, case study bibliography, Web sources).*

### 3. BACKGROUND. YOUTH INTEGRATION: THE CHALLENGES AT EUROPEAN LEVEL

#### 3.1 Preamble

The political debate on the integration of young people in the labour market has generated a complex Community process for establishing a joint political and programmatic framework strategy for the Member States (MS). This has also been prompted by the development of the theme on a conceptual level by the scientific community<sup>4</sup> which constitutes the guiding thread of the present "Youth" research<sup>5</sup>.

This complex process of policy direction was triggered by the international debate concerning issues crucial for the implementation of the **European Social Model**, which recognises the central role of the younger generations. At EU level there is widespread recognition not only of the vital role of young people in contributing to sustainable development in Europe, but also that the impact of demographic change<sup>6</sup> and globalization on Europe's economy and on societies as a whole requires a new focus on youth issues. At the Spring Council 2006, Member States confirmed the importance of policies addressing youth unemployment; more in general the situation of young people was reconfirmed as a major political priority within the revised Lisbon Strategy<sup>7</sup> as young people are considered essential in achieving social and economic progress<sup>8</sup>.

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<sup>4</sup> See Youth Final Report, Chapter on Quantitative and Qualitative Analysis of Labour-Market Integration of Young People and Statistics in Annex

<sup>5</sup> See Youth Final Report, Chapter on Analysis of EU Member States' Policies and Measures, see also Case Study Reports in Annex.

<sup>6</sup> COM (2006) 571 final EC Communication "The demographic future of Europe. From challenge to opportunity" (12-10-2006)

<sup>7</sup> see 5841/07 5-2-2007 Contribution of the Council (in the Youth Policy Field) to the Spring European Council on the implementation of the European Pact for Youth. Key messages to the European Council; BEPA - Bureau of European Policy Advisers paper, "Investing in youth: an empowerment strategy", April 2007; Lisbon European Council (23-24 March 2000); Stockholm European Council (23-24 March 2001)

<sup>8</sup> 6445/08, 20-2-2008 Council EYC Key Message to the Spring European Council, 13-14 March 2008, in the fields of Education/Training and Youth



The current EU policy context regarding youth issues and the EU Youth Agenda for the next years within the framework of the Lisbon Strategy is the result of an EU political process statement<sup>9</sup>. The commitment of Member States (MS) and their responses to Community input in terms of measures implemented and national reforms has given shape to a youth policy framework giving full visibility to cooperation at European level<sup>10</sup>. This framework is based on milestones consistent with scientific progress and the development of the political debate and social dialogue in the Member States and within the EU institutions.

Taking into account the Youth Project key words and the research strategy and process<sup>11</sup>, the EU reference framework regarding youth issues follows two lines of attack:

<b><i>Lifecycle and flexicurity approaches</i></b>	The EU policy process: towards a flexicurity-oriented lifecycle approach to youth employment
<b><i>MS strategies and measures</i></b>	The European Employment Strategy (EES) and the Lisbon cycle. Member States' challenges in youth employment and youth empowerment within the Lisbon process governance  EU Countries' performance and progress and the last cycle of the Lisbon Agenda 2008-2010

<sup>9</sup> The Treaty of Maastricht extended the competence of the EU to the youth field thanks to Art. 149.

<sup>10</sup> Council Resolution C 168/2 (2202); Council Resolution (2005/C 292/03)

<sup>11</sup> see Youth Final Report, chapter on Analysis of EU Member States' policies and measures; see also structure of Schedule A in Annex EU 27 Country Fiches, the technical research tool that, with an holistic and comprehensive approach, surveys measures that have a direct or indirect impact on young people. Schedule A has four areas: 1. Labour Market Policies; 2. Income Support Mechanisms; Family and Social Policies; Learning Strategies

## 3.2 The EU policy process: towards a flexicurity-oriented lifecycle approach to youth employment

### *3.2.1 A new impetus for European Youth. The challenge of youth autonomy*

The significance of youth unemployment in Europe's development makes it crucial to activate young people through active, youth-specific labour policies. This has led the European Union to propose that Member States, through an open method of coordination (OMC), take more account of the youth dimension in other relevant policies (youth mainstreaming).

The work problems of the young have important consequences on their living conditions, their families and the local, national and international communities they belong to. The consequences are poverty and inability/incapability to play an active role, as well as lack of freedom and power in changing knowledge economies/societies.

**Box I - The White Paper "A new impetus for European Youth" (November 2001)<sup>12</sup>**

The EC proposed developing **cooperation in four youth priorities: "participation", "information", "voluntary activities" and "a greater understanding and knowledge of youth"**. The Commission adopted the objective of devoting more attention to young people in other policy fields, especially education and lifelong learning, employment, social integration, health, **youth autonomy**, mobility, fundamental rights and non-discrimination<sup>13</sup>.

The prospect of a progressive ageing of the population has highlighted the need to adopt birthrate policies and policies for integrating young people in civil society and in the labour market. This approach is underpinned by the awareness that the destiny of Europe depends on the ability to foster societies that are child- and youth-friendly. Thus, the

<sup>12</sup> COM (2001) 681 Final (21-11-2001); European Parliament Resolution A5-0126/2002.

<sup>13</sup> The European Commission will propose a cross-cutting directive aimed at combating discrimination on the grounds of age, disability, religion/belief and sexual orientation in areas outside the field of employment. This proposal was welcomed by the EYF and the European Social Partners (ETUC) as it extends the protection against discrimination to all non-discrimination aspects covered by the EU Treaty (as confirmed by Commissioner Barrot to the European Parliament, 16 June 2008, Strasbourg).

European Union proposed a new generational pact on which to base the European development strategy towards a knowledge-based society.

### ***3.2.2 The role of young people in the knowledge society. Youth in the Lisbon Strategy and benchmarks***

#### ***Box II - The European Youth Pact (2005)<sup>14</sup> placing youth policies within the framework of the Lisbon Strategy for Growth and Jobs.***

Within the Youth Pact, Member States gave a special role to policies impacting on young employment, including a better reconciliation of work and family life **according to a youth-friendly and lifecycle approach**. Increasing young people's employment, their sustained integration in the labour market and providing education that matches the needs of the knowledge society were the primary action lines identified in the field of employment.

With the adoption of the European Pact for Youth, the youth issue becomes part of the Lisbon strategy. It was pointed out that the Lisbon Strategy, which aims at making Europe the most competitive knowledge-based economy in the world by 2010<sup>15</sup>, is relevant for young people since it addresses issues which affect them directly, such as education, employment and social inclusion.

Young people have a positive effect on the return of investments in education in the medium term, thanks to the high level of human capital. A virtuous circle shows that people with a high level of education are more involved in lifelong learning and have a better ability to learn. Young people with higher education have private and social returns in terms of positive effects on employment (education affects labour-force participation, particularly that of women, and favours employability), labour productivity and GDP growth.

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<sup>14</sup> Presidency Conclusion of the European Council (Spring Council 22-23/3/2005); SEC (2005) 693, COM(2005) 206 final, (30-5-2005).

<sup>15</sup> See the Education and Training 2010 Strategy and Work Programme that identifies indicators and benchmarks centred around eight key policy domains, namely: making education and training fairer; promoting efficiency in education and training; making lifelong learning a reality; key skills for young people; modernising school education; modernising vocational education and training (the Copenhagen process); modernising higher education (the Bologna process); employability.

The integration of young people in society and working life and making better use of their potential are essential for ensuring a sustainable development in Europe. In the European Employment Strategy, the policies addressed to the integration of young people are fundamental guidelines for specific youth-oriented policies.

**Box III - The European Employment Strategy (EES) as strengthened – in the implementation of the Lisbon objectives - by the refocused Lisbon Strategy in 2005 on youth and employment and the Employment Guidelines 2005-2008/2008-2010<sup>16</sup>**

The three objectives - full employment, improving quality and productivity at work and strengthening social and territorial cohesion - have particular importance for fostering the labour market integration of young people<sup>17</sup>.

The Employment Guidelines (G. n.17 to G. n. 24) favour the promotion of young people's access to employment within a **new intergenerational approach**, calling for increased efforts by Member States **to build employment pathways for young people** and to reduce youth unemployment (**Guideline 18**). The Guidelines also call for inclusive labour markets, promoting employment access for disadvantaged people and combating discrimination. The Guidelines reconfirmed the objective of a **"new start" for young people** within six months of unemployment, to become four by 2010.

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<sup>16</sup> Council Decision 2005/600/EC (12-7-2005); Strategic report on the renewed Lisbon strategy for Growth and Jobs: launching the new cycle 2008-2010, keeping up the pace of change, COM (2007) 803 final part I; Communication from the Commission to the Spring European Council Integrated Guidelines for Growth and Jobs (2008-2010), Proposal for Integrated Guidelines 2008-2010 COM (2007) 803 final, PART V, 11-12-2008

<sup>17</sup> SEC (2007) 1093 EC "Staff Working Document on Youth Employment in the EU", accompanying document to the COM (2007) 498 final, (4-9-2007)

**Box IV - Lisbon benchmarks and targets relevant for young people<sup>18</sup>**

At the 2006 Spring European Council, Member States agreed that they should provide a "new start" for the young unemployed within 6 months by 2007 and 4 months by 2010 (ensure that every school-leaver is offered a job, apprenticeship, additional training or other employability measure);

EU average rate of no more than 10% early school-leavers; progress in this area will be assessed on the basis of the following core indicators: participation in pre-school education; special-needs education; early school-leavers;

At least 85% of 22-year-olds in the EU should have completed upper secondary education by 2010; the indicator on upper secondary completion rates will make it possible to assess the degree to which young people are ready to participate in lifelong learning;

Key skills for young people - reducing by at least 20% the number of low-achieving 15-year-olds in reading compared to the 2000 level;

The provision of childcare by 2010 to at least 90% of children between 3 years old and the mandatory school age and at least 33% of children under 3 years of age<sup>19</sup>.

Furthermore, the **Community Strategic Guidelines for Cohesion 2007-2013** invite Member States to pay special attention to implementing the Youth Pact by facilitating access to employment for young people, by easing the transition from education to work, also through career guidance, assistance in completing education, access to appropriate training and apprenticeships.

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<sup>18</sup> COM(2007) 61 final EC Communication, A Coherent Framework of Indicators and Benchmarks for Monitoring Progress towards the Lisbon Objectives in Education and Training, (21-2-2007).

<sup>19</sup> See also the European Council, March 2002 (Barcelona 15-16/3/2002) and European Commission, COM (2006) 92 Final (01-03-2006)and SEC (2006) 275.

### ***3.2.3 The challenge of flexicurity. Better, earlier and greater investment in young people in a lifecycle approach***

The concept of flexicurity was adopted on a European level as a tool for reconciling growth and social cohesion to be pursued in the new enlarged European Union to prevent the dilution of the European model of Social Dialogue following the entry of more liberal post-socialist countries. Flexicurity refers to a combination of flexible labour markets with social security, supported by active labour market policies. Flexicurity is considered a means to reinforce the implementation of the Lisbon Strategy, to create more and better jobs, to modernize labour markets, and to promote good work through new forms of flexibility and security to increase adaptability, employment and social cohesion. **The EC Communication on Flexicurity** (June 2007) deals with these topics.

#### ***Box V - The EC Communication Towards Common Principles of Flexicurity: More and better jobs through flexibility and security***

The EC Communication on flexicurity<sup>20</sup> (ref. Employment Guideline 21) stresses the important role of a flexicurity approach<sup>21</sup>. Flexicurity national pathways<sup>22</sup> can be designed and implemented across **four components of youth employment**: a) Flexible and reliable contractual arrangements (modern labour law<sup>23</sup>, collective agreements and work organization); b) Comprehensive Life-Long Learning (systems adaptability and employability of workers); c) Effective active labour-market policies (transitions to new jobs); d) Modern social-security systems (adequate income support, labour mobility, coverage of social protection provisions including benefits, work-life balance support)

Recent youth employment trends show that a considerable proportion of young people are excluded from the labour market or have access to **low quality and/or temporary or precarious work for a long time**.<sup>24</sup>

<sup>20</sup> COM (2007) 359 Final (27-06-2007)

<sup>21</sup> COM (2006) 816 Final (12-12-2006), Final Implementing the renewed Lisbon Strategy for Growth and Jobs. A year of delivery” (12-12-2006), p.53.

<sup>22</sup> Pathways: sets of measures that can improve a country's performance in terms of flexicurity. *Pathway 1*: tackling contractual segmentation; *Pathway 2*: developing flexicurity within the enterprise and offering transition security; *Pathway 3*: tackling skills and opportunity gaps among the workforce; *Pathway 4*: improving opportunities for benefit recipients and informally employed workers.

<sup>23</sup> COM (2006) 708 final, Commission's Green Paper: Modernising Labour Law to Meet the Challenges of the 21st century (22-11-2006).

<sup>24</sup> See trends and indicators in the Youth Report, Chapter on Quantitative and Qualitative Analysis of Labour Market Integration of Young People and Statistics in Annex; on job quality see COM (2003)

Atypical contracts have triggered a lively debate on precariousness among workers and sensitive groups like the young. Flexibility, if accompanied by good jobs or representing temporary periods of transition from school to work, from inactivity to employment or from unemployment to employment, should be considered positive because it favours integration in the labour market. But if flexibility does not lead towards good jobs, it could create a segmented labour market in which atypical and young workers are caught in the “precariousness trap”. Thus the security dimension within the implementation of flexicurity principles at national level must be addressed through national pathways (*see also the following paragraph: Member States’ challenges in youth employment*). Undeclared work, as emphasized in the Communication on this kind of employment (October 2007)<sup>25</sup>, must also be taken into account. The Communication also highlights the situation of young student target groups, with regards to false self-employment and the need to **reduce the tax burden on regular work contracts**.

On the other hand, to help families<sup>26</sup> and young people during their lifecycle stages, social services must address both the work-life balance and support for the transition to new jobs. Following the European debate, Social Services of General Interest (SSGI)<sup>27</sup> should be considered as a tool for supporting **youth pathways and for youth social and professional inclusion**. These services complement and support the role of families in caring for the youngest members of society in particular. SSGI, including housing, work-life balance services, childcare services etc, should be considered an important tool to implement the Lisbon Strategy and for social protection.

In this context, considering youth employment trends as a risk factor in terms of social cohesion, the recent political debate clearly shows that the European Union is stressing the need to define an overarching youth strategy. All these topics are highlighted in the EC Communication on young people's full participation in education, employment and society and in the EC Working Document on Youth Employment (2007).

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728 Final: Improving Quality in Work: a review of recent work. (26-11-2003) and Youth Report Annex concerning contractual arrangements and quality of jobs.

<sup>25</sup> COM(2007) 628 Stepping up the fight against undeclared work.

<sup>26</sup> Spring European Council (March 2007) European Alliance for Families.

<sup>27</sup>COM(2006) 177 final + SEC(2006)516 Implementing the Community Lisbon Programme: Social Services of General Interest in the European Union ", (26-4-2006).

**Box VI - The EC Communication on Youth and EC Working Document on Youth Employment (2007)<sup>28</sup>**

The EC Communication on Youth stresses that youth employment has long been regarded as a temporary phenomenon in the transition from education to the labour market and that the causes of youth employment problems have to be reconsidered in the changing demographic and economic context. **Lack of skills and education, difficult transitions and labour market segmentation, as well as regional disparities in some MS, are the main components of the problem.**

The Communication stresses the need to use the full potential of youth for better by earlier and greater investment in young people to promote their education, employment, social inclusion, health and active citizenship in a **lifecycle approach.**

The EC Communication calls for young people's transitions to be improved through flexicurity and by promoting entrepreneurship as a key competence. Flexicurity-oriented approaches to youth employment would also have to be supported by reducing existing disincentives to work.

Furthermore, the Commission will propose a **European reference framework for internship quality principles in 2008** to promote internships and combat their abuse.

Greater investment in people through a lifecycle approach to employment and education, modernising labour markets and reinforcing social inclusion are the main challenges set out in the **Strategic Report on the Renewed Lisbon Strategy for Growth and Jobs: launching the new cycle (2008-2010), keeping up the pace of change** (December 2007).

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<sup>28</sup> COM (2007) 498 Final Communication on young people's full participation in education, employment and society, September 2007) and SEC (2007) 1093.



### 3.3 The EES and the Governance of the Lisbon Cycles

#### 3.3.1 *Member States' challenges in youth employment*

The EU process is a cross-sectoral approach to youth policies based on the coordination between the EU youth policy framework and other policies affecting young people, focusing on youth mainstreaming and combining different approaches, such as an inter-generational approach<sup>29</sup>, a lifecycle approach, flexicurity<sup>30</sup> and a capability and workfare approach based on autonomy.

In this context, the EU Member States have to address the causes of youth unemployment problems more systematically and more broadly, within the EU reference framework of the **Lisbon Strategy and EES, the European Pact for Youth and the common flexicurity principles**<sup>31</sup> to help review policy interventions and employment measures and to tailor them to the national situations.

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<sup>29</sup> COM (2005) 94 Final Green Paper "Confronting Demographic Change: a new solidarity between the generations", (16-3-2005); COM (2007) 244, Final EC Communication "Promoting Solidarity between the Generations" (10.5.2007).

<sup>30</sup> COM (2007) 359 final and COM (2007) 498 final; see also ETUC, "The Flexicurity Debate and the Challenges for the Trade Union Movement" (April 2007).

<sup>31</sup> See 15497/07, Annex to the Annex The Common Principles of Flexicurity, 23 November 2007; Council session (EPSCO) 5/6 December 2007; European Council 14 December 2007, Presidency Conclusions 16616/1/07, February 2008

### **Box VII - MS challenges in youth employment: flexicurity and lifecycle**

Regarding the challenges in terms of flexicurity approach, in the last Lisbon Cycle starting in 2008, Member States (MS) are called to establish, according to their respective specific challenges and with the involvement of social partners, flexicurity strategies integrating the four policy components (pillars)<sup>32</sup>. They are invited to establish flexicurity strategies with a specific focus on youth employment objectives<sup>33</sup>. MS need to give more consideration to providing the appropriate conditions for the labour-market integration of young people within a flexicurity-oriented lifecycle approach to employment.<sup>34</sup>

To develop flexicurity at national and local level, within the framework of their National Reform Programmes (NRPs) of Autumn 2008 (*Member States' Autumn 2008 Reports on the Implementation of the Lisbon Strategy NRPs*) and paying more attention to youth, MS should implement the agreed common principles on flexicurity by defining national pathways<sup>35</sup>.

Another factor to be considered as a challenge at national and local level consists of the mismatches between labour demand and the supply of young workers. This mismatch is one of the main reasons for youth unemployment together with lack of qualifications and professional experience. **Anticipating skill needs is a core challenge.** At EU level instruments must be developed to anticipate short and long-term labour-market needs better and to identify emerging sectors and new drivers for jobs. These are some aspects included as focus in the EU assessment of the future skill requirements in Europe up to 2020. This assessment, which will pay special attention to youth employment, including youth transitions in the labour market, should produce detailed information by countries, regions, sectors and occupations to better match skills to labour-market needs.<sup>36</sup>

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<sup>32</sup> Flexible and reliable contractual arrangements, effective lifelong learning systems, active labour market policies, modern social security system.

<sup>33</sup> COM (2007) 498 Final.

<sup>34</sup> SEC (2007) 1093 COM (2007) 498 Final.

<sup>35</sup> COM(2007) 628.

<sup>36</sup> Council Conclusions on "Anticipating and matching labour market needs, with special emphasis on youth - A Jobs and Skills Initiative", 2876th of the Employment, Social Policy, Health and Consumer Affairs Council meeting, Luxembourg 9-6-2008, available on [http://ec.europa.eu/employment\\_social/esf/news/article\\_6972\\_en.htm](http://ec.europa.eu/employment_social/esf/news/article_6972_en.htm)

**Box VIII - MS challenges in youth employment: skills, qualifications and services**

The Commission invites MS to focus more on education and training in the National Reform Programmes (NRPs) to avoid mismatches between education outcomes and labour-market requirements<sup>37</sup>; for the challenge of mismatches between labour demand and the supply of young workers, the European Commission invites MS to respond more efficiently to labour-market projections; for qualifications, by 2010 MS should draw up national qualification frameworks aligned with the European qualifications framework (EQF) and action plans and set targets to substantially reduce early-school leaving and improve basic reading skills; MS should increase the availability and affordability of quality childcare in line with national and Community targets;<sup>38</sup> MS should design tailored measures and specific pathways for young people with fewer opportunities in the field of counselling, guidance, etc. (multidisciplinary support approach)<sup>39</sup>.

On the issue of mismatches, the EC stresses also the importance of the Public Employment Services (PES) and invited MS to provide more effective and efficient job-search facilities to reduce youth unemployment. PES play a vital role in implementing actions for reducing youth unemployment and creating youth employment. The strategic role of PES is strictly linked to the modernization of their services provided, their strategic and operative functionality in terms of effective support to workers' geographical and occupational mobility, the transparency and recognition of European qualifications and their role as a public service of general interest (*see also previous para.*) On the flexicurity side, the institutional role of the PES is highlighted with particular reference to active labour policies and governance dynamics between the different local actors<sup>40</sup>.

**These are the latest challenges** that the European Union has set the Member States through EU Council Commitments and Commission action lines for integrating young people in the labour market according to a lifecycle and flexicurity approach.

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<sup>37</sup> Ibidem, p. 27.

<sup>38</sup> COM (2007) 803 final part I, 11-12-2007.

<sup>39</sup> Resolution adopted on 22 May 2008 by the Education, Youth and Culture Council of the European Union on the participation of young people with fewer opportunities.

<sup>40</sup> SEC (2007) 1093 COM (2007) 498 Final.

The analysis carried out to date on a Community level<sup>41</sup> of how the Council's political commitments on the youth issue have been translated into concrete measures at national level according to the EU monitoring and evaluation tools, provides indications on progress in terms of MS youth policy directions and the level of implementation of Lisbon youth-related benchmarks. In terms of 2005-2006 data, the Commission, in its Annual Progress Report (APR) presented at the 2006 Spring European Council, found that Member States' responses to the youth employment challenge needed to be more comprehensive and further expanded. The Commission proposed to accelerate the offer of a "new start" for young people. The Council confirmed that Member States stressed the need to reduce the period from 6 to 4 months by 2010. For the Youth Pact, the Council stressed the need to develop more effective cross-sectoral strategies linking education, training, employment, social inclusion and mobility, including developing links to the newly adopted "European Pact for Gender Equality".

A year later, the 2007-2008 Joint Employment Report (JER March 2008) and the Council indications EYC February 2008, taking into account the Member States' autumn 2007 reports on the implementation of their National Reform Programmes (NRPs), give some facts on youth trends and the evolution of MS policy directions during the last year.

#### **Box IX - Main MS results in terms of Lisbon benchmarks**

There are still 17.5% of young men and 13.2% of young women leaving school with at most a lower-secondary education. Only six Member States have reached the target of no more than 10% "New start" for the young unemployed (as stated at the 2006 Spring Council): only 15 countries managed to offer a prompt new start to at least two-thirds of the young unemployed. In a small leading group of countries, nearly all the young unemployed are offered a new start during their first months of unemployment (AT, FI, SE). Seven countries have achieved a 80-90% coverage (BE, FR, DE, IE, LT, NL, ES) while 4 countries only provide a 70-80% coverage (HU, LV, LU, PT)<sup>42</sup>.

<sup>41</sup> EU Annual Progress Reports and Joint Employment Report (JER) 2004/2005, 2005/2006, 2006/2007, 2007/2008.

<sup>42</sup> JER 2007-2008

Furthermore, according to the JER 2007-2008, policy measure directions are pursued along four axes as follows: Axe 1: improved vocational education and training pathways (AT, BE, LU, EE), specific guidance and pathways for at-risk school leavers (BE, FR, DE, LU, SI) and specific contract schemes with a training component (LU); Axe 2: intensified and personalised guidance and job-search support (PT) and creation of employment pathways (MT); Axe 3: reduction of employers' social-security contributions (BE, ES, HU, SE), tax promotion for apprenticeship places (AT, FR), wage support for recruitment of long-term unemployed (DE); Axe 4: strengthening the conditionality of social or unemployment benefits (CZ) and reduced taxation of students' jobs (FR).

Within this scenario, to achieve the Lisbon benchmarks and targets and to put into practice the last Lisbon cycle, MS are required to make a better use of European financial instruments such as the European Social Fund (ESF). This also refers to the general recommendation to implement concrete measures at local level.

#### **Box X - Youth employment challenges and the more efficient use of the European Social Fund (ESF)**

There is a new tendency to use the ESF but there is still a need to make more efficient use of available political and financial instruments; MS should use the European Social Fund to provide young people with transition pathways from education to work, in particular where vocational training systems are less developed, and put a stronger focus on youth in structural policies aiming at the reduction of regional disparities<sup>43</sup>; the EU Structural Funds should also be used better in local and regional projects specially designed to take into account the youth dimension<sup>44</sup>. Of

<sup>43</sup> Council EYC, 6445/08, 20 February 2008.

<sup>44</sup> Ibidem. The new ESF (Regulation n.1081/2006) highlights youth employment, defining action priorities: investment in young people by enterprises through the development and implementation of life-long learning systems and strategies, including apprenticeships (ESF Regulation Article 3.1.(a)i); - modernisation and strengthening of labour market institutions to address more effectively youth unemployment (Article 3.1.(b)i); active and preventive measures, including individual action plans, personalised support, such as tailored training, job search, outplacement and mobility, self-employment and business creation for young people (Article 3.1.(b)ii); - pathways to integration for early school-leavers (Article 3.1.(c)i); - reforms in education and training systems to improve the labour market relevance of initial and vocational education and training (Article 3.1.(d)i); - actions to reduce early school-leaving (Article 3.2.(a)ii).

particular importance, in the light of the new ESF financial opportunities 2007-2013, are all the actions supporting Public Employment Services (PES) in terms of enhancing their guidance role and of rendering the labour market transparent for each type of user, together with their integration in the territory with other types of services.

The better use of the ESF 2007-2013 regarding youth issues also refers to the choices made by MS within their Operational Programmes (OP)<sup>45</sup>, including a national priority (priority axis) and financial plan for each axis. On the other hand, the real impact of these choices is closely linked to governance aspects regarding national and local institutional actors and stakeholders. If possible, they should implement integrated measures for young people by using ESF financing. The question to be asked is if the MS will be able to grasp the financing opportunities of the European Social Fund for implementing measures addressed to the young.

It seems that several Member States are tending to treat youth as a priority in the context of the Lisbon Strategy. Although the situation varies among Member States, youth unemployment remains high and a significant part of young workers are currently not in a stable socio-occupational situation. The lack of a consistent and cross-sectoral youth strategy and substantial European Youth Pact oriented information is stressed. Recalling in this context the MS' main challenges and responses in terms of youth strategies, the following could be considered as initial points for the near future:

- ensuring secured pathways for social and professional inclusion of young people remains a key objective of youth policies;
- developing a coherent and cross-sectoral national and local youth strategy;
- setting up fundamental European Youth Pact oriented information and follow-up instruments;
- making better use of the European Social Fund in terms of financing national and local measures to combat youth unemployment and improving the social integration of young people.

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<sup>45</sup> For further information on ESF in MS see EC DG EMPL website [http://ec.europa.eu/employment\\_social/esf/news/all\\_news\\_en.htm](http://ec.europa.eu/employment_social/esf/news/all_news_en.htm)

### 3.3.2 *The EU Youth agenda for the next decade. Young people's demands*

The recent evolution of the political debate and process clearly shows that the European Union is stressing the need to define an overarching youth strategy. This need was fully spelt out in the Communication on Youth (September 2007) confirmed by the Council of Ministers' conclusions on a transversal approach to youth policy (November 2007)<sup>46</sup>. **By mid-2008** the renewed **Social Agenda** will be based on opportunities, access and solidarity, taking into account Europe's new social realities and highlighting issues such as youth, education, migration and demography.

**The policy areas** to be stressed in terms of youth employment objectives concern the transition from education to employment, **precarious working conditions**<sup>47</sup>, **flexicurity**, employability, the promotion of entrepreneurship, the recognition of non-formal learning competences, **the support for the autonomy and empowerment of young people**.

**Youth empowerment** is particularly important **within the governance of the Lisbon Strategy** regarding youth issues. The cross-sectoral approach has to be strengthened also by cooperation between youth administrations and the actors in charge of implementing and reporting on the progress at national and local level.

The European Commission is stressing the importance of the participation of youth institutional organizations at European social and national level and other relevant stakeholders in the debate on the future challenges for young people. The aim is to help define **the new European Youth policy cooperation framework for the next decade by 2009**<sup>48</sup>. The relevance of youth partnerships was stressed in Council Resolution 8771 (25.05.2007) and in the Rome Youth Declaration 25.03.2007 ("Your Europe" Summit) of the European Youth Forum giving recommendations to European Leaders (Berlin Council, March 2007). The issues of most

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<sup>46</sup> OJ C282, 24/11/2007, p.16.

<sup>47</sup> Flexicurity: redéfinir la sécurité des citoyens européens. Pascale Vielle Université di Louvain review OSE October 2007.

<sup>48</sup> An online consultation will be launched in June/July 2008; in 2009 the EC will adopt a Proposal for the New Cooperation Framework; at the end of 2009 there will be a Council Resolution defining the New Cooperation Framework. See "New cycle of the Structured Dialogue: Future Challenges for Young People", European Commission, DG Education and Culture 29 April 2008.

concern to young Europeans today were highlighted: sustainable development; education for all; a society that is both prosperous and fair, and more scope for young people to participate in the democratic life of the European Union.

**Within such a context, the European Youth Forum (EYF)** stresses key issues for the improvement of young people's employment and living conditions<sup>49</sup>.

#### **Box XI - EU Youth agenda and young people's demands**

Within the framework of the Lisbon Strategy, the European Youth Forum underlines the following focus for young people: educational systems should be adopted to meet labour markets' needs; importance of professional guidance (providing systematic advice for career planning); promotion of entrepreneurship education for young people; importance of vocational training, as higher education is not the only way to shape young people's future opportunities; discouraging early school leavers; Youth NGOs and social partners working together to improve the situation of young people in the labour market; importance of establishing balanced flexicurity strategies to improve the functioning of labour markets and increase young people's working opportunities; the quality of jobs must be improved (better jobs); **internships shall not become precarious employment contracts offered to graduates without any labour protection and often without any or very limited financial compensation**<sup>50</sup>.

In a written declaration<sup>51</sup>, some Members of the European Parliament (MEPs) and the European Youth Forum (EYF) have called on the EU to devote more attention to youth empowerment in EU policies. They are asking the EC to take young people into account when developing policies that affect them, and to ensure that the main policy areas that affect young people become part of the **dialogue between youth organisations (EYF and the National Youth Council) and the European institutions. The declaration calls on the Member States to focus on youth when**

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<sup>49</sup> The EYF has been developing a Policy Paper on Employment (end of May 2008). See E-Youth opinion, Issue 3 2008 available on the website [www.youthforum.org](http://www.youthforum.org)

<sup>50</sup> The Commission will propose a European quality charter on internships in 2008 to promote internships and combat abuse.

<sup>51</sup> 33/2008, 22/24-4-2008



**implementing the Lisbon national reform programmes and to take youth into account in the relevant policy fields.** This is in line with the EYF reflections on the European Youth Pact implementation, focusing attention on the need to **establish a new working method to achieve the Lisbon strategy's youth objectives**<sup>52</sup>.

The effects of policies and measures are also considered crucial and should be linked both to the evaluation of policy measures at national/local level<sup>53</sup> and to **the need to highlight results** in terms of youth social and professional integration. Within the framework of the EU recent institutional debate, the need **for better monitoring of the implementation of the European Youth Pact** at all levels of decision-making was stressed, making it more operational in line with the objective to develop a life-cycle approach.

The next Lisbon 2008-2010 cycle also emphasizes the relationship between MS reforms within the NRP impacting on national flexicurity pathways for young people's social and professional integration and the Lisbon Strategy and benchmarks.

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<sup>52</sup> European Youth Forum shadow report. Implementation of the European Youth Pact, EYF February 2008, available on [www.youthforum.org](http://www.youthforum.org).

<sup>53</sup> On the evaluation capacity in the EU MS see "Final Report on the Framework to Analyse the Development of Evaluation Capacity in the EU Member States. 2<sup>nd</sup> edition, ESTEP, Contract N.2006CE16.0.AT.023, funded by the European Commission, DG Regional policy.

## **4. QUANTITATIVE AND QUALITATIVE ANALYSIS OF LABOUR MARKET INTEGRATION OF YOUNG PEOPLE<sup>54</sup>**

### **4.1 Identification of reasons for insufficient labour market integration**

#### *Abstract*

In recent years there has been a resurgence of interest in young people's employment problems, the focus of labour economists and sociologists during the Seventies and Eighties, also covering countries with apparently good employment situations (such as Sweden, Germany and United Kingdom). This interest is timely and Europe-wide, prompted by escalating youth unemployment, difficulties in the transition from school to the labour market and the precariousness of short-term employment alternating with unemployment. Even countries with a high level of adult employment and some of the best labour-market performances have encountered problems in recent years.

The unfavourable position of young people in the labour market is evident across Europe. Figure 1 (Annex 1) shows the youth-to-adult unemployment ratio (15-29 versus 30-59) in the 27 member countries, where Lithuania shows the lowest, followed by Germany, and Italy the highest ratio, followed by Sweden and UK, countries with a youth-to-adult unemployment ratio of over 3. The same figure indicates an increase of this ratio between 2000 and 2005, the most striking example being Sweden, whose youth-to-adult unemployment ratio rose from 1.6 in 2000 to over 3 in 2005. Also in UK, Cyprus and Austria we find a strong deterioration of this ratio. The only, slight improvements can be found in Finland, Greece, Italy, Lithuania, Luxembourg, Netherlands and Poland.

Evidently, that the integration of young people in the labour market is becoming increasingly difficult, subject to long entry periods in which unemployment alternates with atypical contracts (see Figure 2, Annex 1). The more or less stable level of the youth to total employment ratio from 2000 to 2005 (except for Luxembourg, rising from 4 in 2000 to almost 6 in

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<sup>54</sup> This quantitative and qualitative report has been coordinated by Gabriella Pappadà, Ceres.

2005, Romania dropping from 4 in 2000 to under 3 in 2005 and Cyprus with the lowest value in 2005, around 1.5, slightly less than in 2000, see Figure 4, Annex 1) shows that temporary employment is becoming widespread among the young. The share of under 12-month contracts ranges from 28-29% in Greece and the Netherlands to 55% in Spain, 59% in Sweden and 66% in Finland (see Table 16, Annex 1).

The accession of the EU 12 has had repercussions on the mean age of women at childbirth (on average the new member countries have an age two years below the mean, see Table 32, Annex 1) and on other elements such as the level of human capital, performances on the labour market, and the age of entry in the labour market. However, these gaps seem to be narrowing, revealing an alarming general picture.

This chapter will explore the reasons for this insufficient labour-market integration through the statistical-econometric analysis of quantitative data, based on Eurostat source and qualitative data.

The first section illustrates the indicators of youth labour-market integration in the 27 member states, discussing the reasons for insufficient labour-market integration.

The second section estimates how indicators of human capital affect the labour-market integration of young people.

The third section analyses how labour-market institutions and differences in employment protection legislation are responsible for differences in the size of youth employment.

The fourth section describes the contribution young people make to the labour force and economic growth and provide recommendations to improve the labour market integration of young people.

## **4.2 Indicators measuring youth labour market integration - some evidence concerning youth, labour market and welfare measures<sup>55</sup>**

The aim in this section is to explore the difficulties of young people in the labour market, focusing on indicators that do not only analyse the labour market for the young but try to grasp their status and role in society. For example, whether a young person has left the parental home can be seen as an indicator of autonomy.

The following section also includes data on young adults, extending the maximum youth limit of official statistics (24 years) to 29 years<sup>56</sup> because young people often make autonomous choices and achieve an authentic integration in the labour market only after completing tertiary studies. In Denmark and Lithuania (young people do not live in their parental homes; in Finland, the United Kingdom, Austria, France, Germany and Estonia less than 20% of 25-29 year-olds do so; against 57% in Italy, over 52% in Spain, 51% in Slovenia and 45% in Greece (see Table 33, Annex 1).

The relationship between youth and the labour market is clearly linked to different socio-economical variables. This part of the report intends to present an overview of the labour market integration of young people, identifying transversal indicators mentioned in the methodology chapter.

First, we consider indicators relating to labour market outcomes in the 27 Member States (paragraphs 4.2.1.1 and 4.2.1.2). In paragraphs 4.2.1.3 and 4.2.1.4 we analyse human capital variables, exploring the correlation between employment, transition to work, flexibility, learning pathways and job satisfaction. In paragraph 4.2.1.5. we focus on working students, highlighting the consequences of the choice to work while still studying on the labour market, and in particular on part-time and temporary contracts.

In the following paragraph (4.2.1.6) we concentrate on “adult” young people in the 25-29 age class, introducing the dual concept of “autonomy”.

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<sup>55</sup> By Emanuela Ghignoni and Paola Naddeo.

<sup>56</sup> This choice to extend the analysis to the over 24 group is also supported by EC documents on youth employment in EU (“Employment in Europe, 2007, Chapter 1 Panorama of the European Labour market, par. Labour market trend of young people, pp. 29-52”, European Commission, DG Empl/D1, October 2007) showing that, in some countries, the segmentation of youngsters continues in the 25 and over age group.

There is a special focus on the level of “autonomy” of young people in the 25-29 age class, i.e. the incidence of young people no longer living with their parents and their relative earnings. The first indicator, as a rule, reflects the ability of the young to look after themselves, the second one shows how the young are penalized on the labour market. 25-29 year-olds are a particularly interesting group since most of them have finished their education, have made important family choices, while their transition towards the labour market should have ended.

We find that staying at home influences youth participation in the labour market: having left the parental home, young people need to find a job and/or financial resources. We also observe a direct correlation between employment rates and the age pay gap. This either means that in several countries young people accept relatively low wages to enter the labour market or that it is necessary to reduce labour costs so as to employ more young people.

In paragraph 4.2.1.7 we analyse the early school leavers and the NEET (people not currently engaged in employment, education or training) phenomenon and we consider some welfare measures that could reduce its incidence. Although in several cases Member States with low employment rates show a high NEET rate, no clear correlation emerges between employment rates and NEET rates. It could reflect the fact that NEET does not always signify a negative fact (some young people take a gap year after school, in other cases NEET may reflect family choices) and, in these cases, measures aimed to facilitate entry or re-entry into the labour market could be ineffective.

Finally the comparative analysis shows the fundamental role of factors such as the dissemination of part-time work, the possibility of living outside the parental home, the level of education and the existence of structures which help young women to remain on the labour market in case of maternity and increase youth participation in the labour market. (Lastly, to have a comparative analysis for European countries and highlight the relationships among different type of indicators, we have prepared a map comprising the 24 countries for which there is a complete set of data).

#### ***4.2.1 The participation of young people in the labour market***

Participation in the labour market is a complex decision. Economists (Becker, 1964; Johns, 1993) are inclined to treat youth participation as an optimisation problem – i.e. individuals have to compare the expected life-cycle income of one additional year of education with the expected life-cycle income of immediate entry in the labour market (Schultz, 1963; Mincer, 1974; Psacharopoulos, 1994). Obviously, this is a simplification of a more complex framework in which education is not a continuous variable (it takes several years to complete a cycle of studies) and expected income calculation is not related to personal abilities. Individuals do not have perfect information. Furthermore rationality is limited and individuals make their decisions with a short temporal horizon. Therefore youngsters' decisions on labour market entry are often contingent on their current situations and the social context, forcing them to enter the labour market earlier than wanted. In this context, the question is whether an “optimal” youth participation rate exists. One could argue that if a very high quota of young people participates in the labour market, overall human capital – measured in terms of the share of higher educated workers – tends to be lower in the long run compared to countries where youth participation is less high. Yet, if a lifelong learning system is in place or corporate training is widespread, individual human capital (both general and specific) continues to grow throughout working life.

**Table 1 – Principal indicators for young people in the age group 15-24**

Countries	Activities rates (1)	Employment rates (1)	Unemployment rates (1)	Temp. Contracts (2)	Part-time contracts (2)		Quality of jobs (3)	Level of education (1)	In Education (2)	NEET (2)
					Total	Females/ Total				
years	2005	2005	2005	2005	2005	2005	2000/1	2005	2005	2005
age	15-24	15-24	15-24	15-24	15-24	15-24	20-24	20-24	15-24	15-24
AT	59.2	53.1	10.3	34.6	15.7	70.0	16	2.9	56.0	4.7
BE	35.0	27.5	21.5	32.1	22.9	65.6	47	15.9	62.2	7.4
CY	42.6	36.7	13.9	19.9	8.1	62.1	23	7.4	40.7	14.0
CZ	34.0	27.5	19.2	18.3	3.3	58.4	35	24.0	60.7	7.3
DE	49.7	42.2	15.5	58.3	17.6	61.1	48	27.2	67.7	5.2
DK	68.1	62.3	8.6	27.0	56.0	57.6	37	6.0	71.0	3.4
EE	34.6	29.1	15.8	9.2	13.9	54.9	37	9.5	68.4	6.4
ES	47.7	38.3	19.7	66.5	21.0	62.6	24	10.8	51.7	9.1
FI	50.7	40.5	20.1	44.2	39.4	64.4	23	12.2	68.4	4.5
FR	38.4	30.7	20.2	49.4	20.8	66.6	14	20.6	64.6	5.9
GR	33.7	25.0	26.0	26.5	11.1	57.8	22	3.9	54.9	14.3
HU	27.1	21.8	19.4	17.2	4.3	52.9	23	26.2	60.7	14.7
IE	53.3	48.7	8.6	11.6	23.2	61.5	24	4.1	47.9	11.4
IT	33.8	25.7	24.0	36.9	16.1	67.1	19	25.8	59.2	10.5
LT	25.1	21.2	15.7	13.5	8.2	55.7	20	16.3	73.7	5.4
LU	28.8	25.0	13.4	29.3	8.5	56.7	5	21.4	70.7	2.1
LV	37.7	32.6	13.5	17.8	9.8	57.2	20	4.3	66.9	7.9
NL	71.0	65.2	8.2	41.7	68.3	55.5	45	24.2	69.4	3.5
PL	35.7	22.5	36.9	65.2	22.8	46.3	15	6.9	73.1	4.3
PT	43.0	36.1	16.1	45.6	8.6	63.3	21	5.3	55.6	5.8
SE	50.2	38.7	22.8	54.4	44.5	66.7	17	11.2	53.8	10.0
SI	40.5	34.1	15.9	62.5	30.1	52.6	n.a.	9.1	72.3	5.0
SK	36.6	25.6	30.1	12.7	3.0	65.2	26	6.9	59.2	5.9
UK	61.9	54.0	12.8	12.8	34.8	60.2	17	28.6	51.8	7.8

Source: elaboration on the following data

1) Eurostat, Labour Force Survey, yearly macrodata

2) Eurostat, Labour Force Survey, quarterly microdata

3) Dublin Foundation; Indicator: Job satisfaction within age groups; % of "very satisfied";

**Table 2 – Principal indicators for "adult" young people (age group 25-29)**

Countries	Activities rates (1)	Employment rates (1)	Unemployment rates (1)	% Population living out of the parental home (3)	Age pay gap (4)	Level of education (1)	In Education (2)	NEET (2)	
	years age	2005 25-29	2005 25-29	2005 25-29	2001 25-29	2002 < 30 years	2005 25-29	2005 25-29	2005 25-29
AT		85.6	80.6	5.9	71.8	30.5	19.1	12.4	9.2
BE		88.3	79.1	10.4	74.9	20.2	47.6	6.7	8.7
CY		88.5	82.3	6.9	72.5	30.5	43.5	5.4	9.9
CZ		79.8	73.0	8.5	70.1	16.3	16.5	7.1	16.4
DE		81.2	71.2	12.3	80.8	34.9	22.5	19.5	11.1
DK		83.1	78.5	5.5	100.0	24.0	37.0	27.6	7.4
EE		81.1	74.7	7.0	80.7	2.9	40.3	14.4	15.0
ES		84.9	75.4	11.2	47.8	28.6	42.1	10.3	11.0
FI		84.2	76.9	8.6	88.5	16.6	36.5	25.2	8.6
FR		85.0	77.5	10.9	81.3	27.6	44.6	5.2	11.9
GR		84.2	71.5	15.1	55.3	37.6	24.3	6.7	11.1
HU		77.3	71.0	8.1	68.4	18.6	24.6	9.4	18.5
IE		86.0	82.1	4.5	66.1	30.1	43.8	7.8	10.7
IT		73.0	63.4	13.1	43.4	26.8	12.3	14.5	17.0
LT		84.7	79.3	6.4	100.0	10.2	37.6	14.2	10.7
LU		85.4	81.3	4.9	74.4	25.1	39.1	8.6	6.2
LV		82.7	74.5	9.9	65.9	4.7	28.1	12.5	14.2
NL		89.0	85.2	4.4	85.4	34.5	38.1	18.5	7.1
PL		84.7	67.6	20.2	65.7	26.5	33.3	12.6	12.0
PT		87.8	78.3	10.9	63.5	26.4	21.4	11.8	6.3
SE		86.1	76.9	10.6	n.a	20.2	37.3	18.5	5.9
SI		88.0	79.8	9.3	48.8	23.0	26.0	25.3	5.3
SK		81.3	68.0	16.3	66.3	15.5	21.8	5.5	15.5
UK		83.8	79.7	5.0	81.3	31.1	41.9	12.4	12.7

Source: elaboration on the following data

- 1) Eurostat, Labour Force Survey, yearly macrodata
- 2) Eurostat, Labour Force Survey, quarterly microdata
- 3) Eurostat, Census 2001
- 4) Eurostat, Structure of Earning Survey 2002



Regarding youth participation in the labour market in EU27, the northern countries generally have higher activity rates. However, there is a large variety of situations in the European Union. While in some cases youth activity rates (15-24 years old, see Table 1, Annex 1) are very high (Netherlands and Denmark), there also is a group of with a very low level of participation in the labour market (Lithuania, Hungary, Bulgaria and Luxembourg).

Focusing on the participation rate by age groups, participation in the labour market in Europe typically tends to grow with age.

In almost all countries, young people's (15-19) activity rates are very low, whereas the 20-24 age group, and even more the 25-29 one, have higher activity rates, albeit diversified according to the various countries (see Table 1, Annex 1). On the average for EU-27, the activity rate is 23.7% for the former age group, rising to 64.0% for the 20-24 age group and going up to 82.3% for the latter age group. This differentiated trend of activity rates by age groups seems positive, since the younger age groups should mostly be involved in academic and training pathways, whereas the following age groups should start to entry into the labour market.

When comparing male and female activity rates, a widespread gender gap is found, with some noticeable exceptions in Sweden, the Netherlands and Finland, especially for the 15-24 age group. Normally, males show a higher activity rate than females, and this gap tends to grow with age and probably related to maternity choices.

Nevertheless, the generally higher participation in education of young women with respect to young men, in both age groups 15-24 and 25-29, highlight that family obligations are not the only factor influencing young female decisions about participation in labour markets.

Therefore, although there are huge differences in activity rates between Member States for the 15-24 age group, the differences are much smaller for the older group and depend substantially on the behaviour of the female component.

Between 2000 and 2005, activity rates of 15-24 year olds on average decreased in the EU-27 area (from 45.3% to 44.2%). This trend is quite common to all European States and has been particularly evident in countries with lower participation rates. Activity rates have grown in very few countries: namely Austria (from 56.1% to 59.2%), Spain (from 43.1%

to 47.7%), France (from 35.5% to 38.5%), Ireland (from 51.4% to 53.3%) Sweden (from 40.7% to 50.2%) and Slovenia (from 37.3% to 40.5%).

For the 25-29 age group we record a slight increase from 82.1% to 82.3%. The countries with the highest increases in activity rates are: Cyprus (from 80.3% to 88.4), Sweden (from 79.8% to 86.1%), Hungary (from 74.9% to 77.3%) and Austria (from 83.5% to 85.6%).

This general trend is common to male and female components of the young labour force.

In conclusion, data clearly show that the age for labour market entry is different across Member States. In general, the UK and Nordic countries show high activity rates for the very young and females, whereas most of the new member countries have very low rates.

Differences in youth activity rates among Member States seem to be influenced more by overall labour markets conditions rather than by different educational systems and length of studies, i.e. the recent university reform in Italy, that aims to shorten tertiary educational studies, would not have had a significant impact on the activity rates of young people in that country.

#### ***4.2.2 Employment and unemployment rates: a simple cluster analysis***

Since some experts on labour economics (see, for example, Frey, 1995, pp. 16 and f.; Frey and Lindley, 1996) consider that the employment rate is much more significant than the unemployment rate in describing the situation in the labour market of a given country or a given category of workers, we focus mainly on this indicator.

As documented by the European Commission's *Employment in Europe 2006* Report, the youth employment rate (15-24 years, both genders) in 2005 was much lower in the European Union (25 members) than the total employment rate. Moreover, "...while the other age groups have all experienced increases in employment, the 15-24 age group has witnessed a contraction in employment of around 4% since 2000, with activity rates falling from 46.5% to 45.2%..." The EC experts maintain (p. 38-49 of the Report) that "... this development may be partly explained by increased participation in education, since as enrolment in education rises so labour market participation falls, while those young people who remain in the

labour market tend to be the lowest skilled...although in the longer run the implied improvement in human capital should have a positive effect on the overall employment performance and the economy...”.

The new Member States, Bulgaria and Romania included, have lower youth employment rates than the EU 15. Among these latter, the lowest youth employment rates in 2005 were in Greece, Italy, Luxembourg, Belgium and France. The highest rates were in Netherlands, Denmark, Uk, Austria and Ireland (see Table 2, Annex 1). Spain had a much higher youth employment rate in 2005 than in 2000 (see Table 3, Annex 1).

We found a strong correlation between total employment rates and youth (15-29 years) employment rates, amounting to 0.79.

At this point the problem is to understand the “direction” of such a correlation. Is it a larger youth employment that determines a larger total employment or, on the contrary, is youth employment the result of the positive effect of a macroeconomic situation in which total employment is high?

The data seem to indicate the second explanation as more plausible, since differences in youth employment rates between countries are less than differences in total employment rates. This would imply that one cannot rely on the rise of youth employment rates<sup>57</sup> to decrease the gap on total employment in the framework of the Lisbon strategy.

Examining the Eurostat data on youth employment rates between 2000 and 2005 by age group (15-19, 20-24 and 25-29), it can be seen that employment rates have decreased during this period in the first two age groups in a fair number of the 27 countries, with some notable exceptions, whereas they have increased in the third age group in most of the 27 countries. In particular, employment rates for the 15-19 and 20-24 age groups have increased in Spain, Sweden, Slovenia, France; in Poland, only for the first age group; and in Bulgaria and Estonia, only for the second one.

For the 25-29 age group we record a slight decrease in several countries in which employment rates for this age group were very high in 2000 (over 70%): Belgium, Cyprus, Germany, Denmark, Ireland, Netherlands, Portugal, Romania and Slovenia, while they have shown a trend to

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41 Nevertheless, considering that the greatest differences in activity rates by countries concern females, the elderly and young people in particular, there is a strong emphasis on youth employment growth in the Lisbon Strategy.

increase in countries with low youth employment rates in 2000 (less than 70%): Bulgaria, Greece, Spain and Italy. The EU27 average value increases in this age group from 72.8% to 73.3% (see Table 3, Annex 1).

This fact seems to be significant if we assume that the growth in employment rates for very young people, people who still have not finished the theoretical period of full-time education, would not be an appropriate target. A high employment rate for young people aged between 15 and 19 (or 24) could involve or hide low enrolment rates in education. The very young who are already employed rather than in education inevitably possess low or medium-low educational qualifications. This is why they are more at risk of marginalization or social exclusion as adults. Should they lose their current job they would risk not being able to re-enter the labour market *unless accompanied by some kind of informal learning*, given their low level of formal education

In any case, it is noteworthy that total employment in the EU 27 grew by 1.4% in the 15-64 age group between 2000 and 2005, and that this rise *depends on the evolution of female employment in the same age group* (+2.7% versus a stable situation for males) and also *on the evolution of young female employment* (+1.8% in the 25-29 age group, versus -0.8% for males in the same age group). Policies aimed at the integration of young women in the labour market, for example by improving the possibilities of reconciling work and family, thus appear indispensable for obtaining a decisive increase in employment rates of both the young and adults.

With regard to the analysis of employment rates by gender, we can observe that the difference between male and female employment rates is positively correlated to age. In the 25-29 age group, it ranges from 30% in the Czech Republic and 29% in Malta to 5% in Slovenia and 6% in Sweden and Germany in 2005.

This difference fell by 16.8% in the EU27 average between 2000 and 2005. The most important decreases occurred in Germany (47%), Netherlands (-40%), Spain (-31%), Denmark (-31%) and Luxembourg (-30%). However, this difference increased in Bulgaria, Ireland, Lithuania, Latvia, Slovakia, Slovenia and Sweden.

If we take as an “efficiency” indicator a good performance of employment rates in the 25-29 age group in 2005, and as an “equity” indicator the gender gap in employment rates attained for this age group in 2005, it is possible to “cluster” different countries by efficiency and equity

targets, as reported in Figure 1 (the lines represent the EU27 average values).

In the highest quadrant on the right we find countries with the highest employment rates in 2005 for the 25-29 age group (i.e. the more “efficient” countries) and the lowest difference between male and female employment rates in the same age group (i.e. the more “equitable” countries).

We find in this quadrant four Nordic countries (Sweden, Finland, Denmark, the Netherlands), one Anglo-Saxon country (Ireland), four continental countries (Belgium, Luxembourg, France and Austria), two Mediterranean countries (Spain and Portugal) as well as two of “newcomers” (Lithuania and Slovenia). These are the countries with the best performances in 2000-2005 and those which are catching up on both targets (equity and efficiency).

On the other side (that is in the lowest quadrant on the left) we find a group of countries scoring lowest on our efficiency and equity indicators: Italy, Greece, Slovakia, Hungary, Czech Republic, Poland and Bulgaria.

Another group of countries seems to be efficient but not equitable according to our indicators. In the lowest quadrant on the right we find two “newcomers” from Eastern Europe (Latvia and Estonia), two from the Mediterranean area (Malta and Cyprus) and the UK. Estonia and Latvia do not show appreciable progress on the “equity” target side.

Finally, there is a group of countries with high equity but low efficiency (see the highest quadrant on the left) composed of Germany and Romania. The case of Germany deserves deeper analysis, taking into account the effect of unification on the reliability of the data.

With regards to unemployment rates represent the wedge between participation and employment.

To be more exact, one of the most relevant aspects of unemployment, is its link with participation in the labour market. On the one side, the rate of participation affects the level of unemployment of young people through its effects on the size of labour force (*coeteris paribus*), a high rate of participation implies a high rate of unemployment. For instance, an increase in work attractiveness due to high wages may lead to a rise in people searching for a job; if the labour supply surpasses job vacancies, the final effect would be a high rate of unemployment. On the other side, higher rates of unemployment discourage people from searching for a job and lead to decreasing participation rates. For both reasons, the correlation

between unemployment and participation rates depends on temporal and territorial contexts.

In any case, although the activity rate is not high in Europe for the 15-19 age class, the unemployment rates have very high values in this age group, in some cases above 40% (Slovakia and Czech Republic) and in other cases between 30% and 40% (Belgium, Bulgaria, Greece, Hungary, Italy, Malta, Poland and Sweden) (see Table 4, Annex 1). In the EU27 the specific unemployment rate is 21.3%, rising to 21.9% for young females.

The unemployment rates for higher age classes are lower. For the 25-29 age class it is 11% (11.8% for females) but in any case higher than that for the population as a whole (9.0%, 9.8% for females). In this age class there are also unemployment peaks (over 10%) in Belgium, Bulgaria, Germany, Spain, France, Greece (15.1%), Italy, Poland (20.2%), Portugal, Slovakia (16.3%) and Sweden.

It seems evident that the gender differential in unemployment rates is much lower than the similar differential in employment rates, due to the different degrees of male and female participation in the labour market pointed out previously and in the following Neet rates analysis.

Another important indicator to avoid a biased evaluation of youth conditions in the labour market is provided by the ratio between youth and adult unemployment rate. Comparing 2000 and 2005 values (see Figure 1, Annex 1), it emerges that youth condition has worsened in many countries - especially in Sweden (where the ratio doubled) and in the UK.

In general, youth unemployment is higher than that of adults. In fact, the rate of unemployment for 15-29 years old, is much higher than that of people aged 30-59, and even higher than that of *prime-age adults*. This phenomenon was present in the EU 15 and is still present in the 25 European member states. There are only some exceptions: in Denmark, the unemployment rate of *prime-age adults* is slightly higher than that of young people; whereas in Lithuania, for males, and in Malta for females, the unemployment rates of 25-29 year olds are lower than those of 30-59 year olds.

However, youth unemployment rates, for both genders, seem to be related with total unemployment rates, at least for the young "adults". The  $R^2$  of the regression of youth unemployment rates on total unemployment rates is 91.6% in the 25-29 age class, against 86.0% in the 20-24 one and 66.9% in the 15-19 one. The difficulties in finding a job in the different countries thus seem to affect the younger age classes more strongly, which

are more likely to offer themselves to the labour markets. This link between youth unemployment and total unemployment has however notable exceptions. In particular, Sweden and Italy have total unemployment rates lower than the European average, but a very high and growing, in the case of Sweden, youth to total unemployment ratio (see Figure 1, Annex 1). This confirms that the problem of youth employment/unemployment, although affected by the macroeconomic conditions of the labour market, has specific characteristics to be tackled with targeted policies.

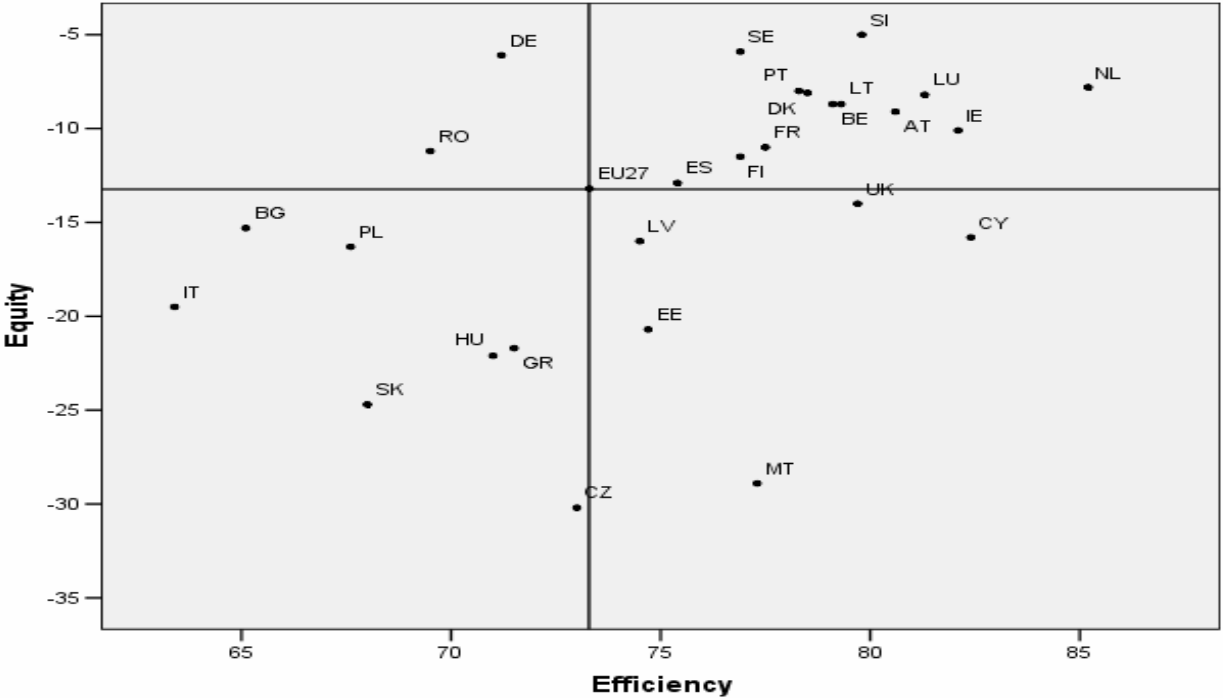
Starting with the Labour Forces Survey microdata we have calculated the long-term unemployment rate for young people. The European average in 2005 was 1 young unemployed out of 3 with a duration of unemployment longer than one year (see Table 5, Annex 1). The countries with the longest youth unemployment rates are Slovakia (65.2%), Poland (49.0%), Greece (47.5%) and Italy (46.7%). These figures show how difficult is for some young people to enter or remain in the labour market in these countries. Against this Denmark, Sweden and Finland have a long-term unemployment rate of below 10%. The similarity between Sweden and Italy for the high incidence of youth unemployment ends when we also consider the duration of unemployment: in Italy 1 out of 2 young people have been unemployed in the long term but in Sweden only very few young people have been jobless for a long period.

There are no great gender differences for long-term unemployment with 31.5% for males and 30.4% for females.

In the 2000-2005 period we observe a moderate reduction of the incidence of long-term unemployment, especially for the female segment.

In any case, the youth unemployment rates fall sharply as the age class grows. This permits us to introduce the subject of the next paragraph: the difficulty in finding and keeping a job by those too young to have achieved a suitable level of education for ensuring a good placement in the labour market.

Figure 1 – “Clusters” of countries by efficiency and equity



Source: Eurostat, Labour Force Survey, 2005



### ***4.2.3 Some reasons for the different employment rate performances in the various countries: quantity and quality of human capital***

A subject closely connected to the value and trends of youth employment rates is that of the percentage of young people in education in the various countries.

Education and training represent an essential building block from both a micro and macro perspective. Through education and training, individuals acquire the skills needed to improve their employability, reducing the chance of being unemployed during both their initial and future careers in the labour market and raising the expected labour income in the future. From a macro point of view, a more skilled workforce enhances the abilities of firms to compete on international labour markets.

The condition of young people with respect to education and labour market varies considerably with age. Starting with the Eurostat microdata for 2005b we observe that on average in EU24<sup>58</sup> 61.5% of 15-24 year olds are still in education against a percentage of 12.8% for the 25-29 age group.

In general, females remain in the education system longer than males, but the employment rates of males are often higher than the females (see Tables 6, Annex 1).

The countries that present the highest values for young people aged 15-24 years are Lithuania (73.7%), Poland (73.1%), Slovenia (72.3%), Denmark (71.0%) and Luxembourg (70.7%), whereas the countries with lowest values are Cyprus (40.7%), Ireland (47.9%), Spain (51.7%), UK (51.8%) and Sweden (53.8).

For the 25-29 age group we find the highest values for Denmark (27.6%), Slovenia (25.2%), Finland (25.2%), Germany (19.5%), Netherlands (18.5%) and Sweden (18.5%). We observe that generally these countries are also the countries with the highest youth employment rates in 2005 (and the better gender “equity”).

Looking at the Eurostat macrodata for the 15-24 age group, it is possible to observe a huge increase in the participation rates in education from 2000 to 2005: the percentage of young people in education in EU25

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<sup>58</sup> Note that Eurostat Labour Force Survey for 2005 covers only 24 Member States: the EU27 minus Bulgaria, Malta and Romania.

on average grew by 5.2% (from 55.0% to 60.2%). This positive trend was common to all the European countries, with only two excellent exceptions: France and Spain (see Tables 7, Annex 1).

In economic theory, one of the determinants of the individual decision to remain in education is the level of returns to education. When wage premia associated to education are low, youngsters may be tempted to leave school earlier; in this case we should expect higher youth activity rates and – depending on labour market conditions – a very volatile youth unemployment rate. Against this, higher returns to education may correspond to lower youth activity rates. According to the latest OECD data, returns to education are very different among countries and differ according to gender. When considering 30-44 years old employees with a tertiary certificate, including all type of tertiary education, their wages are almost twice as those of an upper secondary school worker in the Czech Republic, 1.6 times higher in Poland and in the UK and around 1.5 times higher in many other European countries. Denmark and Sweden have the lowest returns to tertiary education, which are generally low also in southern European countries (OECD, Education at a Glance, 2006).

This theoretical approach to individual decisions regarding education does not seem to explain much about the behaviour of young Europeans, as the returns to education are low in both Scandinavian and Mediterranean countries. However, not only is the percentage of young and very young people “in education” much greater in Scandinavia than in southern European countries, but youth activity and employment rates (in particular 25-29 age group) are much higher in Northern Europe than in Mediterranean Europe. -We can assume that the “return on education” that people estimate when deciding whether or not to enrol in a higher education course is rather based on the probability of finding a job than the wage premium associated with education.

Between 2000 and 2005, the incidence of employed young people who attained only ISCED level 0-2 on the total employment had decreased in all countries (for the 15-19, 20-24 and 25-29 age groups we have a decrease for EU27 respectively from 64.8% to 63.4%, from 25.0% to 23.3% and from 20.5% to 17.2%), those who reached ISCED level 3-4 had decreased in most countries (for the three above-mentioned age groups on average respectively from 34.7% to 36.0%, from 62.7% to 62.1% and from 53.5% to 51.2%), whereas those with the highest ISCED level (5-6) had generally increased (for the latter two age groups on average from 12.3%

to 14.7% and from 26.0 to 31.6%)<sup>59</sup>. With few exceptions, this trend was stronger for young females than for young males (see Tables 8-10, Annex 1).

In 2005, for the 25-29 age group, the incidence of employed young with ISCED level 5 and 6 is significantly higher for females than for males in EU27 (38.4% against 25.9%); this data reflects two distinct trends: a higher level of education for females than males, and females with low education have low employment rates.

To see if it is possible to turn this general rise in human capital into better opportunities to enter labour markets, we have to analyse the trend of specific employment rates by ISCED level, age group and gender.

In the EU27 average, there is a reduction of employment rates for young (and less young) people with low levels of education, but against this there is no general rise in employment rates for younger workers who have reached the highest level of education.

In particular, for young workers (25-29) with an ISCED level 5-6 of education we register a slight reduction in the specific employment rate. That is a result of a decrease of 1 percentage point for the male segment (85.3% in 2000 and 84.3% in 2005) not counterweighted by the female employment rate (from 79.3% to 79.8%). We register positive trends in specific employment rates in some countries with good total employment results between 2000 and 2005: i.e. Bulgaria, Spain, Latvia, Lithuania, Luxembourg and Sweden. Italy is an example not following the same pattern.

We can probably conclude that a good total employment performance is a *necessary, but not sufficient*, condition for enhancing the probability of finding a job for highly educated young people, although once again the countries defined as more “efficient” with regards to youth employment are those which have specific employment rates for the young (or less young) with high educational levels (the specific employment rate of young 25-29 years old with an educational level of 5-6 is 91.2% in Belgium, 83.3% in Denmark, 83.2% in Estonia, 92.0% in Ireland, 82.7% in France, 92.2% in Cyprus, 84.1% in Latvia, 84.6% in Lithuania, 93.7% in Malta, 94.6% in Netherlands, 88.8% in Austria, 87.8% in Portugal,

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<sup>59</sup> Pre-primary, primary and lower secondary education – levels 0-2; Upper secondary and post-secondary non-tertiary education – levels 3-4; Tertiary education – levels 5-6; (ISCED 1997).

83.2% in Finland, 91.2% in the UK and only 62.2% in Italy and 71.7% in Greece (see Tables 11-13, Annex 1).

The “quality” of human capital is a very important variable for weighing its “quantity” and the OECD-PISA survey (Programme for International Student Assessment) provides some limited but useful information. The aim of the PISA methodology, applied to 32 countries (28 OECD members), is to make an assessment of 15-year-old students’ essential knowledge and skills, producing a framework to develop over time. This project covers three areas: reading, mathematics, literacy and scientific literacy, considered the foundation of knowledge.

The OECD-PISA average score (2003) in 19 out of 27 European countries is 499, ranging from 546 in Finland to under 484 in the Mediterranean countries. Also here, it is the most “efficient” countries who achieve the highest PISA scores: Finland, Netherlands, Belgium, UK, Sweden, France, Ireland and Denmark, whereas the least “efficient” countries seem to be characterised by a very low “quality” of education: Hungary, Poland, Italy and Greece (see Table 14, Annex 1).

#### ***4.2.4 Some reasons for different employment rate performances in the various countries: “school to work” transition, flexibility, “job satisfaction” and wage level***

According to some elaboration on the Eurostat web macrodata, drawn from the LFS had hoc module, 2000, the duration of the “school to work” transition in 19 out of 27 European countries is, in general, very long and varies greatly by country, ranging from 28 months in the Netherlands to 103 months in Romania (see Figure 2, Annex 1).

Even utilising more recent LFS data, that allow to calculate the labour market status of young people one year after leaving school, the grading of different countries does not show a radical change (see Employment in Europe, 2007, chart 28). In the Netherlands and in Denmark more than 80% of young people have a job one year after leaving school. In Austria, Ireland, Latvia Finland, Estonia and the UK this rate is close to 75%, while in Bulgaria, Greece, Italy and Romania less than 50% of young non-student are employed one year after leaving permanent education.

The amount of public expenditure on training activities in different countries seems to reduce significantly the transition period.

The impact of human capital seems also to be significant. According to Employment in Europe, 2007, (see Employment in Europe, 2007, chart 29) in the EU27 average, less than 40% school leavers with a low level of education find a job one year after having finished permanent education, compared to more than 60% of those with a medium level of education and more than 75% of those with a high level of education.

In particular, according to LFS ad hoc module 2000,:

- the higher the percentage of early school leavers, the longer the duration of the transition period;
- the higher the average age when leaving education, the shorter the duration;
- the better the quality of human capital, the shorter the duration;
- the higher the percentage of young people (and of parents!) having completed at most education level 2, the longer the duration.

*The influence of labour demand, and in particular the influence of labour demand involving young people, is also significant.* The countries which have managed to create more employment and, in particular, more employment for the young are those in which the transition times of the “new entrants” into the labour market are the shortest (see Figure 3, Annex 1).

To ease the entrance of young people into the labour market, and to improve youth employment rates, flexibility in entering could arguably play an important role.

Economic theory suggests that higher job mobility implies better job matches and therefore – from a systemic point of view - a better economic performance overall. In terms of the flexicurity paradigm, one would expect job mobility to be characterized by short unemployment spells, unemployment benefit provisions and good job matches. *For young people especially, temporary employment has become the main door to the labour market.* The question to ask is if this kind of job represents a stepping stone towards job stability or a trap for the weakest individuals in the labour market (low skilled and disadvantaged people). In many countries there are several forms of dependent temporary work, including apprenticeships and other kinds of vocational contracts. Attention has also recently been paid to types of fixed-term self-employment contracts featuring low security and stability (economically dependent workers).

The share of temporary employment among the 15-24 age group in Europe is very variable, according to countries. As general labour market arrangements may influence this indicator, it is better to analyse it on the basis of the youth temporary employment percentage and total temporary employment percentage. As expected, in all the countries considered this ratio is well above two points, suggesting that the temporary employment rate among youngsters is more than double the adult temporary employment rate. Moreover, in many of the countries this ratio has increased in the last five years, suggesting that labour market entry through this kind of contract is becoming more frequent (see Table 6 and Figure 4, Annex 1).

