

## II Introduction

### Editors' Note

#### The Phenomenon of Youth Unemployment

The financial crisis has stricken the labour markets of most European countries considerably, as shown in the increasing numbers of unemployed. Especially young people, in the age group 15-24, seem to be at high risk of losing jobs or of being unable at all to enter the labour market after leaving schools or universities. In May 2010, the unemployment rate of youths had risen to an average of 20.5% in the EU-27, more than twice the overall unemployment rate of 9.6%<sup>1</sup>. However, there is a remarkable variation in unemployment rates among the European countries. In terms of youth unemployment, it ranges from 40.5% in Spain to 8.1% in the Netherlands. These rates are indicative of different national situations; however, each country in the EU-27 faces the same phenomenon: youth has the highest risk of unemployment of all age groups.

Therefore, labour market policies are very concerned with strategies and measures to reduce or even prevent youth unemployment. Special attention has already been given for some time to youth without formal degrees. In most cases, these are dropouts from schools or vocational training. Often, they have only access to low paid, temporary and unskilled jobs. Their precarious situation is regularly characterised by transitions between temporary employment and unemployment. Prevalent other criteria such as a migration background, generally associated with language and cultural barriers, add to worsen their situation. In the course of the current crisis, it became obvious that graduates from vocational training and from universities are also facing an increased risk of joining the unemployed, especially in not finding a starter job after their degree completion. In particular, this is true for the European states which had rapidly growing economies before the crisis and derived thereby a high demand for skilled labour, as for example Czech Republic or Poland.

Not only financial crises increase the risk of youth unemployment; there is a general dependency on business cycles. In economic downturns, rates of youth unemployment commonly increase due to declining numbers of vacancies; in times of uncertain economic outlooks and low labour market flexibility, enterprises prefer experienced professionals. This refers to labour market structures which favour so-called experienced insiders, whereas youths are considered as market newcomers. Vice versa, they are structurally disfavoured due to their lack of experience and, increasingly, their lack of necessary working habits. This brings to attention that the passage from school to work seems to be a particularly challenging transition for young people.

Experiences with different paths of school to work transition in European states provide hints for criteria which could be considered relevant for a successful mastering of this passage. The first steps of school leavers into the labour market seem to be more successful when there is an involvement of enterprises in the transition phase. Clear indicators of this can be observed in countries with high formalized vocational training; for example, apprenticeship programmes. Most of these countries, such as Germany or

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<sup>1</sup> Source: Eurostat; extracted 24 July 2010 from <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab-table&init=1&plugin-1%language-en&pcode-teilm021>

Austria, are successful in providing labour market access to youth, albeit under special conditions. This does not lead necessarily to long term, secure employment. The so-called second threshold after the end of an apprenticeship seems to be difficult to overcome. The risk of unemployment is, in a way, at least partially shifted to another sequence. However, another difficulty which countries with either no or a minimal degree of vocational training face seems to be mastered here. Young people in apprenticeships gain labour experience and their vocational qualification meets employers' requirements better than general education in secondary schooling. Therefore, the gap between the educational system and employment is not that large. This is, however, no 100% guarantee that vocational and further education systems can provide the qualifications in these fields or professions which are demanded by enterprises.

Another reason for youth unemployment is that youths are not educated in professions and fields where there is a demand. Countries which provide a systematic career counselling seem to do much better here. This requires, however, adequate data and information on the current demands of enterprises and industries. As there is a time lag, due to the duration of education and training, it requires additional information on prospective demands, best of all in the mid-term range of three to four years. Such information can, for example, be generated within a monitoring system.

There are further hints that a high degree of flexibility in the labour market, respectively of working conditions, could be very supportive in reducing or preventing youth unemployment. The means used here include fixed-term contracts, low salaries (often close to or at minimum wage), unpaid state subsidised internships, flexible working times, part time, shift work, employment inferior to education and qualification level, exceptions from labour regulations and general shortcomings of employment quality. The implementation of these means could be considered ambivalent. Work experience is provided and often personal contacts can open doors to long term employment. However, to a large degree, these types of precarious employment can last years in many cases. Often young people cannot keep up with such jobs and enter unemployment, bringing them into a process of alternating between precarious employment and unemployment. Living with such insecure working perspectives is a difficult framework when young people start family and career planning. However, it has not only short term consequences. Studies show that on average those who had difficulties entering the labour market and worked in precarious working conditions do not fare as well, in terms of income and career success, during the duration of their whole working life as do the quick starters. In light of these long term consequences, it makes sense to implement measures to prevent and reduce youth unemployment.

