Fondazione Gi Group for Sustainable Work

Gi Group HOLDING

Youth and work, a comparative study

How to empower young people to enter and remain in employment and avoid the phenomenon of NEETs

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AIM OF THE STUDY
To identify, with respect to 8 countries whose main demographic and economic features are highlighted, which are the elements that have the greatest impact on youth employment and the successful school-work transition, by highlighting best practices and showing what the APL can do to support the employment of young people, facilitate work transitions and avoid the phenomenon of NEETs.

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Preface

by Marco Leonardi

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When it comes to young people, in many European countries the narrative turns to the drama of a generation that studies little, works little and is - perhaps rightly - dissatisfied. But there are important differences between countries: not everywhere young people are considered victims of an economic system that relegates them to the margins, in some countries more than others young people study and work and are independent from their families of origin.

There are different models of society: in the last thirty years the rapid demographic decline and the accumulation of household wealth (especially in real estate) has meant that the prevailing model in some countries is that of the young person who remains in the family of origin until the mid-twenties or even later, she/he invests little in her/his education, works little and is supported by parents and grandparents with regard to the payment of the rent or the purchase of the first home or the management of the children.

In these countries, the families of origin act as an improper social safety net: they act as an employment center, babysitter for the (few) grandchildren, and guarantee the loan for the purchase of the home of the child, who with her/his precarious contract or with her/his salary being too low, cannot offer sufficient guarantees. It is a model that works but it is also an unfair culture that blocks the social elevator and perpetuates consolidated positions, condemning those who come from poor families to remain on the margins and giving an advantage, often without any connection with merit, to those who can count on a privileged family network. In other countries, young people live in better conditions both in terms of education and job opportunities and initial wages at the moment of entering the labor market. Over time each country has built a different development model which starts from the demographic question and regards job and education opportunities. The demographic question has become an urgent problem throughout Europe, in some countries more serious than in others. But in all countries the ratio between working young people and retired old people is decreasing in different ways. Even if it were only for this - in order to be able to support an aging country - it is urgent to understand how the living and working conditions of young people can improve.

Demographic decline risks bringing with it a generalized loss of weight and importance of the new generations. A recent illuminating scientific study by Nicola Bianchi and Matteo Paradisi[1] on 4 countries has shown how in Italy, Denmark, US and UK (but also probably with different extent in other European countries) young people are penalized by the balance of power between generations within the same companies. For the first time, the study scientifically documents the evolution of corporate culture and what it entails for the job conditions of different generations within the same firms. Over time, young new hires have gradually occupied increasingly marginal positions within companies, as if the older generations had kept the best positions and salaries for themselves. It is a phenomenon apparently common to many countries.

Added to this is that young people who live in countries with a greater generational imbalance, regardless of their level of study, emigrate to those countries that offer more job opportunities and personal growth, fearing they will never be able to make a satisfactory career if they stay in the country of origin. This migratory process generates a negative spiral, where the low presence of young people reduces the possibility of development of the territory and consequently the formation of new families. Youth emigration, which particularly affects some countries, has

1 Bianchi, Nicola and Paradisi, Matteo, Countries for Old Men: An Analysis of the Age Wage Gap (March 11, 2022). Available at SSRN: http://dx.doi.org/10.2139/ssrn.3880501

more to do with the lack of good prospects for high adult wages than with low youth wages.

What to do then? This report focuses on three fundamental aspects that determine a large part of the living and working conditions of young people: demography, the transition from school to work and working conditions.

Using uniform data sources this report compares different European countries to analyze the living and working conditions of young people in order to find out what are the elements that favor their better condition. The study focuses on countries that have characteristics more similar to ours (Spain and Poland) and others in which the younger generations have better living and working conditions than ours (France, Germany, the Netherlands, Sweden and the UK).

Through the comparison of different countries, in which different models of coexistence between generations have consolidated over time, we try to understand where action can be taken to improve the living conditions of young people aware that national models are hard to change and above all change is a slow phenomenon. However, there is also a very concrete hope. In many countries it is now evident to everyone that the demographic imbalance is such that it no longer allows for the dispersion of any labor force resource. In this context, young people are a precious asset and truly represent the key to the sustainability of our future. In other words, contrary to the power relationships between generations that push young people to the margins, the economic relationships of scarcity of factors naturally tend to give more and more importance and value to the labor factor of young people and their creative and transformative capacity.

