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Youth unemployment in the European Union and transition period - from education to the labour market

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Abstract. The difference between youth and adult unemployment can be based on the high-level job mobility caused by the globalisation process, as well as the higher possibility of passiveness among the younger generation. The inactivity rate is quite diverse in different countries and is directly linked to youth unemployment. To compare adult and youth inactivity in the European Union, youth perform at a four times higher rate than the adult population. Higher inactivity usually has a direct link to entering into formal education. The transition process in this chapter describes the period from educational institutions to a stable working position. The transition period generally reflects the processes itself and how young people enter the labour market, along with how entry to the labour market is regulated and what the general consequences are for young job-seekers during this time. During the transition period, individual resources and the background of the person play an essential role while also coming with some consequences and barriers.

Keywords. Youth unemployment, Education, vocational education, transition period

Introduction
Countries that consider youth in education as employed display much lower inactivity rates than others. Such countries are Germany, Austria, Denmark and Switzerland. Results of this can be easily noticed by comparing unemployment rates from statistical data. Besides, in this case, the younger generation is often not so involved with the labour market and has less possibility to experience withdrawal from the labour force. In the case of other countries, we should also analyse school-to-work transition periods and find out what the links are between these two phases from an unemployment perspective. This perspective can also be recognised as a framework to assess a young person’s path from education to temporary employment. This path, which we call the transition period from education to the labour market, in most cases, contains a gap and is usually caused by different, more individual factors.

During this period, some young people take vocational training, temporary or voluntary jobs, internships, or even military voluntary services. Some young people during this period tend to pay more attention to the search for a proper job and start their career path already from the right spot. Childcare and staying at home due to health reasons, in this case, we have less than in the case of adults. The education to work transition period is mainly characterised as the main integration period that serves to develop skills and knowledge independently and
according to one's own needs. It serves individuals with successful integration into the labour market. This approach also changes the rate of unemployment from country to country so here again, we go back to the previous issue of defining the term ‘unemployment’.

In some states, a person in vocational education or an internship might be counted as employed. In others, a person who has graduated from a higher education institution does not count as unemployed for a few months. So in this case, state policy surrounding unemployment covers the transition period. The transition period is also highly associated with the level of educational achievements one has. According to Eurostat results (2013), youth who have obtained lower or secondary education have almost twice fewer chances of employment than youth with higher or secondary education and to compare data of university graduates and secondary or lower educational level graduates’, their chances are more than twice as low. Another important detail to notice while analysing statistical data from 2013 (Eurostat) is that in particular, in European Union member states, where the economic crisis of 2008 was harder, these differences in education level and employment are much less than in other states.

For example, in Greece, Italy, Spain and Portugal, there is almost no difference in the unemployment rate between the youth who hold a higher education and the ones with lower secondary education, whereas, in other states, the difference was almost twice as much in favour of youth with a higher education background.

Differences between the economic performance of a state, general education level and labour market policy may result in and bring a different picture across the states. Therefore, rates and levels of youth unemployment, it has significant value and can reflect in the results. As stated above, young people from the countries that were more greatly influenced by the economic crisis (Greece, Spain, Italy, Portugal and Ireland) and are showing structurally very low labour performance, are likely to demonstrate a high unemployment rate. Further, it is predictable that they will keep this path for some time, referring to both the inactivity of youth and the lower rate of returning to higher education.

There exists a close relationship between institutions of the labour market. It is also important to look into the hiring policies of the state, minimum wages and the level of youth unemployment but most studies (Addison and Teixeira 2003; Bertola et al. 2007) underline the relationship between entry of the labour market and the education system. Difficulties to enter the labour market may also have a negative influence on the quality of employees, as it might encourage young people to leave education at a lower level (secondary or lower) in order not to experience difficulties in entry into the labour market. That is the factor that explains the correlation between youth unemployment and their general education level. Post-mandatory professional education is another important element when speaking about youth transition from education to the labour market.

Vocational education which, besides a formal education qualification, gives young people additional skills and competencies, tends to be important when entering the labour market for the first time. Several states in the European Union have established a tracking tool for vocational education (Germany, Austria, Czech Republic, etc.) In these states, young people who participate in vocational education perform a faster and more successful entry into the labour market than the youth who are only just entering the labour market from a general education institution.