### **Measures to Reduce or Prevent Youth Unemployment**

In most European countries, there seem to be three types of measures implemented which help mostly to avoid, but also to reduce, youth unemployment. The measures focus on the provision of information, gaining working experience and the offer of (vocationally oriented) qualification.

Information on professions help young persons acquaint themselves with various professional fields, in order to better consider in which professional directions they would like to move. Against this background, the development of a series of measures can be pursued to enable an information transfer through career counselling and guidance. Target groups would be the youth themselves, their parents as well as their

primary and secondary school teachers. Other multipliers, such as placement officers, can also be targeted. Comprehensive information is crucial for the process of entering the labour market for youth. This will show which professional or branches within the region have current, and ideally into the future, demand. In connection with this, the youth would be provided with information that makes clear which qualification paths will best provide an appropriate entrance into the labour market. Such an achieved orientation leads to having training programmes being directly relevant, which optimally supports the motivation of the youth. At the same time, such a demand-oriented cultivation of current and future labour potential can help avoid unrealistic job expectations.

Another type of measures is aimed at insufficient practical job or work experience, which often is a major barrier for youth to entering the labour force. Here, possibilities for professional experience are created, mostly under special conditions. This includes various forms of practicum, fixed-term employment at minimal compensation as well as various publicly supported first employment or subsidized employment for career changers. Often, there are specific target groups for these measures, such as school drop outs. In this case, the focus of attention is less building proof of practical experience as much as providing a basic introduction to paid labour.

Closely connected to such measures are programmes whose main intention is actually vocational training and qualifications, but achieve this through a combination of theory and practice. The dual system of education is an example of this. In qualification programmes, specific target groups of youth may be the goal. These could be drop outs from schools or vocational training, who within the framework of a “second chance” programme receive a customized qualification training to improve their entrance into the labour market. Furthermore, there are training programmes that aim to ‘up-skill’. In particular, the demand from enterprises or branches for specific qualifications plays a significant role in the choice of such programmes.

Very often, several measures from various domains are combined with each other, for example, career counselling and qualification training. Decisive for the selection of appropriate measures are not only the individual needs of the youth, but also the resources locally available, in particular in the communities.<sup>2</sup>

### **Relevance of Regional and Local Orientation**

Most youth standing at the threshold of the labour market are geographically not very mobile. This affects above all those who have not yet achieved some academic qualification. One major reason for the limited mobility is the economic situation of many youth, who, because of their lower compensations, are unable to afford their own household. This is combined with a strong identification with the region and community in which they have grown up, which tends to keep them from relocating. This is also carried by their connections to locally oriented social networks.

Against this background, youth need information on jobs and qualifications that are currently needed and, above all, also into the future in the region. Correspondingly, programmes for qualification or gathering experience are tailored to local conditions, predominantly derived from the local economic structure. These local conditions vary significantly between regions, reflected, among other aspects, in the variety of mixture of programmes to reduce youth unemployment and to promote their entrance into the

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<sup>2</sup> Localities refer to areas of community size or smaller, in the sense of NUTS 3 or below.

labour market. The shape of youth unemployment and its attendant problem complex are strongly influenced by the regional population structure and the existent education infrastructure. The problem of youth unemployment remains a general problem, as described above. It is, however, in its regional and local shape that it is experienced, and changeable, by the affected youth and, above all, the intervening actors from educational institutions, guidance centres, labour offices or enterprises themselves. Even national or Europe-wide strategies and programmes are implemented locally and there filled with life. This occurs through various actors responsible for their implementation that must coordinate these with reference to local needs. Youth unemployment, and its associated problems, are experienced in the region or community, and are changeable at this level. This means that the reduction of youth unemployment must be grounded in the local conditions, especially if this reduction is to be sustainable. To accomplish this however, it is necessary to be acquainted with the local conditions. This requires a high degree of transparency, which must be continuously maintained. This is, finally, also necessary in order to make discernable whether activities and interventions are functioning or not. Transparency can also be produced through monitoring, in which information on the local situation is systematically gathered or generated and analysed. This information is then made available to all actors that are strategically or operatively involved in the region. The transparency thus created leads ideally to actors making better decisions and acting more appropriate to the situation. As a result, the mismatches on the labour market should be drastically reduced or, even better, do not occur in the first place. With reference to youth unemployment, a monitoring would capture the exact regional and local shape (degree and structure). As monitoring is oriented towards developments and processes, additional information on previous developments are contained, which permits conclusions about the causes and dynamics of the current problem situation. In addition, there are various data related to future developments integrated into the monitoring, in particular on the future needs placed on labour and qualifications. This also enables actors to make future-directed decisions. Monitoring delivers not only information, but can also serve to foster communication or transmission of information. This is successful when it contains exactly the information that the actor actually needs in order to make better decisions. It is important here that the information is always available to the relevant actors. This indicates the currency and quality of the information.

