



# **Mutual Learning Programme Thematic Paper**

**Overcoming employment barriers for  
disadvantaged youth: is linking job  
creation to training measures a way out?**

**Peer Review on “Emplois d’avenir” – “Jobs for  
the future”**

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## 1. Executive summary

Youth unemployment rates and the share of young people not in employment, education and training has reached very high levels in Southern European countries, but remained relatively low in the Netherlands, Germany and Austria; France is taking a middle-field position. The challenge consists in tackling cyclical and structural employment barriers.

Employment barriers for young people are manifold. Supply-side factors relate to a lack of basic and/or vocational skills, lack of work experience, labour costs (an unfavourable relationship between labour costs and productivity), motivational problems which are often interlinked with a range of social and psychological problems and disabilities, including learning disabilities. Demand-side factors include mainly a lack of demand for low-skilled workers as well as behavioural issues such as discrimination. There is an inter-linkage between these two factors, as weak labour demand is amplifying supply-side related problems. In case of weak labour demand young people with one or several employment barriers are crowded out by 'better performing' young people. Similarly, access to vocational education and training (VET) may be more difficult for young people with the above-mentioned disadvantages. With regard to VET schemes that combine workplace and school based learning demand-side factors come into play: lack of apprenticeship places which is leading to creaming, lack of apprenticeships suited for young people with a lower level of basic skills and learning difficulties, discrimination and prejudices and a bad cost-productivity ratio of apprentices, lack of adapted schools and trained teachers and trainers to deal with a difficult target group. Urban segregation can accentuate the mismatch between demand and supply.

Single measures to tackle unemployment of low-skilled young people range from employment incentives in the regular labour market, job creation schemes, linking job creation to in-work benefits, internships and various forms of education and training measures. It has been widely acknowledged that workplace related learning is the most appropriate approach to pave the way to employment for disadvantaged young people. Given the multiplicity of supply- and demand-side employment barriers young people face, holistic approaches which integrate different approaches are commonly regarded as being more effective.

Evaluation results indicate that direct job creation programmes and employment incentives generally show mixed results, although the impact is often found to be positive if the measures are small-scale and well-targeted. In contrast, large employment schemes in the public sector are generally not found to be an effective tool for the long-term integration of unemployed individuals into the regular (non-subsidized) labour market, as deadweight and substitution effects tend to be significant. They often foster precarious employment. Employment incentives are also implemented in the context of minimum wage regulations which prohibit wages to fall for young people. The hypothesis of wage subsidies to work would be to assume that during the time the wage subsidy is paid, productivity can be enhanced. This can be assumed in the case of young people as they gain work experience. However, employment incentives and direct job creation schemes cannot compensate for the low formal skills level of the target group unless they are combined with (vocational) training elements. Research results suggest that job creation programmes that are carried out in combination with training programmes in the context of so-called "intermediate labour markets" and/or are implemented in the third sector may yield positive results.

Workplace related learning has the advantage that ties with the employer can be created, work experience gained and a new approach to learning experienced which is essential for those young people who failed at school. The learning components are varied and reach from work life skills, work experience to vocational knowledge.

School-based learning in addition to workplace learning may be necessary to enhance basic skills.

Countries with a well-established dual training system have implemented PES financed pre-vocational measures for low-skilled young people, e.g. Austria, Germany and Switzerland. Transferable success factors of pre-vocational schemes include an individualized approach and case management, educational and vocational orientation at an early stage, development of competences modules, follow-up of participants after entering a regular apprenticeship, socio-pedagogical guidance, mentoring, development of self-confidence and soft skills. Pitfalls relate to parking, waiting loops, crowding-out and creaming as well as the low quality of the training.

The integrative power of the dual vocational training system as it exists in Germany, Austria and Switzerland has been widely acknowledged. Dual vocational training takes place in all sectors, including the public sector and the "third sector". Apprenticeship schemes have been introduced more recently in a range of countries. In view of the transferability it needs to be stressed that the overall success of the dual vocational training system consists in its high level of regulation, its acknowledged good quality of training provided and thus a good image as well as the training capacities of companies. Measures to promote dual vocational training for disadvantaged youth encompass employment incentives for apprentices, awareness raising campaigns and fostering a joint commitment of the different partners.

Partnership cooperation including the Chambers of Commerce, the social partners and relevant public agencies at municipal level, schools as well as third sector and private sector service providers for disadvantaged young people as well as religious and ethnic communities, civic youth organizations and youth social work becomes a precondition for a successful labour market integration of at-risk groups. Good knowledge of local labor markets and workforce skill requirements is a necessity for which the use of information by employers to predict labor market needs is indispensable. Formal partnerships can define shared cooperation and input of all partners into annual planning processes and regular meetings that provide information on the different partners' needs and demands.

As a conclusion, the combination of demand-side and supply-side approaches, as aimed at by the French "Emplois d'avenir" scheme seems to be appropriate for tackling unemployment and inactivity of low-skilled youth. The length of the contract (up to 3 years) and permanent employment contracts should help to promote sustainability of integration, although it can be doubted whether the jobs created are really additional. Linking the training elements to certificates of the VET system and ensuring flexibility within the VET system would also increase long-term impact of the measure.

