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EXPERT CONFERENCE ON “YOUTH: EMPLOYMENT AND INCLUSION IN TIMES OF CRISIS”

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Main message

Availability of a skilled workforce after the crisis is crucial for Europe's growth potential in the future.

Access to qualified labour is at the core of companies' competitive strategies. It is an important condition for companies' decision to produce in a given country. A labour force with the appropriate and increasingly high qualifications is therefore very important for attracting investments, securing growth and jobs.

Demographic ageing and challenges

With ongoing demographic trends Europe is facing major challenges, if growth and living standards are to be maintained. The changing demographic structures in the coming years will lead to a significant ageing of European populations.

In this context, it will be more important than ever to tap the full potential of the smaller EU working age population, to ensure that companies find the skilled personnel they need to be innovative and competitive.

Young people of today are more educated than ever. At the same time, current levels of youth unemployment present a systemic risk and a great loss for European economies and societies.

Europe must act to ease young peoples' transitions between school and work. This should be done by reducing labour market rigidities and by stimulating job creation. At the same time, the mismatches between skills supply and demand must be reduced. Concerning the mismatches between skills supply and demand we see three challenges for EU:

1. The percentage of early school leavers is too high, emerging economies are outperforming us in PISA tests
2. The link between the world of education and the world of business is not close enough



3. Reforms in the educational sector are needed

What can be done?

1. As skilled workforce matters for competitiveness. Companies in some countries pay for a significant share of the costs of education, especially in vocational education and training. In return, companies expect a reliable system. They must be able to count on the skills that are acquired by young people in the general school system. It is the responsibility of governments to ensure that pupils finish primary and secondary education with the adequate competences for further education.
2. The starting point for business is that an efficient education system is needed for a well functioning labour market. Therefore, greater synergies between the world of education and the world of business should be promoted at all levels. There is evidence that well-functioning apprenticeship systems contribute to companies' competitiveness. And at the same time they seem to be correlated with low youth unemployment. Two key aspects of these countries success are the permeability of educational systems and effective institutionalised cooperation with social partners.
3. Apprentices/interns bring their academic knowledge to the company and their practical learning in a company to the school. By doing so, young people's employability and educational institutions' responsiveness to labour market needs are optimised. After an apprenticeship, apprentices enjoy a high level of employability. Whether they stay in the same firm or go to another one, apprentices are likely to find a first job more easily than other young people, including many who have a higher education degree in areas where there is excessive supply of labour on the labour markets. The Commission has proposed that structural and cohesion funds should be used to support essential reforms to deliver on the Europe 2020 targets. A good way of ensuring high return on investment would be to allocate a share of EU resources from the European Social Fund and 'Erasmus for all' (EU programme for education, training, youth and sport) to progressively expand dual training in vocational education. In the context of the ESF Committee, BUSINESSEUROPE will propose to adapt the ESF draft regulation with a view to allocating a share of ESF funding to promote the expansion of dual learning apprenticeship systems in the EU. EU funding should finance part of the initial costs in setting up or reforming a dual system at national, regional or branch level as part of Member States' EU 2020 reform programmes. The aim would be to establish a self-sufficient system, so that EU funds should be used only



as seed funding and not as long-term funding. Lastly, to demonstrate in a given country the feasibility of setting up a dual learning system, pilot projects could be given preferential financing as part of ESF operational programmes.

Focus areas for the future, education:

- Facts and figures

By 2020, there will be 83 million new job opportunities for labour market entrants:

- 75 million jobs will derive from replacement of people leaving or retire
- 8 million new jobs will be due to an expansion of labour demand
- Job opportunities in all types of occupations
- Most job opportunities will be in services
- The trend towards more skill-intensive jobs at all levels will continue and many traditional manual or routine jobs will decline
- A more highly-qualified workforce, with more than 80% of people having at least medium-level qualifications

- Global race for talent:

- Looking around the world Europe is under increasing competitive pressure from strong developing economies.
- The global race for best educated population has reached momentum. For example, one of the EU 2020 targets is that 40 percent of all young people must attain a higher education – however in Korea more than 60 percent of all 25-34 year olds has already attained one today. Other emerging countries such as China and India has also proven to adapt very fast to the educational needs of the 21st century;
- Expenditures for higher education and for research and development are increasing sharply around the world – and especially in emerging economies;
- The absolute spending in education and research have skyrocketed in China: up 615% since 1996. However, Brazil with its increase of 110%, India with 156% and Russia with no less than 106% suggests that the BRICs are also banking on growth via knowledge production.



- STEM skills:
 - The importance of technological development for economic growth is well known. The future inventions and incremental improvements to existing products and processes will not become a reality without individuals who can take the next steps of technological development;
 - The strategies of governments in BRIC countries, the USA and South East Asia demonstrate a determination to take part in the race towards a technological lead;
 - We will see the need for technological development in several areas, some examples are;
 - Climate and energy
 - Health care
 - Scarcity of resources at large (oil, cover, food etc.)
 - A closer cooperation between the world of business and the world of education must ensure that more young people are attracted to scientific studies.
 - Furthermore, governments have a responsibility to ensure that the education system addresses the gender disparity when it comes to attitudes towards science. According to PISA, 15-year-old boys think higher of their own science abilities than girls. Even though girls perform just as well as boys in the tests.
- Skills mismatch:
 - The unemployment rate of the EU now stands at around 10%. This corresponds to 24.5 million men and women without jobs.
 - At the same time, there are 4 million unfilled vacancies in the EU.
 - The explanation for these conflicting figures is a clear mismatch between the supply and demand of skills. The fact that educational systems' outputs often do not correspond to labour market needs contributes to unemployment, in particular among the young.
- Dual learning:
 - Countries with dual learning system, where a significant part of the education takes place in a company have been successful in achieving a low youth unemployment (Netherlands, Germany, Austria and Denmark).
 - The principle of a dual system is to alternate between learning in school and working in a company;



- In a successful dual system, learning in schools and learning in companies are linked and tuned closely thanks to the strong involvement of companies/employers in the system. Furthermore social partners are often very involved in the system;
 - Apprentices/interns bring their academic knowledge to the company and their practical learning in a company to the school. By doing so, young people's employability and educational institutions' responsiveness to labour market needs are optimised;
 - A good way of ensuring high return on investment would be to allocate a share of EU resources from the European Social Fund and 'Erasmus for all' (EU programme for education, training, youth and sport) to progressively expand dual training in vocational education. EU funding should finance part of the initial costs in setting up or reforming a dual system at national, regional or branch level as part of Member States' EU 2020 reform programmes. The aim would be to establish a self-sufficient system, so that EU funds should be used only as seed funding and not as long-term funding.
- Future demand for competences
 - Studies from Cedefop etc. shows that we will see an increase in the demand for highly skilled and medium skilled employees;
 - In that perspective ensuring that more young people achieve a higher education is very important, but Europe also needs to educate highly skilled and innovative vocational equipped students;
 - The latter not least in light of the need for supporting entrepreneurship.
 - Skills of tomorrow

Successful economies rely on an innovative and well-prepared workforce. This requires that students are equipped with 21st century skills such as:

- Collaboration
- Communications
- Creative thinking
- Problem solving
- Teamwork