



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

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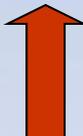
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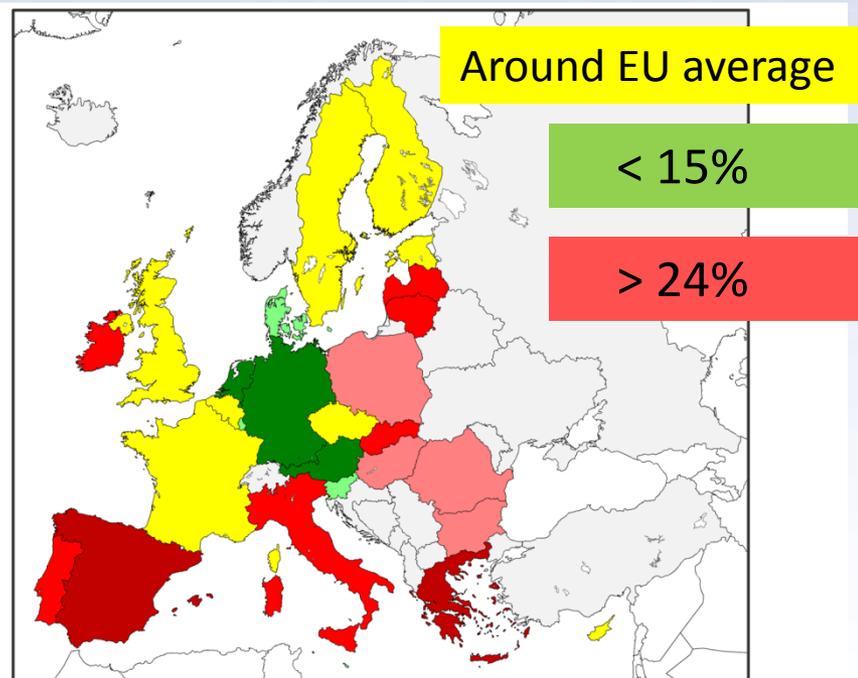
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# Youth unemployment

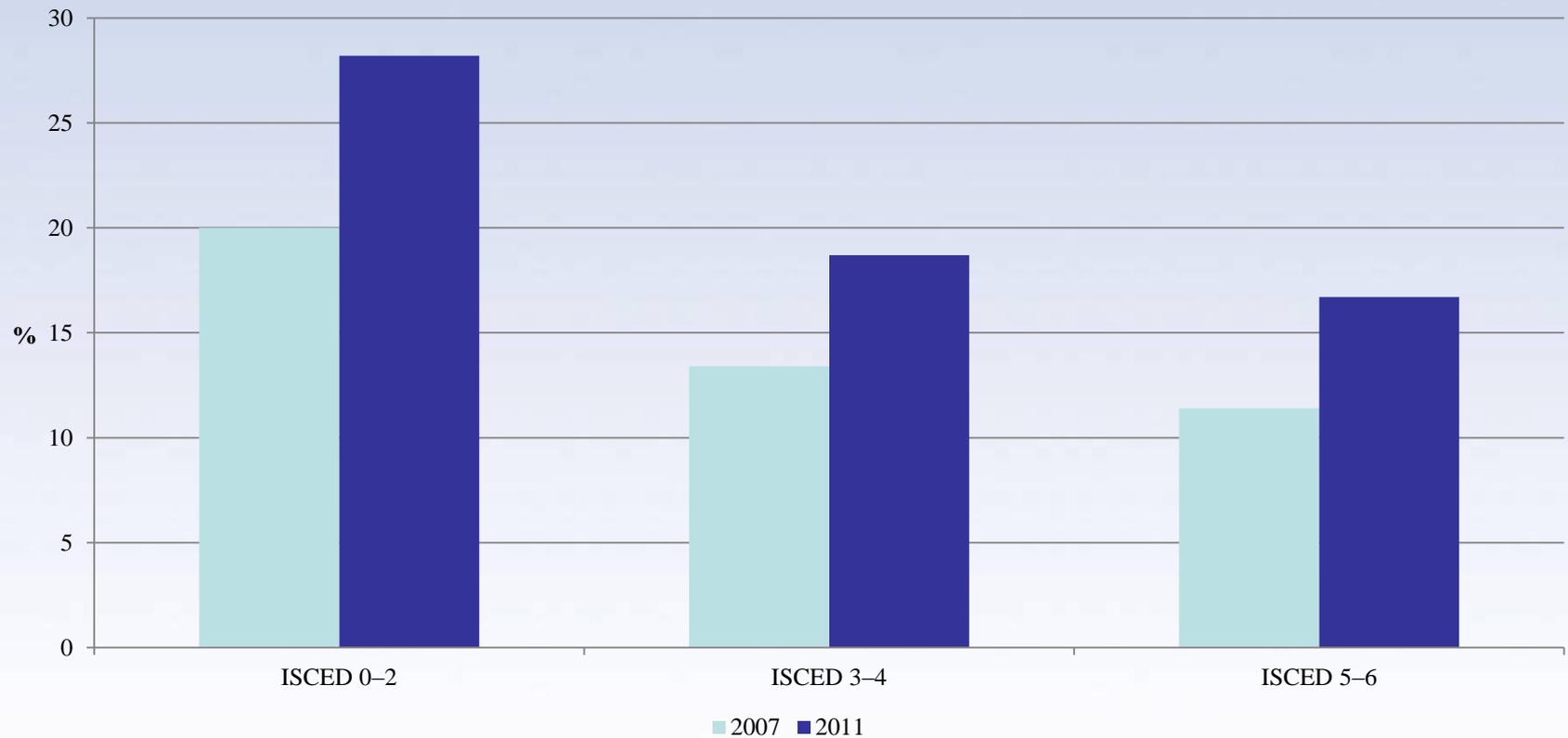
The youth unemployment rate in Aug 2012 reached the **22.7%**  
≈ **5.5Millions**