## 2. Introduction

Youth unemployment in Europe, and most worryingly the high number of so-called young people not in employment, education or training (NEET) has received a great deal of attention over the past decade and a number of structural problems have been identified (e.g. Quintini 2007, Walther and Pohl 2005, Paparella et al. 2008). Identified structural problems relate to the length of the transition period between school or vocational education and training (VET) and work, weaknesses in the schooling system, socio-economic problems in the families, labour market segmentation, discrimination and pay levels. The situation of young people on the labour market has been particularly affected by the crisis and large differences exist between Member States: in 2012, the youth unemployment rate was between 8 and 9% in Germany, Austria and the Netherlands, 24% in France, and over 50% in Spain and Greece and the NEET rate was lowest in the Netherlands with 3.8%, amounted to around 7% in Austria and Germany, to 12% in France and to 18-20% in Ireland, Spain and Italy and even higher in Bulgaria (Eurostat, Eurofound 2012). The need for pathways to increase the participation of young people in education and training as well as in employment has urged a number of Member States to develop more measures and dedicate funds to integrate them in the labour market. The challenge consists in addressing cyclical unemployment as well as structural unemployment in a situation of weak labour demand. It needs to be added that those countries which have a flourishing economy and experience skills shortages in the context of demographic change, such as Germany, are concerned with securing future supply of skilled labour and therefore have an intrinsic interest in improving the integration of disadvantaged youth in the VET system. Youth participation at the labour market and vocational education and training and youth measures have been in the focus of a number of recent studies carried out by international organisations (e.g. OECD 2010, OECD 2012a,b OECD 2013 a,b,c, ILO 2011, Cedefop 2010, PES to PES Dialogue see e.g. Duell and Vogler-Ludwig 2011 and Tubb and Murray 2013, the Mutual Learning Programme in 2013 see e.g. Bosch 2013, Leigh-Doyle 2013, Murray and Tubb 2013, Duell 2011, EC 2013c, the reviews on youth measures carried out by the European Employment Observatory in 2010, European Foundation for the improvement of Living and Working Conditions see Hawley et al 2012 and Eurofound 2012).

Employment barriers for young people are manifold and can be divided in supply-side factors and demand-side factors. Supply-side factors refer to lacking basic and/or vocational skills, lack of work experience, labour costs (an unfavourable relationship between labour costs and productivity), motivational problems which are often interlinked with a range of social and psychological problems and disabilities, including learning disabilities. Unemployment rates of young people and of adults with low educational attainment and low skills are particularly high in most European countries. Demand-side factors include mainly a lack of demand for low-skilled work or specific occupations in which the young people were trained (skills mismatch) as well as behavioural issues such as discrimination. There is an inter-linkage between these two factors, as weak labour demand is amplifying supply-side related problems. In case of weak labour demand young people with one or several employment barriers are crowded out by 'better performing' young people.

Similarly, access to VET may be more difficult for young people with disadvantages, including a lack of basic skills, poor schooling results, learning disabilities, psychological, family and social problems on the supply side. With regard to VET schemes that combine workplace and school based learning, in particular apprenticeship schemes, demand-side factors come into play: lack of apprenticeship places which is leading to creaming, lack of apprenticeships suited for young people with a lower level of basic skills and learning difficulties, discrimination and prejudices and a bad cost-productivity ratio of apprentices, lack of adapted schools and trained

teachers and trainers to deal with a difficult target group. Urban segregation may accentuate the mismatch between demand and supply.

In the face of the economic crisis and sluggish demand for young workers, the 'train first vs. work first' strategic debate has been balanced towards training measures and in particular measures that combine work and training. In this context the concept of youth guarantees, developed in the Northern European countries, is promoted in many Member States (Leigh-Doyle 2013). It has also been widely acknowledged in the above cited studies that workplace related learning is the most appropriate approach to pave the way to employment for disadvantaged young people (see also Ehlert et al. 2012).

This paper reviews on the basis of the bulk of the literature what measures have been put in place to integrate young people into employment or the VET system and in particular to combine training and direct job creation measures and other employment incentives, analyses the implementation conditions and draws conclusions for the French scheme "Emplois d'Avenir".

### **3. What works in improving the labour market integration of at-risk youth?**

#### **3.1 Overview of measures targeted at low-skilled and other groups of disadvantaged youth**

##### *Overview of measures*

Single measures to tackle unemployment of low-skilled youth named in the above studies range from employment incentives (wage subsidies, social security contributions, tax relief) in the regular labour market, job creation schemes, linking job creation to in-work benefits, internships and various forms of education and training measures.

In general terms, active labour market programmes (ALMPs) that intend to reduce or prevent (long-term) unemployment can be broadly classified in terms of demand-side and supply-side approaches (Duell 2012): (i) generating labour demand for disadvantaged groups, however without expanding labour demand as such unless wage subsidies are permanent; (ii) increasing labour demand through lowering labour costs and promoting the expansion of a low wage sector, often based on a combination of social benefits and low wages; (iii) direct job creation measures for hard-to-place target groups (even in a favourable labour market context); and (iv) supported employment and vocational rehabilitation for jobseekers with health-related problems. Supply-side measures focus on the employability of the job seeker, on the adaptation of skills to labour demand and on job search activities. With regard to low-skilled youth, internships and in particular apprenticeships are promising tools for fostering employability through the combination of specialized theoretical and practical skills training (Leigh-Doyle 2013, Murray and Tubb 2013). Another good practice for this target group is the combination of literacy, numeracy and language skills with vocational training (ibid., e.g. in Austria, Finland, Norway). With regard to the particular needs of the target group, the necessity to follow holistic approaches has been acknowledged in a number of recent studies (e.g. Duell and Vogler-Ludwig 2011, Leigh-Doyle 2013, Hawley et al. 2012, EC 2013c). The new French measure "Emploi d'Avenir" is a promising approach in this respect as it combines direct job creation measures with training and individual guidance.

##### *Overview of key evaluation results*

A number of evaluation studies have systematically explored the effectiveness of ALMPs in terms of employment outcomes, earnings and future prospects in the labour market (Hawley et al. 2012a, Kluve et al. 2013, Nivorozhkin and Wolff 2012). Despite the manifold interventions among low-skilled youth and numerous research contributions, only few evaluations and cross-country studies analyze their actual impact. There is in particular lack of focus on those who are young and low-skilled (Kluve et al. 2013, Card et al. 2010, Duell and Vogler-Ludwig 2011). Many programmes are carried out by local actors who do not systematically collect information on their success or failure. Hence, research is far from identifying what works, what does not work, and why – yet this is a precondition to improve the labour market integration of this vulnerable group. Given the innovation dynamic in the field of ALMPs for low-skilled youth, systematic and coordinated evaluation of measures becomes more urgent than ever.

