



European Economic and Social Committee

SOC/421
Youth employment,
technical skills and mobility

Brussels, 18 January 2012

OPINION
of the
European Economic and Social Committee
on
Youth employment, technical skills and mobility
(own-initiative opinion)

Rapporteur: **Ms Andersen**

On 14 July 2011, the European Economic and Social Committee, acting under Rule 29 (2) of its Rules of Procedure, decided to draw up an own-initiative opinion on:

Youth employment, technical skills and mobility.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 16 December 2011.

At its 477th plenary session, held on 18 and 19 January 2012 (meeting of 18 January), the European Economic and Social Committee adopted the following opinion by 173 votes to 1 with 4 abstentions.

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1. Conclusions and recommendations

- 1.1 Demographic trends pose major challenges for the labour market. The consequences of the economic crisis show that the labour markets suffer from structural problems. Young people in particular find it difficult to gain a footing in the labour market despite having appropriate skills. Member States should therefore carry out the reforms provided for in the Europe 2020 Strategy and the national reform programmes in order to revive growth.
- 1.2 Youth unemployment entails major economic and social disadvantages for society and young people and restricts opportunities for growth. Europe's competitiveness will depend to a great extent on skilled workers, and it risks losing ground in the competition for specialist and highly skilled workers.
- 1.3 Nobody really knows what tomorrow's jobs will look like, but training should be based on labour market needs and solutions to actual problems. There should be greater recognition of skills acquired outside the training systems. Curriculums should focus more on general and innovative competences.
- 1.4 Barriers between the education system and the labour market should be dismantled and excessive focus on financial considerations should be avoided. The partnership between businesses and the education sector should be deepened with a view to the development of curriculums and the anticipation of future needs. Training should lead to employment.
- 1.5 There should be more room for twin-track training and traineeships in the education system, also in relevant higher education courses and vocational training. Synergies between practical activity, workplace learning and classroom work make young people more employable, smooth their path into employment and give an impetus to the development of teaching.

- 1.6 Countries wishing to introduce a twin-track training system should receive subsidies from the European Social Fund to cover the initial start-up costs.
- 1.7 An open and dynamic labour market can promote mobility and in particular create job opportunities for young people. The Europe 2020 Strategy and the national reform programmes require the Member States to modernise their labour markets in order to improve their take-up capacity and operation.
- 1.8 An active labour market policy which motivates jobseekers and people in employment to undertake lifelong learning helps to boost vocational and geographical mobility and thus creates more employment opportunities.

2. **Introduction and objectives**

- 2.1 Europe's youth is its future. However, many young people do not have a job or lack the appropriate skills. Furthermore, many young people have difficulty getting a foothold in the labour market despite having appropriate skills.
- 2.2 This opinion is about job opportunities for young people. This includes the future demand for technical and specialised workers, labour market access for young people and professional mobility. It is about core workers with technical or specialised training or with medium-level qualifications, who, according to CEDEFOP, will make up 50% of future workers in 2020.
- 2.3 The intention is that the opinion should put forward concrete proposals to improve employment opportunities for young people and to ensure that businesses have access to the right skills.
- 2.4 The concept "skills" covers numerous aspects, e.g. social and general skills, and technical and specialist skills and qualifications attained both through formal learning and training and through work and social and family relationships and activities.
- 2.5 This opinion seeks to answer two closely interrelated questions: firstly, what skills will the labour market need in future, and secondly, how can the integration of young people and opportunities for professional mobility be guaranteed?
- 2.6 The European Commission has launched several flagship initiatives in this area, most recently "Youth on the move" and the "Agenda for new skills and jobs". These flagship initiatives are of key importance and encompass various initiatives to improve employment opportunities for young people. The relevant EESC opinions refer to these¹.

¹ EESC opinions on *Youth on the Move*, OJ C 132, 3.5.2011, p. 55 and on *An agenda for new skills and jobs* (OJ C 318, 29.10.2011, p. 142).

3. **The current situation in Europe**

- 3.1 Due to demographic trends, the labour force in the EU is shrinking: the older baby boom generation is leaving the labour market, to be replaced by younger people from a time with a lower birth rate. This poses major challenges for the labour market, as a large supply of skilled labour is key to Europe's growth.
- 3.2 According to the latest edition of the *Quarterly employment and social situation review*, published by the European Commission, recovery in the EU's labour market is slow and patchy. New jobs are being created, but in insufficient number. Youth unemployment, at 20.3%, highlights the need for rapid and effective action.
- 3.3 Unemployment is affecting all categories of young people, including the problem groups, regardless of their education and training. However, the risk of not finding a job is greater for young people with poor qualifications or without work experience. Moreover, long term unemployment has risen, to stand at 9.5% in March 2011 and many young people in particular run the risk of becoming long-term unemployed.
- 3.4 Both unemployment and underemployment among young people lead to significant economic and social problems for society and for young people themselves, and hinder growth.
- 3.5 Before the crisis, there was a period in which a relatively large number of jobs were created. According to the European Commission, 20 million new jobs were created between 1995 and 2006.
- 3.6 Then, during the crisis, around 5 million jobs were lost. According to Eurofound, most of these were low-paid jobs for unskilled workers. However, there are major differences between individual Member States.
- 3.7 CEDEFOP estimates that around 7 million new jobs will be created over the period 2010-2020, and that around 73 million vacancies will arise due to demographics. Many of the new jobs created will be highly skilled ones.
- 3.8 Paradoxically, there is a labour shortage in certain countries and certain sectors at the same time as a large number of unemployed, which points to continuing structural problems in the European labour markets. For example, there were 118 000 vacancies in the Netherlands at the end of 2009; in Germany and Poland respectively, there are 87 800 and 18 300 vacant posts in the IT sector.
- 3.9 The competitiveness of the private sector will depend heavily on skilled workers. If private businesses cannot find suitable workers in Europe, they may be forced to seek them elsewhere in the world. Demographic trends will mean that more workers will be needed for care of the elderly and in the healthcare sector.