The main reason for this fast entry after vocational education underlines the higher demand of the employees that, besides education, they require social and practical skills that are perfectly performed after such educational experience. In particular, here we don't see the same gap that we mentioned earlier, that youth job-seekers usually have less experience and
practical skills than adult job-seekers. Skill and qualification mismatch is reducing in this case and the unemployment rate of the young population is also decreasing.

Potentially, this pattern might also have some negative long-term labour market effects. These effects can be over-education, which can lead to over-qualification and again to a mismatch of the labour market and its needs. Over-education can influence low-skilled workers as it might lower the chances for low-skilled job-seekers to enter the labour market. On the contrary, it raises competitiveness and promotes education among the young generation.

Greece, Spain, Italy and Portugal are the countries within the European Union that demonstrate the highest level of over-educated young populations and over-qualified job-seekers (Quintini, 2011).

There are two main institutions in each state which are directly involved in the facilitation processes of the transition period from school to the labour market. Those two institutions are the education system of the state and the labour market. Between these two institutions, usually, there are major links and huge interdependence. As one of the main factors of the education system in vocational education which at the same time plays an essential role in the principles of the labour market, the connection and interdependence of these two institutions are important. The idea behind standardising and succeeding in the educational system, including vocational education elements, stands for providing better qualified and educated sources for the labour market. In most cases in the European Union, these two institutions share a common aim and objectives yet their work is always interdependent. In the states which fail to have strong employment-related vocational education systems, training of the workforce is usually provided by the employees. In such cases, companies usually tend to provide training that is more individual and company needs-oriented.

Generally, the level of labour market regulations has a big influence on the decisions of employers while hiring the workers, which is also particular and relevant for the young job-seekers entering employment relationships for the first time. Employers who tend to set high standards in the labour market are more likely motivated by receiving highly standardised potential employees. Such hiring standardisation might also pose some particular consequences for the young job-seekers as they might not fit into high standards due to their lack of skills and education. Additionally, labour market regulations might hurt the youth labour market by the regulations of employment protection as it slows down the dynamic of labour and, in general, has an impact on the rate of unemployment.

Regulation within a country-level labour market has effects on the transition period from education to labour and strict regulations may provide positive effects.

Such outcomes are usually guaranteed by strong and well-functioning unions with good cooperation with other institutions involved in the processes. Cooperation and good coordination might be the main factor leading moderation to of wage policies to improve the integration of the youth labour market in the global labour market. This cooperation is most visible when institutions together establish common standards about training for certain jobs.

It is even more successful when in this cooperation, corporate bodies are involved and take part in the implementation of the training. For example, in Germany, corporate bodies are one of the main service providers in dual education and as a clear result, we see a very low youth unemployment rate. In Germany, companies and unions in cooperation with governmental stakeholders are involved in both stages of dual education in conceptualisation and delivery.
There is, of course, no clear evidence proving that labour market regulations are directly influencing the labour market of young job-seekers. Youth unemployment rates might be dependent on the level of legislation of employment protection but this does not apply in the case when the dual education system is applied. Instability in some labour market institutions might create negative effects on the rate of youth unemployment and generally on unemployment issues in the state. There are just a few cases but it still has to be noted that in some states, the youth unemployment rate is low but the state struggles with a high level of unemployment. This can be explained by the well-developed system of dual education and well-structured education system and institutions.

The dual education system provides young people with additional skills and education for the labour market and incorporates work-related elements by avoiding negative outcomes from the general employment protection system that defends youth unemployment. A lack of employment protection systems can speed up labour market entry which is very obviously beneficial for young job-seekers but on the other hand, it creates instability in career growth. Along with legislation on employment protection, unemployment reduction is connected to the protection of individuals from the risks of the labour market.

Usually, most of the European Union member states use different cooperation methods between educational and labour market institutions. Unemployment insurance is one of the important features that some states provide for unemployed citizens. For example, in Denmark, a high level of unemployment insurance is performed by the state institutions but at the same time, Denmark is one of the states in the European Union having a low level of employment protection. This difference level between the two systems creates a balance and a kind of compensation for the labour market overall.

It has to be noted that such an approach has positive effects on the unemployment rate and strengthens the idea of labour market mobility, as well as making the labour market for young people more flexible. The flexible labour market for youth and the high level of unemployment insurance systems in Denmark creates a positive picture for youth unemployment rates. In the last few years, the country has kept its youth unemployment rate under 10% which is quite a good result in comparison to other European Union states.

