

## I

(Resolutions, recommendations and opinions)

## OPINIONS

## EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

499TH EESC PLENARY SESSION, 4 AND 5 JUNE 2014

**Opinion of the European Economic and Social Committee on ‘Youth employment measures — Best practices (exploratory opinion requested by the Greek presidency)’**

(2014/C 424/01)

Rapporteur: **Christa SCHWENG**

In a letter dated on 6 December 2013, on behalf of the Greek Presidency and under Article 304 TFEU, ambassador Theodoros Sotiropoulos asked the European Economic and Social Committee to draw up an exploratory opinion on:

*Youth employment measures — Best practices*

(exploratory opinion).

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 13 May 2014.

At its 499th plenary session, held on 4 and 5 June 2014 (meeting of 4 June), the European Economic and Social Committee adopted the following opinion by 124 votes to 1 with 4 abstentions:

## 1. Conclusions and recommendations

1.1 The European Economic and Social Committee (EESC) considers tackling youth unemployment to be a policy priority. For today’s young people to be in a position to shape tomorrow’s Europe, they need the opportunity to live an independent life, which includes a job in line with their qualifications. Only a strategy geared towards growth and aimed at strengthening competitiveness and restoring the confidence of investors and households, as well as sustainable investment and an economic recovery plan, can stimulate demand for labour.

1.2 To encourage businesses to engage new and often inexperienced workers in economically uncertain times, there need to be the right incentives. This includes an education system that provides the personal and vocational skills needed to start a career, gears vocational training more strongly to the needs of the labour market, and promotes an entrepreneurial mindset. Likewise necessary is a dynamic and inclusive labour market in which people have the skills essential to a competitive European economy, social cohesion and long-term economic growth. Reforms to this end must strike a balance between flexibility and security, which is best achieved with the involvement of the social partners.

1.3 Young people should be assisted by qualified careers advisors when choosing a career. An analysis of medium-term labour needs, particularly at local level, can usefully influence career choices. Member States whose education systems combine theoretical instruction with practical training have distinguished themselves in the crisis with youth unemployment rates that are relatively low in European comparison. The EESC is convinced of the success of work experience-based approaches to vocational training, such as the dual training system that exists in some Member States. These training programmes are especially successful if all stakeholders (employers and workers, their representative organisations, and public authorities) assume their responsibility.

1.4 Public employment services also have an important role to play in the transition from school to work. They should have the appropriate financial and human resources not only to support unemployed people in their search for a job, but also to remain in close contact with the demand side.

1.5 Involving the social partners in a growth strategy, labour market reforms, education schemes and reforms of public administration, and involving youth organisations in the implementation of the Youth Guarantee, will ensure the consent of large parts of the population and thus social stability. Only decisions with broad support have a chance of bringing about sustainable change.

## 2. Introduction

2.1 Combating youth unemployment effectively is one of the biggest challenges of our time. Unemployment rates among 15-24-year-olds have always been higher than in the 24-65 age group, but the financial and economic crisis has hit young people looking for their first job particularly hard. While Eurostat <sup>(1)</sup> data show that the youth unemployment rate stood at twice the unemployment rate of the total population up to the end of 2008, the rate was 2,6 times as high by the end of 2012.

2.2 The reasons for this are fewer jobs as a result of weak — or negative — growth, reduced domestic demand, cuts and an accompanying freeze in public sector hiring, compounded by the failure to undertake early enough structural reforms of education and the labour market, as well as lack of skills and skills not in demand on the employment market.

2.3 The youth unemployment rate (i.e. the number of 15-24-year-olds without work as a percentage of the number of economically active 15-24-year-olds) in the EU-28 was 23,3 % in 2013. Eurostat <sup>(2)</sup> also calculates another indicator, the youth unemployment ratio (the number of unemployed 15-24-year-olds as a percentage of the total population of that age group), which for the EU stood at 9,8 % in 2013. This indicator shows that many young people in this age group are in education and therefore not even available for work. The Member States are affected very differently by youth unemployment, with the youth unemployment ratio ranging from 4 % in Germany to 20,8 % in Spain, and the youth unemployment rate from 7,9 % in Germany to 58,3 % in Greece.