While the number of quantitative evaluation studies is increasing, qualitative evaluation remains scarce and more information is needed to demonstrate the cost-effectiveness of different labor market services. Quantitative evaluation mostly focuses on class-room or on-the-job-training, guidance and job search assistance, as well as subsidized public and private sector employment (Card et al. 2000 and 2012, Walther and Pohl 2005). The most adequate, but costly methodological approach is the



randomized design, in which a group of potential participants is randomly divided into a treatment and a control group (as done e.g. in France by Behaghel et al 2009). A more often used approach is the difference in differences method that compares the change in outcomes between the participant group and a selected comparison group from before to after the program (Card et al. 2012). On the qualitative side, a range of sources, i.e. literature reviews, case studies or interviews can be applied in order to evaluate a programme's impact on the participant (Hawley et al. 2012a). Qualitative approaches are more suited to evaluate the partnership activities of ALMP providers as a basis for on-going improvement and decisions on whether or not a partnership should be continued (EC 2013a).

The considerable heterogeneity of evaluation results is not only linked to the different methodologies used and the different definition of the desired outcome, but also depends on the institutional setting (e.g. existence of a mature dual initial vocational training system), as well as the local labour market conditions and the length of the post-measure evaluation period (Hawley et al. 2012a, Duell and Vogler-Ludwig 2011, EC 2012, Kluve 2010).

Keeping these limitations in mind, the table below summarizes recent quantitative evaluation results.

**Table 1: Quantitative evaluation results of ALMPs targeting low-skilled youth**

	<b>Increase educational attainment</b>	<b>Vocational, work-related training</b>	<b>Guidance and job-search assistance</b>	<b>Financial incentives for employers</b>	<b>Job creation measures</b>
<b>Effect on labour market outcome</b>	None or positive	Modestly positive or positive, depending on how well local skills needs are addressed	Fairly positive	Positive if well targeted	Mixed results Motivational effects for young people who are very distant from the labour market
<b>Effect on further education attainment</b>	None or positive	Modestly positive or positive	Fairly positive	If combined with the obligation to provide on-the-job training	Mixed results, often not assessed
<b>Potential risks</b>	-Postponing employment - Learning difficulties, negative attitudes to classroom education	-Selectivity -Creaming -Costly	-Costly	-Substitution effects -Deadweight effects -Displacement effects - Temporary employment, instable employment careers	-Substitution effects -Deadweight effects -Displacement effects - Risk of being 'trapped' - Stigmatisation

Sources: Eichhorst et al. 2013a, EC 2013c, Wolff and Nivorozhkin 2013, Blasco et al. 2012, Lefresne 2012, Card et al. 2010, Kluve 2010, EC 2012, Koch et al. 2011, Bouma 2011, Duell et al. 2009 [Finland], Grubb and Martin 2001, own additions

In the following sub-sections, measures that combine direct job creation, employment incentives (including subsidies to apprenticeship wages), (pre-)vocational training and guidance will be looked at in more detail.

### **3.2 Job creation programmes**

#### *Objectives and effectiveness*

The objective of job creation measures which need to be “additional” and have a social and/or environmental utility, may relate to demand-side or supply-side strategies or combine both: (i) creating employment opportunities for those who cannot find a job on the regular labour market and thus expand labour demand; (ii) serving to test the willingness to work; (iii) maintaining or improving employability; (iv) promoting social integration; and (v) implementing the mutual obligation principle and the workfare philosophy (Düll 2012).

Given the diversity of objectives, evaluation results about the effectiveness of job creation measures are mixed. Deadweight and substitution effects tend to be significant, compliance with the “additionality requirement” is often not achieved and stigmatisation represents a key problem. Nevertheless, the effectiveness of job creation measures seems to be higher for young people than for other age groups. (Rothe and Tinter 2007, overview in Düll and Vogler-Ludwig 2011, EC 2012). However, it seems that the often quoted motivational effect for young people may be low if the employment conditions and the quality of the job are poor, as an evaluation of the City of Hamburg reveals. Furthermore, the wrong priorities might be set and opportunities to engage in training overseen (Bernhard et al. 2006).

Despite the mixed evaluation results, a few issues emerge which are likely to increase the effectiveness of job creation measures (Meager and Evans 1998, Duell 2012): (i) a working environment close to that of the regular labour market; (ii) combinations of job creation schemes with periods of training for the participants; (iii) integrated approaches dealing with other social and family problems the jobseeker might face; (iv) smaller scale schemes tend to be more effective with regard to the quality of the job offered and displacement effects; (v) embedding employment in special milieus, e.g. the case of social cooperatives in Italy has shown that embedding employment in social milieus has positive effects on motivation and employability (Paparella 2008); (vi) targeting: positive results are more likely to yield if the measure is well-targeted to hard-to-place, including disadvantaged young people (Walther and Pohl 2005 referring to examples in Austria, Denmark, Italy); (vii) need for follow-up measures (Paparella 2008); and (viii) motivational effect of the type of work carried out while avoiding jobs of low quality (Düll 2008).

#### *Implementing job creation measures in third sector employment*

Job creation programmes that are carried out in combination with training programmes in the context of so-called “intermediate labour markets” and/or are implemented in the third sector may yield positive results (Walther and Pohl 2005 referring to Austria, Denmark and Italy, Meager and Evans 1998, EC 2010 for Austria, Hofstätter and Putz 2010). Motivation and employability in particular of hard-to-place groups may be substantially enhanced (Leigh-Doyle 2013). On the negative side, in view of a sustainable integration into the labour market, the prevalence of precarious employment conditions in the “third sector” or non-profit sector in a number of countries are named (see e.g. Auer et al. 2005).

### Box 1. Good practice: social enterprises in Austria

Social enterprises receive subsidies to provide temporary jobs for disadvantaged individuals in order to ease transition to standard employment.