4. **Future need for workers**

- 4.1 Falling employment and the urgent need for growth make it all the more necessary that future generations of young people entering the labour market have high levels of education and training which match current and future needs. This also means cutting the number of school drop-outs and more young people completing vocational training. It is also essential that the labour market be set up in such a way as to enable young people to get on the ladder. Recent years have shown that the transition from training to employment is difficult. Furthermore, training barriers and employment-law obstacles make it more difficult to change jobs.
- 4.2 The EU and its Member States have already committed to a number of reforms within the context of the Europe 2020 strategy, the tried and tested procedures and the national reform programmes. In this connection a number of Member States have proposed reforms to bring their education systems more closely into line with the requirements of the labour markets.
- 4.3 The Europe 2020 strategy sets two key objectives in the area of education and training. However, these are purely quantitative targets. Equally interesting is the ability of education and training systems to send young people on their way with the right skills – ones that are in demand and that they can use.
- 4.4 Forecasts indicate that European citizens will become increasingly educated and skilled, but there is a risk of polarisation. Some forecasts show that the aim of at least 40% of 30-to-34-year-olds having had a tertiary education will probably be achieved by 2017.
- 4.5 Conversely, the prognosis for the aim of reducing the proportion of school drop-outs below 10% by 2020 is not looking nearly so good. CEDEFOP, for example, estimates that by 2020 at least 83% of 22-to-24-year-olds (as against 78% in 2010) will have completed upper secondary education – i.e. vocational training or A-level equivalent. The fact that many young people have no qualifications presents a major challenge to ensuring a supply of highly-skilled labour. The jobs of the future will mainly require highly skilled or specialised workers. The first thing to do is therefore to ensure that more young people leave school with qualifications, including vocational ones.
- 4.6 Globalisation and new technologies will change the labour market, and this will be felt, for example, in ever shorter product life cycles. As jobs move between sectors and new methods of work organisation arise, new jobs will be created, but so will a need for new skills.
- 4.7 This will result in higher requirements for lifelong learning, adult education and willingness to adapt, which will in future be part of working life. The social partners and educational establishments in particular have a shared responsibility for seeking innovative joint solutions.

- 4.8 According to CEDEFOP, the demand for highly-skilled workers will rise by almost 16 million by 2020, and that for semi-skilled workers by around 3.5 million. Conversely, a fall in demand for low-skilled workers of around 12 million is expected.
- 4.9 Over the period 2010-2020, a significant fall in employment is expected in primary industries, but also in production and manufacturing. The greatest growth will be in services, particularly in services to business, but distribution, catering, healthcare and transport will also expand. Knowledge-intensive sectors will grow, but so will less knowledge-intensive ones such as retailing. The trend towards a knowledge-based economy and an innovation-led, rapidly-changing world is continuing. It is therefore important that improved skills translate into knowledge, in turn resulting in innovation and new products and services. Willingness to adapt remains a key issue both for individuals and for the education system if they are to meet the needs of the labour market.
- 4.10 Innovation is a key element in any analysis of the employment patterns and skills requirements of the future. Innovation involves the ability to improve processes and methods, but general competencies such as creativity, problem solving, working with others, leadership skills and entrepreneurship also play a role. Thus, for example, many people who work in the knowledge-intensive area of industry are not themselves highly qualified but do contribute to innovation, for example by improving work processes or organisation.
- 4.11 Some studies show that the innovation that underpins growth mainly comes from businesses. Businesses develop on the basis of the input and demands of customers, suppliers and staff.
- 4.12 However, innovation should not be understood as a discipline. Innovation capacity makes new demands on education systems, including the question of how to boost the innovation skills of young people so that they can make a direct contribution to wealth creation in our society through their work.

