

Executive Summary of Baseline Study on Impact of Youth Employment Policies

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Contents

1. INTRODUCTION	3
2. RESEARCH OBJECTIVES AND APPROACH	4
3. KEY FINDINGS	5
4. POLICY IMPLICATIONS FROM THE STUDY	7

1. Introduction

This Executive Summary is a brief presentation of the content and findings of the ‘Baseline Study on Impact of Youth Employment Policies’, which is an Output of the Cowork4YOUTH project. Cowork4YOUTH is funded by Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Employment.

The complete ‘Baseline Study on Impact of Youth Employment Policies’ is available through the project website www.cowork4youth.org.

2. Research Objectives and Approach

The main objective of this baseline study, the first output from Cowork4YOUTH project, funded by the EEA and Norway Grants Fund for Youth Employment (cowork4youth.org) is to present descriptive evidence on the impact of youth employment policies across the four study countries (Ireland, Greece, Spain, and Italy) for the period 2008 to 2020. The focus of the project, and of the baseline study, is on: a) tourism-dependent, island or remote coastal regions, and b) areas facing energy transition, decarbonisation, or intense industrial decline.

The purpose of this research is to provide a solid baseline on which subsequent outputs of Cowork4YOUTH can be built. In this study, i) employment rates, ii) unemployment rates, iii) long-term unemployment rates, iv) NEET rates, and v) inactivity rates are examined, both overall and by gender. We also calculated sectoral youth employment shares for economic sectors that correspond to the region types being focused on in the project. All indicators have been calculated using annual European Union Labour Force Survey (EU-LFS) microdata.

What follows is a summary of the principal findings arising from the study, some of the main policy responses over the period, and the key policy implications from the research.

3. Key Findings

A key overall finding from this study is that even though the countries examined share similar issues, there is considerable variation in the composition of these challenges both within and between countries. The research also highlights that differences run between men and women.

The findings suggest that the European-led Youth Guarantee (YE) and Reinforced Youth Guarantee (RYG) policies may have been overshadowed by significant national policies of labour market liberalisation pursued in the early years of the Great Recession, particularly in Greece and Ireland. Countries cut labour costs and protections as a means of adapting to the changing macroeconomic climate but, in doing so, disproportionately affected young people.

The general trend in national employment is significant deterioration in the years following 2008. The crisis peaked earliest in Ireland, followed by Greece and Spain at broadly similar times and later in Italy. No country had returned to pre-recession levels of youth employment by 2019. Rates of youth unemployment remain between 20-30% for all countries except Ireland (9.1%) in 2019. The drop in youth unemployment has been strongest in Spain and Greece, effectively halving since 2013. Long-term youth unemployment rates are marked by recovery to or close to pre-recession levels except in the case of Greece.

NEET rates show signs of recovery except for Italy where they have failed to descend significantly from 2014 levels. In both Spain and Ireland males dominated NEET rates after the peak of the crisis, but in more recent years females have constituted the larger percentage of NEETs.

Unlike the other indicators, there is a general upward trend of inactive youths in all countries, including a higher rate for females.

One of the main findings was the identification of large variations in the make-up of the above categories (employed, unemployed, long-term unemployed, NEETs) with regard to the characteristics of the young people who constitute them in the four study countries.

In relation to the regional examination undertaken, youth employment in the selected tourism-dependent regions ranges between 24.4% and 43%, slight decline since 2008 in Italy and Spain.

In key energy transition regions, youth employment has shown a slight decline since 2008 in Greece and Italy, whereas in Spain there is evidence of a slight increase prior to COVID-19.

Associated with the first region type, the Food & Accommodation sector has grown since 2008 and now employs the highest proportion of young people of the four selected sectors examined for each country in the study. Manufacturing, associated with the second region type, has remained relatively stable, but relative youth employment shares in this sector have declined since 2008, except in Italy.

4. Policy Implications from the Study

The key research findings from this study also have a number of wider policy implications. For example, disparity in male and female employment rates, as well as NEET rates, indicates the need for targeted policies, particularly in the case of Italy and Greece where gender differences in employment are more apparent. Long-term youth unemployment is also a particular issue in Greece, whereas Italy must contend with obstinately high NEET rates.

The continued lagging of tourism-dependent regions in comparison to the national employment rate represents a challenge, while the relative growth of the Food and Accommodation sector in all countries has clear implications for wage levels and temporary employment contracts. Another factor that should be taken into account in future policies, is the lack of job growth in manufacturing. This is a concern for Greece, Italy and Spain where 'Engineering, Manufacturing and Construction' is one of the most studied fields for young people.

The European YG has brought a relative convergence of national policy responses, but there is no clear consensus on its effectiveness. Based on the analyses undertaken in this study, only some youth labour market indicators have reached pre-recession levels in the four study countries.

The measured indicators also obscure the very important differences between countries regarding labour quality, with Spain and Italy notably contending with high levels of temporary employment contracts, and Italy and Greece with high levels of long-term unemployment. Ireland has had the strongest overall recovery since the crisis, but youth employment still remains significantly lower than its levels in 2008.

There is a need for youth labour market policy at the EU level to attend to the different needs that have been identified in this report for each country, and to allow for a greater focus on aspects of labour quality. This has already been the direction of the Reinforced Youth Guarantee and remains particularly important in light of the effects of COVID-19. There may be indications of recovery in various youth measures (e.g., NEET rate) in Europe, but there is still a need to focus on the quality of work being created for young people.

In conclusion, compared to previous generations of youth, today's young adults are encountering a shortage of stable, full-time, fair-waged, essentially good quality jobs, along with the implementation of austerity programmes to deal with the fall of the Great Recession. Thus, large numbers of young people have tried to enter the labour market during a protracted recessionary and recovery period when formal-sector jobs have been dwindling, and in an era where relatively stable, full-time jobs are giving way to contingent and precarious jobs.

Furthermore, history has shown that economies that rely excessively on a single economic sector, like the regional economies included in the present study, are more vulnerable to structural change as well as various crises, leaving few options for inhabitants, regardless of employment status. Strategies to diversify local and regional economies could potentially reduce such liabilities.

However, we should also keep in mind that already existing inequalities between countries, regions, social groups, etc., will continue to affect the effectiveness of policy responses in the face of new crises. Thus, there continues to be a place for policies around social protection. In this regard,

since individuals categorised as NEETs may keep moving in and out of various temporary, part-time, insecure jobs in one or multiple industries, with stints of unemployment and re-skilling in between, they also need sufficient social protection to match the increasingly flexible, changeable, and insecure labour market that they face. This is possibly the only way to ensure some degree of social cohesion in Europe, and some minimum level of protection for the younger generations.