2.4 Although it is important to clarify that the youth unemployment rate does not indicate the percentage of all young people who are unemployed, a significant percentage remains of young people who are seeking work.

2.5 The category of young people referred to as NEETs (not in employment, education or training) is of particular concern: according to Eurofound <sup>(3)</sup>, NEETs also face a higher risk of finding only insecure jobs later, and the frustration they experience early on in life makes them more susceptible to poverty, social exclusion and radicalisation. The cost of these people not being in the labour market is estimated conservatively at EUR 153 billion, or 1,2 % of European GDP.

2.6 Some EU Member States are seeing an increasing number of vacancies that cannot be filled, regardless of the level of youth unemployment. This is the case for skilled workers in various sectors, highly-skilled STEM (science, technology, engineering and mathematics) professions, and middle-management positions, where people with cross-cutting skills (such as communication skills, team skills and an entrepreneurial mindset) are in demand.

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<sup>(1)</sup> Eurostat — Unemployment statistics.

<sup>(2)</sup> Eurostat — Statistics\_explained — Youth\_unemployment.

<sup>(3)</sup> Eurofound — NEETs.

### 3. Europe's response to youth unemployment

#### 3.1 *The Youth Guarantee*

3.1.1 The idea of a youth guarantee started to be floated in European Commission communications in 2011 <sup>(4)</sup>. In April 2013 the Council of Ministers adopted a recommendation on establishing a youth guarantee, with the aim of ensuring that all young people under the age of 25 receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education.

3.1.2 Most youth guarantee measures could be co-financed from the European Social Fund. In addition, 20 Member States are eligible for additional resources under the Youth Employment initiative because of their high regional youth unemployment rate (over 25 % in at least one region).

3.1.3 As part of the European Semester, assessment and monitoring of the Implementation Plans should feed into the country-specific recommendations, to ensure that the Youth Guarantee is in keeping with the objectives of the Europe 2020 strategy.

3.1.4 In 2013, the **European Investment Bank** launched its 'Skills and Jobs — Investing for Youth' programme with a budget of EUR 6 billion. The same amount is to be earmarked for the programme in 2014 and 2015.

#### 3.2 *European Social Partners' framework of actions on youth unemployment*

In June 2013, the European Social Partners adopted a Framework of Actions on Youth Employment <sup>(5)</sup> based on existing and new examples of good practice in relation to four priorities: learning, transition between training and work, employment and entrepreneurship. The intention is to encourage the national social partners to find responses in their own context, adapted to national conditions.

#### 3.3 *Contribution of the EESC*

3.3.1 The EESC has discussed the situation of young people on the labour market in numerous opinions <sup>(6)</sup>, conferences and hearings <sup>(7)</sup>. A new working method is being used by the Labour Market Observatory which involves drawing up pilot studies on specific subjects. Civil society organisations in a number of Member States are polled in order to assess whether EU policies and measures are achieving the desired result. In view of its topicality, the important issue of youth employment was one of the first subjects chosen for a pilot study.

3.3.2 In its opinion on the Youth Employment Package <sup>(8)</sup>, the Committee noted that 'a real growth strategy at EU and national level is needed to support the creation of more and more stable jobs. This requires a coordinated approach to all the efforts and policies aimed at strengthening competitiveness and at restoring the confidence of investors and households'. It also noted that the Youth Guarantee's EUR 6 billion budget would be insufficient.

3.3.3 In its opinion on a *Quality Framework for Traineeships* <sup>(9)</sup>, the EESC noted that traineeships were an important gateway to the labour market, but no panacea in the struggle against youth unemployment. In addition to integrating traineeships more closely into curricula and providing for basic social security, guidelines should be drawn up allowing an overview of funding opportunities, so as to be able to set up training schemes with shared financial responsibility.

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<sup>(4)</sup> Youth Opportunities and the Youth Employment package.

<sup>(5)</sup> Framework of Actions on Youth Employment.

