



7 June 2012

EUROPEAN BUSINESS FORUM ON VOCATIONAL TRAINING

8 JUNE 2012

Maxime Cerutti, Director, Social Affairs

Setting the scene

- A report published by the International Labour Organisation (ILO) last month observed that, globally, almost 13% of people aged between 15 and 24 - or almost 75 million – are without work;
- In Europe there are 5.5 million unemployed young people under 25 years of age. The youth unemployment rate at 22.4% is twice as high as for the whole working population and nearly three times as high as the rate for the adult active population. In Spain and Greece, youth unemployment is now above 50%;
- To make matters even worse, if we add those who are not in education to the high number of young unemployed, there are a total number of 7.5 million people who are neither in employment nor in education or training;
- These figures are alarming and point towards what can be called a *youth paradox*. Young people today are more educated than ever with a larger share continuing into tertiary education than in previous decades;
- In other words, this generation should constitute a highly sought after influx of creativity and modern skills to the European labour markets;
- However, the high levels of youth unemployment in many EU member states stand in sharp contrast to the potential of the young generation. It shows that something is seriously wrong in both the functioning of our education systems and our labour markets;
- Therefore, the starting point for business is that an efficient education system is needed for a well functioning labour market. In particular, we believe that improving the quality and image of apprenticeships is essential;
- Labour market needs should be at the centre of education and apprenticeships should form a central pillar around which the EU and Member States orientate their responses to getting more young people into work.

Apprenticeships

- Evidence suggests that well functioning apprenticeship systems contribute to companies' competitiveness and at the same time they appear to correlate to low youth unemployment;



- Apprenticeships bring advantages for young people and companies. For young people they can make education more attractive by combining theory and practical learning; they can help teach young people the skills to give them a head-start when they are looking for a job; and they allow them to earn while they learn (which can also raise their appeal);
- For companies, apprentices bring immediate and long-term advantages. While they complete their apprenticeship, young people are contributing to a companies' production. Apprentices also constitute a unique pool of labour that is already trained and skilled and ready to meet the requirements of certain companies or even sectors;
- In all EU countries, access to a sufficient and skilled workforce is one of the main challenges facing European businesses and countries for the years to come;
- Because a 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. For example, in Germany, companies invest heavily in their part of the dual training system, about 24 billion euros a year;
- BUSINESSEUROPE advocates the dual learning system. Dual learning systems see young people alternate between learning in schools and learning in companies. Successful dual learning systems result from a close synergy between schools and companies and include the strong involvement of companies in the system;
- In this regard, BUSINESSEUROPE considers that apprenticeships can play a vital role in ensuring that the skills that young people have when they enter the labour market are the skills that employers need, thus smoothing the transition for young people from education into employment;
- In many countries, however, apprenticeships are not considered an attractive option for companies or young people and the image of apprentices in some public perceptions is negative;
- Furthermore, there is considerable diversity across the EU when it comes to the number of Member States operating dual systems and the form that such systems take – i.e. the length of time spent in a company and the content of the education;
- The dual system is practiced in several countries, notably Germany, Austria, Denmark and the Netherlands;
- Driven by a fruitful social dialogue these countries have established efficient dual learning systems over a long period of time, which has contributed to them being the countries with the lowest levels of youth unemployment in the EU;
- The great advantage of apprenticeships is that they give young people professional experience, which means that when they finish their education they already have a foothold in the labour market. This is also important for employers who are looking to hire people with skills and experience that meets their demand for staff;



- Other countries, such as Czech Republic, Hungary, Poland and the UK have apprenticeship systems, but they are not as widespread as in the countries with well established dual systems. Moreover, the amount of time spent in a company throughout the training period is often shorter and the links between schools and companies are less developed;
- Finally, other member states, notably, Cyprus, Italy, France, Spain and Ireland are stepping up their approach to apprenticeships by making them more widely available, but it takes time and money to establish successful dual learning systems, including financial support from, and strong dialogue with, companies.

Key actions for EU member states and employers' organisations

- We have identified 2 recommendations for the EU
 1. We consider that a share of the European Social Fund and the Erasmus For All programme should be allocated to providing seed funding for Member States that wish to establish or reform their dual learning systems;
 2. Encourage the exchange of best practices or ensure funding for cross-border training activities of employers' organisations at the national, sector or regional level.
- We have identified 3 recommendations for EU Member States governments:
 1. Provide a well-functioning general school system - both primary and secondary - that prepares pupils properly so that they are able to enter an apprenticeship system;
 2. Set up the framework conditions for dual learning apprenticeship systems in accordance with their respective industrial relations systems and through cooperation between labour market and educational institutions;
 3. Integrate work-based learning in educational systems. A significant part of the education, to be defined at national level, is to be conducted in a company with clear curricula also for the training in companies.
- There are also a number of actions that we think the social partners can undertake:
- We consider that EU social dialogue can complement and build on the dialogue taking place within member states and must be able to address the most difficult issues in a spirit of cooperation – including, notably, in tackling youth unemployment;
- The actions guiding the work of the social partners in this regard follow in the same vein as I mentioned earlier - i.e. focusing on the link between education, young people's expectations and labour market needs, taking into account young people's transition into the labour market, in an effort to increase employment rates;
- In the context of our social dialogue work programme 2012-2014 we will start negotiations later this year on a framework of actions on youth employment. This



work will feed into the employment analysis that we will conduct on the functioning of European labour markets;

Conclusion

- The EU is faced with a very severe economic situation and the effects of the crisis and ensuing recessions across Member States are impacting upon everybody in one way or another. The consequences for well educated young people are the prospect of months, if not years, of frustration and desperation if they are unable to put to use in the labour market the knowledge they have acquired in their education;
- Europe must act to ease young people's transitions between school and work by reducing labour market rigidities and stimulating job creation;
- Greater synergies between the world of education and the world of business should be promoted at all levels - mismatches between skills supply and demand must be reduced;
- In well functioning dual learning systems, employers' organisations take part in the governance of the system and contribute to the design of curricula and their adaptation over time. This is an important factor to ensure their responsiveness to labour market needs and to avoid unnecessary red tape for companies;
- The EU can support member states that wish to establish, reform or expand dual systems. It can also provide support to projects aiming to facilitate the sharing of best practices between employers in countries with well functioning systems as well as in countries willing to improve their systems.