The Austrian "Youth at Work" is a registered non-profit organization running the initiative "Jugend am Werk Berufsausbildung für Jugendliche GmbH" (vocational education) and the initiative "Jugend am Werk Begleitung von Menschen mit Behinderung GmbH" (guidance and support of persons with disabilities). The overall objective of YaW is to ensure that disadvantaged individuals can lead independent, fulfilling lives without dependence on others. Today, "Jugend am Werk Berufsausbildung für Jugendliche GmbH" trains about 1,700 young people per year who have been unable to find an apprenticeship on the regular job market. It offers a wide range of courses for vocational training and qualification:

- **Vocational Training Centres** for youth offer courses for vocational training in a large number of professions. Moreover, apprentices from other companies can complete certain training modules within the framework of inter-company apprenticeship training.
- For disadvantaged or disabled young people, a scheme called **Integrative Vocational Training** is offered, where it is possible to extend the apprentice training courses, accompanied by specially trained "Vocational Training Assistants".

Source: [www.jaw.at](http://www.jaw.at)

### *Implementing job creation measures in the public sector*

Evidence suggests that large employment schemes in the public sector are not an effective tool for the long-term integration of unemployed into the regular (non-subsidized) labour market (Leigh-Doyle 2013). The example of Finland, where public sector job creation schemes were widely used in the past in the municipality sector and at the government level on the basis of temporary contracts, showed that these programmes had little positive impact on the later job prospects of participants (Duell et al. 2009). Repeated participation, spells of unemployment as well as a dependency of the public sector on subsidised temporary jobs limited effectiveness.

### 3.3 Employment incentives

Employment incentives differ from job creation measures as they do not need to be additional, but compensate for a person's reduced productivity (or supposed lower productivity in the case of discrimination) for a limited period of time, assuming that the productivity gap disappears over time. In a number of countries these measures are targeted to specific vulnerable groups including young people (European Commission 2010, Düll and Vogler-Ludwig 2010). The duration of the subsidy is usually several months up to a year. In order to avoid substitution, deadweight and job rotation effects, countries have tried to install regulations such as the obligation of a specified post-subsidy employment period or excluding workplaces that had already been subsidised in the recent past from the scheme. Linking job subsidies to the prevalence of a permanent work contract is a new approach in this respect (e.g. "Emplois d'Avenir" in France, "Allocation de Retour en Emploi" and "Emploi de Solidarité" in the Canton of Geneva in Switzerland, Wolf and Kempeneers 2013). The OECD (2010a) recommends that even in the absence of large positive effects on overall job creation, wage subsidies should be well-targeted to help unemployed youth to keep in contact with the world of work, thereby maintaining and enhancing their motivation and skills. The success of such programmes strongly depends on how they

are combined with individual coaching and employer involvement as the examples from Sweden and Germany reveal (Liebig 2009).

Employment incentives have also been implemented in the context of minimum wage regulations which prohibit wage to fall for young people. In the Netherlands, a tax measure that exempts employers from paying premiums for workers under the age of 23 who have a low-income job has had positive evaluation results (Bekker 2011). Indeed, youth unemployment and the rate of NEET is particularly low in the Netherlands and the share of low-paid young people comparatively high (Eurostat, EC 2013c). The hypothesis of wage subsidies to work would be to assume that during the time the wage subsidy is paid, the productivity can be enhanced. This can be assumed in the case of young people as they gain work experience. However, given that the level of VET productivity varies significantly between young people depending on the type of task carried out, it is questionable whether the minimum wage exemptions should be linked to a particular age. In the case of France the minimum wages for young people gradually increase with age between 16 and 18 years.<sup>1</sup> Therefore, young NEET that are older than 18 are disadvantaged at the labour market as compared to the younger jobseekers because the latter are/can be employed at lower wages. In this case wage subsidies can address to some extent weaknesses in the minimum wage system, although they are only a second-best solution.

Employment incentives, like direct job creation schemes, cannot compensate for the low formal skills level of the target group unless they are combined with (vocational) training elements. Therefore, results in relation to sustainable employment will be disappointing in most cases unless the creation of a low-wage sector is regarded as being a solution. A number of countries have therefore combined wage subsidies with training measures or use wage subsidies and social security exemptions in order to promote the taking-up for trainees or apprentices, as will be discussed in the next section.

### **3.4 Measures that combine work and training for low-skilled young people**

It has been widely acknowledged that training measures, in particular if they are workplace-based are a key for the labour market integration of disadvantaged youth in a long-term perspective. Workplace related learning has the advantage that ties with the employer can be created, work experience gained and a new approach to learning experienced which is essential for those young people who failed at school. The learning components are manifold and reach from life-skills learning, gaining work experience to attaining vocational knowledge. Workplace training may be combined with school-based training which is the case in the context of dual vocational apprenticeship schemes.

Considering the complexity and interdependence of the employment barriers for disadvantaged young people, measures to increase employability and vocational integration approaches can be categorised at four levels.

- Level 1: Job-related social work. This serves to identify young people at risk, describing their competence deficits and supporting them to develop the motivation and self-confidence needed to participate in economic and social life. It focuses on mental orientation and provides first ideas of working life rather than job-related knowledge.

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<sup>1</sup> In France the minimum wage for young people below the age of 17 is reduced by 20% and for those between 17 and 18 years by 10% ([http://www.urssaf.fr/employeurs/baremes/baremes/valeurs\\_du\\_smic\\_01.html](http://www.urssaf.fr/employeurs/baremes/baremes/valeurs_du_smic_01.html)).

- Level 2: Improvement of basic competences. This helps young people to attain the competence standards which are the precondition for entering education and training or employment. Knowledge deficits are measured with competence profiles and the training measures are organised individually.
- Level 3: Integrative vocational training requires modularised, simplified or additional courses to prepare for vocational training. These can be provided on a school or a workplace basis or a combination of both. Ideally, the competences gained are validated within the VET system.
- Level 4: Integrating the young people in the standard VET system. Transitions should be possible between all levels.