Indeed, we must be optimistic: in some countries there is ample room for reducing the mismatch between supply and demand of skills and giving much better job opportunities to young people. Public policies (and those of the NextGenerationEU) will have to be aimed at **improving the training and orientation of young people up to making most of them employable** and with the **job and salary more suitable** for them. The EU Commission urges Member States to step up youth employment support by making use of the significant funding available under NextGenerationEU (At least €22 billion should be spent on youth employment support[2]). For example, the EU can help fund:

- start-up grants and loans for young entrepreneurs, mentoring schemes and business incubators;
- bonuses for SMEs hiring apprentices;
- training sessions to acquire new skills needed on the labour market;
- capacity-building of public employment services;
- career management training in formal education;
- investments in digital learning infrastructure and technology.

2 https://ec.europa.eu/social/main.jsp?catId=1036&langId=en

In the chapter on demography we will see data on the old age dependency ratio. Not all countries present such a critical situation even if the aging of the population is a phenomenon common to many countries. Some countries have reacted better and sooner with policies aimed at raising the birth rate or with immigration policies. We will see in terms of international comparison which combinations of policies can be recommended. Tax relief for families with children, kindergartens, parental leave for fathers as a reconciliation policy are all public policies that must be supported because they are in the right direction even if they are policies with long periods of effectiveness and unguaranteed effects. Demographic evolution has an almost mathematical certainty: when women of childbearing age fall below a certain number in a cohort, the next cohort can only be smaller than the previous one. In other words, some countries more than others have to adapt to a long transition towards a lower population level than the current one where young people are less but are also more sought after for all types of old and new jobs.

In the chapter on school-to-work transition we start looking the data on NEETs. There is a very direct association between the organization of the school system and the phenomenon of NEETs: school systems that have a dual system of vocational training tend to have lower levels of NEETs. If our goal is to reduce the mismatch and bring young people back into the world of work, we need to focus on analyzing the level of NEETs and the solutions put in place to reduce it. There is therefore talk of promoting the "proximity" and contamination between school and the world of work through the strengthening of apprenticeship at school, of technical schools at secondary and tertiary level. There are two major debates in this chapter: the importance of secondary and tertiary technical education in determining the number of graduates in different countries and the debate on training for the unemployed. Laterally, we also speak of public or private, centralized or regional education. The comparison with other countries is very important even if, as mentioned, the change is very slow and culturally much discussed: think about the debate whether it is right or not to choose the destiny of a child towards a technical rather than academic education path at the age of 14 (as still occurs in some countries with advantages in terms of mismatch reduction).

Finally the chapter on the labor market. In addition to the comparative numbers on the employment, unemployment and inactivity rate, we focus on two very important debates to understand the differences between countries and where action can be taken to improve the condition of young people: contract duration and undeclared work. The debate on fixed-term contracts which are important not only for their incidence in total employment but for the rate of transformation into permanent contracts. Nothing wrong with starting a job with a temporary contract but it is reasonable to expect a stabilization in the short term. A very sensitive topic for young people with important repercussions in the field of planning their life path. The second theme concerns undeclared work and involuntary part-time work. Often there many young workers on permanent part-time jobs that hide full-time underpaid or partly undeclared work.

The purpose of this comparative analysis is to discuss how national models and policies affect youths' lives in different contexts so to identify demographic, educational and labour market best practices that could be used to improve the lives of the young generations.

SUMMARY

Preface

by Stefano Colli-Lanzi

Founder & CEO Gi Group Holding

Since its founding 25 years ago, Gi Group Holding has pursued its business goals guided by **a single, clear purpose,** which it has sustained in its global growth: to contribute to the evolution of the labour market and to emphasise the personal and social value of work.

The desire to respond to people's need for work and to what this need brings with it: economic autonomy, social and work inclusion, personal and professional development, and the fulfilment of one's vocation, has transformed over the years into practical activities and services and **has been consolidated in our commitment to Sustainable Work.**

In linking the value of 'Sustainability' to the issue of work, we have created our 'Sustainable Work Manifesto', which seeks to articulate and systematise the fundamental elements with which we identify: dignity, safety, employability and satisfaction -- from inclusion on one hand, to equity and the safeguarding of resources for the future on the other. All this leads to our feeling a responsibility for having a **positive impact on the evolution of society through work**. It is a social role that is now obvious and that maps out an even clearer path for the future; one that we pursue through the daily work of the companies in the Gi Group Holding and **Fondazione Gi Group,** the latter being today an increasingly important entity. This allows us to expand Gi Group Holding's scope of operations through its study activities and concrete actions led by the Foundation.