Apart from vocational and training job schemes, usually featuring a long period with the employer, temporary employment involves a high job turnover and short tenure. Looking at tenure data provided by the OECD, it emerges that the percentage of employed with a short tenure (less than 12 months) is very high among young people (see Table 7, Annex 1).

Flexibility in entering the labour market for young Europeans is thus rapidly gaining in popularity, which in turn raises flexicurity issues. Unfortunately, there is no clear relation between the share of temporary employment (among young people) and employment rate (among young people).

The countries with a high youth (15-24 age group) to total temporary employment ratio are both those with good youth employment rates and those defined as less “efficient”: on one side Luxembourg, Austria, Estonia, France, Sweden, Belgium, Denmark, Finland, Ireland and Netherlands and, on the other, Germany, Slovenia and Italy. Similarly, the countries with a low youth to total temporary employment ratio are both “efficient” countries with regards to the inclusion of young people in the labour market (Cyprus, Spain, Latvia, UK, Lithuania, Portugal, Czech Republic, Malta) and totally “inefficient” countries in this regard (Bulgaria, Greece, Hungary, Slovakia, Poland). The marked increase occurring in Romania over the 2000-2005 period of the youth to total temporary employment ratio does not seem to have been accompanied by significant improvements in the job chances of young Romanians<sup>60</sup>.

Another indicator of the flexibility of youth work is represented by the percentage of part-time contracts (see Tables 17, 18a, 18b and 18c, Annex

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<sup>60</sup> In the case of Romania, which is a country with extensive migration, some data could be unreliable. We will deep this particular situation in the research case study

1). In EU27, 24.7% young employees had part-time work contracts in 2005. This is a percentage considerably higher than the 17.8% for the entire working-age population. It can thus be claimed that part-time has a considerable weight in youth employment. There are various reasons for this, including young people's need to have an income while continuing their studies, the possibility of using part-time as an entry contract or for school-training-work alternance, or again the lack of opportunities for full-time jobs. We will discuss the different reasons later, analysing the problems of working students.

However, independently of the reasons why a quarter of young employed people accept a part-time job, it is a fact that countries with the highest youth employment rates are also those which have the highest part-time rates for the young.

For the 15-24 age group the part-time figures are particularly high for countries such as the Netherlands (68.3%), Denmark (56.0%), Sweden (44.5%) and Finland (39.4%). Against this, there are countries with very low youth part-time rates, such as Slovakia (3.0%), Czech Republic (3.3%) and Hungary (4.3%)<sup>61</sup>. These latter are countries with the lowest youth employment rates. This could lead to the assumption that part-time work contracts do not replace the full-time ones, but instead complement them.

Around 60% of part-time workers in EU-24 in the 15-24 age class are females. There are great differences in Europe with regards to the feminization of youth part-time work. Only in Poland does the number of young males with part-time jobs exceed females, with feminization rates of 46.3%. The other countries in which the feminization rate is relatively low are: Slovenia (52.6%), Hungary (52.9%), Estonia (54.9%), Netherlands (55.5%), Lithuania (55.7%) and Luxembourg (56.7%). The countries in which the feminization rate is higher are: Austria (70.0%), Italy (67.1%), Sweden (66.7%), France (66.6%), Belgium (65.6%) and Slovakia (65.2%).

At this point we have to ask ourselves if the greater flexibility of youth work in labour markets has had an impact on an individual's job satisfaction. The expansion of temporary work could bring with it a risk of job dissatisfaction and, in particular, a risk of precariousness, which some countries (e.g. Denmark) are trying to remedy with a "flexicurity" approach.

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<sup>61</sup> See Eurostat, Labour Force Survey, Quarterly microdata, 2005.

An initial analysis of the Third Survey of Working Conditions micro data (2000 for EU15 and 2001 for the EU12 candidate countries) provides information about “job satisfaction” as a subjective indicator which reflects how people perceive their personal situation and complements the picture of more objective indicators of job quality, the most interesting of which is the “learning potential” of a job.

For what concerns “job satisfaction” as a subjective indicator, the table shows the percentage of respondents in each age group that are “very satisfied” with their working conditions (see Table 19, Annex 1).

There are big differences regarding the job satisfaction of young people (20-24 and 25-30) across countries.

Thus in Belgium, Denmark, Ireland, the Netherlands, Austria and the UK, more than a third of young people are very satisfied. Between *half* and *two thirds* of young people declared they were satisfied in Germany, Greece, Spain, France, Italy, Portugal, Finland and Sweden.

All these countries, with the exception of Italy and Greece, are countries in which the youth employment rates were higher in 2005. Among the countries in which the percentage of “very satisfied” is particularly high, we find both countries with a high percentage of temporary work among the young compared to adults (Germany, France, Italy, Sweden, Finland) and countries with a low youth to total temporary employment ratio (Greece, Spain, Portugal).

It has to be remembered that youth dissatisfaction is higher in those countries in which general dissatisfaction is higher.

In some Member States, young people are at least 20% more dissatisfied than the average for all workers in that country. In some of them, temporary work mainly concerns the young (Austria, Denmark, Germany, Romania, Estonia, Finland, Netherlands), in others it involves both the young and adults (Lithuania, Hungary, Czech Republic, Poland, Slovenia, Slovakia, UK). This probably means that a temporary job is not necessarily seen as “inferior” work if it incorporates a certain degree of “learning potential”.

Basically, there are two main differences in the learning potential of jobs by age groups in each of the 26 Member States (EU27 without Luxembourg, see Figure 5, Annex 1):

1) Member States differ as regards the share of jobs with low or relatively low learning potentials (0 and 0.33) and the share of jobs



offering good or very good “learning potential” (0.66 and 1), without, however, differentiating much by age.

- Austria, Belgium, Denmark, Finland, Germany, Netherlands, the UK, Estonia, the Czech Republic (and Poland, also showing small variations by age groups, although “poor” jobs are at a higher level) are among the Member States showing a low percentage of “poor” jobs in all age groups.
- In Greece, the share of those in relatively “poor” jobs is high in all age groups.

2) In a number of Member States there are differences between age groups as regards the learning potentials of their jobs:

- In France, Italy, Ireland, Spain, Sweden, Slovenia and Bulgaria, the share of 20-24 years old holding jobs with no learning potential is markedly higher than in the other age groups.
- At the same time young people are under-represented among jobs with high or very high learning potentials in Ireland, Italy, Sweden, Hungary, Slovenia
- Against this, in some Member States we can observe a “catching-up” effect of the younger age group: young people aged 20-24 are carrying out work with no or little learning potential less often in Portugal, Latvia and Lithuania.

Therefore *not all countries with a high youth to total temporary employment ratio are at least able to provide their young people with jobs (temporary as they might be) offering the possibility of learning and improving their skills and their own future employability* (France, Sweden, Slovenia, Ireland, Italy). The risk is that young people with low formal education will not manage to improve their skills through on-the-job formal and informal learning and thus get caught in a kind of “precariousness trap” for much of their working life.

Another important indicator of the employment situation of the young, as well as of the quality of youth work, regards wage levels. Here we shall just point out that youth/adult income differentials are lower in countries in which there are less differences between youth employment rates and total employment rates (see Table 20, Annex 1). For further comments on income conditions refer to the paragraph on the autonomy of families of origin.

#### ***4.2.5 Working students and effects on part-time and fixed-term contracts***

We used LFS microdata to investigate the working students' condition. We have to underline again that we had information for at most 24 countries.

The results for 2005 show that for young people, and especially for the 15-24 age class, working students have a high incidence on employment (see table 21 in Annex 1). For this age class, the incidence is 29.6% (28.0% for males and for 31.7% for females) whereas for the 25-29 age class it is only 8.7% (8.1% for men, 9.4% for women).

For the 15-24 age class, the countries with the highest (above 60%) incidence of working students are Denmark and the Netherlands, followed by Germany and Finland (around 50%) with the lowest in Luxembourg, Czech Republic and Slovakia (below 6%). In Cyprus, Greece, Hungary, Portugal and Italy the incidence of working students is under 10%.

Limiting the analysis to the female component of the 14-24 age class, Denmark is the country with the highest incidence of working students (66.9%), followed by the Netherlands (62.4%), Finland (54.1%), Slovenia (53.3%) and Germany (51.5%). The countries with the lowest ratio are Luxembourg (3.4%), Czech Republic (6.5%), Cyprus (7.8%), Slovakia (8.9%) and Greece (10.2%).

These figures clearly show that, whereas the countries with the highest incidence of working students on employment have similar socio-economic conditions (Scandinavian countries and Germany), those in which this incidence is lowest have dissimilar elements.

For the 25-29 age class, compared to a European average of 8.7%, the incidence ranges from the 0.2% of Luxembourg to the 21.8% of Denmark. In Slovenia and Finland the incidence of working students is similar to Denmark's. For the other countries, with the exception of the Netherlands (16.4%), the incidence of working students for this age class is much lower. In Belgium, Cyprus, Czech Republic, France, Greece, Ireland, Italy and Slovakia this incidence falls to under 6%.

As shown in Table 17 (Annex 1), in Europe about 45% of working students aged 15-24 have a part-time contract (the average incidence of

part-timers for this age class is 22.5% and the incidence for young people not in education is only 13.0%). This percentage grows to 50.7% for women (20.5% for women not in education).

The overall incidence of part-time work for young people drops when passing to the next age class, and this applies both to working students and other workers (36.6% and 11.4% respectively). In some countries, part-time seems the only way for young people to reconcile study with work. For the 15-24 age class, the incidence of part-time for working students is 88.4% in the Netherlands, 86.9 in Sweden, 74.3% in Denmark and 70.3% in the UK. In the next age class, Luxembourg has 100%, Germany 55.7%, Austria 55.4%, Sweden 51.2% and the Netherlands 50.2%. These countries are also those in which the share of working students in overall employment is generally high.

Not all working students with a part-time job want a full-time one, whereas for most part-timers not in education it may appear as *involuntary choice*<sup>62</sup>. In the European average, only 8.1% of working students declare they carry out part-time work because they haven't been able to find a full-time job, a percentage that rises to 47.3% for the other young workers (see table 18a, Annex 1). These differences are even greater when considering young people aged 15-24 only; for these workers, the percentages are 6.7% and 55.6% respectively (see table 18b, Annex 1). Finally, for young people aged between 25 and 29 years, the percentages are 13.3% and 40.8% respectively (see table 18c, Annex 1).

However, in the 15-24 age group there is a higher percentage than the European average of students working part-time because they cannot find full-time jobs in Italy (16.2%), Greece (16.0%), Portugal (12.4%), Slovakia (10.7%) and Hungary (8.5%). The first three countries have high percentages for the lack of full-time work also for young people not in education, at 75.2%, 66.4% and 60.9%. In these three countries, part-time work often does not represent a choice for the young but a condition imposed by a labour market that does not seem capable of creating sufficient jobs. This is also proved by the fact that Italy and Greece are two countries with low rates of total employment.

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<sup>62</sup> When interpreting data, account must be taken of the high rate of missing answers in various countries; this obviously reduces the reliability of the analysis. It has not however been considered appropriate to apply new parameters to the percentages on the basis of the answers provided since there are doubts about the casualness of the missing ones. Moreover, the data on statements given by interviewees on their reasons, or more in general on their opinions, have to be evaluated with due caution.

At the other extreme there are various countries in which the young seem to have chosen part-time freely, since the percentage of working students who would have wanted to work full-time is negligible at under 2%. We are talking about Cyprus (0%), Czech Republic (0%), Denmark (1.4%), Estonia (1.5%), Ireland (0.7%), Luxembourg (0%) and UK (1.1%). Of these countries, only Ireland, Luxembourg and UK have relatively low percentages linked to the difficulty in finding full-time work also for young people not in education.

For the 25-29 age class, it is observed that, in the European average, 34.8% of these young people have a part-time contract because they cannot find full-time work. This percentage is particularly high in Greece (67.0%), Cyprus (56.4%), Italy (55.4%), Lithuania (53.0%) and Poland (48.5%). High percentages of working students are found in Lithuania (61.3%), Cyprus (54.2%), Italy (32.0%) and Poland (31.5%).

Another important reason that prompts some young people, mainly women, to prefer part-time work is linked to family care. In the EU average, 8.6% of young part-timers justify their choice with the need to look after family members; this percentage rises to 12.7% for women and is just 0.8% for men.

Inside the female component there are very different situations between working students and other women, with only 1.4% of the former indicating this reason against the 19.0% of the latter. It would thus seem that women who decide to continue their studies while working have also made the choice to dedicate less time to the family or to defer having children. Naturally, caution has to be used in these interpretations, since it could also be that the main study reason could also be accompanied by the family care one.

A second element that clearly emerges is linked to age: the reason linked to family care is obviously more important for women in the 25-29 age class than the younger ones. For the older women, the EU not in education average is 25.4% against the 9.4% of women from the 15-24 class.

Limiting the analysis to the segment of women aged 25-29 not in education, there are particularly high values for family care in Austria (60.1%), Czech Republic (51.0%), Germany (50.9%), Luxembourg (47.6%) and Latvia (46.7).

Another important element of youth employment is the widespread use of temporary contracts. This type of contract obviously only concerns

dependent workers who, in the EU average, represent over 90% of the total employment. On average, 31.9% of young employees in Europe have a fixed-term contract, a percentage which is basically similar for both males and females. On the other hand, considerable differences are found when considering other factors such as the age or condition of working students, as well as the situation in the various countries (see table 22, Annex 1).

There are average values at 43.3% for the 15-24 age class and 21.5% for the 25-29 one; it is therefore the younger individuals who are more penalised with regards to the duration of the work relationship (a temporary contract is often a way to enter the labour market).

*Working students tend to have more temporary contracts* (55.1% of working students against 25.6% of young not in education). Naturally, if the age factor is combined with the study one, an even higher percentage of 60.6% is obtained for working students aged 15-24. The main reasons for working students to have temporary contracts are those linked to school-work alternating pathways or the fact that temporary work can often be a way to earn money to continue studying.

The countries with a particularly high incidence of temporary contracts for young people are Spain (54.9%), Poland (48.0%), Slovenia (44.1%), Germany (42.2%) and Sweden (39.9%). Limiting the analysis to working students aged 15-24, the highest values are found in Luxembourg (96.9%), Germany (84.3%), France (84.1%), Spain (77.4%) and Austria (75.4%).

#### ***4.2.6 Young adults in the 25-29 age class and the dual concept of “autonomy”***

For the sake of simplicity we refer mainly to two indicators to describe young people’s condition of “autonomy”: the first one, the percentage of 25-29-year-olds living outside the parental home, comes from Eurostat’s *Census* data and obviously refers to 2001; the second one, the age pay gap between under 30-year-olds and the total population, comes from the Eurostat *Structure of Earnings Survey 2002* (mean hourly earnings).

Only for the second indicator do we have data for all the current 27 European countries.

A higher percentage of males than females remains in the parental home in the 25-29 age class. In the same age class there is a high

percentage of females living alone with children, rising to 16.5% in Estonia.

There is a certain inverse correlation between employment and people still living in the parental home for young people in the 25-29 age class (the correlation coefficient is -0.42). One of the reasons why young people remain at home is because it is difficult to find a job, but we could also consider that the decision not to leave the parental home is to avoid looking for a job.

Only in two countries, Denmark and Lithuania, do all the “adult” young 25-29-year-olds live outside the parental home; 13 countries have values ranging from 70% to 90% and in Italy (56.6%), Spain (52.2%) and Slovenia (51.2%) over half of “adult” young people still live at home. In Mediterranean countries, with the exception of France, young people tend to remain in the parental home longer than their peers in other countries.

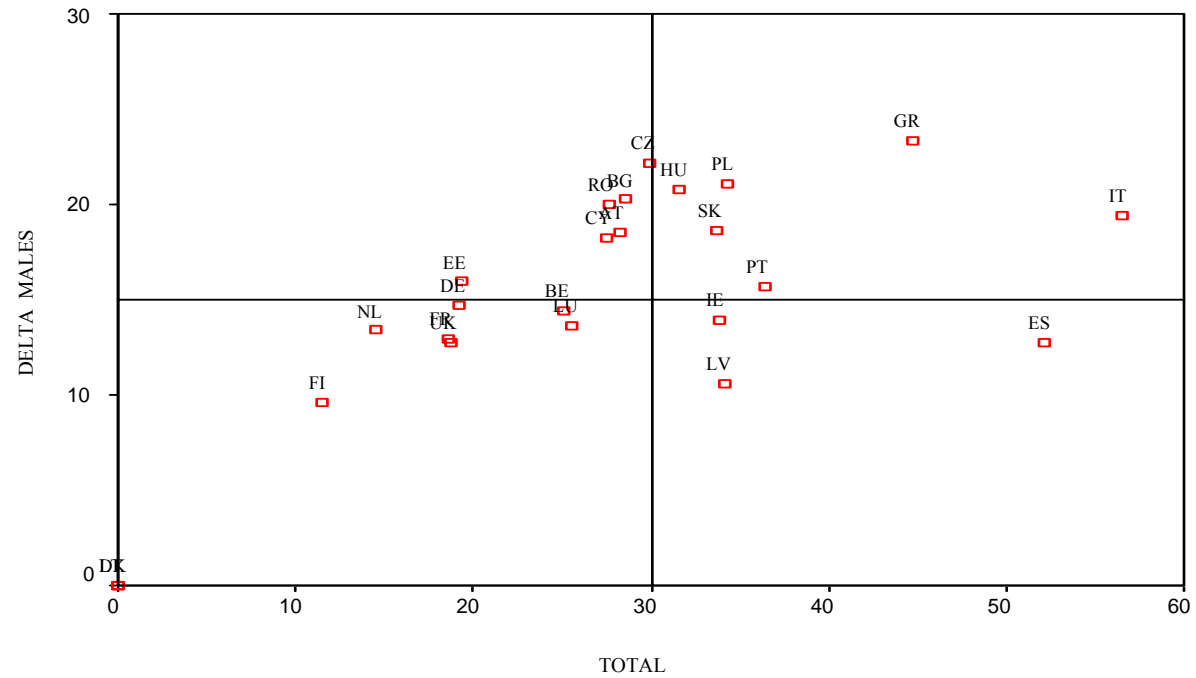
The comparison with labour-market data also shows that the Mediterranean countries have lower employment rates for young people than the other EU 15 Member States, and this could be related to a low degree of autonomy.

For the new Member States, the comparison between labour market participation and decision to abandon the parental home is difficult because we need to consider the effect of migrations. In many of these countries, a high percentage of active young people look for a job outside their country of origin. So the measured youth employment rates for these countries tend to be lower than the “effective” ones. The data on the percentage of the young population living out of the parental home are also affected by the emigration decision.

We are conscious there are some caveats in considering data on young people living out of the parental home as an indicator of real “autonomy”.



**Figure 2 – Young people (25-29 years) living as children in the parental home\***



\* Delta males = Male rates – Female rates Source: Eurostat, *Census data*



In several countries there are better reasons for young people to stay longer in their parental home than in others. For example, there are limits to access to credit that make it difficult for young people to buy a house, or the fact that European countries place different values on the role of the family network. Thus remaining in the parental home does not always signify a lack of autonomy, at least from a financial point of view<sup>63</sup>.

For this reason we have chosen to integrate this indicator with one which reflects young people's relative wages.

The second indicator, the age pay gap, shows that - with the exception of Estonia (with -0.5%), Latvia and Lithuania - the difference in mean hourly earnings between under 30-year-olds and the whole population ranges from 11% in Slovakia to 32% in Greece. The lowest levels are registered by the new entrants and especially the eastern countries (Estonia, Latvia, Lithuania, Slovakia, Czech Republic and Hungary). The countries with the highest levels of age pay gaps are Greece, Germany and Netherlands, where the gap is over 30%. The Netherlands and Germany are countries with high levels of youth employment and many other Member States have high age pay gaps and high youth employment rates, including Austria, Cyprus, Ireland and United Kingdom. In other words, in many countries youth employment seems to correspond to high wage differentials. There are also some exceptions, such as Greece and Romania, who have high age pay gaps and low youth employment rates, or Sweden which has both low wage differentials and high employment rates.

In any case there appears to be a relation between wage differentials and youth employment rates.

Hourly earning figures confirm other analyses: the gender gap for young people is not very high, but it grows with age. The gender gap becomes significant after marriage and especially with maternity. Maternity disadvantages women not only in terms of earnings but also in terms of participation in the labour market.

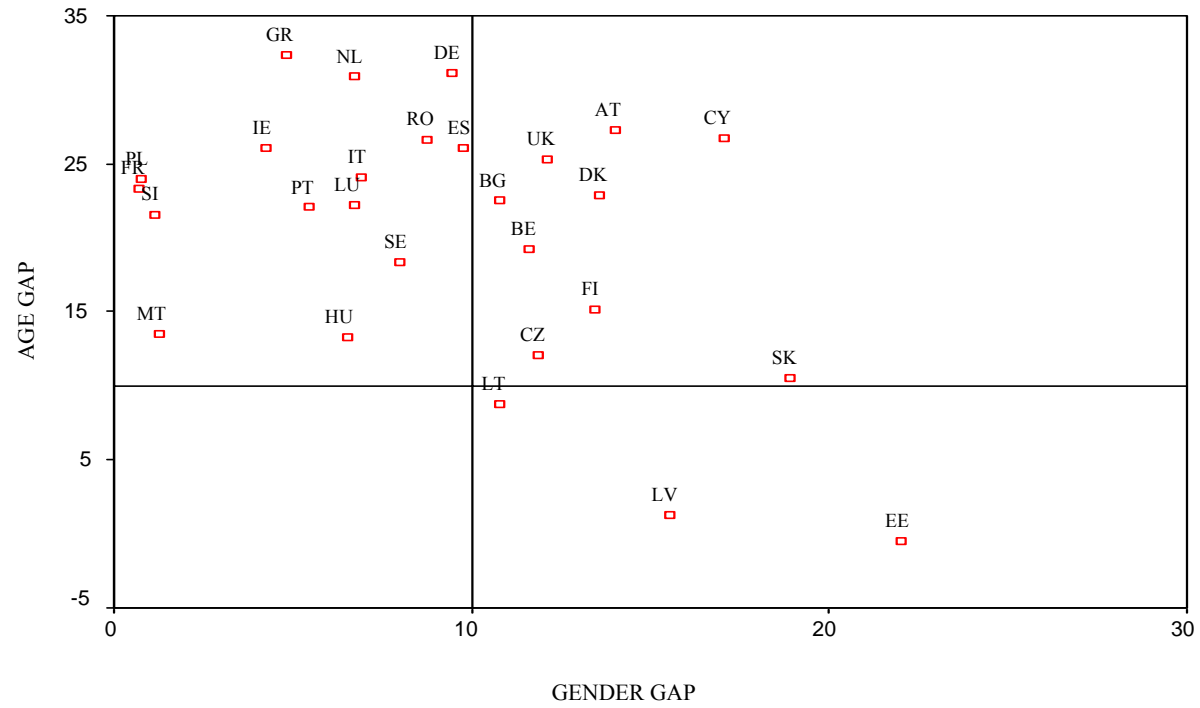
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<sup>63</sup> Against this, young people could decide to leave home simply because their parents can support them (e.g. by giving them a place to live or money to pay the rent) or they are supported by others, such as their husband/wife.

Most of the countries (15 out of 27) have a gender gap below 10% for young people and in France, Poland, Slovenia and Malta it is very close to zero. The highest gender gap is in Estonia with 22.0% and it is particularly high in Baltic countries against a very low age gap.



**Figure 3** – Age and gender gaps in earnings, 2002



Source: Eurostat, *Structure of Earnings Survey 2002*

#### ***4.2.7 Early school leavers and NEET phenomenon***

Eurostat defines early school leavers as the “percentage of the population aged 18-24 with at most lower secondary education and not in further education or training”. In 2005, the early school leavers represented 15.5% of young people; the percentage for males was higher than for females (respectively 17.5% and 13.5%). Moreover the figures are higher for the EU15, where the percentage for males and females is 17.1%.

The countries that present the highest values are Malta (41.2%), Portugal (38.6%), Spain (30.8%) and Italy (21.9%), whilst the countries with the lowest values are Slovenia (4.3%), Slovakia (5.8%), Poland (5.5%) and Czech Republic (6.4%).

Limiting our analysis to the male segment, the one for which the phenomenon is more significant, we observe the highest values in Portugal (46.7%), Malta (43.0%), Spain (36.4%), Cyprus (26.6%) and Italy (25.9%). The lowest values are in Slovenia (5.7%), Slovakia (6.0%), Czech Republic (6.2%) and Poland (6.9%).

The evolution from 2000 to 2005 shows a general trend towards a reduction of the incidence of early school leavers. In 2000 the average figure for EU27 was 17.6%, in 2005 it was more than two percentage points lower. The male and female segments show similar reductions from 19.7% to 17.5% for the male segment and from 15.6% to 13.5% for the female segment.

To use the ELFS microdata we need a different definition of early school leavers; following the OECD definition, we consider early school leavers young people aged between 20-24 years, not currently in education, with at most lower secondary education (ISCED 2).

Using this definition and microdata we find similar values with respect to the ones derived from macrodata (see Table 23, Annex 1). On average, in 2005, for EU-24<sup>64</sup> the incidence of early school leavers is 16.3%, higher for males than females (18.3% against 14.4%). In particular, for the 20-24 year age class we find that about 40% of youth are still in education and 60% are no longer in education. Between the latter, more than 1 out of 4 have at most lower secondary education. The countries with highest values for early school leavers are Portugal, Spain, Italy and Cyprus.

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<sup>64</sup> The quarterly Labour Force Survey does not include microdata on Malta, Bulgaria or Romania.

Looking at the condition of the early school leavers aged 20-25 years on the labour market, we observe that on the average 53.4% are employed, 20.5% are unemployed and 25.1% are inactive (1.0% are on compulsory military service). For the whole age-group we observe similar values for employed condition, but huge differences for unemployment and inactivity: on the average 10.9% are unemployed and 34.4% are inactive; more than 70% of these latter are still in education, so the “true” value of inactives is of 9.3% (see Table 24, Annex 1).

Coming back to early school leavers we observe that a very high percentage is out of the labour market (and of the education system), probably because they are not able to find a job.

Female early school leavers have a high probability to be out of the labour market (about 40% the inactive rate for women against 13.7% for men). This is particularly true in Hungary, UK, Czech Republic, Lithuania, Latvia, Slovenia and Estonia (with an inactive rate above 50%).

Remembering that young people not currently engaged in employment, education or training are defined NEET, we find an overall incidence of NEET of about 9.3% for the age-group 20-24<sup>65</sup>; this value rises to 25.1% when we consider the early school leavers, whereas for the other people of this age-group, the NEET rate is only 6.3% (obviously we have to consider that sometimes young people remain at school to postpone or to avoid entering the labour market, i.e. a hidden NEET condition).

For the sake of analogy we call ‘inefficiency’ the NEET rates and ‘equity’ the difference between female and male rates (see table 6, Annex 1, and Figure 4,

Figure 5, Figure 6). A high inefficiency value means that a high percentage of young people are outside the labour market and the education/training system. A higher percentage of young women are involved in this phenomenon than men (especially for the upper age class). It clearly reflects the decision of young women to stay at home for family reasons. NEET rates tend to increase with age. In 2005, in the EU24, NEETs represented 7.2% in the 15-24 age class and 12.0% in the 25-29 age class.

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<sup>65</sup> It is important to stress several difficulties in the correct measurement of the NEET phenomena due to the problems in the correct distinction between unemployed and inactive people. For the statistics, to be unemployed a non-working individual should have been actively seeking work in the last week before the interview for the LFS. This definition could influence the perception of the inactivity between youth and therefore the measurement of the NEET phenomena.

The countries with the highest values (around 14%) of this indicator for the 15-24 age class are Hungary, Greece and Cyprus. Italy, Sweden and Spain also show high NEET rates above 9%, whereas Luxembourg, Denmark and Netherlands register the lowest levels, below 4%. Cyprus, Czech Republic, Estonia, Slovakia and United Kingdom are the countries with the highest difference between female and male NEET rates (above 6%). Only Sweden has a higher incidence of males, albeit not much higher than that observed for females.

In the upper age class (25-29), we observe the highest values of the NEET rate in Hungary (18.5%), Italy (17.0%) and Czech Republic (16.4%) and the lowest levels in Slovenia, Sweden and Luxembourg (between 5.3 and 6.2%). The other countries have values ranging from 7.1% in the Netherlands to 15.5% in Slovakia. The Czech Republic is the country with the highest difference between female and male NEET rates (28.0%). We observe very high differences between females and males also in Slovakia (25.4%), Hungary (22.6%), Italy (16.9%) and Poland (16.0%).

Usually, the countries with the lowest NEET rates have the highest employment rates; this applies especially to young people in the 25-29 age class and the female segment. For the 25-29 age class we observe a 0.68 negative correlation coefficient between NEET and employment rates for all the population, a percentage which rises to 0.84 when we limit our analysis to the female segment.

The higher incidence of NEETs in the older age classes is to be attributed solely to women's behavioural pattern in the labour market. Whereas on a EU average level, the young male NEETs represent a little over 5% of the total for both age classes (15-24 and 25-29), the number of women NEETs rises from 9.2% to 19.1%. A country comparison shows that, for the 25-29 age class, there is a high correlation between inefficiency and equity, in the sense that the greater the gap between female and male rates (inequity) the greater the overall NEET incidence. It thus seems that there is a NEET threshold under which it is difficult to drop, even though it varies from country to country (limiting the analysis to males it fluctuates from around 1% in Luxembourg or 3% in Denmark, the Netherlands and Slovakia to around 10% in Hungary), to which should be added the female segment, strongly affected by their behaviour on the labour market and especially with regards to their role in the family.

For the female segment of the 25-29 age class, the highest incidence of NEETs is found in some new Member States, such as the Czech Republic

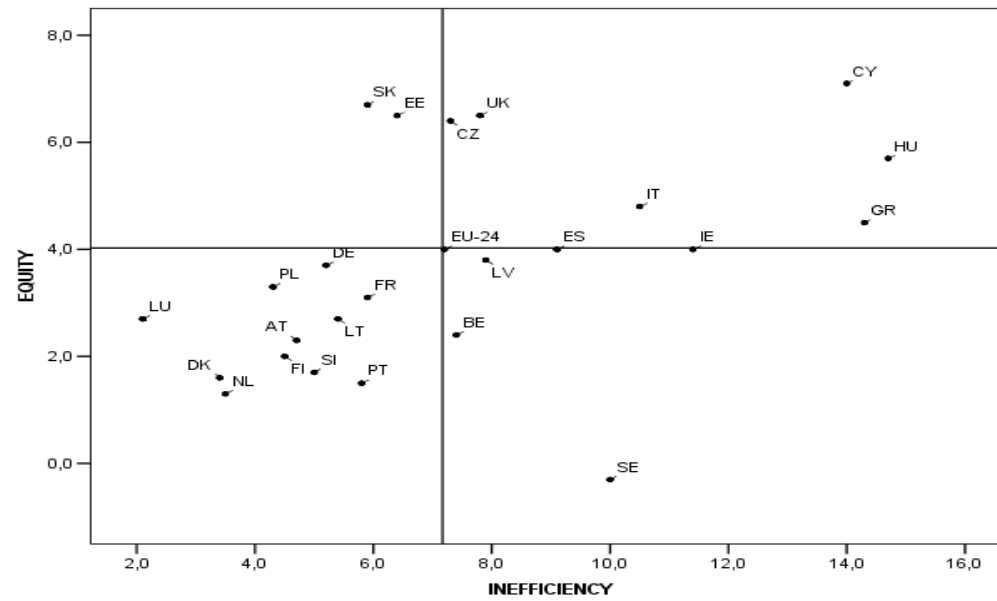
(30.7%), Hungary (29.9%) and Slovakia (28.5%). Only one older Member State, Italy, has an incidence of over 20% with 25.5%; whereas Estonia has 23.8%, Latvia 21.0% and Poland 20.1%. Only in three Member States is the incidence lower than 10%: Slovenia (6.3%), Sweden (8.4%) and Portugal (8.7%).

If this analysis is true it means that, to reduce the percentage of NEETs, not only are measures needed that help reconcile women's working hours with family duties, but also measures for that not particularly high percentage of young people who, for non-familial reasons, are neither in training or the labour market.



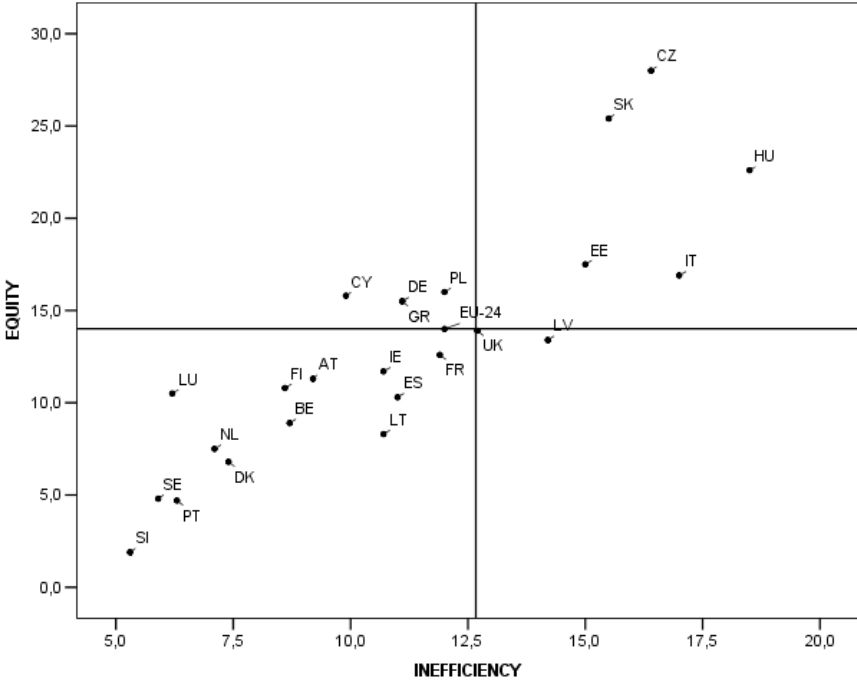


Figure 4 – NEETs in 15-24 age class, 2005



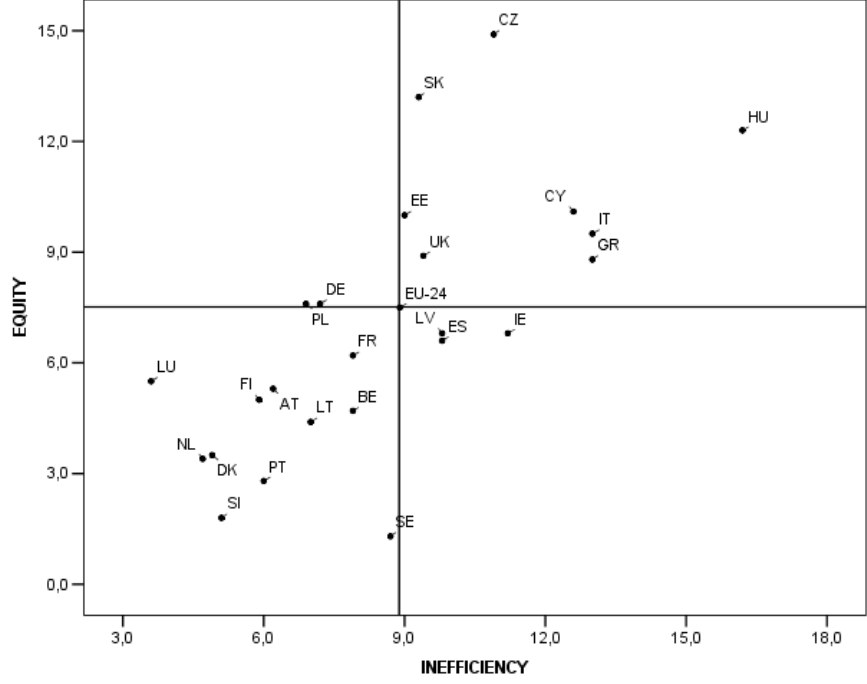
Source: elaboration on Eurostat, Labour Force Survey, 2005 (quarterly microdata)

Figure 5 – NEETs in the 25-29 age class, 2005



Source: elaboration on Eurostat, Labour Force Survey, 2005 (quarterly microdata)

Figure 6 – NEETs in the 15-29 age class, 2005



Source: elaboration on Eurostat, Labour Force Survey, 2005 (quarterly microdata)

The family role, which a quite considerable number of young women give as their reason for leaving the labour market, can also be revealed by analysing the degree of kinship of the individuals surveyed with the reference person. Tables 25 and 26 (Annex 1) compare the overall situation of young people with that of NEETs. In general, it is seen that women tend to leave their family of origin before men: the European average<sup>66</sup> for the 25-29 age class is 27.0% for women still living in the parental home against 41.6% of males. The gender gap tends to grow if we consider only the NEETs: for the 25-29 age class, the incidence of women still living in the parental home drops considerably (15.3%) whereas it increases for men (56.7%).

Considerable differences are also found for this age class in women who state they are a spouse of the reference person (61.0% for the NEETs against 43.3% for the entire reference population), as well as for men who are heads of family (29.6% NEETs, 46.1% in general).

Apart from some exceptions (for example Portugal and Slovenia with low NEET rates and an elevated incidence of young people living with their parents), in general the Member States with a high NEET rate are the countries in which young people stay longer in the parental home.

Around 50% of young NEETs have had previous work experience (Table 27, Annex 1). For women, the percentages are usually higher than those for men and become particularly high when only women in the 25-29 age class are considered; in this group around two-thirds of women have already held down a job. In various countries, the incidence of young NEET women aged 25-29 having held a previous job is over 80%, with 87.2% in the Czech Republic, 86.1% in Finland, 81.9% in Denmark, 81.7% in Ireland, 81.6% in Estonia and 80.4% in Sweden. At the other extreme, there are some countries in which a consistent share of female NEETs aged 25-29 has never worked; for example Greece, where 30.2% have never worked before, Italy (45.6%), Belgium (50.2%) and Lithuania (51.2%).

This figure is a further indicator of the fact that, for many women, the choice of leaving education and work is linked to their family role. Indeed, when analysing the reasons women state for leaving work, that linked to

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<sup>66</sup> The European average refers only to 20 countries, since data for Denmark, Finland, Ireland and Sweden is not available, as well as obviously Bulgaria, Malta and Romania.

family responsibilities predominates. A European average of 32.4%<sup>67</sup> of women in the 15-24 age class give this reason, a percentage that rises to 43.1% for those in the 25-29 class (Table 28a, 28b and 28c, Annex 1)<sup>68</sup>. The countries where the highest percentage of women aged 25-29 give the family responsibilities reason for leaving work are the Czech Republic (80.7%), Cyprus (76.9%), Luxembourg (76.2%), Estonia (73.9%), Latvia (72.9%) and UK (64.4%). These percentages could actually be greater, since even when the loss of the job is directly attributed to other reasons, the subsequent decision to not search actively for work could depend on family needs. Obviously, for the males family responsibilities have a much lower percentage (around 6%).

The analysis of microdata in the Labour Force Surveys also reveals a link between educational level<sup>69</sup> and NEETs (Table 29, Annex 1). We have shown that early school leavers encounter more difficulties than other people in finding work and that, in many cases, they tend to stay out of the labour market. Young NEETs tend to have a lower level than the average of their peers (Table 30, Annex 1). In some cases this can be a direct consequence of having dropped out of education when very young without at the same time having entered the labour market.

For the 15-24 age class, it can be seen that young NEETs with a low level of education represent 48.9% in the EU21 average<sup>70</sup>, higher than the general figure of 44.7%; for higher educational levels there are lower percentages for NEETs than the general average. Albeit on average males have a lower level of education than females, for the “low” category the difference between overall population rates and that of NEETs is similar for gender.

The country analysis shows that the UK has a difference of 20.1% between NEETs aged 15-24 with a low level of education and the total youth population of this age class (where the incidence of a low level of education is 31.8% for NEETs and 11.7% for the total population), Ireland

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<sup>67</sup> Actually the average of 23 European countries (EU24 minus Spain).

<sup>68</sup> With regards to Eurostat microdata, reasons linked to retirement and to the “not applicable” item have been excluded since not consistent with the status of young people who have had a previous work experience (these are anyway marginal values)

<sup>69</sup> Reference is to the ISCED1D variable that classifies the educational level achieved as Low, Medium and High.

<sup>70</sup> For this variable, the Eurostat microdata does not provide information on Belgium, Italy and Sweden, as well as naturally Bulgaria, Malta and Romania.

a 19.4% difference (60.8% and 41.5% respectively), Luxembourg 16.4% (57.6% and 41.2%), Spain 15.9% (64.6 and 48.7%) and Portugal 13.6% (81.2% and 67.6%). There are also some countries in which the percentage of NEETs with a low level of education is less than that of the total population of the same age.

The disadvantages for young people with low levels of education are more evident when we consider the 25-29 age class. 35.8% of young NEETs have a low level of education, a percentage that drops to 16.7% for the total young people in this class. Against this, whereas 30.4% of young people have a high level of education, only 15.1% of NEETs have reached this level. The countries in which the difference between the total youth population of 25-29 year olds with a high level of education and the corresponding NEET population is greatest are the UK, with a difference of 25.0% (with 36.9% and 11.9% respectively), Cyprus 23.8% (41.8% and 18.0%), the Netherlands 23.8% (35.3% and 11.5%), Ireland 22.5% (40.4% and 17.9%) and Denmark 21.3% (35.9% and 14.7%).

With regards to gender differences, once again we see a greater incidence of males with lower levels of education than females; this also seems to suggest the greater tendency of women with high levels of education to remain in the labour market.

There are various reasons why many NEETs have a low level of education. First of all, it can be claimed that *a low level of education is only one of the indicators of the difficulties that some NEETs encounter in entering the labour market, also as a consequence of more general problems that could lead to social exclusion.*

*But it must also be admitted that low levels of education are associated with lower wages so that, when particular family needs emerge (such as a child in the case of a young woman), there is a greater probability that a person with a low level of education will leave the labour market.*

Summing up, it is possible to find many reasons why young people could stay out of the labour market and of the education system: in some cases it could be a physiological problem linked to a transitory period in the life of young people (i.e. a short period after the conclusion of the school and before entering the labour market); in other cases it could represent a pathological phenomenon that signals a permanent status of young people. Among the latter we have to consider the position of women

with children. To better understand the extent of the NEET phenomena we have tried to investigate the status of young people one year before the Labour Force Survey. Unfortunately, in the microdata we have no answers for more than 40% of young people surveyed, and in particular we have no answers for the following countries: Austria, Spain, France, Ireland and Netherlands; therefore we have high risks of biased answers.

Looking at the valid answers, we see that most of the people aged 15-19 in the NEET condition in 2005 were students one year before: on the EU average it is true for 60.8% of young NEETs (see Table 31, Annex 1). This percentage is higher for males than females (63.3% against 58.7%). For the same age group we also observe that more males than females are active in the labour market (19.6% against 16.1%), but often they are unemployed. On the contrary a high percentage of women were already inactive (21.9% against 11.7%), in many cases for domestic reasons.

For the 20-24 age group, the student condition is less important than for the previous age group (30.3% of males and 16.1% of females NEET were students one year before) and the previous experience in the labour market becomes more important (40.8% for males and 30.4% for females), although often as unemployed. About 1 female NEET out of 2 were already NEET, often engaged in domestic tasks.

Looking at the latter age-group we observe that, for most women, the NEET condition seems to be a permanent situation; but it is true also for a third of males, generally for reasons other than the domestic tasks characterizing the female position. For 1 out of 2 young males the NEET condition is an indicator of the difficulties in remaining in the labour market (35.6% of the male NEET were unemployed).

The analysis of these data seems to show that, for many NEET young people, this condition could be permanent or very long; for women generally it is linked to family reasons. In other cases, the NEET condition signals the difficulties that some young people encounter in entering or remaining in the labour market, in some cases due to inadequate skills. Finally there are situations in which the NEET condition is only transitory, due to the particular nature of the transition from school to work of some young people.



#### ***4.2.8 Conclusions: factors influencing the youth employment rate***

To achieve a comparative analysis for European countries in 2005 and highlight the relationships between the main indicators considered in this section, we made a map limited to the 24 countries for which there is a complete set of data. For the variables considered below we only lack data in two cases: for Slovenia with regards to the “quality of jobs” variable in the 15-24 age class and for Sweden for the “% of population leaving the parental home” variable for the 25-29 age class.

The indicators providing information on the school-work transition (Eurostat source) and on the educational level (Pisa/OECD source) refer to a further subset of countries, thus their inclusion would further restrict the number of countries considered.

In Table 3 and 4, the countries in the first eight places for the variable considered are highlighted in green, those in the last eight places in red<sup>71</sup>. These classifications are based on what are considered the best performances and this has meant that choices have sometimes had to be made. For temporary and part-time contracts it was decided to assign first place to the country with the highest incidence, since these contract forms are also considered as indicators of possible school-training-work alternating pathways for young people. For the rate of feminization of part-time work, that is the percentage of women out of total part-timers, an equity criterion was chosen: the lower this rate the better the position in the classification. Finally, the lists in Table 3 and 4 are based on the country classification for the youth employment rate in the 15-24 and 25-29 age classes respectively.

The analysis for young people aged 15-24 shows, as expected, that the employment rate is closely linked to the activity rate. In particular, Spearman’s cograduation index is 0.96, indicating a very high concordance

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<sup>71</sup> “na” has been indicated for the two cases of missing data and only the last seven countries classified have been highlighted in red.

between the two classifications<sup>72</sup>. Similarly, Spearman's index shows a high value for the relation between employment and unemployment rates (0.60), indicating that the higher the employment rate, the lower the unemployment one.

With regards to contract types, there is no clear indication that temporary work contracts foster overall employment; for this indicator Spearman's index presents a very low value, 0.18. Vice versa, part-time work seems more useful for overall employment and the cograduation index is 0.67. For gender distribution in part-time work, contrasting results emerge and Spearman's index has a slightly negative value (-0.28). The data analysis shows that, in countries where part-time work is widespread, an increase in the incidence of the male component is associated with greater employment; whereas in countries with less part-time work, a greater equidistribution of gender in part-time work is associated with low employment rates, a sign that perhaps these countries should encourage the use of this type of contract.

The relationship between job quality and employment does not seem clear. Although there is a certain concordance between the two classifications, with the relative index standing at 0.29, in some countries in which the young are more active there is also a high job dissatisfaction. The Netherlands and Denmark, in the first two places for employment, also have a high ranking for job satisfaction.

There is no particular correlation between level of education and employment rate for young people aged 15-24. This is because not only does a higher level of education increase the probability of finding work, but to acquire more training one has to be outside the labour market and this reduces the employment rate.

The incidence of NEET has a limited impact on the youth rate of participation and employment, also because in some cases people who are

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<sup>72</sup> Spearman's index measures the difference between classifications. It is calculated by the formula:

$$1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}$$

, where  $d_i$  measures the distance that each country occupies in two distinct rankings (if, for example, for young people aged 15-24, the Netherlands is in first place for employment rate and third for unemployment rate  $d_i$  equals 2). If the value of the index tends towards 1 the rankings are in perfect concordance, if it tends towards -1 the rankings are in perfect discordance, if it is close to 0 the rankings do not show any links. For the two missing cases the distance was set at 0; this introduces a certain bias in the estimate limited to the two reference variables.

considered in education should really be included among NEETs when other indicators, such as regular attendance and educational performance, are used.

For young adults in the 25-29 age class, a different number of variables have been considered for statistical availability reasons. As said before, this is a particularly interesting group for studying the youth condition since most of them have finished their educational cycle, they have made important family choices and their transition towards the labour market should have ended.

The analysis shows that, like the 15-24 age group, there is a strong concordance not only between employment and activity rates but also between employment and unemployment rates (with the cograduation index in both cases equal to 0.78).

Many other variables seem to influence the employment rate. First of all, there is a concordance between employment rate and incidence of young people who no longer live in the parental home (Spearman index 0.43). The level of education is also linked to greater employment (Spearman index 0.54), just as greater employment seems to reduce the number of NEETs (Spearman index 0.69). For this last indicator, it has already been seen that a consistent part of NEETs in the 25-29 age class are women, probably with children; the lack of tools permitting women on maternity leave to remain in the labour market increases the number of NEETs and reduces that of the employed.

Finally, there does not seem to be a clearly defined role for the age pay gap. There is a certain tendency towards an inverse relationship between this indicator and the employment rate of young adults, with a -0.27 index. This is however the result of wide gaps for some countries placed high in the classification by employment rate (Netherlands, Cyprus, Ireland, Austria and United Kingdom), a connection counterbalanced by the fact that in some countries with narrower gaps (Belgium, Finland and Sweden) the employment rate is not so low.



**Table 3 – principal indicators for young people in the 15-24 age class**

Countries	Activities rates (1)	Employment rates (1)	Unemployment rates (1)	Temp. Contracts (2)	Part-time contracts (2)		Quality of jobs (3)	Level of education (1)	In Education (2)	NEET (2)
					Total	Females/ Total				
years age	2005 15-24	2005 15-24	2005 15-24	2005 15-24	2005 15-24	2005 15-24	2000/1 20-24	2005 20-24	2005 15-24	2005 15-24
NL	1	1	1	9	1	5	3	5	6	3
DK	2	2	3	14	2	9	5	19	4	2
UK	3	3	5	21	5	12	18	1	21	16
AT	4	4	4	11	14	24	20	24	17	6
IE	5	5	2	23	7	14	8	22	23	21
DE	8	6	9	4	12	13	1	2	9	8
FI	6	7	17	8	4	18	12	11	7	5
SE	7	8	20	5	3	22	19	12	20	19
ES	9	9	16	7	10	16	9	13	22	18
CY	11	10	8	16	21	15	11	16	24	22
PT	10	11	13	7	18	17	14	20	18	10
SI	12	12	12	3	6	2	n.a.	15	3	7
LV	14	13	7	18	17	8	16	21	10	17
FR	13	14	18	6	11	21	22	8	11	11
EE	18	15	11	24	15	4	4	14	8	13
BE	17	16	19	12	8	20	2	10	12	15
CZ	19	17	14	17	23	11	6	6	14	14
IT	20	18	21	10	13	23	17	4	15	20
SK	15	19	23	22	24	19	7	18	16	12
GR	21	20	22	15	16	10	13	23	19	23
LU	22	21	6	13	19	7	23	7	5	1
PL	16	22	24	2	9	1	21	17	2	4
HU	23	23	15	19	22	3	10	3	13	24
LT	24	24	10	20	20	6	15	9	1	9
<b>Spearman's Index</b>	<b>0.96</b>	<b>1.00</b>	<b>0.60</b>	<b>0.18</b>	<b>0.67</b>	<b>-0.28</b>	<b>0.29</b>	<b>-0.09</b>	<b>-0.26</b>	<b>0.19</b>

Source: elaboration on the following data

- 1) Eurostat, Labour Force Survey, yearly macrodata
- 2) Eurostat, Labour Force Survey, quarterly microdata
- 3) Dublin Foundation; Indicator: Job satisfaction within age groups; % of "very satisfied";

**Table 4 – Principal indicators for "adult" young people (25-29 age class)**

Countries	Activities rates (1)	Employment rates (1)	Unemployment rates (1)	% Population living out of the parental home (3)	Age pay gap (4)	Level of education (1)	In Education (2)	NEET (2)
	years age 2005 25-29	2005 25-29	2005 25-29	2001 25-29	2002 < 30 years	2005 25-29	2005 25-29	2005 25-29
NL	1	1	1	4	22	9	6	5
CY	2	2	8	11	20	4	23	10
IE	7	3	2	16	18	3	18	12
LU	9	4	3	10	12	8	17	3
AT	8	5	6	12	19	22	12	9
SI	4	6	13	21	10	16	2	1
UK	16	7	4	6	21	6	13	18
LT	12	8	7	1	3	10	9	11
BE	3	9	15	9	8	1	21	8
DK	17	10	5	2	11	12	1	6
PT	5	11	18	19	13	21	14	4
FR	10	12	17	5	16	2	24	16
SE	6	13	16	n.a	9	11	5	2
FI	14	14	12	3	6	13	3	7
ES	11	15	19	22	17	5	15	13
EE	21	16	9	8	1	7	8	20
LV	18	17	14	17	2	15	11	19
CZ	22	18	11	13	5	23	19	22
GR	15	19	22	20	24	18	20	15
DE	20	20	20	7	23	19	4	14
HU	23	21	10	14	7	17	16	24
SK	19	22	23	15	4	20	22	21
PL	13	23	24	18	14	14	10	17
IT	24	24	21	23	15	24	7	23
<b>Spearman's Index</b>	<b>0.78</b>	<b>1.00</b>	<b>0.78</b>	<b>0.43</b>	<b>-0.27</b>	<b>0.54</b>	<b>-0.03</b>	<b>0.69</b>

Source: elaboration on the following data

- 1) Eurostat, Labour Force Survey, yearly macrodata
- 2) Eurostat, Labour Force Survey, quarterly microdata
- 3) Eurostat, Census 2001
- 4) Eurostat, Structure of Earning Survey 2002

### **4.3 Analyse the contribution of investment in human capital to the employment situation of young people, taking into account the situation of vulnerable groups and gender aspects<sup>73</sup>**

The Eurostat LFS microdata (ad hoc modules 2002 on disabled people and 2003 on lifelong learning) will enable us to explore the contribution of investment in human capital to the employment situation of young people using probit estimation. The first part discusses how specific indicators affect different young groups' (women, disabled and migrants) probability of being employed (using ad hoc module 2002 on disabled people). The project team will analyse the consequences of inactivity due to learning pathways and its effects on returns to education in the medium-long term. The coefficients and marginal effects<sup>74</sup> of the various subsamples were compared variable by variable to measure their different impacts.

The second part (using ad hoc module 2003 on lifelong learning) analyses the probability of having a precarious status, disaggregating the sample into two subsamples consisting of: 1) employed people, estimating the probability of having a standard labour contract versus an atypical one; 2) unemployed people, estimating how certain selected variables affect long-term unemployment probability. In the third part, the ad hoc data on lifelong learning was used to measure the effects of non-formal and informal learning on youngsters. This estimation enables a youngsters/adults comparison, useful for identifying to what extent the effects of formal, non-formal and informal learning depend on an individual's age, labour status and objectives.

#### ***4.3.1 Impact of human capital on vulnerable groups probability of employment***

The aim of this first part was to measure the impact of human capital on different groups of young people aged between 15 and 29 years, constructing dummies to survey the disadvantaged group of women

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<sup>73</sup> by Emanuela Ghignoni and Gabriella Pappadà.

<sup>74</sup> A marginal effect is the partial derivative of the prediction function  $f$  with respect to each covariate  $x$ . The marginal effect of a regressor is obtained by calculating the derivative of the outcome probability with respect to the regressor.

compared to men, migrants compared to local citizens, people with longstanding health problems or disabilities compared to those without them. The 2002 ad hoc module on disabled people was chosen because all these groups could be compared using the same sample. The probit model and its marginal effects were used to calculate the greater or lesser probability of certain individuals with certain characteristics to be employed. The marginal effects measure how this probability varies. The dependent variable is represented by a dummy of employed people versus people seeking work or inactive for reasons other than military service. After studying the questionnaire, the following variables were selected so that an efficient choice could be made inside the questions addressed to the entire sample and not only to the employed or non-employed:

1. **Female**, the women versus men dummy was used to analyse the disadvantaged group of women.
2. **Migrants**, the foreign-born versus native-born dummy was used to analyse the disadvantaged group of migrants.
3. **H.P. or disability**, to analyse the disadvantaged group of people with longstanding health problems or disabilities.
4. **Age**, it is a stylized fact that the young (15-19) are less integrated in the labour market than older individuals, either because they are more involved in education or because they have a lower educational level than the over-20s, or because young adults have more probability of having accumulated working experience precisely because they are older. This variable was chosen as a dummy of individuals in the (**age 20-24**) group and in the (**age 25-29**) group.
5. **In education or training during last 4 weeks**, mostly young people in education who have less probability of finding a job than those who are not in education. This variable was chosen to strengthen the previous point regarding the lesser involvement of young people in the labour market because of remaining in education (**In educ. last 4 weeks**).
6. To measure the impact of human capital, the 20-24 age group (**M20-24**) had to have at least attained a secondary educational level and the 25-29 age group (**H25-29**) at least a tertiary level.



7. To analyse how each individual member country in the sample would behave, a dummy was used for each of the countries<sup>75</sup> present in the survey.

**Table 5 – Estimation of total young people aged 15-29 (their probability of being employed)**

Dummy	Coef.	dy/dx	Std. Er.	P> z
Austria	.7445	.260	.018	0.000
Belgium	.100	.039	.233	0.000
Cyprus	.319	.121	.035	0.000
Czech Repub.	.110	.043	.017	0.000
Germany	.597	.224	.010	0.000
Denmark	.960	.311	.031	0.000
Estonia	.046	.018	.049	0.348
Spain	.021	.008	.011	0.050
Finland	.651	.232	.018	0.000
France	.129	.050	.016	0.000
Greece	-.132	-.052	.014	0.000
Hungary	-.062	-.025	.014	0.000
Ireland	.457	.172	.012	0.000
Luxembourg	.321	.122	.034	0.000
Netherlands	1.275	.372	.025	0.000
Portugal	.356	.135	.017	0.000
Sweden	.619	.223	.019	0.000
Slovenia	.314	.120	.023	0.000
Slovakia	-.157	-.063	.019	0.000
United Kingdom	.850	.295	.013	0.000
M20-24	.129	.051	.011	0.000
H25-29	.527	.196	.013	0.000
Female	-.307	-.121	.006	0.000
In educ. last 4 weeks	-1.107	-.419	.007	0.000
Age 20-24	.421	.164	.012	0.000
Age 25-29	.687	.261	.009	0.000
Migrants	-.364	-.144	.013	0.000
H.P. or disability	-.403	-.160	.012	0.000

Source: LFS, 2002 ad hoc module, young people aged 15-29  
Methodology: probit estimation No. of observations: 231,596.

First of all the entire sample of young people was estimated by applying a probit on the aforesaid variables. Each of the subsamples

<sup>75</sup> In the estimations, some of the dummies constructed for each country X are present in the sample (dummy constructed with “1” if the individual is resident in country X and “0” otherwise. Malta, Bulgaria and Romania are not present because of the ad hoc 2003 ELFS module does not include these Member States. Some country dummies have been eliminated from the various estimations because of collinearity. This exclusion does not however invalidate the results of the other variables.

(women, disabled and migrants) were then analysed to measure the impact of these variables - linked to age, education and country of origin - on these individuals' probability of being employed.

**Table 6 – Estimation of females aged 15-29 (their probability of being employed)**

Dummy	Coef.	dy/dx	Std. Er.	P> z
Austria	.377	.148	.025	0.000
Belgium	-.229	-.090	.032	0.000
Cyprus	.007	.003	.046	0.875
Czech Repub.	-.357	-.140	.023	0.000
Germany	.295	.117	.014	0.000
Denmark	.579	.220	.041	0.000
Estonia	-.442	-.170	.070	0.000
Spain	-.398	-.156	.015	0.000
Finland	.316	.124	.025	0.000
France	-.257	-.101	.022	0.000
Greece	-.593	-.225	.020	0.000
Hungary	-.430	-.167	.019	0.000
Ireland	.120	.048	.017	0.000
Luxembourg	.014	.006	.046	0.758
Netherlands	.874	.313	.033	0.000
Portugal	-.014	-.006	.024	0.554
Sweden	.367	.144	.027	0.000
Slovenia	-.005	-.002	.032	0.885
Slovakia	-.517	-.198	.027	0.000
United Kingdom	.467	.182	.017	0.000
M20-24	.298	.118	.017	0.000
H25-29	.687	.260	.017	0.000
In educ. last 4 weeks	-.942	-.362	.009	0.000
Age 20-24	.306	.122	.018	0.000
Age 25-29	.564	.222	.013	0.000
Migrants	-.462	-.179	.018	0.000
H.P. or disability	-.278	-.110	.016	0.000

Source: LFS, 2002 ad hoc module, young women aged 15-29  
Methodology: probit estimation No. of observations: 115,561.

The estimation of the total sample confirms the stylized facts mentioned above. It also confirms the disadvantaged status of women, migrants and disabled. The probability of being employed grows with age and level of education, especially if the individual possesses a tertiary qualification, whereas it is less probable that those in education or training during the last 4 weeks are in the labour market because they are mainly young people in full-time education. The coefficients of the country dummies show that young people have greater probabilities of being

employed in the Netherlands, Denmark, United Kingdom, Austria, Finland, Sweden and Germany, whereas the countries in which they have the least probability are Greece, Hungary and Slovakia (see Table 5).

A gender disaggregation was carried out after the initial estimation of the total sample. In the comparison of the female (see Table 6 and male subsamples), the coefficients of the marginal effects have shown that the positive effect of education on the probability of being employed is greater for women. There is in fact more probability for the less educated men to be employed in the 20-24 age group, owing to the education-work transition period. In this group, those with degrees and part of those with diplomas have just entered the labour market and are in the initial transition stage, whereas those who have entered the labour market earlier could already have achieved more stability (even if they entered with a lower educational level). This phenomenon is more widespread for men than for women, whose presence on the market increases as the level of education increases in a more proportional way than the male one (in the labour market there are 70% of women aged 15-19 who are early school leavers compared to the same male category, whereas if the education rises to the secondary level they become 90% of the same male category). After this moment of transition, individuals with a higher level of education have more probability of being employed, as explained in the paragraph comparing the effects of young/adult human capital. This net result however shows that there is both a short and long-term effect. In the short-term, women have a greater probability of continuing their studies than men, widening the gender gap in the lower age group with less educational qualifications.

Against this, age affects women much less than men; albeit everybody's probability to be employed grows with age, the gap between men and women increases because of the latter's family responsibilities.

A women-men comparison among migrants shows that the negative impact is more evident for females, also partly owing to cultural reasons (such as women coming from Bangladesh use to stay home and take care of their family) and, in fact, many young women have migrated to Europe to unite the family. Against this, longstanding health problems have a more negative effect for men on the probability of being employed than women.

Finally, it can be said that Austria, Germany, Denmark, Finland, Ireland, Netherlands, Sweden and UK generally offer more job opportunities to young women, whereas they are most disadvantaged in

Belgium, Czech Rep., Estonia, Spain, France, Greece, Hungary and Slovakia.

**Table 7 – Estimation of males aged 15-29**

Dummy	Coef.	dy/dx	Std. Er.	P> z
Austria	.844	.259	.026	0.000
Belgium	.139	.052	.033	0.000
Cyprus	.341	.121	.053	0.000
Czech Repub.	.332	.119	.025	0.000
Germany	.617	.216	.014	0.000
Denmark	1.06	.296	.048	0.000
Estonia	.223	.081	.069	0.001
Spain	.137	.051	.015	0.000
Finland	.679	.220	.026	0.000
France	.232	.085	.023	0.000
Greece	.035	.013	.020	0.082
Hungary	.013	.005	.019	0.488
Ireland	.502	.174	.017	0.000
Luxembourg	.365	.129	.049	0.000
Netherlands	1.42	.345	.037	0.000
Portugal	.421	.147	.025	0.000
Sweden	.579	.193	.027	0.000
Slovenia	.345	.123	.032	0.000
Slovakia	-.096	-.037	.027	0.000
United Kingdom	.961	.294	.018	0.000
M20-24	-.033	-.012	.016	0.043
H25-29	.329	.118	.020	0.000
In educ. last 4 weeks	-1.30	-.472	.010	0.000
Age 20-24	.508	.187	.017	0.000
Age 25-29	.833	.296	.013	0.000
Migrants	-.233	-.091	.020	0.000
H.P. or disability	-.556	-.219	.016	0.000

Source: LFS, 2002 ad hoc module, young males aged 15-29

Methodology: probit estimation No. of observations: 116,035.

**Table 8 – Estimation of migrants aged 15-29**

<i>Dummy</i>	<i>Coef.</i>	<i>dy/dx</i>	<i>Std. Er.</i>	<i>P&gt; z </i>
<b>Austria</b>	.689	.268	.065	0.000
<b>Belgium</b>	-.168	-.064	.077	0.029
<b>Cyprus</b>	.435	.172	.098	0.000
<b>Czech Repub.</b>	.264	.105	.161	0.101
<b>Germany</b>	.315	.124	.028	0.000
<b>Denmark</b>	.833	.317	.135	0.000
<b>Estonia</b>	.093	.036	.134	0.489
<b>Spain</b>	.177	.070	.052	0.001
<b>Finland</b>	.574	.226	.137	0.000
<b>France</b>	-.177	-.067	.070	0.011
<b>Greece</b>	.259	.103	.054	0.000
<b>Hungary</b>	.344	.136	.162	0.034
<b>Ireland</b>	.413	.164	.042	0.000
<b>Italy</b>	.057	.022	.021	0.006
<b>Luxembourg</b>	.513	.202	.058	0.000
<b>Netherlands</b>	.480	.190	.103	0.000
<b>Portugal</b>	.507	.200	.103	0.000
<b>Sweden</b>	.584	.229	.091	0.420
<b>Slovenia</b>	-.362	-.132	.448	0.000
<b>United Kingdom</b>	.585	.230	.043	0.000
<b>M20-24</b>	.117	.046	.024	0.000
<b>H25-29</b>	.259	.102	.029	0.000
<b>Female</b>	-.481	-.186	.014	0.000
<b>In educ. last 4 weeks</b>	-1.38	-.482	.016	0.000
<b>Age 20-24</b>	.366	.143	.026	0.000
<b>Age 25-29</b>	.659	.255	.021	0.000
<b>H.P. or disability</b>	-.394	-.144	.038	0.000

Source: LFS, 2002 ad hoc module, young migrants aged 15-29

Methodology: probit estimation No. of observations: 45,017

The disadvantaged status of migrants and migrant women is clearly shown in the previous estimations. An ad hoc estimation was also carried out to see how human capital affects the probability that migrants have of being employed (see Table 8). A comparison with the group of native-born young measures, by marginal effects, how much the impact varies according to citizenship (see Table 9). There are no significant differences between the impact of the dummies examined on the native-born and foreign-born employed. The main difference is in the lower probability that migrants have to be employed, already pointed out earlier. For migrants, the return of education in terms of probability of being employed is significant and positive, but with a lower marginal effect than for non-migrants. This is partly explained by the fact that migrants are often employed in personal services not requiring high levels of education.

Another group of migrants, albeit under 10%, hold prestigious positions in the labour market. These are talented people with high levels of education and qualifications that meet a specific demand for labour.

**Table 9 – Estimation of non-migrants aged 15-29**

Dummy	Coef.	dy/dx	Std. Er.	P> z
Austria	.736	.257	.019	0.000
Belgium	.109	.042	.024	0.000
Cyprus	.273	.105	.037	0.000
Czech Repub.	.098	.038	.017	0.000
Germany	.613	.229	.011	0.000
Denmark	.961	.311	.032	0.000
Estonia	.007	.003	.052	0.898
Spain	.005	.002	.011	0.632
Finland	.651	.232	.019	0.000
France	.132	.052	.016	0.000
Greece	-.180	-.072	.015	0.000
Hungary	-.075	-.030	.014	0.000
Ireland	.444	.167	.012	0.000
Luxembourg	.126	.049	.043	0.003
Netherlands	1.32	.378	.026	0.000
Portugal	.341	.130	.017	0.000
Sweden	.616	.221	.020	0.000
Slovenia	.312	.119	.023	0.000
Slovakia	-.166	-.066	.019	0.000
United Kingdom	.863	.298	.013	0.000
M20-24	.129	.051	.012	0.000
H25-29	.524	.195	.013	0.000
Female	-.292	-.115	.006	0.000
In educ. last 4 weeks	-1.12	-.424	.007	0.000
Age 20-24	.423	.164	.012	0.000
Age 25-29	.703	.267	.009	0.000
H.P. or disability	-.411	-.162	.012	0.000

Source: LFS, 2002 ad hoc module, young native-born aged 15-29

Methodology: probit estimation No. of observations: 219,270

The country comparison reveals that Belgium and France create less opportunities for migrants, albeit the weight of marginal effects is insignificant, whereas the highest positive marginal effects are to be found in Austria, Denmark, Finland, Sweden and United Kingdom.

Finally, the comparison between the migrant subgroup and that of native-born citizens once again highlights the migrant women's less probability of being employed, confirming what was found in the men-women comparison.

The next table gives evidence that young people with migrant background (understood as youths with nationality in the State in which they are living and have been interviewed, but having at least one parent with a different nationality) present similar characteristics to migrants in terms of probability to be employed of women, students and people with longstanding health problems. People with a tertiary level of education have better probability of being employed and the marginal effect value is the highest of the three sub-groups (migrants, non-migrants and migrant background). This highlights the important role that human capital plays for vulnerable groups. This disadvantaged group has better chances in the Netherlands and Slovenia, whereas it has less probability of being employed in Germany and Ireland (see Table 10).

**Table 10 – Estimation of people with migrant background aged 15-29**

Dummy	Coef.	dy/dx	Std. Er.	P> z
Belgium	.007	.003	.243	0.977
Cyprus	1.157	.427	.854	0.175
Germany	-.898	-.263	.410	0.029
Spain	.508	.200	.355	0.152
Greece	.054	.020	.015	0.898
Hungary	.227	.088	.346	0.512
Ireland	-.797	-.244	.332	0.016
Luxembourg	.259	.101	.320	0.418
Netherlands	1.62	.574	.206	0.000
Portugal	.142	.054	.211	.0502
Slovenia	.710	.277	.248	0.004
United Kingdom	.375	.147	.286	0.189
M20-24	.195	.074	.224	0.384
H25-29	.234	.090	.236	0.322
Female	-.243	-.091	.124	0.051
In educ. last 4 weeks	-.152	-.542	.158	0.000
Age 20-24	-.069	-.026	.231	0.765
Age 25-29	.848	.325	.200	0.000
H.P. or disability	-.797	-.248	.245	0.001

Source: LFS, 2002 ad hoc module, young with migrant background aged 15-29

Methodology: probit estimation No. of observations: 678

The last group examined consists of people with longstanding health problems or disabilities (see Table 11 and Table 12). In this subsample, an individual who fits into all the disadvantaged groups is more subject to the risk of being trapped in unemployment or inactivity. If we add the female sex and nationality to this group of disabled people, then the probability of

being employed drops even more. It is thus very important for this group to possess human capital that is marketable enough to help them overcome the disadvantages caused by health problems. The disaggregated estimation of the group of workers with longstanding health problems and those without them showed that the former have a greater return on education, both for the over-19s with at least secondary education, whose marginal effect coefficient is 0.195 versus 0.09 for the others, and for the over-24s with at least a tertiary education, whose marginal effect coefficient is 0.284 versus 0.185.

Comparing the countries we again find that there are virtuous countries and countries with considerable problems. This disadvantaged group has better chances in the Netherlands and Sweden, whereas it has less probability of being employed in Slovakia, Hungary, Greece, Spain, Estonia and Belgium.