- 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.

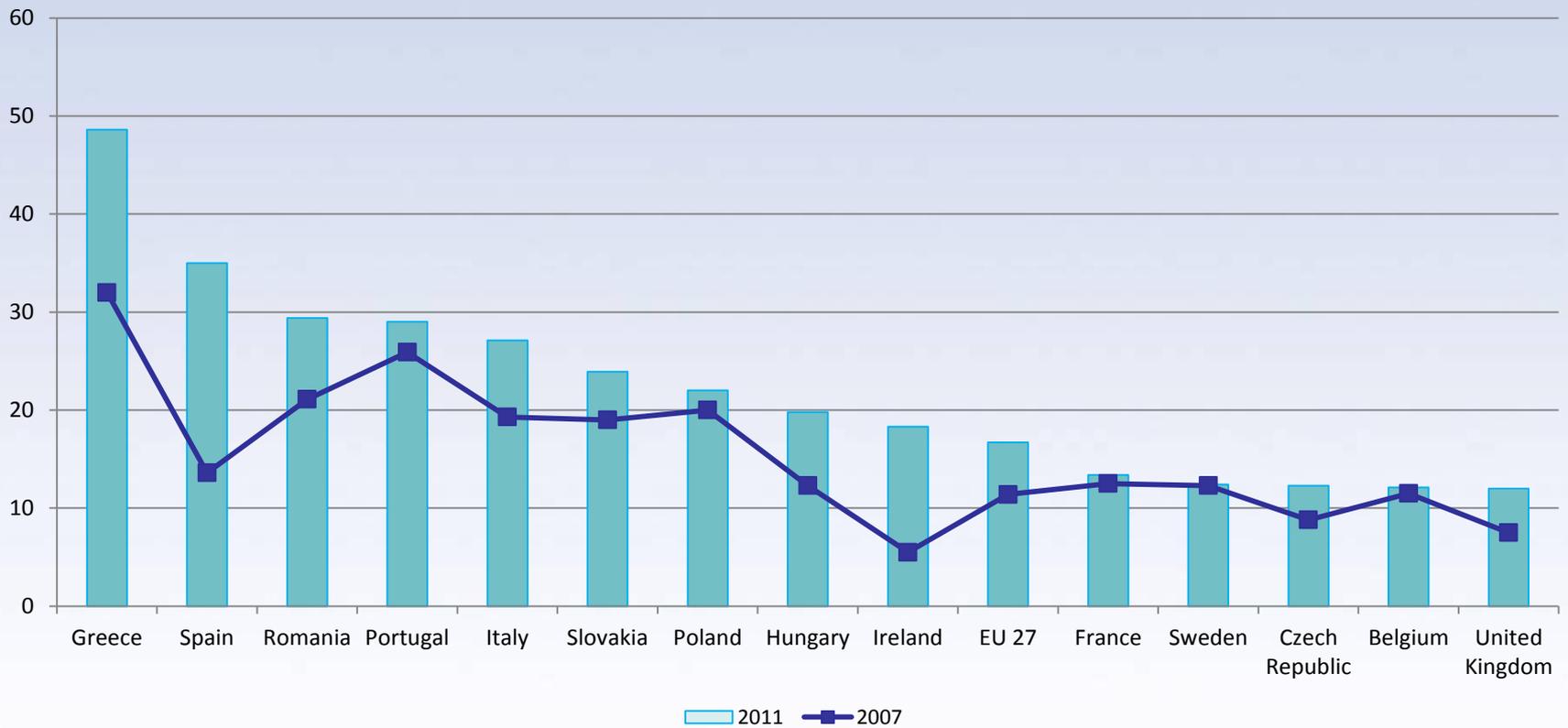
 **+ 1.2 Millions (7%)**  
compared to August 2007



