

Dual learning – an answer to youth unemployment



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Access to qualified labour is at the core of companies' competitive strategies. It is an important condition for companies' decision to produce in a given country. A labour force with the appropriate and increasingly high qualifications is therefore very important for attracting investments, securing growth and jobs and thus securing society's prosperity.

At the same time the alarming figures of youth unemployment in many EU member states stand in sharp contrast to the potential of the young generation. These figures suggest that something is seriously wrong in both the functioning of our education systems and our labour markets in Europe.

“The effects of a lost generation will undermine Europe's innovation potential and competitiveness for the next decades”

Even before the current economic and financial crisis many countries had very high levels of youth unemployment, already indicating an underlying structural problem. The crisis has hit young people particularly hard, especially in those countries. Transition of young people from education to the labour market has become increasingly difficult.

These days 5.5 million young people under 25 years of age are unemployed in Europe. The youth unemployment rate at 22.4% is twice as high as for the whole working population and nearly three times as high as the rate for the adult active population. In Spain and Greece in particular, youth unemployment has reached almost 50%.

To make matters even worse: if we add those who are not in education to the high number of young unemployed, there are a total number of 7.5 million people who are neither in employment nor in education or training. This share increased from 10.8% in 2008 to 12.8% in 2010 for the EU as a whole. In Bulgaria, Estonia, Greece, Ireland, Italy, Latvia, Romania, Slovakia and Spain over 14% of the young generation is not in education (any longer) and not (yet) in employment.

This is an unacceptable situation. We risk losing a generation to social exclusion and if this risk materialises, European economies would be scarred in the long run. The effects of a

lost generation will undermine Europe's innovation potential and competitiveness for the next decades.

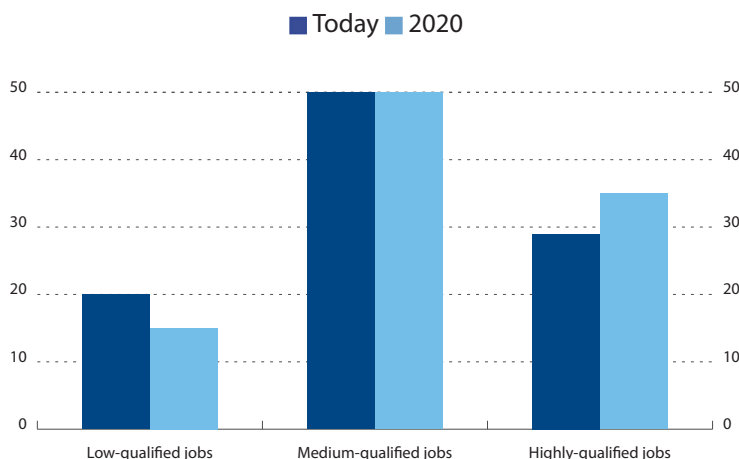
To facilitate youth integration into the labour market, labour market rigidities must be reduced to stimulate job creation. Also part of the answer is to find ways to close the gap between labour market needs and young people's training and competences.

Earlier this year BUSINESSEUROPE commissioned a special taskforce to look into the reasons of youth unemployment and put concrete recommendations on the table. The taskforce submitted its report in Brussels to the Tripartite Social Summit on 1 March 2012.

Future skill needs

Europe is facing major challenges if growth and living standards are to be maintained. The changing demographic structures in the coming years will lead to a significant ageing of the population in Europe.

By 2014 the working age population of men and women (20-64) will start to shrink. In 2020, it will have declined by around 3 million people. The decline will be increasingly steady after that and by 2050 40 million less people will be of working age while the number of persons over 65 will increase by approximately 60 million. Therefore it will be more important than ever to tap the full potential of the smaller EU working age population.



Data: Skills Needs and Supply, CEDEFOP 2010

At the same time, though, the share of jobs employing those with high-level qualifications will increase from 29% in 2010 to about 35% in 2020. The share of jobs requiring medium-level qualifications will also remain very significant (around 50% but the share of jobs for people with low qualifications will drop from 20% to less than 15%.

The unemployment rate of the EU now stands at 10.1% but at the same time, there were 2.2 million unfilled vacancies in the EU member states in the first quarter of 2011. More than a million in Germany and more than 450,000 in the UK. These conflicting figures highlight the clear mismatch between the supply and demand of skills. The fact that educational systems' outputs often do not correspond to labour market needs contributes to unemployment, in particular among the young.