<sup>(6)</sup> OJ C 68, 6.3.2012, p. 1; OJ 68, 6.3.2012, p. 11; OJ C 143, 22.5.2012, p. 94; OJ C 299, 4.10.2012, p. 97; OJ C 191, 29.6.2012, p. 103; OJ C 11, 15.1.2013, pp. 8-15; OJ C 161, 6.6.2013, pp. 67-72; OJ C 327, 12.11.2013, pp. 58-64; OJ C 133, 9.5.2013, pp. 77-80; OJ C 271, 19.9.2013, p. 101; CCMI/118 — EESC-2013-05662-00-00-AS-TRA (Rapporteur: Fornea, Co-rapporteur: Grimaldi); not yet published in the OJ.

<sup>(7)</sup> <http://www.eesc.europa.eu/?i=portal.en.events-and-activities-eu-policies-youth-employment>

<http://www.eesc.europa.eu/?i=portal.en.events-and-activities-skill-mobility-competitiveness>

<sup>(8)</sup> OJ C 161, 6.6.2013, p. 67.

<sup>(9)</sup> Quality framework for traineeships.

3.3.4 The Committee warmly welcomed the decision on enhanced cooperation between Public Employment Services (PES), not least because of their importance in tackling youth unemployment<sup>(10)</sup>. PES have to be able to respond immediately, flexibly and creatively to developments in their working environment, and combine short-term measures with sustainable solutions. This has to be reflected in appropriate capacity and sufficient financial support. PES should focus more strongly on the supply side, since employers are having increasing difficulty finding the workforce they need.

3.3.5 In its opinion on *Opening up education*<sup>(11)</sup>, the EESC stressed that a digital approach within education systems can help to improve the quality and creativity of education. The involvement of teachers in the design and implementation of the initiative, combined with appropriate training, is key to opening up education innovatively through new technologies and Open Educational Resources (OER) in a teaching and learning environment that reaches out to everyone. The mobilisation of all stakeholders and support for creating 'learning partnerships' in society are also crucial to success.

3.3.6 The projects described in the following sections are recommended by EESC members. Since many projects are relatively new, often no data are available on their efficiency and effectiveness, which means that they are evaluated solely on the basis of members' observations.

#### 3.4 Reform of education systems

3.4.1 As part of the European Semester, 16 Member States were encouraged to modernise their education systems, with 12 advised to gear their vocational education more strongly towards the needs of the labour market or to strengthen dual training.

3.4.2 Education systems fall within the national remit and this should not change. However, the European level can create important momentum through experience-sharing and peer learning and by offering financial incentives. Education systems should be designed not just to equip young people with essential skills but also to teach them how to respond independently to changing requirements, so as to make lifelong learning a part of each individual career path.

3.4.3 Early career counselling and guidance should help to identify individual talents and skills, and also update people about labour market trends. An example is the *Vienna Daughters' Day*<sup>(12)</sup> project, where girls visit a workplace so as to gain insights into new occupational areas and job opportunities, which can also help to get them interested in technical vocational training.

3.4.4 Young people leave school early for a multitude of reasons, so measures need to be individually tailored. Examples of such measures are Austria's *Youth coaching*<sup>(13)</sup> and Germany's *Joblinge*<sup>(14)</sup> schemes, in which young people at risk of dropping out of the system are given temporary individual coaching and support with finding a training place or job.

3.4.5 It is noteworthy that those European countries where youth unemployment is low have education systems that are attuned to the labour market and to business needs, offering accredited and transferable vocational qualifications. In these systems, which take different forms, part of the education is completed in the workplace and part of it in the classroom. This approach has been recognised by the EU's institutions and social partners, who support the European Alliance for Apprenticeships<sup>(15)</sup>. Apprenticeships are among the most important elements of a youth guarantee scheme, and their success depends on a broad-based partnership bringing together representatives of business, employees and education. It is essential when setting up a dual system geared to the needs of businesses, the labour market and young people that it should be organised and run in close collaboration with bodies that are close to the business world. Strong involvement of the social partners ensures that they identify with the dual training system and support it ('stakeholders in the system'). Employers also need to take responsibility and be prepared to invest. Although other Member States cannot establish a comprehensive apprenticeship system in the short term, certain dual training courses could be piloted with a fixed group of companies in the same sector. This would mean the social partners in that sector laying down common training standards and accreditation requirements. Another possibility would be closer cooperation between individual schools — whilst respecting their autonomy — and individual businesses, as takes place in Poland, for example.