# Youth unemployment rate by educational level



# Unemployment rate among those youth with tertiary education





European Union

# Youth unemployment and NEETs

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.*





**Unemployed**



**Unavailable**



**Disengaged**

**Vulnerable vs Non  
Vulnerable!**



**Voluntary NEETs**



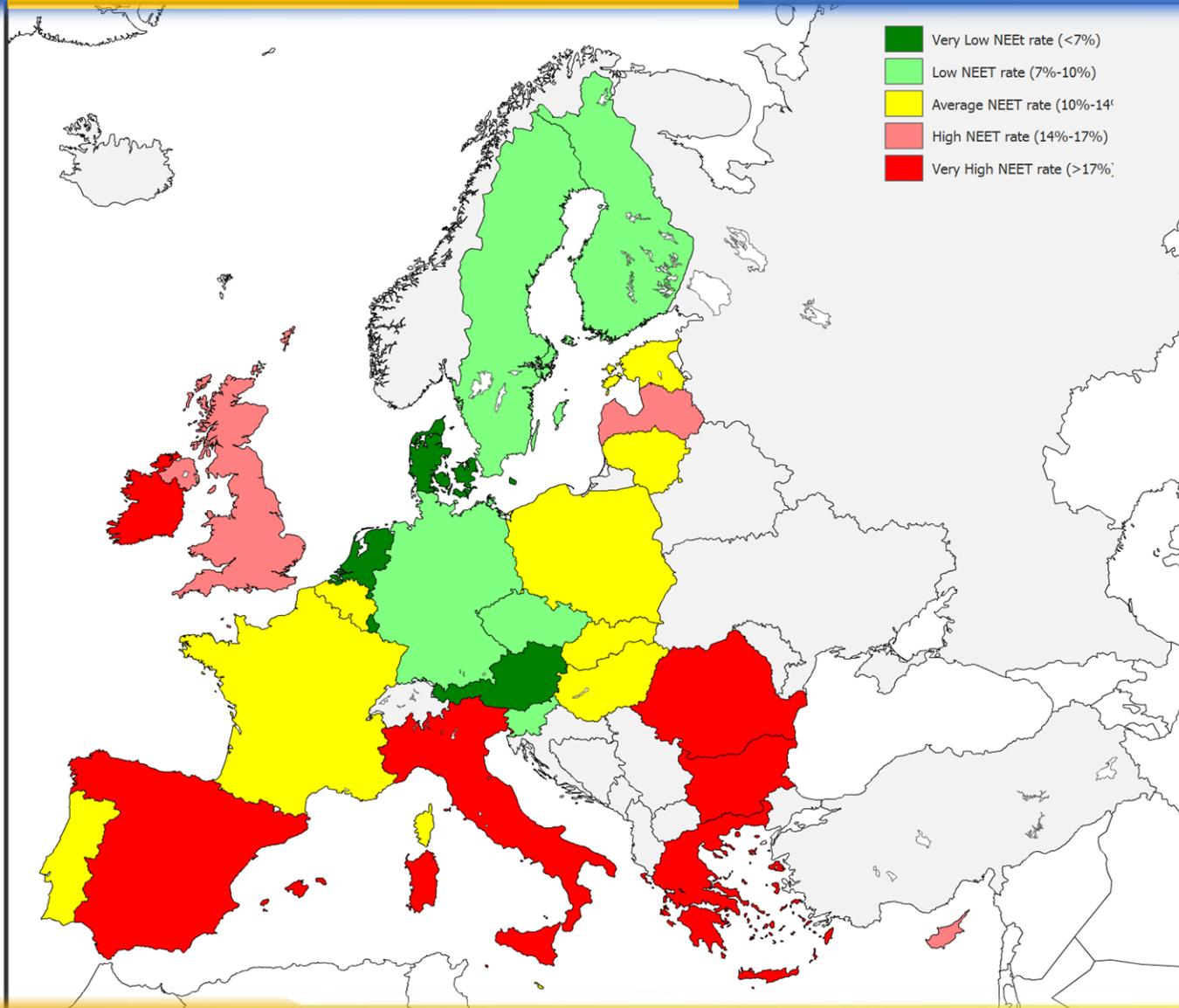
## **NEETs is an heterogeneous population:**