**Table 11 – Estimation of young people aged 15-29 with longstanding health problems or disabilities**

Dummy	Coef.	dy/dx	Std. Er.	P> z
Austria	.069	.028	.068	0.306
Belgium	-.441	-.172	.077	0.000
Cyprus	-.310	-.122	.161	0.054
Czech Repub.	-.372	-.146	.054	0.000
Germany	.014	.006	.041	0.727
Denmark	.134	.053	.082	0.103
Estonia	-.597	-.226	.150	0.000
Spain	-.722	-.271	.048	0.000
Finland	.041	.016	.048	0.392
France	-.260	-.103	.046	0.000
Greece	-.897	-.321	.077	0.000
Hungary	-1.13	-.378	.088	0.000
Ireland	-.328	-.130	.047	0.000
Luxembourg	.073	.029	.154	0.638
Netherlands	.419	.162	.062	0.000
Portugal	-.211	-.084	.054	0.000
Sweden	.199	.079	.056	0.000
Slovenia	-.287	-.113	.085	0.001
Slovakia	-1.17	-.385	.136	0.000
United Kingdom	.043	.017	.035	0.226
M20-24	.499	.195	.039	0.000
H25-29	.772	.284	.046	0.000
Female	-.163	-.065	.021	0.000
In educ. last 4 weeks	-.438	-.173	.025	0.000
Age 20-24	.129	.051	.041	0.002
Age 25-29	.533	.209	.031	0.000
Migrants	-.346	-.136	.059	0.000

Source: LFS, 2002 ad hoc module, young people with longstanding health problems or disabilities aged 15-29

Methodology: probit estimation No. of observations: 15,650

**Table 12 – Estimation of young people aged 15-29 without longstanding health problems or disabilities**

Dummy	Coef.	dy/dx	Std. Er.	P> z
Austria	.781	.268	.019	0.000
Belgium	.129	.050	.025	0.000
Cyprus	.357	.135	.036	0.000
Czech Repub.	.124	.048	.018	0.000
Germany	.632	.236	.011	0.000
Denmark	1.014	.321	.034	0.000
Estonia	.079	.031	.052	0.123
Spain	.058	.023	.011	0.000
Finland	.645	.229	.020	0.000
France	.121	.047	.017	0.000
Greece	-.103	-.041	.015	0.000
Hungary	-.027	-.011	.014	0.056
Ireland	.503	.187	.013	0.000
Luxembourg	.344	.130	.035	0.000
Netherlands	1.34	.379	.027	0.000
Portugal	.382	.144	.018	0.000
Sweden	.608	.218	.021	0.000
Slovenia	.350	.132	.024	0.000
Slovakia	-.124	-.049	.019	0.000
United Kingdom	.904	.307	.013	0.000
M20-24	.090	.035	.012	0.000
H25-29	.498	.185	.013	0.000
Female	-.324	-.127	.006	0.000
In educ. last 4 weeks	-1.16	-.437	.007	0.000
Age 20-24	.451	.175	.013	0.000
Age 25-29	.700	.265	.009	0.000
Migrants	-.375	-.149	.013	0.000

Source: LFS, 2002 ad hoc module, young people without longstanding health problems or disabilities aged 15-29

Methodology: probit estimation No. of observations: 215,946.

#### ***4.3.2 Human capital impact on temporary and part-time employment and long term- unemployment***

As shown above, young people usually pass through a transition period before entering the labour market in which their probabilities of being employed increase if they have had appropriate work experience during this time. This transition can be accompanied by alternating atypical contracts with unemployment. To study the effects of human capital on this type of transition, probit estimations were carried out on young people disaggregated into two subgroups: 1) the employed to see how the combined variables of age, educational level and gender affect the probability of having permanent and full-time contracts compared to temporary and part-time contracts; 2) the unemployed to measure how these variables affect the duration of long-term unemployment. The aim is to measure, in an analysis by gender, the probability that the former have of obtaining a standard contract and thus a stable work relationship; and the probability the others have of remaining in a status of long-term unemployed.

In the estimation of the probability of young people being employed with permanent instead of temporary contracts<sup>76</sup> (see Table 13), the country comparison shows that a young person has more probability of having a permanent contract in Austria, Czech Republic, Estonia, Ireland, Hungary, Luxembourg, Latvia, Slovakia and UK. The probability of having a temporary contract is higher in Germany, Belgium, France, Finland, Greece, Poland, Portugal, Sweden and Slovenia, mainly because of work-study programmes, with Germany, where this dual educational system is widespread and provides a high percentage of working students, being a good example. In the European sample surveyed, 8% (of both sexes) has a contract including a training period.

The cross analysis of the dummy coefficients by age with those of 20-24 year olds with at least a secondary education and 25-29 year olds with at least a degree highlights a controversial effect already discovered in previous estimations. Stability in the labour market, represented here by a permanent contract and thus by a full-time integration in working life, grows with age (the coefficients are positive and grow as the age

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<sup>76</sup> Dependent variable represented by the permanent versus temporary dummy. Value 1 if the employment is permanent. Value 0 if the employment is temporary.

increases). This is because the older the individuals the more probable it is that they have long passed the school-work transition stage. Since young people who have already entered the labour market can only have entered with an educational level lower than a degree, there is a positive coefficient for those who have at least a diploma and a negative one for the over-24 graduates. This negative coefficient for the 25-29 year-old graduates dummy confirms that they are still in a transition stage since they have only recently acquired this qualification.

**Table 13 – Estimation of employed young people aged 15-29**

Dummy	Coef.	dy/dx	Std. Er.	P> z
Austria	.119	1.020	.232	0.000
Belgium	-.123	0.639	.358	0.001
Cyprus	.011	1.193	.049	0.828
Czech Repub.	.144	1.533	.026	0.000
Germany	-.481	0.790	.013	0.000
Denmark	.006	0.151	.040	0.883
Estonia	.694	1.133	.114	0.000
Spain	-1.06	0.857	.015	0.000
Finland	-.604	0.479	.023	0.000
France	-.437	0.671	.020	0.000
Greece	-.104	1.222	.025	0.000
Hungary	.143	1.475	.022	0.000
Ireland	.605	0.695	.019	0.000
Italy	-.126	1.004	.018	0.000
Luxembourg	.491	1.131	.058	0.000
Latvia	.218	1.000	.070	0.002
Netherlands	-.009	-0.295	.027	0.731
Poland	-.738	0.763	.024	0.000
Portugal	-.560	1.206	.023	0.000
Sweden	-.408	0.308	.057	0.000
Slovenia	-.656	0.780	.031	0.000
Slovakia	.451	1.903	.038	0.000
United Kingdom	.669	0.380	.018	0.000
M20-24	.216	-0.103	.015	0.000
H25-29	-.213	0.259	.013	0.000
Female	-.043	-0.568	.008	0.000
Age 20-24	.612	0.673	.016	0.000
Age 25-29	1.32	-0.568	.013	0.000

Source: LFS, 2003 ad hoc module, employed young people aged 15-29 Methodology: probit estimation No. of observations: 132,775

Dependent variable: permanent contract dummy takes value = 1 if the contract is permanent and value = 0 if the contract is temporary

**Table 14 – Estimation of employed young people aged 15-29**

Dummy	Coef.	dy/dx	Std. Er.	P> z
<b>Austria</b>	1.02	.110	.025	0.000
<b>Belgium</b>	.640	.085	.037	0.000
<b>Cyprus</b>	1.19	.111	.062	0.000
<b>Czech Repub.</b>	1.53	.126	.035	0.000
<b>Germany</b>	.790	.117	.013	0.000
<b>Denmark</b>	.151	.027	.037	0.000
<b>Estonia</b>	1.13	.108	.103	0.000
<b>Spain</b>	.857	.113	.017	0.000
<b>Finland</b>	.480	.071	.024	0.000
<b>France</b>	.671	.090	.022	0.000
<b>Greece</b>	1.22	.118	.030	0.000
<b>Hungary</b>	1.47	.127	.031	0.000
<b>Ireland</b>	.695	.096	.017	0.000
<b>Italy</b>	1.00	.118	.019	0.000
<b>Luxembourg</b>	1.13	.109	.057	0.000
<b>Latvia</b>	1.00	.103	.075	0.000
<b>Netherlands</b>	-.295	-.068	.025	0.000
<b>Poland</b>	.763	.095	.026	0.000
<b>Portugal</b>	1.21	.116	.031	0.000
<b>Sweden</b>	.308	.050	.058	0.000
<b>Slovenia</b>	.780	.095	.037	0.000
<b>Slovakia</b>	1.90	.124	.065	0.000
<b>United Kingdom</b>	.380	.062	.015	0.000
<b>M20-24</b>	-.103	-.021	.018	0.000
<b>H25-29</b>	.259	.046	.015	0.000
<b>Female</b>	.674	.121	.019	0.000
<b>Age 20-24</b>	.683	.136	.013	0.000
<b>Age 25-29</b>	-.568	-.116	.009	0.000

Source: LFS, 2003 ad hoc module, employed young people aged 15-29

Methodology: probit estimation No. of observations: 144,738

Dependent variable: full-time employment dummy takes value = 1 if the employment is full-time and value = 0 if the employment is part-time

The full-time versus part-time estimation (see Table 14) shows that Holland is the country with the most part-time work. For the age dummies, it emerges that both have coefficients above 0.67, showing that the older you get the more probability you have of obtaining a full-time contract. This is both because of the greater stability achieved on the labour market after a certain transition period and the work-study programmes frequently used by the younger age groups. The negative coefficient of the 20-24 age class dummy with at least secondary education and the positive coefficient of the 25-29 group with at least a degree confirm this.

The gender estimation reveals a greater presence of women in temporary and part time contracts. If we analyse the reasons for having these kinds of contracts, it is found that: 1) a slightly higher percentage of women stated that they could not find a permanent job (10% versus 9% of men), whereas only around 2% of both sexes replied that they would not want a permanent one; 2) 8% of women versus 5% of men have a part-time work *for study reasons*; 3% versus 0% of men for *looking after children or incapacitated adults*; 4% versus 2% of men *because they can't find a full-time contract*; 3% versus 1% *because they don't want a full time*.

**Table 15 – Estimation of unemployed people aged 15-29**

<i>Dummy</i>	<i>Coef.</i>	<i>dy/dx</i>	<i>Std. Er.</i>	<i>P&gt; z </i>
<b>Austria</b>	-.366	-.144	.095	0.000
<b>Belgium</b>	.295	.108	.077	0.000
<b>Cyprus</b>	-.279	-.110	.160	0.083
<b>Czech Repub.</b>	.398	.142	.057	0.000
<b>Germany</b>	.153	.058	.031	0.000
<b>Denmark</b>	-.215	-.084	.105	0.040
<b>Estonia</b>	.259	.095	.161	0.107
<b>Spain</b>	.162	.061	.031	0.000
<b>Finland</b>	-.551	-.217	.059	0.000
<b>France</b>	.238	.088	.047	0.000
<b>Greece</b>	.738	.243	.045	0.000
<b>Hungary</b>	.375	.135	.048	0.000
<b>Ireland</b>	.130	.049	.053	0.014
<b>Italy</b>	.771	.261	.033	0.000
<b>Luxembourg</b>	-.383	-.151	.159	0.016
<b>Latvia</b>	.219	.081	.142	0.123
<b>Netherlands</b>	-.365	-.144	.130	0.005
<b>Poland</b>	.762	.253	.039	0.000
<b>Portugal</b>	.035	.013	.063	0.579
<b>Sweden</b>	-.443	-.175	.187	0.018
<b>Slovenia</b>	.553	.188	.084	0.000
<b>Slovakia</b>	1.025	.303	.059	0.000
<b>United Kingdom</b>	-.473	-.187	.054	0.000
<b>M20-24</b>	-.189	-.073	.028	0.000
<b>H25-29</b>	-.141	-.055	.034	0.000
<b>Female</b>	.034	-.001	.019	0.073
<b>Age 25-29</b>	-.003	.013	.028	0.900

Source: LFS, 2003 ad hoc module, unemployed young aged 15-29

Methodology: probit estimation No. of observations: 19,272

Finally, the youngsters age class was disaggregated between employed and unemployed to find out the impact of some variables on the employability versus precariousness of individuals entering the labour market. The 15-19 age group has been excluded from the estimation of the unemployed subgroup since these individuals have not long entered the labour market and could have invalidated the unemployment duration measurement. The analysis concentrated on a dummy that would represent over 6 months versus under 6 months unemployment as a dependent variable of the probit model (see Table 15). It was thus possible to estimate individuals who risked remaining trapped in that status versus those who faced it more as a rite of passage. Once again it is seen that the most virtuous countries are Austria, Germany, Denmark, Finland, Luxembourg, Netherlands and Sweden; 20-24 year olds with at least a secondary education and 25-29 year olds with at least a tertiary one benefit because they have a lower probability of being trapped in long-term unemployment than the less educated; the age and gender dummies are less significant.

#### ***4.3.3. Formal, non-formal and informal learning impact: youngsters versus adults***

As said before, it is only possible to carry out an estimation of the effects of formal, non-formal and informal learning on the basis of the LFS 2003 ad hoc module on lifelong learning. Youngsters and adults were compared to find out the different learning impacts between individuals who were mostly still in education and about to enter the labour-market and individuals who had already entered it.

The econometric analysis of the effects of formal, non- formal and informal learning on the probability of being employed was done on groups of youngsters aged 15-29 and on the adult group aged 30-59.

In this estimation further variables representing learning have been used:

- *Regscatt*: During last 12 months has been a student or an apprentice in regular education? (yes/not);

- *Csatt*<sup>77</sup>: Did you attend any courses, seminars, conferences or receive private lessons or instruction outside the regular education system (hereafter mentioned as taught activities) within the last 12 months? (yes/not);
- *H\_training*: Duration in number of taught hours for the most recent taught activities (only time spent during the previous 12 months should be included), variable expressed in no. of hours;
- *Cspurp*: What were the main reason for participating in the most recent taught activities (mainly job related reasons/ mainly personal- social reasons)?;
- *Infself*: Did you use the following method for non-taught learning including self-learning with the purpose to improve your skills during the previous 12 months, which wasn't part of a taught activity or program of studies: self studies by making use of printed material (e.g. professional books, magazines and the like)? (yes/not);
- *Infcomp*: Did you use the following method for non-taught learning including self-learning with the purpose to improve your skills during the previous 12 months, which wasn't part of a taught activity or program of studies : computer based learning/training; online internet based web education (beyond institutionalised education)? (yes/not);
- *Infbc*: Did you use the following method for non-taught learning including self-learning with the purpose to improve your skills during the previous 12 months, which wasn't part of a taught activity or program of studies: studying by making use of educational broadcasting or offline computer based (audio or videotapes)? (yes/not);
- *Infvisit*: Did you use the following method for non-taught learning including self-learning with the purpose to improve your skills during the previous 12 months, which wasn't part of a taught activity or program of studies: visiting facilities aimed at transmitting educational content (library, learning centres etc.)? (yes/not).

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<sup>77</sup> Dummyscatt is the sum of cscatta (first taught activity), cscattb (second taught activity) and cscattc (third taught activity).



The comparison was interesting because it showed that this learning does not have immediate effects on the young (see Table 16). People who devoted several hours over the last 12 months to these pathways are those who have more free time, so there is no close correlation between training and work or between self-learning (by books, computer, library visiting) and work. The young attend a series of courses and carry out various informal learning activities, the extent of which depends on how much free time they have, and thus unconnected with employment.

The dummies representing participation in learning activities and their duration show that the greater the involvement in these activities over the last 12 months the lesser the probability of being employed. This is also confirmed by the dummy that compares students/apprentices with non students/apprentices, showing that those in education have less probability of being employed. However, there is also the fact that young people have anyway to face a period of school-work transition, meaning that the learning effects are not immediately felt unless the training was job-related (in this case the coefficient is positive and significant). The tertiary educational level keeps its significance for the over-24s as does the age variable, whereas the other variables are generally insignificant.

In the estimation of adults (see Table 17), it also emerges that job-related training has immediate positive effects. Unlike young people, the coefficient of the dummy representing participation in learning activities is positive because adults participate less in them and when they do so they are more job-related. With regards to informal learning, the use of the computer is significant, also useful for reducing the adult digital divide.

In conclusion, youngsters are more involved in longer-term education and training, whereas adults are more involved in on-the-job learning and less involved in training activities that are anyway mostly job-related and short-term. The effects of short-term training are thus higher for adults than for youngsters, whereas the effect of tertiary education is higher for youngsters than for adults, also because of the higher level of education attained by young people.

**Table 16 – Formal non formal and informal learning impact on youngsters aged 15-29 probability to be employed**

Dummy	Coef.	Std. Er.	P> z
Austria	1.90	.688	0.006
Belgium	.885	.681	0.194
Cyprus	.505	.677	0.456
Czech Repub.	.775	.772	0.315
Denmark	1.34	.675	0.048
Spain	.376	.658	0.568
Finland	1.45	.665	0.029
France	-.033	.742	0.964
Hungary	.775	1.17	0.506
Ireland	1.07	.675	0.112
Portugal	.557	.683	0.415
Sweden	1.84	.908	0.043
Slovenia	2.33	.988	0.018
M20-24	.281	.420	0.503
H25-29	.453	.250	0.070
Female	-.080	.156	0.608
In educ. last 4 weeks	-.193	.191	0.314
Age 20-24	.966	.445	0.030
Age 25-29	1.20	.269	0.000
Migrants	-.053	.684	0.939
Regscatt	.714	.188	0.000
Csatt	-1.89	.705	0.007
H_training	-.00	.000	0.004
Cspurpa	.489	.246	0.047
Cspurpb	.492	.297	0.098
Cspurpc	.119	.294	0.686
Infself	.310	.191	0.105
Infcomp	-.382	.190	0.045
Infbc	.151	.179	0.397
Infvisit	-.433	.192	0.024

Source: LFS, 2003 ad hoc module, unemployed young aged 15-29  
Methodology: probit estimation No. of observations: 807

**Table 17 – Estimation of adults aged 32-59 (formal, non- formal and informal learning impact on adults probability to be employed)**

Dummy	Coef.	Std. Er.	P> z
Austria	-4.13	.644	0.000
Belgium	-4.82	.658	0.000
Czech Repub.	-4.62	.736	0.000
Denmark	-5.10	.634	0.000
Estonia	-4.66	.652	0.000
Finland	-4.23	.640	0.000
France	-5.32	.693	0.000
Ireland	-4.64	.655	0.000
Portugal	-4.18	.828	0.000
Slovenia	-4.74	.788	0.000
Slovakia	-4.64	.	.
Low.sec.vs tertiary educat.	-466	.185	0.012
Upp. sec. vs tertiary educat.	-.075	.132	0.569
Female	-.306	.123	0.013
In educ. last 4 weeks	.090	.123	0.465
Age 35-39	-.012	.195	0.950
Age 40-44	-.129	.191	0.501
Age 45-49	.207	.210	0.326
Age 50-54	.122	.225	0.588
Age 55-59	-.411	.201	0.041
Migrants	.098	.428	0.820
Regscatt	.153	.206	0.457
Csatt	5.54	.709	0.000
H training	-.001	.000	0.000
Cspurpa	.442	.168	0.009
Cspurpb	.608	.188	0.001
Cspurpc	.542	.175	0.002
Infself	-.051	.154	0.740
Infcomp	.345	.136	0.011
Infbc	.079	.132	0.550
Infvisit	.333	.138	0.016

Source: LFS, 2003 lifelong learning ad hoc module, adults aged 30-59 (30-34 years is taken as reference for the other age groups)

Methodology: probit estimation. No. of observations: 2,915

#### ***4.3.4 Conclusions***

The previous analyses have shown that the young undergo a transition period of varying length, in which non-standard contracts alternate with unemployment. This is a frequent process for the first entry in the labour market at all educational levels. There is also a greater probability for the 25-29 age group with tertiary education to have temporary contracts. However, the alternation of non-standard contracts when first entering the labour market is not always a negative factor. It could also be a flexibility factor which, combined with appropriate security measures, can achieve the final aim of increasing the employability of the young and the quality of work. The spectre of long-term unemployment however remains alarming and the positive effects of the educational level are decisive here.

The estimation shows that non-formal and informal learning strategies can have delaying effects showing an impact on the employability mainly in adult age, when learning activities are more job related. In the short term, the most important positive effect is that of education, whereas in the medium-long period, non-formal and informal learning also become important. Learning by doing (on-the-job experience) schemes have an impact in the medium-long period, since the probabilities of finding a permanent job grow after the initial transition period.

The comparison between countries has repeatedly shown that Netherlands and Denmark, together with Austria, Finland and Germany, are almost always among the virtuous countries. The countries with the best employment probabilities for the young are also more efficient than the rest of Europe with regards to the more disadvantaged groups, albeit these latter are disadvantaged even in these virtuous countries.

In conclusion, human capital is a useful and necessary tool for finding a permanent job, especially when individuals are disadvantaged in both a personal and territorial sense.

#### **4.4 Analyse how labour-market institutions and differences in employment protection legislation are responsible for differences in the size of youth employment<sup>78</sup>**

The analysis of how labour market institutions and differences in employment protection legislation are responsible for differences in the size of youth employment was made by regressing youth employment rates (15-24 and 25-29 year-olds) on a series of indicators of member countries<sup>79</sup> contractual flexibility, on lifelong learning strategies and on labour market policies. Two separate regressions by classes of age were carried out because the different variables considered in the estimates could have different effects on the rates of employment of very young and young “adult” workers.

The results show that employment protection legislation, necessarily referred to all the population of any age class, does not seem to have significant effects on youth employment. The 15-24 and 25-29 year-olds’ share of employment with fixed-term contracts seems equally insignificant. Against this, a high young temporary employees to total temporary employees (from any age class) ratio, as well as the one between the labour turnover of young people and adults, seem to foster youth employment of both these age classes. The 15-24 and 25-29 year-olds’ share of employment with part-time contracts seems to have positive and significant effects on youth rates of employment. Instead, the percentage of young people in education seems to have significantly negative effects on their employment, a clear sign that the choice to remain in education is seen as a clear alternative to entry in the labour market.

The percentage of 20-29 year-olds having completed at least upper secondary education has a significant (and positive) effect on the employment of 25-29 year-olds, but not on the younger groups. Some of these latter could still be taking tertiary education courses and thus not yet interested in the labour market.

Expenditure in Active Labour Market Policies and in PES, as a percentage of GDP, has a positive influence on youth employment, and in particular on that of young adults. Against this, out-of-work income

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<sup>78</sup> by *Emanuela Ghignoni and Gabriella Pappadà*.

<sup>79</sup> Unfortunately there are countries like Malta, Bulgaria and Romania which lack data.

support and the percentage of under-30 beneficiaries of unemployment benefits, understood as proxy variables of Passive Labour Market Policies, do not seem significantly to influence the employment of either age classes.

An important context variable, the Human Development Index, only shows a significantly positive correlation with youth employment for young adults and does not seem to have significant effects on the employment of the very young, who are often in education precisely in the countries with a high HDI.

Finally, the annual expenditure on public and private educational institutions per pupil, compared to GDP per capita, at secondary and tertiary levels of education, seems to have a positive influence on youth employment.

To conclude, youth employment depends not so much on the flexibility of contracts addressed directly to the young as on the flexibility differentials of young adults and on expenditure on active labour policies rather than passive ones. The offer of part-time work also seems to help young people to reconcile training and work activities. Investments in education and, more in general in human development, are important for helping the young generations to enter the labour market.

**Table 18 – Youth employment rates by countries, labour market institutions and employment protection legislation**

Employment rate 15-24			Employment rate 25-29		
	Coef.	P> t		Coef.	P> t
EPL	-0.04521	0.713	EPL	0.017418	0.873
Share of employment with fixed-term contracts 15-24	-0.03223	0.859	Share of employment with fixed-term contracts 25-29	-0.25509	0.698
Youth to total temporary employees percentage ratio	0.032788	0.077	Youth to total temporary employees percentages ratio	-0.06114	0.042
Youth to adult labour turnover	-0.14539	0.049	Youth to adult labour turnover	-0.02203	0.008
Share of employment with part time 15-24	0.622943	0.047	Share of employment with part time 25-29	0.30144	0.007
Percentage in education 15-29	-0.19358	0.006	Percentage in education 15-29	-0.5309	0.052
% of 20-29 having completed at least upper secondary school	0.43263	0.516	% of 20-29 having completed at least upper secondary school	0.11319	0.063
Expenditure in ALMP as % of GDP	0.10742	0.106	Expenditure in ALMP as % of GDP	0.0523	0.008
Expenditure in PES as % of GDP	0.076365	0.079	Expenditure in PES as % of GDP	0.114305	0.016
Expenditure in PLMP (out-of-work income support) as % of GDP	-0.00945	0.964	Expenditure in PLMP (out-of-work income support) as % of GDP	0.06243	0.958
% of under 30 beneficiaries of unemployment benefit	-0.09288	0.702	% of under 30 beneficiaries of unemployment benefit	-0.21296	0.445
Expenditure in education, GDP per capita ISCED 2-4	0.04852	0.077	Expenditure in education, GDP per capita ISCED 2-4	0.0332	0.027
Expenditure in education, GDP per capita ISCED 5-6	0.03767	0.055	Expenditure in education, GDP per capita ISCED 5-6	0.035	0.071
Human development index	0.958644	0.843	Human development index	1.596201	0.031
Constant	-0.16993	0.097	Constant	-0.52731	0.085
R-squared = 0.8539			R-squared = 0.7635		

## 4.5 Exploring the Long-Term Implications of Youth Unemployment <sup>80</sup>

Starting from employment evidence, largely analysed in the first part of this chapter, this last session is devoted to explore how youngsters may have impact on growth. Finally some conclusions coming from this estimation provide useful recommendations for European policy makers.

### 4.5.1 Introduction

Modern growth theory taught us that population growth and skill accumulation are key ingredients. In recent years, many European economies have shown low growth trends both in terms of real production and productivity, and this slack performance has been one of the major concerns of European policymaking institutions. Supported by economists, policy-makers and politicians are prone to conclude that cross-country differences within the European Community can be attributable to differences in labour-market performances. The received wisdom is that the European labour market is rigid and over-regulated and that it tends to discriminate among demographic groups and genders.

The case of youth unemployment seems to confirm this belief. In many respects, youngsters represent a resource upon which future economic growth depends. The more knowledgeable, skilful and healthy are the young, the more productive the future workforce generation. However, in many European Community countries, young people's chances of finding a permanent job and income are being eroded. Labour market segmentation and over-regulation increasingly impede the access of many young people to long-term employment, thereby preventing the economic system from fully employing the labour force at its disposal.

Table 20 summarizes the recent employment performances of European labour markets. The first column provides the average harmonized unemployment rate over three sub-periods; the other columns present averages by genders. The picture given by Table 20 is somewhat alarming. In many European economies, young people are in a very difficult position

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<sup>80</sup> by Carmelo Pierpaolo Parello.



with regards to the labour market. In 16 countries out of 30 (Bulgaria, Denmark, Estonia, Ireland, Spain, France, Italy, Cyprus, Latvia, Lithuania, Netherlands, Portugal, Slovenia, Finland, UK and Norway) the average unemployment rate of the sub-period 2001-2007 decreased with respect to the previous sub-periods, but in the remaining 14 countries (Belgium, Czech Republic, Germany, Greece, Luxemburg, Hungary, Malta, Austria, Poland, Romania, Slovakia, Sweden, Croatia and Turkey) the average unemployment rates either increased or were almost stable. Only in a few countries, namely Ireland, Latvia, Lithuania, Netherlands and Spain, has youth unemployment fallen dramatically, whereas in only two of them (Ireland and Spain) has the positive performance of the labour market been particularly favourable for women.

The extent to which young people could represent the future of a country depends on whether labour market institutions are able, firstly, to guarantee the right stock of skills for the private economy and, secondly, to arrange the right mix of temporary and permanent labour contracts for ensuring an appropriate fertility rate. Generally speaking, youth employment could influence the growth prospect of European economies through: (1) a permanent fall in the growth rate of population, (2) a progressive shrinking of the conditions of the labour markets, and (3) a permanent reduction in the stock of skills.

**Table 19 – The share of young people and growth rate of youth and total population: Averages over sub-periods. Source: EUROSTAT.**

	Share of youth out of population			Growth rate of youth population			Growth rate of total population		
	1992-1996	1997-2001	2002-2006	1992-1996	1997-2001	2002-2006	1992-1996	1997-2001	2002-2006
<i>be</i> Belgium	13.0	12.3	12.1	-0.7	-0.6	0.5	0.4	0.3	0.5
<i>bg</i> Bulgaria	-	15.1	13.6	-	-	-0.7	-	-	-0.5
<i>cz</i> Czech Republic	-	15.2	13.5	-	-3.0	-1.8	-	-0.2	0.2
<i>dk</i> Denmark	13.6	11.8	10.9	-1.3	-2.8	0.8	0.5	0.4	0.3
<i>de</i> Germany (including ex-GDR from 1991)	11.3	10.8	11.4	-2.5	0.6	1.5	0.4	0.2	0.0
<i>ee</i> Estonia	-	14.2	15.1	-	3.4	1.4	-	-0.6	-0.3
<i>ie</i> Ireland	17.3	17.1	15.7	1.1	0.2	0.1	0.6	1.6	2.0
<i>gr</i> Greece	13.7	13.8	12.1	-0.1	0.7	-3.2	0.7	0.5	0.4
<i>es</i> Spain	16.5	14.9	12.6	-0.6	-2.0	-2.1	0.2	0.8	1.6
<i>fr</i> France	13.0	12.5	12.6	-0.9	0.2	0.8	0.4	0.5	0.8
<i>it</i> Italy	14.1	12.2	10.7	-2.1	-3.2	-1.4	0.3	0.2	0.4
<i>cy</i> Cyprus	-	13.0	12.6	-	-0.4	1.8	-	0.9	1.8
<i>lv</i> Latvia	-	14.1	15.3	-	1.1	1.1	-	-0.8	-0.6
<i>lt</i> Lithuania	-	14.0	15.0	-	-0.2	1.5	-	-0.8	-0.5
<i>lu</i> Luxembourg (Grand-Duchy)	12.2	11.5	11.4	-0.6	0.6	1.0	1.7	1.1	1.0
<i>hu</i> Hungary	15.4	15.2	13.1	-	-1.8	-2.5	-	-0.1	-0.2
<i>mt</i> Malta	-	13.5	15.2	-	2.4	0.9	-	1.1	-1.5
<i>nl</i> Netherlands	13.8	12.1	12.0	-2.6	-0.9	0.7	0.7	0.7	0.4
<i>at</i> Austria	12.3	11.6	11.8	-3.0	-1.1	1.7	0.4	0.2	0.5
<i>pl</i> Poland	-	14.8	15.8	-	2.6	-0.6	-	0.1	-0.3
<i>pt</i> Portugal	16.2	14.8	12.8	0.8	-2.2	-2.4	0.5	0.5	0.6
<i>ro</i> Romania	-	16.0	15.4	-	-0.9	-1.5	-	0.0	-0.7
<i>si</i> Slovenia	15.9	14.9	13.8	-	-2.0	-1.8	-	0.0	0.1
<i>sk</i> Slovakia	-	16.8	16.4	-	-0.4	-0.8	-	0.1	0.0
<i>fi</i> Finland	11.6	13.4	12.1	4.4	1.0	-0.1	0.4	0.8	0.3
<i>se</i> Sweden	12.5	11.7	12.0	-2.2	-1.0	2.1	0.6	0.2	0.4
<i>uk</i> United Kingdom	12.9	11.7	12.3	-2.2	-0.7	1.5	0.3	0.0	0.3
<i>hr</i> Croatia	-	-	12.9	-	-	-1.3	-	-	0.1
<i>tr</i> Turkey	-	-	16.7	-	-	-	-	1.7	1.5
<i>is</i> Iceland	-	-	18.1	-0.6	1.1	0.4	-	-	2.1
<i>no</i> Norway	-	15.9	16.1	-	-1.3	2.5	-	0.4	1.2

From the labour-supply perspective, once in the labour market many young workers are absolutely unprepared for the challenge facing them. This means that firms are unable to evaluate either the productivity level of new-comers or their work efforts. Low productivity is often the result when firms are risk-averse. The only way to avoid the risk of entering into a long-term contract for a low-productivity worker is to adopt a short-term contract that allows firms to lay off under-productive workers. This practice has also the advantage of providing extra cost-savings to firms, since very often they do not have to pay either social-security contributions during the contract or firing costs if the worker is laid off.

This widespread use of temporary contracts to get around employment protection legislation has led to different, often more prolonged, patterns of leaving home and new household/family formation. Rigid labour-market regulations tend to reduce not only gross job destruction but also gross job creation (Boeri, 1999). Risk-averse firms are likely to take into account the expected costs of reducing the workforce during "bad times" before deciding whether or not to offer a long-term job. In the presence of strong employment protection legislation, regardless of whether the productivity of the young worker is observable or not, firms prefer to offer short-term jobs that can be terminated if market demand falls, thus making them flexible to business cycle fluctuations (Bertola, 1990; Millard and Mortensen, 1994; Boeri, 1999). The abuse of such contracts has virtually created a dual labour market (temporary versus permanent jobs) in which the risk of being trapped in temporary employment discourages young people from leaving the parental house and from forming new families.

To prevent a fall in the fertility rate, the following reforms should thus be considered:

1. **Reducing labour market segmentation by preventing firms from using youth employment as a "buffer"**. Reducing abuse of temporary contracts is important to enhance stability. The exaggerated use of temporary contracts is clearly related to the strength of employment protection legislation, and several studies –Scarpetta (1999) and Heckman and Pagès (2000) among others - suggest that stringent legislation tends to shrink earning opportunities of both young people and women.
2. **Providing more intensive active measures for unemployed young people**. Governments should provide an employment subsidy for unemployed

skilled youngsters through, for instance, time-limited reductions in employers' social security contributions for the recruitment of long-term unemployed young people. There are also grounds for providing training or skills upgrading for the young long-term unemployed.

3. **Seeking a better balance between flexibility and security.** A better balance needs to be found between the permanent contracts of those in work and the temporary contracts of many young people without increasing labour-market duality.
4. **Reduce the duration of parental leave and develop child-care facilities.** To reconcile work and family, governments should introduce policy measures for reducing the duration of parental leave and simultaneously developing good and affordable childcare facilities. One possible way to do this is to encourage part-time work.

#### ***4.5.2 Youth and skills***

Youth employment tends to act as a "buffer" to absorb macroeconomic shocks. However, many country-specific experiences teach us that young people are more than a buffer and can be seen as a valuable input for human capital accumulation.

From the firms' point of view, a well-trained human capital, capable not only of adapting to and using new technology but also of pushing forward technological frontiers, is crucial for modern competition. Many high value-added activities, such as research and development, are skill intensive and require a flexible and knowledge-oriented workforce.

From the workers' point of view, embodied human capital increases employability and enhances the earning opportunities of young workers with appropriate skills. Young people are aware of this, but the question of whether the university course provides the right skills to match future labour demand is out of student control. Put simply, youth unemployment can be seen a dual perspective: (i) that of firms unwilling to bear the cost of hiring young workers with unmatched skills; (ii) that of young workers whose education is not fully targeted at the job market.

As far as point (i) is concerned, one could be tempted to conclude that the objective of enhancing youth employment can be easily achieved by reducing the cost of hiring young workers. One way to do this could consist, for instance, of granting lump-sum transfers to employers. However, the solution of the problem is far from being so simple. For both people with low educational levels and teenager workers, policies such these have the drawback of discouraging participation in education and skill accumulation and tend to create an unsuitable environment for economic growth. For example, a teenager who has just completed secondary education has to face the decision of whether to enter the job market or to postpone it to attain higher education (tertiary education or vocational training). This decision is usually driven by market incentives, prompting young people to compare the benefits of education (the expected income from a skilled job) with its cost (the monetary cost of education plus the present-value of the unskilled income foregone because of education). By intervening, policy-makers can alter both the benefits and the costs of education and change market incentives for becoming a skilled worker. This could result in either a reduction in the duration of education or an increase in university dropouts.

As regards point (ii), in many European countries students have a limited contact with the labour market before they finish university. Full-time education is the rule, and there are relatively few internship opportunities. Instead, what is crucial for employability is to ensure that as many youths as possible have the knowledge needed to match a suitable job. For those who enter the labour market with adequate skills, temporary work acts as a stepping stone to a good career. But for those without adequate skills who fail to prove their productivity, temporary jobs act as a trap. In such cases, the education system has to offer a differentiated set of learning pathways so that young people can obtain a degree valued by firms. To achieve this, it is important either to prevent school failure or to give young drop-outs another chance to benefit from education. Technical and vocational training schools could do more to avoid labour market marginalization or to help those young people who are most at risk of social exclusion to reassess their skills.

The following reforms could help young people to acquire the skills the labour market needs:

1. **Encourage the combination of work and study.**  
Work plus study should be better promoted: work is not harmful to studies and it facilitates labour-market entry. This can be achieved by (a) extending dual apprenticeship systems to all skill levels (including high-skilled occupations) and (b) by

promoting the use of the part-time formula for both education and work.

2. **Encourage greater links between university and the labour world.** To bridge the gap between university and firms, governments could encourage the short-cycle university degree and promote exchanges between universities and the private sector. For instance, the extension of the requirement of a period of compulsory work experience in a real labour-market environment, as well as opening up university programmes to private-sector funding, could help future workers to shape their skills for future labour demand.
3. **Improve second-chance education opportunities for early school dropouts.** School leavers who fail to get a stable job should be offered the possibility of going back to vocational or general education. Likewise, unemployed youths graduating from vocational training programmes should be given a chance to return to mainstream education.
4. **Better integration of technical and vocational training schools in the productive system.** Technical and vocational schools should become more attractive for young people through reforms aimed at promoting both secondary and tertiary vocational training. In this sense, governments ought to encourage partnerships between regions/communities and give students the opportunity to enjoy more paid or unpaid internships.

**Table 20 – Youth unemployment in the European Countries: Average unemployment rates. Source: EUROSTAT.**

	TOTAL			Males			Females		
	83-90	90-00	01-07	83-90	90-00	01-07	83-90	90-00	01-07
<i>be</i> Belgium	19.8	20.0	19.8	14.5	17.8	18.9	25.4	22.7	20.8
<i>bg</i> Bulgaria	-	33.7	26.6	-	36.1	28.1	-	30.7	24.9
<i>cz</i> Czech Republic	-	16.1	17.3	-	15.8	17.3	-	16.5	17.3
<i>dk</i> Denmark	10.5	9.5	8.2	10.3	9.2	8.4	10.7	9.8	8.1
<i>de</i> Germany (including ex-GDR from 1991)	-	8.8	10.9	-	10.0	12.6	-	7.7	9.0
<i>ee</i> Estonia	-	19.5	17.4	-	20.3	16.0	-	18.4	19.5
<i>ie</i> Ireland	22.5	17.5	8.5	24.1	18.4	9.1	20.4	16.4	7.9
<i>gr</i> Greece	22.2	28.3	26.6	15.6	20.1	19.3	30.2	37.8	35.6
<i>es</i> Spain	34.8	34.3	21.7	28.0	28.2	17.6	43.7	42.3	27.2
<i>fr</i> France	21.7	24.7	20.0	18.3	22.2	19.0	25.3	27.5	21.3
<i>it</i> Italy	28.3	28.6	23.3	24.1	24.6	20.3	33.6	33.6	27.3
<i>cy</i> Cyprus	-	10.1	9.8	-	6.9	9.1	-	13.0	10.5
<i>lv</i> Latvia	-	23.9	16.9	-	24.7	15.8	-	22.8	18.5
<i>lt</i> Lithuania	-	27.5	19.3	-	30.6	19.4	-	23.0	19.2
<i>lu</i> Luxembourg (Grand-Duchy)	5.7	6.3	12.9	4.9	5.9	11.5	6.5	6.8	14.6
<i>hu</i> Hungary	-	15.1	15.6	-	16.5	15.9	-	13.3	15.2
<i>mt</i> Malta	-	13.7	16.5	-	14.9	17.1	-	12.3	15.7
<i>nl</i> Netherlands	11.9	8.9	6.4	11.2	8.5	6.2	12.7	9.4	6.5
<i>at</i> Austria	-	6.0	8.3	-	4.9	8.0	-	7.2	8.7
<i>pl</i> Poland	-	27.7	36.0	-	25.6	34.7	-	30.2	37.6
<i>pt</i> Portugal	16.7	12.2	14.3	12.3	10.1	12.1	22.0	14.8	16.9
<i>ro</i> Romania	-	20.2	20.8	-	22.0	22.1	-	17.9	19.2
<i>si</i> Slovenia	-	17.3	15.3	-	16.2	13.6	-	18.6	17.5
<i>sk</i> Slovakia	-	31.9	31.5	-	33.9	32.7	-	29.8	29.9
<i>fi</i> Finland	9.6	26.0	19.8	10.1	27.3	20.1	9.0	24.5	19.5
<i>se</i> Sweden	6.0	16.4	16.3	6.0	17.7	16.2	6.0	15.0	16.4
<i>uk</i> United Kingdom	15.3	14.6	12.5	16.5	16.8	14.1	13.8	12.1	10.8
<i>hr</i> Croatia	-	-	31.4	-	-	29.3	-	-	34.4
<i>tr</i> Turkey	-	10.5	16.3	-	11.0	16.8	-	9.7	15.5
<i>no</i> Norway	11.4	11.4	10.3	12.1	11.7	11.0	10.6	11.2	9.6

### ***4.5.3 Youth and demographic change***

Probably the most striking outcome of recent endogenous-growth literature is the so-called semi-endogenous framework (Jones (1995a, b), Kortum (1997), Segerstrom (1998) and Li (2000, 2001, 2003)), in which (i) the steady-state growth rate of the economy is pinned down by the growth rate of population and (ii) the level of the main macroeconomic variables are endogenously determined by market forces. In these models, the higher the growth rate of population, the higher the steady-state growth rate of per capita income. This result highlights the demographic structure of societies and forces economists to think of economic growth as a multidimensional process including sociological factors such as living standards, innate abilities and fertility rates (Barro and Becker, 1989; Becker et al., 1990, 1999; Morand 1999; Galor and Weil, 1996, 2000).

Table 19 shows the changes in the demographic structure of European economies. In almost all the European Community member countries, the demographic trend is towards a significant decrease in fertility rates. The figures show that the demographic structure of both industrialized countries and transition economies will shift, with the share of youth out of total population becoming ever smaller.

For young people, this empirical evidence can be read in two ways. On the one hand, the large decline of youngsters might be expected to raise their employment prospects both by reducing their unemployment rate compared to that of adults and by raising their expected earnings with relation to adults. This should help family formation and fertility. On the other, the recent increase in unstable jobs and lower wage rates (especially for women) are likely to go in the opposite direction and discourage family formation and fertility. The current fall in the population growth rate can thus be seen as the natural consequence of a fall in the fertility rate of young people. The young must be responsible for supporting the population level of a country, but this goal is far from easy to achieve with labour-market segmentation and high youth unemployment. In addition, labour market rigidity combined with the abuse of short-term contracts further reduce job opportunities for young people entering the labour market.



## 4.6 Conclusions

In this chapter it has been attempted to give an overview of the main features of young people's integration in the European labour market. Special attention has been paid to employment, unemployment, NEETs, early school leavers, atypical contracts and difficulties in the transition from school to work. In presenting similarities and differences, the analysis of the 27 EU Member States shows that, even in countries with a more favourable general situation, young people can encounter problems if they do not have an adequate human capital stock.

Therefore, we can sum up that:

- The accumulation of human capital has a positive impact on the participation of young people in the labour market, in terms of both increasing activity rates and reducing unemployment.
- The problems of working women can be partly overcome with strategies to improve skills and to achieve a better work-family balance. But these problems are also the consequence of labour demand discrimination.
- Better education opportunities are needed to reduce the inactivity of migrants and the disabled, with a special focus on *ad hoc* modules. These vulnerable groups need to be accompanied in the labour market with personalised job placement services. To reduce their inactivity, the disabled should receive more incentives to work and special on-the-job services to overcome their physical inability. For those able to hold down a job pension benefits should be replaced by incentives for working and for training.
- The migrant women's inactivity will probably decrease with the second generation by intensifying intercultural exchanges in schools and constructing a role for these women in the labour market. Migrants' unemployment can be reduced by improving the equivalization of diplomas, by adapting their skills to labour demand and by adjusting employment services to meet their needs, creating a dialogue between institutions and migrants' associations with the help of intercultural intermediaries. Institutions should enter the life of these vulnerable groups rather than wait to be approached.

## 5. THE EUROPEAN FLEXICURITY APPROACH APPLIED TO YOUNG PEOPLE: A CLUSTER ANALYSIS<sup>81</sup>

### 5.1 Introduction

In the 1990s, many experts realized that the labour flexibility requested by employers, employees and also by new institutional systems was creating categories of disadvantaged people and, in the worse case, social exclusion (see Lindley, 2003). The debate thus focused on the trade-off between dynamic efficiency (necessary to meet changes) and social cohesion (the active participation in society of all). It emerged that lifelong learning contributes both to performance and productivity (increasing a country's growth rate) and to social cohesion and personal development in general.

A number of authors use flexicurity as a policy concept for ranking countries. Wilthagen and Van Velzen (2004) place different welfare regimes along the flexibility-security axes, while Tangian (2004) develops a 'flexicurity index'. Some authors trace the role of flexicurity for only a part of the labour force. Thus Tros (2004) looks specifically at older workers.

This chapter uses the principal component analysis to cluster the EU Member States. Over the last three years the European Commission has focused attention on flexicurity and commissioned the YOUTH project. The authors have carried out a flexicurity cluster analysis<sup>82</sup>, identifying suitable indicators (Table 24) on the basis of youth labour-market outcomes and on the four policy areas identified by the European Commission as flexicurity components:

- flexible and reliable contractual arrangements;
- comprehensive lifelong learning strategies;

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<sup>81</sup> by Emanuela Ghignoni, Paola Naddeo and Gabriella Pappadà.

<sup>82</sup> We propose including as many indicators as possible in the quantitative analysis on flexicurity, omitting countries that cannot provide them, such as Malta, Bulgaria and Romania.

- effective active labour market policies;
- modern social security systems.

## 5.2 Methodology

Concerning the objective to create flexicurity pathways for the young within the overall flexicurity approach, we adopted the following method:

1) We analysed the documents collected by the YOUTH team, the documents provided by the EC on flexicurity and young people and macro and microdata at our disposal, adapting the flexicurity background indicators to young people, differentiated according to the pillars (flexible contractual arrangements, comprehensive lifelong learning strategies, effective labour market policies, modern social security systems and labour-market outcomes), proposed by the EC in documents published in 2007<sup>83</sup>. We will consider, in part, some general indicators (such as EPL, human development indicator, labour productivity, labour productivity growth 2005-2000, expenditure in ALMP and so on) and in part specific indicators related to young people (such as rates of employment, unemployment, long-term unemployment, participation in education, share of temporary contracts, part-time employment, working students, education attainment, indicators calculated by EU-SILC dataset concerning the participation of young people in unemployment and some social benefits).

2) The YOUTH project has attempted to explain young people's employment features in Europe in a flexicurity context, focusing on how to improve the unsatisfactory youth labour-market performance through the lifecycle capabilities approach. The ultimate claim of the capability approach is that the ends or goals of policies should be young people's wellbeing in all its dimensions, that is their capabilities. The aim of this approach is to help individuals to become independent and responsible for

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<sup>83</sup> COM(2007) 359 final Towards Common Principles of Flexicurity: more and better jobs through flexibility and security - communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, adopted on 27 June 2007.

their own choices. Not all people have the same capabilities, and there are some who do not have even the minimum level necessary to participate actively in the labour market and in society. The role of public institutions (in cooperation with private institutions) is to increase the capabilities of young people, providing resources to help them achieve their shared objectives or improve their ability to convert available resources into wellbeing (measurable in quality of work and quality of life). The capability approach focuses attention on the role of local communities, their tangible and intangible resources and their ability to convert them into individual and collective wellbeing. European countries differ in their economic structures and lifestyles. Their production processes and lifestyles depend on the tangible, intangible and human resources available, on the real opportunities of individuals and their capacity to set a common objective and share it with a sense of responsibility. The Youth flexicurity clusterization inserted four capability indicators in the principal component

analysis:

- human development indicator;
- PISA average score;
- percentage of young people at risk of poverty;
- percentage of 20-29 year olds who have at least a secondary- school qualification.

To do this, we mainly analysed two age groups: 15-24 year olds and 25-29 year olds.

### **5.3 The statistical model**

The aim is to analyse differences and similarities in the various countries with regards to flexicurity, defining possible groups of homogeneous countries.

The statistical technique used is a normalised principle component analysis.

This exploratory type of factorial technique highlights significant relations between the elements of a data matrix by reducing dimensionality

and building synthetic and unobservable dimensions (factorial axes) to interpret the phenomenon analysed. These factorial axes reconstruct “points of view” from which it is possible to carry out the analysis.

The original data matrix has a 24 by 30 dimension, i.e. 24 countries analysed (excluding Bulgaria, Romania and Malta because of their particularity and scarcity of data) and 30 variables (see the list of indicators). First of all, we can analyse the principal factorial plane (Graph 1) which, as seen in the self-values panel (Table 21), explains around 50% of the total linear variabilities<sup>84</sup>.

**Table 21 – Eigenvalues panel**

Number	Eigenvalue	Percentage	Cumulated percentage
1	9.7053	31.31	31.31
2	5.1389	16.58	47.88
3	3.2735	10.56	58.44
4	2.2999	7.42	65.86
5	1.9473	6.28	72.14
6	1.7062	5.50	77.65
7	1.3553	4.37	82.02
8	1.0289	3.32	85.34
9	0.8526	2.75	88.09
10	0.6980	2.25	90.34
11	0.6608	2.13	92.47
12	0.5260	1.70	94.17
13	0.3858	1.24	95.41
14	0.3098	1.00	96.41
15	0.2848	0.92	97.33
16	0.2248	0.73	98.06
17	0.1814	0.59	98.64
18	0.1435	0.46	99.11
19	0.1083	0.35	99.46
20	0.0738	0.24	99.69
21	0.0558	0.18	99.87
22	0.0271	0.09	99.96
23	0.0121	0.04	100.00
24	0.0000	0.00	100.00
25	0.0000	0.00	100.00
26	0.0000	0.00	100.00
27	0.0000	0.00	100.00
28	0.0000	0.00	100.00
29	0.0000	0.00	100.00
30	0.0000	0.00	100.00
31	0.0000	0.00	100.00

<sup>84</sup> The first two self-values explain 48% of the original inertia.

In the description of the factorial axes we have taken into account variables with a correlation coefficient of over 0.35, attempting to show up those with the highest absolute contribution<sup>85</sup>. The first factorial axis (Table 22) has, on its positive side, a high correlation with variables representing a strong State intervention in labour markets (such as expenditure in active and passive policies) and those indicating a good employment and young labour-market situation (high 15-24 rates of employment, high productivity, high availability of part-time work for the young in general and for students). It also has a good correlation with a high index of well-being (measured by the Human Development Index). It is evident that these variables define a Nordic type of socio-economic security, featuring an active social-protection system with strong active labour policies and extensive part-time work as a flexibility system able to integrate (more disadvantaged individuals) in the labour market. The countries most to the right in Graph 2 are, in fact, the Netherlands, Denmark, Sweden and Finland.

**Table 22 – First factorial axis (horizontal)**

Variables	Coordinates	Weight	Mean	Standard deviation
long_unemp25-29	-0.75	24.00	36.758	15.913
long_unemp15-24	-0.74	24.00	26.588	15.405
growth_prod	-0.60	24.00	2.367	6.909
NEET15-29	-0.55	24.00	8.592	3.049
Poverty trap	-0.51	24.00	0.166	0.055
unemp_rates15-24	-0.41	24.00	18.296	7.363
unemp_rates25-29	-0.38	24.00	9.325	4.094
MIDDLE AREA				
partstud15-24	0.73	24.00	46.163	21.653
Passive LMP	0.74	23.00	0.900	0.670
empl_rate15-24	0.78	24.00	35.342	11.785
part15-24	0.83	22.00	0.473	0.348
Active LMP	0.83	24.00	21.196	16.387
HDI	0.84	24.00	0.909	0.038
part15-29	0.86	24.00	11.221	7.173

<sup>85</sup> The analyses were carried out with the SPAD 5.0. statistical package.

The negative half-plane, which is obviously negatively correlated with the variables of the positive side, shows a high correlation with the rates of youth unemployment, in particular long-term, with the NEET percentage, with the poverty trap risk and with the growth of productivity<sup>86</sup>. The positive correlation with these variables clearly represents a low level of social inclusion and security for the young, typical of east-European countries (Slovakia, Hungary, Estonia, Latvia, Lithuania, Czech Republic, Poland) and also of Greece. The second factorial axis (Table 23) shows on the positive semi-axis a high correlation with the percentage of fixed-term contracts for the young and for students, with a strong youth-adult differential in the rate of turnover and with EPL, on one side, and with high rates of youth unemployment on the other. These variables represent strongly segmented economic systems, focused on a swift entry of young people into the labour market through an extensive use of fixed-term contracts and a higher turnover than the adults: the so-called flexibility at the margin (Spain).

**Table 23 – Second factorial axis (vertical)**

Variables	Coordinates	Weight	Mean	Standard deviation
%30soc_benefit	-0.62	24.00	0.578	0.149
%ed_all	-0.48	24.00	0.388	0.378
%upsec20-29	-0.47	24.00	82.025	9.457
growth_prod	-0.44	24.00	2.367	6.909
PES	-0.40	22.00	0.159	0.125
PISA	-0.40	20.00	498.650	17.453
%unemp_benefit	-0.38	24.00	0.688	0.179
MIDDLE AREA				
unemp_rates15-24	0.47	24.00	18.296	7.363
Turnover_youth_ad	0.55	24.00	1.100	0.327
unemp_rates25-29	0.55	24.00	9.325	4.094
EPL	0.67	23.00	2.387	0.614
fixed15-29	0.68	24.00	17.175	11.285
FIX stud25-29	0.69	24.00	32.758	19.384
FIX stud15-24	0.75	24.00	54.242	24.347

<sup>86</sup> This shows a convergence between productivity indexes in European countries.

Against this, the negative semiaxis shows a strong correlation with the growth of productivity, with the percentage of 20-29 year-olds possessing an upper secondary education qualification, with the percentage of individuals of all ages in education, with the OECD-PISA scores, with the percentage of under-30s receiving social/unemployment benefit and with the PES. It obviously involves less segmented economic systems (but *equally flexible* if we refer to the entire labour force and not only to the young, United Kingdom and Ireland), with a high level and quality of aggregated human capital and consequent labour productivity trend.

In conclusion, it seems that the more rigid countries with less security are represented on the left of the horizontal axis, with the more flexible and secure ones going towards the right. The countries with more flexicurity are anyway those on the right of the graph. The vertical axis seems to be of more difficult interpretation, since it involves numerous variables. In particular, the different types of flexibility chosen by the various countries seem to affect their placement on the vertical axis, with those in the upper areas more "at the margin" and those underneath more "widespread".

In this case, the absence of segmentation does not have to be a condition for implementing flexicurity, as commonly asserted in economic literature<sup>87</sup>. This widely-held conviction is based on Wilthagen and Tros's<sup>88</sup> definition of flexicurity as a "policy strategy that attempts, synchronically and in a deliberate way, to enhance the flexibility of labour markets, work organisation and labour relations on the one hand, and to enhance security – employment security and social security – notably for weaker groups in and outside the labour market, on the other hand". However, neither should those measures which extend flexibility at the margin of the labour force, that is provide flexible contractual forms mainly addressed to individuals with greater employability difficulties (such as the young labour force), be encouraged since they would inevitably create a segmentation on the labour market.

Against this, our research shows that, although it certainly does not seem correct to extend protection mechanisms *exclusively* to the strong

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<sup>87</sup> Raitano M., Pisano E., 2007, "La flexicurity danese: un modello per l'Italia?" in P. Villa (ed.) *Generazioni flessibili. Nuove e vecchie forme di esclusione sociale*, Carocci, Roma, pp. 52-76.

<sup>88</sup> Wilthagen T., Tros F., 2004, "The Concept of Flexicurity: A New Approach to Regulating Employment and Labour Markets", in *Transfer*, Vol X, 2, pp. 166-186.



segment of the labour force, flexibility at the margin is not necessary in conflict with a flexicurity model. Wilthagen and Tros claim that the greater flexibility of the youth labour market over the adult one is accompanied by higher social and employment security for the young.

It is not only the use of temporary labour contracts for young people and students that helps to “shift” countries to the right, that is towards a higher level of flexibility and security, but also and above all a widespread use of part-time work. Employment protection legislation (EPL) has no effect whatsoever on the first factor, that is, it does not affect the placement of countries to the left or right in the graph.

A high EPL value does not thus seem decisive in terms of flexicurity. Comparing Graphs 4 and 2, there is an EPL value lower than the European average both for the countries on the left side of Graph 2, with more problems in pursuing a flexicurity strategy (Hungary, Czech Republic, Slovakia, Poland and Italy) and for those in the right side (United Kingdom, Ireland, Denmark, Finland, Austria and Netherlands). In particular, a distance is noted between the positions of the Netherlands and Italy in Graph 2 and it is considered that the difference in the EPL of the two countries is extremely modest (2.4 for Italy, equal exactly to the European average, and 2.3 for the Netherlands).

Against this, among the countries with a higher EPL than the European average we find both those with the greatest problems in terms of flexicurity (Latvia, Estonia, Lithuania, Greece and Portugal) and the more “virtuous” countries (Sweden, Belgium, Germany, Luxembourg, France and Spain).

**Table 24 - Indicators within the flexicurity cluster analysis**

<b>CAPABILITY APPROACH</b>
Human development indicator (Oecd)
OECD-Pisa, 2003
poverty indicator (percentage of under 30 whose poverty indicator is positive in EU-SILC2005)
% of 20-29 having completed at least upper secondary school (EU-SILC, 2005)
<b>FLEXIBLE CONTRACTUAL ARRANGEMENTS</b>
EPL version 2 (TOTAL) (OECD, 2003)
share of employment with fixed-term contracts 15-24
share of employment with fixed-term contracts 25-29 (LFS, 2005 - quarterly microdata)
share of employment with part time 15-24
share of employment with part time 25-29 (LFS microdata, 2005)
part time employment (as a % of the total employment) by education status 15-24 (LFS, 2005 - quarterly microdata)
part time employment (as a % of the total employment) by education status 25-29 (LFS, 2005 - quarterly microdata)
fixed term contracts (as a % of the total number of employees) by education status 15-24 (LFS, 2005 - quarterly microdata)
fixed term contracts (as a % of the total number of employees) by education status 25-29 (LFS, 2005 - quarterly microdata)
<b>COMPREHENSIVE LIFELONG LEARNING STRATEGIES</b>
percentage in education 15-29 (LFS 2005 - quarterly microdata)
% of people in education that receive education allowances (EU-SILC, 2005)
<b>EFFECTIVE LABOUR MARKET POLICIES</b>
expenditure in ALMP as % of GDP (eurostat 2-7)
expenditure in PES as % of GDP (eurostat 1)
out of work income support as % of GDP (passive LMP – eurostat 8)
% of under 30 beneficiaries of unemployment benefit (EU-SILC 2005)
<b>MODERN SOCIAL SECURITY SYSTEMS</b>
% of under 30 receiving social benefits (EU-SILC, 2005)

LABOUR MARKET OUTCOMES
employment rates 15-24
employment rates 25-29
unemployment rates 15-24
unemployment rates 25-29
long-term unemployment 15-24
long-term unemployment 25-29
labour turnover <sup>89</sup> (15-29) (LFS microdata, 2005)
labour turnover(diff_youth_adults) (LFS microdata, 2005)
labour productivity per person employed (EU27=100)
growth in labour productivity (2005-2000)
NEET rates 15-29 (LFS microdata, 2005)

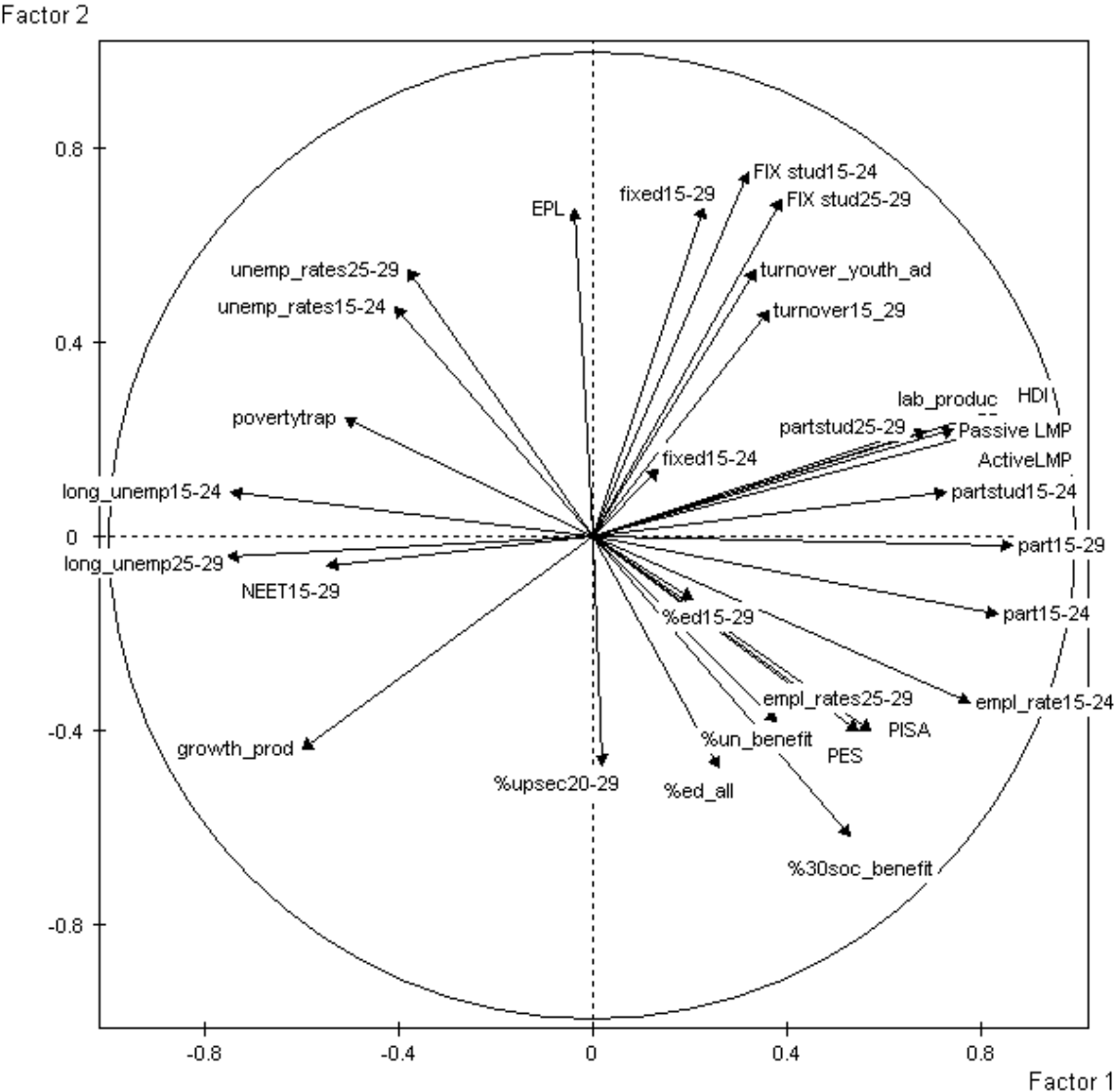
Footnote: When the source is not specified, they are macrodata downloaded by Eurostat website, year 2005, in case of LFS: spring data.

<sup>89</sup> Labour turnover<sub>(2005)</sub> = HR + FR where:

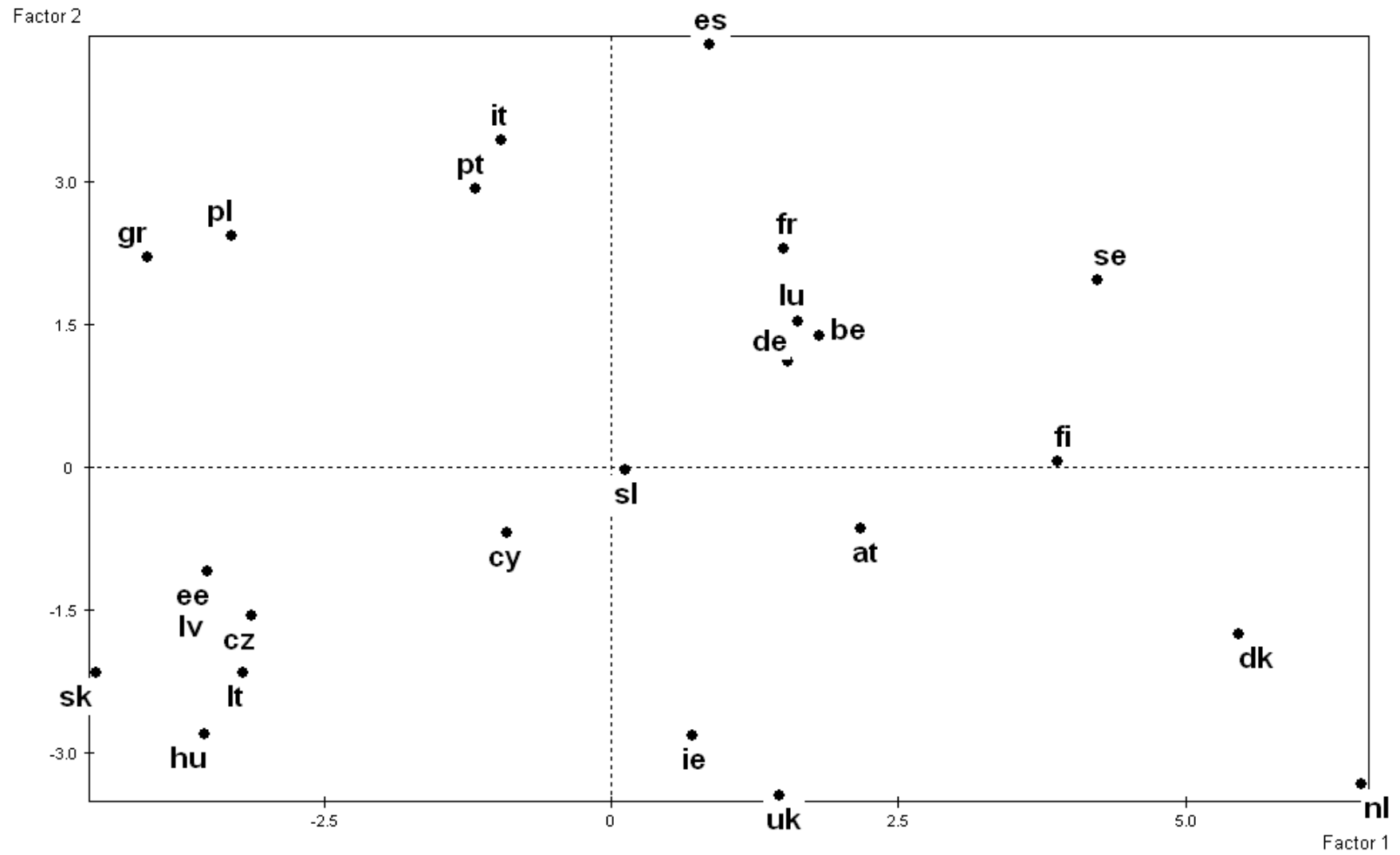
the hiring rate, HR, is  $HR_{2005} = \frac{\text{no. of workers who started to work in 2005}}{\text{Employment in 2005}}$

and the firing rate, FR, is  $FR_{2005} = \frac{\text{no. of workers who lost their jobs in 2005}}{\text{Employment in 2005}}$

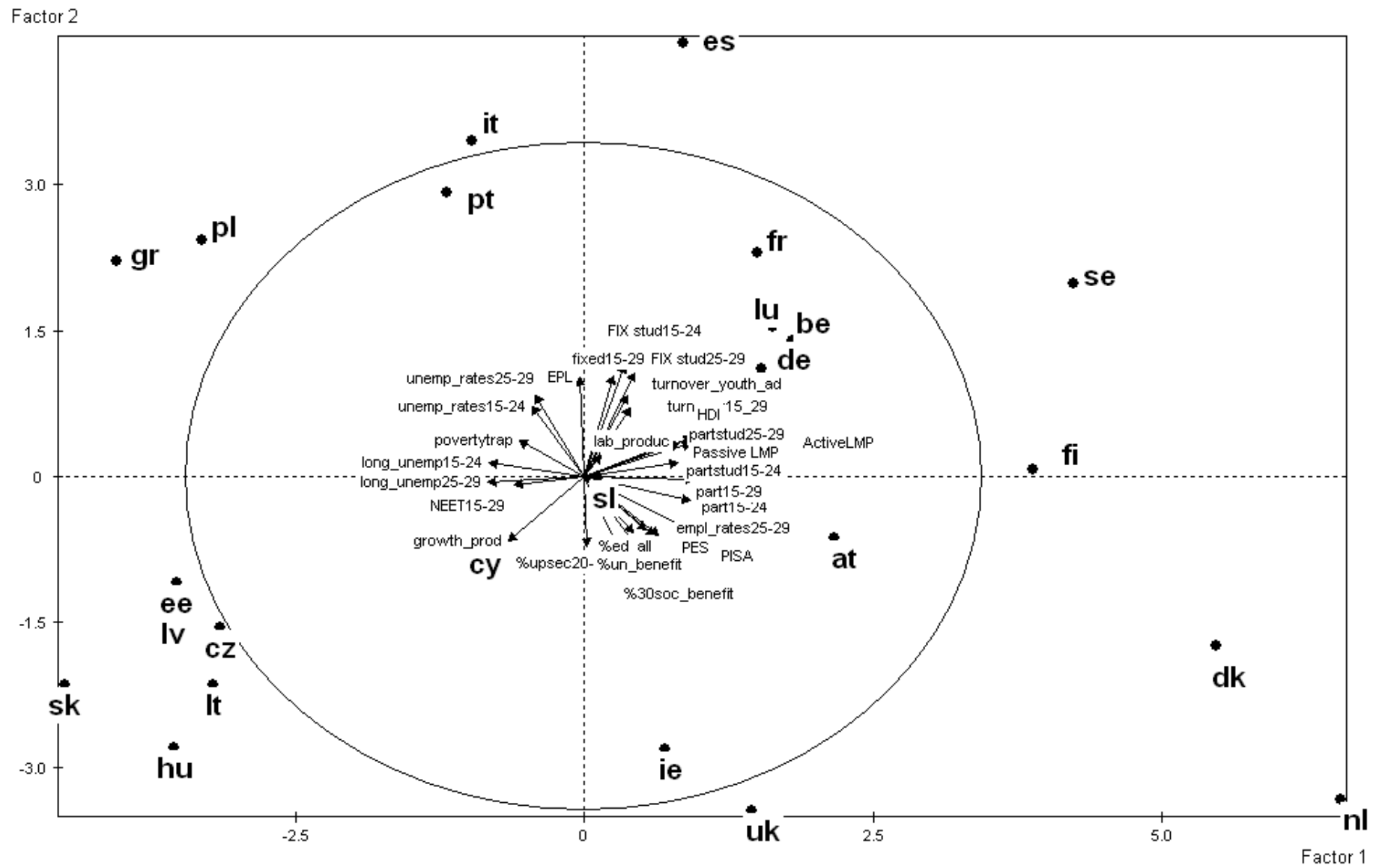
Graph 1 – Principal factorial plane: the circumference of correlations



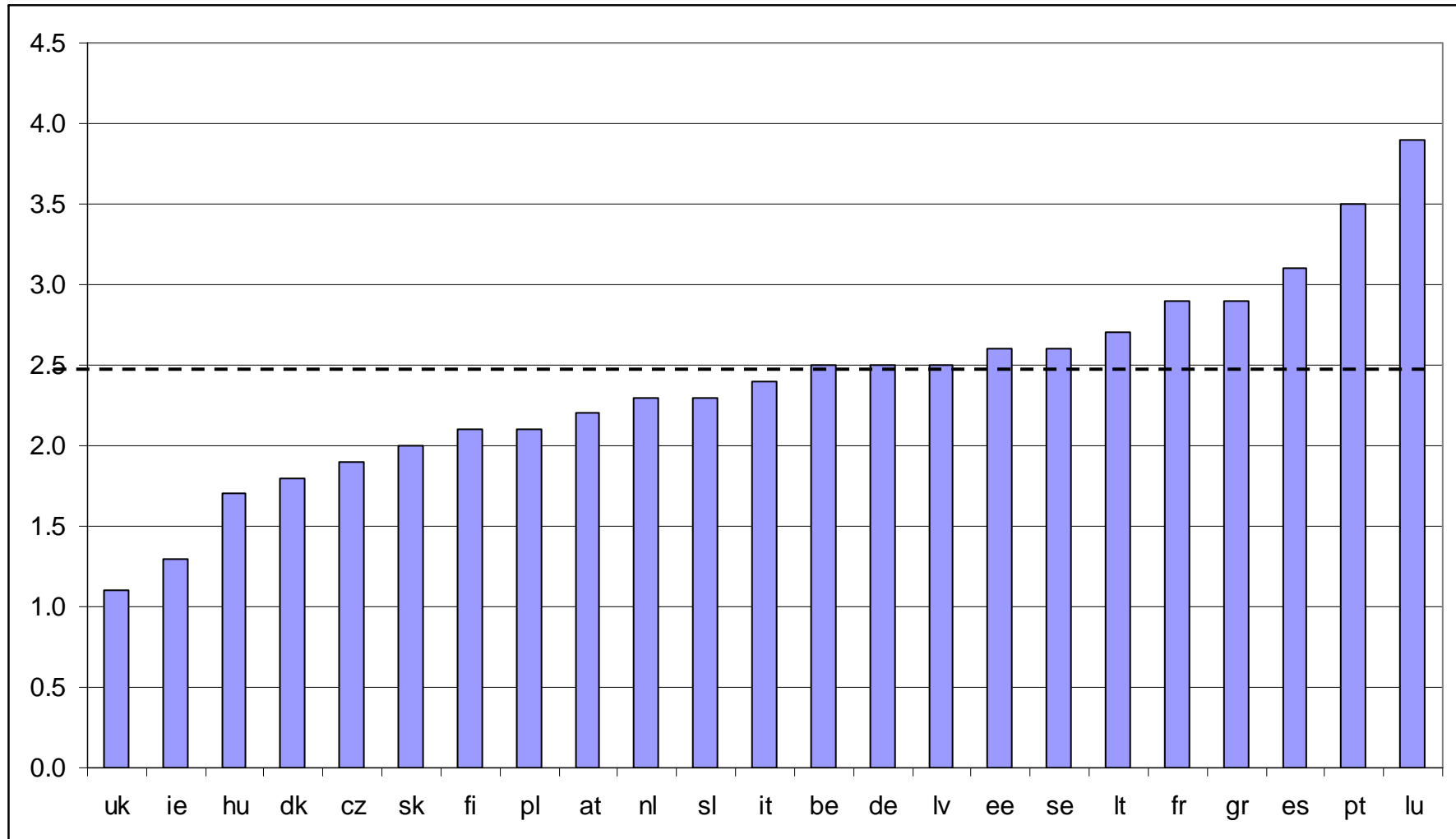
Graph 2 – Position of countries on principal factorial plane



Graph 3 – Main factorial plane: self-vectors and countries



Graph 4 – EPL Version 2 (TOTAL), OECD 2003



## 5.4 Final remarks

There seems to be four heterogeneous groups of countries that we can define with our analysis:

1. countries with a good degree of flexibility and security, albeit with rather segmented labour markets (top right of Graph 2);
2. countries with a good degree of flexibility and security, with non-segmented labour markets (bottom right of Graph 2);
3. countries lagging behind in terms of flexicurity, possessing labour markets with varying degrees of segmentation, a low level of aggregated human capital and high rates of youth unemployment (top left of Graph 2);
4. countries lagging behind in terms of flexicurity, possessing labour markets with varying degrees of segmentation, a good level of aggregated human capital and good growth of labour productivity (bottom left of Graph 2).