In particular, our study and action work focuses on the **main factors that make today's labour market unsustainable.** We believe these to be essentially the following: on one hand, the **big mismatch between labour supply** and demand (in some cases this figure stands at above 60%), and on the other, the **non-participation in the world of work** of a large segment of the Italian population whose inactivity precludes any chance of development and self-fulfilment. This situation appears even more paradoxical when we consider the **current dramatic demographic trend** of a demographic winter (falling birth rates) and a worrying spiral of quantitative and qualitative degrowth. This paradox sees Italy ranking in last place in Europe in terms of the young population (aged 15-34). At the same time, the country has a **record number of NEETs** (i.e., young people aged between 15 and 34 who are not studying, not working and not in training). This figure has reached almost 3 million.

With this study, we focus particularly on this latter figure. It baffles and worries me: first of all, as a parent, but also as an entrepreneur and citizen. I think it is more necessary and urgent than ever to understand the situation in depth, to investigate the reasons for its occurrence, and to find possible solutions and ways of preventing this phenomenon where over 20% of our young people lose their way and cannot actively contribute to their future and that of their country. The time has come to ask straightforward questions and, if possible, seek practical answers. We must engage in helping find a solution to this problem that is clearly systemic, cultural and deeply-rooted in our social fabric, but no less urgent and less of a priority.

The comparative analysis we have carried out involving seven other countries aims to understand the strategies implemented abroad and their impact in supporting **youth employment and the school-to-work transition** so as to encourage reflection on the applicability of best practice examples in different contexts. While aware that such complex, ever-changing phenomena require responses in line with the times; the territory; and the country's cultural, socio-economic and institutional-regulatory organisation, we believe that the evidence collected provides a clear guide to institutional conditions that promote sound, qualified participation in the labour market.

Among the critical issues highlighted in the study, one of the major areas where I believe our country fails compared to more successful countries is the **dramatic disconnect between the world of education and the labour market.** This manifests itself in the centralised nature of our education system, which too often focuses on protecting pre-established orders and privileges through programmes oriented towards the human and cultural growth of young people. Meanwhile, this system fails to present and open a 'new world of work' for its users (students, trainees). We see this in the **absence of a two-tier system or of professional courses designed alongside companies, in the total separation between study and work, and in the absence of orientation courses** focused on how young people mature as individuals and work to find their fulfilment by following their predispositions and passions. A modern education system must have an awareness of the demands of a constantly changing world of work.

Another clearly negative factor that distinguishes our country from others is **an excessive recourse to passive policy instruments** compared to limited investment in **active policy** instruments. This, risks discouraging young people from participating in the world of work and encouraging them to remain in conditions of inactivity or 'illegality' (undeclared work). In Italy, the topic of active policies is a long-standing issue of debate. It has never really been considered by politicians in a systemic and farsighted way. However, it is a crucial issue that affects the country's competitiveness and sustainability and the empowerment of its citizens. Other issues identified by the study are the worrying persistence of **irregular work** (or unreported work) which largely explains the significant differences between Southern and Northern Italy as concerns the incidence of the NEET phenomenon. Obviously, the regulatory structure governing the Italian labour market where **contractual rigidities,** on one hand, and the sometimes improper use of fixed-term work, on the other, function side by side. In a protectionist rationale, contractual rigidities do not allow for the effective management of longevity and result in the continuous postponement of the retirement age leading to a **qualitative ageing** of company personnel. In addition, without investing in the creation of long-term professionalism, improperly implemented **flexible solutions** do not offer the possibility of stabilisation over time. Likewise, they do not ensure adequate compensation for work performed; thus leading to difficult paths for the younger generation, also with severe negative repercussions on the latter group's life choices as well.

In this context, we have observed that **employment agencies** are managing the challenging context and have for some time presented themselves as 'proactive' entities able to play an **employment orientation, training and support role.** They work to promote the entry and retention of young people in the labour market.

Indeed, because of the somewhat structural lack of employment, young people can be helped to understand the market demand better, to choose their preferred life course, to train effectively to gain the appropriate skills and, above all else, to choose the career path that best enables them to make a valuable contribution to the world of work and make best use of their skills and talents.