- 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



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**7.5 millions NEETs 15-24**  
**6.4 millions NEETs 25-29**





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# 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.

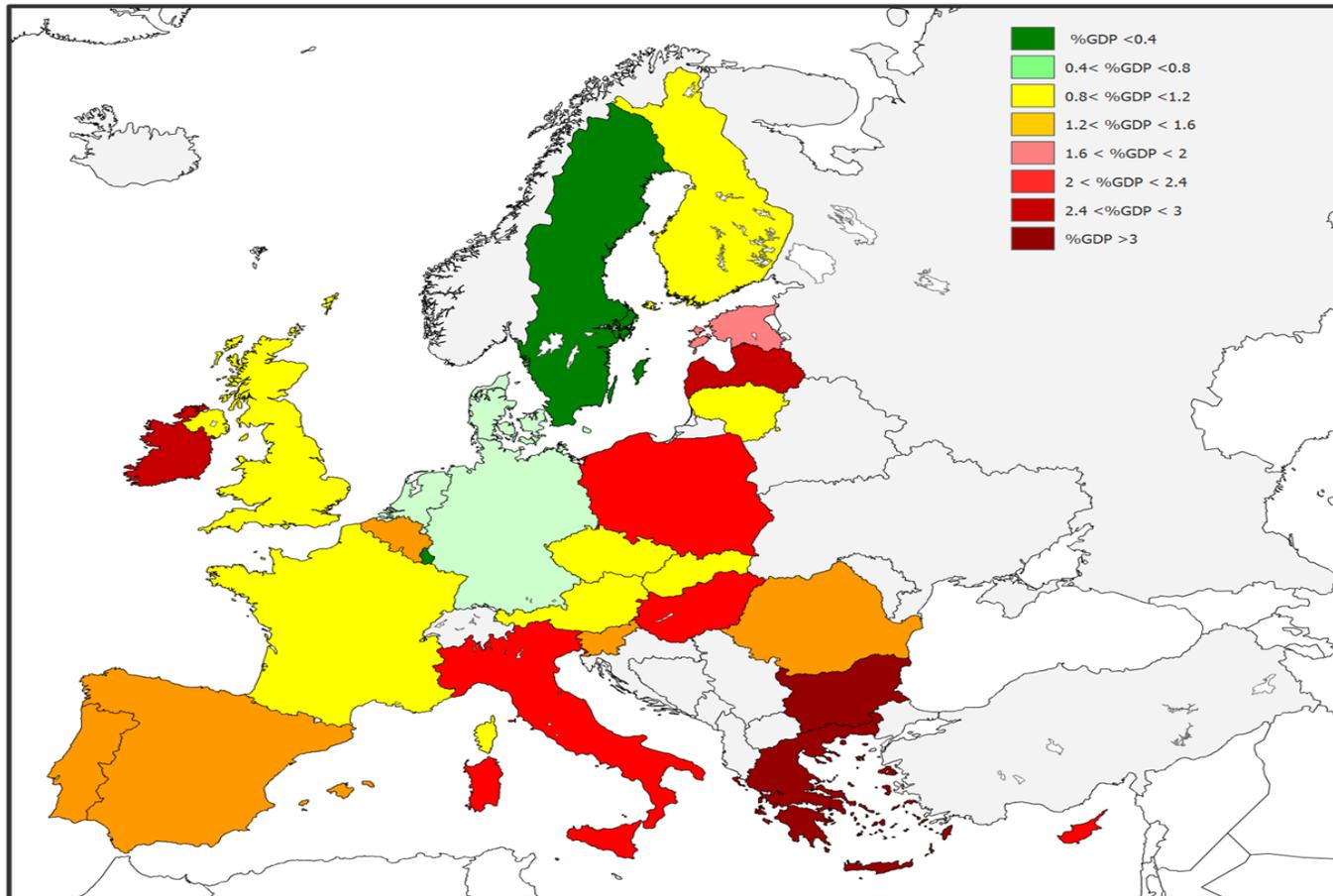


# The Economic Cost of NEETs in 2011

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?