## Flexicurity Clusterization

COUNTRY GROUPS	MAIN FEATURES
<p><b>I. Friendly labour markets: highest human development indicators and best performer in youth employment.</b> <i>Austria, Denmark, Netherlands, Sweden, Finland, United Kingdom and Ireland</i></p>	<p>Countries with the best labour-market performance among the 27 EU Member States and with good level of flexicurity, not segmented.</p>
<p><b>II. Rigid labour markets: low youth employment and good capability indicators.</b> <i>France, Belgium, Germany, Luxembourg plus SLOVENIA*</i></p>	<p>Countries with good indicators of capabilities and good share of GDP in labour-market policies. Countries with low participation of 15-24 year-olds in the labour market with medium-high level of unemployment rates for this group. They are behind in flexicurity implementation in comparison with the first group.</p>
<p><b>III. Strongly segmented youth labour markets.</b> <i>Greece, Italy, Portugal, Spain and Poland</i></p>	<p>Countries with low participation of 15-24 year olds in the labour market with medium-high level of unemployment rates for this group, poor indicators of lifelong learning, moderate expenditure in ALMP (Active Labour Market Policies), poor in PES (Public Employment Services) and good in passive labour policies. The Mediterranean countries are experimenting a segmented flexicurity.</p>
<p><b>IV. Low employment and skill mismatches in the convergent/transition economies.</b> <i>Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Cyprus, Malta*, ROMANIA* and BULGARIA*</i></p>	<p>Countries with low rates of employment, high rates of unemployment, also of long duration, a high proportion of young people from low-income families and low levels of productivity linked to skill mismatches. In recent years these indicators have improved, suggesting a convergence towards the EU15.</p>

\* No data on Oecd pisa average score for Slovenia. Romania, Bulgaria and Malta have been added to this group, albeit not all their data is available, because it is considered they are anyway closer in terms of performance.

***The first cluster - FRIENDLY LABOUR MARKETS: highest human development indicators and best performer in youth employment:***

Austria, Denmark, Netherlands, Sweden, Finland, United Kingdom and Ireland have the best labour-market performance in terms of youth employment rates. The labour market has a good degree of different forms of external and working-hour flexibility. For example, in the Netherlands, part-time work is more frequent, whereas in other countries fixed-term contracts are more popular.

- Except for the United Kingdom, that has a fair level of public expenditure on active policies, and Ireland, which has a good one, these countries generally have a high level of public expenditure on labour policies as a percentage of GDP.

Flexicurity levels are good:

1. contractual flexibility and social system complete each other and find their highest representation in these countries.
2. Denmark has the most modern system in which individuals and their needs stand first and the focus is not on the contractual nature of the work but is universal for all workers.
3. In the UK non-permanent contracts are rare, although slightly more common under the age of 30. The labour code does not differentiate the forms of benefits and other quality-of-work indicators from atypical to permanent jobs.

Capability levels are good:

1. There are quite low percentages of young people from low-income families except in Ireland and, in part, in the United Kingdom.
2. OECD-PISA AVERAGE SCORES above the European average for all these countries.
3. The human development indicator has the highest values in Europe for all these countries.
4. There is a good percentage of 20-29 year olds who have at least a secondary school qualification.

Some challenges

- One of the challenges is to remedy the stalemate situation in youth unemployment. Another challenge involves the integration of the weaker young groups (migrants, low-skilled) as well as some disadvantaged areas in the larger countries.
- Ireland, United Kingdom and Sweden must lower their percentage of NEETs (not in education, employment or training).
- Another challenge is therefore to actuate targeted policies for young people on the basis of the new challenges from the local labour markets of these countries.
- There are groups of young people in vulnerable categories who have serious problems in completing their education in the

traditional school system. Alternative forms of learning are needed to help them develop their potential as well as more flexible school pathways to facilitate the return to education after dropping out.

***The second cluster - RIGID LABOUR MARKETS:*** low youth employment and good capability indicators. Countries with low participation of 15-24 year-olds in the labour market but with good indicators of capabilities and good share of GDP in labour-market policies:

- Except for Germany, that has the best rate of employment for 15-24 year olds at a little over 40%, France, Belgium and Luxembourg plus Slovenia have very low rates of youth employment and high rates of youth unemployment. Youth work is much more flexible than that of adults.
- Labour-market expenditure has a good percentage in GDP terms, albeit lower than the Scandinavian countries.

Flexicurity levels are fairly good: in Germany the 2003 Law introduced many elements of flexibility, at the same time providing workers' with security commensurate with the type of contract.

Capability levels are good:

1. There are low percentages of young people from low-income families.
2. OECD-PISA AVERAGE SCORES above the European average except for LU (no data for Slovenia).
3. The human development indicator has the highest values in Europe for these countries.
4. There is a very good percentage of 20-29 year olds who have at least a secondary school qualification.

Some challenges

- Serious efforts must be made on both the supply and demand side, reducing the competence gap and promoting the demand-supply match. Germany, which for years has presented a good dual-education model, is currently in difficulties. France, which has for some time been a leader in training-work contracts, is also experiencing problems.
- Public expenditure concerns all the population and it is difficult to find data by age groups. However, a survey of EU-SILC microdata on families shows that the percentage of young people receiving

benefits is 50-60%, indubitably lower than in the Scandinavian countries.

- Luxembourg has a OECD-PISA AVERAGE SCORE lower than the mean. These countries also have problems linked to vulnerable groups and varying local situations (except for LU because of its size).

***The third cluster - STRONGLY SEGMENTED YOUTH LABOUR MARKETS.*** Countries with low participation of 15-24 year olds in the labour market, poor indicators of lifelong learning, moderate expenditure in ALMP:

- Greece, Italy, Portugal, Spain and Poland are countries with bad labour-market performance. Rates of employment are low and those of unemployment high. Long-term unemployment rates are also high. The young have a greater degree of flexibility than adults, encouraged in the Mediterranean countries by the atypical contracts created to combat the high protection levels of permanent work contracts.
- There are good levels of expenditure on passive labour policies whereas those for active policies and employment services are rather low.

Flexicurity<sup>90</sup> is low: although flexibility has been increasing in recent years, the security aspect has not been sufficiently developed. New contract forms are present in most countries, but instead of modernising the system this has helped to create a dual labour market, in which permanent (standard) workers continue to enjoy a high degree of protection with almost no internal flexibility and where non-permanent (atypical) workers have extremely flexible forms of contracts, often cheaper (i.e. Italy) but with a minimum level of security. These contract forms affect mostly young people creating a differentiation between these and older workers.

Capability levels are quite low:

1. There are rather high percentages of young people from low-income families compared to the rest of Europe.
2. OECD-PISA AVERAGE SCORES below the European average. Poland is the only country approaching the average.

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<sup>90</sup> For an in-depth analysis of EPL, contractual arrangements and quality of jobs on the seven case studies see Annex, *Contractual arrangements and quality of jobs: impact on youth employment. Descriptive analysis in seven EU countries (IT, DK, D, HU, RO, UK, CZ)* by Badriotti Augusta.

3. The human development indicator for the Mediterranean countries is close to that of the second group of countries (Germany etc.) although Poland's is less close.
4. There is a lower percentage of 20-29 year olds who have at least a secondary school qualification than in the previous groups, except for Poland which has over 90%. Spain has under 66% and Portugal even under 50%.

#### Some challenges

- Interventions are needed to foster the insertion of young people and to combat the alternation of fixed-term work with unemployment. The supply of female work must also be promoted through suitable workfare and family policies. NEET rates are rather high, and more people, and particularly women, must be attracted to the labour market.
- Workfare policies must be better promoted by strengthening active policies and employment services.
- Improving capabilities is indubitably one of the main challenges, thus the effort to raise educational attainment must be continued. The level of competences is very low in these countries, and especially in Portugal, compared to the average of the two previous groups. Very often the jobs available involve low qualifications.

#### ***The fourth cluster: LOW EMPLOYMENT AND SKILL MISMATCHES IN THE CONVERGENT/TRANSITION ECONOMIES :***

- An initial analysis seems to show that countries such as Estonia, Lithuania, Latvia, Hungary, Czech Republic and Slovakia plus Romania and Bulgaria have low rates of employment, high rates of unemployment, also of long duration, a high proportion of young people coming from low-income families and low levels of productivity linked to skill mismatches. However in recent years these indicators have improved, suggesting a convergence towards the EU15.
- These countries have another two similar characteristics:
  1. fixed-term and part-time contracts are still rare (even for student workers) albeit these markets are presented as liberal and on the way to becoming flexible.
  2. antiquated labour policy and welfare systems, as well as undeveloped active policies and inefficient benefit system. There is a high participation of people on benefits but

when this public expenditure is expressed as a percentage of the GDP it falls below the European average.

Flexicurity levels are quite low: in these countries recent labour- code reforms have tried to introduce more flexible forms of labour contract (Czech Republic, Hungary and Romania). In some new-entrant countries, the level of social security for workers is still too low.

Capability levels are quite low:

1. The percentage of young people from low-income families is the highest in Europe.
2. OECD-PISA AVERAGE SCORES below the European average for those countries possessing data.
3. The human development indicator is lower than the previous groups.
4. The percentage of 20-29 year olds who have at least a secondary school qualification is quite good, except for Malta.

Summing up, these countries could be classified as labour markets which still provide little employability for young people, albeit they are beginning to converge towards the better-off European countries. This cluster of new countries needs interventions both to promote flexibility (i.e. the Czechs tend not to want part-time contracts because the low average wage and high social contributions mean low incomes) and to modernize security and learning strategies.

Some challenges

- In countries which have had recent economic restructuring with a high number of people on long-term benefits with difficulties in returning to the labour market. Investments in ALMP are limited. Employment rises in the services sector with flexible contractual arrangements (benefit recipients find it difficult to enter this sector). Gender gap persists. Weak groups (unskilled and young workers) without working experience have difficulties.
- *Contractual arrangements*: to provide an adequate level of protection to workers employed in emerging sectors. To reform labour taxation.
- *Lifelong learning*: to promote partnerships between private companies and public authorities. To insert an obligation for employers to invest in training in collective agreements.
- *Active labour market policies*: to focus on the long-term unemployed, the disabled and workers made redundant.

- *Social security system*: to raise unemployment benefits to enable job search. Incentives to employers and employees to create new acceptable work opportunities.
- *To strengthen the role of social partners*, extending rights to negotiate key working conditions.

## 5.5 Concluding remarks

The European countries differ in their socio-economic structures in terms of flexicurity.

There are countries with a good flexicurity experience, such as:

- AUSTRIA - Good flexicurity in general: high labour-market flexibility, accompanied by an average level of social benefits, effective ALMP and strong social partnership.
- DENMARK - Good flexicurity in general: flexible labour law and low job protection, accompanied by LLL, ALMP and a strong social security system. These factors have helped to create one of the most modern labour systems in which the focus is on individuals who are given the means to fulfil their needs.
- NETHERLANDS - Good flexicurity in general: development of part-time open-ended jobs, which particularly involve women, and application of three ingredients: 1) fixed-term contracts can only be used three times; 2) elimination of barriers to temporary agencies; 3) introduction of these two ingredients in the labour law and in collective agreements, providing minimum protection and pay.

And countries where the risk of precariousness stirs the debate on flexicurity:

- SPAIN - country with a very strict EPL and a high proportion of fixed-term contracts, limited by the “May 2006” Agreement (*any worker who has signed two or more fixed-term contracts with the same company for more than 24 months over a 30-month period automatically obtains a permanent contract*).
- ITALY – country with a high share of young people at risk of precariousness and extensive debate about reforming social benefits that are weak or even absent for atypical workers.

Whereas there are countries where flexicurity is far from being applied and atypical contracts are rare, such as:

- UK – where the employment-protection legislation index is low and the rate of employment is good, but with the risk of being trapped in bad jobs. Non-permanent contracts are quite rare in the UK – 93.6% of all employees are on permanent contracts. The most common form of non-permanent contract is for a fixed period or a fixed task, though this only covers 2.4% of all employees. Amongst young workers under the age of 30, atypical contracts are slightly more common, though 87% of employees aged under 30 are still on permanent contracts. As expected, training contracts and apprenticeships are more common for young workers, though contracts for a fixed period or a fixed task are still the most common form of non-permanent contract, even amongst young workers.
- CZECH Republic and the other new Member States, which still provide few employability measures for young people and need interventions both to promote flexibility (Czechs do not want part-time contracts because the low average wage and high social contributions mean low incomes) and to modernize security and learning strategies. However, there is the risk that fast growth and convergence in terms of labour productivity and wages will very soon usher in flexibility initiatives that could produce the same precariousness problems encountered in the Mediterranean Member States.

Knowledge of the context is essential for triggering an economic development process that goes beyond local trends and enhances young people's integration in the labour market, promoting flexicurity. The process of change must take place in a shared culture and involve the community as a whole. Young people must be considered a resource to be used to the best advantage. The process of young people's integration in the labour market, if not accompanied by job opportunities, even temporary but professionally significant, and if not relatively rapid, risks increasing the job precariousness to which this vulnerable group is already subject.

The flexible job-placement pathway is acceptable for the more educated young people because they know they will anyway manage to obtain good working conditions in a not too distant future.

On the other hand, a slow placement process, alternating periods of precarious occupation with periods of unemployment, risks becoming a trap for the weaker groups. This risk can be overcome by implementing



flexicurity strategies that help young people to transform their tangible and intangible resources into functioning, according to Sen's<sup>91</sup> capabilities approach. Flexicurity tools have to be adapted to the context, to the needs and to the age of young citizens, as well as to their tangible and intangible resources, to construct a career pathway in the labour market that fosters employability and access to quality jobs.

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<sup>91</sup> Sen, Amartya K. (1985). *Commodities and Capabilities*. Oxford University Press, (1999) *Development as Freedom*.

## **6. ANALYSIS OF EU MEMBER STATES' POLICIES AND MEASURES**

### **6.1 Foreword**

In this chapter we provide a comparative overview of the seven case studies conducted during our research and a descriptive analysis of a selection of policy measures concerning the different components of a flexicurity strategy (Contractual arrangements, Lifelong learning, Active labour market policies, Social security systems) for young people in the 27 Member States of the European Union.

In the first paragraph, Member States policies are analyzed in consideration of youth lifecycle phases. The aim is to identify the most relevant measures that can accompany young people during their life starting from leaving the educational system to setting up their own families. Within each lifecycle phase, measures involving different components of a flexicurity strategy for youth are examined and surveyed.

In the second paragraph, policies are analyzed in relation to the four clusters of European Union countries. Clusters have been defined in consideration of a set of indicators connected to youth conditions. This enabled identifying the criteria to be considered when selecting policies in relation to the flexicurity development perspective in each European country.

#### ***6.1.1. The adoption of a lifecycle approach***

The policies are analysed from a youth lifecycle perspective. This approach is appropriate as young people are more than any other age group, undergoing transitions between various life stages combined with psychological and physical development. The results of integrational policies depend on their capacity to adapt to young people's pathways and conditions.

The adoption of the lifecycle approach in labour policies commits policy makers to focus on the demand for interventions connected to:

- the different ages or life stages and, in particular, young people's maturing processes

- the different positions and conditions that characterise the different moments or stages of active life, based on individual and collective paths involving the individual, organisations and the society in which they live.

Thus, the lifecycle approach entails adopting policies that are tailored to the worker's lifecycle, working conditions and positions.

The adoption of a flexicurity strategy implies reference to the lifecycle approach since the aim is to foster “the labour-market careers and biographies of workers with a relatively weak position” (Bredgaard, Th. *et al.*, 26). In particular, flexicurity focuses attention on the transitions from one stage, one position or one condition to another during a person’s personal and working life. The lifecycle approach also includes the idea of “transitional labour markets” in which “the boundaries between the labour market and various social systems (such as the educational system, the unemployment system, private households) must become more open towards transitional states between paid employment and productive activities outside the market” (ivi, 26-27). Hence, the lifecycle approach involves measures both directly addressing individuals, for example via financial incentives, and those directed at systems and services to increase their effectiveness with regards to the worker’s lifecycle.

At the Community level, the lifecycle approach is referred to in Council documents which determine guidelines for national employment policies. It is linked to the priority of "attracting and keeping the greatest number of people in the labour market, increasing the supply of labour, modernizing the social protection system", while always taking into account employment policies addressed to the young, women and the elderly. In a sense, this also is a intergenerational approach to labour policies.

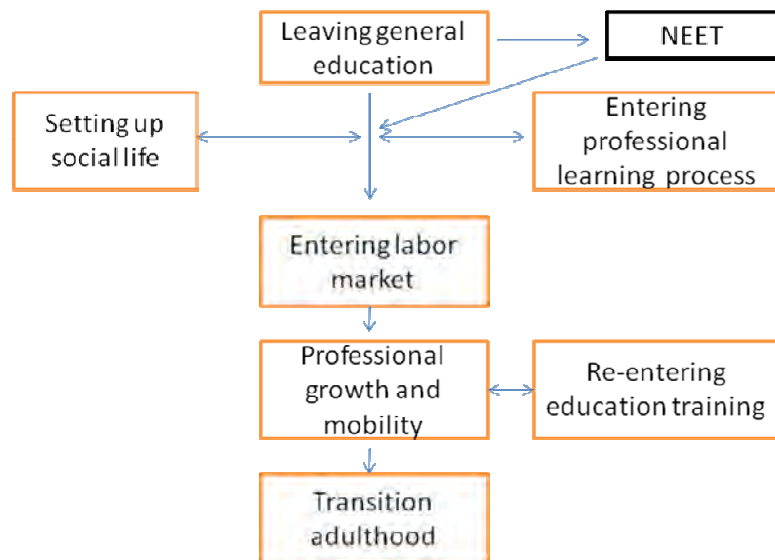
In the Decision of the European Council 2005/600/EC (Guidelines for the Employment Policies of the Member States) the concept of the lifecycle approach is introduced by *Guideline No 23*. The aim to “*expand and improve investment in human capital*” is accomplished through:

- “inclusive education and training policies and actions to facilitate significantly access to initial vocational, secondary and higher education, including apprenticeships and entrepreneurship training,
- significantly reducing the number of early school-leavers,
- efficient lifelong-learning strategies open to all in schools, businesses, public authorities and households according to European agreements, including appropriate incentives and cost-sharing mechanisms, with a view to enhancing participation in continuous and workplace training throughout the lifecycle, especially for the low-skilled and older workers”.

The Employment Guidelines 2005-2008, now part of the Integrated Guidelines (Integrated Guidelines for Growth and Jobs (2005-2008) and the Communication from the President, in agreement with vice-President Verheugen and Commissioners Almunia and Špidla), propose the following for young people: “promotion of a lifecycle approach to work (which includes, *inter alia*, a renewed endeavour to build employment pathways for young people and reduce youth unemployment, as well as resolute action to eliminate gender gaps in employment, unemployment and pay)”.

The different stages on which the construction of policies for labour-market integration of young people has been based are given in Box a. For the analysis and description of each of the stages see the following paragraphs. With respect to each of these stages the aim is to identify and analyse the measures that can be adopted and combined in a flexicurity perspective.

**Box a – Leaving general education; Setting up social life; Entering professional learning process; Entering labor market; Professional growth and mobility; Re-entering education and training; Transition to adulthood**



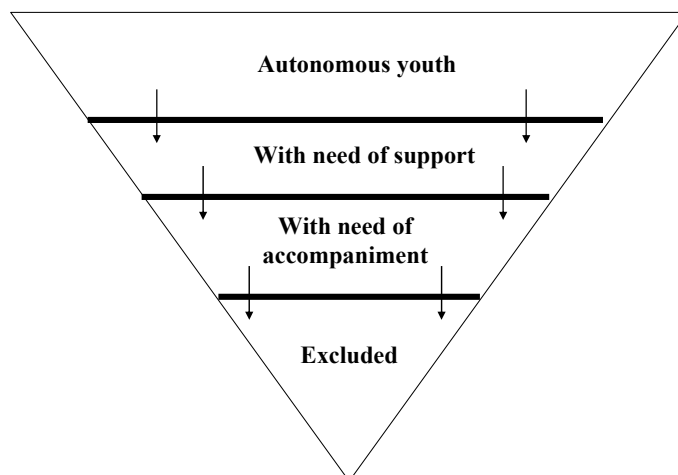
### 6.1.2. Segmentation and filtering

The policies set up for each of the lifecycle stages of young people were analysed by taking into account the “filter” functions performed by the adopted measures.

In other words, in this study we see the transitions between the various stages as possible and necessary pathways and we classify the policies according to their function of facilitating these pathways.

In a first step, policies connected to each stage can be read as a set of instruments that identify ‘normal’, or autonomous young people on the basis of the regulations and measures reserved for them. These measures will then be gradually extended by others addressed to the strata not affected by the measures adopted and, in this sense, less favoured (drop-outs from different levels represented through the arrows in Box b). This entails considering the filter functions performed by the systems operating in the various stages and the stratifications they produce, which in turn generate and reflect the segmentations existing in the world of the young. Given that this filter function is accompanied by a “signalling” effect, there is the risk of stigmatizing young people interested in the various types of measures. It should be noted that in the flexicurity approaches this risk is considered positive because it can motivate young people and prevent them from being stigmatized, i.e. as recipients of particular types of benefits, etc.

#### **Box b – Distribution of young people on the basis of the different strata specified by the policies**



This is a model representing the various stratifications, the quantitative composition of which varies according to the different type of measure considered.

### ***6.1.3. Policy measures***

Our analysis and comparison is based on the study of the measures adopted by the Member States, organized below according to the different lifecycle stages and the different targets.

In this study, the measures are considered as policy-making units, through which the policies are constructed and on which their effectiveness depends. The measure is a policy implementation tool<sup>92</sup> which usually defines objectives, tasks and components, thereby facilitating an analytical approach to the effects and impacts of specific measures or their combinations rather than of policies and systems which would be a much more complex and delicate analysis.

The measures were studied first separately (see Schedules A and B) and then aggregated according to specific national contexts (see the 7 Case Studies). Here, we give a comparative analysis of the different types of measures and components adopted by the Member States in relation to the different lifecycle stages of young people. The aim was to compare the effects where evaluations are available, or, more simply, to evaluate their desirability.

## **6.2 Youth lifecycle: key transition processes**

### ***6.2.1. Leaving general education***

#### **6.2.1.a. Early school leavers - Focus**

Early school leavers are young people who abandon their education before reaching the minimum age fixed by national regulations. In some countries, the idea of early leavers is limited to the age group corresponding to compulsory education. In other countries, this concept is extended to those who, albeit having passed compulsory schooling age, are without a level of competence, a diploma or a vocational qualification complying with the national plans for developing the competences of a certain age group (e.g. Denmark).

The idea of early leavers has been further examined in relation to the growing need for a competent work force and the existence of large groups

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<sup>92</sup> Research is currently in progress into the use of the “measure” also in private policies.

of inadequately trained young people (around 30% according to the Pisa data on levels 1 and 2 of language competences). Dividing the young into two categories, those in regular pathways and school dropouts, has turned out to be inadequate in persuading the latter to extend their learning before entering the labour market. This challenge is now addressed by policies of EU Member States that differentiate interventions according to the different positions of the beneficiaries. Some measures focus on building educational pathways that provide for contextualized forms of learning. If these are not considered, the likelihood of exclusion increases. Other measures are targeted at young people with special needs (immigrants, disabled, etc.) or addressed at school dropouts, encouraging them to create life and work plans. Other measures still could target those who drop out of school without a life plan, possibly as victims of mobbing and emotional abuse.

#### 6.2.1.a.1 Common measures

##### School, training and work

The common policy model to combat early leaving is based, albeit in different ways, on two common goals:

- To reform the educational system (PISA) through revising curricula, by increasing flexibility and diversity of pathways before or after the end of the normal schooling, and by providing second chances.
- To increase the role and weight of the labour world in young people's education.

These two objectives are then translated into progressively diversified measures according to the type of early leavers addressed and whether they are to be reintegrated into the educational system or in forms of alternating training-work or in-work training.

This common policy model is accompanied by the tendency to extend compulsory education from nine to ten years, or even to twelve years of schooling (IT). To prevent longer schooling requirements from increasing the percentage of early leavers, it is implemented through different kinds of measures, both in schools and in vocational training or work.<sup>93</sup>

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<sup>93</sup> **IT - Right-duty to participate in education and training (formal learning).** Law 53/03 introduced, subject to legal consequences, the concept of *diritto-dovere all'istruzione e alla formazione professionale* (right-duty to participate in education and vocational training) for 12 years, or at least until students obtain an educational or training qualification. The *diritto-dovere* starts from the first class of primary school up to the age of 18. It can be satisfied before reaching the age of 18, either by obtaining an upper secondary school diploma, by passing a State exam or by obtaining a three-year vocational qualification.

Impact assessment: The reform of the high-school system was tested during the 2006/07 school year after the definition of new curricula and the new regulations agreed with the Regions, while at the

### a. The reform of education

In all the countries policies are addressed to the progressive reform of the educational system.

With regards to early leavers, the curricular reform<sup>94</sup> has the aim of “designing and implementing **professionalization** policies aimed at preventing young people entering the labour market without (adequate/basic) skills and competences for the profession they have trained for, or to prevent training for professions not demanded by the labour market” (Romania<sup>95</sup>).

The curricula are redesigned with the aim of:

- Adjusting the contents of teaching to the key competences (ICT<sup>96</sup>, languages<sup>97</sup>, digital subjects, intercultural competences<sup>98</sup>, etc.),

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moment the VET system pathway is effective, although still under testing (Youth Schedules A and B, Youth Case Study Report).

<sup>94</sup> **CZ - Curricular reform (*kurikulární reforma*)**. The new School Act (valid from 1.1.2005) is aiming to stress the development of key competencies of school leavers that are necessary for their professional life, and to foster contacts between schools and the labour market. This trend is reflected in a two-level development of curricula, where national curricula (*rámcové vzdělávací programy*) are nationally binding for a specific level and field of education. School-based curricula (*školní vzdělávací programy*) allow schools to shape their distinct profiles and to meet the needs of students and regional labour markets. The skills facilitating the understanding of labour market issues are also gradually finding their way into VET curricula. Students get basic information about the labour market as part of the services provided by information-counselling centres at labour offices. A methodology for a subject dealing with the “*introduction to the world of work*” has been developed. However, the integration of these topics into teaching is not binding for schools and it is entirely at the discretion of school directors (Youth Schedules A and B, Case Study Report). Impact assessment: There are only results of a survey in basic schools concerning implementation of school education programmes (June 2007, Institute for Information on Education) (Youth Schedule A). **ET – Curricula improvements** (Youth Schedule A). **LT – National Education Strategy 2003-2012** (Youth Schedule A). **MT - National minimum curriculum/NMC – subjects oriented towards work** (Youth Schedule A).

<sup>95</sup> Youth Case Study Report – Romania. Romania, together with other EU countries (i.e. CZ, see note 94) is restructuring and reforming educational systems.

<sup>96</sup> **CY - Strategic Development Plan- equality between men and women in employment** (Youth Schedule A). **CZ - State ICT Policy in Education (*Státní informační politika ve vzdělávání*)**. It was adopted in 2000. The objective is to foster an effective and efficient introduction of ICT in teaching in schools and support e-learning (schools are supported in producing e-learning materials and tools, in creating networks). Impact assessment: The measure contributed to the improvement of PC facilities and internet connection in schools. Nonetheless, it was accompanied by organisational and financial problems and severe criticism. The overall concept of the project, based on central supplies of hardware without taking account of local conditions, has resulted in inefficient use of financial resources. This finding has been confirmed, among others, by the National Audit Bureau. Internet connection, which was provided by Telefonica O2 as part of the project, was terminated in 2007 and schools have been forced to seek other solutions (Youth Schedule A and Youth Case Study Report). **DE – Reform process of the German VET**. (Youth Case Study Report). **ET – Learning Tiger Programme** (Youth Schedule A). **FI – Training provided free of charge by Employment Services** (Youth Schedule A). **LT - Lifelong Learning strategy of Lithuania. Action Plan** (Youth Schedule A). **PT - Reforms of primary and secondary education** (Youth Schedule A). **SK – ICT Skills development in the education sector** (Schedule A).

<sup>97</sup> **CZ – Gate to Languages (*Brána jazyků*)**. Since 2000, over 7,100 participants in 430 study groups across the Czech Republic have been admitted and commenced studies. A total of 5,318 participants successfully passed the final examination (Youth Schedule A and Youth Case Study Report).



accompanied by a revision of the content and structure of vocational training, in Hungary through a new, modular National List of Qualifications (OKJ).<sup>99</sup> Interventions can involve, firstly, the revision of curricula by introducing or strengthening some subjects. In the UK, for instance, the National Literacy and Numeracy Strategy has seen the introduction of daily Literacy Hours and Numeracy Hours in primary schools, providing a systematic approach to the teaching of these skills.<sup>100</sup> Secondly, policies aim at reforming the technical and vocational education system and at introducing new systems for qualifications and their recognition (BG, CY, ES, FR, GR, IE, LT, LV, NL, SL).<sup>101</sup> These interventions can be found in Romania as well as in the United Kingdom and do not only concern adapting the training supply to the labour market demand but also increasing the number of

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Impact assessment: This project, with language courses of 150-160 lessons and methodological courses of 30-40 lessons, only addresses the problem to a limited degree, because qualified language teachers and teachers of vocational subjects with foreign language skills do not take jobs in education or leave it because of low wages (Youth Case Study Report). **FI – Training provided free of charge by Employment Services** (Youth Schedule A). **IE - National Council for Curriculum and Assessment** (Youth Schedule A). **ES – English for young people** (Youth Schedule A). **LV - Reform of secondary schools that use minority languages as the main instruction language.** The aim is to limit the number of lessons conducted in the minority language (Russian in most cases) in favour of the state language (Latvian). The introduction of a bilingual education system is intended to increase young Russian speakers' competitiveness in the Latvian labour market and facilitate their integration into Latvian society.

Impact assessment: The reform has faced strong resistance from potential beneficiaries, with poorly developed methodology of bilingual education and lack of suitable textbooks being pointed out. Moreover, the professional skills of teachers and their opportunities for further education are insufficient (Youth Schedule A). **PT - Reforms of primary and secondary education** (Youth Schedule A).

<sup>98</sup> **DE – BQN/Berufliche Qualifizierungs-Netzwerke für Migrantinnen und Migranten-Networks for raising awareness of the necessity to support people with migration background in entering vocational training and labour markets** (Youth Schedules A and B, Youth Case Study Report).

<sup>99</sup> **HU - Measure 3.2.1 of HRDOP.** The National List of Qualifications incorporates a fresh set of modular, competence-based professional and examination requirements. The programme is improving the responsiveness of vocational school training to changes in the labour market (the content and structure of training will be adjusted to labour market needs), the quality of education and efficiency will be improved and drop-out rates will decrease (Youth Case Study Report).

<sup>100</sup> **UK** (Youth Case Study Report).

<sup>101</sup> **BG - Vocational Education and Training Act, Level of Schooling, General Education Minimum and Law on Syllabus** (Youth Schedule A). **CY - Vocational Training Strategic Plan** (Youth Schedule A). **ES – Vocation training reform** (Youth Schedule A). **FR - Validation of professional and personal experience (VPPE).** Impact assessment: It has taken off - above all - in the personal services and healthcare occupations (care workers for the disabled and nursing auxiliaries) with over one-quarter of the certificates issued in 2004 and 2005 (Youth Schedule A). **IE – National Framework of Qualifications (NQAI).** It provides a unified framework for all awards in the State, which will enhance recognition of qualifications, improve access, progression and mobility for learners and employees, and support flexible high-quality education and training (Youth Schedule A). **LV - Modernise material and technical provision of vocational education establishments** (Youth Schedule A). **NL – Vocational training system.** The Dutch modularised training system allows for the certification of acquired qualifications without having completed the full training (Youth Schedule A). **PT – National System of recognition, validation and certification** (Youth Schedule A).

**LT - Creation of the National Qualifications System** (Youth Schedule A). **SL – Vocational Education and Training Reform and Recognition and Assessment of Education Act** (Youth Schedule A).

options for vocational learning and training within the formal education sector. There seems to be a re-assessment taking place. Whereas in the past vocational education was seen as a second-choice route for academic failures, present public policies have a strong vocational element to include the interests of young people who have dropped out of mainstream education. This contributes to satisfying the skills needs of employers and also focuses on core academic skills in Maths and English. In general, this re-assessment might render vocational learning more rigorous, thereby increasing its attractiveness both for young people and employers. Everywhere, albeit to different extents, there is an evident tendency to enable academic and vocational qualifications to be measured on the same scale. In the UK for example, the diploma can be accepted as a university-qualifying degree for a vocational education of adequate level.

- Introducing a model of governance and vertical and horizontal subsidiarity by granting more autonomy to schools in determining curricular contents (school-based curriculum) and trying to link them to local labour market needs. In some cases, this is accompanied by the creation of regional knowledge centres instead of a large number of small schools (NL).<sup>102</sup> For example, Local Education Authorities (LEAs, UK) and Local/Regional Consortia involve a large number of stakeholders; they have the main task of drawing up and subsequently revising the Regional and Local Action Plans for Vocational and Technical Education systems (in Romania, the first Plan dates back to 2004-2005). This trend, also found in other countries (i.e. ES), includes setting up national minimum standards to guarantee similar opportunities in all schools (CZ, EL, RO).
- Creating new relationships between schools and education directed at the labour market, for example by including career education<sup>103</sup> and labour market issues in the school curriculum, and by giving the social partners a guiding and evaluating role. Vocational schools are encouraged to set up partnerships with potential employers, either for practical training or for facilitating the transition from school to work (CY, ET, PL, RO, SE).<sup>104</sup> In other

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<sup>102</sup> NL – Vocational training system and Act on Vocational and Adult Education (*Wet educatie en beroepsoponderwijs*, WEB (Youth Schedule A).

<sup>103</sup> CZ – Insertion of the subject “Career pathway selection” into lower secondary education curricula. The objective is to prepare pupils for transition from compulsory education to upper secondary schools and the labour market (Youth Schedule A).

<sup>104</sup> CY - Strategic Development Plan - equality between men and women in employment (Youth Schedule A). ET – New VET Curricula development in cooperation with employers. In Estonia there is no dual system but workplace training is a compulsory part of the curricula (Youth Schedule A). RO (Youth Case Study Report). PL - Network of companies which offer practical training (Youth Schedule A). SE – Municipality Youth Programme (Youth Schedule A).

cases, there are vocationally-oriented programmes that contain a minimum of 15 weeks “workplace training” (APU – *Arbetsplatsförlagd utbildning*) outside the school (SE).<sup>105</sup>

The curricular reform is also accompanied by making training supply more flexible with tailor-made pathways (NL),<sup>106</sup> differentiating their duration (EL,<sup>107</sup> RO), and creating new training channels reserved for particular population cohorts. Examples include day-care schools for immigrants and disadvantaged young people in Germany,<sup>108</sup> folk high schools for everyone in all Nordic Countries, and the National Programme for Literacy and Qualification Training for the Roma population in Bulgaria<sup>109</sup>). Also an easier transition from one channel to another is facilitated (RO). In some cases (HU), the policies are aimed at creating a network of specialised vocational training centres<sup>110</sup> and new structures for the training system (special pathways, new system arrangements) to address its weak points (LT, RO, SL). In other Member States, bodies and structures are set up to support the young in the completion of their educational pathways, offering basic skill programmes (i.e. ET, IE, LV, MT).<sup>111</sup>

For those leaving the education system without completing compulsory education (14-25 year olds), *the second chance for education* (DE, EL, IE, LU, RO) enables them to obtain basic skills meant to be acquired at the end of compulsory education through a curricular programme. In Romania, for example, this channel was initially activated for the Roma population then later extended to all early school leavers. Other countries have similar

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<sup>105</sup> **SE - Vocational oriented programmes in upper secondary school (IVET).** Another three programmes (Natural Sciences, Social Sciences and the Arts) are more theoretical in their nature and do not imply compulsory workplace training but offer the possibility (Youth Schedule A).

<sup>106</sup> **NL – Early School Leavers Action Plan** (Youth Schedule A).

<sup>107</sup> **EL - Educational reform in primary and secondary education.** Impact assessment: This reform was successful in reducing the early school-leaver rates. The rate of 18-24 year-olds who attain lower secondary education or less and do not attain further education declined from 18.6% in 1999 to 14.9% in 2004 (Youth Schedule A).

<sup>108</sup> **DE – Day-care school.** (Youth Schedule A and Youth Case Study Report).

Impact assessment: it is questionable whether the actual reforms concerning primary schools and secondary schools until the 9<sup>th</sup> school year (*Hauptschule*) and the 10<sup>th</sup> school year (*Realschule*) are sufficient to combat the problem of disadvantaged young people coming from these schools (Youth Case Study Report).

<sup>109</sup> **BG - National Programme for Literacy and Qualification Training of Roma.** Measures have been taken to implement programmes for qualification and employment in compliance with labour market needs, bearing in mind the specific nature of some of the Roma’s traditional work attitudes (Youth Schedule A).

<sup>110</sup> 16 regional integrated vocational training centres (TISZK) have been established in Hungary (Youth Case Study Report).

<sup>111</sup> **ET – Vocational education institutions.** Those without a basic education and no longer obliged to attend school are given the right to attend vocational education institutions. Several possibilities for flexible study have been developed (e.g. e-study) and will be extended to disadvantaged groups in the labour market (Youth Schedule A). **IE - National Education Welfare Board/NEWB; ‘School completion programme’** to retain pupils in primary and secondary schools; **Home-school-community liaison scheme** (Youth Schedule A). **LV – Catch-up education programmes** (Youth Schedule A). **MT - Basic Employment Passport/BEP and Basic Skill Unit** (Youth Schedule A).

initiatives, for example France.<sup>112</sup> In Germany, early school-leavers are given a second chance to achieve school certificates and diplomas through a pilot project launched by the Federal Ministry for Youth and Family in 2006, which also focused on a better coordination between schools, public youth agencies (*Jugendämter*) and welfare organisations.<sup>113</sup>

To encourage the return to training, the *accreditation of prior education and learning experiences* system was set up, Romania being the first Eastern European country with a national strategy in this respect.

## **b. Training and work**

Training young people through work and reducing the time they spend between leaving school and the first employment constitutes a common trend in all countries, albeit with different formal characteristics.

It involves both the educational system in general (with the introduction of internship models at all levels) and specific measures addressed to early school leavers. In some countries, training for starting up businesses, starting from elementary school has been introduced.

Interventions that are specifically addressed at work-related training can be classified as follows:

- Maintenance, adjustment or introduction of models similar to the dual system (AT, DE). This measure – like the following ones – requires the existence of a strong “training market” covering all economic sectors and, in particular, those towards which early leavers can be steered. In some countries this has proved to be inadequate (DE<sup>114</sup>) and complementary measures, such as the National Training Pact,<sup>115</sup> have been introduced to strengthen the supply.

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<sup>112</sup> **FR - Programme Personnalisé de Réussite Educative** (PPRE – Personal Educational Success Programme). It assists all pupils who risk not mastering the basic skills from nursery school to the end of compulsory schooling (Youth Schedule A).

<sup>113</sup> **DE - Schulverweigerung – die 2. Chance**. The objective is to help 1,000 young people to complete their schooling within one year. (Youth Case Study Report). Also in **LU – Second chance arrangements**. New professional training courses have been introduced at the National Centre for Continuing Vocational Training (CNFPC). They are for young people who do not meet the criteria for entering the professional sections of technical secondary education. This concerns young people not possessing the skills for accessing the labour market and those who have left school early (Youth Schedule A).

<sup>114</sup> **DE – National Dual System** (Youth Case Study Report).

<sup>115</sup> **DE - National Pact for Training. (Nationaler Pakt für Ausbildung und Fachkräftenachwuchs)**. Impact assessment: There is no specific evaluation of the pact as a whole. According to the Federal Ministry of Labour, the following results could be achieved: 30,000 additional training places were expected to be created between 2004 and 2006. Effectively in 2004, 59,000 additional apprenticeship places were created; in 2005 63,400 and in 2006 67,900 (data

The dual system is however considered as adequate to provide young people with a basic vocational training that strengthens, systematizes and integrates the competences acquired in their specific workplace (EL, ES, DE, ET, FI, MT, SE).<sup>116</sup>

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refers to 2007 and is taken from the German Ministries' websites). The public administration increased its apprenticeship places by 30% (against the 20% target).

According to the *Berufsbildungsbericht 2007*, the number of young people looking for an apprenticeship place also increased.

The private sector committed itself to provide 25,000 internship places yearly for the "entrance qualification scheme" (*betriebliche Einstiegsqualifizierung*) and the Federal Government committed to subsidize young people in this measure. Whereas in the first year there were problems in filling the internship places, more young people than planned were participating in the measure in the two subsequent years.

The Federal Government extended the Vocational Training Programme for Eastern Germany (*Ausbildungsprogramm Ost*) and increased training places by 14,000 in 2004. In 2005 and 2006, this programme continued with the addition of the Pact Commitment. The East-German regions and Federal State have agreed to terminate the programme in 2010 because of demographic development.

The funding programme (*Jobstarter*) has been increased from 25 million to 125 million euro. The objective of this programme is to activate more training places and promote inter-firm cooperation in vocational training. *Jobstarter* was launched in 2006 (*source: Der Berufsbildungsbericht 2006*).

The Public Employment Service is continuing its activities in the area of job preparation measures (*berufsvorbereitende Maßnahmen*) at the same level as 2003 (some 250,000 participants). However, the number of participants in supportive training measures (*ausbildungsfördernden Maßnahmen*) has decreased (225,500 in 2006 – provisional figure).

The "renewed placement for vocational training" (*Nachvermittlung*) means that all young people who have not found placement on the vocational training market are being offered a place. The pact gave new impetus to the cooperation between Chambers and Public Employment Services at local level. The "renewed placement activities" have been implemented all over Germany.

The Public Employment Service has further developed its system for profiling young people looking for a training place and for determining whether they are "mature enough to undertake vocational training" (*Kriterienkatalog Ausbildungsreife*), whether the envisaged occupation is suitable and whether they have a chance of being placed (*Vermittelbarkeit*). This profiling system is designed to be used by a variety of actors, including the Public Employment Service itself, training institutions and companies, as well as teachers in schools and parents.

In 2005 a discussion set off between general schools and pact partners about the basic needs and skills for undertaking vocational training. In 2006, a common handbook was produced on how to prepare young people for vocational training. The great challenge that the entire educational system faces is to ensure that young people obtain basic skills for undertaking vocational training.

In 2006, the pact partners stated that more efforts need to be undertaken, in particular at school level, to integrate young people with migration backgrounds into education and training. This is one of the most important policy areas.

The partners considered that the pact had given positive results and it was decided to extend it. In 2005, the number of young people undertaking vocational training increased for the first time since 1999 (a total of 573,000 training places were offered). However, the number of new vocational training contracts decreased compared to 2004, albeit compared to 2003, before the pact came into being, the total increased by 8,000 contracts (*source: Berufsbildungsbericht 2006*).

The number of young people unable to be placed in vocational training decreased between 2004 and 2005 by 7% (total volume 41,000). The "*Nachvermittlungsaktionen*" further reduced this number. However, the number of young people still interested in a training place, although they have been proposed alternatives, has increased (*source: Bundesarbeitsblatt 5-2005*) (Youth Schedule B and Youth Case Study Report).

<sup>116</sup> **ES – Vocational training system reform** (Youth Schedule A). **ET - Practical training within VET school** (Youth Schedule A). **FI – Youth Workshops** where apprenticeship training is also offered. Youth Workshops are not part of the education system and do not automatically lead to formal qualifications (Youth Schedule A).

Impact assessment: Youth workshops have seen considerable developments over the last ten years. In 2005, 66% of young workshop participants found placements in education, training, work or other

- The introduction of bridging measures that foster access to vocational training, meaning – as in the case of preparatory measures for vocational training<sup>117</sup> (DE) – a mix of personalized modules (SE<sup>118</sup>) and individual counselling. Basic vocational education<sup>119</sup> (DK) also falls within this category, addressed to under 25 year-old jobseekers or unemployed. Similar measures can be found in the UK where for individuals whose school-leaving qualifications are insufficient for direct admission to an apprenticeship, the *Entry to Employment* scheme has been established, which aims to develop skills according to the learner's needs up to a level sufficient for entry.<sup>120</sup> Similar schemes can be

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supervised activities at the end of their workshop period. Workshop activities are being established as a permanent part of public sector services for young people; more than 80% of workshop projects have become permanent organizations. **EL - Vocational training system reform and Law on National Council for Linking Vocational Education and training; Youth Guarantee Programme** where training, work experience and different types of measures are combined following the needs of the young unemployed user. The duration of the programme is typically 12 months (Youth Schedule A). **MT – Employment Training Placement Scheme** (Youth Schedule A). **SE – Vocational training and On-the-Job Training.** Vocational training programmes are also provided within the regular education system (Youth Schedule A).

<sup>117</sup> **DE - Preparatory measures for vocational training (*Berufsvorbereitende Maßnahmen*).** They are aimed at providing young people with the basic skills for obtaining a vocational training place. They consist mainly of vocational guidance and orientation, providing basic skills and key competencies and workplace related experience.

Impact assessment: In 2005, about 105,700 young people took part in preparatory measures following the new concept (excluding the disabled). 6 months after having participated in the measure, 45% of the young people were employed and 38% got a place in vocational training. Thus the transition could be improved through the implementation of the new and more individualised concept. In the previous year, under the old scheme, 38% had found employment and 30% had started vocational training. The 2007 report on vocational training (*Berufsbildungsbericht 2007*) stresses that the different pilot projects carried out under the BQF and further programmes show that disadvantaged young people need individual educational and vocational guidance, including the early development of competences, and they need to obtain more practical education (Youth Schedules A, B and Youth Case Study Report).

<sup>118</sup> **SE – Activity Guarantee.** This is an ‘umbrella programme’ with individualised measures (Youth Schedule A).

<sup>119</sup> **DK - Basic Vocational Education (“Erhvervsgrunduddannelsen” - EGU).**

Impact assessment: Statistics show that 193 basic vocational education pathways were successfully completed in 2004, while 323 ended ahead of time. Among the completed programmes, male participants accounted for 54.4 percent, whereas they accounted for 62.2 percent of the programmes ending prematurely. It is important to note, however, that the high number of terminated programmes need not necessarily be a sign of failure; nearly 50 percent of those who ended the programme early did so because they had found regular employment or education. Furthermore, statistics show that 24.9 of graduates from basic vocational training have continued in other forms of education, while 39.4 percent are in regular employment and only 8.7 are unemployed. 27 percent did not denote their present occupation, however, so unemployment rates could be higher (Statistik for erhvervsgrunduddannelsen, 9-10).

However, basic vocational training would appear to have been quite successful in supplying young people initially unfit for standard jobs or schooling with employment or education (Youth Schedule B).

<sup>120</sup> **UK – Entry to Employment (E2E).** It takes places in three particular areas: Basic and Key Skills, Personal and Social Skills and Vocational Learning. Learning will focus on whichever of these areas is required most by the individual. The programme is therefore more flexible than other provisions, in that there is no fixed time duration and no fixed qualifications. It is therefore appropriate for the individual learner, and can take place in a variety of settings, from classrooms to e-learning to work placements. There is an intensive initial assessment of participants lasting from 2 to 6 weeks, where

found elsewhere (NL, LV, MT, SE, SK).<sup>121</sup> In some countries, the reforms define training and further vocational training programmes for those without vocational education and individuals whose education does not match the needs of the labour market (FR, LU, SL),<sup>122</sup> or provide for services supporting young people outside the educational system (ES).<sup>123</sup> This category also includes measures for setting up local and regional networks for the professional qualification of young migrants to give them a better chance to find work, also involving their families (DE).<sup>124</sup>

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needs are identified. More than 100,000 young people have been involved in Entry to Employment since it began.

Impact assessment: Entry to Employment participants have benefited from their involvement in E2E, including increased self-confidence, improved communication skills, IT skills and better team working skills. However, there are fewer reported improvements in their basic skills of literacy and numeracy. Most E2E participants considered that they were more likely to get a job, had a better idea of what work is like and had developed useful work-related skills. Almost all E2E learners reported that they had a better idea of what to do next as a result of taking part in the programme. The majority was hoping to move into employment, while others intended going on to work- or college-based further education or training. There is no assessment available of actual employment outcomes for participants (Study by Spielhofer *et al.*, 2003 on perceptions of 127 Entry to Employment participants) (Youth Schedule A).

<sup>121</sup> **MT – Bridging the Gap Scheme, Job Experience Scheme, Work Start Scheme** (Youth Schedule A). **NL - O&O youth model** (Youth Schedule A). **LV - Work practice of young unemployed people.**

Impact assessment: Mostly the young carried out work practice in the following professions: carpenters, mechanics and turners; young unemployed women underwent work practice in various professions in the textile industry (dressmakers, knitters) and in food processing professions (cooks, pastry cooks). Part of the young also work in specialist professions, for example as accountants, computer specialists, secretaries, computer operators, office clerks, technicians, programmers, social workers. In 2005, a total of 9,228 youths and 753 employers took part in this programme (Youth Schedule A). **SE - Preparatory Training (*Förberedande utbildning*)** (Youth Schedule A). **SK – Graduate practice and Education and Preparation for the Labour Market** (Youth Schedule A).

<sup>122</sup> **FR - Formation en alternance/PACTE *Parcours d'accès à la fonction publique territoriale, hospitalière et d'Etat*** (Youth Schedule A). **LU – School System.** Students aged 15 and over with educational difficulties and who need preparation to enter the labour market can attend technical vocational secondary education (*Régime technique*) and vocational training (*Régime professionnel*). Students acquire vocational qualifications through dual (study-work) arrangements (*régime professionnel*) lasting three years and leading to either a vocational skills certificate (*Certificate d. Aptitude Technique et Professionnelle*) or manual skills certificate (*Certificat de Capacité Manuelle*) (Youth Schedule A).

**SL – Social Inclusion Strategy Implementation** (Youth Schedule A).

<sup>123</sup> **ES - School workshops and employment houses.** They are work and training centres where young people (aged 15-26) who are out of work receive vocational training combined with hands-on work. This measure should help them to improve their opportunities in entering the labour market (Youth Schedule A).

<sup>124</sup> **DE - Berufliche Qualifizierungsnetzwerke (BQN) für Migrantinnen und Migranten-Networks for raising awareness of the necessity to support people with migration background in entering vocational training and labour markets** (Youth Schedules A and B, Youth Case Study Report).

**Box 1 Germany - Networks to support people with migration backgrounds in entering vocational training and labour markets/*Berufliche Qualifizierungsnetzwerke (BQN) für Migrantinnen und Migranten-***

Abstract

This measure is part of a national professional qualification Programme run by the Federal Ministry for Education and Research (*Berufliche Qualifizierung für Zielgruppen mit besonderem Förderbedarf*). The programme's objective is to find new ways of integrating disadvantaged groups into training.

The BQN measure involves setting up networks and improving methodologies to reach and motivate young people with a migration background with the aim to motivate them for vocational training. At the regional and local level, 10 networks have been created so far to increase the awareness of all relevant key actors (municipalities, local Public Employment Services, Chambers, social partners and organisations of ethnic minorities, schools, training institutions and regional research centres) on the specific social and cultural situation of the young with a migration background. This facilitates tailored approaches and methods for increasing the participation of these young people in education and training.

The activities involved are:

- Transition from school – vocational training – job. Networks had to work for integration built on the competences rather than deficits of young migrants and the implementation of an awareness-raising strategy.
- Improvement of strategies to motivate companies to offer more training places. Awareness-raising at company level.
- Development of local policies at municipality level to promote vocational training, creating networks at municipality level with relevant actors and existing migrant associations.
- Development of preventive policies in the area of education, higher education and research. It was BQN's task to highlight problems linked to the educational system.
- Public relations. Cooperation with local and regional media, ethnic communities, professional media etc.

Two conceptual workshops (*Entwicklungswerkstätten*) were organized. The first identified competences explicitly considering the migration



background. The second focused on greater intercultural openness in the public sector.

#### *Impact assessment*

It was difficult to overcome existing prejudices among actors; awareness-raising is a slow process. Nevertheless, networking has proved useful as it represents a platform for the exchange of experience and know-how transfer towards those actors unsure about joining the networks.

The pilot project evaluation shows that there is a still long way to go until all the actors involved (including Human Resources managers) are fully informed of the facts (*cf. Bundesministerium für Bildung und Forschung*) (2006): *Modelle und Strategien zur Verbesserung der Bildungsbeteiligung von Jugendlichen mit Migrationshintergrund.. Ergebnisse der Initiativestelle Berufliche Qualifizierung von Migrantinnen und Migranten. Band III der Schriftenreihe zum Programm "Kompetenzen fördern – Berufliche Qualifizierung für Zielgruppen mit besonderem Förderbedarf (BQF-Programm)*. In general, highly individualised approaches taking a comprehensive approach towards young peoples' competences seems to be more successful. However, implementation within the given structures has its limitations.

Arguably, the different approaches tested can only be successful if they are integrated in the general education system and not only applied at the end of schooling. Project coordinators also stressed that the reasons for unequal access to training and to the labour market are found firstly in the school system. Therefore, awareness strategies can only have a limited impact as long as the structures are not changed (*cf. G. Baumgratz-Gangl, Vorsorgen statt kurieren! Förderung von Bildungschancen von Jugendlichen mit Migrationshintergrund in Deutschland; in: BWP 1/2006*).

- The strengthening of incentives that oblige young people with a low skills level to enter for a varying period of time an in-work training process through placement in a firm.<sup>125</sup> In some cases, this

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<sup>125</sup> **BG - Facilitating the transition of young people from education to work** (Youth Schedule A). **CY - Strategic Development Plan- equality between men and women in employment** (Youth Schedule A). **DK - Job-training (Jobtræning)**.

Impact assessment: A study conducted by the Labour Market Directorate (*Arbejdsmarkedsstyrelsen*) shows an employment effect of 65% from the Job-training programme, measured six months after the end of the Job-training programmes (Youth Schedule B). **Company internships (virksomhedspraktik)**.

Impact assessment: Statistics indicate that the company internship measure is the most effective form of activation. Population figures show that 55% of activated people got in touch with a future employer through a company internship (*Arbejdsmarkedsstyrelsen, 2004: 2*) (Youth Schedule B). **EL - Internship programme for private institutions** (Youth Schedule A). **HE – Work Internships**

placement is targeted at certain groups, for example young people with a migration background (DE, SE).<sup>126</sup> This type of measure also includes apprenticeships for young people of compulsory schooling age (IT).<sup>127</sup> Apprenticeship is promoted as an alternative to formal education for young people beyond the age of 16 to learn general and specific vocational skills.<sup>128</sup> In the UK, Young Apprenticeships have been introduced for 14-16 year olds, involving two days per week of vocational learning in school or a workplace as well as 50 days' work experience.<sup>129</sup> In Romania,

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(Youth Schedule A). **IE - FÁS 'National traineeship programme'** - An occupational skills development programme, tailored to the needs of Irish industry and local businesses. Traineeships combine off-the-job training in FÁS or FÁS-approved training centres with workplace training in the company; **Training Network Programme/TNP** (Youth Schedule A). **LV - Summer internships for students of general and vocational secondary educational institutions.**

Impact assessment: 9,264 pupils were involved in this measure during 2005 against 3,223 during 2004. Jobs are often low-skilled and badly paid and this could encourage students to continue with further education and thus enhance the chance for getting better-paid jobs in the future (Youth Schedule A).

**PT - 'Inov-Jovem', 'Inov' and 'Contacto'.** They contribute to orientation, training and integration.

Impact assessment: The expected outcome is to employ 25,000 young graduates until 2009. The Inov-Jovem programme is considered to be highly successful if evaluated according to demand from employers and graduates (Youth Schedule A).

<sup>126</sup> **DE - Networking for promoting vocational training in companies owned and led by foreigners/Kausa - Koordinierung Ausbildung in Ausländischen Unternehmen.**

Impact assessment: Up to 2005, about 5,700 new training places have been created as a result of networking. The objective is to create another 10,000 vocational training places between 2005 and 2010. Some limits of the measures are linked to factors such as insufficient information about the dual system, the company owner's lack of competence in providing training, training costs, the size of the company (mostly very small), economic position of the company, legal requirements, cultural background (Youth Schedules A and B, Youth Case Study Report). **SE - Workplace Introduction for immigrants** (Youth Schedule A).

<sup>127</sup> **IT - Apprenticeship Contract (Contratto di Apprendistato).** One of the three categories of apprenticeship defined by Legislative Decree No. 276/2003 encompasses the right/duty to participate in vocational education and training and lasts for three years. The measure is aimed at young people from 15 to 18 years and those over 18 who have not completed a sufficient period of education or training.

Impact assessment: A dedicated commission monitors and evaluates the apprenticeship measure (Art.17 Legislative Decree 276/2003) (Youth Schedule B).

<sup>128</sup> **CY - Apprenticeship** (Youth Schedule A). Young people who have completed compulsory education or upper secondary education dropouts who wish to be trained and employed in technical occupations may participate in the Apprenticeship Measure. **FI - Apprenticeship training** (Youth Schedule A). **ET - Apprenticeship** (Youth Schedule A). **IE - Apprenticeship.** It is the recognised means to become a craftsperson in Ireland, and is organised by FÁS in cooperation with the Department of Education and Science, employers and unions. On successful completion of their training, apprentices receive a national craft certificate, recognised both in Ireland and in other countries. This certificate will become the requirement for craftsperson status.

Impact assessment: Through the systematic development and assessment of skills and competences, apprentices are set to become more productive and reach effective worker standards more quickly. The apprenticeship system is generally considered to be highly effective in developing the skills of young people (Youth Schedule A). **FR - Apprenticeship** (Youth Schedule A). **MT - Apprenticeship** (Youth Schedule A). **SE - Apprenticeship** mainly addresses unemployed people aged 20-24. The aim is to combine secondary or upper secondary education with vocational training. Training takes place in several workplaces through rotation and is combined with theoretical education; **Apprenticeship training at a sectoral level/ AVET/KY** (Youth Schedule A).

<sup>129</sup> **UK - Young Apprenticeship.** It is an opportunity for 14-16 year olds to acquire skills and knowledge in a vocational context, whilst still in full-time education (Youth Schedule A and Youth Case Study Report).

apprenticeships are an alternative for young people with low levels of education and without qualifications. In these cases, besides apprenticeship contracts, the young can attend an additional year after obtaining the compulsory school certificate which enables them to enrol in a vocational high school (RO). In other cases (NL),<sup>130</sup> in-work training has proved to be ineffectual.

Encouraging companies to assume *educational roles* with regards to young people in training, and for the unemployed young in particular, also through government financing and various incentives (RO).

### Information, guidance and counselling

In all member countries, training and work pathways of young people and their transition to subsequent life cycle stages is entrusted to public services that inform, guide and counsel on employment issues (BG, CY, CZ, DE, DK, ES, FI, EL, HU, IE, LT, LV, MT, RO, SE, UK),<sup>131</sup>

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Impact assessment: The number of apprentices involved so far is small (about 3,000 starts) though increased numbers are expected (9,000 to start the programme in September 2007 – no information available about whether this was achieved). Achievement was satisfactory or better in 19 of the 24 partnerships surveyed and outstanding in one. In around half the partnerships, achievement was good. No assessment of future employability has been undertaken (*Ofsted, 2006*) (Youth Schedule A).

<sup>130</sup> **NL – Vocational training system.** Impact assessment: Training is an effective reintegration instrument for older unemployed but it is an *ineffective* instrument for young unemployed. This is a serious drawback in the attempt to fight youth unemployment with training measures. One of the reasons might be that the training offered to young people is too similar to the type of education that made them leave school early, or that training has been supplied to young people who already had a sufficient level of education (Koning, J. de, A. Gelderblom, K. Zandvliet and L. van den Boom, *Effectiviteit van Reïntegratie de stand van zaken, literatuuronderzoek (Effectiveness of reintegration activities. State of the Art. A literature review, SEOR B.V., 2005)*. **Apprenticeship** (Youth Schedule A).

<sup>131</sup> **BG - Facilitating the transition of young people from education to work** (Youth Schedule A). **CY - Strategic Development Plan- equality between men and women in employment** (Youth Schedule A). **CZ - Guidance and counselling for learning, career and employment (poradensvi).** Most career counselling services are provided within two parallel systems. (1) Career counselling services provided at schools and school counselling facilities, which are primarily focused on solutions to problems during studies and in the process of choosing or changing educational paths. (2) The Ministry of Labour and Social Affairs' (Employment Services Administration) system of counselling services is aimed at resolving problems related to the transfer from school to employment, and at helping job seekers to find work and to increase their employability through retraining. Additionally, there is a number of other providers of counselling services, particularly private providers, employers' associations and counselling organisations which fall under the responsibility of the Ministry of Industry and Trade and other bodies (Youth Schedules A and B). **DE - Measures including counselling, support of school graduation, vocational education** (Youth Schedule B and Case Study Report). **DK – Education and Job guidance.** Guidance centres provide support in relation to the transition from compulsory school to youth education to higher education (Youth Schedule A and Youth Case Study Report). **ES – Modernisation of Public Employment Services** (Youth Schedule A). **FI – Vocational guidance and career planning** (Youth Schedule A). **EL – Public Employment Services** (Youth Schedule A). **HU – Development of contents in vocational training.** An information system has been set up to help training institutions adapt to the labour market and react to labour market demands (Vocational Training Act Amendment, 2007) (Youth Case Study Report). **LT - Lithuanian Citizens Advice Union** (Youth Schedule A). **LV – Individual and group counselling** (Youth Schedule A). **MT – Youth outreach Programme/Job Clubs** (Youth Schedule A). **RO – Counselling** providing young people with tailored guidance for choosing a suitable education pathway leading to a labour market qualification, reducing the mismatch between education outcomes and

sometimes specifically designed for the target group (ET, FI, IE, MT, SE, SK).<sup>132</sup>

The close integration between guidance services and the educational system is a key characteristic of policies in countries like Denmark and Finland, where guidance and the provision of tailor-made services has become an individual right, in some cases extended by a gender focus (DE). Here, the evolution of policies has led to the introduction of the mentorship institution (in Germany we find the Individual counsellor in the PMVT): a professional who helps the young person solve problems linked to job seeking and/or of social and personal nature. For example, the individual is helped to assume and maintain the respect for working hours and tasks.<sup>133</sup>

### **Box 2 Denmark - Mentorships (*mentorordning*)**

#### Abstract

Mentorships are mentioned in both the law on active employment (LAB § 78-81 and § 101) and in the integration law (INL § 23d) (Skov Nørregård, 2007: 11). Mentorship programmes are thus used not only in connection with youth unemployment, but have also been successfully introduced to measures targeted at general unemployment and unemployment among immigrants.

A mentor can be **defined as an experienced person who accompanies the progress of the less experienced mentee by providing guidance, answering questions and helping in the development of personal ideas.** Mentors have different backgrounds, the most important criteria being empathy and specific competences relevant for the person assigned to him or her (Jensen and Brixen, 2007: 12-14).

There are two different mentor types, each pursuing a different goal.

Firstly, there is the *professional mentor*. Professional mentors are

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labour market requirements (Youth Schedule B and Youth Case Study Report). SE – **In-depth mapping and counselling** (Youth Schedule A). UK - **Job Centre Plus** (Youth Schedule A).

<sup>132</sup> FI – **Vocational rehabilitation**. Different services are provided for those persons whose potential for gaining suitable work, retaining their job or advancing in work has diminished significantly due to an injury, illness or disability (Youth Schedule A). ET – **Measures supporting transitions for disabled/’School is for Everyone’** (Youth Schedule A). IE – **’Know Before You Go’ campaign centre and other FÁS Support for Economic Migrants** (Youth Schedule A). MT – **Campaigns for young women** (Youth Schedule A). SE – **Employment Development** for persons with functional impairments reducing their work capacity; **Sheltered employment by other actors than SAMHALL; Disability Measures for promoting inclusion of sick and disabled persons** (Youth Schedule A). SK - **Guidance and counselling** (Youth Schedule A).

<sup>133</sup> DK – **Mentorship** (Youth Schedule B and Youth Case Study Report). LU – **Mentorship** (Youth Schedule A).

needed when the goal is to find a job or education for mentees and ensure that they stay and complete their time in the company or school.

Secondly, there is the *personal mentor*. Here, mentees' problems are much more severe and the goal is to help them overcome these personal problems. To achieve this, a social worker or a teacher may be better suited than a fellow employee.

Using the correct mentor type is crucial when implementing the mentor measure. Ideally, a mentor combines professional and personal aspects, but it should always be considered which type is more suitable for the specific mentee.

#### *Impact assessment*

Statistics from the municipality of Copenhagen show that 65-75% of mentees were still in their positions after six months, while the number of drop-outs from a vocational school halved after the introduction of mentorships. They can therefore be described as “a little effort with a big effect” (Jensen and Brixen, 2007: 13-14). Another study concludes that, although there is no in-depth research on the mentorship programmes, “those who are specialists in the field know that many municipalities using mentorship programmes are reporting very positive results” (Skov Nørregård, 2007: 11). For instance, the educational mentorship study from Vejle found that 22 out of 24 mentees were satisfied with the programme, saying that their expectations have been met. Among the mentors, 26 out of 30 evaluated the programmes positively. Negative remarks mainly stemmed from the mentors feeling that the mentee was not cooperative or disciplined enough (Jensen and Brixen, 2007: 23-24).

An essential initial level is the introduction of an information system aimed at both monitoring the condition of young people (monitoring early leavers: ET<sup>134</sup>) and providing details of educational provisions in schools, technical and vocational education and training, the labour market and the employment situation of school leavers, including early school leavers. In some cases (CZ, DE, MT), web-based information systems have been set up.<sup>135</sup> In some countries, specialised officers have been tasked to establish

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<sup>134</sup> ET – Education Information System/EHIS (Youth Schedule A).

<sup>135</sup> CZ - Information System on the Labour Market Success of School-Leavers (ISA) and “VIP Kariera”, a pilot project aiming at information and career guidance development that was introduced in 2005. The aim is to identify employers' needs and their opinion concerning school graduates' preparedness for working life, to survey opinions of labour offices representatives on school graduates' chances on the labour market, to probe unemployment analyses and assertion of school graduates on the labour market. The information is then offered to students by school counsellors and it is also published on the internet. Primary school students can use this information to choose their own educational plans and schools can use it for their educational programmes as well.

contact with early school leavers and their families to inform them of the chances the system offers and thus bring them back into standard training and professionalization courses (DE).

