The situation of Young NEETs in Europe: characteristics, costs and policy responses

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The youth unemployment rate in Aug 2012 reached the 22.7% ≈ 5.5Millions

+ 1.2 Millions (7%) compared to August 2007

• Youth unemployment rates have doubled or in some cases tripled since the onset of the recession.

• Unemployment hit all young persons, regardless their educational level.
Youth unemployment rate by educational level

ISCED 0–2
ISCED 3–4
ISCED 5–6

% 20 25 30

2007 2011
Unemployment rate among those youth with tertiary education

2011 - 2007
The size of youth unemployment led to a renewed sense of urgency for a better understanding of the issue.

Traditional indicators for labour market participation are frequently criticised for their limited relevance for youth.

Modern youth transitions tend to be complex and protracted.

*The need of moving beyond the dichotomy between the employed/unemployed so as to capture the various ‘shades of grey’ that represent current labour market attachment*
Young People Not in Employment, Education and Training

Firstly emerged in the UK, NEET is a new concept at the EU level.

NEETs are those young people who are in a status of NOT accumulating Human Capital through formal channels.

Operatively identified as those young people who are unemployed or inactive following the ILO definition and are not attending education and training.
NEETs is an heterogeneous population:

- Not accumulating human capital through formal channels
- More likely to cumulate several disadvantages
- More likely to experience future poor employment outcomes
- More likely to dangerous lifestyles and to experience mental and physical health problems
7.5 millions NEETs 15-24
6.4 millions NEETs 25-29
The consequence of being NEETs

NEET status may lead to a wide range of negative social conditions, such as disaffection, isolation, insecure and underpaid employment, crime, and mental and physical health problems.

These outcomes each have a cost attached to them and therefore being NEET is not just a problem for the individual but also for societies and economies as a whole.
The Economic Cost of NEETs in 2011

NEETs costed to taxpayers of those 26 MSs almost 3 Billions Euro per week →

annual loss of € 153 Billions

1.21% of GDP
Concerns on disaffection and political marginalisation of NEETs:

- are they likely to opt-out from democratic participation?
- are they more politically marginalised in comparison with other young people?
- are there differences across the EU?
Young People scored considerably lower compared to the other age categories in terms of political and social engagement, while they have a level of trust similar to other age groups.

NEETs, and in particular those who are unemployed, record a substantially lower level of democratic and social engagement than non-NEETs.
At cluster level
Summing up

- Young people have lower levels of political and social engagement;

- NEETs are even less engaged and have lower trust. Among NEETs the unemployed are the most disaffected;

- At cluster level big differences arise. In the Southern European cluster frustration seems to result in higher political engagement, despite a lack of identification with the main actors of the political arena.
Governments have the responsibility of implementing policy initiatives for re-engaging young people.

Given the heterogeneity of the NEET population, MSs have correctly diversified their interventions by considering the needs of several subgroups.
These policies often intervene at different points along a process that can be described as a ‘pathway to employment’
Preventing ESL

- diagnostic measures;
- area-based policies;
- Alternative learning environments;
- Career and educational guidance;
- Financial support mechanism;
- Increasing the scope of compulsory education.
### Strengths

- Act before cumulative disadvantages can unfold – more cost effective;
- Acknowledge that non-mainstream ways of learning might be appropriate for some;
- Address a vulnerable point in young people’s lives;
- Foster the motivation to learn among young people at risk of ESL.

### Weaknesses

- Funding—especially for Area-based policies—can be too thinly spread to make a significant impact;
- Despite focusing on the right target group it may not always reach those students most in need;
- Young people may become accustomed to the tailored, intensive support they receive through these measures;
- Can be costly and require a significant cultural change especially towards non mainstream form of education and the related qualifications.
Reintegrating ESL

- Tracking and catching-up services;
- Alternative learning environments/alternative qualifications;
- Holistic programmes;
- Financial incentives.
## Strengths

- Revitalise young people’s interest in education (e.g. a more practically oriented curriculum);
- Address the root causes and the broad range of personal and education challenge that young people face (holistic measures);
- Can help prevent social exclusion;
- Involve long-term action and results;
- Financial incentives can re-engage ESL when money is an issue.