Generally, benefits from the unemployment protection system might have fewer effects on the youth unemployment rate as a usual system is designed in such a way that not many young people can benefit from it. As mentioned above, it very much depends on the perception and definition of unemployed persons that the state has adopted.

Practically, all European Union member states operate a centralised education system, controlled by the government. School systems in many states and curricula are divided into general and vocational education. Connection with the education system and future employment are directly linked to each other. Going back a little, during socialist times, transition times from school to work was much different. Workplaces were assigned to the young citizens by special institutions after graduating the school. This system was supported by companies and was secured for everyone graduating from school.

Later on, the system was developed and changed quite a lot. In the first stage, after socialist times, a curriculum of general education was introduced, while vocational education was taken to a new stage and widened. Next, vocational training was adopted in post-secondary education, which was new to everyone. The emergence of the involvement of private institutions led the processes to a new stage, where vocational education fully went under the control of the school as the companies and enterprises, due to financial reasons, were not able to keep and sustain equipment for vocational education.
The next stage was market reforms which led to cooperation between schools and enterprises to collapse fully and start a new stage of creating vocational education from scratch. Nowadays, still not all member states of the European Union have a well-functioning dual education system. The sustainability of secondary education significantly increased and private institutions’ needs for a strong higher education system arose. The big demand for higher education was mainly based on the fact that young people decided to stay in education and postpone their entry into the labour market due to the high rate of youth unemployment.

Within the European Union, several countries have a record of higher participation in vocational education than in higher education. Such countries are the Czech Republic, Poland, Slovakia, Slovenia, etc. but nowadays, this demand can be understood by looking at their labour markets. These countries have recently become more industrial with a lot of factories. Therefore, there is no high demand and need for higher education for young people to enter the labour market. The same case was in Hungary because in the late 90s, vocational education was very popular and in high demand but nowadays this has shifted and general high education became a priority.

The demand and development of the education system, as mentioned above, very much depend on the economic performance and needs of the state. In the states where industrial development took place and the need for workers with vocational education is high, the system acts accordingly and develops better structured and dominated vocational education.

Even though in European Union member states all education systems keep different tracks from each other, they still try to resemble highly standardised systems from countries like Germany, Belgium, Austria, etc. Those German-speaking states are considered to give a better education system within the European Union. Some states still fail to follow others and have a big gap between education and labour market systems. Some states keep medium standardised system connections between those two institutions. Low-level cooperation between the two systems of education and the labour market means that qualifications received during vocational education do not guarantee work for the young job seeker upon entering the labour market. Good connections and interdependence are rather a guarantee for a smooth and quick transition from education to the labour market.

Reconstruction of the whole economy and the creation of a common economic market of course affected labour market development. Reforms associated with the common labour market within the European Union date back to the stage when the European common economic market was created. One of the systematic changes was employment regulations which included employment protection and unemployment insurance. Despite the level and strength of labour laws at the country level, the influence on economic performance can be really low due to the failure of different institutions involved in the process. Such institutions can be law enforcement institutions in the state, economic agencies or some others who don't follow regulations or just don't apply themselves sufficiently.

Failures in labour laws could also be linked to the failure of the defining target when the regulations are dedicated to specifically defined workers only. The most significant issue that the labour market has on the European Union member states is that employers do not follow the regulations. Often, small entrepreneurs and small companies try to obey the rules but will find another way to avoid certain regulations. One of the cases is linked to migrant workers, who usually end up working without a contract and of course in such cases no regulation is applied. A low level of labour is visible when a violation of work-related law is not investigated and the rights of the workers are not protected.
There is further evidence that shows the failure of the labour law and it is very common: when workers do not claim to protect their rights due to the fear of losing their job. This fear mainly exists in states where the unemployment rate is higher. This could be regulated by the strictness of the labour law at the country level and also by the regulations that oblige each member state to protect workers more sufficiently.

One of the main actions to provide full employment security law is to have at the country level a strong trade union. Trade unions are the main institution that must supervise the relationship between employee and employer, how the legal provisions are regulated and they should be the ones supporting workers in cases of abuse of labour laws. The performance of trade unions is also very different from each other within the European Union but there are some good and less qualified practices. The low-level performance of the trade unions is directly linked to labour market flexibility. Generally, trade unions work concerning protecting labour law but if the state fails to have well-structured labour law, it automatically fails the trade union. In the states where trade unions have high-level performance, their involvement in the transition period from school to the labour market is significant as they do facilitate and monitor the whole process.

