

UEAPME contribution to the “Youth Opportunities Initiative”

March 2012

Introduction

The current unemployment situation of young people in the European Union is more than worrying. Currently, more than 5.5 million young people are unemployed, i.e. 1 in 5 young people cannot find a job. Young people are our future, and we should by all means avoid a “lost generation”.

Adequate framework conditions based on fiscal consolidation, structural reforms and growth are a prerequisite to maintain and create jobs.

The European Commission “Youth Opportunities Initiative” published in December 2011 is giving a new push for action, but it is clear that most actions should be taken at national and regional level. There is a urgent need to support, but even more to mobilise, Member States in favour of growth and job creation.

Well aware of the seriousness of the situation, the European Social Partners have decided to put youth employment as a number 1 priority in their new Social Dialogue Work Programme for 2012-2014.

UEAPME, as the European Social partner representing Crafts and SMEs, is fully committed to contributing to tackle this unacceptable situation, because small businesses need young people with the whole spectrum of qualifications and young people should be more willing to work for a small business.

SMEs play a major role as the main source of jobs in Europe. They represent 2/3 of the total employment in the private sector and 85% of the net job growth¹. Thus, all actions at European, national and regional level should be targeted to suit their specific needs and help them to fully exploit their employment potential.

On the content of the European Commission’s proposal:

UEAPME particularly welcomes:

- Mobilising the ESF as the financial means to support the adaptation of education and training systems, and notably facilitate transition from education to work through a more attractive Vocational Education and Training offer.
- Setting-up specific active labour market policies dedicated to young people, notably the NEETs (not in employment, education nor training).
- Extending more apprenticeship and traineeship schemes through the European Social Fund (ESF) and lifelong learning (LLL) programme.

However, we have to be realistic. In order to be successful in a short time span, we need to act in parallel on the two key pillars for a sustainable integration of young people on the labour market:

1. On labour market functioning and structural problems, such as rigidity of employment protection and its consequences for the segmentation of the labour market
2. On education and training systems and their relevance for the labour market needs.

¹ EIM&Policy Research, based on European Commission « Are EU SMEs recovering from the crisis? Annual Report on EU Small and Medium Sized Enterprises 2010/2011; data 2008-2010 estimates.

However, due to the seriousness of the crisis, we have to define measures to be taken in a short, medium and long term to remedy this situation.

1. On labour market functioning and structural problems

One of the main reasons of the high unemployment level of young people is clearly the economic slow-down due to the crisis. At the same time, the crisis has revealed the weaknesses of many Member States in the functioning of their labour market and the need for structural reforms to boost competitiveness and growth.

Strict employment protection, the high level of non-wage labour costs, too high wages and inflexible rules related to dismissals for permanent contracts are part of the current problems. More than 28% of youth unemployment is long term unemployment over 12 months.

UEAPME is in favour of mobilising the ESF to help Member States with high unemployment levels of young people. However, such measures can only operate in an efficient manner in those countries which are able to successfully implement structural reforms of the labour market. And this should be done together with a strong involvement of social partners at all levels.

An efficient education system together with a market-led training system combined with active labour market policies are essential for preventing young people from becoming NEETs (not in employment, education nor training). Furthermore, the skills mismatch must be tackled as the other main obstacle for young people to enter and remain on the labour market.

2. On education and training systems and new skills requirements

Based on several studies, there is clear evidence that education and training systems are not sufficiently responsive to new labour market needs. With the crisis, markets are changing more and more quickly. Companies are obliged to adapt in order to become more competitive and climb the ladder of innovation and higher quality of products and services to survive. Occupation profiles are evolving and companies have new skills needs.

Education systems therefore have to adapt in order to equip young people with the basic skills needed before embarking on their first on-the-job training. Furthermore, it is crucial to prevent early school leaving without a certificate: pupils who run the risk of dropping out of school or who approach the end of their education and do not have a concrete perspective yet for the next steps should be supported at a very early stage to ensure a smooth transition from compulsory school to continuous and professional training or to the labour market.

One has to recognise that the best performing countries for the employment rate of young people are countries with work-based learning and notably well-established Vocational Education and Training systems based on apprenticeships demand-led by the economy notably in Germany, Austria or Denmark.