### Financial provisions

In many countries financial *incentives* have been offered to remain in training and to increase participation in post-compulsory education by offering money to young people from poorer households if they remain in full-time education at a school or college (FI, LU).<sup>136</sup> These measures aim to reduce the obstacles caused by the costs of remaining in educational pathways and are differentiated according to the educational levels (LV, PL, SE).<sup>137</sup> For the younger groups, forms of child allowance have been introduced (CY, CZ, FI, HU, IE, LU, SE, UK)<sup>138</sup> while on a university

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Impact assessment: Measures promoting career guidance are seen as positive by teachers and the public. A public information portal on the employment situation of school leavers was launched only in mid-2007, and therefore there are not any evaluation reports available yet (Youth Schedule A). **DE – Vocational orientation for girls and young women/New Ways for Boys.** On one specific day every year, vocational orientation is organised for girls in schools. Companies, public bodies, universities and research centres inform the girls about different professions in the area of crafts, technical vocations, information technologies and natural sciences. Not only specific guidance for widening up the vocational choices of girls are implemented but also a pilot programme for young men has been designed. The pilot project “New Ways for Boys” is managed by the Federal Ministry for Youth and Family. It aims to increase the social competencies of young men and overcome traditional views on the roles of women and men in society.

Impact assessment: Girls are very interested in participating in these specific vocational orientation events although they can only help to change attitudes. Attitudes change slowly so the impact should be assessed in the long-term. Moreover, a public infrastructure for child care is still lacking for the young girls benefiting from these measures. This means a lower impact in a lifecycle perspective (Youth Case Study Report). **MT - Jobs via E-mail & SMS / Jobseeker direct free phone** (Youth Schedule A).

<sup>136</sup> **FI – Training provided free of charge by Employment Services.** For the duration of training, the recipient can receive a training allowance, which is equal to the unemployment allowance, or labour market subsidy. **Training allowance** (Youth Schedule A). **LU - Unemployment benefit after completing the training and Unemployment indemnities for young people leaving school with an internship period of 26 weeks** (Youth Schedule A).

<sup>137</sup> **LV – Students grants and loans.** Impact assessment: Because of insufficient funds, only about 16 percent of publicly funded students receive these funds (Youth Schedule A). **PL – Student loans** (Youth Schedule A). **SE – Student Aid.** In addition to the aids given to everyone (regardless of age, family position or place of residence), special funds are mainly given at compulsory and upper secondary school levels. Student aid consists of a grant and a loan (Youth Schedule A).

<sup>138</sup> **CY - Monthly care allowance.** It is given to those obliged to stay home to take care of a family member, thus losing the opportunity to enter or being forced to leave the labour market (Youth Schedule A). **CZ – Child allowance.** A family whose income does not exceed a defined limit in the previous calendar year (triple the subsistence minimum) is entitled to child allowance. Child allowance is divided into three categories on the basis of the child’s age and the family income and is paid to the parent until the child reaches 18. If the child studies at university or college, the allowance is paid up to the age of 26.

Impact assessment: The existing system of child-linked benefits is fragmented (there are other similar benefits). Their level could generate inactivity and poverty trap. For low-income families with a larger number of children this could mean less motivation to tackle their unfavourable situation through work (Jahoda, 2006:49). The social security reform will lower the income level constituting entitlement to the allowance, and the benefits will be fixed according to the child’s age and not indexed automatically. As a result, the number of households receiving the benefit will decrease and the future purchasing power of the benefit will no longer be guaranteed. The partial reduction of child allowance

level, the state provides study loans, also for studying abroad (DK, ES, FI, MT).<sup>139</sup> There are also measures that help pupils buy computers and young people from rural areas and from underprivileged backgrounds to continue their education (RO).

### **Box 3 United Kingdom – Education Maintenance Allowance**

#### Abstract

The aim of EMA is to foster participation in post-compulsory education to increase the supply of qualifications and skills to the labour market by offering payments to young people from poorer households if they remain in full-time education at a school or college. The aim is not to help those who lose their jobs return to the labour market but rather to capture young people and get them to extend their learning before even entering the labour market.

Weekly payments to young people in full-time education are made according to household income:

up to £20,817 per year	£30 per week
£20,817 - £25,521 per year	£20 a week
£25,522 - £30,810 per year	£10 a week
More than £30,810 per year	No entitlement to EMA

Payments of £150 are made upon reaching set points of courses.

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will be offset by high tax allowances related to wage income (see below – an increase by 80% per child and per annum). This system will be beneficial for families where at least one parent works (Youth Schedule A). **FI – Child allowance** (Youth Schedule A). **HU – Child care allowance**. Any parent can receive it until the child is three (Youth Case Study Report). **IE - New Community Childcare Subvention Scheme**. Community childcare services receive subventions to reduce childcare fees to parents who are engaged in education, training or work experience programmes where an underlying entitlement to such a payment is established (Youth Schedule A). **SE – Study Allowance and Child Allowance** paid to all children up to 16. An extended child allowance is paid for children over the age of 16 if the child is attending compulsory school. Supplementary allowances are provided for additional children (Youth Schedule A).

**LU – Education cheque** (Youth Schedule A). **UK – EMA/Education Maintenance Allowance** (Youth Schedules A and B and Case Study Report).

<sup>139</sup> **DK – State Education Grant and Loan Scheme** (Youth Schedule A). **ES – Study Loan Programme** (Schedule A). **FI – Student Financial Aid** (Youth Schedule A). **MT - Youth Specialization Study Scheme** (Youth Schedule A).

There is a freedom of choice over the type of learning taken up.

Additional bonus payments are made to young people for remaining in courses for given periods of time and for achieving certain levels.

The EMA is a national policy, available throughout the country, but administered at the local level by regional Learning and Skills Councils. The money is paid directly into young learners' bank accounts.

#### *Impact assessment*

The EMA increased immediate post-compulsory participation by 5.9 percent. This impact was strongest for men, those from lower income families and those who were not high achievers at the end of compulsory schooling. Young people seem to have been drawn into education who would otherwise have entered work or training (-3.4 percent) or the Not in Education, Employment and Training-NEET group (-2.4 percent). Participation rates increase at ages 16, 17 and 18. However at age 19, when EMA payments are no longer made, there is no significant impact on participation (Middleton *et al.*, 2005, mentioned in Schedules A and B).

In other cases, firms receive subsidies if they provide training activities for raising the competences of young people unemployed before being hired (NL<sup>140</sup>).

#### **6.2.1.a.2 Comments**

The policy and measures adopted for tackling the problem of early school-leavers are based on the filter function of schools and the educational system in general. The differentiation introduced through the various channels is meant to ensure that the young enter the labour market with an adequate level of competences with regard to their professional prospects. The various “filters” ensure that the loss of a qualified work force is reduced to a minimum. The not particularly encouraging figures (in some countries only 60% of the young achieve the expected results after the three years of upper secondary school) prompts reflection on the performance of the educational system in the context of labour markets increasingly requesting knowledge, skills and competences that are not provided by schooling alone. What is needed is a comprehensive approach

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<sup>140</sup> NL - Subsidies for providing training to the unemployed. Impact assessment: Until autumn 2005 only few companies used this scheme (Youth Schedule A).



to the relationship between education, training and the labour market. But this school-to-work perspective can only become effective if institutions and education and training social partners reconsider their roles and tasks to undertake “early” and “sustained” interventions (OECD, 2002:31).

Traditional education and training systems cannot be developed in a self-referential manner without strengthening links with the social partners and the world of work. This is the only profitable way to acquire demand-driven skills that meet the needs of enterprises for qualified workers.

The filter set-up is mitigated through measures that tend to encourage transitions between the different possible educational positions or conditions of the different youth clusters, such as:

- Equal academic status for the various training channels, independently of whether they are linked to curricular models or just have a learning outcome verification system.
- Equal academic value of the certificates issued permitting access to university and tertiary education.
- The possibility of changing the educational channel and re-entering an academic pathway at any moment of the personal pathway.

The implementation of this policy depends on whether or not public policies can start restructuring educational systems, replacing the centrality of the school with the centrality of education.

To this end, it is essential to have instruments which enable:

- The early diagnosis of the different types of propensity to study of the different youth clusters and the start-up of suitable training pathways.
- The activation of individualised and tailor-made supports.
- The integration of in-work training, not from the perspective of an early start in work but as a training pathway (subordinate work, self-employment and entrepreneurship), to be acquired inside firms accompanied by a suitable theoretical education. There are various transition-from-school/training-to-work models, all respecting the institutional structures and pathways that, in the various countries, have accompanied their adoption (unpaid work experience while still at school, arrangements that combine schooling with half-day or one-semester-per-year, paid work as part-time students or holiday jobs). There has been a positive experience in countries in which young people approach the labour world through the dual system and the different forms of apprenticeships and internships (DE, DK). The common factor is

the benefit derived from contact with the world of work during education and training. The school-to-work transition cannot be merely sequential. A modern vision of the links and relationships between the educational and training system, as outlined in national and local socio-economic situations, requires the definition and activation of policies and measures that take into account not only the demand for employment but also the quality of the supply.

- The reform of the old second-chance models not just from a remedial perspective.

#### **6.2.1.b. Conclusions**

The problem of the high percentage of early school-leavers can be solved with strategies differentiated according to conditions in the various countries, and within them their different regional situations.

Key factors conditioning the possible interventions are:

- The percentage of young people who interrupt their education or conclude it before having reached a suitable level, since this figure determines the extent of the problem.
- The state of progress of the educational reform, with the consequent possibility of having an educational system based on the educational role of the labour world (companies) and of organized civil society (associations).
- The presence of companies able to assume an educational role, that is with an adequate level of knowledge management capacity, and the presence of an organized civil society.

In countries whose performance is inadequate with regards to each of these factors, the objective of reforming the educational system becomes a priority with a view to strengthening its relationship with the labour world and reducing its ideological tasks in favour of competence development. In these same countries, the focus must be on the educational development of young parents to prevent cultural reproduction phenomena against their children, fostered by the low effectiveness of the educational system.

In countries whose performance is inadequate, but where the reform of the educational system has been initiated, new educational channels have to be constructed, outside the traditional school system but an integral part of the new training pathways. Within this framework, it becomes essential for firms to increase the amount and quality of the training provided for young people.

In the situations in which the reform processes are well advanced and the educational systems have been stabilised, the main objective will be to

move from a curricular-driven education to a model centred on students' learning outcomes.

The starting point of a flexicurity policy should be the adoption and implementation of policies aimed at reducing the number of early school leavers. Policy results, in fact, enable achieving the reduction of less employable individuals and, at the same time, having potential skilled workers for the future who are more likely to develop personal and professional competences and to cope with social and economic changes.

### ***6.2.2. Developing social life***

#### **6.2.2. a. Focus**

The policies supporting the process of developing social life aim to facilitate young people's access to cultural and sporting infrastructures, to the different types of non-formal education, associations and voluntary work, and involvement in social and informal networks. The main purpose of these policies is to foster the access to instruments through which young people can develop processes of self-directed learning and self-guidance.

#### **6.2.2. b. Common trends**

Access to and the construction of social networks on behalf of or at the initiative of young people perform the function of developing active citizenship and providing them with a key instrument for professional and personal growth in adulthood, in the form of membership of dynamic learning networks.

The rights and possibilities to set up formalised networks (associations of various types) is regulated with varying degrees of flexibility from one country to another (age of those in charge, purposes and aims, guarantees, nationality of members, etc). Together with these rules, the opportunity represented by the dissemination of national and European "civic service" and its contribution to promoting citizenship should also be considered. Measures to support the development of young peoples' social lives aim to facilitate access to existing social networks or promote new ones.

In the first case, the measures mainly act on a preparatory basis, in that they develop a community awareness in young people and provide information on the various opportunities in the fields concerned (cultural,

religious, social assistance, political, labour movements, etc), e.g. ET,<sup>141</sup> FI.<sup>142</sup>

In the second case, the measures are intended to encourage young people to set up new associations by offering various types of help (premises, instruments, advice, etc).

The financial measures are normally included in the category of financial help to set up and manage young people's associations, in the form of direct grants or tax relief.

The access and use of infrastructures and services to support self-directed learning (culture, sport, communication, etc.) and non-formal education of young people are a field of action in which local public policies and the free training market (aesthetic education, dance, music, etc.) predominate.

However, there are also public policies for constructing youth cultural centres, supporting sporting activities, creating special sections or activities for sports or within cultural infrastructures, etc.

Access to cultural products and infrastructures is considered in terms of available opportunities, rather than as an individual right. The implementation measures are mainly addressed to young people already in learning situations and rarely to young people in other circumstances (workers, unemployed, etc).<sup>143</sup>

Measures in this area can have the following purposes:

- providing young people with cultural training, starting from school education
- connecting art and culture with young peoples everyday lives
- facilitating access to cultural infrastructure and transforming it in the light of a demand-driven approach
- facilitating access to the market for cultural products
- encouraging cultural production activities by young people.

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<sup>141</sup> **ET – Youth Work** The aim is to create possibilities for young people to be involved in activities which facilitate their development outside their families and formal education, on the basis of their free will. It supports the integration into the society through informal learning. Youth work includes social, cultural, health education, hobby activities, youth workshops, counselling services, crime prevention. As to the financing, the state budget via the Ministry of Education's grants covers costs of youth national institutions, youth associations; projects of non-governmental organisations are co-financed by the Gambling Tax council (Youth Schedule A).

<sup>142</sup> **FI - Local Youth Councils and Youth Influence. Youth centres** (Youth Schedule A).

<sup>143</sup> European Employment Observatory. Review: Autumn 2005.

The financial measures adopted are intended to reduce the costs of cultural activities, i.e. by providing vouchers for purchases or access.<sup>144</sup>

These measures could also, for example, include loans or financing of studying or working abroad, not necessarily as part of a particular training pathway.

The process of developing social life is only indirectly linked to training and work policies of EU Member States and usually this task is left to local policies and to families.

#### ***Box 4 Italy - National Civilian Service/Servizio Civile Nazionale***

##### Abstract

The National Civilian Service (SCN) pursues the following aims (l.64/2001):

- to foster the implementation of the constitutional principles of social solidarity, with particular focus on the protection of social rights and personal services;
- to contribute to the civic, social, cultural and professional formation of young people;
- to participate in safeguarding and protecting the environmental, forestry, historic-artistic, and cultural heritage and in civil defence
- to promote solidarity and international cooperation.

The National Civilian Service is addressed to Italian citizens from 18 to 28 years. Civilian Service projects can be implemented in Italy and abroad and last for 12 months.

Members of the SCN include the *Ufficio Nazionale per il Servizio Civile* (UNSC), Regions and Autonomous Provinces, accredited bodies who manage Civilian Service projects and volunteers. Accredited bodies are public administrations, not for profit associations and NGOs who work in the areas specified by the law and who possess the structural and organizational requisites, as well as adequate competences and resources destined specifically for the SCN. These bodies select volunteers for

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<sup>144</sup> LT - Revised European Social Charter (Youth Schedule A).  
See also European Employment Observatory. Review: Autumn 2005.

implementing approved Civilian Service projects. At the end of the year, the UNSC issues a certificate to the volunteer.

Fund for youth policies:

a) "Access to the labour world" project, to support initiatives for facilitating the young generations' access to work

b) "Access to a house" project, aiming at removing the obstacles young people encounter for acquiring or renting their main residence

c) "Access to credit", to promote young people's access to financing for their cultural and professional formation

d) "Young Ideas Change Italy" national competition to promote and support, through public contributions, young people's programming and creative abilities<sup>145</sup>

e) "Youth Charter" project for supporting the cultural formation of young people by offering subsidies for consumption through agreements with transport firms, publishing chains and theatre associations

f) Initiatives regarding specific needs of young people in metropolitan areas.

The Fund is shared between the Ministry of Youth Policies and Sporting Activities for implementing actions of national interest and the regions, provinces and local authorities.

Financing in 2007 amounted to € 60 million.

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<sup>145</sup> The national competition closed at the beginning of 2008. There were 15,404 participants (all Italian citizens who were 18 years of age or over at 16.04.2007 and who had not reached 35 before 15.03.2007). The competition offered financing (up to a maximum of 35,000 €) for the best projects in the following thematic areas: - technological innovation; - social utility and civil commitment; - sustainable development; - management of urban and territorial services for young people's quality of life.

64 "innovative ideas" were selected and financed, principally in the areas of technological innovation (with 25 projects) and social utility and civil commitment (with 22 projects). Information on the competition can be found (in Italian) on the website [www.politichegiovani.iesport.it/sito/politiche-giovanili/giovani-idee-cambiano-l-italia/](http://www.politichegiovani.iesport.it/sito/politiche-giovanili/giovani-idee-cambiano-l-italia/)

#### **6.2.2.c. Conclusions**

The policies fostering the development of young people's social life can have different priorities according to the degree of social cohesion and communication existing in the area.

The intervention strategies for encouraging young people to use cultural infrastructures can be differentiated according to the availability of the infrastructure and its destination (cultural, sports, communication, leisure-time, etc.). In the contexts with a good presence of cultural infrastructures, a priority could be the improvement of cultural planning initiatives, fostering their social function and their contribution to young people's development. In less favourable contexts, the objective should be to provide the necessary infrastructure and opening up the ones existing to young people.

The intervention strategies for developing the access to and inclusion of young people in social networks can be differentiated according to the quality of local infrastructures and associative life. Distinctions have to be made among the different networks constituting the social capital of a territory, according to whether they possess features of reciprocity, of homogeneity and heterogeneity, assume strong and weak, latent and open commitment with different degrees of intensity (frequency of contacts) and duration (stability).

The links which develop in the networks provide members with different types of combined training sources, including exchange of information, acquisition of material and non-material resources, political mobilisation, power sharing, educational solidarity, benchmarking and mutual support in critical situations. Given the provisional nature and informality of many youth networks, the policies must consider and legitimize all those which can structure the relations which are present in each regional or local context. To this end, the policies can aim at forming the necessary competences for participating in the networks, managing inclusion processes and contexts favourable to the creation and development of learning networks. The minimum level to be guaranteed is that of the exercise of associative freedom in all sectors of civil and working life.

This is a crucial stage of the flexicurity strategy as it helps to develop young individuals who have a high level of autonomy and are willing to take personal and social responsibilities.

### 6.2.3. Entering a professional learning process

#### 6.2.3.a. Focus

Policies providing professionalization pathways outside of school and before entering the labour market aim to offer a basic qualification or minimum competences for commencing a professional activity.

#### 6.2.3.b. Common trends

This is a type of policy that operates by creating a separate channel from general education, normally aimed at future manual workers. In this case, the young people are selected early on and inserted in this channel- that does not lead to a qualification valid in the educational system but to a vocational certificates.

This trend still exists in some countries (IT), but is being gradually absorbed:

- Into general education pathways, because of their progressive integration with the labour world and their growing focus on employability
- Into active labour market policies, by admitting young people interested in personal vocational development pathways or in alternating study-work programmes (i.e. FR,<sup>146</sup> FI<sup>147</sup>, LU<sup>148</sup>). In the

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<sup>146</sup> **FR - Professionalisation contracts/Formation en alternance.** They are designed to provide vocational training to young people aged 16 to 25 and job-seekers over 26 years old. They are intended for use by private businesses, which have to hire these employees on a classic contract (open-ended contract, fixed-term contract or new recruitment contract) and must pay the individuals holding these jobs according to their skills level if they are young people (55% to 80% of the minimum wage) and at least the minimum wage if they are older jobseekers. Impact assessment: By the end of June 2006, 104,000 professionalization contracts had been concluded with young people (121,000 contracts in total). In 2006, the rate of contracts signed outstripped the rate for the former qualification contracts, even though it remained below that for all the former combined job/training contracts (adaptation, orientation and qualification contracts). The first quantitative elements show that the new professionalization contracts are shorter than the qualification contracts (15 months as opposed to 18 months). In accordance with the national multi-sector agreement objective, the skills in question are certified more by sector qualifications than state qualifications since the reform's objective was to give the sectors direct responsibility for defining training and assistance actions tailored as closely as possible to their skills requirements (Youth Schedule A).

<sup>147</sup> **FI – Youth workshops** offer training and work practice to unemployed young people under 25. The Ministry's Youth Policy Division is responsible for developing the content of youth workshop activities. Impact assessment: Youth workshops have seen considerable developments over the last ten years. In 2005, 66% of young workshop participants found placements in education, training, work or other supervised activities at the end of their workshop period. Workshop activities are being established as a permanent part of public sector services for young people; more than 80% of workshop projects have become permanent organizations. In 2006, youth workshops were supported from the youth sector budget for €4,1 million. In addition, about €3 million of European Social Fund project funds are used for this purpose (Youth Schedule A).



UK, in relation to the active labour market policy we can find the New Deal for Young People/NDYP aimed at increasing participation of all young people aged 18-24 who have been unemployed for 6 months to education and training. Not undertaking this training measure ceases their entitlements to benefits (see Box 5 below).<sup>149</sup>

Some programmes include training in applied literacy and numeracy, basic IT skills, technology education and a number of modules in social skills for people with little or no skills and qualifications (i.e. MT<sup>150</sup>). Some measures are addressed specifically to migrants (i.e. in general<sup>151</sup> and Roma, for instance, in BG<sup>152</sup>).

Other countries adopt financial measures for promoting professionalised pathways also at university level (i.e. CZ, FI, PL).<sup>153</sup>

### **Box 5 United Kingdom – New Deal for Young People/NDYP**

#### Abstract

The New Deal for Young People is an active labour market policy that aims to reduce long-term unemployment amongst young people, by

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<sup>148</sup> **LU - New employment initiation contract/Contrat d'initiation à l'emploi, CIE**. It has been introduced in 2006 and is concluded between the company, the Employment Administration (*Administration de l'Emploi/ADEM*), and the young person. The CIE can be offered by ADEM to jobseekers under the age of 30 years. Such contracts – to which the legal provisions governing employment contracts do not apply – are reserved for companies that are able to offer the trainee a genuine prospect of employment at the end of the contract period. In this case, instead of receiving unemployment benefit, a trainee on a CIE will receive a basic monthly payment at a rate of 80% of the minimum wage for unskilled workers (Youth Schedule A).

<sup>149</sup> **UK – New Deal for Young People** (Youth Schedules A and B and Youth Case Study Report).

<sup>150</sup> **MT - The Basic Employment Passport/BEP**. Trainees, of whom there were 308 in 2001-2002 (175 males and 133 females), receive an allowance of LM10 per week (Youth Schedule A).

<sup>151</sup> **SE – Workplace introduction for immigrants**. Support is assigned also while being in training (Youth Schedule A).

<sup>152</sup> **BG - National Programme for Literacy and Qualification Training of Roma** (Youth Schedule A).

<sup>153</sup> **CZ – Scholarship for students of higher education institutions**. HEI students are entitled to **social scholarships** if coming from families whose income does not exceed a 1.5 multiple of the subsistence minimum in the previous year. They are paid directly to the student by the university over 10 months (school year). Providing **housing scholarships** (since 2006) and **extra scholarships** (excellent educational results, research activities etc.) are the responsibility of individual universities. Impact assessment: Scholarship is monitored by individual schools only (Youth Schedule A). **FI – Scholarship for Finnish and foreigner students** (Youth Schedule A). **PL – Study loans**. Students at all types of school of higher education may apply, irrespective of the type of their HE institution (i.e. state or non-state) or system of studies (i.e. full-time, part-time or evening), as well as by students of doctoral studies, on condition that they commenced their studies not later than at the age of 25. Pursuant to the new regulations, a loan is granted for the period of higher education studies (not longer than 6 years) and doctoral studies (not longer than 4 years), and is paid out in monthly instalments. Repayment of student loans begins 2 years after the completion of studies, including doctoral studies (Youth Schedule A).

helping their transition into work. It is mandatory for young people to participate, once they have been unemployed for six months. The process starts with the 'Gateway':

- Guidance advice from the Personal Advisor, who identifies the factors that are stopping the young person from finding employment, and recommends the options that they should follow.

Options: on the basis of the guidance from their Personal Advisor, individuals follow one of four 'options'. Whilst on an option, beneficiaries receive a training allowance equivalent to their Jobseekers' Allowance and may also receive a top-up payment of £15.38 per week. The four options are:

- Employment: beneficiaries can spend time gaining work experience whilst working in a firm.
  - Full-time education and training: low-qualified individuals can acquire the skills they require to make themselves more attractive to employers in the labour market. This is by far the most popular of the four options.
  - Work in the voluntary sector: to provide work experience.
  - Work on the environment task force: to provide work experience for those who cannot find a placement with a private firm.
- Follow-Through: if individuals have not been successful in obtaining employment at the end of their options period, they return to claiming Jobseekers' Allowance in the Follow-Through period, once again getting help from their Personal Advisor.

There is also help for employers, and incentives to training or employing a New Deal participant:

- Up to £60 a week for taking on a full-time employee aged between 18 to 24.
- Up to £750 towards training a young person aged 18 to 24.

The NDYP is managed at a national level by the Department for Work and Pensions but much of the administration and decision-making is carried out at a local level, at local jobcentres.

#### *Impact assessment*

The difficulty in evaluating a measure such as NDYP is estimating what would have happened to participants had they not taken part in the programme. Since we cannot observe the same people in two states at the

same time, this counterfactual situation cannot be measured. Evaluation therefore requires using the outcomes for some control group as an estimate of the outcomes for the treatment group, and then controlling for the differences between both groups.

Wilkinson (2003) uses 30-39 olds who have been unemployed for six months as a control group for the 18-24 year olds on NDYP. He uses a difference-in-difference approach, which compares the unemployment outcomes of 18-24 year olds and 30-39 year olds before the introduction of NDYP, and then measures the difference in their unemployment outcomes after NDYP is introduced and the 18-24 year olds have been 'treated'. The impact of the labour market measure is then the differences in these cross-group differences before and after the introduction of the policy. The results suggest that, for young men, the impact of NDYP was to reduce unemployment by about 30,000 people, six months after the entry date to the programme. However, the size of the effect fell over time, so that 12 months after the entry date male unemployment was predicted to be 20,000 lower, and 18 months after the entry date male unemployment was predicted to be 10,000 lower. For women, the reduction in unemployment due to NDYP was estimated to be 11,000, 8,000 and 5,000, after 6, 12 and 18 months respectively. The reason that the effects are smaller for women is that fewer women than men enter the programme.

Bonjour *et al* (2001) evaluated the impact of the different options available under NDYP. They used the same method outlined above where surveyed participants on each option were matched to a control group of non-participants. The evaluation looked at how much the employability of participants improved, such as their access to training and attachment to the labour market. The employment option was observed as the most effective at improving employability. The education and training option performed the worst for employability, with the exception that it led to the highest level of qualification.

#### **6.2.3.c. Conclusions**

Access to vocational training after school and before entering the labour market compensates for skills and competences that have not been previously acquired. This is a useful policy within the framework of flexicurity when it is necessary to recycle or to prepare for access to advanced levels of vocational training. When it is aimed at entering the labour market it needs to be closely connected to enterprises where young people will be employed.

## ***6.2.4. Entering the labour market***

### **6.2.4.a. Focus**

In this paragraph we consider the policies and measures that support the transition from education and training into the labour market. These are public actions mainly focused on external flexibility (from one enterprise to another) and on wage flexibility. Interventions on the quality of work, functional flexibility and internal flexibility are treated indirectly and often left to the private sphere (agreements between social partners, corporate policies on diversity management, etc.).

Measures concerning security are also considered (job, employment, income, and combinations).

There are basically three levers through which public policies intervene on the transition between school/training and labour market: labour contracts, active labour market policies, and social and unemployment benefits. Training can be an integral part of these three levers in this stage of the lifecycle.

### **6.2.4.b. Common trends**

#### ***6.2.4.b.1 Employment relations and contracts***

Measures concerning the regulation of labour relations have to deliver on two, not always reconcilable aims of helping weaker groups find employment while not hindering the hiring of young people. In the contexts in which labour policies tend to guarantee job security, public policies have made abundant use of various forms of employment contracts (open-ended contracts,<sup>154</sup> fixed-term contracts,<sup>155</sup> low-paid

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<sup>154</sup> I.e. **HU**, where open-ended contracts are considered by the law to be the most typical type of contract and the Labour Code favors them; **IT**, **RO** (Youth National Case Study Reports).

<sup>155</sup> **BG – Labour Code provisions.** Rules are about equality of workers with fixed-term and permanent employment contracts; working time, and equality of part-time and full-time workers (Youth Schedule A). **DE**, **HU**, where before its end the fixed-term contract gives high security to the employee and little flexibility to the employer (Youth Case Study Reports). **IT**, where the national collective agreement states the proportion of temporary workers that may be utilized by the company (Youth Case Study Report). **RO**, where fixed term contracts can be used with some restrictions (Youth Case Study Report). **UK – Temporary contracts.** In most respects, employees on temporary contracts have the same protection as employees on permanent contracts. Individuals on fixed-term contracts, have the right 'not to be treated less favourably than comparable permanent employees, including access to occupational pensions. Individuals who have two years service with an employer are entitled to redundancy payments, even if that service comprises fixed-term contracts that had an agreed end date. In particular, when any fixed-term contract, agreed, renewed or extended after October 2002, comes to end and is not renewed, then the individual is entitled to redundancy payments as above. This is the case even if the individual signed a fixed-term contract that included a waiver to redundancy payments – such a waiver is deemed invalid. Impact assessment: Temporary workers have lower levels of job

internships,<sup>156</sup> jobs on-call,<sup>157</sup> “staff leasing”,<sup>158</sup> project work contracts,<sup>159</sup> social integration contracts,<sup>160</sup> recruitment contracts,<sup>161</sup> youth-in-business contracts<sup>162</sup>) or long-term apprenticeship contracts (up to 130 weeks for an

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satisfaction, receive less training and are less well-paid. There is some evidence that fixed-term contracts are a stepping stone to permanent work. Women who start in fixed-term employment and move to permanent jobs fully catch up to those who start in permanent jobs (Youth Schedule A and Youth Case Study Report). **SK - Agreement on temporary jobs for students. Fixed term contracts and part time regulated in the Employment Relationships Act** (Youth Schedule A).

<sup>156</sup> **DE** (Youth Case Study Report).

<sup>157</sup> **IT – Job-on-call** (*contratti di lavoro a chiamata*) (Youth Schedule A, Youth Case Study Report).

<sup>158</sup> **IT** (Youth Case Study Report).

<sup>159</sup> **IT – Project Work Contract** - clearly aimed at the young (Youth Case Study Report).

<sup>160</sup> **FR – CIVIS/Social Integration Contract/Contrat d’insertion dans la vie sociale**. Impact assessment: Right from its introduction on 30 June 2006, the contract immediately took in 211,000 young people, nearly half of whom had no qualifications or skills. A full 195,000 of these young people were still on this contract at the time of writing and 10,000 had left to take up long-term employment.

Conceived with the objective of extending *support in order to facilitate access to the job market*, the CIVIS has taken off immediately owing to strong mobilization of the network of local young people employment agencies and the state’s decentralized departments. This has made it possible to exceed the initial objective of the number of young people taking part in this scheme at national level. During the first six months of their assistance, 63% of the youth who had taken up the CIVIS obtained employment or took up a training course. During the first month alone, one young person out of five went in for a weekly interview. Close to two-thirds of CIVIS youth (63%) took up a job or went into a training course or both within the first six months of their assistance. Out of the 13,000 young people who finished this scheme in the course of the first year, half had obtained a job for at least a six-month period (Youth Schedule A).

<sup>161</sup> **FR - New Recruitment Contract/Contrat Nouvelle Embauche (CNE)**. The CNE is a new employment contract available only to small enterprises with fewer than 20 employees. It was established by a ministerial order of 2 August 2005. The aim is to bring greater flexibility and fluidity to the French labour market, which is largely regulated by legislation that many regard as highly restrictive. It is intended to make it easier to recruit new employees in small enterprises, which in France play the greatest role in job creation. The CNE therefore is a new kind of contract since it may be terminated more easily within a two-year period (known as the consolidation period). During that period, the employer does not have to give grounds for terminating the contract, and the employee can resign at any point without giving notice. Once the first two years are over, the common rules of the permanent contract apply. In case of termination of the contract during the contract’s trial period, the employee receives a special unemployment benefit as of four months of seniority; the employer has to pay the employee severance pay equal to 8% of the total gross wages paid during the contract period in addition to a payment of 2% of this sum to finance the public employment service’s special enhanced assistance actions. Impact assessment: The new recruitment contract has been extremely popular with businesses. Cumulative recruitment on the new recruitment contract since its creation was estimated at 584,000 at the end of July 2006. This figure represents approximately 9% of total recruitment in businesses entitled to conclude this type of contract (open-ended contracts and fixed-term contracts representing respectively some 20% and 70% of recruitment by these businesses). A particularly high number of new recruitment contracts are found in construction, industry, the retail trade and personal services. Employees on new recruitment contracts work more frequently full time than those on fixed-term and open-ended contracts. Six months after being hired, 70% of new recruitment contract employees are still working in the business. This percentage is slightly higher than for individuals hired on fixed-term contracts of more than one month (65%), but lower than for those recruited on open-ended contracts (80%). Business heads who had hired employees on new recruitment contracts in October 2005 stated that they had chosen a new recruitment contract mainly for two reasons: to protect against business fluctuations (which prevent them from being sure that they can offer a long-term job) and to try out employees for a longer period of time (Youth Schedule A).

<sup>162</sup> **FR - Youth-in-business Contracts/Contrat jeune en entreprise (CJE) SEJE** (*Soutien à l’emploi des jeunes en entreprises*). It entitles businesses to a further reduction in employer contributions compared with existing contracts. Impact assessment: The data available to assess the CJE show that this contract has had a positive effect on recruitment behaviour: in a climate of economic slowdown, it appears to have considerably curbed the downturn in the hiring of low-skilled young people on open-ended contracts (Youth Schedule A).

Advanced-Level 3 Apprenticeship in the UK<sup>163</sup>), combined with forms of tax exemption (HU) or reduction of contributions in favour of firms (i.e. HU, IT).

These measures have generally obtained a positive reception, producing a considerable increase in the number of young people in these contracts.

They have thus met the objective to facilitate the entry of young people into the labour market, thanks to the various incentives addressed to firms to compensate them for the lower productivity expected from a new employee and to reduce the risk of recruiting new workers by the possibility of dismissing them earlier.

The widespread use of this type of employment contract shows that they have been adopted in a generalized manner, including also young people who would have found jobs with better conditions. Some States have thus amended this measure by extending probationary periods of job entrants and restricting fixed-term contracts (DE).

The implementation of this type of measure has revealed contradictory effects in countries generally characterized by labour market segmentation, and in particular with regard to the labour market integration of different groups of young people (e.g. Germany). Young people are affected in two ways: firstly, labour market entry is increasingly characterised by fixed-term contracts and non- or low-paid “internships” (*Praktikum*, Grünh, D.; Hecht, H., 2007), lengthening the transition period from training or education into employment. Secondly, there is the danger that disadvantaged young people will be permanently in precarious employment and socially excluded.

The introduction of more flexible employment contracts has had an impact only on some groups of young people. The possibilities and methods of entering the labour market vary according to which cluster the young belong. If we consider educational levels, we see that in countries like Hungary, “regarding job entry, there seem to be three groups of school-leavers. The first includes those with only compulsory or general secondary education (without any qualifications). These have the most difficulties in finding significant employment. The second group consists of individuals with vocational qualifications not leading to any further education and those who graduated in technical secondary schools; for them the school-to-work transition is quite smooth. Finally, the third group

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<sup>163</sup> **UK – Apprenticeship.** There are over 250,000 young people on apprenticeships now, at over 130,000 firms. Completion rates are just above 50%, though this is a significant improvement on earlier years. McIntosh (*A Cost Benefit Analysis of Apprenticeships and Other Vocational Qualifications*, DFES Research Report 834, 2007) shows that apprenticeships have a much higher net present value than other vocational qualifications available through colleges (Youth Schedules A and B, Youth Case Study Report).

of school-leavers with the quickest entry to the labour market is the tertiary educated” (Youth Case Study Report).

The analyses regarding Germany came to the same conclusions where: “young people with a low educational attainment, lacking vocational training and the ‘wrong’ vocational choice encounter severe difficulties in entering the regular labour market and are at risk of permanent social exclusion” (Youth Case Study Report).

To foster the access to the labour market of the weaker groups, measures have been adopted for subsidized employment relations.

These measures differ according to the difficulties associated with the person concerned and mainly concern target groups with different degrees of employability:

- entirely subsidised labour relations: introductory on-the job training (*příspěvek na zapracování, CZ*<sup>164</sup>), company internship (DK, ET), Job for Social Purposes/JSP (*Společensky účelná pracovní místa, CZ*), Publicly beneficial work/PBW (*veřejně prospěšné práce, CZ*<sup>165</sup>)

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<sup>164</sup> It is one of the new measures established by the Employment Act (Employment Act No.435/2004 Coll.) and it is not yet frequently used. This subsidy can be provided to the employers who employ a person defined by the law as a person needing “enhanced care”. People under 25 years and tertiary education graduates within two years after graduation but not older than 30 years are included into this group. Subsidies can be provided for 3 months up to half the minimum wage. Impact assessment: The measure expands the range of possibilities for obtaining work experience. It has to date only been applied to less than 1% of people participating in ALMPs. However, compared to other groups of unemployed people facing difficulties, it is used most frequently by the under 25s. The success of this measure primarily depends on the approach of companies to the induction of individuals – whether conditions are established for the individual to be accepted by the team, whether an experienced employee helps him/her acquire professional skills as well as boosting his/her self-confidence and positive attitude to work (Youth Schedule A and Youth Case Study Report).

<sup>165</sup> This concept refers to temporary job opportunities involving maintenance and cleaning of public spaces, buildings and roads, and other similar activities beneficial for the community, government or other public welfare institutions. These jobs are created by employers for a maximum of 12 consequent months (this practice may be repeated) based on an agreement with a labour office, and the employer can receive a contribution up to the employee’s real wage costs. The measure is focused primarily on problematic job seekers with low levels of employability and on the long-term unemployed. Young people are placed in PBW jobs to a lesser degree. Impact assessment: The impact of publicly beneficial works (PBW) is apparent mainly in terms of the socialisation of the unemployed, although over 50% of them (regardless of age) also felt benefits in terms of improved work-related knowledge and skills Sirovátka T., 2007:15, *Hodnocení efektivnosti nástrojů aktivní politiky zaměstnanosti v České republice* (přehledová studie). In the case of young people, in particular this measure serves as a “bridge” to a better job, when negative experience in performance of second-rate, low-skilled work offered within PBW can play a certain positive role and exert pressure to young person to accept a stable job. The proportion of young job seekers registered at labour offices decreases significantly after PBW. (Sirovátka 2007:15) (Youth Case Study Report).

### **Box 6 Denmark - Company internships (“*virksomhedspraktik*”)**

#### Abstract

Company internships can be seen in the context of the so-called “inclusive labour market” (“*det rummelige arbejdsmarked*”), which means that measures are taken to find job positions for people with disabilities or other problems that prevent them from having a full-time job. Consequently, company internships are also connected to the active labour market policy flexicurity dimension and are thus not only for young people, but can also be a measure in combating youth unemployment.

Company internships can be described as classic work experiences whereby the intern gets a feeling of the atmosphere and work routines in the company he or she is assigned to.

Company internships are intended for recipients of unemployment or cash benefits who suffer from inadequate professional, linguistic or social competences, which make it difficult or impossible for them to work under normal conditions on the labour market (*Fleksjob*).

The major goals are:

- That the internship will eventually enable the intern to acquire a regular job.
- That the internship is part of a process which will help the intern developing his or her social and professional skills further.
- That the internship will lead to a job training programme or similar measures within the company chosen for the internship.
- That the intern will find out if he or she is interested in continuing work within the field of internship.

The internships usually last four weeks, but under special circumstances they can be prolonged to 13 weeks (*Fleksjob and Jobnet, 2007a*).

There has to be a reasonable relationship between the number of regular workers and company interns. If the company has less than 50 employees, it can have an intern for every five regular employees, while larger enterprises can have an intern for every 10 regular employees (*Fleksjob*).

Statistics show that the level of employment after the programmes are higher when the company internship has been conducted in companies



with more than 50 employees and when the company internship has been combined with courses in connection with the job training (*PLS Rambøll, 2003: 3 and 28*).

The interns receive the amount of money that they would otherwise receive in unemployment or cash benefits. Apart from extra administrative cost and awareness raising campaigns expenditures, further costs do not need to be involved.

#### *Impact assessment*

Statistics indicate that the company internship measure as such is the most effective form of activation. Population data show that 55% of participants got in touch with a future employer through a company internship (*Arbejdsmarkedsstyrelsen, 2004: 2*).

### **Box 7 Czech Republic – Job for Social Purposes/JSP (“*Společensky účelná pracovní místa*”)**

#### Abstract

JSP is a job which the employer, based on an agreement with a labour office, creates or designates for job seekers for whom work cannot be found in any other way. These particular unemployed people receive increased attention from labour offices in the job brokering process. JSP can also be work which the job seeker sets up as self-employment, again based on an agreement with a labour office. The labour office can provide a contribution for a JSP. There is no general entitlement to such a contribution.

When brokering jobs, labour offices are obliged by law to pay increased attention to a specific group of people that also includes young people up to 25 and higher education graduates within 2 years of graduation up to 30 years of age (“young people”). People who have not completed secondary education are only placed in a JSP after other instruments have been applied – particularly guidance, motivation courses, training courses, etc.

The measure is applied nationwide. The extent to which it is used depends on

- Activity of district labour offices
- Activity of employers based in individual districts

- Amount of resources allocated from the state budget.

The level of support is set to stimulate activity in districts with average and above-average rates of unemployment.

Goals differ depending on beneficiaries. For young people who have not completed secondary education the goal is, above all, to acquire at least partial skills. Secondary school leavers and higher education graduates should, above all, get work experience and be able to apply theoretical knowledge in practice. Women after maternity leave must update and expand their knowledge and skills. The goals are always to secure a permanent or longer-term employment for job seekers for whom it is not possible to find a job in another way, and to increase their competitiveness in the labour market.

The level of the contribution is set by law, the overall amount of resources set aside for this measure per year depends on the overall finance earmarked for active employment policy measures, which labour offices get allocated from the stage budget. The way the money is distributed for individual measures is up to labour offices and their policies. In 2005, JSP consumed 37.4% of the total budget for active employment policy; in 2006 it was 28%.

#### *Impact assessment*

The measure is generally evaluated in the following way:

- it is the most sought-after measure on the part of employers,
- it is the most effective measure in terms of direct placement of job seekers in the labour market,
- it is focused more on (a) women, (b) the unemployed aged 25-44, (c) the unemployed with secondary education, (d) the short-term unemployed (around 6 months),
- there may be a tendency to use JSP for job seekers who require the least attention and who would find a job after some time even without this measure,
- job seekers with the poorest prospects spend more time in JSP, grants are provided for a longer period; on the other hand, as regards school leavers, grants tend to be provided for a longer period for job seekers with better qualifications,
- gross effects of the measure (reduced registration at labour offices) are comparable for all groups of job seekers,
- net effects of the measure (reduced registration at labour offices of job seekers involved in the measure as compared to those not

involved) are better for the disabled, the elderly and the long-term unemployed.

#### Laws/decrees fostering evaluation of AEP measures

- Law on employment obliges labour offices to “*process statistics, analyses and outlooks*”, but not to analyse directly the effects of individual AEP measures.

#### Research concerned with evaluation of AEP measures

- MoLSA, in co-operation with the Research Institute for Labour and Social Affairs (RILSA), develops a system and methodology for regular evaluation of the effectiveness and efficiency of active employment policy measures. The methodology has not been finalised. It is expected to be used by all labour offices.

#### Reality

- MoLSA and labour offices develop annually an Analysis of the Development of Employment and Unemployment, where they provide an overview of financial resources allocated for this measure, the number of created/designated jobs, and the number of job seekers placed in these jobs. This can be considered as monitoring, not evaluation.
- RILSA has developed a study entitled “Evaluation of Efficiency of AEP Programmes in the CR” which was published in 2006. The conclusions concerning JSP are stated above.

- employment with wage subvention: job training and other part-time jobs for people with limited employability (DK<sup>166</sup>), internships (i.e. DE, SK<sup>167</sup>), integration wage cost subsidy (DE<sup>168</sup>);

<sup>166</sup> **DK - Job training** (*Jobtræning*) (Youth Schedule B and Youth Case Study Report).

<sup>167</sup> **DE – An internship** is a specific form of temporary work. In the context of university studies, increasingly the accomplishment of internships is required, but also other groups of young people, including pupils are doing internships. Internships may facilitate labour market integration as the employer gets to know the future employee and thus his risk is minimised. Further it permits those who have not accomplished dual vocational training to gain some practical experience. This is the case of the measure “Special Programme for providing entrance qualification” (*Sonderprogramm des Bundes zur Einstiegsqualifizierung Jugendlicher – EQJ – Programm*) that has been decided upon in the context of the National Pact for Training. The main goal is to prepare all young people for vocational training and ease the transition between school and vocational training.

More generally, internships for young people can be regarded in many cases as a lengthening of the transition period from training to employment (Youth Schedule B and Youth Case Study Report). **SK – Graduate practice.** It is targeted at all jobseekers under the age of 25 irrespective of their educational attainment and professional experience. The programme consists of a 6-month part-time internship in a firm or in the public sector limited to 20 hours a week for which participants receive an allowance paid by the government (SKK 1 700 or about EUR 45 a month, corresponding to 18% of the hourly average wage or 50% of the hourly minimum wage) (Youth Schedule A).

<sup>168</sup> **DE - Wage cost subsidies** and the “**1-Euro-Jobs**”. In the latter case, a wage cost subsidy is paid for additionally creating jobs with a social or ecological utility. They are legally not establishing an

placement contracts (*contratto di inserimento*”, IT<sup>169</sup>), different kinds of Government-subsidised contracts (FR<sup>170</sup>).

### **Box 8 Germany - Wage cost subsidies/*Eingliederungszuschüsse***

#### Abstract

The integration wage cost subsidies (“*Eingliederungszuschüsse*”) are wage cost subsidies paid to the employer for a limited period of time. The measure in itself is not new but it has been reformed in order to improve its effectiveness.

The wage subsidy is meant to compensate for the employers' productivity disadvantages. The objective is to integrate unemployed with placement difficulties into regular long-term employment. The target groups are the unemployed difficult to place (*Arbeitslose mit Vermittlungshemmnissen*), because they do not have practical work experience or formal qualifications of the VET system.

In the best case the company will permanently employ the person after having received the wage cost subsidies. However, if the employer does not do so, it is assumed that the placement probabilities of the formerly unemployed person will be improved through the acquired work experience.

In order to avoid displacement effects companies that have dismissed workers in order to get the recruitment (wage) subsidies or in case the worker was formerly employed there, are excluded (note, however, that displacement effects are nevertheless unavoidable). The Public Employment Service can demand getting reimbursement in case the worker is dismissed immediately after the cessation of wage subsidies and if the reason for dismissal is not linked to the individual worker (source:

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employment contract. The measure is designed for unemployment benefit II receivers. In addition to means-tested unemployment benefit II, the participants in this employment measure are paid 1 to 2 Euros per worked hour (therefore, the measure is called “1-Euro-job”) (Youth Schedule B and Youth Case Study Report).

<sup>169</sup> **IT - Work entry contracts** for specific categories of workers to introduce (or re-introduce) into the labour market. An employer who hires with this contract benefits from partial exemption from social security contributions; may assign the worker to a grade lower than that to be reached at the end of the contract, meaning further reduction (new-entry pay) (Youth Schedule A and Youth Case Study Report).

<sup>170</sup> **FR - Employment Initiative Contract/Contrat Initiative Emploi (CIE); CI-RMA/Minimum-Earned-Income Integration Contract/Contrat d'Insertion – Revenu Minimum d'Activité** (market sector); **Contract for the Future/CA Contrat d'Avenir (CA –)** (non-market sector); **Employment Assistance Contract/Contrat d'Accompagnement dans l'Emploi (CAE)** (non-market sector) (Youth Schedule A).

IAB Kurzbericht 9/2007).

In 2006, wage costs subsidies were paid for a total of 230,000 persons, 20% of which were young persons (below 25 years). This group was thus overrepresented.

#### *Impact assessment*

An evaluation which has just been completed comes to a positive assessment of the measure. The probability to be in employment after having participated in the scheme is significantly higher compared to the control group (IAB Werkstattbericht 9/2007). This result is even more notable as the previous Programme JUMP failed in delivering good results.

Rothe and Tinter<sup>171</sup> show that the transition towards employment after having received wage cost subsidies (referring to “*geförderte Beschäftigung*” in general) is quite high: 67% among the young participants and 76% for participants being above 25 years of age. Transition into unemployment varies between 13.7% and 14.7% respectively. It can be assumed that young people also engage in training after the end of the measure. These positive labour market integration rates are linked to the obligation of employers to keep the subsidised persons employed after the end of the scheme. A long-term analysis would allow assessing the effectiveness over time.

#### **6.2.4.b.2. Active labour policies**

Active labour policies have the function of fostering the early entry of young people into the labour market, enabling them to find a job independently. These are measures which try to increase the chances of young people to find work and the efficiency of matching labour demand and supply.

The specific effects of these measures have been summarised as follows:

1. *A qualification effect* which ensures that the unemployed return to the labour market having gained new competences and qualifications
2. *A motivation effect* which ensures that the unemployed intensify their job search (Andersen and Mailand, 2005: 67-68)
3. *A contact effect* given the contact of the unemployed with the labour market (Arbejdsmarkedsstyrelsen, 2002)

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<sup>171</sup> Rothe Th., Tinter S. (2007), *Jugendliche auf dem Arbeitsmarkt. Eine Analyse von Beständen und Bewegungen.*, in IAB Forschungsbericht Nr. 4/2007.

4. *A self-confidence effect* (Clement, 2004).

In addition to these effects such measures need to be specifically targeted to identified beneficiaries and benefits (subsidies and allowances) to be distributed among them.

The policies are put into action by a system of public and private services, with the presence of both profit-making bodies and NGOs (active for those with special needs).

The measures adopted can be divided into the following types:

1. Guidance and information on labour supply and demand through measures such as Job Fairs<sup>172</sup> (in which special spaces are created for the physical encounter between labour supply and demand), Work Trials (UK<sup>173</sup>) which allow employers to post vacancies in a job centre that can be taken on a two-week trial basis, during which the individuals concerned continue to receive their unemployment benefits. Work Trials therefore create a risk-free environment whereby individuals have nothing to lose, while getting the opportunity to convince the employer to offer a job. Employers get the chance to examine an individual in a work setting, knowing that if it turns out not to be a good match they will not face dismissal costs. A similar measure is *Employment on Trial* (UK<sup>174</sup>). In this case, an individual can resign within 13 weeks of starting if the job is not the right fit and return to benefits, whereas normally a worker who resigns cannot apply for unemployment benefits. The idea of *Employment on Trial* is that individuals will be more willing to try jobs if they know they are not putting their benefits at risk if they realise the job is not what they wanted. Other similar measures supporting labour market newcomers are available around Europe (i.e. MT<sup>175</sup>), sometimes via specific means (i.e. sms<sup>176</sup>) and targeted to specific groups of users (i.e. disabled people<sup>177</sup>).

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<sup>172</sup> **DK**, Job fairs/*Jobmesser* (Youth Schedule B and Youth Case Study Report); **RO**, Job Fairs/*Burse ale locurilor de muncă* (Youth Schedule B and Youth Case Study Report).

<sup>173</sup> **UK** - **Work Trial** (Youth Case Study Report).

<sup>174</sup> **UK** - **Employment on Trial** (Youth Schedule A and Youth Case Study Report).

<sup>175</sup> **MT** - **Job Start Youth Initiative** (Youth Schedule A). **Active youths scheme** for youths aged 16-24 years who have been registering for work for at least 6 months and are willing to help in the service of the NGO. **Youth Outreach Programmes/Job Clubs**. The Programme is one of the examples of the Employment and Training Corporation's commitment to reaching vulnerable and excluded groups of young people with the collaboration of socially committed agencies and NGOs. Young people are involved in 'job club'-type sessions (two hour- sessions, twice a week) in six-weekly cycles. In these sessions they learn how to conduct job searches, write letters and improve telephone skills. **Job Experience Scheme/JES; Work Start Scheme/WSS** (Youth Schedule A).

<sup>176</sup> **MT** - **Jobs via E-mail & SMS / Jobseeker direct free phone** (Youth Schedule A).

<sup>177</sup> **MT** - **Supported Employment Scheme** (Youth Schedule A).

2. Individual placement plans, involving measures that assign a mentor to every young person (DK<sup>178</sup>), or a counsellor (CY,<sup>179</sup> CZ,<sup>180</sup> DE,<sup>181</sup> FR,<sup>182</sup> HU,<sup>183</sup> IT,<sup>184</sup> LT,<sup>185</sup> MT,<sup>186</sup> SK<sup>187</sup>), or a case-worker (ET<sup>188</sup>), or a personal advisor (UK<sup>189</sup>) who works out a pathway for accessing the labour market, using the most suitable measures for the individual case. This type of measure also includes the immediate activation (DK<sup>190</sup>) where the unemployed are directed to be activated in job-like position (i.e. training, internship) activation within a very short timeframe after registering at the local job centre. By law, municipalities have the option of immediately activating young people under 25 and are obliged to do so after three months. This is to minimize the number of people who become incapable of handling a regular job, thereby preventing the level of structural employment from rising in times of recession. In other countries other forms of activation are available (i.e. SK<sup>191</sup>).

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<sup>178</sup> **DK - Mentorship** (Youth Schedule B and Youth Case Study Report).

<sup>179</sup> **CY – Individualised guidance for women** (Youth Schedule A).

<sup>180</sup> **CZ - Programme to acquire work experience and a job – Objective for the young/Program získání praxe a práce – cíl pro mladé; Guidance related to the choice of an occupation/Poradenství pro volbu povolání and Individual action plans/Individuální Akční Plány** (Youth Schedule B and Youth Case Study Report).

<sup>181</sup> **DE -** Within the local agencies of the Public Employment Service (i.e. **National Training Pact, Preparatory measures for vocational training, Measures for specific groups like young people with migration background, girls and young women** Youth Schedule B and Youth Case Study Report).

<sup>182</sup> **FR -** Local Employment Centres/*Maison d'emploi. Contrat de transition professionnel*/CTP (Youth Schedule A).

<sup>183</sup> **HU - Occupational Information Advisory Offices/Foglalkozási Információs és Tanácsadó Irodák a munkügyi kirendeltségeken** (Youth Schedule B).

<sup>184</sup> **IT - Public Employment Services/Servizi pubblici per l'impiego** (Youth Schedule B and Youth Case Study Report).

<sup>185</sup> **LT – Individual and group counselling** (Youth Schedule A).

<sup>186</sup> **MT – Personal Action Plan** (Youth Schedule A).

<sup>187</sup> **SK – Individual Action Plan. Guidance and Counselling** (Youth Schedule A).

<sup>188</sup> **ET - Individual job search plans for young unemployed** (Youth Schedule A).

<sup>189</sup> **UK - New Deal for Young People** (see Box 5).

<sup>190</sup> **DK – Immediate activation/ Straksaktivering** (Youth Schedule B and Youth Case Study Report).

<sup>191</sup> **SK - Activation activities.** The aim is to promote job prospects for long-term unemployed and for those receiving social assistance. The programme involves participation in municipal and community work, while providing income support (Youth Schedule A).

**Box 9 Italy - Public Employment Services (PES) (*Servizi pubblici per l'impiego*)**

Abstract

Italy's Public Employment Services personalized services provided by local authorities (Regions and provinces) and delivered through public (*Centri per l'impiego*, CPI) or private (trade unions, non profit organizations, ect.) centres (Job Centres, JC).

The law fixes national services standards that JCs should offer to particular target groups (i.e. young people, long term unemployed, women, etc.) and establishes the eligibility criterion that jobseekers should fulfil to benefit from such services (Legislative decree No. 181 of 2000).

In particular JCs should offer to adolescents and young people:

- a) a guidance interview within 3 months from registration as unemployed;
- b) a “new start” (training programmes, vocational retraining, or any other step to assist the individual in vocational integration) no later than 4 months from registration as unemployed.

Young people should sign an “Activation Agreement” (*Patto di servizio*, PDS) in order to benefit of employment services. If they do not compel with the rules laid down in the PDS (i.e. do not answer to the centre’s “calls”, refuse an “acceptable” job, etc.), jobseekers loose the entitlement to benefits of the public services for a certain amount of months which differs from region to region.

The strategy involves enhancing competitiveness and the quality of the workforce as well as encouraging the inactive to enter the labour market. Guidance and counselling services are seen as preventive measures to combat unemployment. They aim at:

- discouraging young people from leaving education too early,
- facilitating the transition among educational pathways,
- including higher risk groups into education, training and employment,
- raising employability, especially for disadvantaged groups like young people, women and older workers.

The instruments and components of the measure vary across regions. Participation in the measure is compulsory and free of charge.

At national level, objectives are expressed in the so called PES



Masterplan. In order to fulfil their role in active labour market policy, the PES should provide basically seven kinds of services: information, administration (less than 40% of activity within 2006<sup>192</sup>), labour demand and supply matching, job placement for disadvantaged people, counselling of individuals, consultancy for firms, and security inspection.

#### *Impact assessment*

Even if no monitoring and measuring evaluation has been explicitly foreseen in any regulations, ISFOL yearly tracks the PES reform.

In the last monitoring report it is stated that:

- almost 98% of the CPI declare to apply, at least partially, the procedures introduced by the above mentioned Legislative decree No. 181 of 2000;
- the “Activation Agreement”, on the other hand is applied in 52% of the Provinces, but this percentage falls to 17,7% in the South Italy Provinces.

#### **Box 10 Denmark - Immediate activation (“*Straksaktivering*”)**

##### Abstract

Activation is the essence of the active labour market policy dimension in the Danish flexicurity model. The unemployed, rather than being a passive recipient of welfare transfers, is activated in a job-like position. The specific form of activation varies and can include measures like job training and company internships.

Ideally, every unemployed person will eventually be activated. Young unemployed people have been a particular focus group in connection with immediate activation and so young unemployed people would appear to be the main beneficiaries of the immediate activation measure.

Goals of the immediate activation measure include:

- Facilitating the continuous contact of the unemployed with the

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<sup>192</sup> According to PES Masterplan, by the end of 2006 only 40% of PES activities should have been devoted to administration, giving more room to other tasks (such as matching, job placement and counselling).

labour market.

- Preventing that the unemployed becomes incapable of managing a regular job by ensuring that he or she maintains a reasonable daily schedule and does not engage in less productive activities.
- Discouraging people from relying on welfare transfers, so that only those in need contact the job centres.

Immediate activation can be expected to minimize the number of people who become incapable of handling a regular job, thereby preventing the level of structural employment from rising in times of recession.

Immediate activation also keeps the number of applicants for cash benefits low, since people not wanting to work are discouraged from applying.

Immediate activation takes place whenever a person applies for cash benefits from the municipality. Given that the municipality deems the applicant fit for work, the applicant is assigned to work within a short time frame, usually between two or three days.

From the beginning, the activated person is integrated like a regular new employee.

Involved parties are the municipalities and the local job centres, which identify suitable local companies for the activated persons. It may also be that local companies, having heard about the measures, contact the job centres themselves in order to strike a deal ensuring the company a steady influx of employees.

#### *Impact assessment*

The success rates of immediate activation tend to be quite high. In one project, two thirds of the activated ended up in regular employment.

Another evaluation shows that out of 421 people in immediate activation, 90 went directly to regular work while 173 continued in various educational activities (*Evaluering af straksbeskæftigelsestilbud, Perioden 2003 –2005, Roskilde Kommune, Socialforvaltningen og Arbejdsmarkedsafdelingen*)

3. Benefits linked to the search for a job: to foster commitment in job seeking, some countries have introduced economic incentives such

as the job-search subsidy (HU<sup>193</sup>), jobseekers allowance (i.e. UK<sup>194</sup>) and labour market subsidy (FI<sup>195</sup>).

4. Re-insertion in training pathways for young people (under 25 years in DK) who are entitled to unemployment benefits but who have no formal education. In Denmark this measure is associated with disincentives since those who refuse these offers lose the right to unemployment benefits and are transferred to the cash benefit system.
5. Retraining interventions for individuals whose training is inadequate for the work offered (i.e. CZ,<sup>196</sup> LT<sup>197</sup>, MT<sup>198</sup>).
6. The offer of work experience, usually subsidized (internships, job training, apprenticeships, etc.), whether aimed at entering the labour market or not.

#### 6.2.4.b.3. Benefits

The interventions to reform the benefit system generally have the common aim of discouraging young people from relying on cash benefits. This is the reason why for young people below the age of 25, the welfare grants are lower than for older people. To some extent it alleviates the potential problem of generous welfare payments tending to discourage

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<sup>193</sup> **HU – Job search subsidy** for people who are eligible for the unemployment benefit and did not work for at least one year before the job loss, but worked at least 200 days, are also eligible for this subsidy (Youth Case Study Report).

<sup>194</sup> **UK – Jobseekers allowance (JSA)**. To receive JSA, individuals must show that they are capable of working and are currently looking for work. The amount received per week varies according to age; £35.65 for 16-17 year olds, £46.85 for 18-24 year olds and £59.15 for people aged 25 and over (Youth Schedule A and Youth Case Study Report).

<sup>195</sup> **FI – Labour market subsidy**. Unemployed persons who have received unemployment allowance for the maximum period allowed (500 days) or who do not meet the previous-employment condition required to qualify for unemployment allowance, are eligible for labour market subsidy. If unemployment allowance has been paid for 500 days, labour market subsidy is granted, without a means test, for an additional 180 days (Youth Schedule A).

<sup>196</sup> **CZ – Retraining**. Impact assessment: Within the framework of ALPM, retraining is an instrument that is most frequently used in the under 25 group. Retraining represents nearly 50% of ALMP measures for this age group (Sirovátka T., 2007, *Hodnocení efektivnosti nástrojů aktivní politiky zaměstnanosti v České republice (přehledová studie)*). The impact of retraining on employment becomes apparent after some period of time. The results of a quasi-experimental comparison at national level in the CZ (regardless of age) showed that, 6 months after completion of retraining, 48% of participants re-register at a labour office (61% of non-participants). One year after retraining it is 39% (Sirovátka 2007:19). The success rate in terms of placing young people in jobs after retraining was significantly higher than the average rate for all participants. The success rate has oscillated between 60-75% in recent years. However, retraining is more often undertaken by individuals whose chances of finding employment are relatively high even without retraining (people with secondary qualifications, the short-term unemployed). Nevertheless, the net effect of retraining clearly illustrates that it is more beneficial for people with low skills than for those with higher qualifications (Youth Schedule A and Youth Case Study Report).

<sup>197</sup> **LT – Retraining** as one of the ALMPs measures (Youth Schedule A).

<sup>198</sup> **MT – Retraining and reskilling of workers** (Youth Schedule A).

people from actively seeking a job (Reduced cash benefits for young people, DK<sup>199</sup>). The general trend is to make these benefits harder to receive, or at least to receive them over a long period of time. The aim, in some cases, is to make the passive receipt of benefits much more difficult by closely linking them to job search (UK<sup>200</sup>). This can involve both unemployment benefits and social benefits or material support (housing, etc.).

**Box 11 Denmark - Reduced cash payments for young people  
("Reduceret kontanthjælp for unge")**

Abstract

Cash benefits are welfare transfers, which are given to people incapable of providing for themselves or their families. Cash benefits are paid in extraordinary circumstances, for instance long term illness, pregnancy, or deaths in the family. The transfer is paid monthly and it is taxable. The payment is meant to cover living expenses, other fixed costs, clothing, food etc. The amount paid depends on age and whether the recipient has to support a family.

The aim of reduced cash payments for young people is to encourage those capable of working to actively seek a job and consequently receive a higher income.

The young unemployed living with their parents receive 2,786 DKR per month (€ 375). If the recipients live outside the parental home the amount is 5,773 DKR (€ 775).

If the recipient fails to comply with the provisions for absenteeism from activation or similar misconduct, the amount can be lowered to a minimum of 2,412 DKR. (€ 324) for recipients living with their family.

On the contrary, special rules apply if the young persons have children or any special needs. In these cases 11,904 DKR (€ 1,600) is the maximum amount attainable for under 25-year-olds. For people under 25 without children, the maximum amount is 11,904 DKR (€ 1,200).

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<sup>199</sup> **DK – Reduced cash benefits for young people.** In the Danish labour market system, the potential disincentives deriving from the generous welfare grants “are addressed by requiring the unemployed to be actively seeking jobs and by offering mandatory full-time activation” (Madsen, Per Kongshøj (2002). *The Danish Model of “Flexicurity – A Paradise with some Snakes: Interactions between Labour Market and Social Protection*, Brussels May 16, 2002:7). Since 2007, all unemployed people have the right and the duty to full-time activation after 13 weeks of unemployment. Some municipalities even work with immediate activation for young people (Youth Schedule B and Youth Case Study Report).

<sup>200</sup> **UK – Income Support/IS** (Youth Case Study Report).

### *Impact assessment*

Among the recipients of cash benefits, young people under 25 years have the shortest period of unemployment. Statistics show that, on average, they are unemployed for approximately 21 weeks, while people aged 35-44 are unemployed for nearly 35 weeks on average (*Dansk Arbejdsgiverforening*, 2005:143).

Statistics also show that the percentage of young people between 18 and 24 years receiving cash benefits for the minimum six months has fallen from 5.5% in 1993 to less than 1% in 2000 (*Center for Ungdomsforskning*). While the reduced levels of cash benefits may account for some of this decline, this measure is probably not the sole explanatory variable behind it.

To achieve these aims, individuals can only receive benefits if they are actively seeking work or committed to improving their employability. However, for young people below the age of 25, these welfare grants are generally lower than for older people and in some countries the support measures are extremely weak. In Italy, for example, young apprentices and occasional consultants are excluded from unemployment subsidies and the present system of social buffers is constructed around standard work in the big industrial firms. Hence not only is there a low rate of coverage, but non-standard workers who are often the younger population cohorts, have no insurance at all (IT<sup>201</sup>).

The approach to the reform of the benefits system to foster the entry of young people into the labour market can be divided into two main models according to the level of generosity of grants during the job-seeking period. In all cases, these grants depend on the acceptance of the different types of measures specified by the active labour policies and they are graded, that is the amount of money decreases according to the period of time granted for job-seeking or for implementing a personal skill development plan. In some cases (CZ, DK), this progressive reduction can arrive at the point of losing the right to unemployment benefits and even social benefits.

The measures adopted can be distinguished according to whether they concern:

1. Increasing wages through decreasing the tax burden on lower incomes to encourage young people to take lower-paid jobs. Here it should be noted that, if economic growth slows down and the

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<sup>201</sup> IT (Youth Case Study Report).

supply of job opportunities is lower, the stimulating effect of tax allowances for employees can be insufficient (CZ<sup>202</sup>).

2. Material benefits that may include, for example, vouchers for basic food or clothing. Some payments may be forwarded directly to pay for school meals or rent (CZ). Also in this case, if a citizen refuses repeatedly during a specified time period to work actively to improve his/her position, the level of benefits he/she collects will be reduced. The payment of benefits is linked to participation in retraining, continuing education, one-off registered work activities, public work etc.
3. Income support. In the UK<sup>203</sup> this benefit can be paid to anyone with a low income, regardless of whether they are working or not. To receive benefits when out of work, however, individuals must again show that they are looking for work, unless they fall into certain categories such as being a lone parent or a long-term carer. The personal allowances are £35.65 for 16-17 year olds, £46.85 for 18-24 year olds and £59.15 for people aged 25 and over.
4. Unemployment benefits (i.e. ET, FI, LT, LU, PL, SE, SK).<sup>204</sup> In Denmark, cash benefit receivers have the same rights as the receivers of unemployment benefits - that is, either education for 18 months or job training. In this case, young people below the age of 25 are entitled to unemployment benefits after six months of unemployment, and those who have no formal education have the right and the duty to enter an education programme lasting at least 18 months within the next nine months. Those who are still unemployed by the end of the education programme have the right and the duty to full-time education. Those who refuse these offers lose the right to unemployment benefits and are transferred to the cash benefit system.<sup>205</sup> In the Czech Republic, a job seeker is entitled to unemployment benefit for no more than six months. If he/she attends a re-qualification programme, the benefits will be paid until the end of the programme. The benefit amounts to 50% of the previous average net income in the first three months and to 40% of this income in the remaining period. Job seekers attending

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<sup>202</sup> CZ (Youth Case Study Report).

<sup>203</sup> UK (Youth Case Study Report).

<sup>204</sup> **ET – Unemployment benefit.** It is 50 % of the previous wage during 100 days of unemployment, 40 % of the previous wage during the next period of unemployment (Youth Schedule A). **LT – Unemployment benefit** (Youth Schedule A). **LU – Unemployment benefit** (Youth Schedule A). **PL – Unemployment benefit** (Youth Schedule A). **SE – Unemployment security** (Youth Schedule A). **SK – Unemployment benefit.** Citizens are entitled to unemployment benefit, if they had unemployment insurance for at least three years within the past four years before being included in the registry of unemployed citizens looking for job. Level of Unemployment Benefit: 50 % of assessment base (gross earnings during the period of last 3 years, ceiling of A.B.: 3-times of average wage in Slovak economy) (Youth Schedule A).

<sup>205</sup> DK (Youth Case Study Report).

a re-qualification programme are entitled to 60% of the average monthly income generated in the last employment (CZ<sup>206</sup>).

5. Possibility of accumulating benefits. For young people without working experience receiving unemployment benefit (i.e. Unemployment benefit II, DE<sup>207</sup>) it is possible to earn a small amount in addition. These amounts are supplemented by housing benefits. Again, in the case of the German system, the benefit is lowered if a person does not accept a “reasonable” job (*zumutbare Arbeit*) or training or an internship.
6. Incapacity benefit. This benefit is paid to sick or disabled individuals who are unable to work (UK<sup>208</sup>). The measure is planned within the national ‘Pathway to Work’ scheme and involves a ‘Work Focussed Interview’, compulsory for all new claimants of Incapacity Benefit as well as being available for existing claimants (becoming compulsory for existing claimants under the age of 25 from 2009). Through the interview individuals can discuss their health situation with a personal advisor, who can advise on how best to cope with the situation with a view to returning to employment. As an incentive to obtain work, individuals accepting a lower wage job can be paid a Return to Work Credit of £40 per week for one year.

Other benefits for companies are:

- Fiscal incentives for creating full-time jobs for young people who have been unemployed for more than two years. Enterprises may claim deductions ranging from 65% to 200% of the wage cost. The higher

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<sup>206</sup> **CZ - Unemployment benefits** (*podpora v nezaměstnanosti*). Impact assessment: There is no comprehensive impact assessment. There are only research studies giving an overview on unemployment trends and possible factors. In the year following the new employment legislation (2004), specific unemployment rates of graduates decreased by 2-5 percentage points. The largest decrease concerned graduates with lower and medium-level qualifications. Despite the fact that this decrease was partially facilitated by the favourable economic development, it is clear that the new measure stimulated young people to seek employment and not to prolong the period between graduation and entering the labour market more than necessary (Youth Schedule A).