Contract terms are one of the aspects that are linked to the transition period. Usually, there were examples in the European Union when young people were receiving permanent contracts from their first employment opportunity. Nowadays, fixed-term contracts are more widespread and popular among many companies.

To analyse, this gives quite a lot of flexibility in the labour market. According to the European Commission report (2004: 157) regarding the Baltic states, a noteworthy amount of workers were working without any contract. There is only a verbal agreement between employee and employer about the working conditions and benefits. Another trick that employers use to avoid the regulations and restrictions of the labour market is to ask employees to sign the extra agreement at the same time as the regular contract. This additional agreement gives the right the employer to dismiss employees anytime without advance notice. Such ways of avoiding labour market laws and regulations are not common but still exist. The main victims of such irregular actions are generally young people who are signing it to avoid unemployment. Those cases are evidence that proves that labour market regulations in the European Union are flexible because employees can avoid them.

Policies to support unemployed citizens are very diverse throughout the European Union but have some common features as well. In some states, a relatively small amount is spent to support unemployment, whereas some states stand quite well on this issue. In Eastern and Baltic states, benefits for unemployment are very low, conditional and their duration is very short, whereas in central European states they are well-structured and regulated. Unemployment insurance policies are average in the UK and Southern Europe. In central Europe and Nordic states, policy levels of unemployment insurance are very high and its citizens fully benefit from them. Nevertheless, policies for unemployment insurance are slowly becoming less and less generous in the states which were below the average level of performance of labour law. The welfare system of many European states remains under the process of classification by mixed and different characteristics of European models of an unemployment insurance policy.

The occupational labour market system is directly linked to the education system of the state and is standardised by the demands of the labour market. In the case of the occupational labour market system, education is specific and vocational and the main aim is to lead young people to integrate into the labour force. Most important in the occupational labour market is to provide a level of education and qualification that will be reliable for the labour market. Within
the European union member states, a standardised and well-functioning occupational labour market operates in the states which perform at a high level in vocational training. Therefore the education and training system is defined by the needs of the skills and education for the labour market. One country which is a good example in the European Union judging by its performance in the occupational labour market is Germany. Germany also has one of the best educational systems and performs a very strong linking between educational and labour market systems.

Outcomes of such a standardised and well-functioning system are easily visible in the rate of youth unemployment which, within the last few years, has remained around 5%. States that demonstrate a high level of youth unemployment have a less standardised labour market system, no differentiated educational system and there is almost no cooperation between educational and labour market institutions.

To speak about competitive regulations, it has to be mentioned that employers usually look for profits that do not last long. Those cases are very common in the states where the unemployment rate is high and labour and educational institutions fail in cooperation and performance. Companies operating in such a labour market usually take advantage of it and recruit a more experienced labour force.

These facts have significantly negative effects on youth employability as young people entering the world of work are less likely able to find a job. Such an approach also influences the interest and motivation for vocational education. Central and Eastern member states have more challenges than Central and Northern states in terms of employment and vocational education. There have been many regulations and policies applied to overcome these issues but they remain a problem.

Conclusion

To summarise, the transition period and unemployment rate very much depend on institutions and companies. It requires recognition of vocational education, good performance of the general education system and general policies that apply to labour market functioning. Access to market-orientated institutions and policy performance varies across the EU and are linked to the economic performance of the state. Accessibility to the market institution is based on different factors: the nature and environment of the state, demography (e.g. migration), qualification recognition, business cycles, in-demand jobs, etc. Also, demand from the labour market from specific companies and the mismatching of skills, competencies, education and qualification.

However, access to education is another important thing that has to be taken into consideration. In some states, upper secondary schools, as well as universities, are easily accessible. Accessibility to education in most cases depends on financial conditions, tuition fees and many more details. In the end, compared with adults, career paths and perspectives for young citizens are highly affected by the transition period from education to the labour market. Institutional mechanisms play a role in the risks of becoming unemployed more for youth than that of an adult. At the same time, motivation for institutions to reduce unemployment mainly applies to young people.

Furthermore, institutions that serve the transition period from school to the labour market react more immediately to social and other factors (demography, business environment, etc.) Even if the tools that are used from education to work transition by institutions remain stable at the current level, the structure of opportunities changes by its very nature and raises
the risk of individuals becoming unemployed rather than helping to pass through the transition period from education to the labour market successfully.

References