In conclusion, I firmly believe that as the Fondazione Gi Group and Gi Group Holding, we can begin a phase of important commitment to combating the NEET phenomenon through the work we do. This involves actions at all levels (institutional, associative and with our partner companies) whereby we can make ourselves the guarantors of meeting these demands, offering continued support to **teachers, parents and young people with orientation and guidance for activities pushing integration into the world of work.**

This is a 'free will' action of commitment where we know we are not alone; a commitment we hope will help move many private and public actors in the same direction with each of them starting based on their own capacities and strengths and moving towards the understanding that self-fulfilment and responding to the need for hope for all individuals' future advancement down a socio-professional path are intimately linked to the need we have as human beings to contribute, through our work, to global growth and well-being.

Introduction

by Rossella Riccò
Study and Research Area Manager
Fondazione Gi Group

Guided by the strong conviction that the role of the new generations is central in the processes of economic and social development of a territory and observing how their limited participation in the world of work is an extremely serious and complex problem for their personal journey and for the sustainability of the country as a whole, Gi Group Holding and Fondazione Gi Group have decided to realize an international analysis of the condition of young people in order to understand how to effectively support their entry and permanence in the world of work and prevent them from NEEThood (not included in education, employment or training). The aim of the comparative study is to identify the solutions and strategies implemented in the various countries and the impact on youth employment and the school to work transition to encourage to reflect on the applicability of the most virtuous experiences in different contexts. While aware that phenomena so complex and in continuous change requires answers in line with the times, the territory, the culture and the socio-economic and institutional-normative context, we believe that the evidence gathered provides clear indications of the institutional conditions that favour a solid and qualified participation in the labour market. The study also highlights the role that employment agencies can play in supporting the employment of young people, facilitating work transitions and avoiding the phenomenon of NEETs..

In order to be able to effectively analyse the youth employment situation in a comparative way, we considered it useful to first provide some macro-economic data that impact on the determination of the job opportunities of a country and then to observe the incidence of the youth population in the different countries, noting and deepening the worrying process of demographic decline that seriously undermines social, economic and employment sustainability in the near future. Thereafter, we examined the characteristics of the educational system to better understand their impact on the school to work transition, realizing a targeted deepening on NEETs. Finally we arrived at the core topic of the research looking in detail at the employment situation of young people and identifying what kind of welfare systems can support it.

This comparative study on youth and work was carried out with the help of some of the leading Italian experts on macro-economic, demographic, educational and employment issues.

France, Germany, Italy, the Netherlands, Poland, Spain, Sweden and the United Kingdom are the eight countries considered: the first seven have been chosen as representative of the European Union in terms of wealth generated (overall determine over 70% of EU27 GDP); to these was added the United Kingdom (hereinafter UK), until 2020 part of the union and still today reality relevant for comparative studies[3].

Sure that a prosperous economy, with high productivity and innovation, based on a free market in which national companies can be competitive on global markets and attractive to companies from other countries is a fundamental condition for the participation of young people in school and work; supporting their autonomy and the creation of a new family, the study identifies the main challenges that affect the demographic, educational and labour market situation of young people and their transition school work, identifying possible solutions to these problems and virtuous countries that can be taken as examples. The fact sheets that close the report allow to deepen further the characteristics of individual countries.

3 Analysis collected from the Summer 2022 Economic Forecast, European Commission.

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Macroeconomic environment

by Francesco Giubileo
Labour Policy Consultant

Gross Domestic Product, Trade Balance, Leading Sectors, Public Debt and Informal Economy

As the effects of the post-pandemic reopening faded, economic expansion was stronger than expected in all research countries. However, the energy crisis, the inflationary pressures, and the resulting tightening of financing conditions (caused by the rising interest rates by the ECB) make up for a brake of the economic activity and have already led to a fast deceleration of real GDP in the third quarter of 2022.[4]

Despite the continuing economic consequences of the war in Ukraine, the UE remains a leader in world trade. The opening of the trade agreements signed by the European Union has made it possible for large countries of the continent Germany, France, Italy, and Spain to become the major global exporters of manufactured goods and services. They represent one of the most innovative and developed industrial areas in the world, where the metalworking/engineering, pharmaceutical, chemical, metallurgical, steel, textile and food sectors stand out.

In addition to the main indicators of GDP, trade balance and the driving sectors of the eight countries considered the final part of the chapter address the issue of skills mismatch between labour supply and demand. This situation limits the prospects for increasing employability, creating a structural trend towards the polarization of professional profiles, leading to long periods of unemployment for the most disadvantaged. The Labour market mismatch is a huge and complex issue. The contribution, while not exhaustive, provides the reader with a description of the principal causes of the phenomenon under study.