Europe's response

European policy makers are aware of the graveness of the situation and reckon that with both the debt crisis and with an ageing population, the integration of young people into the labour market is one of Europe's most urgent concerns if Europe wants to be a prosperous region in the future.

The Europe 2020 strategy targets two categories of young people. First: the most vulnerable ones who face the most serious difficulties. The objective here is to reduce the number of early school leavers to 10% by 2020. The other objective is to increase the number of higher education graduates to 40% by 2020.

In addition, on 30 January 2012 the European Council has agreed to step up efforts to promote first work experience and participation in the labour market by ensuring that young people receive a quality offer of employment, continued education, apprenticeship or traineeship within a few months of leaving school.

A key objective shared by European business is to increase the number of apprenticeships and traineeships where possible and in cooperation with the national educational systems.

Improving the quality and image of apprenticeships

There is a broad diversity of apprenticeship systems and cultures in EU Member States. In some countries, well-functioning dual apprenticeship systems already exist. In many countries, however, existing systems need improvements. Either because apprenticeships are not an attractive option for companies. Or because the image of apprentices in some public perceptions is negative. Or because the educational system does not give young people the basic competences for companies to build on.

European companies call for a new European effort to ensure that their needs in terms of medium/qualified jobs in the next ten years are met. They urge that vocational education and training and apprenticeships should be put at the centre of this new European effort.

Building upon existing good practices in some countries, the objective is to find cost-effective ways for EU member states

to establish, reform or expand the apprenticeship approach. This is in the interest of companies and of young people.

Because they have an interest in having access to a sufficiently skilled workforce, companies in some European countries pay for a significant share of the costs of education, especially in vocational education and training. In Germany, for example, companies invest heavily in their part of the dual training system, to the tune of €24 billion a year.

In return, enterprises expect a reliable system. They must be able to count on the skills acquired by young people in the general school system as well as in the apprenticeship system. This requires putting in place adequate framework conditions for the development of vocational education and training. In many European countries, however, these framework conditions are lacking.

Early labour market experience is a useful icebreaker for young people to enter the labour market. Apprentices, in addition to theoretical knowledge acquired in the educational systems, develop skills which are relevant for the labour market. This experience is extremely valuable when they start looking for their first job, or when they are continuing their career.

In order to attract apprentices the quality of learning in vocational schools and in companies shall meet the highest standards. Two key aspects of their success are the permeability of educational systems and effective institutionalised cooperation between the relevant actors. And let's not forget: well functioning apprenticeship systems are those which provide good earning potential and career opportunities. It is also necessary to ensure a more positive perception of vocational education in the EU.

Finally, it has to be clear for all the stakeholders that the apprenticeship agenda is not a social agenda for school dropouts. Vocational skills and competences are just as important as academic skills and competences and both are necessary for a well-functioning labour market. Moreover, the principle of acquiring company experience is also relevant for higher education.