On apprenticeship and traineeship, many elements should be improved as well. It is not enough to plea for introducing this type of education. Companies should be encouraged through specific incentives to do more:

- Financial incentives for companies
- Stronger motivation of young people
- Less bureaucracy
- Expertise to help framing the right programmes and schemes while respecting the diversity of Member States culture and practices

UEAPME welcomes the financial support through the ESF Technical Assistance for apprentice-type schemes. Craft and small businesses are already strongly involved in dual learning and alternating vocational education and training in a number of countries. In these countries, SMEs professional structures (notably chambers and employers' federations) are officially recognised competent bodies strongly involved in framing quality apprenticeship schemes in line with company needs.

3. On the role of small businesses towards young people

Crafts and small businesses have a keen interest in employing young people because they need young people for generational reasons. Furthermore, they also have difficulties to recruit a well qualified workforce, despite their strong involvement in work-based learning and apprenticeship, which are of great value to increase employability of young people, facilitate their rapid integration on the labour market and prevent future skills shortages.

However, employers are still facing the famous paradox of skills mismatches. While many young people and even graduates are looking for a job, they do not have the corresponding skills required on the labour market.

Strong efforts should be undertaken at all levels to develop curricula which include work-based learning, learning mobility for developing generic competences and a higher vocational training dimension.

Faced with the crisis, scarce finances and slowing down demand, many small companies are facing serious economic problems. Therefore, they should be supported in terms of lowering costs and bureaucracy to hire more young people or to offer more apprenticeship and/or traineeship opportunities.

Crafts and small businesses are ready to commit themselves, if they can count on employment-friendly conditions to do so.

Conclusions

We agree with the European Commission that it is urgent to bring the main decision-makers together and find adequate solutions with concrete proposals.

However, once again, the concrete solutions have to be found at national and regional level, with a strong involvement of social partners at all levels.

The EU level should notably act as a facilitator for the exchange of good practices and bring together the experiences of the various stakeholders including the young people themselves.

In the following page, we have listed a series of possible measures to improve the situation of young people on the labour market in Europe, also based on good practices from several Member States. All these measures should be conceived and introduced according to short, medium and long term perspectives and the European Union should support them through the contribution of the European Social Fund and/or the current Lifelong Learning and future "Erasmus for all" programmes.

UEAPME members from countries with relevant experience in alternating vocational training systems, including apprenticeship, are ready to contribute in the context of the technical assistance programme proposed by the European Commission through operational actions such as peer learning sessions.

Brussels, 01/03/2012

UEAPME measures to improve the situation of young people on the labour market in Europe²

1. Individual support to young people for an easier access to the labour market

Support to entrepreneurship

- **Access to finance** and tax relief for young entrepreneurs as well as **fiscal incentives** for business transfers (within the family or from entrepreneurs to workers) (PL, SP)
- Implementation of an **unemployment insurance free of charge** during the first years for all business founders who start their own business directly after having finished education
- Fostering **entrepreneurial thinking** in schools and universities, introducing mandatory courses on setting up business plans, i.e. getting involved with the idea of self-employment
- Specific **training and mentoring measures** (including on legal aspects) for **young people willing to become entrepreneurs**

Support to tackle skills mismatches

- **Providing early orientation and guidance services to young people** in order to opt for disciplines where job offers are in demand, notably sciences and mathematics but also for more traditional craft and trades (DE-IT) in partnership with Crafts and SMEs representative organisations (FR)
- **Offering competence assessment and further training in view of full qualification:** Young people over a certain age (22 years in Austria) who do not have an apprenticeship diploma but who have acquired practical skills and know-how get a personal assessment of their existing and missing skills and individually tailored training modules in order to complete an apprenticeship diploma (AT)

2. Support to companies to foster the recruitment of young people

- **Specific wage agreements** between social partners for young unemployed people which reflect the level of productivity of workers with no or few experience
- **Financial incentives for micro-companies** to hire young people (FR - *zero charges*)
- **Administrative and financial incentives** to increase the number of apprenticeship places for young people (FR) and apprentices recruitment in micro-companies (IT - *new law n.183/2011*)
- **Specific support programme** such as the “**Apprenticeship and handicrafts trades**” (IT)

3. Support to Member States to adapt education and training systems

- **Introducing or extending alternating education and training systems** such as apprenticeship and work-based systems all over Europe
- Creating **partnerships** between **education and businesses** for higher employability of youngsters
- **Setting-up bridges** between **crafts businesses and higher education** (FR - *Universités régionales des Métiers et de l'Artisanat*)
- Providing **second chance education** for early schools dropouts
- Fostering **initial and continuous Vocational Education and Training** for a higher employability
- Supporting **transnational learning mobility** for young people in Vocational Education and Training including apprentices.

² Most of these measures are based on existing successful practices in place in certain Member States.