In the context of level 4, the capacity of the dual vocational training system in integrating many young people into the labour market has attracted much attention in the international and academic literature. Therefore, the OECD (2010) recommends that firms should be encouraged to train, hire and retain more apprentices with a low education level. Recent studies show that transition rates into employment are indeed higher when training is provided by companies (Vogler-Ludwig et al. 2012), and this is also valid for disadvantaged young people (Gericke 2003). Measures often address several levels at the same time. For instance, pre-apprenticeship schemes (level 3) prepare for regular apprentices but may include elements that remedy for the lack of basic skills (level 2). Measures may also link level 1 and 2 or level 1 and 3.

#### *Training of work life-skills and basic skills*

There are a few countries implementing integrated programmes combining work experience and the improvement of basic and work life-skills.

#### **Box 2. Youth workshops in Finland**

A good example is “Youth Workshops” in Finland that have been set up for the integration of hard-to-place jobless people. A workshop is a community in which work, training and guidance services are used to improve an individual’s life-management skills and readiness to seek education and employment. The workshops are mostly run by the municipalities, but also by different kinds of NGOs. The most important buyers of this service are the Public Employment Services (PES), the social welfare agencies and the disability insurance. Programmes showed positive results (Duell et al 2009 and Paparella 2008).

Delivering **second-chance education opportunities** (as in France and other European countries) as a mix of adult mentoring, work experience and remedial education has been identified as good practice by the OECD (2010). In addition to the often quoted French example, an interesting example is the setting-up of second-chance schools in Romania with a special 3½ year curricula programme in parallel to apprenticeship training (Sava 2008).

Combining job creation measures with education and training has been implemented in Ireland by the setting-up of Individual Learner Plans in the direct job creation programmes Community Employment<sup>2</sup>, although this measure is addressed to adults and not to young people (Grubb et al. 2009). The Individual Learner Plan process identifies specific training needs of the learner and provides access to training opportunities which allow participants to obtain nationally-recognised awards.

Another good practice example from Ireland that targets young people is the Youthreach Centres, as they promote personal development and offer basic skills

<sup>2</sup> Community Employment (CE) offers participants temporary employment doing useful work within their communities on projects sponsored by local organisations and funded by the Public Employment Office.

training, practical work training and general education, including literacy, numeracy, communication and IT skills (Leigh-Doyle 2013). This practice can also be found in Austria, Finland and Norway.

#### *Pre-vocational training schemes*

Countries with a well-established dual training system have implemented PES financed pre-vocational measures for low-skilled young people, e.g. Austria, Germany and Switzerland (Dietrich 2013 and Duell 2008 for Germany, Walther and Pohl 2005, and Duell et al. 2010 for Switzerland). In Germany, for example, these measures include vocational guidance and orientation, acquisition of basic skills and key competences, workplace related experience and basic vocational skills. Evaluation results indicate that the preparatory measures lead to some success in better integrating young people in training. The individualised approach can be regarded as an important condition for the effectiveness of the measure (Duell 2008). In Germany, different types of pre-apprenticeship schemes are implemented which are agency-, school- or company-based (see for an overview Dietrich 2013). The measures are financed by the PES and implemented by independent organisations.

Nevertheless, there are also limitations of the effectiveness of these schemes as they cannot remedy for all weaknesses of the education system. Furthermore, in the context of scarce apprenticeship training places they are considered as waiting loops, in particular if the reason for not having an apprenticeship place is the lack of employers offering places rather than schooling deficiencies of young people.

#### **Box 3. Motivation semesters in Switzerland**

Motivation semesters are targeted at young unemployed drop-outs (aged 15-24) from the educational system and those who did not find an apprenticeship, but are interested in pursuing vocational training. During this six-month programme, which is outsourced to private or "third sector" providers, participants have the opportunity to close knowledge gaps, receive career counselling and prepare their application for an apprenticeship – the desired end result of this programme. In addition, short internships enable them to acquire some practical experience.

Participants benefit from personal coaches who set up tailored action plans with them and follow individual progress through counselling and mentoring. The usual compensation for participants is similar to the compensation during the first year of apprenticeship. Participants who found an apprenticeship can receive a further six months of counselling by their personal coaches. Motivation semesters seem to have been an effective tool in reducing the number of school drop-outs without any graduation certificate.

Source: Duell et al. 2010

Impact assessment of the UK Entry to Employment Programme, which aims to develop skills of those youth whose school-leaving qualifications are insufficient for direct admission to apprenticeship, shows that participants have benefited from increased self-confidence, improved communication skills, IT skills and team working skills. However, there are fewer reported improvements in their basic skills of literacy and numeracy (Paparella 2008).

Also the experience of the German company-based pre-vocational training scheme, the Entrance Qualification Programme, shows strengths and weaknesses as is shown below:

#### **Box 4. The pre-apprenticeship scheme Entrance Qualification (EQ) Programme in Germany**

The EQ Programme links a flexible contract form (internship) with a duration of 6 to 12 months to a preparatory phase with the aim to engage in training. At the end of the period the company may establish a certificate proving the acquired skills.

After a difficult start the programme shows good results, although some shortcomings remain. A first wave of ongoing evaluation reports revealed problems with the setting-up of the programme. The programme had some difficulties to reach out the target group and displacement effects were observed. Not all offered places could be filled. The reasons for mismatch between supply and demand laid mainly in basic qualification deficits, low motivation of the young people due to low pay, high work load and a mismatch vis-à-vis the preferred vocational orientation. Furthermore information deficits were recorded. The difficulty of reaching-out the more disadvantaged young people has prevailed for many years and has improved only recently in the context of demographic change, enhancing the probability of the more disadvantaged young people to participate in the measure and to eventually continue with a regular apprenticeship.

Some branches were more suited than others: according to the Chambers, trade and catering were the areas in which companies could be more easily motivated to offer additional access to training through the EQ schemes. At the same time, displacement of other types of internships or employment is more likely in these branches than in others.