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<sup>(10)</sup> Public Employment Services (PES).

<sup>(11)</sup> Opening up Education.

<sup>(12)</sup> Töchertag.

<sup>(13)</sup> NEBA — Jugendcoaching.

<sup>(14)</sup> Joblinge.

<sup>(15)</sup> European Alliance for Apprenticeships.

3.4.6 Malta has taken key steps in this direction in recent years with courses at the Malta College of Arts, Science and Technology (MCAST), part of which is completed at a business. Of 284 students who have completed their practical training at Lufthansa Malta, 163 have been offered a job.

3.4.7 **Recognition of informally acquired skills.** The validation of learning outcomes, particularly knowledge and skills, acquired through non-formal and informal learning can play an important role in enhancing employability and mobility, as well as increasing motivation for lifelong learning, particularly in the case of the socio-economically disadvantaged or the low-skilled.

3.4.8 At a time when the European Union is confronted with a serious economic crisis which has caused a surge in unemployment, especially among young people, and in the context of an ageing population, the validation of relevant knowledge and skills is more important than ever for improving the functioning of the labour market, promoting mobility and enhancing competitiveness and economic growth.

### 3.5 Measures to facilitate the transition between school and professional life

3.5.1 **Skills and (professional) training measures.** Lack of job experience is a key reason for companies being reluctant to recruit young people during difficult economic times. Purely theoretical instruction, with no requirement to apply what has been learned, is increasingly proving to be a barrier to entry into the labour market.

3.5.2 *Thinking outside the box on recruitment* is a Lithuanian project designed to make young people ready for employment and find them job placements in appropriate companies. The *Implacementstiftungen* (placement programmes)<sup>(16)</sup> of Austria's Public Employment Service work in a similar way, by matching companies that cannot meet all their staff needs with jobseekers who still need to complete part of their training for a specific job. Training and subsistence costs are shared by the Employment Service and the company concerned. Assessments have shown that 75 % of participants are in work three months after completing such a programme.

3.5.3 In France, measures have been introduced through interprofessional agreements between the social partners specifically to help young people with or without a tertiary or secondary education in their search for employment. Application training sessions are the main focus of this programme. An evaluation showed that 65 % of participants in the programme found work, which was 18 % higher than the rate in the control group.

3.5.4 In Ireland, the *JobBridge* programme<sup>(17)</sup> provides work experience placements of 6-9 months in businesses for young people who have been claiming social benefits for at least 78 days. The interns receive EUR 50 per week in addition to their benefits. One issue here is that people who for instance have been in part-time work while in education are unable to benefit from the programme after their education has finished, since they are not claiming social benefits. The EESC believes that activation measures should be deployed at an earlier stage, as the long waiting time is likely to discourage people rather than motivating them to get into work.

3.5.5 The Scottish Council for Voluntary Organisations set up the *Community Jobs Scotland* programme in 2011. Targeted at young unemployed people, this programme involves third-sector organisations, which offer jobs lasting six to nine months in a range of sectors to young people with both higher and basic qualifications. The young people are given a real job, have to prove themselves in a recruitment process, and receive a wage and further training. Over 4 000 young people took part in the programme, 47,3 % of these getting a job directly and 63,6 % benefiting indirectly from further training and volunteering.

3.5.6 In Denmark, unions and the Employment Fund cooperate with public and private-sector employers to create traineeships for young people who have completed their education, so as to give them work experience and a specialisation in their field. On average, 60 % of those who have completed one of these traineeships find work, even if more precise figures will only be available when the project comes to an end in April 2014.

<sup>(16)</sup> <http://www.implacement-stiftung.at/>

<sup>(17)</sup> JobBridge.

3.5.7 An ILO-awarded Slovenian project, *Moje izkušnje* <sup>(18)</sup> ('My experience') forges links between students and employers by way of an online platform onto which students can upload their work experience, which is also accredited with certificates.

3.5.8 In Spain, the Novia Salcedo Foundation, a private, non-profit cultural organisation, offers a programme designed to accompany trainees as they complete a combination of theoretical instruction and practical work experience in a business. An evaluation has shown that more than 52,23 % of those who completed the programme were subsequently given a contract.