## Weaknesses

- Such programmes may not always be recognised by employers (cooperation with employers or their representatives in programme design is therefore desirable);
- Can be costly (especially for holistic measures and financial incentives);
- Holistic measures may lead to soft rather than hard quantifiable outcomes;
- Participants may become accustomed to such measures and special treatments.
School to Work Transitions

- Improving service delivery and youth guarantees;
- Information advice and guidance;
- Providing work experience and skills development;
- Promoting alternative routes to the labour market also fostering youth entrepreneurship and self-employment.
Improving service delivery and offering Youth Guarantee

**Strengths**

- Forces PES to focus on young people and to provide tailored services;
- Provides a one-stop-shop and bundles different agencies relevant to the needs of the young person;
- Encourages immediate action to address youth unemployment, before disengagement sets-in;
- Avoids LT consequences or scarring effects of youth unemployment;
- Contribute to re-building the trust in institutions;
- Particularly effective for youth who are work-ready.

**Weaknesses**

- Money is not always attached to the youth guarantees-impact may be minimal;
- The success of the PES depends quite strongly on other public policies (e.g. availability of student places) and the broader LM situation in the country;
- Less effective for hard-to-reach groups, who may require cooperation between social and health services;
- Does not remove structural problems and cannot be considered as a universal remedy.
Fostering employability

- Work-based learning/ vocational training;
- Training in basic skills, competences, and qualifications required by employers;
- Internships.
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<th><strong>Strengths</strong></th>
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<td>Ensures that young people acquire skills relevant to the labour market and reduces skills mismatches;</td>
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<td>Enables employers to assess the competences of young workers;</td>
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<tr>
<td>Enable young people to develop practical skills and become accustomed to a work environment;</td>
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<td>Training courses can provide a second chance to return to learning and more forward in the pathway to employment and can generate soft outcomes.</td>
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<th><strong>Weaknesses</strong></th>
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<td>May require a culture change in countries where dual training is not embedded in the educational system;</td>
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<td>Can be difficult to engage employers as it is costly for them (Apprenticeships &amp; VT);</td>
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<td>Internships may be used in place of paid, permanent positions, may reduce the number of “real” jobs available;</td>
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<td>In terms of employment outcomes, benefits of training courses may not be evident in the ST.</td>
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Removing barriers and employer incentives

- Policies addressing special support needs;
- Policies facilitating mobility;
- Wage subsidies, apprenticeship subsidies and incentives;
- Measures targeted at favouring the employability of discouraged workers.
**Strengths**

- Compensate young people for facing specific disadvantages;
- In tailoring training and other support needs they reduce the risk of social exclusion;
- Mobility and financial support policies decrease geographical mismatches and (especially valuable for young people from low-income backgrounds);
- Incentives and subsidies encourage employers to hire young people, enabling young people to acquire valuable experience, improve their confidence and tackling disengagement.

**Weaknesses**

- Measures addressing special support needs and facilitating mobility and financial support can be costly and may not be recognised or valued by all employers;
- Incentives and subsidies carry a risk of deadweight or displacement effects and can be exploited by some companies.
Policy pointers

• Policy measures have to be diversified, tackling different issues along the pathway to employment and paying special attention to different vulnerable groups;

• Especially important is to take the labour market readiness of the beneficiaries into account;

• Young people have to be set on a long-term, sustainable pathway;

• The involvement of a range of stakeholders in the design and delivery of youth employment measures is essential;

• Youth employment measures should be client-centred, not provider-focused;

• Successful policies are innovative.
The crisis hit all young people: the well educated are also at risk of being unemployed. The costs of the NEETs call for new policy action in support of those not included in education or employment. However, NEET sub-groups will require distinct forms of policy interventions. Governments responsible for initiatives for promoting employability of young people: the effectiveness of policy measures should be assessed.

Conclusion

Coordinated actions between governments and social partners might be the key for successful initiatives. Thanks!