



12 July 2012

TACKLING YOUTH UNEMPLOYMENT: LESSONS FROM EUROPE

12 JULY 2012

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Setting the scene

- The crisis that stemmed from the economic and financial sectors has taken on a distinctly social dimension. This is witnessed in the rising levels of unemployment across Europe, especially among young people;
- A report published by the International Labour Organisation (ILO) in May observed that, globally, almost 13% of people aged between 15 and 24 - or almost 75 million people – are without work;
- In Europe there are currently over 24 million unemployed people, including 5.5 million unemployed young people under 25 years of age. 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;
- And in Spain and Greece, youth unemployment is now above 50%;
- Young people have never been more educated than they are today with a larger share continuing into tertiary education than in previous decades. At the same time, there are presently 4 million unfilled vacancies in the EU. This points towards what can be called a *youth paradox*;
- 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;
- In today's climate, going through school education, and even university, does not guarantee a smooth transition into working life;



- 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;
- BUSINESSEUROPE set up a task force earlier this year that was composed of company representatives responsible for training strategies. This taskforce looked at youth unemployment across EU member states (as well as Switzerland, Norway);
- In particular the task force focussed on apprenticeships – how to improve their quality and image – and this is the focus of a publication that was produced.

Apprenticeships

- In all EU countries, access to a sufficient and skilled workforce is one of the main challenges facing European businesses for the years to come. This is an issue that BUSINESSEUROPE members frequently raise during meetings;
- 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 can benefit young people and companies. Apprenticeships give young people professional experience, which means that when they finish their education they already have a foothold in the labour market. Employers also benefit from having a pool of available labour with the skills and experience that meets their demand for staff. Apprenticeships thus smooth 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.
- 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;
- 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 – and help to address the skills mismatch;



- There is, however, considerable diversity across the EU when it comes to the extent to which Member States operate 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;
- Germany, Austria, Denmark and the Netherlands are examples of EU Member States with well established dual learning systems;
- 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;
- Other countries, such as Czech Republic, Hungary, Poland, France, 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, member states, such as, Cyprus, Italy, 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.

12 recommendations

Recommendations to the EU

1. 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** and ensure funding for cross-border training activities of employers' organisations to become involved in the establishment of a dual learning system;
3. Support European and national campaigns for **improving the perception** of vocational education;
4. Organise a regular forum for discussions on **monitoring of the European apprenticeship strategy** with the relevant European and national stakeholders in this area.

Recommendations for EU Member States governments

5. **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;
6. 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;



7. Integrate work-based learning in educational systems. A significant part of the education is to be conducted in a company with a clear curricula.

Employers' organisations recommendations

8. Take part in the governance of dual learning apprenticeship systems 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;
9. **Inform and motivate companies** to become involved in the dual system, give them advice and organise cooperation between companies.

Companies' recommendations

10. Ensure a high level of quality of training which provides good earning potential and career opportunities, notably by ensuring that company instructors/tutors are well equipped to transfer knowledge to apprentices;
11. Sign a contract with the apprentice that includes clear task description and working conditions for the apprentice;
12. Encourage employees to share their experience as former apprentices wherever and whenever possible to promote the take-up of apprenticeships by the young generation.

Conclusion

- 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;
- 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 make the transition from education to employment.
- This is why it is important that young people's education includes practical professional experience so that a skills set can be added to the knowledge they acquire in the classroom.
- Labour market needs should, therefore, 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.

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