3.5.9 In the Czech Republic, employers and professional bodies are partners in the *POSPOLU* ('TOGETHER') project, which aims to change the way education is organised and to strengthen workplace-based learning by way of partnerships between schools and businesses and proposed changes to curricula. The project is focused primarily on courses in mechanical engineering, electrical engineering, civil engineering, transport and IT.

3.5.10 In Portugal, the Technological Centres network promotes two projects ('Think Industry' and 'F1 in Schools') focusing on the new industrial skills needed by the labour market, using a hands-on approach that involves boosting the use of tools and machines and providing the knowledge required to build a real mini F1 car and get the idea/project onto the market. Schools and industry have forged partnerships designed to change the image of industrial careers among young students and to direct them towards the needs of the market <sup>(19)</sup>.

3.5.11 Italy has a programme in place for the period 2014-2016 enabling pupils in the final two years of secondary school to spend time in companies, by making better use of the apprenticeship contract.

3.5.12 **Promoting mobility.** Promoting cross-border mobility of young people for work experience purposes can also help in closing the gap between purely theoretical training and a first job.

3.5.13 One example is the bilateral agreement between Germany and Spain, which is to provide employment and training opportunities for some 5 000 young Spaniards up to 2017; others are Germany's support programmes *The job of my life* and *Make it in Germany*, both of which aim to bring young people to Germany to do vocational training in areas with skills shortages. Participants are offered an introductory German course in their home country, an allowance for travel and moving expenses, and a language course in Germany in preparation for a traineeship. If the employer is satisfied at the end of the traineeship, a further three to three-and-a-half years of vocational training can be added, during which the training grant is supplemented with financial assistance and the young person receives support with classes, work and in their everyday life.

3.5.14 The *Integration durch Austausch* (Integration through Exchange) programme supports the vocational integration of groups which have difficulty accessing the labour market by offering them practical work experience in another EU country. The mid-term review of this programme co-financed through the ESF showed that six months after completing an exchange, 41 % of participants were in work, 18 % were in training, 7 % were at school and 4 % were studying.

3.5.15 Reform of EURES is imperative to improve the matching of labour market supply with demand. The EESC will comment on this in a separate opinion. However, it will be critically important for EURES to be used in all the Member States — and not just a select few — as an instrument of labour market policy and for vacancies also to be published there. The initiative *Your first EURES job* <sup>(20)</sup> is another good example of promoting cross-border mobility among young workers by helping them to find a first job (as opposed to training or work experience), offering financial assistance to cover the costs of taking a job in another country.

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<sup>(18)</sup> <http://youthpractices.org/assessment.php>; p. 36.

<sup>(19)</sup> <http://www.f1inschools.com/>

<sup>(20)</sup> European Commission — *Your first EURES job*.

3.5.16 To better gear skills towards needs, it is essential that observatories be set up to anticipate and detect skills needs early on. This should take place at regional and/or sectoral level with the involvement of the social partners, so as to be able to respond quickly to the various economic and legal as well as technological changes; at this level there is also a better understanding of the requirements of businesses and the labour market.

### 3.6 *Labour market integration measures for disadvantaged young people*

3.6.1 Specific support must be given to young people with special needs so that they can get into the jobs market. In Austria such help is provided through the *Jobcoaching* <sup>(21)</sup> programme which helps people with disabilities or learning difficulties by providing individual coaching and support during their first few months in a new job. This support is seen as a service for young people, but also for businesses.

3.6.2 In Wales, the *Intermediate Labour Market* project was set up specifically for NEETs, offering young people who are most disconnected from the labour market a well-structured programme and employment opportunities. The aim is to motivate young people to find a job, and to provide them with general behavioural guidelines and basic skills, as well as help with job applications. Of the 249 participants, 35 have found employment.

3.6.3 An example of how to integrate people who are disconnected from the labour market is provided by the *Equality of Opportunity* <sup>(22)</sup> project of U.S. Steel Košice; this offers in particular Roma people from the Košice region employment and training, which is often their first contact with the world of work. Jobs have been found for over 150 Roma since 2002.