The most widely used indicator for measuring a country's economic activity is Gross Domestic Product, which in 2022 is positive throughout the European Union.
Although Germany is the country in Europe with the highest GDP in absolute terms, it is the country with the lowest percentage increase in 2022 (1.8%), while the highest growth among the eight countries under analysis is recorded in Spain (4.7%) and Poland (4.5%). However, these countries are also those in which the average standard of living of the population, measured by GDP per capita, is lower. It is interesting to note the case of Italy, that presents a high GDP in absolute terms and high growth, but at the same time it is characterized by a very low standard of living, especially when compared to that of Sweden, the Netherlands and Germany. Regarding public debt, the situation in the United Kingdom, which reached almost 160% of its GDP, is worrying, as is the debt burden for all the Mediterranean countries considered in this study (Italy, France, and Spain).

4 Analysis collected from the Summer 2022 Economic Forecast, European Commission.

TAB. 1.1 - COUNTRY DISTRIBUTION OF GDP IN ABSOLUTE TERMS, AS PERCENTAGE OF EU27 ECONOMY, PERCENTAGE CHANGE, GDP PER-CAPITA, AND PUBLIC DEBT-TO-GDP RATIO – 2022.

	GDP in absolute terms (Thousands of Euros)	Percentage of the EU27 Economy	GDP Percentage Change 22/21	GDP Per-capita (Euro)	Public Debt-to-GDP ratio
FR	2,642,713	16.0	2.6	43,659.0	123.5
DE	3,867,050	23.0	1.8	51,203.6	66.2
IT	1,909,154	12.0	3.7	35,657.5	144.4
NL	942,881	6.0	4.3	57,767.9	57.1
PL	601,200	4.0	4.5	17,999.9	63.3
ES	1,328,922	8.0	4.7	30,103.5	122.9
SE	517,900	3.0	2.9	61,028.7	54.2
UK	2,730,300	Na	4.4	46,510.3	159.4
EU27	16,600,000	100.0	3.5	28,820.0	84.0

Source: Our analysis on OECD data.
"Na" not applicable.

Inflation, measured by the Harmonised Index of Consumer Prices (CPI), is the main constraint on economic activity and consumption by households. Since February 2022, following the Russian-Ukrainian War, an energy crisis has begun that has sharply exacerbated inflationary pressures on consumer prices. If in 2021 the harmonised index of consumer prices was on average around 2.6% in the countries of the European Union (including the United Kingdom), twelve months later the same index is at least doubled in all contexts. In Italy there was the most significant percentage change, with the CPI index growing by 331%, while the "lowest" increase was recorded in Germany with 122%. In a domino effect, the increase in raw material costs has generated a disproportionate increase in inflation that in turn has forced central banks to intervene, raising interest rates (to 3.5% in Europe; 4.2% in the UK) to try to reduce consumption and counteract inflationary pressures.

TAB. 1.2 - DISTRIBUTION BY COUNTRY OF THE INDEX OF THE PRICES TO THE CONSUMER (CPI) AND PERCENTAGE CHANGE - 2022.

	FR	DE	IT	NL	PL	ES	SE	UK	EU27
CPI	5.2	6.9	8.2	8.4	14.3	8.4	8.4	7.9	9.2
Var. % CPI 22/21	225.0	122.6	331.6	281.8	180.4	171.0	281.8	216.0	250.7*

*Estimated value by the research team.

Source: OECD, 2022, Processed data.

Looking at the trade balance, among the countries considered the United Kingdom is the one with the most negative balance between exports and imports (-58 billion euros), while Germany (+140 billion euros) is the "locomotive" of Europe with a significantly higher export value in absolute terms than other countries, followed by the Netherlands and Italy. The weight of GDP exports of goods and services exceeds 50% in Poland, Germany, Sweden and reaches 92% in the Netherlands while in Italy represents just over 37%.

TAB. 1.3 –TRADE BALANCE IN ABSOLUTE VALUES AND % OF GDP- 2022.

	Volume export total (mld €)	Volume import total (mld €)	Trade balance (mld €)	Export Goods&Services (% of GDP)	Import Goods&Services (% of GDP)
FR	774,388	840,132	-65,745	34.0	38.1
DE	1,713,346	1,572,601	140,746	50.5	48.5
IT	623,341	597,229	26,112	37.1	38.7
NL	729,786	634,682	95,104	92.6	83.2
PL	339,145	324,908	14,237	62.2	60.7
ES	462,635	419,553	43,082	41.6	40.1
SE	274,405	253,238	21,166	52.6	50.2
UK	880,514	939,460	-58,946	32.7	36.2
EU27	7,689,600	7,167,788	52,1813	/	/

Source: Our analysis on OECD data, 2022.
"/" missing data (data not available in the source).