According to the PES, the overall quality of the internships offered was rather poor, at least at the beginning of the programme. Only a fourth of those young people that completed the internship received a certificate from the Chambers and it can be assumed that the companies and the young people were not asking for it. Nevertheless, the evaluation results showed that about 61% of the participants got a regular vocational training contract after the end of the internship. Transition rates were higher in companies who were anyway providing vocational training.

More recent evaluations showed more positive results and the actors involved (companies, PES, Chambers of Industry and Commerce, Crafts and freelancers) seemed to have not encountered any particular implementation problems (GIB/IAB 2010, 2011, 2012 as reported in Dietrich 2013). Furthermore, no systematic windfall gains or substitution effects were reported. Low dropout rates and a low number of complaints about under-qualified or inappropriate work were reported by the scheme participants, indicating that some progress was made with regard to the quality of the internships. Among the success factors, the fact that the potential training company has the possibility to get to know disadvantaged young people has certainly contributed to the partial success of the measure.

New projects trying to link pre-vocational training and apprenticeship are being implemented by using the EQ scheme. One example is the project "Berufstart Bau" in the construction sector-based on a cooperation of 200 vocational schools with regional and local construction companies. The measures include a contract between the participant and a building company with the objective to become accepted in a vocational education after successful programme participation. Within 6 months the companies get to know their potential apprentices while the participants develop practical and theoretical skills. The measure is accompanied by remedial teachers, pedagogical specialists and instructors in the vocational schools.

Sources: Düll 2008, Dietrich 2013, [www-soka-bau.de](http://www-soka-bau.de)

Success factors of pre-vocational schemes include an individualized approach, educational and vocational orientation at an early stage, development of competences modules, follow-up of participants after entering a regular apprenticeship, socio-pedagogical guidance, mentoring, development of self-confidence and soft skills. Pitfalls relate to parking, waiting loops, crowding-out and creaming as well as the low quality of the training.

#### *Integrative capacity of dual vocational training schemes*

The integrative power of the dual vocational training system as it exists in Germany, Austria and Switzerland has been widely acknowledged. Apprenticeship schemes have eventually been introduced more recently in a range of countries. Thus, e.g. in Denmark, a “new apprenticeship” scheme was introduced in 2006 targeting young people with motivation deficiencies in school-based learning. The scheme was regarded to be successful (Cedefop 2010).

The integration capacity of the dual vocational training system relies on the good reputation of the dual vocational training system and the training capacities within companies as well as the regulation capacities of institutions such as the Chambers of Industry and Commerce and the Chamber of Crafts in Germany. Nevertheless, also countries with well-established and mature vocational training systems have to develop instruments allowing for the integration of disadvantaged youth, such as the pre-vocational measures presented above. Thus, in Germany, the Federal Institute for Vocational Training (BiBB 2008) has recommended that instead of referring disadvantaged young people back to specialized school-based training, dual vocational training shall be supplemented by courses to remedy the lack of basic skills or to cope with learning disabilities.

#### *Adapting the dual vocational training system to low-skilled youth with learning difficulties*

In Germany and Switzerland, dual vocational apprenticeship schemes which last only two years (instead of three or four) have been introduced in order to offer a vocational training to low-skilled young people with learning difficulties. In the case of Switzerland evaluations of the scheme have shown positive results (Stern et al. 2010).

Another option consists in lengthening the training period (e.g. allowing for one more year of training for young people with learning difficulties). Pre-apprenticeship schemes can be regarded as a measure which is in most cases *de facto* extending the training period. A pilot project carried out in the German *Land* North Rhine-Westphalia called Third Way into Vocational Training (*3. Weg in die Ausbildung in NRW*) for young people who are assessed of not having the maturity to follow vocational training includes the possibility to lengthen the vocational training period. Other elements of the scheme are socio-pedagogical guidance and educational coaching. The objective of the scheme is that young people terminate their vocational training. A close cooperation of the relevant local actors is necessary for the implementation of this project which is regarded as being successful, although the success rate is lower than for regular apprentices (Becker et al. 2011). A study carried out by Cedefop in 2010 confirms that learner retention can be improved by providing more guidance and by adapting a more learner-centred approach. Furthermore, teaching key skills right at the beginning of the programme is regarded as helpful.



### **Box 5. Good practice of providing company-based vocational training for disadvantaged young people in Germany**

Siemens provides 10% of its annual apprenticeship positions to disadvantaged youth. These young people are individually supported with the aim to balance deficits: the measures focus on German, English, Mathematics or Physics competences. Social competences a punctuality or reliability are addressed by remedial socio-pedagogical accompaniment. 91% of the training cohort of 2008 has successfully completed the vocational education, 51% received a permanent contract, and 49% received a temporary contract.

Source: [www.siemens.de](http://www.siemens.de)

In a view of the transferability of these approaches it needs to be stressed that the overall success of the dual vocational training system consists in its high level of regulation, its acknowledged good quality of training provided and thus a good image. Dual vocational training takes place in all sectors, including the public sector and the "third sector".

#### *Creating training places*

Bottlenecks on the demand side include outreaching employers to take-up disadvantaged young people as apprentices and in general the volume of offered apprenticeship places. Measures to create more training places include a shared **nation-wide commitment** and **awareness raising campaigns recalling the social responsibility of companies, financial incentives as well as support and guidance directed towards companies** taking up disadvantaged young people. In the case of Germany a Training Pact was first concluded in 2004 which consisted of a voluntary agreement on the side of private and public employers and the Chambers to offer more training places and on the part of the government to finance and implement programmes to ease transition from school to apprenticeship and to promote dual apprenticeship training in Eastern Germany as well as to optimise placement activities of the PES for apprenticeships (young people interested in getting an apprenticeship place can either apply directly at an employer or can be placed by the PES). Eventually, as an outcome of the Pact, the number of places for regular apprentices and for the pre-apprenticeship scheme of the PES was increased (Dietrich 2012).