<sup>207</sup> **DE – Unemployment Benefit II**. The measure has been introduced in 2005 in the context of the “Hartz reforms”. It is for unemployed but also for persons not having sufficient income. In 2006, the benefit amounted to €346 per person and €276 per young person aged 16 to 18 able to work. In 2005, among the Unemployment Benefit II receivers, there were 700,000 young people (15-25 years); 20% were pupils, 11% apprentices, 6% were employed, 12% participated in a labour market policy measure, 37% were unemployed and 9% were on maternity leave. 43% of these young people had the lowest educational attainment (*Sonder-/Hauptschulabschluss*). Half of these young people lived with their parents (Youth Schedules A, B and Youth Case Study Report).

<sup>208</sup> **UK – Incapacity Benefit**. Current rates for a single person are £61.35-£72.55 per week for short-term illnesses, and £81.35 per week for longer term disabilities. Impact assessment: To-date, over 25,000 people has been helped into work by Pathways to Work. Amongst those beginning a claim for Incapacity Benefits, Pathways to Work increased the percentage in employment 10½ months later by an estimated 9.4 percentage points, from a base of just 22.5%. There is some evidence to suggest that the impact is larger for individuals aged above 45 years compared to those under 45 years (Youth Schedule A and Youth Case Study Report).

wage-cost reductions depend on whether the enterprise trains the new worker (MT<sup>209</sup>).

- Money grants for employers who employ persons with functional impairment entailing reduced work capacity. The employee receives wages and other benefits in accordance with collective agreements for the industry. The grant is renegotiated annually and is normally payable for up to four years. It is also available for public sector employers (SE<sup>210</sup>).
- New-start-job/*Nystartsjobb* (available in Sweden since 1 January 2007<sup>211</sup>). Public and private employers can receive economic incentives for hiring new employees. The economic compensation takes the form of a tax credit of the same amount of employment payroll taxation. This kind of support is granted for the employment of persons who have been unemployed for a long period or for refugees.

#### 6.2.4.c. Conclusions

The measures of labour-market access policies have varying impacts according to whether they intervene in contexts of high or low youth unemployment, whether labour supply is attractive for employers or not, whether the labour contracts are suitable for the conditions of the first job. Also, the extent of illegal employment among young people plays a role.

The introduction of minimum protection levels in all contract forms is the basic aim of the policies of flexicurity, independently of the context. However, this has greater urgency in the countries with lower rates of youth employment and with greater rigidity in labour contracts.

Another common element is the adoption of measures for reducing illegal work. This can be pursued with measures for reducing non-wage labour costs through tax incentives and also by reducing labour costs for integrating the productivity of the young through financial incentives for companies hiring young people with particular personal conditions or reducing cash payments for the young people themselves. The reduction of labour costs of the young is a measure common to all contexts, since it compensates firms for the newcomers' lower levels of productivity.

The development of modern forms of alternating study and work is one of the strategies facilitating the first entry into the labour world; at the same time, it fosters the professional growth of young workers by offering them the prospect of improving their work position and mobility. In the countries possessing the appropriate training channels for managing alternating theoretical and in-work training, it is possible to aim at

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<sup>209</sup> MT – Fiscal incentives (Youth Schedule A).

<sup>210</sup> SE – Money grants and Public Sheltered Employment (Youth Schedule A).

<sup>211</sup> SE – New Start Job (Youth Schedule A).



developing these forms of labour contract at all levels and for all professions. In the countries in which training structures are lacking and there is a weak supply from training providers, measures have to be taken to foster their creation. A discriminating feature among the different contexts is precisely the possibility of activating measures entailing a *qualification effect* which ensures that the unemployed return to the labour market having gained new competences and qualifications; a *motivation effect* which ensures that the unemployed intensify their job search; a *contact effect* due to the contact of the unemployed with the labour market; and a *self-confidence effect*.

In a flexicurity perspective, the crucial point is constituted by the measures supporting young people in entering the labour market but not necessarily in an open-ended employment contract. What is important is a regular job, possibly with continual improvements. Attention needs to be paid to employment conditions, wages, welfare benefits and insurance aspects of employment contracts rather than to the duration of the employment.

### **6.2.5. Professional growth and mobility**

#### **6.2.5.a. Focus**

Policies that support professional growth and mobility focus on young people's working relations inside the firm. Professional growth mainly concerns the young workers' possibility of developing competences by work experience from the starting with the first year of productive activity. Mobility concerns the possibility of improving one's position in a vertical sense both inside the workplace and outside towards a new and better job.

This is a stage in the young workers' professional career directly determined by the human resource development policies present in the firms. These corporate policies concern issues such as: wage policies and their relationship with the development of competence, training and health quality in the workplace, corporate career development policies, professionalization policies linked to in-work training and those linked to personal and professional access to training, and talent fostering policies.

Public policies to foster positive conditions for the professional growth and mobility of young people – which we shall analyse below – are aimed both at individuals and at firms. In the flexicurity perspective, this field is of key importance as professional growth is the base for facing mobility from one job to another with an increased store of knowledge and competences.

### **6.2.5.b. Common trends**

#### **6.2.5.b.1. General regulations on labour relations**

Public policies intervene with general regulations protecting workers from abuse (e.g. replication of fixed-term contracts), maintaining young people in an active position and stimulating firms' initiatives for fostering the professional growth of young workers. These are regulations involving contracts, working conditions, training and financial measures for supporting both employment and the unemployed (i.e. the transition from one job to another). These general regulations are accompanied by the definition of guidelines for segmenting the youth population on the basis of their job. For example, the measures can be diversified according to whether they are addressed to:

- Non-subsidised jobs
- Subsidised jobs (partly or entirely)
- Benefits recipients (economically dependent workers, migrants, minorities, etc.)
- Disabled (i.e. IE<sup>212</sup>)
- Irregular jobs.

It could be said that, taken as a whole, these measures now tend to support the transition towards non-subsidised jobs, making use of a mix of active labour policies, training policies and economic incentives.

#### **6.2.5.b.2. Professional growth at work**

An initial distinction can be made, starting from measures focusing on:

- learning quality in the workplace, with the focus on the informal dimension of work-related educational processes and
- increasing time dedicated to learning (i.e. paid educational leave)
- financial measures, such as individual learning accounts, individual development accounts, the right to the free use of certain services, study grants and cheques or vouchers, individual loans, occupational funds, paid educational leave.

All these types can be expressed in legal rights or in rules introduced through negotiations between workers and employers.<sup>213</sup>

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<sup>212</sup> **IE – Disability Act** (2005). The comprehensive strategy includes: Enhancing the effectiveness of employment and vocational training programmes for people with disabilities; Further developing supports to the employment of people with disabilities (Youth Schedule A).

<sup>213</sup> European Employment Observatory. Review: Autumn 2005.

Measures for employers fall into two categories. The first encompasses subsidies or a full coverage of the costs of certain learning activities (i.e. CZ, MT),<sup>214</sup> while the second comprises tax relief. These measures cover all firms and all types of labour contracts, but in particular they are addressed to contracts with a high degree of flexibility, given that “a higher flexibility at the labour market is likely to put a disincentive to offer training. As the employer has to bear the bulk of the training costs, it is not particularly interesting to train workers who will not stay with the company” (DE<sup>215</sup>).

### *Subsidies*

This model is usually intended to **finance learning programmes for young workers** which are defined by the measure itself. It is demand-driven, in the sense that it does not act through courses provided by the state.

### *Tax relief*

There are various types that are to increase in-company training activities:

- **Reduced taxes on profits**, where firms are allowed to deduct from their profits an amount exceeding the direct costs of the learning initiatives in question.
- **Reduction of ordinary tax**, where non-profit organisations are allowed to deduct the costs of learning initiatives.
- **Imposition of a “custom-made” tax**, for example to create a fund from which resources can be drawn to finance learning initiatives by the firms involved.
- **Exemption from certain taxes**, for example those levied on financing learning and training. Firms which invest in learning are exempted from paying these taxes on condition that they reach a pre-determined minimum level of expenditure.

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<sup>214</sup> **CZ – Subsidy for training.** It is one of the new measures established by the new Employment Act. It can be provided to the employers who hire a person defined by the law as a person needing “enhanced care”. People under 25 years and tertiary education graduates within two years after graduation but not older than 30 years are included in this group. Subsidies can be provided for 3 months up to the half of minimum wage (Youth Schedule A). **MT – Employment training placement scheme.** It assists employers to provide the necessary training to newly recruited people, and is particularly beneficial to unemployed young people. ETC subsidises 50% of the national minimum wage to those employers who employ a person who has been registering for work and assists single parents by paying them childcare allowance (Youth Schedule A).

<sup>215</sup> **DE** (Youth Case Study Report).

### 6.2.5.b.3. Professional growth in transition between jobs

The moment a labour relation is interrupted, policies specify “immediate activation” interventions, mainly to ensure that the young person moves to another job as quickly as possible. Should there be no possibility of an immediate placement in a new job with a standard contract, measures come into play that can vary according to:

- The individual’s degree of employability. If the young person does not possess a sufficient level of education and competences to ensure employability, then he or she has the right the access training activities and to benefit from economic support. In Romania, for example, “the unemployed enjoy many rights and facilities for attending training (updated and extended by Ministerial Order 171/2004), including the right to qualitative theoretical and practical training, travel expenses to the vocational centre, expenses for accommodation if they have to travel more than 50 km, tools for training and learning, etc”.<sup>216</sup>
- The possibility of employing the young in subsidised jobs that could become permanent. Here, the measures can be graduated according to whether the individual concerned has been previously unemployed and has already gained working experience (involving internships in Denmark<sup>217</sup> or the integration wage cost subsidy in Germany<sup>218</sup>) is discouraged by negative experiences or unemployed because of a particular marginal position. Hungary has programmes involving alternative labour market services and projects offering opportunities for sheltered employment and long-term employment,<sup>219</sup> and transit-employment programmes, such as non-school based vocational training linked to employment.<sup>220</sup> Finally, measures can be designed specifically for those unemployed with high levels of education and training. In Romania, for example, those graduating from high-schools and/or vocational schools receive a subsidy amounting to 60% of the minimum salary and 70% for university graduates. This does not imply that employers have to pay the minimum salary

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<sup>216</sup> **RO** (Youth Case Study Report).

<sup>217</sup> **DK – Company internship** (Youth Schedule B and Youth Case Study Report).

<sup>218</sup> **DE – Integration wage cost subsidy** (Youth Schedule B and Youth Case Study Report).

<sup>219</sup> **HU - Project insuring opportunities for sheltered employment and long-term employment.** This is one of the labour market programmes of the non-profit sector aimed at assisting disadvantaged groups in entering the labour market. Such programmes are supported by the National Employment Public Foundation (NEPF) (Youth Case Study Report).

<sup>220</sup> **HU - Transit Employment Program.** Impact assessment: Experiences to date have shown that 70% of young people with severe disadvantages who complete the programme managed to find a job (Youth Schedule B and Youth Case Study Report).

but that this was the amount up to which salary expenses were subsidized by the state. To obtain this facility, the employer has to hire a person for an unlimited period and keep him or her employed for at least three years. It is a measure aimed both at stimulating the employment of young graduates without experience and at consolidating their employment status at least for three years. One might ask how many young people employed through this facility remain in the same working place for three years, since there is a high percentage of mobility from the first job, either because of accommodation difficulties or better prospects elsewhere.<sup>221</sup>

#### **6.2.5.b.4. Economic incentives and disincentives**

The transition between jobs is accompanied by a system of economic measures that, whilst providing support, stimulate individuals to return to the world of work. There are differences among countries as to the amount of incentives, and to whether or not they are offered to all young people between jobs or unemployed.

The relative measures can be distinguished according to whether they provide tax reductions or subsidies.

The reduction of taxes on low wages has the aim of making jobs more attractive to young workers who would otherwise refuse them (i.e. CZ<sup>222</sup>). So, for example, in addition to payments made to those out of work (or under-employed, working fewer than 16 hours per week), the UK also has a system of tax credits for those working more than 16 hours per week for low wages.<sup>223</sup> Other forms of tax credits can be found across EU Member States (i.e. FR, IE).<sup>224</sup>

Tax reductions are also used to regain control over undeclared work or employees in the “grey area” of self-employment often not covered by social protection. In Romania, for example, in an attempt to reduce at least part of the large share of undeclared work (with second and third jobs mostly qualifying as such), the government introduced the 16% flat-rate income tax on 1st January 2005.<sup>225</sup>

This could help young people who are very often in this situation as they are less informed about working regulations and many of them are students

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<sup>221</sup> **RO** (Youth Case Study Report).

<sup>222</sup> **CZ – Labour income taxation.** As of January 2006 the two lowest marginal tax rates were reduced from 15% to 12% and from 20% to 19% respectively. This measure should stimulate low income groups to find and retain a job (Youth Schedule A).

<sup>223</sup> **UK** (Youth Case Study Report).

<sup>224</sup> **FR – Tax Credit/Crédit pour les jeunes salariés** (Youth Schedule A). **IE – Tax Credit** (Youth Schedule A).

<sup>225</sup> **RO** (Youth Case Study Report).

looking for part-time/flexible working arrangements so as to continue studying.

For subsidies directly disbursed to young people between jobs or unemployed, the measures can be classified into three main categories, on the basis of the UK model:

- **Jobseekers' Allowance (JSA)** – to receive JSA, individuals must show that they are capable of working and are currently looking for work.<sup>226</sup>
- **Income Support (IS)** – this benefit can be paid to anyone with a low income, regardless of whether they are working or not. To receive benefits when out of work, however, individuals must again show that they are looking for work, unless they fall into certain categories such as being a lone parent or a long-term carer.<sup>227</sup>
- **Incapacity Benefit (IB)** – this benefit is paid to sick or disabled individuals who are unable to work.<sup>228</sup>

These types of measure, albeit existing in numerous countries, do not always include young people among their recipients.

In the case of the United Kingdom, as shown by the type of measures described, benefits are paid as long as the young person is actively seeking work or is engaged in one of the active labour policy measures, i.e. training.<sup>229</sup> This is also the case for the out-of-work benefits.<sup>230</sup> As for Hungary, there seems to be a tendency to replace unemployment benefits with job-search benefits that proved to be effective: over 33% of recipients of job-search allowance found jobs in 2006 before their entitlement to the allowance expired compared to around 25% in previous years.<sup>231</sup> The move towards rapid activation interventions also involves those addressed to people with partial disabilities. In Hungary a transitional benefit will replace the former benefit and be accompanied by appropriate rehabilitation that assists and stimulates a return to the labour market. From 2008, disabled persons, who – taking into account their state of

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<sup>226</sup> **UK – Jobseekers' Allowance/JSA** (Youth Schedule A and Youth Case Study Report).

<sup>227</sup> **UK – Income Support/IS** (Youth Schedule A and Youth Case Study Report).

<sup>228</sup> **UK – Incapacity Benefit/IB** (Youth Schedule A and Youth Case Study Report).

<sup>229</sup> Similar trend can be seen in **Finland**, where unemployed persons aged 25 or under who are undergoing vocational training can get financial aid for students (instead of the labour market subsidy). Persons aged 18-24 who refuse an offer for a job, labour market policy measure or training (i.e. does not apply for a suitable course of vocational training or quits school) become ineligible for labour market subsidy until age 25. Eligibility is restored if they show proof of having completed vocational training (Youth Schedule A).

<sup>230</sup> **UK – Out-of-work benefits**. The payment of benefits – managed by the local jobcentres - whilst out of work is meant to be a means of support while a new job is found rather than a permanent state of affairs and there is an obligation to participate in active labour market policies such as the New Deal to prevent benefits being withdrawn (Youth Case Study Report).

<sup>231</sup> **HU** (Youth Case Study Report).

health, skills, and age – have a good chance of being rehabilitated, will receive rehabilitation benefit instead of the former disability pension. Rehabilitation benefit can be granted for the period of the rehabilitation, at maximum for three years. In parallel with changes in disability benefits, a new rehabilitation system is being established that focuses on individuals and their abilities and makes the necessary services available for disabled people to maintain and develop their skills.<sup>232</sup>

The other variables on which the measures are constructed regard the preconditions requested for receiving the benefits, the duration of the measures and the amount.

The preconditions are often defined either as the duration of the previous work experience or the length of the period in which the insurance contributions have been paid by or on behalf of the young person. These are restrictive measures which can require minimum standards of national contributions paid by or on behalf of the individual for up to two previous years (UK). Without this condition the benefits are denied or restricted to income support measures.

The period during which the right to obtain the unemployment benefit is recognised varies according to the country. The tendency is to have a standard of around 6 months (i.e. CZ). After this period only the right to income support remains. The reduction of the time has also the aim of preventing the young unemployed entering forms of irregular work.

The amount of the benefit is used to stimulate a rapid return to the labour market. It is generally low and can only be increased if recipients undertake the measures set forth in active labour policies. The amount can also vary over time; that is it can be higher in the initially and then gradually lower towards the end of the benefit disbursement period. This feature has a particular effect of stimulating activation and the return to the labour market.

#### ***6.2.5.b.5 Entrepreneurship***

The development of youth entrepreneurship is the focus of measures in many countries. These initiatives aim to construct supported pathways for promoting self-employment and for fostering a natural phenomenon already widespread in all European countries: the considerable presence of early school leavers among the owners of small and medium enterprises.

To foster this policy, measures are mainly aimed at training in entrepreneurship, starting with basic skills. Measures aim to:

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<sup>232</sup> HU (Youth Case Study Report).

- Promote usage of ICT and encourage participation in knowledge society.
- Encourage mobility of citizens through the development of joint projects.
- Foster language learning.
- Develop competences for solving problems in the labour market and help social cohesion, unlocking personal potential to develop creativity, an initiative-taking attitude, responsibility, independence, risk-taking, and team work.

These measures feature interventions such as:

- Providing political support for entrepreneurship education at all levels.
- Promoting entrepreneurship education at the local level, with a coherent programme that brings together local stakeholders and addresses the various levels of education through a range of different instruments (e.g. SE<sup>233</sup>).
- Ensuring public funding and support for entrepreneurship education activities, including the use of practice-based pedagogical tools, the implementation of pilot projects and of concrete enterprise projects in schools.
- Launching innovative actions for training teachers, providing specific training in entrepreneurship.
- Encouraging the creation of learning communities with the mission of fostering entrepreneurial mindsets, by building links between the education system and the business world.
- Launching awareness campaigns and celebrating entrepreneurship education activities and programmes that work well by organising awards and competitions.

After leaving school, the young people concerned are given the opportunity to access a number of measures that encourage their business initiatives (DE, FR, LT, LU, SE, PL).<sup>234</sup>

Measures in this area also have a training component designed to provide beneficiaries with the necessary skills to set up a business. These measures may also envisage the availability of forms of coaching and

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<sup>233</sup> **SE – Venture Cup initiative** supported by Confederation of Swedish Enterprise. It is a pan-Nordic business plan competition that helps students, researchers and others to take their business idea from concept to actual start-up (Youth Schedule A).

<sup>234</sup> I.e. **DE - Subsidies for business start-ups**. They are paid by the PES (Youth Schedule A). **FR - Envie d'Agir programme** (Youth Schedule A). **PL – First business** (Youth Schedule A). European Employment Observatory. Review: Autumn 2005.



assistance by specialists, in addition to contact with research and innovation-transfer support centres (LT, LU, SE).<sup>235</sup> Also, specific counselling services are envisaged by the measures in this area. These include business incubators and “businesses for learning” (e.g. BU, FR, EL, HU, PT).<sup>236</sup>

To facilitate the youth business initiative, work experience in the field is no longer required in the Czech Republic, provided that the relevant education is proved, according to the measure approved by an amendment to the Trades Licensing Act which came into effect on 1 January 2008. This amendment provides for starting a business in craft trades immediately upon acquisition of the relevant qualification.

The range of financial measures like low-interest loans, grants or unsecured loans and tax relief (FI, DE, IT, PL, ES, RO, SE),<sup>237</sup> material support, etc. can be adopted for this purpose. This is the case in Romania, for example, where the government plans to help young people start up competitive farming with financial aid from FEADER through the National Programme for Rural Development.

**Box 12 Hungary – Youth Enterprise/Becoming young entrepreneurs (*Ifjúsági vállalkozások*)**

Abstract

The measure aims to develop entrepreneurship among young people (18-32 years) in Budapest and environs with a complex agenda and methodology (adapted from Wandsworth Youth Enterprise Centre). The Budapest Youth Enterprise Centre, in co-operation with the Economic Polytechnic Grammar and Vocational School and the Polytechnic Foundation operate this programme in Budapest. They aim to help reduce youth unemployment by creating a powerful micro-entrepreneurial sector with active measures. The programme offers information, training and

<sup>235</sup> European Employment Observatory. Review: Autumn 2005.

<sup>236</sup> European Employment Observatory. Review: Autumn 2005.

<sup>237</sup> I.e. the start-up grant in **Finland** can be granted for a maximum period of 10 months at a time. The decision to issue a start-up grant is made for two periods, the duration of the first one being a maximum of six months. The second period may be a maximum of four months. A grant may be issued for the second period in case support is needed in order to ensure the entrepreneur's livelihood and the enterprising activities have actually been launched. The decision concerning the second period is conditional. For the first six months, the start-up grant is approx. €650 a month, and for the final period of four months it is some €500. From the beginning of 2005, in addition to unemployed job-seekers, grants can also be given to persons moving from paid employment, studies or home-making to full-time enterprising (Youth Schedule A). In **Sweden** there are special start-up grants in the form of grants towards investments, etc. (Youth Schedule A). **IT – Start-up incentives** The concessions include financial incentives for investments, management and training (Youth Schedules A). See also European Employment Observatory. Review: Autumn 2005.

counselling and promotes clients' self-training by providing infrastructure and organising business conferences and entrepreneurship clubs.

The main instruments are:

- Individual counselling using Rogers' counselling process. Based on differential psychology, these approaches assume that guidance is essentially about a process of rational decision making, in which clients are assessed by the 'expert practitioner' and then matched to the 'best fit' opportunity. It follows that the provision of information about the client and the world of work will result in behaviour change (e.g. improved decision-making skills.) (Rogers 1952 The Seven Point Plan)

- Training:

Entrepreneurship abilities and initiative, planning principles, business plan Idea - generation training – working out a business programme

Business planning-practical training for business preparation and creation of business plan

Development of entrepreneur skills:

- Incubator house:

This is a transit zone between the school and real entrepreneurship. Young people can rent business premises at a preferential rate. Young people with good business plans can apply for free places.

In some programmes, the centre cooperates with social partners (non-profit organisations) who ensure social support for clients.

#### *Impact assessment*

The Youth Enterprise Centre adapted the evaluation process of the mother institution, Wandsworth Youth Enterprise Centre. It is based on inner evaluation and self-evaluation. The programme also has its own quality management. The whole service process is based on clients' feedback.

#### **6.2.5.c. Conclusions**

Policies for the professional growth and mobility of young workers are conditioned by factors such as:

- Youth employment and NEET trends.

- The duration of transitions between jobs (either because of unemployment or voluntary mobility) and the connected security levels.
- The development stage and quality of private policies for the management of human resources in firms and the quality of work.
- The conditions of the private training market (consumption volumes, unit costs, product typologies).

The measures set up by Member States vary in effectiveness and suitability according to the presence of these factors and to the different combinations possible.

In terms of youth employment and NEET trends, the choices can vary between developing and extending the periods, whether partially covered by contracts or totally subsidized, and the adoption of measures that foster their transformation into normal contacts.

In terms of the duration of transitions and unemployment, the various forms of “transition wage” dependent - where the labour demand is efficient – on the commitment to seek a job, should be extended to all types of labour relations. At the same time, to foster external mobility towards better positions in the contexts in which the demand for labour is sufficient, measures must be increased for informing those employed in low-skill, badly-paid jobs and in sectors with insecure employment conditions about alternative work opportunities and career development.

In the case of private human resource management policies, the problem arises both from the limited number (variable according to countries) of firms possessing adequate instruments (policies, selection and career development systems, diversity management models, training capacity of leaders, irregularity and error management systems, etc.), and from their concentration in some knowledge-intensive production sectors. To help solve these problems, measures must be adopted that directly commit individual firms to improve their Human Resources Management systems. These include firms becoming more transparent via the adoption of quality management and improvement systems, as well as tax incentives and duties (limited to sectors fundamental for personal security: health, mobility, etc.).

At the same time, the differences in conditions existing between different sectors create problems of compensation for young people who have invested long periods of their professional career with limited returns in terms of growth.

As far as the conditions present in the training market are concerned, there is the issue of different levels of development in the different countries and thus the possibility of a lack of educational assets and services. The development of a flexicurity policy should entail enhancing

the demand for lifelong learning (not academic). The return from investments in training is linked to its quality and, first of all, to its personalisation with regards to the company and the worker. This means that the number and typology of private actors operating in the training market must be increased. Where the market exists, public policies should adopt demand-side measures, supporting savings for educational ends, loans and benefits for individuals to be spent on the free training market (company suppliers or national and international agencies which individuals can approach). Monopolies and oligopolies should be avoided.

Current investments in education are inadequate and thus public policies have to increase the propensity to consume educational goods and services by private persons (the young and companies). These policies are based on three different drivers:

Firstly, on information on returns from investments in education, increasing the transparency of learning outcomes of educational processes and their individual and social worth.

Secondly, on policies to develop the young's self-management of educational processes. This entails transferring decision-making responsibilities to young learners by activating a democratic and personal organization of education.

Thirdly, on policies to increase financial incentives to households and companies, supporting the propensity to consume with growing equity and reduction of investment risks.

### ***6.2.6. Re-entering education and training pathways***

#### **6.2.6.a. Focus**

These policies are targeted at young workers who have entered the labour market early with low levels of education and/or qualifications or who are employed in low-skilled jobs. They are intended to foster the professional growth of these individuals.

Nearly all of these measures concern young people and workers as a whole and provide a framework of basic guarantees for the development of their skills and competences.

The primary objectives of measures under this heading are to enable the completion or continuation of higher education and the development of occupational training and skills acquisition. These measures are not necessarily specific in nature and are intended for employed workers generally. However, the effects they produce have been shown to be particularly effective for young employees.

#### 6.2.6.b. Common trends

An initial distinction can be made starting from measures focusing on:

- Increasing time dedicated to learning.
- Financial support.

Both types can be expressed in rights sanctioned by law or in rules introduced through negotiations between workers and employers.<sup>238</sup> Increased time for training and learning means that the time available for other social activities is reduced, an issue we will come back to later.

A specific consideration should be addressed to the question of creating time for learning by reducing working hours.

The measures currently adopted are as follows:

- Mixed contracts, which in effect introduce forms of **compulsory training/learning to be accomplished during working hours**, specifically during the initial part of the employee's career. The company – and to some extent the worker – is responsible for any indirect costs, although these may be offset by special tax concessions granted by the state.
- Forms of **job rotation** integrated with training/learning, with a close interconnection between study-leave – generally long-term – used by employed workers and their replacement by workers on temporary contracts who have been previously trained to cover the job in question. Finally, there are various forms of hours banks connected, for example, with policies to reduce working time. These policies enable workers to “bank” hours worked overtime an account they can draw on if and when they take part in freely chosen learning activities.
- The introduction of **compulsory training/learning to be met in non-working time**. This measure is often adopted in linguistic programmes for minorities.

In some cases, public action in this sector is implemented through “campaigns” where a series of measures is concentrated on a given target group over a given period of time (i.e. MT<sup>239</sup>).

**Financial measures** - available in different countries (CZ, CY, ET, EL, IT, LT, LU, MT, RO, ES, SE)<sup>240</sup> - that might be applicable to young workers include:

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<sup>238</sup> European Employment Observatory. Review: Autumn 2005.

<sup>239</sup> **MT – Campaigns for young women** in order to promote further education in some areas like science, engineering and information technology (Youth Schedule A).

- **Paid educational leave.** This measure was conceived for employed workers, with costs borne by the employer, the state, and participants themselves. It has become widely adopted since the 1970s. On 5 June 1974 the General Conference of the International Labour Organisation at its 59th Session approved Convention 140, which establishes workers' rights, as defined in Art. 1, to paid leave "for educational purposes for a specified period during working hours, with adequate financial entitlements". Associated with this measure is an initiative introduced in France setting up learning accounts in which the learning hours to which employees are entitled are built up. The collective agreement of 2004 envisaged an individual right of 20 hours leave per year for educational purposes and the possibility of accumulating these hours for six consecutive years up to a maximum of 120 hours to be used within one year.

A Cedefop study (2003) distilled the number of existing paid educational leave models to three:

- a. short-term (from three to five days), with salary or wages paid entirely by the employer, direct costs by the worker, the promotion of the learning provision the responsibility of the state and the leave to be used for occupational learning or training;
- b. undefined duration, possibly of more than a year, either full-time or part-time. Participants continue to receive their pay (in some cases reduced) and the employer is reimbursed or receives compensation from funds set up especially for this purpose;
- c. variable duration, guaranteed by law, funded by one of the financial measures available.

To these types of leave others should be added: unpaid leave, sometimes guaranteed by law, and other forms envisaged by trade union agreements and sometimes covered by unemployment benefits.

In the UK, financial incentives are paid to both the employees to take up their statutory right to paid study leave for 16-17 year olds without a Level 2 qualification, and to employers to compensate them for working time lost on study leave via the Learning Agreements. These latter ones are for 16-17 year olds who are in employment, but in jobs with no accredited training.<sup>241</sup>

- **Study grants and cheques or vouchers,** entailing the allocation of funding to individuals who intend to enter learning or training,

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<sup>240</sup> European Employment Observatory. Review: Autumn 2005.

<sup>241</sup> UK – Learning Agreements (Youth Schedule A).

potentially of any age; these are open not just to people in formal education, but also to young workers. In the UK, to encourage young people without qualifications at Level 3 or above back into learning, free places on courses leading to Level 3 qualifications are offered to those aged up to 25. In addition, an *Adult Learning Grant* of £30 per week is available to individuals studying at least 12 hours per week for their first Level 2 or Level 3 qualification and who earn less than around £20,000 per year.

- **Individual loans**, or bank loans to individuals for training/learning purposes, backed by the state against default by the beneficiary. These measures can be significant for young workers who intend to return to full-time learning (MT).<sup>242</sup>
- **Allowances and tax deduction.** If the young unemployed person returns to the education system, the family is entitled to allowances and tax deductions until the person reaches the statutory age limit (26 years).<sup>243</sup> Alternatively, the weekly allowance is paid in return for the individual committing to and then completing a plan to re-engage in learning. This is for 16 and 17 year olds not in education, employment or training (NEET, UK).<sup>244</sup> In other cases, the allowance is assigned to people who are made redundant and need to re-train at the earliest possible time in order to access the changing labour market (e.g. IE<sup>245</sup>) and need to upgrade their vocational skills (i.e. FI<sup>246</sup>).

The following measures have been used but seemed to have a less significant impact:

- **Individual learning accounts** (Individual Learning Accounts is the term used in the UK, but there are different versions in the different countries). With these accounts, a certain sum (as much as €3,000) is allocated to a pre-determined number of citizens who are unemployed

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<sup>242</sup> **MT - Youth Specialization Study Scheme.** It is a joint venture between the Ministry of Education, Youth and Employment and one of the local Banks. The measure aims at financially assisting young people between the ages of 18 and 30 years, who wish to pursue their studies or training abroad, provided that such studies are not available locally. Young people can apply for loans ranging from €12,000 to €24,000 with minimal or no security from the bank at a variable interest rate of 5.25% per annum (i.e. 2.25% above the CBM Discount Rate, currently 3.00% per annum). The loan may be repaid over a maximum term of ten years, including a maximum moratorium period of three years on capital repayments. Interest is to be settled separately as and when due. A Credentials Committee assesses the applications from an academic perspective. The selected applicants will benefit from a subsidy of 4.25% or 2.25% per annum, on the interest rate during the moratorium period if following a full time course or a distance- learning course respectively (Youth Schedule A).

<sup>243</sup> **CZ - Tightening conditions for collection of unemployment benefits by school leavers/Zpřísnění podmínek pro pobírání dávek v nezaměstnanosti pro absolventy škol** (Youth Schedule B and Youth Case Study Report).

<sup>244</sup> **UK – Activity Agreements** (Youth Schedule A).

<sup>245</sup> **IE – Back to Education Allowance** (Youth Schedule A).

<sup>246</sup> **FI – Training allowance.** It can also include a maintenance allowance that is a reimbursement for meal and travel expenses (€8 per day and tax-free). Maintenance allowance is payable for five days a week and is paid for the whole of the training period, holidays excluded (Youth Schedule A).

or in atypical employment contracts. Beneficiaries can spend this money to take part in formal or informal learning activities, which they choose with the help of a guidance officer.

- **Individual development accounts** are accounts into which the holder can pay sums for use in training or learning or for other purposes such as starting up a business, buying a house, etc, depending on the laws of the state in question. The multinational Skandia has introduced a similar measure in Sweden by launching a “skills insurance” programme that aims to encourage policy-holders to save to finance access to learning.
- The right to the **free use of certain services**, such as assistance in job counselling, basic education, job placement and job training education.
- **Occupational funds** – widely used in many European countries (i.e. PL),<sup>247</sup> – are the fruit of national agreements by the social partners. The funds collect levies as a percentage on the total volume of employees’ salaries or the total wage bill of each undertaking in the scheme and they can be used for young workers in particular.

The conception, planning and implementation of this type of policy is based first and foremost on agreements by the social partners, guaranteed and sometimes supported by the state (CZ, FI, MT, PT, SE).<sup>248</sup>

The supply differs according to whether tertiary education or lower educational levels are involved. In the first case, young people return to standard education, possibly adapted to needs of students with previous work experience. For the other levels, the Nordic countries have the Komvux and Folk high schools, whereas the United Kingdom provides training support to those individuals who have left formal education but want to return to learning in a college-based setting, rather than in-work training. Anyone over the age of 16 who has not attained English or Maths qualifications at GCSE level (Level 2) can obtain basic competences through the *Skills for Life* programme. *Skills for Life* guarantees, for all adults who want to improve their literacy and numeracy skills, free

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<sup>247</sup> **PL –Labour Fund** financed by the contribution of employers and subsidies from the state budget. Resources are allocated to regional and county self-government authorities by Ministry of Labour and Social Policy-MoLSP, based on the law providing the algorithm formula as well as the rules and timing for the provision of resources. The Labour Fund resources are earmarked among others for financing the costs of training of employees, unemployed and other eligible persons, training allowances, loans, scholarships, contributions for social insurance related to scholarships and training costs of personnel performing tasks arising from the relevant legislation (Youth Schedule A).

<sup>248</sup> I.e. **PL - Network of companies which offer practical training**. So far the Ministry of National Education and Sport has concluded Cooperation agreements for the Promotion Vocational, continuing and Practical Training (24.09.03) with Polish Employers’ Confederation aimed at the establishment of a network of companies which will offer practical training for pupils and teachers and will support schools’ technical base (Youth Schedule A).

See also European Employment Observatory. Review: Autumn 2005.



training in a format that reflects their individual needs and which is available when and where they need it (full-time, part-time, self-study online etc). Newly developed screening and assessment procedures have been designed to identify those with basic skills problems who can then be encouraged into a learning programme, focussing on the target groups of unemployed jobseekers, workers in low-skill jobs, and certain groups such as ex-offenders. Agencies such as benefit agencies, health services, prison and probation services, as well as employers of low-skilled workers, are responsible for identifying these cases.<sup>249</sup>

#### 6.2.6.c. Conclusions

Policies for young people to re-enter certified education and training pathways has the aim of fostering mobility towards better jobs, besides responding to personal aspirations.

The basic measures vary according to possibilities and constraints regarding:

- The construction of training pathways alternative to school and to curricular-driven models and not aimed at producing learning outcomes. In the countries in which the conditions are more favourable, as well as those in which interventions are more urgent, the most effective choice is to create a system independent of the school in which the main responsibilities are shifted to firms, and to their capacity to construct training pathways, and to civil society. This also involves increasing the number of actors with certification powers and the possibility of validating acquired knowledge. This kind of measure is also essential for first-generation immigrants.
- The access to these possibilities depends on policy measures supporting the demand for training which release time for it (paid educational leave), remove economic obstacles (vouchers, loans, educational savings), foster decision-making powers linked to learning content, methods and styles and provide better information about the quality of the supply and returns on investments in training.

The chance to re-enter vocational training pathways and the quality of training delivered is crucial in a flexicurity perspective as this is the base for maintaining and developing workers' competences and employability.

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<sup>249</sup> UK (Youth Case Study Report).

### **6.2.7. Transition to adulthood**

#### **6.2.7.a. Focus**

Adulthood could be defined as the moment when people become economically independent of their family of origin and produce children of their own.

The policies and measures intervening on this stage in young people's lifecycle aim to tackle the demographic crisis by supporting a life-work balance that encourages and supports parenthood and reduces the costs and difficulties encountered by young households in coping with outlays linked to unsustainable standards of childcare and education while still having enough time available to manage their whole range of responsibilities and personal interests.

These are policies and measures strongly influenced by the gender mentality and connected to the idea of the family and the role of women. For this reasons they are in constant evolution, influenced both by the cultural dynamics of the society in question and by the progress of female participation in the labour market. In the past, these measures were mainly based on the traditional role of women, considered as individuals who devoted their time to raising children and because of this had a marginal presence on the labour market.

Today, these policies have the task of reducing the transition period. In particular, the extent of fixed-term contracts is posing a problem for family policies, as young people either postpone the decision to have children or are deciding not to have children at all. Hence, policies are addressed both to young women, their partners and to grandparents.

#### **6.2.7.b. Common trends**

The demographic challenge and the presence of women in the labour market are issues present, albeit to differing degrees, in all the European countries. Despite these differences, policies appear to be directed at harmonizing two potentially opposing aims: increasing birth rates and reducing the time parents spend away from work.

Existing measures use four main levers:

##### **- *Protection for working mothers***

These measures intervene on two main aspects:

- *Maternity and parental leave* where the mother or father is entitled to parental leave for the first three years of the child's life (BE, FI, IE, LT, LU, NL, MT, PL, SE). During this period

the employer is obliged to guarantee the parent his/her job. Maternity leave is accompanied by maternity benefits (i.e. IT, MT, SK). The duration of maternity leave is linked to the presence or absence of childcare services.

- *Flexibilisation of working hours* in relation to the particular needs of workers with children. These are measures involving the possibility of part-time work, flexible working hours customised according to needs (i.e. CZ, ET, IE, LT, SK),<sup>250</sup> information instruments and systems for planning (i.e. MT<sup>251</sup>); compressing weekly working hours into a lower number of working days; tele-work, with consequent reduction of travel times; calculation of hours bank on a yearly basis, or a variable distribution (by day, week, month) of working time depending on the period of the year, usually in relation to trends in the company's production cycles,<sup>252</sup> term-time working, or employment contracts that provide for long periods of leave, usually corresponding to children's school holidays.

Measures under this heading may envisage specific learning components, for example, connected to the gender culture in the workplace

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<sup>250</sup> **CZ - Working time arrangements/pracovní úvazky, pracovní doba.** Working time modifications are about reduced working hours, flexible working hours, and working at home. If an employee looks after a child aged below 15 or a pregnant woman asks for reduced working hours or another suitable arrangement of the statutory working week, the employer is required to meet their requests, if the operational conditions allow it. The employer is required also to take into the account the needs/wishes of these employees in scheduling employees to shifts. The employer is required to provide *additional work breaks* to a breastfeeding mother (two half-an-hour breaks per child per 8 hours shift until 1 year of child's age and to one half-an-hour break per shift in the following 3 months. The employer has to *excuse absence from work* of an employee who takes care of a sick dependent child or of a child under 10 that cannot be placed in kindergarten or in school because for instance these facilities are closed due to serious reasons. An employee is not entitled to any wage compensation for that period. However mothers or fathers are entitled to the sickness insurance benefit (Youth Schedule A). **ET - Flexible working contracts.** Impact assessment: According to the experts' opinion, the flexibility of labour market is not sufficiently developed and the implementation of flexible working contracts is still a challenge for Estonia. Redundancy costs are relatively high and inhibit the flexibility of the labour market. Only a small fraction of young people work part-time during their studies (Youth Schedule A). **IE - Flexible working arrangements** (Youth Schedule A). **LT - Working time arrangements.** Flexible working arrangements and part-time work are, if requested, for: (a) a pregnant woman, (b) a woman for a period following childbirth up to one year, but if the woman is breastfeeding then for the whole period of breastfeeding, (c) an employee who has a child under 14 years of age or a disabled child under 16 years of age. An employee who has a child under one and a half years of age shall be granted additional breaks for feeding the child not less than 30 minutes and not less than every three hours. If an employee has two or more children under one and a half years of age, a break of at least one hour shall be granted. Breaks for feeding a child is considered as working time, preserving work remuneration for such time (Youth Schedule A). **SK - Flexible work arrangements.** Social partners negotiate, at the appropriate levels, in particular at sectoral and enterprise levels, agreements to modernise the organisation of work, including flexible working arrangements. Part-time working is by far the most common form of flexible working. Working time flexibility may be defined as permanently variable and adjustable working time in terms of structure and length (Youth Schedule A).

<sup>251</sup> **MT - Part-Time Employment Register.** This is to assist individuals (mainly women) who seek part time employment by means of an automated register to be set up by law (Youth Schedule A).

<sup>252</sup> European Foundation for the Improvement of Living and Working Conditions, 2002:2.

and the creation of instruments such as Equality Plans (BG, CY, IE, LT, MT, RO, SK).<sup>253</sup>

- ***Tax incentives***

Tax incentives are offered to families. For example, in Hungary families raising three or more children are entitled to a *family tax benefit* up to a certain income threshold.<sup>254</sup> In the United Kingdom, there are two measures that can be combined: Working Tax Credit and Child Tax Credit. To receive the former, individuals must be aged 25 or over and in paid work for at least 30 hours per week (or a parent aged at least 16 and working for at least 16 hours per week) and with a household income below £58,000 per year. Child Tax Credit is additionally paid if individuals are responsible for the care of at least one child. It is estimated that 9 out of 10 families with children are entitled to some level of Child Tax Credit.<sup>255</sup>

- ***Benefits and allowances***

During parental leave, the benefit received can either be a fixed amount regardless of the parent's previous wage or a percentage of the previous wage (40% of the average wage in the non-business sector in Czech Republic). Parents can benefit from parental benefits all around Europe (i.e. BE, CY, CZ, ET, FI, IT, LT, LU, MT, NL, PL, SE, SK).

This measure also determines the period during which the parent is entitled to the benefit. The duration varies from country to country. In the Czech Republic it is a three-year period but can be extended for an additional year (until the child is 4). In that case the employer is not obliged to guarantee the job.<sup>256</sup>

The parental benefit established as a fixed amount was not favourable for those who return to employment earlier. This is why the social security reform envisages a new definition of parental benefit. In 2008, the amount

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<sup>253</sup> **BG - Act on Equal Opportunities for Women and Men** (Youth Schedule A). **CY - Strategic Development Plan**-Equality between men and women in employment (Youth Schedule A). **IE - Gender Equality Strategy** including National Women's Strategy, Equality for Women Measure, Gender mainstreaming, Gender Pay Gap. Measures targeted to immigrants are to be included as well - e.g. Irish Naturalisation and Immigration Service (INIS), National Action Plan against racism (Youth Schedule A). **LT - New Law on Equal Opportunities** (Youth Schedule A). **MT - Gender Equality Action Plan** (Youth Schedule A). **RO - Law on Equal Opportunities for Women and Men** (Youth Schedule A). **SK - Concept on Equal Opportunities between Women and Men. Act on Equal Opportunities for Women and Men** (Youth Schedule A).

<sup>254</sup> **HU - Family tax benefit.** From 1 January 2006, the family allowance, the family tax benefit and the regular child protection benefit have been merged and continued to be disbursed under the title of "family allowance" (Youth Case Study Report).

<sup>255</sup> **UK - Working Tax Credit and Child Tax Credit** (Youth Case Study Report).

<sup>256</sup> **CZ - Parental leave** (Youth Case Study Report).

of parental benefits has been linked to the duration of parental leave. The parent will be able to choose: (a) shorter parental leave (up to 24 months after the child's birth) with entitlement to increased benefit (150%); (b) traditional parental leave (up to 36 months) with a regular level of benefit (100%); (c) longer parental benefit (up to 48 months) with lower benefit (50%). The shorter alternative also allows for saving part of the higher benefit and using it to pay for child care after returning to employment.<sup>257</sup>

These are interventions that aim to modulate parental benefits to encourage parents with small children to return to the labour market. The case of Hungary also illustrates the tendency to combine benefits to increase their effectiveness under the different specific conditions of the different target segments. The Hungarian Government has launched several measures:

- Either parent may receive the childcare benefits on the same terms. Childcare benefit may also be transferred to grandparents after the child's first birthday.
- Inactive persons on childcare benefit are entitled to participate in vocational training or in higher education free of charge, and since 2007 they receive extra marks (an additional 50 points) for the higher-education entrance process (to facilitate their admission into educational programmes). Among other measures, a number of social benefits have been cut, some of them directly affecting child-caring parents. A step backwards is the abolishment of the State-sponsored waiver of the tuition fee for those enrolled in some form of public, higher or post-graduate education while suspending their career for childcare leave.<sup>258</sup> As this action had a double advantage, its abolishment also has a double disadvantage: the withdrawal of the support disproportionately affects women and their labour-market chances under the current situation, while at the same time it makes childcare leave less attractive for parents of both sexes, thereby decreasing the chances of a more even distribution of this leave between fathers and mothers. Publicized as compensation for the withdrawal of this form of financial support, higher education applicants who are on maternity or parental leave in the period between the application deadline and the decision on admission are now

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<sup>257</sup> **CZ – Parental benefits reform.** Impact assessment: One of the anticipated benefits of the reform is that parents can return to work earlier, which will have a positive impact on their professional career and consolidation of their long-term position in the labour market. This will also lead to an increase in the rate of employment among women aged 25-29 which is one of the lowest in Europe (57.5%). At the same time, the equity gap will also decrease (the difference in the rate of employment between men and women in this age group) (Youth Case Study Report).

<sup>258</sup> See: 'Report on Positive Action Measures', April 2005, under Hungary, heading 'Legislation'.

entitled to additional points in the competition for admission.<sup>259</sup> This trade-off (hastily attempting to offer something that does not cost the government any money) creates a questionable advantage (possibly discriminatory and lacking in reasonability and proportionality) for a small group. It generates a negative atmosphere for the advantaged ‘young mothers’,<sup>260</sup> while at the same time being completely unsuitable as a substitute for the earlier support.<sup>261</sup>

- Parents on parental leave can also join labour-market training courses.
- The restrictive rules regarding the employment of persons receiving childcare benefit have been abolished since 1 January 2006.

Despite these examples, the combination of these measures with training initiatives is rare.

Other countries do have various benefits for children (Child benefit in FI, IE, LT, NL, SE)<sup>262</sup> and for the family depending on the family income (i.e. IT<sup>263</sup>).

We can divide the other forms of economic support, again with reference to Hungary, into the following types:

- The *family allowance* is a universal support financed from the state budget. The parent qualifies for that support from the time of childbirth until the end of compulsory schooling (0-18 years), then in secondary level education or vocational training until the age of 23. The amount is differentiated according to the number of children, also depending on whether the child (children) is (are) raised by a single parent, and whether the child is disabled or not.

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<sup>259</sup> Governmental Decree 237/2006 (XI.27) on admission procedures to higher education institutions. Article 21, § (4) as amended, effective from 1 January 2007, and with increased points from 1 January 2008. The advantage in points is the same as that given to disabled applicants.

<sup>260</sup> Although both parents can benefit from parental leave and consequently preferential treatment in education, the media and even politicians repeatedly speak of benefits for ‘young mothers’, thereby reinforcing the public’s perception that ‘normally’ mothers take such leave.

<sup>261</sup> Csilla Kollonay-Lehoczky (2007) Bulletin Legal Issues in Gender Equality N° 2/2007, European Commission.

<sup>262</sup> **FI – Child benefit.** Same-sex partners who have registered their partnership are considered equivalent to a married couple (Youth Schedule A). **IE – Child benefit/CB** (Youth Schedule A). **LT – Child care benefit** (Youth Schedule A). **NL - Child benefit.** In 2004, general child benefits amounted to €177 for a child aged 0-6 and increases with age. For children aged between 12 and 18 the benefit amounts to €252 (Youth Schedule A). **SE - Child allowance.** It is paid to all children up to the age of 16 (at the moment it is SEK 1,050 per month). An extended child allowance is paid for children over the age of 16 if the child is attending compulsory school (Youth Schedule A).

<sup>263</sup> **IT - Dependent family members benefits/Assegni per il nucleo familiare.** Social security allowance granted to employees (and similar categories of workers) in relation to their dependants and the family income (Youth Schedule A).

Similar measures are available elsewhere (i.e. BG, CY, FR, IE, LU).<sup>264</sup>

- The *childcare allowance* is a flat amount benefit paid to parents who stay away from the labour market until their child is 3 years old (or 10 years old in the case of permanently ill or severely disabled children), or to grandparents who look after their grandchildren between 1 and 3 years of age in the parents' household. In the case of twins, this support is paid until the children reach school age (usually 6 years). Allowances are also assigned in case of sick and disabled children (i.e. SE<sup>265</sup>).

Other forms of “care allowances” are provided in case someone is obliged to stay home in order to take care of a family member, thus losing the opportunity to enter or being forced to leave the labour market (i.e. CY, ET, FI).<sup>266</sup>

After the expiry of the pregnancy benefit, in Hungary those parents who had been employed formerly are entitled to a *childcare fee* until the child has reached the age of two, if they do not resume working.

Employed parents qualify for the following *sick pay* for looking after their children:

- unlimited sick pay until the child reaches the age of one year;
- for 84 days per child aged from 1 to 3;
- for 42 days per child from the age of 3 to 6, for 84 days in the case of single parents;
- for 14 days per child from the age of 6 to 12, for 28 days in the case of single parents.

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<sup>264</sup> **BG - Social assistance benefits** for elderly people, people with disabilities, single parents with children and especially the children at risk. **Family allowance**. It is not more than 200 leva - except if the child is permanently disabled. The child must reside in Bulgaria, attend school (from age 7 up to age 18), and not be in a specialized child care institution. **Child-rearing allowance**. The monthly income for each family member must not be more than 200 leva. The child must reside in Bulgaria and not be in a specialized child care institution. The allowance is payable until the child is age 1 if the mother is not receiving maternity benefits; age 2 if the child is disabled, regardless of any family income (Youth Schedule A). **CY – Supports for single-parents families**. Part of the income of the employed single parents is not included in the calculation of the public assistance they receive and therefore they receive a higher amount of public assistance (Youth Schedule A). **FR - Child-Rearing Allowance/Prestation d'Accueil du Jeune Enfant (PAJE)**. It financially assists families in need of a childminding service and gives them the freedom of choice as to which service to use. It is paid to 1,500,000 households (Youth Schedule A). **IE - One Parent Family Payment/OPFP. Family Income Supplement** in favour of large families (Youth Schedule A). **LU – Family benefits**. Family benefits are paid only to families with dependent children under 18 (or under 27 if still in education) (Youth Schedule A).

<sup>265</sup> **SE – Care allowance for sick and disabled children** (Youth Schedule A).

<sup>266</sup> **CY - Care allowance** (Youth Schedule A). **ET – Additional childcare leave** for fathers (Youth Schedule A). **FI – Additional family measures** are: **Child home care allowance, Childcare leave, Part time/Temporary/Partial child care leave, Special care allowance, Child disability allowance** (Youth Schedule A).

In Ireland parents of children aged less than 6 years are given the early childcare supplement (ECS) to assist them with the cost of child care in the early years. The ECS is a direct, non-taxable quarterly payment amounting to €1,000 per child per annum and is expected to cost the exchequer over €400 million in a full calendar year.<sup>267</sup>

- **Childcare services (0-3 years)**

Childcare services promote parents' return to work and help all young children to access early education facilities.

The focus on a family-work balance also includes initiatives with the aim of promoting male commitment in family life and thus disseminating a new mentality based on sharing family duties.

Policies promoting childcare services are mainly concentrated on the supply of adequate services and on improving their quality, especially from an educational perspective.

When there is a lack of services, financial measures such as family-work balance vouchers are also introduced. These were created as an instrument for implementing policies in a gender perspective and enabling those concerned to access the private service market. These vouchers also play a role in active labour policies for women, providing economic support for entering or re-entering the labour market for adult women with family care duties.

Other measures are to help women who wish to return to the labour market acquire skills that are necessary to re-enter the world of work (i.e. IE, MT).<sup>268</sup>

Young children's educational services consist of:

a) *Crèches.*

b) *Additional educational services for early childhood.*

a) The *crèche* is an educational and social service for children aged between three months and three years providing daily educational programmes, play, meals and afternoon rest, and which help families in the upbringing, care, education and socialization of their children (i.e. CY, CZ, LU, NL).<sup>269</sup>

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<sup>267</sup> **IE - Early Childcare Supplement/ECS** (Youth Schedule A).

<sup>268</sup> **IE - Expanding the Workforce/ETW.** It includes lone parents (Youth Schedule A). **MT - Employment Skills Programme** (Youth Schedule A).

<sup>269</sup> **CY - Residential or day-care services for children,** older persons and persons with disabilities may be provided by a state, non-governmental, or private body (Youth Schedule A). **CZ - Developing services of game and development centres and babysitters/rozvoj služeb péče o děti. Up to 3 years**



b) The *additional educational services for early childhood* consist of services such as:

- *Children's playcentres*: services for education and play, based on flexibility criteria, for children between three months and three years, offering a chance for socializing and play, encounter and communication, supported by educators with specific professional competences.

- The *home service* offers educational and care services in the homes of families with children less than three years of age. These families have agreed to make available their homes to teachers with professional qualifications established by law (family educator) to look after children. This service can also be carried out in the teachers' homes (home educator) (i.e. IE<sup>270</sup>).

- *Crèches in the workplace*, for workers' children aged between three months and three years and, sometimes, children resident in the area (i.e. LT, MT).<sup>271</sup> After three years, children can be offered the possibility of entering nursery schools that both look after them and start up formal educational pathways (CZ<sup>272</sup>).

#### - **Housing**

Several measures are taken for supporting young people with housing issues. Some of them are listed below:

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*of age*, day nursery/crèches are founded namely by municipalities, they can be founded also by regions, state, private entities. It is entirely up to the operator to decide on the charges for attendance of children, i.e. whether the clients will be required to pay in full or partly contribute for the care (Youth Schedule A). **LU – Childcare facilities.** The implementation of the “*maisons relais*” concept involving reception centres for school age children aims to promote access of parents and especially women to the labour market by taking children and educating them outside of classroom hours. These reception centres aim at providing care and educational services in the centres during working hours and giving parents access to work, which will increase household income (Youth Schedule A). **NL – Day care for children up to 4** (Youth Schedule A).

<sup>270</sup> **IE - Childminding Relief.** Tax relief introduced last year on income from childminding where an individual looks after up to three children (not their own) in their own home was further enhanced with the exemption limit raised by 50% to €15,000 (Youth Schedule A).

<sup>271</sup> **LT - Developing services of kindergartens, game and development centres, and babysitters.** It is envisaged to promote the establishment of child day care centres in places of work (development of methodical recommendations) by creating a unified information system about babysitting services (Youth Schedule A). **MT - Increasing Female Participation through Childcare Services at the Workplace.** It is a European Social Fund about training of child carers, divided into three phases of tuition. The project provides a package of incentives to employers in order to encourage the latter to start-up and run childcare services at the place of work (Youth Schedule A).

<sup>272</sup> **CZ – Kindergartens.** From 3 years to school age kindergartens as well as nurseries are founded namely by municipalities. They can be founded by regions, state and private entities as well (Youth Schedule A).

- Governments undertake a number of actions aiming primarily to increase availability of housing to people (i.e. BG, LU, MT, PL, SE, SK).<sup>273</sup>

- Building housing for single foreign workers and political refugees.

Benefits and financial support measures include:

- Low-interest credits are planned for various items and they can be given to young people under 36. In the Czech Republic this can be for the renovation of a flat/house. The credit can be granted to married couples with one partner younger than 36 or to a single person under 36 caring for a minor child and amounts up to 150.000 CZK, with interest rate at 2% and a loan maturity maximum 10 years. There also is a credit for building a flat/house that can be granted to married couples with both partners younger than 36 or to a single person under 36. The credit amounts up to 200.000 CZK, with an interest rate 3% and a loan maturity maximum 10 years. Housing acquisition in general by purchase is supported by a credit for married couples with one or both partners younger than 36 or to a single person under 36 caring of a minor child, amounting up to 300.000 CZK, with an interest rate of 2% and a loan maturity maximum 20 years. In case of childbirth in time after signing a credit contract, an unpaid principal is reduced by 30.000 CZK.<sup>274</sup>

- Housing loan state guarantee system (i.e. ET, PL).<sup>275</sup>

- Housing savings with state support (CZ<sup>276</sup>).

- Cost subsidies to local councils (design studies, acquisition costs, etc.) (LU).

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<sup>273</sup> **BG - National Housing Strategy of the Republic of Bulgaria and 2005-2020 National Housing Renewal Programme** (Youth Schedule A). **LU – Housing policies** (Youth Schedule A). **MT - Soft housing bank loans**. The parliamentary acts concern: (1) the programme of soft bank loans (subsidies to cover interest payments on housing loans), (2) the programme of housing for the poorest, and (3) the programme to support so-called “social” tenement housing construction (Youth Schedule A). **PL – Housing policies** (Youth Schedule A). **SE – Housing** (Youth Schedule A). **SK – Housing policies**. The social policy agenda deals with the lack of housing in urban areas and provides supporting measures for housing renting and purchasing. This is also in consideration of the labour force mobility, income structure of households, high market prices, and more marriages occurring in Slovakia. **New national housing program** (Youth Schedule A).

<sup>274</sup> **CZ - Low-interest credits for housing** (*nekomerční úvěry na pořízení bydlení osobami do 36 let*) (Youth Schedule A).

<sup>275</sup> **ET - Housing loan state guarantee system**. The state currently provides housing loan guarantees through the Kredex foundation to apartment associations and certain target groups (tenants in old housing, young families, and specialists with higher or professional education under 35 years of age). The housing loan guarantee for young families (including single parent) raising at least one child below 16 years of age is available for the purchase, construction or renovation of housing. Similarly, the state provides young specialists with loan guarantees for the purchase or renovation. Further, the state provides guarantees for tenants in restituted property who buy their own home (Youth Schedule A). **PL - Soft bank loans**. They are subsidies to cover interest payments on housing loans (Youth Schedule A).

<sup>276</sup> **CZ – Housing savings** (Youth Schedule A).

- Housing allowances for students. These aids are part of the student financial aid and are granted towards the cost of accommodation during study periods (i.e. FI<sup>277</sup>).

#### 6.2.7.c. Conclusions

The policies supporting the transition to adult life mainly concern the issue of gender relations in society and in the workplace.

The main conditioning factors are:

- The level of young women's participation in the labour market and their choices regarding maternity.
- The extent and typology of childcare services.

In the first case, also on the basis of the differing aims of demographic policies, measures must be strengthened in favour of both parents. In particular, in the countries where a significant proportion of women leave the labour market because of maternity, measures are needed to distribute the care of children among the various components of the parental network (and of the elderly, if they should be directly involved). At the same time, the system of duties and incentives for firms should be strengthened to reduce the marginalization of mothers.

In the second case, the increase of public and private childcare services covering the three months to 6 years age group should constitute a priority, especially in the countries and areas in which the forms of mutual help inside extended family networks are weaker. This objective is important in areas strongly affected by migration with a high demographic polarization, in which the care of children is basically entrusted to the grandparents. The development of these services must be seen as a preferable, albeit more expensive, alternative to bringing forward entry into the ordinary educational system by one year. This would enable a fairer distribution of free education opportunities before entering a selective system.

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<sup>277</sup> FI – General Housing allowances, Housing allowances for students, Housing supplement. (Youth Schedule A).

## 6.3. Policy Analysis of Country Clusters

### 6.3.1 Preamble

The aim of the following analysis is to pinpoint common trends in the different countries belonging to the four previously defined clusters (Box. 13). The idea is to highlight possible relations between public policies and results achieved by the various countries in terms of developing young people's competences and employability. It will thus also be possible to come to initial conclusions on the great challenges facing these groups of countries.

#### *Box13 – Flexicurity Clusterization*

COUNTRY GROUPS	MAIN FEATURES
<p><b>I. Friendly labour markets: highest human development indicators and best performer in youth employment.</b> <i>Austria, Denmark, Netherlands, Sweden, Finland, United Kingdom and Ireland</i></p>	Countries with the best labour-market performance among the 27 EU Member States and with good level of flexicurity, not segmented.
<p><b>II. Rigid labour markets: low youth employment and good capability indicators.</b> <i>France, Belgium, Germany, Luxembourg plus SLOVENIA*</i></p>	Countries with good indicators of capabilities and good share of GDP in labour-market policies. Countries with low participation of 15-24 year-olds in the labour market with medium-high level of unemployment rates for this group. They are behind in flexicurity implementation in comparison with the first group.
<p><b>III. Strongly segmented youth labour markets.</b> <i>Greece, Italy, Portugal, Spain and Poland</i></p>	Countries with low participation of 15-24 year olds in the labour market with medium-high level of unemployment rates for this group, poor indicators of lifelong learning, moderate expenditure in ALMP (Active Labour Market Policies), poor in PES (Public Employment Services) and good in passive labour policies. The Mediterranean countries are experimenting a segmented flexicurity.
<p><b>IV. Low employment and skill mismatches in the convergent/transition economies.</b> <i>Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Cyprus, Malta*, ROMANIA* and BULGARIA*</i></p>	Countries with low rates of employment, high rates of unemployment, also of long duration, a high proportion of young people from low-income families and low levels of productivity linked to skill mismatches. In recent years these indicators have improved, suggesting a convergence towards the EU15.

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\* No data on Oecd pisa average score for Slovenia. Romania, Bulgaria and Malta have been added to this group, albeit not all their data is available, because it is considered they are anyway closer in terms of performance

**Cluster 1 - FRIENDLY LABOUR MARKETS: *highest human development indicators and best performer in youth employment: Austria, Denmark, Netherlands, Sweden, Finland, United Kingdom and Ireland***

**The general and preventive approach**

Most of the countries belonging to the first cluster base their policies on the results of reforms to the education system. These reforms involve:

- The gradual introduction of a competitive education system, open to numerous institutional actors (public and private) and, in particular, to enterprises.
- The introduction of forms of demand-side policies, based on financial support for individuals and on tailor-made training pathways, also at school level, accompanied by suitable guidance services.
- The dissemination of certificates with academic value for the various types of training pathways.

In terms of policies aimed at young people leaving school, the main aim is to offer everyone – young and adult – the possibility to enter and remain in the labour market for as long as possible, performing work adapted to their individual characteristics (sickness, disability, time available). This is accompanied by a common trend to set up measures – single or combined – that act on:

- young people's various life stages,
- and, inside these, their different possible positions, with the aim of providing specific responses according to the individual's conditions.

The consequence of these two types of policies is systems that continue to perform their filtering and signalling functions, but are stripped of provisions and regulations incapable of ensuring qualification and access to work prospects for the widest possible youth strata. This outcome is pursued through measures that take into account the diversity of life projects and personal and professional pathways.

**Comprehensive lifelong learning**

The lifelong learning policies involving young people leaving school or already present on the labour market all tend to reduce the time necessary for returning to academic pathways or for entry into working life.

Lifelong learning policies are also characterised by their close link with Active Labour Market Policies (ALMPs) and with welfare policies.

With regards to the measures adopted, the common trends are the following:

- broad differentiation of measures adopted according to the demand to re-enter education, to train while working or to take professionalizing training;
- personalizing training pathways, achieved both by demand-side policies, by tailoring transition pathways and by early activation;
- cooperation with cultural policies and infrastructure through forms of cultural planning for young people;
- strengthening competition between training agencies by opening up the training market and by quality control measures;
- directly involving enterprises and social partners in the in-work training supply;
- strengthening local governance.

#### **Flexible and reliable contractual arrangements**

Policies regulating work relations all tend to have the aim of ensuring that everyone has a job suited to his or her personal conditions and aptitudes, reducing to a minimum period of absence from the labour market. On a contractual level, this aim is achieved by creating myriad labour contracts and by extending to each forms of compensation (wages, insurance, etc.) and guarantees.

In some countries (United Kingdom, Sweden) around 2/3 of labour contracts for young people aged between 16 and 24 years are fixed-term, involve a certain project or are part-time. There are also flexible working arrangements for some other types of contract such as working from home, job sharing, annualized hours or self-rostering (United Kingdom, Ireland).

#### **Effective active labour market policies**

Active labour market policies have the aim of reducing the time spent waiting to enter working life and for the various transitions. This means focusing their intervention on the active population groups leaving the rest to the social and welfare policy area.

In terms of measures adopted, the common trends involve:

- supplying a wide range of opportunities for accessing work subsidized by public funds, differentiated according to the young persons's conditions and lifecycle stage,
- the quality of public and private employment services,

- close integration with lifelong learning policies – for employability
- and security policies – for using incentives and disincentives for activating individuals.

#### **Modern social security systems**

Social-security policies aim to insure young people against the risk of failure in the various stages of life (from loss of jobs to the possibility of creating a family and making use of forms of insurance).

Social-security policies are basically conditioned by the participation of young people in working life and their function is to cover all the events that could affect them continuing their job, using financial and non-financial measures (housing, transport subsidies, right to free services) to encourage an early return to work.

Social-security policies are integrated with both ALMPs and with contractual policies, mostly because they are also based on external flexibility, that is on the obligation to accept a job that takes into account the worker's employment conditions.

#### **Conclusions**

The flexicurity strategy in this country cluster reveals exclusion effects with regards to young people who drop out of school and who do not participate in the various inclusion measures. These are still quite consistent youth groups and often concentrated in particular territorial areas and with immigrant background.

The synergy between the classic components of flexicurity has given good results. However, its specific application to young people needs to be extended to other components and other policies of a public nature regarding culture, health and sport.

The reform of the education system has to be completed. This involves diversifying actors by sharing responsibilities among schools, enterprises, associations and institutions of civil society. The quality of the supply must also be improved by managing the competition among providers.

The great demand for competences can only be met by an abundant training market. A policy for encouraging and developing the market is needed, strengthening the training demand support and protection mechanisms.

The need to attract high-skilled workers from abroad means that these countries have to be able to promote the inclusion of qualified immigration and prevent labour-market segmentation based on the young workers' origin.

**Cluster 2 - RIGID LABOUR MARKETS: *low youth employment and good capability indicators: France, Belgium, Germany and Luxembourg, plus Slovenia***

**The general and preventive approach**

The countries in the second cluster have to tackle the reform of their education system, characterised by a low competition between schools, by low possibilities for social upgrading and by segmentation according to the social status of origin (Germany). The high number of early school leavers without adequate qualifications and competences is linked to the widespread unemployment of young people aged between 15 and 24 years and their difficulties in entering the labour market.

This trend is also growing because of the low educational levels of the families of origin and the limited interventions for increasing participation in lifelong learning for parents, and especially mothers, and adults in general.

All the countries face the challenge of modernising their education and vocational training systems for young people. The aim is both to reduce school drop-outs by lowering cultural barriers (based on the industrialist school model, on ethnocentric curricula components and on organization) and to take into account the new nature of skill demands by shifting towards a stronger theoretical foundation of occupational knowledge, a broader set of cognitive, organizational and social skills and a greater emphasis on basic skills (Germany).

Reforms are underway everywhere for extending the school and training centre network, increasing the flexibility of training institutions and reducing the duration of pathways (where possible), but also fostering the continuation of university studies for those with an initial vocational type of training. Personalised programmes exist for young people at risk of exclusion (Programmes personnalisés de Réussite éducative, France).

The general approach involves the production and use of a wide range of measures connected to every lifecycle stage and to the specific conditions of the various youth population strata. These measures, aimed at insertion in working life, are conceived for specific targets. They integrate the different flexicurity components but their use sanctions a determinate youth target and exposes it to stigmatization.

**Comprehensive lifelong learning**

Training interventions are contained in a large part of the policies and measures addressed to young people leaving school.



The range of possibilities can be summarized in the following types of intervention:

- preparatory measures to give young people access to vocational training,<sup>278</sup>
- second-chance schooling and measures, also aimed at access to vocational training and accompanied by financial measures such as cheque education,<sup>279</sup>
- certification of competences and issue of qualifications, both through validation programmes and by validation of entrance qualification measures,<sup>280</sup>
- alternating training-work implemented through: the dual system also extended to tertiary education level, apprenticeship contracts, alternating training contracts and other types of “contract” – particularly popular in France<sup>281</sup> - with mutual commitments between the subject and institutions.

In addition to these measures there are policies and interventions for the immigrant population or those with immigrant background.<sup>282</sup>

In this regard, besides the interventions addressed to specific lifecycle stages, there are new, extraordinary measures with a local dimension, such as the Plan Espoir Banlieues (France), fostering the employment of young people living in sensitive urban areas.

#### **Flexible and reliable contractual arrangements**

In these countries, dismissal regulations are still seen as a cumbersome instrument for adjusting labour input, as the legal demands for dismissals are high and the selection of workers is restricted by various group-specific protection rules. Reform proposals are, therefore, still under debate.<sup>283</sup>

In those countries which have put in place interventions for making regulations less restrictive, the number of minor jobs grew rapidly and

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<sup>278</sup> Preparatory measures for vocational training (Berufsvorbereitende Maßnahmen) – Germany.

<sup>279</sup> Second Chance Defence/Défense 2ème Chance - France. Schulverweigerung – die 2. Chance – Germany. Cheque education – Luxembourg.

<sup>280</sup> Special Federal Programme for providing entrance qualifications/Sonderprogramm des Bundes zur Einstiegsqualifizierung Jugendlicher – EQJ – Programm – Germany.

<sup>281</sup> Formation en alternance - Apprenticeships contract; Formation en alternance/PACTE parcours d'accès à la fonction publique territoriale, hospitalière et d'Etat; Formation en alternance - Professionalisation contracts.

<sup>282</sup> In Germany, Networking for promoting vocational training in companies owned and led by foreigners/*Kausa - Koordinierung Ausbildung in Ausländischen Unternehmen* and Networks for raising awareness of the necessity to support people with migration backgrounds in entering vocational training and labour market/*Berufliche Qualifizierungsnetzwerke (BQN) für Migrantinnen und Migranten*.

<sup>283</sup> Youth Case Study Report – Germany

regular registered employment decreased. In Germany, for instance, the Mini-Job Regulation of 2002 regarding work with incomes up to € 400,00 per month also increased the number of jobs in this area to 4.6 million (although there is no direct link between the growth of mini-jobs and the decline of registered employment, it indicates a fundamental change of employment conditions on the German labour market).<sup>284</sup>

The significant increase in fixed-term contracts is contained by provisions that, as proposed in France, have equated some types of contract allowing dismissal with just cause (for example the Contrat Nouvelle Embauche) to those not envisaging this possibility. In Germany, the inclination is to extend probationary periods of job entrants and restrict fixed-term contracts.<sup>285</sup>

In brief, the interventions governing youth employment seem basically entrusted to two types of measure:

- fostering labour-market placement;
- fostering the transformation of work relations into permanent work relations (by dismissal regulations and incentives for hiring with open-end contracts).