5. Future core workers and education systems

- 5.1 No one really knows what tomorrow's jobs will look like. The EU will shortly be launching an EU skills panorama; Sector Skills Councils will be launched in the EU and the forecasting of future needs and shortfalls will be steadily improved. In view of global competition, technical development and inward and outward migration, the education system's flexibility and ability to adapt will be decisive.
- 5.2 Moreover, much closer coordination and cooperation between educational establishments, government and employers will be needed, for example when drawing up curricula, and skills acquisition will be lifelong through training courses and work, and skills will be continually developed. Skills can of course also be acquired outside the labour market, and this should be given greater recognition.

- 5.3 The training of future core workers already begins in primary school, and the quality of education should be improved here. Children and young people should also learn how to learn and acquire knowledge at school. Guidance at primary and lower secondary school level and careers advice, for example, are important. Teachers need corresponding skills.
- 5.4 The vocational training system is dealt with in another EESC opinion², but vocational training courses have a key role to play in ensuring the availability of the right skills for the future.
- 5.5 There are now major challenges facing vocational training. These relate, among other things, to the image and quality of courses, coverage of the skills needed for work, and enhancing employability. Many vocational training courses have high failure rates due to poor primary skills amongst young people, such as literacy. In addition, the transition from vocational training to higher education is often difficult. There is also an observable gender-based segmentation of courses of study.
- 5.6 Some countries have adopted a twin-track system for vocational training. This means that courses switch between classroom teaching on the one hand, and work experience and training in the workplace on the other. Such close contact with the workplace builds bridges with the world of work and ensures that most people with a vocational qualification find a job quickly. In contrast, the vocational training systems in, say, Sweden, Belgium and Spain are characterised by limited contact with workplaces, as vocational training courses are mostly school-based. At the same time, many young people in these countries have trouble getting a foot on the employment ladder.
- 5.7 As the combination of work, on-the-job training and school-based education is considered by many (the Commission, OECD, Parliament, etc.) to be a good way of getting people started in the labour market, the EESC should propose concrete initiatives aimed at making the traineeships of the twin-track vocational training system more widespread in the EU.

6. **Starting work and professional mobility**

- 6.1 The transition from training to the workplace – and thus from the vocational training system to the labour market – often involves many financial considerations. Although closer links between the vocational training system and the labour market, and promoting labour market access for young people, are political priorities for the EU, recent years have shown that major challenges exist in these areas.
- 6.2 Vocational and geographical mobility in Europe is still restricted, and it is often hindered by barriers in the qualification systems, problems in obtaining recognition of skills and inadequate counselling. The EU's exchange and mobility programmes have a central role to play here and should be stepped up. The focus has until now been on higher education, and in

² EESC opinion on *Post-secondary Vocational Education and Training as an Attractive Alternative to Higher Education* (currently being drawn up) – SOC/409.

future there should be greater focus on mobility opportunities for those taking technical and vocational training courses, e.g. by way of cross-border company placements. Cross-border placement arrangements could for example improve the situation in border areas, if in one country there is a lack of placement opportunities whilst in the neighbouring country there is an abundance of supply.

- 6.3 Against this background, the twin-track training system could act as a springboard for a positive, sure start in the labour market for young people, whilst ensuring that the right skills are available to businesses. A Eurobarometer study has for example shown that 87% of employers regard practical vocational experience, for example in the form of a placement, as a key factor in recruitment.
- 6.4 The combination of theoretical classroom teaching and on-the-job learning should be more widely disseminated. There should of course be a contractual basis, with companies being asked to participate in the training of young people and individual apprentices. This would be fair to all concerned. Companies would then have a larger pool of workers to choose from, while at the same time benefiting from new knowledge and inspiration. At the same time educational establishments would be offered access to more knowledge and cooperation with industry. And the individual would benefit through practical work experience.
- 6.5 As the development and rollout of a twin-track educational system entails additional costs, EU funds and programmes, e.g. the Social Fund, could provide start-up finance for countries and regions intending to introduce the twin-track system.
- 6.6 However, if people are to get off to a good start in their careers and be able to progress and enjoy professional mobility, certain conditions must be met. These include both promoting job creation and ensuring that labour markets are open and dynamic, supporting mobility on the one hand and guaranteeing a sure start for young people on the other. A labour market with plenty of jobs and voluntary retraining help to smooth the way for young people.
- 6.7 In the context of Europe 2020 many countries are reforming their labour markets in order to increase their absorption capacity and improve their operation. In order to ensure that young people can enter the labour market more easily, it is important to dismantle the obstacles which are currently preventing employers from offering young people standard employment contracts. This should entail neither advantages nor disadvantages for either employers or workers. The type of work alone should decide what kind of contract is chosen for recruitment.
- 6.8 What is needed, therefore, is to shape an active labour market policy which offers both jobseekers and people already in employment incentives for lifelong learning, further education and skills upgrading. What is needed is an active labour market policy which helps improve mobility, thus offering young people in particular opportunities in the labour market.

- 6.9 Individual entitlements of every kind which are not tied to a particular company or a job, but which stay with the individual worker when changing jobs, e.g. pension entitlements and training opportunities financed from funds, will contribute to labour market mobility.

Brussels, 18 January 2012.

The President
of the
European Economic and Social Committee

Staffan Nilsson