**Subsidies for apprenticeship wages** are in place in one third of European countries (Hawley et al. 2012). In this case the wage subsidy is compensating for the lower productivity of disadvantaged young people. The company's hiring of an apprentice will rest on a cost-benefit calculation, even if the company is in principle regarding apprentices as an investment in future staff. Young people competing for an apprenticeship will be selected on the grounds of their expected productivity. In the case of France it might therefore be problematic that apprenticeship wages increase with the age, which is penalising those young people who decide later than other young people to pursue a dual vocational training.

The level of apprenticeship wages will also influence the volume of apprenticeship places available. Employment incentives for apprentices have been implemented for example in France in response to the crisis, as subsidies were paid to employers for providing apprenticeships in the dual training structure ("contrats de professionnalisation") and extra subsidies were paid for apprentices that had not successfully completed 12 years of schooling (baccalauréat). Germany supports companies which offer training to applicants from the bridging system (e.g. pre-vocational training schemes) with a training bonus (Vogler-Ludwig and Stock 2011). In the case of Norway it has been recommended to increase the subsidies for disadvantaged young people, such as children of immigrants (Liebig 2009).

*Professional guidance, socio-pedagogical, psychological and mentoring support to ease transitions*

The access to and provision of **information, professional guidance and support** have shown to be good practices to ease transitions from school to vocational training, from training to work, or from unemployment or NEET to some form of activity (Cedefop 2010). Examples are found in the school environment such as the Hungarian Springboard programme ([www.fszk.hu/dobbanto](http://www.fszk.hu/dobbanto)), in mainstream provision (e.g. the Finnish Career Start measure *ammattistartti* which is organised by vocational schools and includes intensified hands-on guidance) including second chance schools (e.g. France) and 'production schools' (e.g. Austria, [www.produktionsschule.at](http://www.produktionsschule.at)), or in support programmes within a community setting with high levels of socio-pedagogical, psychological and mentoring support (e.g. Slovenia, Denmark, France CIVIS contract). An evaluation of the German initiatives *Hürdenspringer* shows that 90% of youth mentees had a sustainable job or vocational training perspective after participating in the programme, while also the initiatives *Social City* and *XENOS* with a strong focus on socio-pedagogical accompaniment show to be effectively integrating low-skilled youth in particular with migration background. The programmes improved the community environment by not only creating a learning and working atmosphere where disadvantaged young people could gain job-relevant competences, but by promoting the idea of a local economy. Despite the limitations as concerns the sustainable employment effects, evaluations find that the programmes positively affected the development of the neighborhood and improved the image of deprived urban areas (Harrer 2009, EC 2013, BMAS 2012, [www.huerdenspringer.unionhilfswerk.de](http://www.huerdenspringer.unionhilfswerk.de), [www.awo-suedost.de](http://www.awo-suedost.de), [www.xenos-berlin.de](http://www.xenos-berlin.de)).

### 3.5 Implementing youth measures at the local level

Need for action in deprived areas refers to the falling demand for low-skilled youth, long-term unemployment correlated with low education, a rise in early school leavers, and a higher representation of migrant job-seekers (Leigh-Doyle 2013). These trends confront policy-makers with multidimensional challenges as they **have to prepare young people for atypical employment and portfolio careers** (Duell 2012, Leigh-Doyle 2013). This requires a focus on recurrent labour market transitions, lifelong learning and training (Schmid 2009).

In various European countries, there is special cooperation in deprived local areas (France: *Espoir Banlieus*, Ireland: *Local Development Social Inclusion Programme* and *Youthreach centres*). In Austria, the programme *Youth Coaching* provides guidance for students who are under-performing and unsure about their educational pathway with a view to supporting personal stabilisation (EC 2013c). In Germany, altogether 204 Competence Agencies provide case management and individualized chains of support for deprived youth. Based on pro-active outreach and cooperation with social workers, case managers identify beneficiaries with whom they design and monitor individual support measures (e.g. [www.ka-neukoelln.de](http://www.ka-neukoelln.de)). In the Netherlands, with the *Investment Youth Act* in 2009, municipalities have to offer learning or working trajectories. Local authorities and the *Institute of Employee Benefit Schemes* work together in one-stop-services while national level agreements require schools to provide data on (early) school leavers to the PES. This allows PES to make early contact with pupils to provide them with information on their rights and PES services (EC 2013b).

One of the key conclusions from a cross-country study carried out by Cedefop (2010) is that approaches must be combined with outreach work in order to identify and reach those individuals who are in most urgent need of support (hardest-to-help groups). Front-line support staff needs to be appropriately selected and trained while preventive approaches and reintegration measures are to be regarded as continuum instead of short-term strategies. The Cedefop study also found that parental

involvement plays a key role in motivating and supporting young people in education and training. Finally, a key ingredient of successful guidance for at-risk groups is involving them in the design of the policies, as it is done in Austria and in a UK programme which fundamentally changed its system of guidance delivery following feedback from young people (BMASK 2013, [www.otschool.net](http://www.otschool.net)).

### 3.6 Creating sustainable partnerships

In order to activate difficult to place individuals, **understanding the preconditions for an effective cooperation with employers and other relevant stakeholders is essential** (Leigh-Doyle 2013). However, negotiations between the state and the social partners about the most adequate content of training measures for young people (in exchange for the subsidies granted to employers) remain rare in most European countries. In France, for example, the social partners have often strayed away from this area of public policy with the exception of work-study programmes that include major financial incentives in the training component (Lefresne 2012: 16). Starting in 2011, the social partners finally included youth employment as a priority and signed agreements on job and qualification issues, the number of agreements remaining however modest (Lefresne 2012).