# At European level

**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.

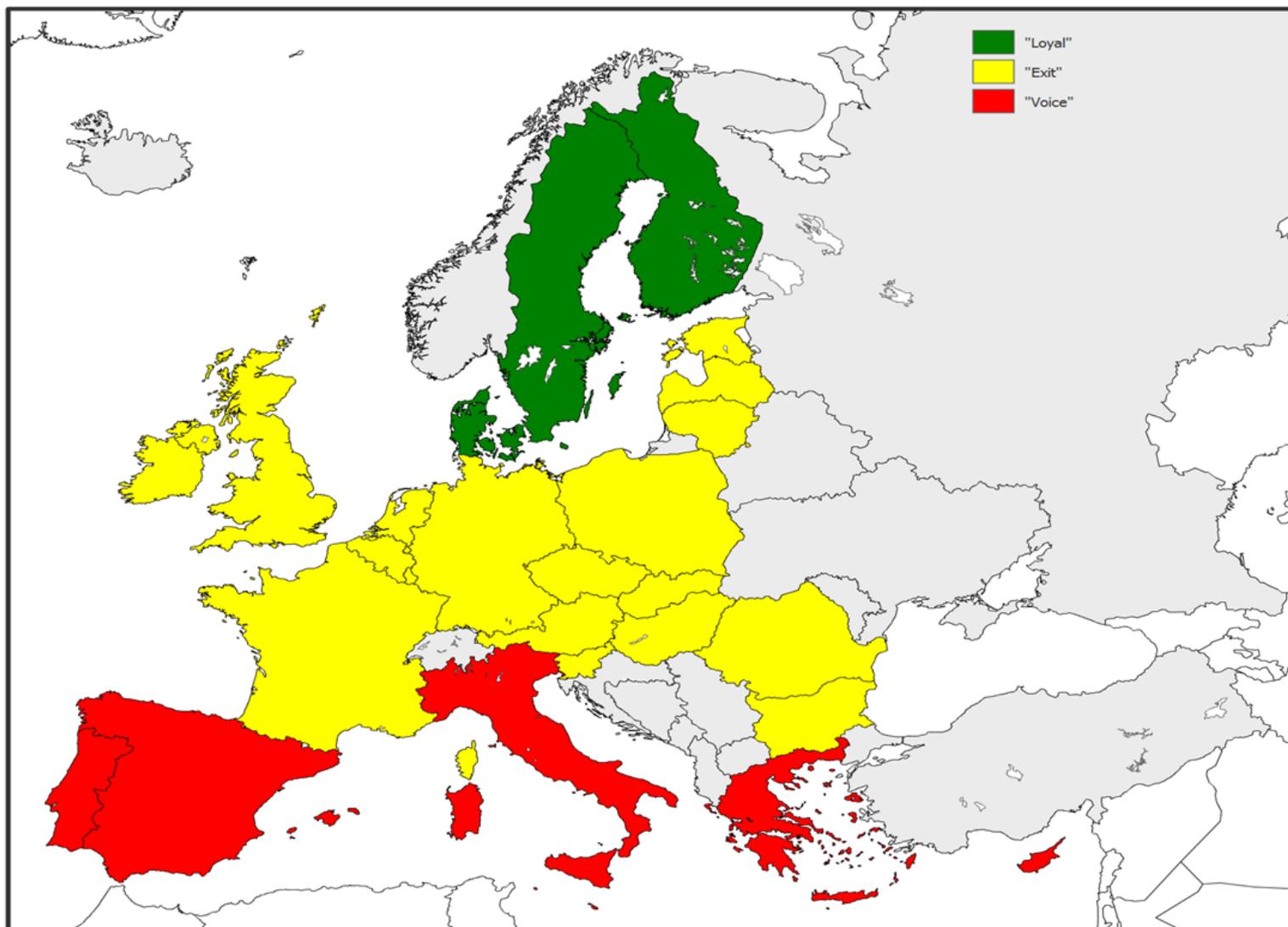
**NEETs**, and in particular those who are **unemployed**, record a substantially lower level of democratic and social engagement than non-NEETs





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# 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.