The transitions from job to job, in terms of progression or simple passage, are less covered by suitable measures, with the risk of the worker in mobility swelling the ranks of the unemployed. There are however limited experiments underway (Contrat de Transition Professionnelle, France).

#### **Effective active labour market policies**

Active labour market policies are structured for labour-market placement and are usually integrated with training, with youth services and with social work. There is a wide range of measures structured in relation to the different targets addressed.

For example, in the first cluster the Danish model features the personalisation of pathways, combining a series of standard measures (mentorship, immediate activation), whereas in the French model each target has its own standard pathway, constructed with a mix of predefined measures endorsed by an “individual contract”.

The most significant types of measures can be summarized as follows:

- placement pathways for young people without qualifications;<sup>286</sup>

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<sup>284</sup> Youth Case Study Report – Germany.

<sup>285</sup> Youth Case Study Report – Germany.

<sup>286</sup> CIVIS-Contrat d’insertion dans la vie sociale/Social integration contract – France.

- internships, traineeships (Luxembourg);
- contracts for the future;<sup>287</sup>
- employment assistance contracts;<sup>288</sup>
- business start-ups also open to social voluntary service initiatives (Envie d'agir, France).

The innovative interventions in the field of employment services concern cooperation between public and private interventions, the construction of integrated facilities with a local dimension (local employment centres/Maison d'emploi in France) and the introduction of mentoring (Luxembourg).

#### **Modern social security systems**

The reforms carried out in this field have developed a 'workfare' rather than a 'flexicurity model'. Measures for finding employment and for reducing dependency on the social system constituted an initial intervention.<sup>289</sup> Thus there is a tendency to pass from a logic of compensation and reimbursement for those who have lost their jobs, to one of qualification and guidance for maintaining employability: activation of the unemployed is a key principle of the recent labour market reforms.

An example of this is the reform of unemployment benefits in Germany launched by the government through the "Agenda 2010" in 2003. Core elements of the reform concern the labour market: (a) the length of time for which unemployment benefits can be drawn has been reduced; (b) since 1 January 2005, the Unemployment Benefit II replaces the reduced-rate unemployment benefit. Unemployment Benefit II combines unemployment and social welfare benefits for employable job seekers in need of assistance (Hartz IV).<sup>290</sup>

The income security policies in these countries are based on a set of factors that guarantee subsistence conditions, such as income protection by, for example, abolishing taxes for student workers under 26 years of age (France), access to subsidized loans (Germany), special housing facilities (i.e. France and Slovenia).

A particular group of interventions involve women and is mainly aimed at reconciling the need to access the labour market with that of maternity.<sup>291</sup>

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<sup>287</sup> Contract for the Future/Contrat d'Avenir-CA (non-market sector) – France.

<sup>288</sup> Employment Assistance Contract/Contrat d'Accompagnement dans l'Emploi-CAE – (non-market sector) – France.

<sup>289</sup> Youth Case Study Report – Germany.

<sup>290</sup> Youth Case Study Report – Germany.

<sup>291</sup> Child-Rearing Allowance/Prestation d'Accueil du Jeune Enfant-PAJE – France.

### **Conclusions**

The education and training system must be encouraged to compete with regards to the results each is able to produce in terms of social inclusion and reducing early school leavers. To obtain these conditions, education must take on a function of developing individuals' competences and not social reproduction. For this it is necessary to reform the school cultural model and include other actors in education, such as enterprises and civil associations, which can help schools to shape young people.

Lifelong learning policies must be strengthened. The low probability of access to training upon leaving school for those without a qualified job makes young people run the risk of blocking their professional and personal growth. Particular attention must also be paid to providing intellectual development pathways for mothers. For the young people who participate in the different lifelong learning measures integrated with ALMP, the certification of skills must have an academic value independently of the agency issuing it.

Fixed-term labour contracts must be promoted for young people, together with measures that protect the young worker in transitions between different jobs.

Enterprises must be encouraged to shoulder training responsibilities with regards to young people. The number of enterprises cooperating in the various measures must increase. The number of enterprises that concern themselves with training young people at work and at qualifying them for all types of jobs must also be increased.

Active labour market policies must be simplified. Their effectiveness does not depend on the existence of programmes distinguished according to their targets, but on the possibility of combining basic measures in relation to the individual conditions of each young person involved.

Female participation in the labour market must be supported, as must maternity. Besides maternity leave and financial contributions, it is necessary to increase the number of childcare places, also to encourage the early entrance of children into educational structures other than schools.

**Cluster 3 - STRONGLY SEGMENTED YOUTH LABOUR MARKETS: Greece, Italy, Portugal, Spain and Poland**

**The general and preventive approach**

The deficiencies in the initial training of young people in the countries belonging to this cluster are demonstrated by the consistent number of early school leavers who have problems in entering the labour market. Hence all the countries in this cluster are engaged in reforms of their educational system, first of all, and of the training system in a broader sense. Even in the countries where the reforms have involved the actual organization of schools (Spain), the process is still underway, whereas in the others we are looking at partial interventions, sometimes of an experimental nature. These interventions have not yet tackled the problem of a greater competition among schools, of removing monopolistic presences and of the relationship between work and education. This does not mean that there has been no significant modernization of systems, albeit of a limited range if compared to the first cluster. For example, we only have to compare the participants in advanced vocational education in Sweden (Kvalificerad yrkesutbildning) and in Italy (IFTS), both started up some ten years ago:

<i>Average annual figures</i>		
	<i>Kvalificerad yrkesutbildning (Se)</i>	<i>IFTS (It)</i>
Courses	800	340
Enrolments	30,000	5,800
Employed	90%	60%

*Source: National agencies in the two countries*

These countries have to make a double effort:

- firstly, they have to give immediate responses through measures capable of acting on youth unemployment and on the low professionalization levels of wide bands of the youth population, of parents and of young couples;
- secondly, the tools available require wide-ranging reforms that risk being ineffective in managing interventions.

It is because of this condition that similar measures to those implemented by the countries of the first cluster produce decidedly lesser effects here, with an impact which, as we have seen, is over 30% lower in

this as in other cases. Furthermore, the limited amount of interventions does not enable economies of scale.

Along with this first common challenge, the countries belonging to the third cluster all feature:

- a partial coverage of young people's different lifecycle stages further limited by some positions or subjects (immigrants for example) and not accompanied by financing consistent with that of other countries (e.g. in the active labour policy field);
- the weakness of synergies among different policies, that is between the four flexicurity components, so that instead of integration there is the harmonization of limited sets of measures.

#### **Comprehensive lifelong learning**

Within the framework of a general lifelong learning policy, the creation of a system for training young people leaving school can be considered as the common aim of this cluster. This is demonstrated by the intention of some countries (Greece, Italy) to introduce the relative legislative provisions.

In this context, policies for accessing lifelong learning measures for young people seem weak, and especially in terms of remedial education. Despite the extent of the phenomenon, there are no significant impact measures. After 18, early school leavers have few chances of returning to education.

Public policies in this sector are entrusted to schools and similar agencies and to the interventions supported by funds managed by social partners (*Fondi interprofessionali*, Italy, and Spain). Their poor coverage means that chances of participating in lifelong learning depend either on the employer's initiative – if employed – or on self-financing for access to activities promoted on the free training market. In the countries with a strong associative tradition, this situation is compensated by the presence of free initiatives promoted by the voluntary service (Italy, Poland).

In terms of measures adopted, common trends can be summarised as:

- the introduction of forms of financing of training demand (voucher, study grants, training credit cards and loans) and, for the employed, study leaves;
- the construction of academic pathways to bring back some young population groups to education;<sup>292</sup>

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<sup>292</sup> Second chance schools and adult training centres in Greece. Social guarantee training programmes in Spain.

- the promotion of alternating training, especially that linked to apprenticeship contracts, even with a limited number of hours (at least 120 a year in Italy).

#### **Flexible and reliable contractual arrangements**

The countries in the third cluster have a low participation in the labour market for young people aged between 15 and 24 years, a low level of unemployment and strong passive labour policy provisions. These countries have interventions for the flexibilization of labour relations involving components such as working hours, dismissals, wages and contract typology.

Flexibilization interventions through public policies have mainly acted on the entry of young people into the labour market, creating flexibility at the margin, but not in standard work (the Italian case is particular significant). In this sense, one could say that flexibility has been introduced into contracts to foster the access of young people to work and the most popular type of contract for this task is the fixed-term one.

The poor integration of flexibilization measures with those for work protection is a common fact for these countries.

Flexible work is not associated with income-security measures in the event of unemployment or parenthood. Hence young people's dependence on the income of those with permanent jobs in their family of origin and their identification of flexible work with precarious work.

The ensuing labour-market segmentation is tackled with policies that tend to transform flexible work into permanent contracts. The flexible work contract is considered a stepping stone towards a non-precarious and secure job.

The measures characterising this type of policy can be grouped into the following categories:

- flexibilization of contracts, in particular for access to work through the introduction of forms such as fixed-term contracts, on-call or staff leasing contracts, replacement contracts, start-up contracts, project contracts, apprenticeships (Italy);
- incentives for enterprises to hire young people (in terms of tax relief or net contributions, Portugal);
- extension of security through, for example, the introduction of apprenticeship contracts (Italy, Poland);
- conversion of fixed-term and semi-subordinate work into permanent work (Spain);

- introduction of the minimum wage (Spain).

#### **Effective active labour market policies**

Countries belonging to the third cluster have in common a moderate level of expenditure on ALMP and a poor public employment services system that does not cover the entire national territory.

All the countries involved are engaged in reforming their employment services, opening them up to private providers, introducing forms of complementarity between public and private intervention and also creating and strengthening the existing information, guidance and counselling services.

The existing activation measures are mainly concentrated on fostering direct access to work by offering subsidized jobs, apprenticeships or internships (Greece, Portugal). In particular, internship has become one of the most effective measures for young people's access to work.

The low expenditure on employment services and their poor quality do not encourage the adoption of personalized integrated activation measures. Hence some innovations, such as the personal employment plan (Portugal) for the unemployed, have had negative results. They have produced high expectations on the part of young people but without effective interventions and no possibility of following up the various actions needed to construct an individual, tailor-made pathway (Greece). At the same time, however, the introduction of some specific measures – also of an integrated nature – has given positive results. We are talking about the active income for insertion in Spain or the individual training accounts in Italy.

#### **Modern social security systems**

Social security policies are mainly aimed at ensuring young people have a regular and permanent job. The degree of security varies considerably according to the labour contract typology. The guarantees concern unemployment subsidies, holidays, sickness and study leave, maternity and parental leave, the right or possibility to have bank loans. The different dimensioning refers to the number of days to which people are entitled for the different types of leave and the amount of subsidies is related to the length of service.

Young people who do not work or who do not have a labour contract covered by any of the various forms of social security have a limited number of support measures available. These might involve the provision



of housing,<sup>293</sup> or the right to health services, or the use of community neighbourhood services (Portugal). There are also measures for encouraging beneficiaries to return to work (income guarantee, Spain).

### **Conclusions**

The education and training system must be encouraged to compete with regards to the results each is able to produce in terms of social inclusion and reducing early school leavers. The monopolies and oligopolies must be replaced by actors operating on the basis of the quality of results. To obtain these conditions, education must take on a function of developing individuals' competences and not social reproduction. For this it is necessary to reform the school cultural model and include other actors in education, such as enterprises and civil associations, which can help schools to shape young people.

To encourage access to lifelong learning, measures are needed to lower the costs per student and to increase the propensity to invest in training on the part of institutions, enterprises and families.

Public policies regulating the various flexicurity components must be harmonised and thus conceived and programmed in an integrated manner.

The existence of a supply of basic training and services enables passing to policy measures that support the individual demand for training and employment services.

The widespread presence of small and medium enterprises can produce greater difficulties in implementing ALMP and lifelong learning policies. Thus measures are needed to contain the risk of social dumping and to encourage assuming responsibilities for the professionalization of young people.

Fixed-term labour contracts must be promoted for young people, together with measures that protect the young worker in transitions between different jobs.

The various forms of social security must be ensured for all those with a labour contract, even though not permanent, and must be extended to all in accordance with their willingness to return to the labour market.

There is a high female presence among non-active young people. Female participation in the labour market must be supported, as must maternity. Besides maternity/parental leave and financial contributions, it is necessary to increase the number of childcare places, also to encourage the early entrance of children into educational structures other than schools.

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<sup>293</sup> Housing for single parents in Greece.

**Cluster 4 - LOW EMPLOYMENT AND SKILL MISMATCHES IN THE CONVERGENT/TRANSITION ECONOMIES: *Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Cyprus, Romania, Bulgaria and Malta***

**The general approach**

The countries in the fourth cluster have all carried out actions designed to address the negative labour-market effects of macro-economic adjustment, with the double aim of preserving the amount of activity and assisting transition rather than increasing inactivity among population. These are the challenges of countries with low rates of employment, high rates of unemployment, also of long duration, a high proportion of young people from low-income families and low levels of productivity linked to skill mismatches.

In recent years these indicators have improved, suggesting a convergence towards the EU15, also in the wake of the extensive reforms of both the Labour Code and the education system.

Everywhere labour laws have gone through several changes that have removed, in part, legal obstacles to flexibility. There has also been progress regarding employment security.

The reform of education is mainly focused on (Czech Republic and Hungary):

- a higher level of key competencies of pupils and students;
- equal opportunities;
- strengthening the links between the education and training system and the labour market;
- application of new governance methods;
- enhancing the efficiency of the education and training system, and increasing public and private investment in information technologies;
- improving the quality of education and training.

In particular, preventing school drop-outs – also with reference to children from poor families and to the Roma population – has been tackled through measures such as individual study programmes (Czech Republic), special classes for students with special needs (Hungary), distance learning tools (Hungary), county counselling centres (Romania) and free school lunches (Estonia).

### **Comprehensive lifelong learning**

Also in the lifelong learning field, the trend is to define new national strategies and to start constructing new systems, with particular reference to vocational training and to the possibility of having a suitable supply of training activities. An inadequate supply prevents an immediate, massive recourse to lifelong learning as a stable component of flexicurity policies.

The measures concern the following fields:

- Recognition of non-formal and informal learning. In the Czech Republic it is fostered by the law on verification and recognition of outcomes of continuing education which entered into force on 1.8.2007.<sup>294</sup>
- Increasing the relevance of qualifications to (local/regional) labour needs (Local Consortia were set up in 2003, as well as Regional Consortia involving a large number of stakeholders, with the main task of drawing up and subsequently revising the Regional and Local Action Plans for Vocational and Technical Education systems).<sup>295</sup>
- Creating new structures for the training system (special pathways, new system arrangements).<sup>296</sup>
- Providing incentives to remain in training through financial support for children of disadvantaged families as a measure for reducing social exclusion and marginalization.<sup>297</sup>
- Encouraging companies to assume educational roles for young people in training and for the unemployed young in particular, also through government financing and various incentives.<sup>298</sup>

### **Flexible and reliable contractual arrangements**

In these countries, the labour market is not sufficiently flexible and the adoption of flexible working contracts is still a challenge. Redundancy costs are relatively high and inhibit the flexibility of the labour market. Only a small fraction of young people work part-time during their studies. This applies, in different degrees, to all the countries belonging to this cluster. In Romania, the Labour Code (Law 53/2003) offers high employment protection, making it very difficult for employers to dismiss a worker. Hence employers are cautious in offering employment on an

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<sup>294</sup> Youth Case Study Report – Czech Republic.

<sup>295</sup> Youth Case Study Report – Romania.

<sup>296</sup> Youth Case Study Report – Romania.

<sup>297</sup> Youth Case Study Report – Romania.

<sup>298</sup> Youth Case Study Report – Romania.

unlimited basis, as such a decision is difficult to reverse.<sup>299</sup> In Hungary, the Labour Code favours open-ended contracts, reflected by the fact that the scope of fixed-term contracts is limited by the law. If the labour contract does not state clearly that the relationship between the parties is for a fixed-term period, the contract is automatically considered to be open-ended.<sup>300</sup>

In the Czech Republic, temporary employment contracts and contracts with employment agencies are rare but more common with young people than with other age groups. Hence the risk of labour-market segmentation.<sup>301</sup>

The employment of people from disadvantaged groups is mainly entrusted to economic and tax incentives in favour of the firms employing them (Malta).

#### **Effective active labour market policies**

In these countries, active labour market policies aim to assist not only unemployed people but also those who want to change their jobs.

Labour offices provide these people with guidance, retraining courses and assistance in seeking suitable employment. They also support the creation of new jobs and the employment of disadvantaged groups of the population.<sup>302</sup>

In the Czech Republic, the law stipulates that labour offices are obliged to offer young people up to 25 years and graduates from universities within two years of graduation (with the age limit of 30 years) the development of an individual action plan. The objective is to match the client's desires and competencies with labour-market requirements, and to guide him/her to seek a job independently.<sup>303</sup> However, the aim to extend these policies to all is still unrealised.

The most widespread measures concern access to work, such as work practice for the unemployed, adopted in Latvia, which gives young people experience in a diversified range of jobs (accountant, computer specialist, secretary, computer operator, office clerk, technician, programmer, social worker).

In addition to these, there are the social purpose jobs (Czech Republic). This concept refers to temporary job opportunities involving maintenance and cleaning of public spaces, buildings and roads, and other similar

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<sup>299</sup> Youth Case Study Report – Romania.

<sup>300</sup> Youth Case Study Report – Hungary.

<sup>301</sup> Youth Case Study Report – Czech Republic.

<sup>302</sup> Youth Case Study Report – Czech Republic.

<sup>303</sup> Youth Case Study Report – Czech Republic.

activities beneficial for the community, government or other public welfare institutions.

Some ALMPs, and especially those addressed to inactive people who are not in contact with Public Employment Services, often involve targeted employment programmes, which can also be entrusted to NGOs (Czech Republic).

#### **Modern social security systems**

In these countries the majority of social security tools still takes the form of financial benefits. Insufficient use is made of instruments such as tax allowances that, as opposed to benefits, motivate individuals to generate income from work. This is why social security reforms have been launched in all these countries changing, among other things, the conditions for the payment of unemployment benefits to prevent them being misused (Czech Republic).

The reforms have aimed at tightening the eligibility conditions for unemployment benefit. Thus, for example, in the Czech Republic, the benefits are linked to spending at least six months at work during the three years prior to registration at a labour office. Jobseekers are entitled to unemployment benefit for six months. If the jobseeker attends a re-training programme, the benefit is higher and paid until the end of the programme. Also in Hungary the new system provides incentives to actively search for a job. The value of the benefit depends on the recipient's last salary in the first three months, its minimum value being at least 60% and the maximum 120% of the minimum wage.<sup>304</sup>

The eligibility criterion, thus, is such that new entrants to the labour market, or those who have only little experience, are not, or not fully, covered (Hungary).

The welfare systems of these countries traditionally provide security and good conditions for young parents in addition to maternity/parental leave (maternity benefit). Also here measures tending to encourage the return to work have been introduced. For example, in the Czech Republic the amount of parental benefits has been linked to the duration of parental leave in 2008. The parent will be able to choose: (a) shorter parental leave (up to 24 months after the child's birth) with entitlement to increased benefit (150%); (b) traditional parental leave (up to 36 months) with a regular level of benefit (100%); (c) longer parental benefit (up to 48 months) with lower benefit (50%). The shorter alternative also allows for

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<sup>304</sup> Youth Case Study Report – Hungary.

saving part of the higher benefit and using it to pay for child care after returning to employment.<sup>305</sup>

### **Conclusions**

Fixed-term labour contracts must be promoted for young people, together with measures that protect the young worker in transitions between different jobs. Flexible work must be accompanied by an adequate wage, considerably higher than social benefits.

The education and training system must be encouraged to compete with regards to the results each is able to produce in terms of social inclusion and reducing early school leavers. To obtain these conditions, education must take on a function of developing individuals' competences and not social reproduction. For this it is necessary to reform the school cultural model and include other actors in education, such as enterprises and civil associations, which can help schools to shape young people.

Lifelong learning policies must be strengthened. The low probability of access to training upon leaving school for those without a qualified job makes young people run the risk of blocking their professional and personal growth. Particular attention must also be paid to providing intellectual development pathways for mothers.

The new lifelong learning system must be developed in close connection to the demand for competences from individuals and from enterprises.

The following priorities must be addressed through active labour policies:

- promoting employment through legal and fiscal tools and the extension of alternative employment solutions;
- promoting the employment of parents;
- encouraging job search both by using employment policy tools and by strengthening the employment incentive elements of the social benefit system;
- work incentive elements must be strengthened in the social benefits system.

In welfare policies, measures must be adopted to strengthen childcare and child protection services, accompanied by health protection interventions for children and young people.

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<sup>305</sup> Youth Case Study Report – Czech Republic.

On an institutional level and in cooperation with the social partners, the functions of the various flexicurity strategy components must be harmonised, developing in particular the local governance of interventions.

## **6.4. Final conclusions**

### ***6.4.1. General issues***

The adoption of the lifecycle approach in youth flexicurity policies must be taken as a guideline. It helps to conceive policies that reduce the risks of increasing the inactive population and to have a greater number of talented and skilled workers. This result is guaranteed by a rational management of transitions between the different youth lifecycle stages and of the risks of exclusion present in each stage.

Within the framework of a flexicurity strategy, active labour and welfare policies, as well as those regarding contracts and lifelong learning addressed to the youth population, must be adjusted to the objectives of a full employment strategy.

The considerable differences existing among the Member States – described through their clusterization – with regards to youth policies and the possibility of adopting a flexicurity model require a differentiated approach by country and by region. Identical policies give different results in different contexts. This is because the results of the interventions for each stage of the youth lifecycle are determined not only by the conditions of the context but also by the different combinations of policy measures.

Young people's transitions through their different lifecycle stages are thus determined by multiple factors managed by different policies and by different institutional and social actors. This is why, in youth policies, it is necessary to synchronize not only the four components of the general flexicurity model but also other policies (health, justice, domestic, culture). For these same reasons, and also because of the local nature of the labour market, the management of youth policies calls for a high level of governance efficiency and development of subsidiarity, both vertical (with particular attention to the role of local and regional governments) and horizontal (social partners, voluntary services, civil society in general).

A flexicurity strategy is based on the active participation of young people and their assumption of responsibility for their future. It is thus essential for everyone to work out their own life project. This requires personal commitment and faith in the future. To help young people in this task, they must be given clear information and greater transparency on the

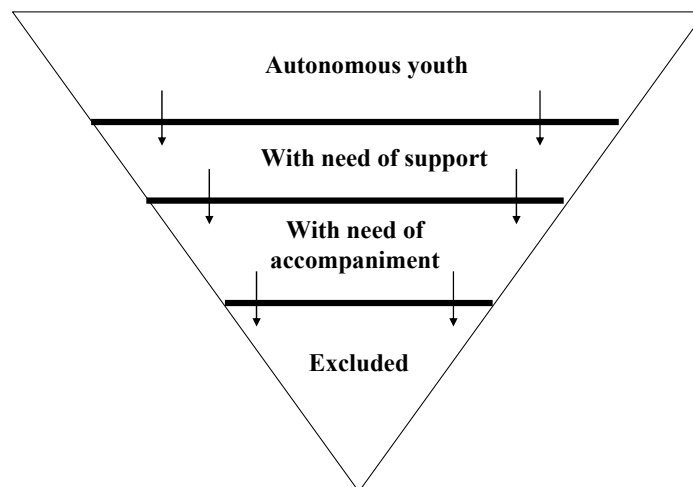
results that each can expect at the end of each lifecycle stage: of what they can really expect at the end of their schooling and when and on what conditions it will be possible to have an independent life.

#### **6.4.2. A partial change of model**

A flexicurity perspective is also based on reducing the risks of exclusion from the active population.

Hence the models for managing policies with a filtering and signalling function must be updated. The traditional model (Box 14) features a rigid selection based on individuals' adherence to regulations adopted by systems governing the various stages of young people's lives and, in particular, lifelong learning and active labour market policies. The effects of this model show a high degree of selectivity not based on talent or potential and a stigmatization of young people who make use of particular active labour-market policies or who have different cultures and learning styles from those established by the systems.

#### **Box 14 – Distribution of young people on the basis of the different strata specified by the policies. Model A**

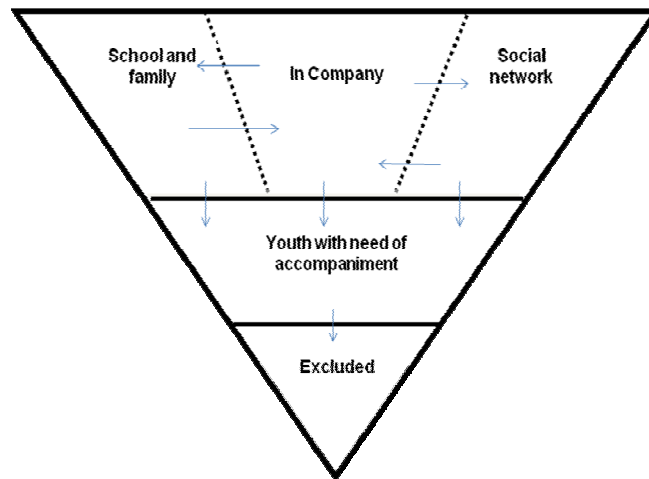


Because this model does not correspond to flexicurity strategies, it has undergone variations in all the countries, and especially in those belonging to the first cluster, characterized by higher levels of employment, greater competences and greater autonomy for young people. In particular, it tends to do away with the distinction between the autonomous young - answering the requirements of lifelong learning and ALMP systems - and



those who instead need forms of support because of their cultural and social background. The new model justifies the existence of diversity in learning and professionalization pathways and takes into account the results achieved by each person. It reduces exclusion trends among young people with high potential, but does not show particular benefits for the youth population strata with more serious problems (Box 15).

**Box 15 – Distribution of young people on the basis of the different strata specified by the policies. Model B**



As the Box shows, this is a model that makes both enterprises and civil society accountable for young people’s personal and professional growth, giving them equal roles and responsibilities.

**6.4.3. Overview of policy measures for youth flexibility**

The following is an overall picture of those measures with a higher degree of coherence and effectiveness for implementing youth flexibility policies. The overview includes the results analysed above and proposes a summary of each of the lifecycle stages and of the different flexibility components.

**6.4.3.1. Early school leavers**

The problem has been tackled by launching in-depth reforms of the education system. Without these reforms, remaining in the education system would not anyway guarantee the achievement of learning outcomes by consistent youth strata.

The types of measures which – if combined – have proved to be particularly effective in reducing the number of early school leavers are:

- a. The early diagnosis of the different types of propensity to study.
- b. The activation of individualised and tailor-made pathways.

- c. The integration of in-work training as a training pathway of the production culture to be acquired inside firms as part of the school curriculum.
- d. Equal academic status for the various training channels and equivalation of the academic value of the certificates issued.
- e. Re-entering an academic pathway at any moment of the personal pathway; the possibility of temporarily leaving education must be considered as a normal event, to be managed with specific measures.

#### **6.4.3.2. Developing social life**

The relative policies focus on two areas:

- a) Youth access to cultural infrastructure, the promotion of new types of youth infrastructure and centres and, where the infrastructure exists, the development of cultural planning initiatives to link up museums, libraries, theatres, etc. to local economic development needs.
- b) Intervention strategies for developing young people's access to and inclusion in social networks as well their capability to promote new forms of associative life.

If effective, these measures encourage young people to assume responsibility for the management of their own personal and professional pathways.

#### **6.4.3.3. Entering a professional learning process**

We are facing a gradual absorption of such policies into general education pathways.

However, access to vocational training after leaving school and before entering working life is still the object of two types of measure:

- a. Second chance to acquire competences.
- b. Recycling educational pathways that do not meet the labour market demands.

These are measures to be managed in close connection with the enterprises that will employ those involved.

#### 6.4.3.4. Entering the labour market

Entering the labour market with full rights is based on the legitimization of the different types of labour contract, in particular fixed-term ones. This type of policy encourages the demand for work and reduces the risks of labour-market segmentation that marginalizes young people in unprotected jobs. This must be managed in full synergy with active labour policies and with the modernization of the security policies that accompany young people in their transitions from one job to another, in a lifelong employment perspective.

In terms of entering the labour market in the strict sense of the word, the most significant measures are:

1. the introduction of minimum protection levels in all contract forms;
2. the reduction of illegal work;
3. the reduction of labour costs of the young;
4. the development of modern forms of alternating study and work.

#### 6.4.3.5. Professional growth

This stage corresponds mainly to working relations inside the firm and affects the professional growth and mobility of young workers and the possibility of improving their position in both a vertical sense - inside the workplace - and outside towards new and better jobs.

Public policies act on this stage by regulating contractual relations, promoting youth entrepreneurship and influencing the training market. The main typology of policy measures are focused on:

- a. *Youth lifelong employment* through developing and extending working periods, whether covered by partially or totally subsidized contracts, or adopting measures that foster their transformation into open-end contracts.
- b. *Duration of transitions and unemployment* through various forms of “transition wage” extended to all types of labour relations (*graduating the duration*) and through forms of “immediate activation” supporting reinsertion.
- c. *Promoting learning in firms* by encouraging individual firms to improve their Human Resources management systems and by promoting diversity management policies inside firms, addressed to youth, immigrants, older workers and women and aimed at promoting flexible working arrangements.

- d. *Promoting youth entrepreneurship* through measures delivering supported pathways for promoting self-employment; education to entrepreneurship; coaching and assistance by experts; financial measures and start-up incentives.
- e. *Supporting the access of firms to the training market* by reducing monopolies and oligopolies - mostly in countries where participation in lifelong learning is weaker - through open tenders, free training centres (widespread) and by adopting demand-side measures (fiscal incentives, voucher, loans).

#### **6.4.3.6. Re-entering education and training pathways**

Helping young people return to education means constructing learning pathways alternative to schooling and curricular-driven models. This can be done by policy measures stimulating the demand for learning (time, costs, autonomy of decision). The type of measures adopted can be summarized as follows:

- a) *Paid/unpaid educational leave;*
- b) *Financial incentives for young employees - in jobs with no accredited training - and for employers;*
- c) *Study grants, cheques or vouchers;*
- d) *Individual loans, allowances and tax deductions;*
- e) *Individual Learning Accounts and Individual Development Accounts.*

#### **6.4.3.7. Transition to Adulthood**

The transition to adulthood stage requires the construction of a modern social security system. Its functioning in this stage has a direct impact on a country's demographic dynamics. Its effectiveness and tuning – regulation of incentives for returning to work – have immediate effects also on the presence of young people among the active population. Public policies concerning this stage have the aim of protecting the possibility of having children and achieving independence from the family of origin.

The main measures are:

- a. Protection for working mothers by: *parental benefits* available for the various components of the parental network implemented through *maternity* and *parental leave*, where the mother or father is entitled to parental leave, and through *flexibilisation of working hours* in relation to the particular needs of workers with children; these measures involve the possibility of part-time work and

flexible working hours; by *family tax benefits* offered to families raising a certain number of children.

- b. Childcare services (3 months - 6 years) by supplying adequate services or improving their quality, especially from an educational perspective; when there is a lack of services, financial measures such as family-work balance vouchers are also introduced.
- c. Housing measures support young people, including those:
  - increasing the availability of housing;
  - building housing for single foreign workers and political refugees;
  - low-interest mortgages;
  - state-guaranteed housing loans or housing savings with State support;
  - cost subsidies to local councils (design studies, acquisition costs).

## 7. THE YOUTH RESEARCH PROJECT: THE GENERAL FINDINGS

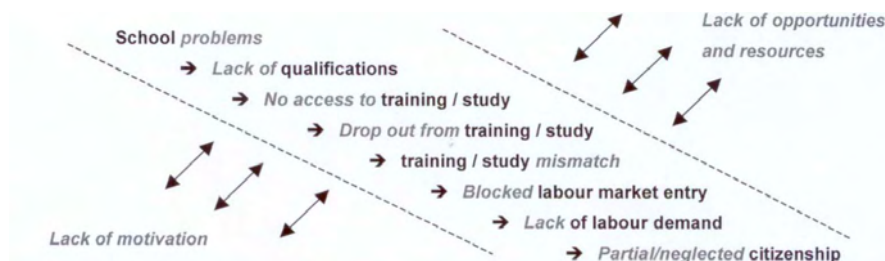
### 7.1. The dimensions of youth employment and unemployment

#### 7.1.1 An overview

In recent years there has been a resurgence of interest in young people's employment problems, prompted by escalating youth unemployment, difficulties in the transition from school to the labour market and the precariousness of short-term employment alternating with unemployment. Even countries with a good adult level of employment and some of the best labour-market performances have encountered problems.

Economic literature has shown that, instead of a "standard life-course model" featuring a series of steps such as school and training or studies to meet the requirements of certain occupational positions, which in turn provide citizenship status, in many cases there is a trend towards non-linear pathways for youth transitions.

According to a previous study commissioned by the European Commission (see Walther A. and Pohl A., 2005), disadvantages can arise for specific groups when some of the core prerequisites for a standard transition process are lacking or altered. In particular, the following reasons for these disadvantages were identified:



Obviously, not all the disadvantages are necessary to deviate from the standard transition model. Economic literature has asked whether entering a "poor" transition model represents a "stepping stone" or a trap, in the sense that when a young worker is involved in a low-wage job or in a temporary contract it is likely that he or she will become trapped in this status (Scherer S., 2004; Quintini G., Martin J.P. and Martin S., 2007).

The modification in the transition model from school to work in particular and in lifestyle in general means that we have to consider a

broader definition of youth, at least until 29 years. The Youth Project has expressly included data on young adults, extending the maximum age limit of official statistics (24 years) to 29 years<sup>306</sup>. This is because young people often only make autonomous choices and achieve an authentic integration in the labour market after completing tertiary studies, whereas the very young should first accumulate suitable human capital. They should thus be engaged in formal and non-formal training processes and, if already working, they must be given the possibility of acquiring human capital.

In the YOUTH Project we have observed that people who do not have at least a tertiary educational level are placed in a bad position in the labour market; when they do get a job it is often one with a low wage and high instability. Employment rates tend to increase with the level of education. Because young people obtain a tertiary-education certificate at the upper limit of the 15-19 age class, for many the main transition from school to work starts in the 20-24 and following age classes. Thus economic policy tends not to worry about high employment rates for 15-19 year-olds (but rather encourages them to continue education and training, or school-training-work alternance) and it seems more appropriate to look at what happens in the following age classes and in particular at the end of the transition period.

The unfavourable position of young people in the labour market is evident Europe-wide. In 2005 in EU27 the employment rate for young people (15-29 year olds) was 49.1%, ranging from 18.6% for the 15-19 age group to 73.3% for the 25-29 age group. The low employment rates and their further decline for younger people is partly explained by increased participation in education; in the short run this rise causes a decrease in labour market participation, but in the long run the improvement in human capital should have a positive effect on the overall employment performance and the economy.

Although a reduction in employment rates can be viewed favourably when it produces an increase in human capital, the Youth Project has also demonstrated that there are situations in which this reduction is caused by typical youth trends linked to dropping out of school and failing to enter the labour market, as in the case of early school leavers and NEETs. These are trends to analyse and evaluate carefully to increase the overall participation of young people in the labour market.

Early school leavers represent a challenge because they encounter serious problems in entering the labour market. The analyses carried out have shown that, albeit the trend has reduced in recent years, a significant

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<sup>306</sup> This choice to extend the analysis to the over-24 age group is also supported by EC documents on youth employment in the EU ("Employment in Europe, 2007, Chapter 1 Panorama of the European Labour market, para. Labour Market Trend of Young People, pp. 29-52", European Commission, DG Empl/D1, October 2007) showing that, in some countries, the segmentation of young people continues in the 25 and over age group.



share of early school leavers has difficulties in finding work and remains unemployed or even inactive. This means that many early school leavers end up by joining the swelling ranks of NEETs. International literature agrees that the economic standing of the family, parental background and ethnicity are all factors that have an influence on school drop-outs. This is why 15% of the youth population that does not even achieve ISCED2 level in EU countries is at great risk of social exclusion.

The percentage of NEETs is greater for women than men, especially for the upper age group considered. Young people with very different experiences and prospects are to be found among the NEETs. Basically, there are three main reasons why a young person decides not to study and not to work: *i)* a woman's care activities and maternity choice, *ii)* social exclusion linked also to dropping out of school and *iii)* a transitory period in a young person's life when passing from adolescence to adulthood.

### ***7.1.2 Youth Employment***

In 2005 in EU27 the employment rate for young people (15-29 year olds) was 49.1% (8.0% difference between male and female employment rates, 53.2% versus 44.9%). The new Member States have lower youth employment rates than the EU15 countries. Among the latter, the lowest youth employment rates in 2005 were in Greece, Italy, Luxembourg, Belgium and France. The highest rates were in the Netherlands, Denmark, the UK, Austria and Ireland.

There are also great differences between age classes: for the 15-19 age group the employment rate is 18.6%, for the 20-24 age group it is 52.7%, whereas for the 25-29 age group it is 73.3%, higher than the 63.5% for the whole working-age population.

With regard to the analysis of employment by gender, the difference between males and females is positively correlated with age and, in the 25-29 age group, it ranges from 30% in Czech Republic and 28% in Malta to 6% in Sweden.

The evolution from 2000 to 2005 shows a decrease in employment rates for the first two age groups in almost all the 27 countries, with some notable exceptions, and an increase in the third age group in most of the 27 countries. In particular, employment rates for the 15-19 and 20-24 age groups have increased in Spain, Sweden, Slovenia, France; in Poland, only for the first age group; and in Bulgaria and Estonia, only for the second one.

For the 25-29 age group we record a slight decrease in several countries in which employment rates for this cohort were very high in 2000 (over 70%), i.e. Belgium, Cyprus, Germany, Denmark, Ireland, Netherlands, Portugal, Romania and Slovenia, whereas they tended to increase in

countries with low youth employment rates in 2000 (less than 70%): i.e. Bulgaria, Greece, Spain and Italy. The EU27 average value increases in this age group from 72.8% to 73.3%.

### **7.1.3 Youth Unemployment**

It is well-known that unemployment represents a wedge between participation and employment. On one side, the activity rate affects the level of unemployment of young people through its effects on the size of labour force (*coeteris paribus*): a high activity rate implies a high unemployment rate. On the other side, higher rates of unemployment discourage people from searching for a job and lead to decreasing participation rates. For both reasons, the correlation between unemployment and participation rates depends on temporal and territorial contexts.

Although the activity rate is not high in EU27 for the 15-29 age class, the unemployment rates have a very high value, with an average of 14.8% versus 9.0% for the 15-64 age group.

For the 15-24 age group we observe an unemployment rate of 18.6%. In Poland and Slovakia the youth unemployment rate for the 15-24 age class is above 30%, whereas in Greece, Italy, Sweden, Bulgaria, Belgium, Romania, France and Finland it is above 20%.

For the 25-29 age group we also observe unemployment rates higher than those for the population as a whole, with an average of 11.0%. Also for this age group the countries with the highest unemployment rates are Poland, Slovakia, Greece and Italy (above 13%), while the countries with the lowest unemployment rates are Netherlands, Ireland, United Kingdom, Denmark and Austria (below 6%).

Youth unemployment rates seem to be related with total unemployment rates, especially for young “adults”: the  $R^2$  of the regression of youth unemployment rates on total unemployment rates is 91.6% in the 25-29 age class. This link between youth unemployment and total unemployment has however notable exceptions. In particular, Sweden and Italy have total unemployment rates lower than the European average, but a very high and growing, in the case of Sweden, youth (15-29 age group) to adult (30-59 age group) unemployment ratio.

In the 2000-2005 period, although the unemployment rate for the whole EU working population shows a moderate reduction from 9.4% to 9.0%, the young unemployment rate remains stable at 14.8%. This is because of a slight rise for the 15-24 age group and a slight decrease for the young “adults”.

It seems evident that the gender differential in unemployment rates is much lower than the similar differential in employment rates (on average 15.2% for females and 14.4% for males). This can be put down to the different degrees of male and female participation in the labour market because of family-care issues.

#### ***7.1.4 Long-term youth unemployment***

Starting with the Labour Forces Survey microdata we have calculated the long-term unemployment rate for young people. The European average in 2005 was one young unemployed out of three with a duration of unemployment longer than one year. The countries with the longest youth unemployment rates are Slovakia (65.2%), Poland (49.0%), Greece (47.5%) and Italy (46.7%). These figures show how difficult it is for some young people to enter or remain in the labour market in these countries. Against this, Denmark, Sweden and Finland have a long-term unemployment rate of below 10%. The above-mentioned similarity between Sweden and Italy for the high incidence of youth unemployment ends when we also consider the duration of unemployment: in Italy one out of two young people have been unemployed in the long term but in Sweden only very few young people have been jobless for a long period.

There are no great gender differences for youth long-term unemployment with 31.5% for males and 30.4% for females.

In the 2000-2005 period we observe a moderate reduction of the incidence of long-term unemployment, especially for the female segment.

#### ***7.1.5 Efficiency and equity***

In the quantitative analysis we have compared the performance of the different countries with regard to employment for the 25-29 age group in 2005, defining as an “efficiency” indicator a good performance of the employment rate and as an “equity” indicator the gender gap in employment rates attained (i.e. the difference between female and male employment rates). It is possible to “cluster” different countries by efficiency and equity targets, taking into consideration the EU27 average value.

This clusterization shows that the most problematic case is the group of countries with the least efficient and least equitable performances: Italy, Bulgaria, Poland, Slovakia, Hungary, Greece and Czech Republic. Another group of countries seems to be efficient but not equitable: Cyprus, United Kingdom, Malta, Latvia and Estonia. Then there are two countries, Germany and Romania, with high equity but low efficiency.

Finally, all the other countries have employment rates higher than the EU27 average and a gender gap lower than the average.

### ***7.1.6 Factors influencing the youth employment rate***

In this study we have tried to find out what factors influence youth employment rates in the different countries.

First of all we found a strong correlation between total employment rates and youth (15-29 years) employment rates, equal to 0.79. It thus seems more plausible that high youth employment rates are the result of a positive effect of a macroeconomic situation in which total employment is high, since differences in youth employment rates between countries are less than differences in total employment rates. This would imply that the rise of youth employment rates cannot be relied on to achieve the Lisbon targets on total employment.

Ranking the different countries on the basis of the best performance, for young people aged 15-24 we find no clear indication that temporary work contracts foster overall employment. Vice versa, part-time work seems more useful for overall employment (the Spearman cograduation index is 0.67).

The relationship between job quality and employment does not seem clear. Although there is a certain concordance between the two classifications, with the relative index standing at 0.29, in some countries in which the young are more active there is also a high job dissatisfaction. The Netherlands and Denmark, in the first two places for employment, also have a high ranking for job satisfaction.

There is no particular correlation between level of education and employment rate. This is because not only does a higher level of education increase the probability of finding work, but to acquire more training one has to be outside the labour market and this reduces the employment rate.

For young adults in the 25-29 age class, many other variables seem to influence the employment rate. First of all, there is a concordance between employment rate and incidence of young people who no longer live in the parental home (Spearman index 0.43). The level of education is also linked to greater employment (Spearman index 0.54), just as greater employment seems to reduce the number of people not currently engaged in employment, education or training - NEETs (Spearman index 0.69). For this last indicator, it emerges that a consistent part of NEETs in the 25-29 age class is women, probably with children; the lack of tools permitting women on maternity leave to remain in the labour market increases the number of NEETs and reduces that of the employed.

Finally, there does not seem to be a clearly defined role for the age-pay gap. There is a certain tendency towards an inverse relationship between this indicator and the employment rate of young adults, with a -0.27 index. This is however the result of wide gaps for some countries placed high in the classification by employment rate (Netherlands, Cyprus, Ireland, Austria and United Kingdom), a connection counterbalanced by the fact that in some countries with narrower gaps (Belgium, Finland and Sweden) the employment rate is not so low. This figure could indicate that, although flexibility in labour costs and jobs could be a measure to favour the increase of youth employment, other factors have a greater influence on the probability of young people to be employed.

For example, in this research we have observed that the cultural context and the availability of instruments that permit the reconciliation of work and family life are also decisive elements for the participation of young people in the labour market.

In other words, wage and job-flexibility policies, even if accompanied by security measures, seem to represent a necessary but not sufficient way to increase the employment rate.

## **7.2. The conceptual framework of the policy analysis**

The flexicurity approach is considered a means to reinforce the implementation of the Lisbon Strategy, to create more and better jobs, to modernize labour markets, and to promote better quality work through new forms of flexibility and security to increase adaptability, employment and social cohesion<sup>307</sup>.

It is well known that flexicurity approaches are not about one single labour market or working life model, nor do they concern a single policy strategy. They involve both those in work and those out of work and contractual flexibility must be accompanied by secure transitions from job to job in a perspective of gender equality. This requires a cooperative climate and dialogue among all stakeholders.

According to European Commission indications, each Member State has to establish national "pathways" as sets of measures that can, if planned in conjunction with each other, improve a country's performance in terms of flexicurity. The Commission has suggested various pathways, taking into account the different national situations:

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<sup>307</sup> European Council 14 December 2007, Presidency Conclusions 16616/1/07, February 2008, see also 15497/07, Annex to the Annex The Common Principles of Flexicurity, 23 November 2007; Council session (EPSCO) 5/6 December 2007.

- Pathway 1: tackling contractual segmentation;
- Pathway 2: developing flexicurity within the enterprise and offering transition security;
- Pathway 3: tackling skills and opportunity gaps among the workforce;
- Pathway 4: improving opportunities for benefit recipients and informally employed workers.

Flexicurity pathways should integrate the four components (pillars):

- i) Flexible and reliable contractual arrangements from the perspective of the employer and the employee, of "insiders" and "outsiders";
- ii) Comprehensive lifelong learning strategies to ensure the continual adaptability and employability of workers;
- iii) Effective active labour-market policies that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs;
- iv) Modern social-security systems that provide adequate income support, encourage employment and facilitate labour-market mobility.

The policies adopted by Member States, as the study shows, are a combination of the different approaches. The single measures - or their combinations - are not easily connected with the single “flexicurity pillars”, but seem to be addressed to the main critical aspects of youth conditions in the single country. The flexicurity approach instead suggests an holistic approach, capable of dealing with the social conditions of young people as a whole. Most Member States’ efforts seem to be aimed at producing “target-oriented” measures, ignoring any undesirable effects they could cause. The policies adopted are, in some respects, not yet considered as a development of the flexicurity approach since this concept is still not fully accepted in political and social debate.

Despite this lack of awareness among decision-makers, the study demonstrates that flexicurity combined with the lifecycle approach provides a powerful conceptual framework for developing national pathways promoting social inclusion of the youth population. The policies tackling the social integration of young people are analysed from a youth lifecycle perspective. This approach follows the European Commission’s indications, since the age groups considered are more involved than others in transitions between various life stages with important psychological, physical and cultural developments.

The adoption of the lifecycle approach in labour policies commits policy-makers to focus on the demand for interventions connected to:

- the differing ages or life stages and, in particular, young people's maturing processes;
- the different positions and conditions that can characterize the different moments or stages of active life, based on individual and collective paths involving the individual, organizations and the society in which they live.

In this sense, the lifecycle approach entails adopting demand-driven policies with the construction of a series of tailor-made measures linked to the young worker's lifecycle and working conditions or positions.

The adoption of a flexicurity strategy implies reference to the lifecycle approach since the aim is to foster "*the labour-market careers and biographies of workers with a relatively weak position*"<sup>308</sup>.

In particular, flexicurity focuses attention on transitions from one stage, one position or one condition to another of a young person in his or her working life.

The lifecycle approach also includes the idea of "*transitional labour markets*" according to which "*the boundaries between the labour market and various social systems (such as the educational system, the unemployment system, private households) must become more open towards transitional states between paid employment and productive activities outside the market*"<sup>309</sup>.

Hence the lifecycle approach involves both measures directly acting on individuals (of a financial type, for example) and those tending to act on systems and services to increase their effectiveness with regards to the young worker's lifecycle.

On a Community level, the lifecycle approach is referred to an European Council document<sup>310</sup> which determines guidelines for national employment policies. It is linked to the priority of "*attracting and keeping the greatest number of people in the labour market, increasing the supply of labour, modernizing the social protection system*", always with an eye to integrating employment policies addressed to the young, women and older people (in this sense it also refers to an intergenerational approach to labour policies).

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<sup>308</sup> Bredgaard, Thomas, Flemming Larsen & Per Kongshøj Madsen (2005): The Flexible Danish Labour Market - A Review, Aalborg: CARMA research papers 2005:01, 26.

<sup>309</sup> Bredgaard et al., cit, 26-27.

<sup>310</sup> 2005/600/EC 12-07-2005.

The analysis and comparison of the measures adopted by the Member States are based on the different lifecycle stages and the different targets, grouped in the following paragraphs as follows:

*Entering and re-entering the labour market:* we focus on policies that favour transitions from school to work, including those for working students. In particular we have considered employment relations and contracts, subsidized labour relations, active labour-market policies and unemployment benefits.

*The role of human capital:* after showing the different patterns of education in the Member States, we consider the policies for reducing the early-school-leaving trend, for improving the quality of human capital (formal education and occupational training) and for promoting entrepreneurship.

*The quality of youth work:* we believe that the main factors influencing the youth dimension in the different forms of work are the widespread use of “atypical jobs”, such as part-time and fixed-term contracts, and the level of remuneration. Most of the flexicurity policies have a direct impact on these factors.

*The welfare of young people:* in this group we consider policies that help young people to achieve economic independence from the family of origin and responsible parenthood, tackle the NEET phenomenon and foster the social inclusion of disadvantaged groups (i.e. women, disabled, immigrants), as well as policies to promote the development of social life consisting of inclusion and access to social cultural and sporting networks (this stage runs parallel to the whole youth lifecycle).

At the end of this analysis we present a clusterization of the Member States on the basis of the four policy areas identified by the European Commission and of the capabilities approach.

Finally we present some considerations on the main challenges at European level for young people, in order to promote their education, employment, social inclusion, health and active citizenship.

### **7.3. Entering and re-entering the labour market**

#### ***7.3.1 Working students***

The LFS microdata show high values for the incidence of working students (that is people who wish to complete or continue higher education when working or people who try to develop their education or training or to acquire specific skills) on total employment: in 2005 for the 15-24 age



class, it was around 30%, whereas for the 25-29 age class it was under 9%. The percentage of working students is higher for females than males.

For the 15-24 age class, the countries with the highest (above 60%) incidence of working students are Denmark and the Netherlands with the lowest in Luxembourg, Czech Republic and Slovakia (below 6%). These figures clearly show that, whereas the countries with the highest incidence of working students on employment have similar socio-economic conditions (Scandinavian countries and Germany), those in which this incidence is lowest have dissimilar elements. For the 25-29 age class, the incidence ranges from the 0.2% of Luxembourg to the 21.8% of Denmark.

In Europe, one out of two working students aged 15-24 have a part-time contract (for young people not in education the incidence of part-timers is only one out of nine). This percentage is higher for women and drops when passing to the next age class.

In some countries, part-time seems the only way for people aged 15-24 to reconcile study with work: in the Netherlands and Sweden more than 85% of working students are part-timers, in Denmark and the UK more than 70%.

Working students tend to have more temporary contracts (55.1% of working students against 25.6% of young not in education). The main reasons why working students have temporary contracts are linked to alternating school-work pathways or the fact that temporary work can often be a way to earn money to continue studying.

The priority objectives of measures to favour working students are to provide financial support or to increase time dedicated to learning. Both types can be expressed in rights sanctioned by law or in rules introduced through negotiations between workers and employers to devote working time to training and learning. The conception, planning and implementation of this type of policy is based first and foremost on agreements by the social partners, guaranteed and sometimes supported by the state and also promoted at international level.

The **Financial Measures** - available in different countries<sup>311</sup> - that could be applicable to young workers include:

- **Paid educational leave.** This measure was conceived for employed workers, with costs borne by the employer, the state and the participants themselves. Many countries have introduced learning accounts containing the learning hours to which employees are entitled. The collective agreement envisages individual rights for a certain number of hours a year in leave for educational purposes and the

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<sup>311</sup> See also European Employment Observatory. Review: Autumn 2005.

possibility of accumulating these hours for six consecutive years up to a maximum to be used over one year.

- **Study grants and cheques or vouchers**, meaning the allocation of funding for individuals who intend to enter learning or training, potentially of any age; these are open not just to people in formal education but also to young workers.
- **Individual loans**, or bank loans to individuals for training/learning purposes, backed by the state against default by the beneficiary. These measures can be significant for young workers who intend to return to full-time learning (see, for example, MT - Youth Specialization Study Scheme).

Moreover, a specific consideration should be addressed to the issue of creating time for learning by reducing working hours. There are various forms of job rotation and hour banks connected, for example, with policies to reduce working time. These policies enable employees to “bank” hours worked over and above the envisaged limit in an account they can draw on if and when they take part in freely-chosen learning activities.

### *7.3.2 Employment relations and contracts*

The measures concerning the regulation of labour relations guarantee both flexibility in employment relations and job security. Public policies have made abundant use of new forms of employment contracts or long-term apprenticeship contracts combined with forms of tax exemption or reduction of social contributions in favour of firms.

These measures have generally obtained a positive reception, producing a considerable increase in the number of young people hired with these contracts. They have thus met the need to facilitate the entry of young people into the labour market, thanks to the various incentives addressed to firms to compensate them for the lower productivity expected from a new employee and to reduce the risk of errors in selecting new workers (by the possibility of dismissing them at any time and without additional cost).

The widespread use of this type of employment contract shows that they have been adopted in a generalized manner, including also young people who would anyway have found jobs with better conditions. The data available does not give a clear indication of the effects of temporary contracts on youth employment rates.

The implementation of this type of measure has revealed contradictory effects, in general in countries characterized by labour market segmentation and in particular with regard to the labour-market integration of different groups of young people. Young people are affected in two ways: i) labour-market entry is increasingly characterized by fixed-term contracts and

unpaid or low-paid “internships” lengthening the transition period from training or education into employment; ii) there is the danger that young people - particularly the disadvantaged ones - will be permanently in precarious employment and socially excluded. Some Member States have thus amended this measure by extending probationary periods of job entrants and restricting fixed-term contracts.

### **7.3.3 Subsidized labour relations**

To foster access to the labour market for the weaker groups, measures have been adopted for subsidized employment relations. These measures differ according to the different degrees of employability of the person concerned:

- Entirely subsidised labour relations: introductory on-the job training, company internship, or Job for Social Purposes/JSP and Publicly Beneficial Work/PBW in the Czech Republic.
- Employment with wage subvention to companies: job training and other part-time jobs for people with limited employability, integration wage cost, different kinds of subsidized contracts.

### **7.3.4 Active labour-market policies**

Active labour policies have, *inter alia*, the function of fostering the early entry of young people in the labour market, enabling them to find a job independently. These are measures whose effectiveness relies on increasing the propensity of young people to search for a job and on the match between labour demand and supply.

The specific effects of these measures have been summarized as follows:

1. *A qualification effect* which ensures that the unemployed return to the labour market having gained new competences and qualifications;
2. *A motivation effect* which ensures that the unemployed intensify their job search;
3. *A contact effect* given the contact of the unemployed with the labour market;
4. *A self-confidence effect*.

In addition to these effects there is the designation of recipients and the distribution of benefits (subsidies and allowances) to those entitled to them.

The policies are put into action by a system of public and private services, with the presence of both profit-making bodies and NGOs (active

for those with special needs). This type of measure also includes immediate activation where the unemployed are activated soon after registering with the local Public Employment Services (PES). Immediate activation aims to minimize the number of people who depend on the welfare system. The measures adopted can be divided into the following types:

- a) Guidance and information on labour supply and demand;
- b) Individual placement plans, supported by a mentor, a counsellor or a personal advisor who works out a pathway for accessing the labour market, using the most suitable measures for the individual case;
- c) Benefits linked to the search for a job;
- d) Re-insertion in training pathways for young people who are entitled to unemployment benefits but who have no formal education;
- e) Retraining interventions for individuals whose training is inadequate for the work offered;
- f) The offer of work experience, usually subsidized (internships, job-training, apprenticeships, etc.), whether aimed at entering the labour market or not.

### ***7.3.5 Unemployment benefits***

The financial or material benefits can be divided into two categories: addressed to the young or addressed to companies:

#### **1) Addressed to the young**

The interventions to reform the social-benefits system generally have the common aim of discouraging young people from relying on social benefits. This is the reason why the welfare grants for young people are normally lower than those for older people. To some extent it alleviates the potential problem of generous welfare payments that tend to discourage people from actively seeking a job.

These grants depend on the young person's acceptance of the different types of measures specified by the active labour policies and they are either graduated over time or connected to specific conditions. They usually decrease according to the period of time granted for job-seeking or for implementing a personal skill development plan. If a person does not accept a "reasonable" job or training or an internship this progressive reduction can arrive at the loss of the right to unemployment benefits.

#### **2) Addressed to companies**

Public and private employers can receive economic incentives for hiring new employees. This economic compensation often takes the form of a tax credit of the same amount of employment payroll taxation. This kind of support is granted when employing persons who have been unemployed for a long period or, in some countries, for refugees.

#### **7.4. The role of human capital**

Education is an important variable influencing the opportunities to enter labour markets. In the EU27 average, employment rates for young (and less young) people with low levels of education fell between 2000 and 2005, albeit there was no general rise in employment rates for younger workers who had reached the highest education levels.

In particular, for young workers (25-29) with an ISCED level 5-6 of education we register a slight reduction in the specific employment rate. This is the result of a one percentage point decrease for the male segment (85.3% in 2000 and 84.3% in 2005) not counterweighted by the rise in the female employment rate (from 79.3% to 79.8%). Young workers (25-29) with an ISCED level 5-6 of education and, above all, young female workers with the highest education level will benefit from a positive trend in specific employment rates in some countries with good total employment results between 2000 and 2005: i.e. Bulgaria, Spain, Latvia, Lithuania, Luxembourg and Sweden, whereas we have countries, such as Italy, that do not follow the same pattern.

Thus, a good total employment performance is a necessary condition for enhancing the probability of finding a job for highly educated young people, but education could also play an important role.

##### ***7.4.1 Young in education***

The percentage of young people (15-29) in education in the EU24 varies from 28.3% in Cyprus to 55.9% in Lithuania.

The average value of this percentage in the EU24 is 44.4%. Cyprus, Ireland, Spain, Greece, Portugal, UK and Czech Republic are much below the average value (under 40%). Slovakia, Hungary, Austria, Italy, Sweden and Belgium are between 40% and the mean. Latvia, Estonia, Germany, Netherlands, Poland, Finland, Slovenia, Denmark and Lithuania have over 50%.

The average percentage of 20-24 year-olds who have completed at least upper secondary school is 79% in the EU27. Even if the age class is not

exactly the same, we can argue that some countries have already reached the Lisbon target of at least 85% of EU 22 year-olds having completed upper secondary education by 2010 (Ireland has 85.8% of 20-24 year-olds who have completed upper secondary education, Austria 85.9%, Sweden 87.5%, Lithuania 87.8%, Slovenia 90.5%, Poland 91.1%, Czech Republic 91.2% and Slovakia 91.8%).

Another group of countries likely to reach the Lisbon target includes France and Estonia, with 82.6% of 20-24 year-olds having completed upper secondary education, Hungary and Finland with 83.4% and Greece with 84.1%.

However a large group of countries appears to be very far from the target, with Portugal (49%), Malta (53.7%), Spain (61.8), Luxembourg (71.1%), Germany (71.5%), Italy (73.6), Netherlands (75.6%), Romania (76%), Bulgaria (76.5%) Denmark (77.1) and UK (78.2%)

The average percentage of 20-29 year-olds having completed upper secondary education appears to be a little higher (82% in the EU27) and ranges from 47.4% in Portugal to 91.9% in Slovenia.

#### ***7.4.2 Early school leavers***

Eurostat defines early school leavers as the “percentage of the population aged 18-24 with at most lower secondary education and not in further education or training”. In 2005, the early school leavers represented 15.5% of young people; the percentage for males was higher than for females (respectively 17.5% and 13.5%). Moreover the figures are higher for the EU15, where the percentage for males and females is 17.1%.

The countries that present the highest values are Malta (41.2%), Portugal (38.6%), Spain (30.8%) and Italy (21.9%), whilst the countries with the lowest values are Slovenia (4.3%), Slovakia (5.8%), Poland (5.5%) and Czech Republic (6.4%).

Limiting our analysis to the male segment, the one for which the phenomenon is more significant, we observe the highest values in Portugal (46.7%), Malta (43.0%), Spain (36.4%), Cyprus (26.6%) and Italy (25.9%). The lowest values are in Slovenia (5.7%), Slovakia (6.0%), Czech Republic (6.2%) and Poland (6.9%).

The evolution from 2000 to 2005 shows a general trend towards a reduction of the incidence of early school leavers. In 2000 the average figure for EU27 was 17.6%, in 2005 it was over two percentage points lower. The male and female segments show similar reductions from 19.7% to 17.5% for the male segment and from 15.6% to 13.5% for the female segment.

In the report we have extracted more information on early school leavers from the LFS microdata; to this end we have had to limit our analysis to the 20-24 age group. We found that a very high percentage of early school leavers are out of the labour market (and of the education system), probably because they are not able to find a job.

Female early school leavers have a high probability of being out of the labour market (about 40% the inactivity rate for women against 13.7% for men). This is particularly true in Hungary, UK, Czech Republic, Lithuania, Latvia, Slovenia and Estonia (with an inactivity rate above 50%).

In the Member States, the policy measures addressed to early school leavers refer to different population targets than those considered by Eurostat, that is young people who abandon their education before reaching the age fixed by national regulations. In some countries, the idea of early school leavers is limited to the age group corresponding to compulsory education. In other countries, this concept is extended to those who, albeit having passed compulsory schooling age, are without a defined level of competences, a diploma or a vocational qualification.

The idea of early school leavers has been further examined in relation to the growing need for a competent work force and the existence of extensive groups of inadequately training young people (around 30% EU27 average).

The analyses concludes that young people with a low educational attainment, lacking vocational training or with the ‘wrong’ vocational choice encounter severe difficulties in entering the regular labour market and are at risk of permanent social exclusion.

The common policy for discouraging early school leaving is based – albeit in different ways – on three common goals:

- To reform the educational system on the basis of learning outcomes, with flexibilization and diversification of pathways (before or after the end of normal schooling) and by providing new pathways.
- Creating new relationships between schools and education for work, by inserting new subjects in the school curriculum, such as career education (see, for example, CZ “Career Pathway Selection”) or labour-market issues, and by giving social partners a guiding and evaluating role.
- Introducing a model of governance and vertical and horizontal subsidiarity, attributing to schools an increasing autonomy in determining curricular contents (school-based curriculum) and trying to link them to local labour-market needs.

These objectives are then translated into progressively diversified measures according to the type of early school leavers addressed and

whether they are to be reinserted in the current educational system or in forms of alternating training-work or in-work training.

This is accompanied by the tendency to extend compulsory education from nine to ten years, or even to twelve years of schooling. To prevent this choice increasing the percentage of early school leavers, it is implemented through different kinds of measures, both in schools and in vocational training or work (such as in IT - Right-duty to participate in education and training (formal learning).

#### ***7.4.3 Transition from school to work***

The duration of the “school-to-work” transition in 19 out of 27 European countries is, in general, very long (63 months in average) and varies greatly by country, ranging from 28 months in the Netherlands to 103 months in Romania. Below the average value we can find, besides Netherlands, Sweden (38), Luxembourg (39), Ireland and Austria (41), Portugal (52), Finland (53), UK (54) and Spain (56). Well above average are Lithuania (77), Slovenia (78), France (81), Slovakia (87), Italy (89), Greece (92) and Romania.

The impact of human capital seems to be significant. According to Employment in Europe 2007, in the EU27 average less than 40% of school leavers with a low level of education find a job one year after finishing permanent education, compared to more than 60% of those with a medium level of education and more than 75% of those with a high level of education.

In particular, according to LFS ad hoc module 2000:

- the higher the percentage of early school leavers, the longer the duration of the transition period;
- the higher the average age when leaving education, the shorter the duration;
- the better the quality of human capital, the shorter the duration;
- the higher the percentage of young people (and of parents) having completed at most education level 2, the longer the duration.

Training young people through work and reducing the time between leaving school and the first encounter with the labour world constitutes a common trend in all countries, albeit with different formalities. The alternance model is however considered appropriate for providing young people with a basic vocational training that strengthens, systematizes and integrates the competences acquired in their specific workplace. It involves both the educational system in general (with the introduction of internship



models at all levels) and specific measures addressed to early school leavers. In some countries, this trend also includes training for entrepreneurship (starting from elementary school).

The introduction of bridging measures fosters access to vocational training, involving – as in the case of preparatory measures for vocational training in DE – a mix of personalized modules and individual counseling.

As already stressed, for many European young people temporary employment has become the main door to the labour market. The question to ask is if this kind of job represents a stepping stone towards job stability or a trap for the weakest individuals in the labour market (low-skilled and disadvantaged people).

The share of temporary employment among the 15-24 age group varies considerably across Europe. In all countries, the temporary employment rate among young people is more than double the adult temporary employment rate. Moreover, in many countries this ratio has increased in the last five years, suggesting that labour-market entry through this kind of contract is becoming more frequent.

However, there is no clear relation between the share of temporary employment (among young people) and the duration of school-to-work transition/employment rates (among young people).

The countries with a high youth to total temporary employment ratio are both those with good youth employment rates and the shortest duration of transition, as well as those that are less “efficient”: on the one side Luxembourg, Austria, Estonia, France, Sweden, Belgium, Denmark, Finland, Ireland and Netherlands and, on the other, Germany, Slovenia and Italy. Similarly, the countries with a low youth to total temporary employment ratio are both “efficient” countries with regards to the inclusion of young people in the labour market (Cyprus, Spain, Latvia, UK, Lithuania, Portugal, Czech Republic, Malta) and totally “inefficient” countries in this regard (Bulgaria, Greece, Hungary, Slovakia, Poland).

#### ***7.4.4 Formal, non-formal and informal learning impact***

The Youth project econometric analysis on the effect of lifelong learning on the probability to be employed, using ad hoc 2003 ELFS, gives evidence that the impact of formal learning is clear and positive, whereas the effect of training and informal learning depends on their links to work and are more effective for adults than for the young. The econometric analysis of the effects of formal, non-formal and informal learning on the probability of being employed, carried out on young people aged 15-29 and on the adult group aged 30-59, shows that this learning does not have immediate effects on the young. The people who devoted several hours over the last 12 months to these pathways are those who have more free

time, so there is no close correlation between training and work or between self-learning (by books, computer, library visiting) and work.

However, there is also the fact that young people have anyway to face a period of school-work transition, meaning that the learning effects are not immediately felt unless the training was job-related (in this case the coefficient is positive and significant). The tertiary educational level keeps its significance for the over-24s, as does the age variable, whereas the other variables are generally insignificant.

For adults, it also emerges that job-related training has immediate positive effects. Unlike young people, the coefficient of the dummy representing participation in learning activities is positive because adults participate less in them and when they do so they are more job-related.

In conclusion, the effects of short-term training are thus higher for adults than for the young, whereas the effect of tertiary education is higher for the young than for adults, also because of the higher level of education attained by young people. Austria, Finland, Sweden and Slovenia are the countries that present positive and significant impacts of non-formal and informal learning on 15-29 year olds' probability to be employed.

#### ***7.4.5 Quality of human capital***

The "quality" of human capital is a very important variable for weighing its "quantity" and the OECD-PISA survey (Programme for International Student Assessment) provides some useful information.

The aim of the PISA methodology, applied to 32 countries (28 OECD members), is to assess 15-year-old students' essential knowledge and skills, producing a framework to develop over time. This project covers three areas: reading, mathematics, literacy and scientific literacy, considered the foundation of knowledge.

The OECD-PISA average score (2003) in 19 out of 27 European countries is 499, against 526 in Australia and 525 in New Zealand, 530 in Canada, 521 in Macao, 532 in Japan, 537 in Hong Kong and 541 in South Korea.

The PISA Scores vary considerably among European countries, ranging from the very high levels of Northern countries (546 in Finland, 524 in the Netherlands, 511 in the UK, 510 in Sweden, but also 518 in Belgium and 511 in the Czech Republic) to the very low levels characterising the Mediterranean countries (Spain 484, Italy 474, Portugal 470 and Greece 462).

In the global classification including all 32 OECD PISA countries, only a few countries have a lower PISA score than the European Mediterranean

countries, i.e. Russia 470, Serbia-Montenegro, Turkey and Uruguay 426, Thailand 423, Brazil 380, Indonesia 375, Mexico 394 and Tunisia 366.

To sum up, in several Member States, young people's human capital is not adequately developed to cope with the challenges of the labour market. This clearly calls for efforts to improve its quality by investing in and reforming the educational system.

The priority objectives of measures for improving the quality of human capital are to enable the completion or continuation of formal education and the development of occupational training and skills acquisition. These policies are targeted at young workers who have entered the labour market and are intended to foster their professional growth.

Public policies intervene with general regulations maintaining young people in an active position and stimulating firms' initiatives for fostering the professional growth of young workers. These regulations cover contracts, working conditions, training and financial measures for supporting employment and the unemployed (i.e. the transition from one job to another).

All these types of measures are based on personal or collectively agreed rights established by law or in negotiations between workers and employers<sup>312</sup>.

A distinction can be made between measures focusing on:

- contractual arrangements which introduce forms of compulsory training/learning to be accomplished during working hours, during the initial part of the worker's career;
- learning quality in the workplace, with the focus on the formal or informal dimension of work-related educational processes (job rotation procedures);
- working time dedicated to learning (i.e. paid educational leave);
- financial measures, such as individual learning accounts, individual development accounts, the right to the free use of certain services, study grants and cheques or vouchers, individual loans, paid educational leave, tax deductions;
- occupational funds, based on national agreements by social partners; the funds collect levies as a percentage of the total volume of employees' salaries or the total wage bill of each undertaking taking part in the scheme and they can be used for young workers in particular.

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<sup>312</sup> European Employment Observatory. Review: Autumn 2005.

Measures for employers fall into two categories. The first encompasses subsidies or full coverage of the costs of certain learning activities while the second encompasses tax relief. These measures cover all firms and all types of labour contracts, but in particular are addressed to contracts with a high degree of flexibility, given that a higher flexibility in the labour market is likely to act as a disincentive to offering training. As the employer has to bear the bulk of the training costs, it is not particularly profitable to train workers who are not going to remain with the company (as in Germany).

#### **7.4.6 Entrepreneurship**

The development of youth entrepreneurship is the focus of measures in many countries. These initiatives aim to construct supported pathways for promoting self-employment and for fostering a natural phenomenon already widespread in all European countries: the considerable presence of early school leavers among the owners of small and medium enterprises.