### **Regional and Local Monitoring in the Context of National Frameworks**

The monitoring of youth unemployment is in many ways integrated into a thematically comprehensive regional labour market monitoring. Youth unemployment is thus depicted within the context of unemployment in other age groups, and employed in various age groups, and in the context of locally implemented labour market political measures. Not least of all, this helps to illustrate the interactions between various elements.

So that a regional or local monitoring can offer sufficient transparency, a series of indicators are needed. This transparency is requisite for the development, implementation and evaluation of optimal strategies and approaches for reducing, or avoiding entirely, unemployment in the localities. The continuous generation of these indicators is necessary in order to ensure a current depiction of local developments and, thus, counter or supportive actions can be quickly triggered, if needed. Such indicators are included in the best practice examples contained in this anthology as

well as derived from the rich experience within the European Network of Regional Labour Market Monitoring.

The indicators show regional or local situations distinguished along two dimensions. The first is the core area of youth unemployment. Secondly, come the general conditions which affect the first area. The fundamental indicators of the core area relate to the structure and breadth of youth unemployment. These are elaborated through data on employment, on the transition points between employment and unemployment, to school drop outs and to any already existing measures. In this way, a complete situation analysis is possible in which the relationships between the theme areas can be derived. This in turn provides a fundament for the creation of starting points for local interventions. Besides the structural information in the mentioned thematic areas, more detailed information can be incorporated. This relates to a specification of the problem situation(s) in the transition between school and work, and to the deficits in supplying regional and local enterprises with workers possessing relevant skills. The exact knowledge of this problem situation is crucial for the local decision-makers for them to develop the most efficient possible strategies and measures to improve the situation. In connection to this, an assessment of the effectiveness and efficiency of already operating measures should not be missing from the monitoring.

The contextual conditions are given through indicators of economic, professional and population developments. Here also, more detailed information complements the structural information. The following table presents a general overview of the corresponding indicators, albeit without a claim of completeness.

## **1 Indicators of Central Dimension**

### ***1a) Structural Indicators (Source: administrative data)***

#### *school leavers*

- number of pupils in different tracks of the educative system, especially vocational
- number and structure of school leavers flow (graduates and drop outs differentiated by types of schools and fields of expertise)
- ...

#### *unemployed (without work, seeking work, available for work<sup>3</sup>)*

- number of unemployed, aged 15-24
- unemployment rate of aged 15-24
- share of those aged 15-24 in unemployment
- unemployment rate of graduates
- rate of unsuccessful transition in labour
- ...

#### *employed (work for salary, attached to a job but temporarily not working, work for own project or family gain<sup>4</sup>)*

- number of employed (training, apprenticeship)
- number of employed under social security conditions
- number of underemployed (below qualification, part time)

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<sup>3</sup> Based on the definition of the International Labour Organization (ILO).

<sup>4</sup> Based on ILO definition

- number of precarious employed (temporary contracts, low wage, limited regulations)

- ...

*measures implemented locally*

- number and type of measures
- number and characteristics of beneficiary
- ...

*transitions*

- extend and types of transitions (unemployment – work – unemployment, underemployed – fulltime employed, ...)
- ...

**1b) In-depth Information (Source: survey, expert knowledge, statistics, administrative data)**

*school to work transition*

- conditions of school to work transitions (types of contracts, ...)
- problems of specific subgroups (women, migrants, drop outs, ...)
- ...

*skills requirements*

- gap between educative outcome and job requirements
- extent to which employers' requirements met
- assessment of employers' satisfaction with youths' skills, work related attitudes, preferences and habits
- ...

*measures*

- impact assessment (control groups)
- transitions between measures (adhesiveness)
- ...

**2 Indicators of Contextual Dimension**

**2a) Structural Indicators (Source: administrative data)**

- size and number of local enterprises (differentiated by branches/industries)
- structure of professions and qualifications
- prospective replacement demand in local enterprises
- population structure and demographic development
- ...

**2b) In-depth Information (Source: survey, expert knowledge, statistics, administrative data)**

- prospective development of local economy
- prospective skills requirements
- ...