In a working environment characterized by increasing transitions, partnership cooperation including the Chambers of Commerce, the social partners and relevant public agencies at municipal level as well as PES becomes a precondition for a successful labour market integration of at-risk groups. As **good knowledge of local labor markets and workforce skill requirements** is a necessity for which the use of information by employers to predict labor market needs is indispensable. The U.S. initiatives Upwardly Global and IMPRINT are examples of how different stakeholders can fruitfully work together to reach disadvantaged groups with special needs, providing not only comprehensive information platforms, but also joint activities for job-seekers, employers and providers in the context of immigrant professional integration ([www.upwardlyglobal.org](http://www.upwardlyglobal.org), [www.imprintproject.org](http://www.imprintproject.org)). A European good practice example is Austria, where Territorial Employment Pacts (TEPs) integrate the aims of employment, regional and educational policy. The TEPs are formal agreements based on actors in the field of employment policy (PES, social partners, federal ministries etc.) with the aim to optimize activities of different actors and creating synergies by integrated strategies (public relations, outreach strategies, data collection etc.). Overall, the TEPs contribute to a better coordination and integration of labour market measures with a particular focus on disadvantaged groups, providing the institutional framework for joint working at the regional level (Hofstätter and Putz 2010, [www.pakte.at/](http://www.pakte.at/)).

The **creation of sustainable partnership structures requires formal framework agreements**. They can define shared cooperation and input of all partners into annual planning processes and regular meetings that provide information on the different partners' needs and demands. In addition, personal relationships, mutual trust and informal communication are an essential basis. Finally, the form of cooperation seems to be less important than the shared commitment between the PES and partner organizations (Duell and Vogler-Ludwig 2011).

Vocational training measures for low-skilled and other disadvantaged youth are likely to work best if they match the **skills demand of employers** at the local level, as young people might not be very mobile. Furthermore, discrimination in recruitment might be an issue if young people live in deprived areas (discrimination on the grounds of the address). Reported good practice evidence includes training on employers' demand (link training to job offers). A local skills need identification process has been established e.g. in Ireland. The PES is in this case compiling own data on job vacancies and in addition assesses the demand for skills through consultation with employers or employer organizations and consultation with other

stakeholders (Leigh-Doyle 2013). In a number of countries, the PES use employer surveys to assess skills needs – at a national or regional level – and in addition regional and local labour demand and skills forecasts and in-depth labour market analysis might be either be carried out by regional PES administration or are conducted on behalf of other key actors at the regional level and made available to the PES (European Commission 2011). An interesting example is the occupational barometer showing a short-term forecasts of shortages and surplus in the region which is carried out by the Employment and Economic Development Offices in Finland. An Occupational Tendency Barometer is also a key element of the PES skills anticipation system in place in Sweden. The system relies on a multitude of information channels including expert interviews and sectoral councils. Good contacts with employers and a relatively high market share of the PES helps to establish a good analysis. Furthermore, it is important that local PES have sufficient institutional capacities for assessing and analyzing future skills needs and cooperate closely with other key relevant local actors (e.g. local Chambers, employers, training providers, municipalities, research institutions).

## 4. Conclusions

Evaluation results indicate that direct job creation programmes and employment incentives generally show mixed results, although impact is often found to be positive if the measures are low-scale and well-targeted. Therefore, it seems to be essential to link these measures to vocational training. Indeed, the available evidence points to two important success factors for integrating low-skilled youth: first, different approaches have to be appropriately combined, such as vocational guidance or job search assistance in a first stage with training or wage subsidies in a second stage. Second, all components should be tailored to individual needs following in-depth profiling (Ehlert et al. 2012, Wilson 2013, Hofstätter and Putz 2010).

One of the main operational challenges remains the following dilemma: the less targeted the measure, the more it will be influenced by market selection and the greater the displacement effect on the most vulnerable (creaming). The more targeted the measure, the greater the risk of producing a dual effect of stigmatization: the disadvantaged are pushed into insecure and atypical employment. Given this delicate balance, authorities tighten or loosen the targeting depending on labour market trends (Lefresne 2012: 15).

The French measure "Emplois d'Avenir" has the potential to relate to the different levels of integrating young people into VET, if it succeeds to link the measure with the vocational training scheme, which seems to represent the weak point at the start of the programme (host country analytical paper). The institutional capacity for guiding young people seems to be established, as the French "missions locales" have been identified as one of the structures that are set up to prevent young people of becoming NEET (OECD 2010).

Individualized vocational guidance services are a crucial component of PES activation and show to be effective in the integration of hard-to-place youth (Leigh-Doyle 2013). It is essential to provide tailored vocational and socio-pedagogical guidance to both young people and companies during participation in the measure and to implement case management. Mentoring schemes have proven to be effective for the target group. Depending on the type of disadvantage the young person encounters it may make sense to outsource guidance, including socio-pedagogical guidance and follow-up to specialised organisations.

Depending on the level of previous formal education of training and depending on the specific employment and VET system that the young people face, training measures can concentrate on (i) work life skills training; (ii) the provision of basic skills (such as literacy and numeracy); (iii) providing elements of vocational training which can be recognized within the regular VET system or/and (iv) integrating the different elements or implementing them in different phases. Thus the scheme would benefit from being implemented in a rather flexible and individualized manner. A modularized VET system constitutes the basis for allowing enough flexibility. Ideally, the contracted public sector organizations and non-profit organizations should be encouraged to offer to the young people regular vocational training as part of or in addition to the "Emplois d'Avenir", or at least modules that upgrade the already achieved VET qualification. An analysis of the local economy and the potential skills needs is crucial for better matching skills supply and demand. "Train the trainer" measures seem to be appropriate to cope with disadvantaged young people and tackle motivational problems or learning difficulties.

The length of the contract (up to 3 years) and permanent employment contracts should help to promote sustainability of integration, although it can be doubted whether the jobs created are really additional. Awareness raising campaigns to recall the social responsibility on the one hand and to improve the image of youth measures (in particular in deprived areas) on the other hand may improve the long-term impact.

A further key element for success consists in strengthening and formalizing partnership structures and sectoral cooperation by creating partnership agreements (between PES agencies, ministries, provincial, regional and local level public authorities, Chambers of Industry and Commerce, religious and ethnic communities, civic youth organizations and youth social work) (Biavaschi 2012, Duell and Vogler-Ludwig 2011, EC 2013b, Hofstätter and Putz 2010).

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