To foster this policy, measures are mainly aimed at training in entrepreneurship, starting with basic training. The relative measures aim to:

- offer political support for entrepreneurship education at all levels;
- promote entrepreneurship education at local level, with a coherent programme bringing together local stakeholders and addressing the various levels of education through a range of different instruments (e.g. SE – Venture Cup initiative);
- ensure public funding/support for entrepreneurship education activities, including the use of practice-based pedagogical tools, the implementation of pilot projects and of concrete enterprise projects in schools;
- launch innovative actions for training teachers, providing specific training in entrepreneurship;
- encourage the creation of learning communities with the mission of fostering entrepreneurial mindsets, by building links between education and the business world;
- launch awareness campaigns and celebrate entrepreneurship education activities and programmes that work well by organising awards and competitions.

After leaving school, the young people concerned are given the opportunity to access a number of measures that encourage their business initiatives (e.g. DE - Subsidies for business start-ups; FR - Envie d'Agir programme; PL – First business).

Measures in this area also have a training and learning component designed to provide beneficiaries with the necessary skills to set up a business. These measures can provide forms of coaching and assistance by specialists, in addition to contacts with research and innovation-transfer support centres. Specific guidance and counselling services are also offered, such as business incubators and “businesses for learning”<sup>313</sup>.

Financial instruments such as low-interest loans, grants or unsecured loans and tax relief (in FI, SE and IT), material support, etc. can also be used for this purpose.

## **7.5. The quality of youth work**

### ***7.5.1 Part-time and fixed-term contracts***

In 2005 in the EU27, 24.7% of 15-24 year-olds had part-time work contracts. This percentage is considerably higher than the 17.3% for the entire working population. There are various reasons for this, some of them analyzed in specific points of the report. The main reasons seem to be young people’s need to have an income while continuing their studies, the possibility of using part-time as an entry contract or for school-training-work alternance, or again the lack of opportunities for full-time jobs. Another important reason why some young people, mainly women, prefer part-time work is linked to family care. This is particularly true for women in the 25-29 age class. Limiting the analysis to the segment of women aged 25-29 not in education, there are particularly high values for family-care reasons in Austria, Czech Republic, Germany, Luxembourg and Latvia.

However, independently of the reasons why a quarter of young employed people accept a part-time job, it is a fact that countries with the highest youth employment rates are also those which have the highest part-time rates for the young.

LFS microdata shows that the part-time figures for young people aged 15-29 are particularly high for countries such as the Netherlands (54.1%), Denmark (41.9%), Sweden (31.7%) and United Kingdom (26.4%). Against this, there are countries with very low youth part-time rates, such as Slovakia (2.3%), Hungary (3.2%), and Czech Republic (3.5%). These latter have the lowest youth employment rates. This could prompt the reflection that part-time work contracts do not replace full-time ones but instead complement them.

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<sup>313</sup> See also European Employment Observatory. Review: Autumn 2005.

Around 60% of part-time workers in the 15-24 age class are females. There are great differences in Europe with regard to the relationship between gender and youth part-time work. Only in Poland does the number of young males with part-time jobs exceed females, with a rate of 46.3% for female workers in part-time work. The other countries in which this rate is relatively low are Slovenia (52.6%), Hungary (52.9%), Estonia (54.9%), Netherlands (55.5%), Lithuania (55.7%) and Luxembourg (56.7%). The countries in which the rate of women in part-time work is higher are Austria (70.0%), Italy (67.1%), Sweden (66.7%), France (66.6%), Belgium (65.6%) and Slovakia (65.2%).

On average, 31.9% of young people in Europe have a fixed-term contract, a percentage which is basically similar for both males and females. The average value for the 15-24 age class is 43.3% and 21.5% for the 25-29 class, therefore it is the younger individuals who are more penalised with regards to the duration of the work relationship (a temporary contract is often a way of entering the labour market).

As mentioned earlier, working students tend to have more temporary contracts (55.1% of working students against 25.6% of young not in education). Naturally, if the age factor is combined with study, an even higher percentage of 60.6% is obtained for working students aged 15-24. The main reasons why working students have temporary contracts are linked to school-work alternating pathways or the fact that temporary work can often be a way to earn money to continue studying. Another important reason for accepting a fixed-term contract is linked to the probationary period before obtaining a permanent job.

In all other cases, young people generally prefer permanent contracts but agree to take temporary contracts in the absence of better opportunities in the labour market.

The countries with a particularly high incidence of temporary contracts for young people are Spain (54.9%), Poland (48.0%), Slovenia (44.1%), Germany (42.2%) and Sweden (39.9%). We have already shown that there is no correlation between fixed-term contracts and employment rates, although in many countries these contracts represent the main path for young people to enter the labour market.

Summing up, young people usually pass through a transition period before entering the labour market, in which their probabilities of being employed increase if they have had appropriate work experience during this time. This transition can be accompanied by alternating atypical contracts with unemployment. Public policies intervene with general regulations protecting work from possible abuse (e.g. replication of fixed-term contracts or undeclared work), maintaining young people in an active position and stimulating firms' initiatives for fostering the professional growth of young workers. These are regulations involving contracts,

working conditions, training and financial measures for supporting employment and the unemployed (i.e. the transition from one job to another). The transition between jobs, or unemployment, is accompanied by a system of economic measures that, whilst ensuring a support, stimulates individuals to return to the world of work. The reduction of taxes on low wages has the aim of making jobs more attractive to young workers who would otherwise refuse them and of regaining control of the undeclared work/income area or of employees in the “grey area” of self-employment (often not - or not sufficiently - covered by social protection).

In terms of subsidies directly disbursed to young people between jobs or unemployment, the measures can be reduced to three main categories, on the basis of the United Kingdom model:

- Jobseekers’ Allowance (JSA) – to receive JSA, individuals must show that they are capable of working and are currently looking for work.
- Income Support (IS) – this benefit can be paid to anyone with a low income, regardless of whether they are working or not. To receive benefits when out of work, however, individuals must again show that they are looking for work, unless they fall into certain categories such as being a lone parent or having a long-term career.
- Incapacity Benefit (IB) – this benefit is paid to sick or disabled individuals who are unable to work.

These types of measures, albeit existing in numerous countries, do not always include young people among their recipients. In Italy, for example, the present system of social buffers is constructed around standard work in the big industrial firms. Hence not only is there a low rate of coverage, but above all non-standard workers, who are often precisely the younger population cohorts, totally lack insurance coverage.

The other variables on which the measures are constructed regard the preconditions requested for receiving the benefits, the duration of the measures and the amount. The preconditions are often defined either as the duration of the previous work experience or the length of the period in which the insurance contributions have been paid by or on behalf of the young person, which is usually not a very long time.

The period during which the right to obtain the unemployment benefit is recognised varies according to the country. The reduction of the time has also the aim of preventing the young unemployed entering forms of irregular work.

The amount of the benefit is used to stimulate a rapid return to the labour market. It is generally low and can only be increased if recipients undertake the measures set forth in active labour policies.

The moment a labour relation is interrupted, policies specify “immediate activation” interventions, mainly to ensure that the young person moves to another job. Should there be no possibility of an immediate placement in a new job with a standard contract, measures come into play that can vary according to:

- the individual’s degree of employability. If the young person does not possess a sufficient level of education and competences to ensure employability, then he or she has the right to access training activities and to benefit from economic support;
- the possibility of employing the young in subsidized jobs that could become permanent. It is a measure aiming both at stimulating the employment of young graduates without experience and of consolidating their employment status (at least for three years).

### ***7.5.2 Age and gender pay gap***

Starting with the *Structure of Earnings Survey 2002* we carried out some simulations of the age pay gap (i.e. the ratio between the mean hourly earnings for young people under 30 years and the whole population), and the age gender pay gap (i.e. the ratio between female and male mean hourly earnings per age group).

First of all, as is well known, we observed huge differences between the absolute levels (in euro) of earnings per hour in the different European countries, both for the total population and for young people. In the EU15 wages are significantly higher than in the new entrants. The average level of Bulgaria, the country with the lowest value of hourly earnings, is only about 4% of that of Denmark, the country with the highest value.

The age pay gap - with the exception of Estonia (with -0.5%), Latvia and Lithuania - ranges from 11% in Slovakia to 32% in Greece. The lowest levels are registered by the new entrants and especially the eastern countries (Estonia, Latvia, Lithuania, Slovakia, Czech Republic and Hungary). The countries with the highest levels of age pay gaps are Greece, Germany and Netherlands, where the gap is over 30%. The Netherlands and Germany are countries with high levels of youth employment and many other Member States have high age pay gaps and high youth employment rates, including Austria, Cyprus, Ireland and United Kingdom. In other words, in many countries high youth employment rates seem to correspond to high wage differentials. There are also some exceptions, such as Greece and Romania, which have high age pay gaps and low youth employment rates, or Sweden which has both low wage differentials and high employment rates.



In any event there appears to be a relation, although tenuous, between wage differentials and youth employment rates. As already mentioned, flexibility in labour costs and jobs could be necessary to foster youth employment in the long run, but it cannot be considered as sufficient.

With regard to gender differences, hourly earning figures confirm other analyses: the gender pay gap for young people is not very high, but it grows with age. The gender gap becomes significant after marriage and especially with maternity. Women are penalised by maternity not only in terms of participation in the labour market but also in terms of earnings.

Most of the countries (15 out of 27) have a gender gap below 10% for young people and in France, Poland, Slovenia and Malta it is very close to zero. The highest gender gap is in Estonia with 22% and it is particularly high in Baltic countries against a very low age gap.

## **7.6. The welfare of young people**

### ***7.6.1 Demographic factors***

In the Youth project we have considered two demographic factors that strongly influence the behaviour of young people in the labour market: the decision to leave the parental home (in particular the percentage of 25-29 year olds living outside the parental home, based on Eurostat, *Census* data for 2001) and the age of women at childbearing (i.e. the mean age of women when their children are born).

A higher percentage of males than females remains in the parental home in the 25-29 age class. In the same age class there is a high percentage of females living alone with children.

There is a certain inverse correlation between employment and people still living in the parental home for young people in the 25-29 age class (the correlation coefficient is -0.42). One of the reasons why young people remain at home could be because it is difficult to find a job, but we might also consider that the decision not to leave the parental home is to avoid looking for a job.

Only in two countries, Denmark and Lithuania, do all the “adult” young 25-29 year-olds live outside the parental home; whereas in Italy, Spain and Slovenia over half of “adult” young people still live at home.

In Mediterranean countries with their low employment rates, young people tend to remain in the parental home longer than their peers in other countries. One reason could be the difficulty in finding accommodation or the role the family network plays. In particular, in Mediterranean countries

we observe low levels of public spending for housing and certain difficulties in accessing credit, factors that reduce the propensity to leave the parental home.

On the average, the mean age of women at childbearing is 29.4. This indicator shows a clear growing trend in the last years since it was 28.7 in 2000. There is a sharp difference between the new Member States and the EU15 for this indicator, where the former have lower values than the latter. The countries with the lowest values are Bulgaria (26.0), Lithuania (27.6), Slovakia and Latvia (27.7), whereas the countries with the highest values are Italy and Spain (30.9), Ireland (30.7), Netherlands and Sweden (30.5). In this study, it has often been stressed that, in many countries, the decision to have children means that the mother has to leave the labour market; but we have no conclusive evidence as to how that factor influences the childbearing age.

### ***7.6.2 NEET phenomena***

In 2005, NEETs - people not currently engaged in employment, education or training - were 7.2% in the 15-24 age class and 12.0% in the 25-29 age class. A higher percentage of women are involved in this phenomenon than men (especially for the upper age class), as a consequence of the female decision to leave (or not enter) the labour market for family reasons.

The countries with the highest incidence of NEETs (around 14%) for the 15-24 age class are Hungary, Greece and Cyprus. Italy, Sweden and Spain also show high NEET rates above 9%, whereas Luxembourg, Denmark and Netherlands register the lowest levels, below 4%.

In the upper age class, the highest values for NEET rates are found in Hungary, Italy and Czech Republic (above 16%) and the lowest in Slovenia, Sweden and Luxembourg (5-6%). We observe very high differences between female and male rates in Czech Republic, Slovakia, Hungary, Italy and Poland.

The countries with the lowest NEET rates have the highest employment rates; this is particularly true for people aged 25-29 and for the female segment. For the 25-29 age class we find a 0.68 negative correlation coefficient between NEET and employment rates for all the population, a percentage which rises to 0.84 when we limit our analysis to the female segment.

The higher incidence of NEETs in the older age classes is to be attributed solely to women's behavioural pattern in the labour market: on average NEET rates are 5% for males in both age classes, whereas they increase from 9.2% to 19.1% for females.

The analysis of the position of NEETs one year before the Labour Force Survey was carried out reveals different conditions according to age. In particular, most of the NEETs aged 15-19 in 2005 were students (60.8% on the EU average). For the 20-24 age group, the main condition was active in the labour market (33.8%), although often unemployed; we have also to consider that more than 40% of female NEETs were inactive because engaged in domestic tasks. Finally, for the latter age group about one out of two NEETs were engaged in domestic tasks; this percentage is obviously higher for women.

So for many young people the NEET status seem to be a permanent or a very long-lasting condition: for women in general it is for family reasons, whereas for many young people this condition signals the difficulties they encounter entering or remaining in the labour market.

Around 50% of young NEETs have had previous work experience. For women, the percentages are usually higher than those for men and are particularly high for the 25-29 age class. In Czech Republic, Finland, Denmark, Ireland, Estonia and Sweden this incidence is above 80%, whereas in other countries (Greece, Italy, Belgium and Lithuania) we observe a high share of female NEETs aged 25-29 that has never worked.

The analysis of microdata also reveals a link between educational level and NEETs. In particular, NEETs tend to have a lower level of education than the average of their peers. In some cases this can be a direct consequence of having dropped out of education when very young without at the same time having entered the labour market.

For the 25-29 age class, 35.8% of NEETs have a low level of education, a percentage that drops to 16.7% for the total population in this age class. The countries in which the difference between the total youth population of 25-29 year olds with a high level of education and the corresponding NEET population is greatest are the UK, Cyprus, the Netherlands, Ireland and Denmark.

Finally, NEET rates tend to be lower in countries with the highest incidence of social exclusion not-elsewhere-classified (n.e.c.)<sup>314</sup> expenditure and we find a negative correlation of -0.52, higher for the 25-29 age class. This means that combating several forms of young people's social exclusion could increase their ability to enter or re-enter the labour market.

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<sup>314</sup> This component of social protection benefits, as defined by Eurostat in the *Esspross Manual*, is represented by *benefits in cash or kind (except health care) specifically intended to combat social exclusion where they are not covered by one of the other functions*. According to the traditional classification utilized by Eurostat, the other welfare institutes are the following: 1) Sickness/Health care; 2) Disability; 3) Old age; 4) Survivors; 5) Family/children; 6) Unemployment; 7) Housing.

The increase of family benefits, in particular for children, such as day childcare, could reduce the incidence of NEETs, especially for young women (negative correlation of -0.56).

### ***7.6.3 Disadvantaged groups***

We have analyzed the impact of human capital on different groups of young people aged between 15 and 29, constructing dummies to survey disadvantaged women compared with men, migrants compared with local citizens, people with longstanding health problems or disabilities compared to those without them. Each of the subsamples (women, disabled and migrants) are analysed to measure the impact of these variables - linked to age, education and country of residence - on these individuals' probability of being employed.

In the comparison of the female and male subsamples, the coefficients of the marginal effects have shown that the positive effect of education on the probability of being employed is greater for women. After the school-work transition, individuals with a higher level of education have more probability of being employed. However, this net result shows that there is both a short and long-term effect. In the short term, women have a greater probability of continuing their studies than men, widening the gender gap in the lower age group with less educational qualifications. Against this, age affects women much less than men; albeit everybody's probability to be employed generally grows with age, the gap between men and women increases because of the latter's family responsibilities.

The comparison between the migrant subgroup and that of native-born citizens highlights migrant women's lower probability of being employed, confirming what was found in the men-women comparison. Moreover, migrant women from certain areas of the world are more inactive because of cultural reasons.

The last group examined consists of people with longstanding health problems or disabilities. In this subsample, an individual who fits into all the disadvantaged groups is more subject to the risk of being trapped in unemployment or inactivity. If we add the female sex and nationality to this group of disabled people, then the probability of being employed drops even more. It is thus very important for this group to possess human capital that is marketable enough to help overcome the disadvantages caused by health problems.

The comparison between countries has repeatedly shown that Netherlands and Denmark, together with Austria, Finland and Germany, are almost always among the well-performing countries. The countries with the best employment probabilities for the young are also more efficient

than the rest of Europe with regards to the more disadvantaged groups, albeit these latter are disadvantaged even in these virtuous countries.

#### **7.6.4 Welfare measures**

##### **7.6.4.1 Women**

The demographic challenge and the integration of women in the labour market are issues present, albeit to differing degrees, in all the European countries. Despite these differences, policies appear to be directed at harmonizing two potentially opposing aims: increasing birth rates and reducing the time parents spend away from work.

The gender dimension of policy measures aims to tackle the demographic crisis by helping the life-work balance, encouraging and supporting parenthood and reducing the costs and difficulties encountered by young households in coping with outlays linked to unsustainable standards of childcare and education while still having enough time available to manage their whole range of responsibilities and personal interests.

These policies currently have the task of shortening the transition period. In particular, the extent of fixed-term contracts has the contradictory effect of creating problems for family policies, as young people either postpone the decision to have children or decide not to have them at all.

The relative measures use four main levers:

##### **- *Protection for working mothers***

These measures act on two main aspects:

- *maternity leave*, maternity leave is accompanied by maternity benefits. The duration of maternity leave is linked to the presence or absence of childcare services;
- the *flexibilisation of working hours* in relation to the particular needs of workers with children. These are measures involving the possibility of part-time work, flexible working hours customised according to needs, planning - in some cases – information instruments and systems; compressing weekly working hours into a lower number of working days; tele-work, with consequent reduction of travel times; calculation of an hours bank on a yearly basis, or a variable distribution (by day, week, month) of working time depending on the period of the year, usually in relation to trends in the company's production

cycles;<sup>315</sup> term-time working, or employment contracts that provide for long periods of leave, usually corresponding to children's school holidays.

- ***Tax incentives***

Tax incentives are offered to families.

- ***Benefits and allowances***

- During parental leave, the benefit received can either be flexible or a fixed amount regardless of the parent's previous wage. This measure also determines the period during which the parent has right to the benefit. The duration varies from country to country. The parental benefit established as a fixed amount was not favourable for those who return to employment earlier. This is why, in some countries, social security reforms have introduced flexible parental benefits to encourage parents to return to the labour market. Either parent may receive the childcare benefits on the same terms. Childcare benefit may also be transferred to grandparents after the child's first birthday.

- ***Childcare services***

Childcare services promote parents' return to work and help all young children to access early education facilities. Policies promoting childcare services are mainly concentrated on the supply of adequate services and on improving their quality, especially from an educational angle. When there is a lack of services, financial measures such as family-work balance vouchers are also introduced. These were created as an instrument for implementing policies in a gender key and enabling those concerned to access the private service market. These vouchers fall under active labour policies for women, providing economic support for entering or re-entering the labour market for adult women with family care duties. Other measures involve educational services for young children so that women who wish to return to the labour market have time to acquire the skills necessary to re-enter work. These services consist of creches, additional educational services for early childhood, home services offering educational and care services in the homes of families with children under three years of age and creches in the workplace.

Measures under this heading can include specific learning components: persons on childcare benefit are entitled to participate in vocational training or in higher education free of charge or parents on maternity leave can also join labour-market training courses. The focus on a family-work balance also signifies programming training initiatives with the aim of promoting

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<sup>315</sup> European Foundation for the Improvement of Living and Working Conditions, 2002:2,

male commitment in family life and thus disseminating a new mentality based on sharing family duties.

#### **7.6.4.2 The disabled**

The policies and measures addressed to disabled people can be distinguished according to whether the target is the disabled person or the employer.

Disabled people: the incapacity benefit is paid to sick or disabled individuals who are unable to work. In UK the measure comes under national schemes and involves compulsory interviews for all new claimants, carried out by the social services in cooperation with the PES. Through interviews, individuals can discuss their health situation with a personal advisor who can advise on how best to cope with the situation with a view to returning to employment. Disabled persons, who – according to their state of health, skills, and age – have a good chance of being rehabilitated, will receive rehabilitation benefit instead of the former disability pension. A new rehabilitation system is being established that focuses on individuals and their remaining abilities and makes the necessary services available for disabled people to maintain and develop their abilities and skills

Employers: financial grants for employers who employ persons with functional impairment entailing reduced work capacity. The employer (or the employee) receives benefits in accordance with legislation or with collective agreements.

#### **7.6.4.3 Immigrants**

Measures for immigrants have a special role among the measures targeted at young people with special needs.

The policies adopted can be distinguished according to the area of intervention, the curriculum or local and regional networks.

The curricular reform: involving the flexibilization of the training supply with tailor-made pathways, differentiating their duration, creating new training channels for particular population cohorts (from day-care schools for immigrants and disadvantaged young people to folk high schools – all Nordic Countries – potentially for everyone, to the National Programme for Literacy and Qualification Training for the Roma population in Bulgaria), the transition from one channel to the other (RO).

Local and regional networks: the policies are aimed at creating a network of specialized vocational training centres and new structures for the training system (special pathways, new system arrangements). In other

cases, basic skill programmes help the young complete their educational pathways. This category also includes measures for setting up local and regional networks for the professional qualification of young migrants to give them a better chance to find work, also involving their families (for example in Germany).

At regional and local level, networks were created to increase awareness of all relevant key actors (municipalities, local Public Employment Services, Chambers, social partners and organizations of ethnic minorities, as well as schools, training institutions and regional research centres) on the specific social and cultural situation of young persons with a migration background. This allows operators to develop tailored approaches and methods for increasing the participation of these people in education and training.

#### **7.6.4.4 Housing**

The access to housing is one of the major obstacles for young people in the process of establishing personal and social autonomy. These difficulties have a strong impact on the tendency of young to create their own family and in deciding to have children.

There are several measures for supporting young people with housing issues. Member States have undertaken a number of actions aiming primarily at increasing the availability of housing or giving financial support for purchasing or renting accommodation. Special initiatives have been taken in building houses for single foreign workers and political refugees or housing allowances for students. These latter form part of student financial aids and go towards the cost of accommodation during study periods.

#### **7.6.4.5 Development of youth social life**

The policies supporting the process of developing social life aim to facilitate young people's access to cultural and sporting infrastructures, to the different types of non-formal education, associationism and voluntary work, and access to and construction of social and informal networks. The function of these policies is to foster the access to instruments through which they can develop processes to promote active citizenship and self-guidance (based on relational and learning networks and on their quality).

The right/possibility to set up formalised networks (associations of various types) is regulated with varying degrees of flexibility from one country to another (age of those in charge, purposes and aims, guarantees, nationality of members, etc).



Measures can facilitate access to existing social networks or promote new ones, developing a community mindset in young people and providing information on the various opportunities in the fields concerned (cultural, religious, social assistance, political, labour movements, etc.).

The financial measures are normally included in the category of financial help to set up and manage young people's associations, in the form of direct grants or tax relief.

The access and use of infrastructures and services to support self-directed learning (culture, sport, communication, etc.) and non-formal education of young people is a field of action in which local public policies and the culture-oriented training market (aesthetic education, dance, music, etc.) predominate.

Access to cultural products and infrastructure is considered in terms of available opportunities, rather than as an individual right. The implementation measures are mainly addressed to young people already in learning situations and rarely to young people in other circumstances (workers, unemployed, etc.)<sup>316</sup>. The financial measures adopted are intended to reduce costs (vouchers for purchases or access, as in LT). The process of developing social life seems only indirectly linked to training and work policies and usually this task is left to local policies and to families.

### **7.7. Flexicurity analysis of young people in Europe. A country clusterization**

The Youth Project has done a flexicurity cluster analysis<sup>317</sup>, identifying suitable indicators on the basis of the capability approach, youth labour-market outcomes and the four policy areas identified by the European Commission as flexicurity components, i.e.:

- flexible and reliable contractual arrangements;
- comprehensive lifelong learning strategies;
- effective active labour-market policies;
- modern social security systems.

The analysis carried out under the YOUTH project shows that European countries differ in their socio-economic structures in terms of flexicurity.

There are countries with a good flexicurity experience, such as:

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<sup>316</sup> European Employment Observatory. Review: Autumn 2005

<sup>317</sup> See chapter on cluster analysis

- AUSTRIA - Good flexicurity in general: high labour-market flexibility, accompanied by an average level of social benefits, effective ALMP and strong social partnership.
- DENMARK - Good flexicurity in general: flexible labour law and low job protection, accompanied by LLL, ALMP and a strong social security system. These factors have helped to create one of the most modern labour systems in which the focus is on individuals who are given the means to fulfil their needs.
- NETHERLANDS - Good flexicurity in general: development of part-time open-ended jobs which particularly involve women, and application of three components: 1) fixed-term contracts can only be used three times; 2) elimination of barriers to temporary agencies; 3) introduction of these two ingredients in the labour law and in collective agreements, providing minimum protection and pay.

And countries where the risk of precariousness stirs the debate on flexicurity:

- SPAIN - country with a very strict EPL and a high proportion of fixed-term contracts, limited by a recent “May 2006” Agreement (*any worker who has signed two or more fixed-term contracts with the same company for more than 24 months over a 30-month period automatically obtains a permanent contract*).
- ITALY – country with a high share of young people at risk of precariousness and extensive debate about reforming social benefits that are weak or even absent for atypical workers<sup>318</sup>.

Whereas there are countries where flexicurity is far from being applied, such as:

- UK – where the employment-protection legislation index is low and the rate of employment is good, but with the risk of being trapped in bad jobs. Non-permanent contracts are quite rare in the UK – 93.6% of all employees are on permanent contracts. The most common form of non-permanent contract is for a fixed period or a fixed task, though this only covers 2.4% of all employees. Amongst young workers under the age of 30, atypical contracts are slightly more common, though 87% of employees aged under 30 are still on permanent contracts. As

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<sup>318</sup> In Italy many workers classified as independent are, on the contrary, effectively dependent since they work for a single employer and often in his or her place of business.

expected, training contracts and apprenticeships are more common for young workers, though contracts for a fixed period or a fixed task are still the most common form of non-permanent contract, even amongst young workers.

- CZECH REPUBLIC and the other new Member States, which still provide few employability measures for young people and need interventions both to promote flexibility (Czechs do not want part-time contracts because the low average wage and high social contributions mean low incomes) and to modernize security and learning strategies. However, there is the risk that fast growth and convergence in terms of labour productivity and wages will very soon lead to flexibility initiatives that could produce the same precariousness problems encountered in the Mediterranean Member States.

We propose to include as many indicators as possible in the quantitative analysis on flexicurity.

We consider several indicators according to the pillars: some general indicators (such as EPL, labour productivity, labour productivity growth 2005-2000, expenditure in ALMP and so on) and other specific indicators related to young people (such as rates of employment, unemployment, long-term unemployment, participation in education, share of temporary contracts, part-time employment, working students, education attainment, indicators calculated by EU-SILC dataset concerning the participation of young people in unemployment and some social benefits).

We had four capability indicators for the young: human development indicator; PISA average score; percentage of young people at risk of poverty; percentage of 20-29 year olds who have at least a secondary-school qualification.

The Principal Component Analysis used for clusterization enables us to identify four heterogeneous groups of countries.

<b>CLUSTER</b>	<b>COUNTRY GROUPS</b>
<b>I. Friendly labour markets:</b> highest human development indicators and best performances in youth employment	Austria, Denmark, Netherlands, Sweden, Finland, United Kingdom and Ireland
<b>II. Rigid labour markets:</b> low youth employment and good capability indicators	France, Belgium, Germany and Luxembourg plus Slovenia*
<b>III. Strongly segmented youth labour markets</b>	Greece, Italy, Portugal, Spain and Poland
<b>IV. Low employment and skill mismatches in the convergent/transition economies</b>	Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Cyprus, Malta*, Romania* and Bulgaria*

\* No data on OECD PISA average score for Slovenia. Romania, Bulgaria and Malta have been added to this group, albeit not all their data are available, because it is considered they are anyway closer in terms of performance.

Considering this youth flexicurity clusterization, the Youth Project has also tried to identify the main characteristics of each cluster: the strengths and weaknesses, the main challenges and the policy strategies<sup>319</sup>. The aim of the analysis is to pinpoint common trends in the different countries belonging to the four previously defined clusters. The idea is to highlight possible relations between public policies and results achieved by the various countries in terms of developing young people's competences and employability<sup>320</sup>.

► **I cluster: Friendly labour markets**

The first cluster, the Nordic and Anglo-Saxon countries plus Austria, has the best labour-market performance and the highest values for the human development indicator in Europe.

<sup>319</sup> See *ibidem*, Policies for each Flexicurity Pillar: comprehensive lifelong learning, flexible and reliable contractual arrangements, effective active labour market policies, modern social security systems; see also chapter on policy recommendations.

<sup>320</sup> See Chapter 6 Analysis of EU Member States' Policies And Measures

### ***The strengths and weaknesses***

These countries have launched policies of a preventive nature for young people, taking as priority the reform of the education system aimed at fostering their autonomy.

The lifelong learning policies involving young people leaving school or already present on the labour market aim to reduce the time necessary for returning to academic pathways or for entry into working life.

Active labour-market and social-security policies have the aim of reducing the time spent in trying to enter the labour market or managing the risks connected to the different transitions in the various stages of life.

### ***The main challenges***

To reduce the high level of youth unemployment in some countries (such as Sweden and Finland) and in general the social exclusion of young people, with particular reference to weaker young groups and young NEETs.

The reform of the education system has to be completed. This involves diversifying actors by sharing responsibilities among schools, enterprises, associations and civil-society institutions. The quality of the supply must also be improved by promoting competition among providers.

The great demand for new competences can be met by a more extensive training market. A policy for encouraging and developing the education and training market is needed, strengthening learning support and protection mechanisms.

### ***The policy strategies***

The social exclusion of weaker young people (early school leavers, women, immigrants or young with immigration background), as well as those not covered by various inclusion-oriented measures, must be tackled.

ALMP and social policies must be implemented with initiatives capable of fostering the autonomy of young people (culture, sport, health and housing).

The reform of the education and training system must be completed, ensuring the quality of the supply, even encouraging competition among providers, and strengthening the demand. This reform must also provide alternative forms of educational and training pathways and develop the market for education and training.

► **II cluster: Rigid labour markets**

The second group of countries, the central European area around the Rhine plus Slovenia, has a lower participation of young people in the labour market and an unemployment rate close to the European average.

*The strengths and weaknesses*

The countries belonging to this group have good indicators of capabilities and a high share of GDP in labour-market policies.

The preventive approach is poorly developed, their education systems lack competition among schools, there are low possibilities of social mobility and segmentation based on the social status of the families.

Labour-market flexibilisation initiatives are still under debate and the tendency is to strengthen workfare policies for activating young people without work and reducing their dependence on the income-support system.

All the countries are developing a wide range of measures connected to every lifecycle stage and to the specific condition of the youth population.

*The main challenges*

The flexibility of the education and training system has to take into account the new demand for a wider range of knowledge linked to employment and work and the diversity of life projects and professional pathways.

The labour-market flexibilisation has to be strengthened by introducing new forms of fixed-term contracts and by providing incentives to companies to transform current contracts into open-end contracts.

Cooperation among public and private bodies to provide at local level more effective guidance and employment services has to be improved.

Workfare approaches have to be developed to boost the activation of unemployed people and to reduce their dependency on the social system.

A better integration and personalisation of the various policies adopted in relation to the individual condition of young people is needed.

*The policy strategies*

The reform of the school cultural model must be pursued by including other actors in education, such as enterprises and civil-society associations. Enterprises must be encouraged to take on training responsibilities for young people.

Lifelong learning policies must be strengthened. The low probability of access to training upon leaving school for those without a qualified job hinders the professional and personal growth of young people.

Fixed-term labour contracts must be promoted for young people, together with measures that protect the young worker in transitions between different jobs. Active labour policies must be simplified and personalized and encourage the activation of the unemployed.

The participation of young female workers in the labour market must be supported. For those with children, besides parental leave and financial contributions, it is necessary to increase the number of childcare places and also to encourage the early entrance of children into educational structures other than schools.

► **III cluster: Strongly segmented youth labour markets**

The third cluster of countries consists of the major Mediterranean countries plus Poland.

*The strengths and weaknesses*

The youth situation in these countries features a low level of youth employment and a high level of unemployment, including long-term unemployment. The preventive approach has not been adequately developed, and there are evident delays in the reform of education and vocational training systems, still characterised by public monopolies, an absence of competition among schools and difficult relations between the education/training world and that of work. Employment services and the workfare policies are weak, with low investments for supporting young people during their transition stages.

There is a low level of integration among the different policies, the lifecycle approach is underdeveloped and there is a lack of initiatives addressed to young people with immigration background.

The youth labour market features a high degree of flexibility not adequately balanced by security measures and income-support investments during the transition stages are inadequate.

Capability levels are also unsatisfactory. These countries have a high number of early school leavers and young NEETs, a sign of the weakness of lifelong learning systems.

*The main challenges*

The creation of an integrated system of lifelong learning is essential for developing the human capital of young people and for providing pathways to encourage a significant portion of them to return to education.

Flexibilisation measures should be integrated with security components to increase the social acceptance of flexibility and overcome the division between insiders and outsiders in the labour market.

The network of employment services must be extended, introducing forms of cooperation between public and private organisations and increasing public expenditure on ALMP.

Measures are needed to improve social-risk management in order to conciliate labour market flexibility with social protection in the transition phases.

The low participation of women in the labour market must be remedied by developing life-work conciliation policies and measures.

Young adults must be encouraged to achieve economic independence.

### ***The policy strategies***

The reform of the lifelong learning system should strengthen citizens' choice capacities and favour alternating learning strategies. The monopolies and oligopolies in the field of education and training must be replaced by actors operating on the basis of the quality of results. For this goal it is necessary to reform the school cultural model and include other actors in education, such as enterprises and civil-society associations, and to create at local level a stronger link between training and education system and enterprises.

Small and medium enterprises must be encouraged to assume growing responsibilities for the professionalization of young people.

Fixed-term labour contracts must be promoted for young people, together with various forms of social-security measures that protect them in transitions between different jobs.

Personalized integrated activation measures able to promote direct access to work (subsidized jobs, apprenticeships, internships) must be developed.

Policies should be aimed at developing capabilities and educational levels and ensuring that the quality of work requested of young people helps them to develop adequately their professional abilities.

The participation of young females in the labour market must be supported through various tools such as increasing parental leave and childcare places.

The economic independence of young adults must be supported, including access to housing, to encourage them to create families.

### **►IV cluster: Low employment and skill mismatches in the convergent/transition economies**

This group of countries mostly consists of the new east European entrants, to which Romania, Bulgaria and Malta have been added, albeit for



these latter not all the data are available. These countries are still involved in economic convergence processes with the EU15 Member States.

### ***The strengths and weaknesses***

These countries are experiencing a good phase of economic growth and labour productivity growth favoured by the intergenerational labour force exchange. Older generations have lower levels of productivity linked to skill mismatches and lower educational levels than the younger generations. Except for Malta, there is a high percentage of 20-29 year olds with at least secondary school education.

Young people have a low level of employment associated with a high level of unemployment, also of long duration, and a high percentage comes from low-income families.

Labour markets provide little employability for young people and low levels of productivity linked to skill mismatches. Forms of flexible contracts have not yet been introduced. Capability indicators are particularly low and so are income-support investments for young people.

The situation of these countries is also marked by the extreme weakness of social partners who have difficulty in contributing to the reform and extending the citizenship rights of the European social model.

### ***The main challenges***

The challenges for these countries are linked to the conclusion of their economic restructuring process and the convergence of their economies with those of the EU15 Member States. The convergence process must be supported by policies covering all four pillars of the flexicurity approach.

New national strategies and new structures for the training system as stable component of flexicurity policies must be developed. The increase in labour market flexibility must be supported, managing the risks of labour market segmentation and avoiding precariousness problems.

ALMP must be extended to both active and inactive people and especially to disadvantaged groups.

The modernization of the social-security system should aim to encourage the activation of unemployed people and reduce their dependence on it, encouraging an early return to the labour market.

### ***The policy strategies***

Fixed-term labour contracts must be promoted for young people, together with measures that protect young workers in transitions between different jobs. Employment must be promoted through laws and fiscal incentives and the extension of alternative employment solutions.

The education and training systems must be encouraged to compete with regards to results in terms of social inclusion and reducing early school leavers. For this it is necessary to reform the school cultural model and include other actors in education, such as enterprises and civil-society organizations.

The development of education in entrepreneurship and the ability to manage one's own human capital, understood both as the ability to design lifelong learning strategies and to manage one's own professional career must be fostered.

Enterprises must be encouraged to play a role in training policies.

Workfare policies must be suitably developed to make young people responsible for their professional and working prospects, also reducing their dependence on income-support policies and discouraging opportunistic behaviour.

The action of public and private employment services must be strengthened with the involvement of non-traditional partners to promote an innovative approach to the young NEETs.

Life-work conciliation services able to promote a greater participation of young women in the labour market must be implemented.

## **7.8. Some final remarks**

### ***7.8.1 The condition of young people in Europe***

Firstly, there seems to be a relationship between the problems young people are facing and those of the entire socio-economic system. As a rule, the performance of the youth sector is not particularly brilliant in countries where the population is experiencing great difficulties in access to the labour world, that is in which the overall rates of employment are low or rates of unemployment high. In these countries women frequently encounter difficulties in remaining in the labour market. It can thus be asserted that, for young people, the dividing line between virtuous countries and countries with employment problems is represented by the capacity to create conditions that foster female employment.

Recognising the importance of the socio-economic context for young people in the various countries does not mean that we should ignore the existence of elements closely linked to the youth situation which require specific policy interventions.

The analyses have highlighted various models of the school-to-work transition in which the linear concept has been eliminated in favour of

models which have broken with the past to provide young people with very different work and education experiences.

The age in which a young person enters the labour world and the responsibilities of adulthood has been moved forward. But this has occurred without solving the problem of school drop-outs, that is the early school leavers. Around a sixth of young people in Europe never achieve tertiary education. This is a serious loss in human capital terms, since it occurs in economically developed countries in which the demand for labour is increasingly steered towards those with high skills. The only choices for many early school leavers are temporary and badly paid work or leaving the labour market. It is no coincidence that the majority of NEETs, with the exception of young mothers, are represented by early school leavers.

Then again, the longer training period means paying attention to the issue of working students, that is those people who are both in training and holding down a job. These people are often willing only to accept work that is generally defined as “atypical” (essentially fixed-term contracts and part-time contracts) so they can continue their training pathway. In some European countries, the joint presence of training and work is institutionalised in apprenticeships or school-work alternation, with the aim of acquiring marketable skills during education.

Often people enter the labour market by accepting temporary work while waiting to obtain a more permanent situation. This work often entails low wages and the young are often not provided with specific social protection tools. The creation of wage gaps by age does not always mean a proportional increase in employment chances for the younger elements. Transitional pathways are becoming increasingly widespread and are lengthening to the point at which, in some cases, even older workers end up in so-called precarious conditions.

The changes in the school-to-labour-market transition are often accompanied by changes in other typical youth transitions, such as towards adult life. In this regard there is a general trend to delay having children and a large number of young people in various countries, especially the Mediterranean ones, tend to remain longer in the parental home, as well as generally postponing the age at which real autonomy is achieved.

Alongside this, alternative values are becoming popular among young people in the social fields, in voluntary work, culture, sport, etc., which have to be tapped and which must be taken into account when proposing specific policies and pathways for representing young people in social life.

### ***7.8.2 The debate at European level***

The political debate on the integration of young people in the labour market has generated a complex Community process for establishing a joint political, strategic and programmatic framework strategy for the Member States (MS). This has also been prompted by the development of the theme on a conceptual level by the scientific community which is guiding the present "Youth" research.

Considering youth unemployment as a risk factor in terms of social cohesion, the recent evolution of the political debate clearly shows that the European Union is stressing the need to define an overarching youth strategy. In particular, the need is highlighted for better, earlier and greater investment in young people to promote their education, employment, social inclusion, health and active citizenship in a lifecycle approach, so that their full potential can be realised. These challenges were fully spelt out in the Communication on Young People's Full Participation in Education, Employment and Society (COM (2007) 498 Final, September 2007) - and the EC Working Document on Youth Employment (SEC (2007) 1093). The policy where the major step in the policy process on youth issues was taken was the White Paper on Youth (2001). The Council of Ministers' conclusions (November 2007) confirmed the transversal approach to youth policy. Since 2005, with the adoption of the European Pact for Youth, the youth issue has become part of the Lisbon Strategy. In the Spring Council 2006, Member States confirmed the situation of young people as a major political priority within the revised Lisbon Strategy<sup>321</sup>. Considering young people essential in achieving social and economic progress<sup>322</sup> and in ensuring a sustainable development in Europe, the current EU policy and the EU Youth Agenda is encouraging MS to build national and local pathways for the social and professional inclusion of young people, paying special attention to easing and providing security for their transition in a lifecycle approach.

European Union calls for a cross-sectoral approach to youth policies based on the coordination between the EU youth policy framework and other policies affecting young people, focusing on youth mainstreaming, inter-generational approach<sup>323</sup>, lifecycle approach, flexicurity<sup>324</sup> and

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<sup>321</sup> See 5841/07 5-2-2007 Contribution of the Council (in the Youth Policy Field) to the Spring European Council on the implementation of the European Pact for Youth. Key messages to the European Council; BEPA - Bureau of European Policy Advisers' paper, "Investing in Youth: an empowerment strategy", April 2007; Lisbon European Council (23-24 March 2000); Stockholm European Council (23-24 March 2001)

<sup>322</sup> 6445/08, 20-2-2008 Council EYC Key Message to the Spring European Council, 13-14 March 2008, in the fields of Education/Training and Youth

<sup>323</sup> COM (2005) 94 Final Green Paper "Confronting Demographic Change: a new solidarity between the generations", (16-3-2005); COM (2007) 244, final EC Communication "Promoting Solidarity between the Generations" (10.5.2007).

<sup>324</sup> COM (2007) 359 final and COM (2007) 498 final; see also ETUC, The Flexicurity Debate and the Challenges for the Trade Union Movement" (April 2007)".

capability and workfare approach based on autonomy. The focal policy areas in terms of youth employment objectives concern the transition from education to employment, precarious working conditions<sup>325</sup>, flexicurity, employability, the promotion of entrepreneurship, the recognition of competences acquired through non-formal learning and the support for the autonomy and empowerment of young people.

Public institutions have the task of increasing the capabilities of young people, providing resources to facilitate the achievement of the shared objectives or improving the capacity to convert the available resources into wellbeing. The cross-sectoral approach has to be strengthened by cooperation between youth organisations, local administrations and social actors to improve cooperative governance and to promote implementation policies and reporting on progress at national and local level.

Within such a context, the empowerment of young people is the core of the Lisbon Strategy implementation. The Common Principles on Flexicurity<sup>326</sup> have to be steered towards this aim by defining national pathways within NRPs by the end of 2008<sup>327</sup>.

The European Commission has urged the participation of youth institutions at European and national level and other relevant stakeholders in the debate on the future challenges for young people to define by 2009 the new European Youth policy cooperation framework for the next decade<sup>328</sup>. This is also stressed in the key messages of the Employment Youth and Culture Council (EYC) February 2008<sup>329</sup> on the further implementation of the European Pact for Youth, where Member States are asked to focus in coming years on concrete measures to tackle the challenge of integrating young people in European society through employment. In a written declaration<sup>330</sup>, Members of the European Parliament (MEPs) and the European Youth Forum (EYF) have called on the EU to devote more attention to youth empowerment in EU policies. This approach is confirmed by developments in structured dialogue and the participation of young people in decision-making processes at

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<sup>325</sup> "Flexicurity: redéfinir la sécurité des citoyens européens. Pascale Vielle Université di Louvain review OSE October 2007.

<sup>326</sup> See 15497/07, Annex to the Annex The Common Principles of Flexicurity, 23 November 2007; Council Fsession (EPSCO) 5/6 December 2007; European Council 14 December 2007, Presidency Conclusions 16616/1/07, February 2008

<sup>327</sup> Communication from the Commission to the Spring European Council "Strategic Report on the Renewed Lisbon Strategy for Growth and Jobs: Launching the New Cycle (2008-2010) Keeping up the Pace of Change" COM(2007) 803 final.

<sup>328</sup> EU Youth agenda - indicative road map: online consultation will be launched in June/July 2008; in 2009 the EC will adopt a Proposal for the New Cooperation Framework; at the end of 2009 there will be a Council Resolution defining the New Cooperation Framework. See "New cycle of the Structured Dialogue: future challenges for young people", European Commission, DG Education and Culture 29 April 2008, available on the website [http://ec.europa.eu/youth/news/news780\\_en.htm](http://ec.europa.eu/youth/news/news780_en.htm).

<sup>329</sup> See also the Resolution adopted on 22 May 2008 by the Education, Youth and Culture Council of the European Union on the participation of young people with fewer opportunities.

<sup>330</sup> 33/2008, 22/24-4-2008.

European level, as well as giving the Youth Pact more operational implementation with effective monitoring and mainstreaming. Crucial aspects are the evaluation of policy measures at national/local level and the need to highlight the results in terms of youth social and professional integration measures through better monitoring and evaluation of the implementation of the European Youth Pact. Moreover, as remarked within the European debate, at EU level instruments must be developed to anticipate short and long-term labour-market needs to identify emerging sectors and new drivers for jobs. These are some central aspects in the EU assessment of future skill requirements in Europe up to 2020. This assessment, which will pay special attention to youth employment, including youth transitions in the labour market, should produce detailed information by countries, regions, sectors and occupations to better match skills to labour-market needs<sup>331</sup>.

The latest Lisbon 2008-2010 cycle also emphasizes the relationship between MS reforms within the NRPs impacting on national flexicurity pathways for youth social and professional integration and the Lisbon Strategy's benchmarks. In order to achieve the Lisbon benchmarks and targets and to put into practice the latest Lisbon cycle, MS are required to make a better use of European financial instruments such as the European Social Fund (ESF) in local and regional projects specially designed to take into account the youth dimension. This is in line with the general recommendation to implement concrete measures at local level. The better use of the ESF 2007-2013 regarding youth issues also refers to the choices made by MS within their Operational Programmes (OP)<sup>332</sup>, including a national priority (priority axis) and financial plan for each axis. However, the real impact of these choices is closely linked to the governance aspects regarding national and local institutional actors and stakeholders mentioned earlier.

As regards governance aspects linked to the Lisbon Strategy implementation, the important role of European social partners in the design, implementation and monitoring of flexicurity policies is stressed.

Within such a context, there are two elements which have considerable repercussions on the effectiveness of an overarching youth strategy. The first concerns the policies and approaches adopted at European, national and local level; the second concerns the full awareness of the effects and impact of policies and measures<sup>333</sup> set up to integrate young people in the labour world. With reference to the second element, in line with the mutual

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<sup>331</sup> Council Conclusions on "Anticipating and matching labour market needs, with special emphasis on youth - A Jobs and Skills Initiative", 2876th of the Employment, Social Policy, Health and Consumer Affairs Council meeting, Luxembourg 9-6-2008, available on [http://ec.europa.eu/employment\\_social/esf/news/article\\_6972\\_en.htm](http://ec.europa.eu/employment_social/esf/news/article_6972_en.htm)

<sup>332</sup> For further information on ESF in MS see EC DG EMPL website [http://ec.europa.eu/employment\\_social/esf/news/all\\_news\\_en.htm](http://ec.europa.eu/employment_social/esf/news/all_news_en.htm)

<sup>333</sup> COM (2006) 816 Final "Implementing the Renewed Lisbon Strategy for Growth and Jobs."

learning approach stressed at European level, it is to be hoped that a monitoring system can be created for policy measures in each lifecycle stage affecting young people, in order to evaluate the labour-market integration of young people through flexicurity pathways and the implementation of capability approaches. This mechanism should be used to integrate the different policies, measures and pathways with reference to any strategy promoting young people's autonomy and their full integration in social life.

Considering the debate at European level, the "Youth" project has tried to explain youth employment features in Europe in a context of flexicurity, focusing on how to improve the unsatisfactory youth labour-market performance through the lifecycle capabilities approach. The question is how any strategy for promoting a flexicurity approach for young people will impact on the employment situation of young women and men, and which are the most effective features of this approach for improving their employment situation. The "Youth" study provides a wider knowledge of youth labour-market trends and relative strong and weak points in order to identify, understand and adopt suitable correctives.

It has been attempted to answer two crucial questions:

- What are the main challenges to be tackled by youth integration policies in the coming years?
- Which of these challenges are of a European dimension and how should they become a priority for future youth policies at European level?

### ***7.8.3 The main challenges***

One of the reasons for the inadequate performance of the European economic system is the poor participation of young people in production and innovation processes. Europe cannot deprive itself, in the future, of the support of its potentially most productive population.

The analysis of the demographic and economic trends and policies adopted have revealed varying levels in the performance of youth labour markets in the different countries. However, common to all countries is an evident low level of young women's participation in the labour market.

The analysis of the successes and limits of the public policies undertaken by the European Union countries highlights the existence of five great challenges common to all, described hereunder.

***Challenge 1: To acquire a production mentality and a capacity to build and develop social networks in as short as possible timeframe***

Families and young people have to acquire a greater capacity for and freedom of choice in education, training and work pathways that foster the acquisition of the production mentality and access to the social relations essential for developing their abilities and social skills.

Alongside the personalization of pathways it is necessary to increase the autonomy of and competition among education and training agencies and their ability to dialogue with the local business system; the aim is to develop learning strategies based on alternance and on the plurality of learning styles and places suitable for improving the employability of each young person.

***Challenge 2: To safeguard access to work and increase the quality of the first job***

The effectiveness of active labour policies aimed at supporting young people in their access to the labour market depends on the faith they have in the functioning of public and private labour services. The young must be encouraged to communicate - in all transition phases - with employment services, where they must receive qualified information and services to enhance their ability of choice in their training and work pathways. Collectively-agreed social risk-management policies should provide a new kind of security able to protect citizenship rights connected with the work condition and encourage young people to accept collectively-agreed flexible contractual forms.

***Challenge 3: To foster the professional growth of young workers, their mobility and career advancement***

The recognition of learning, its certification and the value attributed to it in the internal labour market within the framework of a collective regulation of work relations by social actors, constitute the best way to encourage young people to enhance their professional and cultural capital investing personal or collectively- agreed resources. The institutions are required to adopt public policies and to persuade the social partners to adopt modern human-resource management strategies that encourage young workers to invest in the development of their human capital.



***Challenge 4: Supporting access to an independent lifestyle***

The development of the qualities needed to achieve adulthood and autonomy, and to assume the individual and social responsibilities that mark the condition of an adult in the European social system constitute the strategic objective of European policies and of the Member States with regards to young people.

***Challenge 5: Promoting the participation of young people in a new governance***

The participation of young people in choices that concern them constitutes the premises for restoring their faith in the future.

Europe and Member States must thus create occasions for listening to young people and their organizations, recognising their ability to influence decisions that involve them at every level and reforming governance practices at every level.

In conclusion, is necessary to effectively overcome the widespread conviction that the life conditions of the new generations are destined to deteriorate. This attitude can only be modified if young people's perceptions of their future change. It is thus necessary to reduce their uncertainties and increase their confidence in the possibility to manage the risks, the investments and those sacrifices which appear necessary, even for these new generations, to enter adult life.

## **8. RECOMMENDATIONS - THE LABOUR-MARKET INTEGRATION OF YOUNG PEOPLE: A CHALLENGE FOR EUROPE**

### **8.1 European Youth: the main findings**

#### ***8.1.1 An essential resource for Europe***

We entrust the young with the renewal of society: the production of goods and knowledge, the dissemination of innovation, social activities and demographic reproduction. It is at this age that there is the greatest propensity for mobility, spirit of initiative, willingness to face risks and, naturally, ability to procreate.

If we consider the reproduction ability of this essential resource - net of immigration - from now until 2025, the share of young people will drop by around 20% in Europe, with dramatic peaks in the Mediterranean countries (around 35%). Over the same period, this age class will continue to grow in the US (by around 6%). Native-born young people are steadily decreasing in number in Europe and the demographic issue is an authentic social emergency for European society.

One of the reasons for the unsatisfactory performance of the European economic system is the lack of young people in production and innovation processes. Europe must in the future be able to rely on the support of its potentially most productive population, the most willing to face the risks of innovation and entrepreneurship, of social, geographic and professional mobility in constructing the knowledge society which the European Union intends to achieve with the Lisbon Strategy.

#### ***8.1.2 Young people on the labour market***

Despite the fact that young people constitute an exceptional resource, labour-market inefficiencies prevent them being fully utilized: their difficult position in this market is evident Europe-wide.

Figures on labour-market trends signal young people's growing difficulties in finding a stable position in this market. From 2000 to 2005, activity and employment rates fell while unemployment rose. Over the same period adults from all the age classes enjoyed a significant growth in their general participation in the labour market and a corresponding reduction of unemployment.

If we compare male and female trends significant differences emerge for all the younger age groups (15-19, 20-24, 25-29), with a greater activity rate for males. There are also gender differences in the level of unemployment: although for young males unemployment tends to grow for all age groups, it tends to decrease for females.

It was seen that the reduction in young women's unemployment does not depend so much on the growth of employment but instead is related to the discouragement caused by the difficulty in finding work and the absence of family/work reconciliation services to support women's access to and stability in the labour market.

Likewise, young women are at a disadvantage with regards to wage distribution: the gender gap is linked to the different age cohorts and is particularly evident between young employed males and females in the 24-29 age group.

In general there is a positive relationship between young people's high levels of education and employment levels. However, the early school leavers' trend concerns all the EU countries in varying degrees with a prevalence of males over females.

All the Member States are affected by the NEET issue, that is young people who are neither engaged in education nor work. Also in this case, the gender dimension shows that females are less favoured.

### ***8.1.3 The social role of young people***

The young are the segment of European population that works most in low-quality, low-qualified jobs offering low wages. Access to the labour market is not always a solution to the social inclusion problems of young people and there is a growing uncertainty about the stability of jobs and gender wage inequality. Many young people are denied access to the rights of social citizenship which the European social model has up to now guaranteed to its workers.

Undeclared work is most frequent among the young. Social mobility is less easy than in the past and also the possession of high educational qualifications does not in itself constitute a resource for ensuring a permanent and well-paid job. There is a widespread feeling among the European population that the life circumstances of the new generations are destined to deteriorate.

Taken as a whole, these factors help to cause, for many young Europeans, a growing delay in access to an adult life based on economic independence from their families and on the possibility of making responsible choices connected to creating a family and parenthood.

Both education systems and the existing transition strategies help to delay entrance to adulthood. Education systems are inspired by a logic of uniformity of curricular pathways which do not take into account the personal characteristics of young people and the qualification needs of local production systems. For a considerable number of young Europeans, the filtering function and a social stigma caused by the poor results obtained in the education system is difficult to remove.

Economic literature has shown that, instead of a “standard life-course model” featuring a series of steps - school and training or studies to meet the requirements of certain occupational positions, which in turn provide citizenship status - in many cases there is a trend towards non-linear pathways for youth transitions.

Nevertheless, without a good level of education and training it is difficult to enter the labour market with a stable and decent job and gain economic independence. This means the young delay leaving the family home, also because of the uncertainty of employment and the difficulties they encounter in access to credit and housing.

Thus Europe risks losing the support of the segment of its population with the greatest creative and innovative potentialities.

## **8.2 The European strategies**

### ***8.2.1 Flexicurity strategy and lifecycle approach***

The European Union is fully aware of the need to find new responses to the social conditions that are being created. New policies are needed to face the dilemma of European development ensuring, especially for the new generations, that the benefits of opening up markets and the new possibilities of growth and innovation are translated into a consolidation of the European social model founded on equality, on access to opportunities, on solidarity and on social cohesion.

The European Union has issued a series of complex and wide-ranging political concepts. These indications are summarized in the flexicurity strategy, a strategy that aims to reconcile the economic system’s flexibility needs and workers’ personal choices with a more general level of security. The European Union recommends that Member States set up suitable social inclusion policies for tackling the problems of the younger generations in relation to the different stages of their lifecycle.

According to Community indications, these policies must be subject to scrupulous monitoring and evaluation procedures to determine their

efficiency and effectiveness levels and to enable the dissemination of good practices at European level among the various Member States.

### ***8.2.2 Promoting young people's mobilization***

The European Union trusts in young people's mobilization capacities and their critical participation in decision-making processes for local, national and European policies. This means promoting a participatory approach and governance models in which social actors and youth institutions and bodies can actively cooperate with the public institutions at each level in the implementation and evaluation of policies addressed to young people.

The Youth Pact, in its different national versions, should become an integral part of the Lisbon National Reform Programmes and underpin the strategy to foster the new generations' participation in decision-making processes and in the social inclusion policies addressed to them.

The directions suggested by the European Union (flexicurity, lifecycle and social-inclusion approaches) have been effective in the various national experiences and, as the research has shown, have prompted innumerable initiatives by Member States. The National Reform Plan monitoring has clearly demonstrated that these approaches have not yet been adequately developed in the individual countries and have not achieved the same level of effectiveness as demonstrated in other countries in the world.

### ***8.2.3 Integrated and preventive approaches***

The single policies adopted do not always seem to follow an holistic approach that balances flexibility with security. These policies tend to respond to single or specific youth difficulties, sometimes producing undesirable side effects. Since they are mainly aimed at correcting market failings they do not take into due account the need to develop integrated policies for preventing the potential risk of young people's exclusion from work and society or to support them in managing such risks.

Flexible, fixed-term labour contracts give a positive contribution to young people's access to the labour market if they are accompanied by qualified services and by income support in the transition from one job to another. However, only a few countries have explicitly adopted risk management policies of a preventive nature that meet young people's needs. Many policies and measures, if not adequately integrated and focused, risk having a negative effect on the quality of work for the young, increasing their dependence on the social security systems or preventing them from taking up adult responsibilities.

The aim of fostering young people's capabilities is not always clearly set out, and neither is the need to provide them with real opportunities for independent growth which would require risk management strategies that integrate flexicurity policies.

### **8.3 New social policies: managing young people's transitions and risks**

#### ***8.3.1 A new social-risk management***

The objective of full employment for young people is to provide everyone, man or woman, with the chance to find suitable employment for their particular situation and aspirations during their passage through the transitional labour market.

This objective would be achievable under three conditions:

- iv) the coordination of monetary, financial and income policy to stimulate sustainable economic growth;
- v) the reform of labour-market and social policies to guarantee an appropriate balance between flexibility and a wider concept of security for everyone, transforming social policy into social risk management in all transition phases;
- vi) the encouragement of individual autonomy through investments and improved capabilities to help people accept and manage risks associated with transition phases.

#### ***8.3.2 Developing individual capabilities***

The project focused on the theory that an increase in capabilities through flexicurity strategies from a lifecycle approach would enable a better integration of young people in the labour market. This integration, fostered by higher human and social capital levels, would mean that young people could acquire faster and longer-lasting economic and familial autonomy.

A greater ability to learn and adapt skills to labour demand would reduce the probability of leaving the labour market later on because of redundancy or professional obsolescence and would permit young workers to become insiders for their entire working lifecycle.

The risks of social exclusion can be overcome by using the capability approach in the flexicurity strategy framework. This helps young people to transform their tangible and intangible resources into operational capacities and social skills, according to Sen's capabilities approach.

Flexicurity tools have to be adapted to the context, to the needs and to the age of young citizens and their tangible and intangible resources in order to enable the construction of a career pathway and thus to achieve individual autonomy.

The European youth organisations and the surveys carried out among the young show that they want to have their social interests promoted and to be offered opportunities which, besides supporting their active role in European society, facilitate their transition to adult life and accelerate the taking over of the responsibilities connected to the acquisition of full citizenship.

The European Union and the individual Member States must explicitly promote an independent lifestyle for young people, encouraging them to develop new forms of political and social involvement and to make positive use of the critical resources typical of the new generations.

When applied consistently these policies, aimed at strengthening young people's capabilities and rights to autonomy connected to the different youth transition stages towards adult life, can become a powerful instrument.

### ***8.3.3 A wider concept of security***

If consistently developed, flexicurity policies can reconcile the competitive development needs of the European production system with young people's living and working times and with their expectations of professional and personal fulfilment.

Within the framework of the four pillars on which the flexicurity strategy rests, it is possible to plan integrated policies for regulating the interface between employment and social security in the critical transitions from education and training to employment, from one job to another and from unemployment to employment.

**These policies must attempt to enhance young people's ability to accept and to manage the risks connected to the different transitions in the different stages of their lifecycle.** Social-security institutions should be conceived so that people are rewarded rather than punished for accepting flexible jobs.

The social-security system must be redesigned to ensure the success of flexicurity policies. In the most successful situations, these policies ensure

an adequate income-support in transitions from job to job and provide opportunities for improving personal human capital and living conditions.

Institutional arrangements must be developed to i) mitigate income volatility during the critical transitions between various employment relationships, ii) offer income support when work capacity is restricted because of social obligations such as caring for children or other dependent persons and iii) provide an adequate income when reaching retirement age.

A correct approach to the development of flexicurity that adopts the lifecycle and capabilities approach must not underestimate the need to guarantee the freedom of choice to young people among the alternative pathways to adulthood.

#### **8.4 The five common challenges**

The analysis of the demographic and economic trends and policies adopted have revealed varying levels in the performance of youth labour markets in the different countries. However, common to all countries is an evident low level of young women's participation in the labour market, showing there are still cultural obstacles to their access to the labour market that the policies adopted have not been able to correct.

The analysis of the successes and limits of the public policies undertaken by the European Union countries highlights the existence of five great challenges common to all, described hereunder. Guidelines are given for each of the challenges to work out measures and policies that, if suitably applied, can help to tackle and overcome these challenges.

##### ***8.4.1 Challenge 1: To acquire a production mentality and a capacity to build and develop social networks in as short as possible timeframe***

Families and young people have to acquire a greater capacity for and freedom of choice in education, training and work pathways that foster the acquisition of the production mentality and access to the social relations essential for developing their abilities and social skills.

The personalization of pathways and the clarification of objectives in terms of learning outcomes rather than in terms of standard curricular pathways constitute the premise for a profound reform of education and training systems that will recognise and promote people's diversities and their individual learning abilities.

Alongside the personalization of pathways, it is necessary to increase the autonomy and competition between education and training



establishments and their ability to dialogue with the local business system. The aim is to develop learning strategies based on alternance and on the plurality of learning styles and places suitable for improving the employability of each young person.

The guidelines for specific policies and measures to tackle this challenge are as follows:

a) To develop policies that will boost the demand for learning by giving young people and their families the choice of training pathways focused on enhancing individual capabilities, promoting integrated learning strategies based on alternating school, training, work and social experience throughout their lifecycle.

b) To differentiate training pathways in relation to the outcomes to be achieved. The rigidity and standardization of curricula must be reduced by adapting them to young people's needs and expectations and to the possibility of developing their abilities and of acquiring the basic skills of an organizational, relational and technical nature to improve their employability and capacity to become involved in geographic and social mobility processes. In this context, lifelong learning strategies for young people must include the development of entrepreneurial and individual management of personal human capital skills.

c) To promote the pluralism of education management models by the progressive reduction of the public monopoly and the multiplication of civil society actors in youth training. Firms must be encouraged to assume direct responsibility in youth training during work entry stages on the basis of collectively-agreed quality standards and regulations.

d) To encourage firms to invest in research and development and in hiring young people with high educational levels. Firms must also contribute to filling the technical and scientific knowledge gap and to training, in cooperation with higher education establishments, the technical and scientific elite essential for meeting the challenges of opening markets and innovation.

#### ***8.4.2 Challenge 2: To safeguard access to work and increase the quality of the first job***

For most of the young, their first job is an important stage in the transition towards adulthood. For many of them it can also constitute a social stigma difficult to remove in the future. Employment services, social

partners and firms are required to ensure that this important transition is as successful as possible.

The effectiveness of active labour policies aimed at supporting young people in their access to the labour market depends on the faith young people have in the functioning of public and private employment services. This means removing the fragmentation of specialisations and providing every young person with an individual support by integrating, in “case management” terms, all available competences.

The young must be encouraged to communicate - in all transition phases - with employment services, where they must receive qualified information and services to enhance their ability of choice in training and work pathways. Young people are activated when the services are capable of offering them the chance to improve their position on the labour market and to obtain forms of income support and investments in training their human capital according to an approach that integrates the different policies and measures.

The most successful flexicurity policies envisage the full involvement of social partners who take direct responsibility for their governance, including the economic benefits associated with them. The social partners’ negotiated adoption of flexible contracts, as a special form of access to the labour market, requires social policies able to manage the risk connected to this kind of flexibility.

Collectively-agreed social risk-management policies should provide a new kind of security capable of protecting citizenship rights connected with the work condition. They should also offer incentives for young people to accept collectively-agreed flexible contractual forms that make firms responsible for offering qualification opportunities to the young people they hire.

The guidelines for specific policies and measures to tackle this challenge are as follows:

- a) To liberalise employment services and promote cooperation between public and private services to improve the quality of their supply according to the “case management” logic, with the aim of ensuring that young people have the capacity and freedom of choice in their education and training pathways and in access to work.
- b) To adopt collectively-agreed new forms of labour contract that encourage young people to assume the risks connected to temporary work, with the aim of reducing the stigmatization and marginalization they can produce, also including on-the-job professionalization pathways.

- c) To guarantee forms of social security for young people which reward the choice of flexible contracts and help them to achieve early economic and social autonomy.
- d) To stimulate, with economic incentives/disincentives, the demand from enterprises for qualified young male and female workers.

***8.4.3 Challenge 3: To foster the professional growth of young workers, their mobility and career advancement***

Young people must be encouraged to assume the risks connected to the different transitions, with suitable income support and qualified services for accelerating access to jobs or for changing them.

The lifelong learning system must guarantee young people's access to training at any stage of their lifecycle. In every transition from one job to another, the young person must be guaranteed the possibility of improving his or her human capital with innovative and responsible financing of these activities.

The institutions are required to adopt public policies and to persuade the social partners to adopt modern human-resource management strategies that encourage young workers to invest in the development of their human capital.

The recognition of learning, its certification and the value attributed to it in the internal labour market within the framework of a collective regulation of work relations by social actors, constitute the best way to encourage young people to enhance their professional and cultural capital investing personal or collectively- agreed resources.

The guidelines for specific policies and measures to tackle this challenge are as follows:

- a) To adopt income-support policies in the transitions between employment and unemployment that encourage the unemployed young to re-enter the labour market or to participate in training initiatives to improve their professional capital.
- b) To ensure that the employed or unemployed young have the possibility of re-entering training pathways by recognizing and valorizing the learning acquired.
- c) To adopt public policies for guiding and encouraging private strategies and collective bargaining to promote human-resource

management aimed at enhancing young people's human capital, with particular focus on the gender dimension.

- d) To set up, through public policies shared with the social partners, general rules for work conditions for the young and for their access to activities that foster their professional growth and their access to continuing training on the basis of collectively-agreed rights.
- e) To ensure the quality of public and private placement services by adopting quality standards to promote the professional and geographic mobility of young workers and to reduce unemployment to employment transitions and the risks of reproducing the segmentation of the labour market and the "precariousness trap".
- f) To promote public policies for supporting and promoting self-employment and youth entrepreneurship enlisting the help of public and private employment services as well as associations representing the professions and firms.

#### ***8.4.4 Challenge 4: To support access to an independent lifestyle***

The possibility of making young people the protagonists of the Lisbon Strategy depends on the implementation of European and national policies according to an holistic, integrated and multidisciplinary approach that enables young people to accept and manage the risks connected with the transitions to adulthood.

The development of the qualities needed to achieve adulthood and autonomy, and to assume the individual and social responsibilities that mark the condition of an adult in the European social system constitute the strategic objective of European policies and of the Member States with regards to young people.

The alternation of periods of work with unemployment induced by fixed-term labour relations must not affect the worker's possibility of enjoying fundamental rights, such as sickness, maternity leave, pension system and attending training. Job flexibility must not turn into permanent precariousness that increases young people's dependency on the social-security system and hinders them from achieving the autonomy they naturally desire to create their own families.

The guidelines for specific policies and measures to tackle this challenge are as follows:

- a) To promote public policies to support entry into adult and independent life by facilitating access to credit and housing and the assumption of parental responsibilities.
- b) To promote the adoption of different levels, in agreement with the social partners, of collectively-agreed public policies for reconciling personal flexibility needs connected with the exercise of family responsibilities or with that of the continuity of young people's educational and training pathways.
- c) To adopt public policies to encourage organizations and firms to promote the role and presence of young women in society and in the workplace.
- d) To promote policies to increase the level of young women's participation in the labour market and encourage parenthood by developing childcare services.

#### ***8.4.5 Challenge5: Promoting the participation of young people in a new governance***

The participation of young people in choices that concern them constitutes the premises for restoring their faith in the future.

Europe and Member States must thus create occasions for listening to young people and recognising their ability to influence decisions that involve them by reforming governance practices at every level.

The integrated policies to be adopted should encourage the involvement of young people and their organizations in social and political initiatives with the aim of developing critical capacities towards the existing social structures typical of the new generations.

The more policies for empowering young people are designed and implemented in the local dimension the more effective they are. Communities are aware of the potential that the local economic situation can develop in terms of labour demand and local development strategies. Local communities are fully capable of operating in this field since they are the only ones able to dialogue with youth groups.

The guidelines for specific policies and measures to tackle this challenge are as follows:

- a) To promote strategic partnerships with stakeholders, whether they are structured organizations representing companies and workers or autonomous and spontaneous civil-society bodies (NGOs, student groups and, more generally, youth associations, immigrant groups, etc.).

- b) To promote shared youth social-inclusion projects, integrating financing sources to maximise their impact and capacity to mobilize and multiply relational goods and social capital according to the various approaches suggested by the European Union. This initiative must be implemented within a framework of strategic cooperation between public and private services, promoting the mobilization of employers' and workers' associations with the aim of ensuring the active support of enterprises in training and education policies and in job creation.
- c) To promote appropriate monitoring and evaluation tools for the policies implemented so that the results can form the basis of a specific communication strategy.

## **8.6 Security and faith in the future**

It is necessary to effectively overcome the widespread conviction that the life conditions of the new generations are destined to deteriorate. This attitude can only change if young people's perceptions of their future change. It is thus necessary to reduce their uncertainties and increase confidence in their possibility to manage the risks, investments and sacrifices which appear necessary, even for these new generations, to enter adult life.

Strengthening young people's capabilities to enter adult life and shoulder the ensuing responsibilities in an acceptable period of time constitutes a challenge for the European Union and for the Member States. This challenge does not consist only of an effective application of the principles of flexicurity. To reach adulthood, young people must be supported in the development of their social and relational life within a broader concept of security based on their ability to manage the risks of the different transitions. They must have access to cultural infrastructure and opportunities and to local networks engaged in leisure-time policies that help to develop the social relationships essential for being fully inserted in the local community.

The possibilities of obtaining quality jobs that ensure adequate professional and career development, of services for reconciling work with maternal and paternal responsibilities, and access to housing at reasonable costs constitute equally fundamental aspects of a strategy for helping young people acquire the condition of adult citizens.

The success of the construction of Europe depends on the outcome of this global challenge and on the opportunities which, in a new climate of security and faith in the future, the European social model will be capable of providing for the young generations.