In some European countries, where there is already a monitoring of youth (unemployment), the indicators listed above, or a selection thereof, already exists for all regions of the country. The use of the same variables and data structures in all regions of the country is greatly conducive to inter-regional comparisons. Differences between the regions are shown through the varying regional or local strengths of various characteristics. Commonalities can also be identified here, and this creates a solid basis for national planning and intervention, as well as for their evaluation and continuation. For the strategic actors in the regions themselves, such information is important as this permits them to locate themselves in relation to other regions. One possibility that opens itself here is the opportunity to compare themselves, and enter exchanges with, similar regions. In addition, this data pool offers a relevant orientation for operative actors in the locality; be they job seekers, enterprises or educational and vocational institutions. This also creates a transparency of the situations in bordering regions. This can be in particular interesting when employment or educational options present themselves that are not present in the home locality. Frequently, this monitoring data finds its way into regionally or locally oriented products, such as guides (professional information) for students, parents and teachers, or in service providers such as career counsellors. This can also find fruit in the development of specific vocational or further educational offerings to cover already existent needs, but were not served previously.

A connection between local, regional and national levels is inherent in youth unemployment monitoring, and not only, as mentioned above, in the context of a uniform character structure and their usage at different planning and operational levels. It is especially in this complex field of youth unemployment that the guidance instances are more strongly inter-correlated with each other than in other areas of the labour market. This clearly applies to the area of the educational system. In most European countries, the regulation of education occurs at the national level, frequently in combination with an occasional fine adjustment at regional levels. The degree to which educational institutions can be changed at the local level is mostly quite restricted. However, it is here that the need is best shown when, for example, the standard curriculum is too inflexible to actually meet the rapidly changing skill requirements of enterprises. In this case, it would be advantageous for the local providers of education to offer additional, relevant qualification programmes. This would better fulfil the requirements of the enterprises and, in turn, reduce the risk of youth unemployment. This example clearly shows that it is, first of all, important to know exactly the problem situation in the locality, or in other words, to have a good deal of transparency into the actual situation. Furthermore, it must be taken into account in the development of strategies and measures to improve the local situation, what impacts the administration from supra-regional levels has and how a local administration can and should interact with it. Not only the educational area and its slow path of change have effects on the situation of local youth, but also national programmes or financial assistance strongly affect the formation of measures implemented locally. In order to adequately capture the high level of national intervention in the areas of youth, education and unemployment that are felt over various levels, a regional or local youth unemployment monitoring can only be specified in the context, or in interaction with, national conditions. The examples in this anthology show varied methods of how the specifications of regional or local monitoring systems can be done. These monitoring approaches deviate thus from those developed in previous years within the European Network of Regional Labour Market Monitoring, for example a branch or skilled labour

monitoring. Such monitoring approaches can be developed with far more local autonomy and, hence, more variety. This is due to the fact that such areas are administered in practice almost exclusively at the local level.

Through this anthology and the Annual Meeting 2010, the European Network of Regional Labour Market Monitoring brings together existing approaches for the regional monitoring of youth unemployment. This provides an inventory of existing efforts. From this, a set of indicators should be pulled out that can be used in all European regions for monitoring youth unemployment. On the basis of indicators with the same structure, not only are possibilities opened for international comparisons and the exchange of strategies, but also possibilities for the assessment of how various national administrative approaches affect the actors in the localities are created. Finally, such a standard monitoring approach offers several comparison points for how different educational systems in Europe can minimize or increase the risk of youth unemployment.

### **Goals and Contents of the Anthology**

This anthology should provide an overview of the monitoring approaches focusing on youth unemployment. In the chapters to follow, it will also be explored in how far the possibilities exist for the creation of a regionally or locally monitoring. This volume will be closed with considerations for further conceptual and strategic considerations directed towards the continuing development of a trans-regionally usable youth unemployment monitoring.

The anthology will be introduced through prefaces from representatives of relevant European institutions with a focus on the labour market and qualifications. They make it clear that a significant need exists for continuing development of monitoring systems, particularly those that examine the regional dimension of youth unemployment. In this sense, this volume fills such a void. Following this, a fundamental introduction to these thematic constitutes Chapter II.

The articles that come in Chapter III show the various forms of monitoring of youth unemployment at the level of the single nations. Here it becomes clear how heterogeneous the approaches, the used data stores and the associated politics and measures are. The first article in this chapter concerns the situation in France. Alberto Lopez describes the thematic of youth unemployment monitoring and the indicators derived thereof, which should be then brought together into a scorecard. He poses here seven basic questions that clearly show the need for innovations in the field of youth unemployment monitoring and which should be considered in future developments. Following this, Marina Kargalova from Russia argues that the continuing development of such monitoring approaches should occur within trans-national and trans-regional consensus. She sees European groups, such as the European Network of Regional Labour Market Monitoring, as important promoters for the development of a uniform regional monitoring approach. The two contributions after this look at Turkey and Spain. In both countries there is a very large need for innovation in the economy and the labour market. Kezban Celik, for Turkey, and Miquel Bernal, for Spain, clearly outline the central importance of youth unemployment monitoring for a systematic reduce in each country's very high levels of youth unemployment. Both authors follow extensive considerations in connection to expanding and deepening of their respective national monitoring approaches with the goal of systematically reducing youth unemployment. Following this, the Czech Republic and Poland come into focus. In both