3.6.4 The Belgian *Activa* programme <sup>(23)</sup> provides relief on employer social security contributions as well as a wage subsidy for five quarters to young, low-skilled people under 25 who have been unemployed for at least 12 months.

### 3.7 *Measures to reform the labour market*

3.7.1 The Institute for the Study of Labour (IZA) reports that 'temporary employment contracts have been liberalised in many European countries since the 1980s to create new employment opportunities — without having to question the often extensive protection from dismissal' <sup>(24)</sup>. This has led to young people in particular increasingly being offered only temporary contracts without the possibility of transferring to permanent employment. While strong protection against dismissal rules ensure that long-serving employees are less likely than younger employees to lose their job during periods of crisis, in the uncertain economic climate they are also proving to be a barrier to the recruitment of young workers without experience, thereby exacerbating labour market segmentation.

3.7.2 The EESC recommends continuing efforts to reform the labour market in agreement with the social partners, in order to strike the right balance between flexibility and security, especially in Member States with very high youth unemployment. While reforms will only bear fruit in the medium term, they can make a key contribution to rapidly reducing youth unemployment in an economic recovery.

### 3.8 *Incentives for businesses to engage young people*

3.8.1 To make it easier for businesses to decide to engage young, inexperienced workers, it can be helpful to offer additional incentives, which often exist in the form of wage subsidies or relief on social security contributions. However, care must be taken that this does not have the effect of distorting competition or undermining social security systems. Examples include the aid granted to Cypriot businesses by the Human Resource Development Authority of Cyprus (HRDA) <sup>(25)</sup> to run traineeships for young workers. SMEs in particular can use this to meet the costs of necessary training and related production losses in the initial phase.

<sup>(21)</sup> NEBA — Jobcoaching.

<sup>(22)</sup> U.S. Steel Kosice — Equality of Opportunity.

<sup>(23)</sup> Belgium — Activa.

<sup>(24)</sup> IZA — Jugendarbeitslosigkeit in Europa.

<sup>(25)</sup> Cyprus — Scheme for the job placement and training of tertiary education.

3.8.2 The Finnish *Sanssi* card <sup>(26)</sup> certifies young unemployed people under 30, so that their employers to apply for a wage subsidy for ten months.

3.8.3 Hungary has chosen to incentivise businesses to employ unemployed under-25-year-olds in the form of relief on gross salary and social security contributions for a given period.

3.8.4 In Italy, there is a 12-month social-insurance incentive for companies that hire, on a permanent contract, young people aged between 18 and 29 who have not been in regular paid employment for the previous 6 months or do not have a secondary education or vocational training certificate.

### 3.9 *Measures to promote entrepreneurship*

3.9.1 One of the three pillars of the Entrepreneurship 2020 Action Plan <sup>(27)</sup> is entrepreneurial education and training to support growth and business creation. The Entrepreneur's Skills Certificate <sup>(28)</sup> gives young people an education in finance and business; the certificate is awarded after examination, and is a valid substitute for the exam required in Austria to be self-employed.

3.9.2 The *Junior Company Programme* helps pupils aged 15-19 set up real companies for one school year, selling products and services they have developed themselves on the real market, which gives them direct experience of business skills.

3.9.3 The *Extraordinary Education*<sup>TM</sup> project allows young people to try out a business idea in a relaxed environment and teaches them basic business and communication skills in a way that does not depend on age or language.

3.9.4 In Romania, to ensure access to financing for new companies and encourage the creation of jobs, new business start-ups are exempt from registration costs. Tax relief is also granted for 2-4 employees, a loan of up to EUR 10 000 is available (to cover 50 % of the business plan), and government guarantees provided for 80 % of loans taken out. Between 2011 and March 2014, a total of 12 646 SMEs were set up and 22 948 jobs created. Only 188 SMEs were subsequently wound up. This successful programme is being continued in 2014.

Brussels, 4 June 2014.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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<sup>(26)</sup> Finland — *Sanssi* card.

<sup>(27)</sup> COM(2012) 795 final.

<sup>(28)</sup> Austria — Entrepreneur's Skills Certificate.