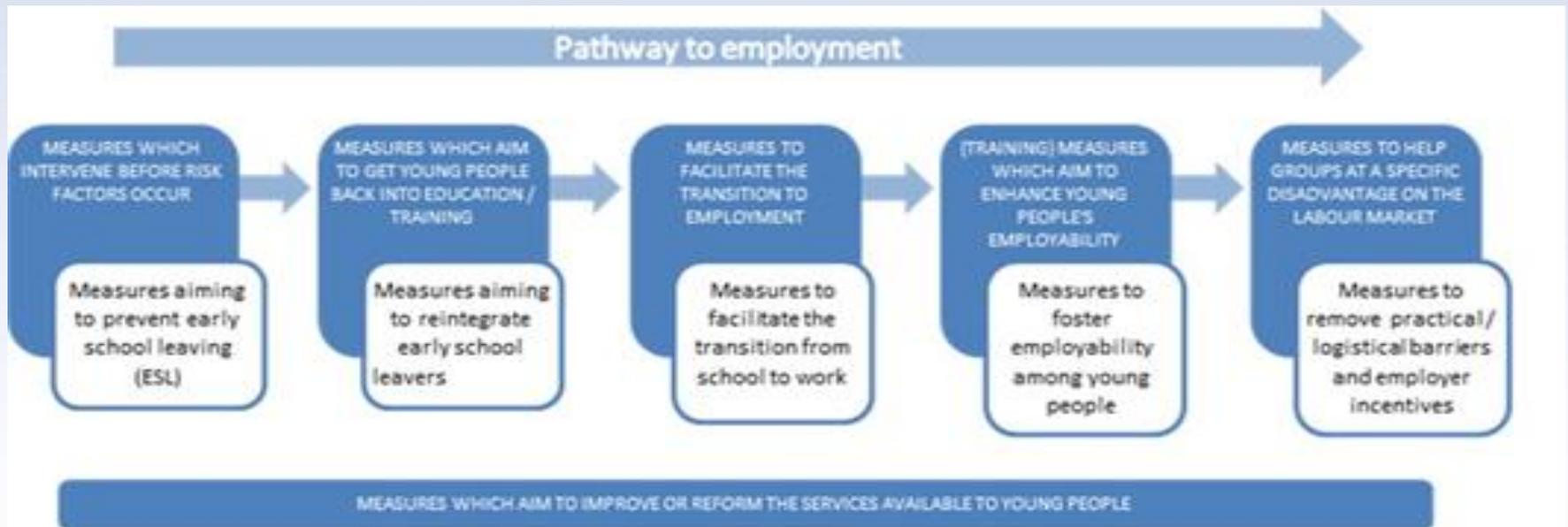
Governments have the responsibility of implementing policy initiatives for re-engaging young people.

Given the heterogeneity of the NEET population, MSs have correctly diversified their interventions by considering the needs of several subgroups.



# Policies initiatives

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.

- 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.

- Work-based learning/ vocational training;
- Training in basic skills, competences, and qualifications required by employers;
- Internships.





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# Fostering employability

## Strengths

- Ensures that young people acquire skills relevant to the labour market and reduces skills mismatches;
- Enables employers to assess the competences of young workers;
- Enable young people to develop practical skills and become accustomed to a work environment;
- Training courses can provide a second chance to return to learning and move forward in the pathway to employment and can generate soft outcomes.

## Weaknesses

- May require a culture change in countries where dual training is not embedded in the educational system;
- Can be difficult to engage employers as it is costly for them (Apprenticeships & VT);
- Internships may be used in place of paid, permanent positions, may reduce the number of “real” jobs available;
- In terms of employment outcomes, benefits of training courses may not be evident in the ST.

# 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.

# THANKS!