countries, the national labour markets have already undergone an extensive transformation processes and have experienced in the last ten years considerable economic growth. In the context of the financial crisis, both countries are confronted with a strong reduction in the high demand for highly qualified workers. This expands the issue of youth unemployment from not only drop outs and the unskilled. Jiri Branka, using the Czech Republic, and Iwona Kukulak-Dolata, using Poland, show how data stores can be applied to describe the current situation and show where innovations are necessary. After the reader has been sensitized to the various national preconditions for youth unemployment monitoring, Chapter IV follows with explorations of the possibilities for single nations with regional monitoring. Partially, the developments are enough advanced that the first best practice examples can be introduced.

In Chapter IV, the articles lay out two different approaches to regional monitoring. In the first two articles, a top-down approach is outlined. The remaining articles are based on a bottom-up perspective. A top-down approach is taken by Yvette Grelet and Bernhard Hillau for France and by Daniela Chamoutova for the Czech Republic. In both contributions, special attention is given to what data exist at the national as well as at the regional level and how these can be utilized in an innovative fashion for monitoring. The rest of the articles in this Chapter focus each on a specific region. Mattia Martini and his colleagues look at the Lombardy region in Italy. Daniel Porep and his colleagues deal with the state of Brandenburg in Germany. In both regions, well established and mature systems of regional monitoring already exist, which easily allow the monitoring of youth unemployment. Then, in two articles from Jean-Luc Malvache and Peter de Bruin the Ruhr Region in Germany and the Twente region in the Netherlands are presented. Both regions border on one another and have similar structures. The articles show vividly that the different national labour market and educational policies have structural effects on the activities and programmes, but also on the data stores that can be used in monitoring. Precisely the different data stores illustrate how difficult a cross-border monitoring can be under certain circumstances. The final article in this Chapter, from Malcolm Greig, describes regional monitoring with respect to Scotland. This is institutionalized in the Skills Development Scotland Agency (SDS), which generates and analyses monitoring data as a service provider. Furthermore, it is explicitly directed towards communicating this information. This is demonstrated through their broad palette of products and educational offerings that are made available to multipliers, such as career counsellors. The Agency is still getting itself set up. Thus, it will be interesting to evaluate the acceptance and functional capabilities of such an organization over time.

In the fifth, and last, chapter, various perspectives will be given that have been selected by the editors as relevant for the continuing development of a youth unemployment monitoring. With the first article from Ronald McQuaid and Colin Lindsay, the conceptual dimension will be spoken to. They present the capability approach, which focuses on the resources of the actors, their motivation and their identification with a job. The authors argue that it is especially important here in the case of youth, who should remain long-term employed, that their readiness, motivation and satisfaction needs to be examined and that this perspective should inform problem assessment of youth unemployment. This innovative concept can also be applied to other cases of labour market target groups seen as hard to integrate. Nonetheless, how this concept can be operationalized for the purposes of a regional labour market monitoring is largely open for consideration. Next is the argument from Marco Ricceri that the national and regional perspectives considered up to now have to be anchored in the

context of European politics and strategies in order to adequately account for their interdependencies. He shows in addition which data stores already exist to this purpose and where there are still large gaps in the data. The final article takes a look at the practical organisation of regional labour market monitoring. Christa Larsen discusses what contribution the over three hundred already functional regional labour market observatories in Europe can make to the reduction and restriction of youth unemployment.

All of the articles in this anthology form a starting block for the development of a regional monitoring focused on youth unemployment. This should be implemented across Europe. Standardization will allow comparisons at the trans-regional and trans-national levels. A continuation of the development work is planned for this year's Network Meeting. Here, additional Network members and external experts will be incorporated in order to drive on the specification work. The resulting monitoring concept will be communicated through a document that will be created on conclusion of the Annual Meeting. Various Network members have already indicated their intentions of implementing these concepts in their existing systems, or to re-create a corresponding system to test the concepts. Through continuous discussion within the Network, it can be assured that experience can be fed back in and the process of further development of regional monitoring can be promoted.

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Christa Larsen

Jenny Kipper

Alfons Schmid

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