A dual learning system

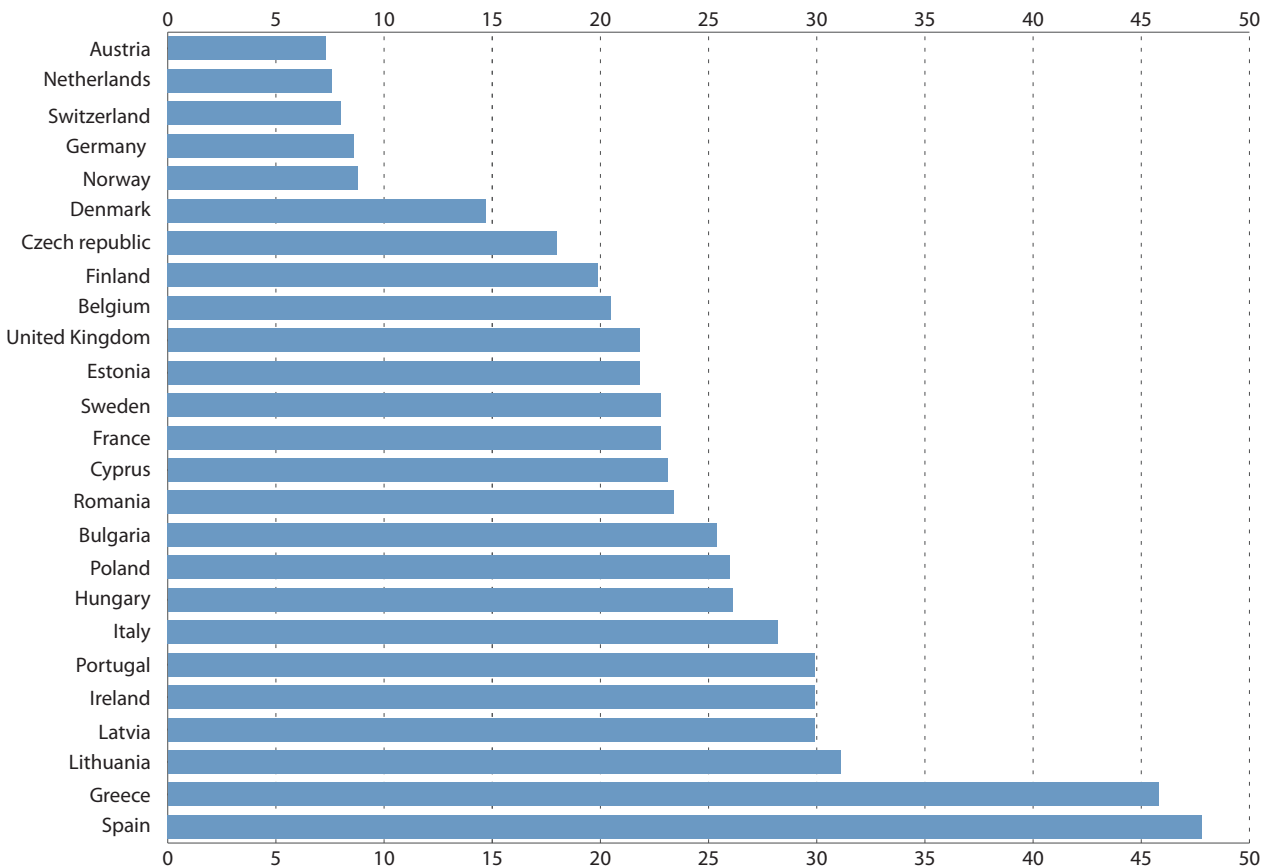
In successful dual systems, learning in schools and learning in companies are linked and tuned closely thanks to the strong involvement of companies/employers in the system.

Driven by a fruitful social dialogue Germany, Austria, Norway, Switzerland, Denmark and the Netherlands have established efficient dual learning systems over a long period of time. This has certainly contributed to their good performance in terms of youth employment.

All these countries have in common the practice of work-based vocational education, where apprentices alternate between being at school and being in a company. A large share of the education takes place working and learning in a company. There is a contract between company and apprentice as well as a strong involvement of employers in the system in general (eg. participating in establishing

Youth unemployment

Unemployment rates (percentage), 2011 ■ Unemployed 15-24



Data: Eurostat LFS 2011

curricula, taking on strong financial and organisational responsibility). Inspired by these successful examples, some countries like France have reinforced their priorities concerning apprenticeship.

In other words there is an indication of a correlation between practicing a dual system (where apprentices spent a great share of their education in a company) and low youth unemployment.

What can be done to foster and expand apprenticeships in Europe?

EU funding should finance part of the initial costs in setting up or reforming a dual system at national, regional or branch level as part of member states' EU 2020 reform programmes. Member states, regional and local governments play an important role when apprenticeship systems are established. Especially, they have to set the right framework conditions, including the legislative framework and an institutionalised cooperation between relevant stakeholders. Companies need a system on which they can rely to assess the qualifications of workers while adapting curricula to changing market needs.

Achieving a well-functioning dual learning system requires companies to take responsibility for educating young people. But governments should in turn provide the framework conditions for apprenticeships to be attractive for companies. The involvement of employers is crucial to ensure the adequacy of the training provided to apprentices

and to serve companies' skills needs. It is a key for efficiency. Dual systems are an important way to give young people easier access to the labour market and interesting career opportunities over a working life. At the same time, it contributes to lower youth unemployment, higher employment participation rates and economic growth in Europe.

With the new European Social Fund and 'Erasmus for All' programme, the European Commission has the means to help member states find cost-effective ways to set up, reform or expand their dual learning systems. This opportunity should not be missed.

The effects of the malfunctions in the labour market are felt by all European citizens and companies. Not least the more than 24 million men and women unemployed. Or the younger generation of Europeans who are looking at forecasts of exceptionally high youth unemployment rates also for 2012.

Improving the situation in countries where youth unemployment is high cannot happen overnight. This is because the reasons behind high youth unemployment are numerous and complex. However, we must do everything we can and as quickly as possible to provide Europe's youth with good education and well functioning labour markets. We must help them realise their potential because Europe's future depends on its youth. ■