The opening of the trade agreements signed by the European Union has allowed Germany, France, Italy, and Spain to become one of the most innovative and developed industrial areas in the world, where the metalworking sectors stand out, chemical, metallurgical, steel and food. However, it is the tertiary sector (services, finance, tourism, and digital economy) the most important economic sector in the national economy of all the countries under study. In the UK and France it accounts for more than 70% of the national GDP, whereas the lowest percentage is found in Poland and Germany, where the weight of the industrial and manufacturing sector is relatively higher than in other countries. Through a longitudinal representation in the decade 2020-2010, the percentage distribution of gross domestic product by sector does not show significant differences, in fact, there is a general increase in the service sector and at the same time a reduction in industry by a few percentage points.

TAB. 1.4 – PERCENTAGE DISTRIBUTION OF GDP BY ECONOMIC SECTOR- 2010, 2020.

	GDP (In Millions)		Agriculture (% of GDP)		Industry (% of GDP)		Manufacturing (% of GDP)		Services (% of PIL)	
	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020
FR	2,645	2,639	1.6	1.6	17.8	16.5	10.3	9.3	70.7	71.2
DE	3,399	3,890	0.8	0.8	26.8	26.6	19.7	18.7	62.3	63.3
IT	2,136	1,896	1.8	2.0	21.9	21.5	14.2	14.6	66.3	66.9
NL	847	910	1.8	1.6	19.7	17.9	10.5	10.8	68.4	69.6
PL	476	599	2.9	2.6	29.7	28.3	16.3	16.5	55.3	57.2
ES	1,422	1,277	2.4	2.9	23.2	20.1	11.4	11	66.3	68.2
SE	496	547	1.6	1.3	23.8	21.6	14.7	12.4	62.8	65.8
UK	2,491	2,705	0.6	0.6	18.8	17	9.5	8.7	70.7	72.6

Source: World Bank national accounts data, and OECD.

Investments in Innovation and corporate size class

In 2023, innovation is key to a country's competitive success and it is closely linked to the notion of a digital future. Unfortunately, in an oligopolistic market such as technology, Europe has fallen behind and it has been overwhelmed by American and Chinese producers[5]. In the old continent "innovation" is hampered by a high and widespread resistance to change. Nevertheless, due to the need to become more efficient, less expensive and to avoid resource exploitation to meet the growing expectations of customers and stakeholders, companies and national systems are making strong investments to strengthen the competitiveness of the production system by increasing the rate of digitalization and technological innovation[6].

To give an idea of the level of technological investment made by the various countries, four of the main indicators identified and recorded by the OECD have been considered. The first indicator is the percentage weight of a country's R&D investment expenditure on its GDP. The country that invests most in research is Sweden, followed by Germany, France, and the Netherlands, while Poland and Spain are the ones that invest less in R&D.

The second indicator considered is the percentage weight of value added generated by ICT in the total value added of the country. Sweden, together with the United Kingdom, is the country with the highest percentage of value added in the ICT sector, while Poland and Spain are once again trailing behind. The other two indicators considered are the internet access in homes and the mobile phone subscriptions for every 100 inhabitants. About internet diffusion, all countries have percentages above 90%, with the Netherlands and the United Kingdom having the highest figures and Germany and Italy the lowest. Compared to the coverage of mobile subscriptions in most countries the percentage is above 100% with the highest values in Poland and Sweden where it exceeds 130 and lowest in Germany and Italy where it ranks below 100.

5 Haas M. e Thränert O., 2020, Strategic trends, Center for Security Studies, ETH Zurich.

6 Deloitte, 2019, L'innovazione in Europa, Deloitte Development LLC.

TAB. 1.5 - MAIN INDICATORS IN THE INVESTMENT IN INNOVATION AND COMMUNICATION.

	R&D (% of GDP)(2021)	Added value of ICT (% Total Added Value)(2011)	Internet access (% of all households)(2022)	Mobile broadband subscriptions (for 100 inhabitants) (2022)
FR	2.3	5.1	92.5	100.3
DE	3.1	5.1	91.4	94.8
IT	1.5	4.9	91.5	95.6
NL	2.3	5.1	98.3	121.8
PL	1.4	4.1	93.3	137.9
ES	1.4	4.6	96.1	109.9
SE	3.5	6.8	94.3	130
UK	1.7	7.4	97.3	113.1
EU27	2.15	/	92.5	/
OECD	2.71	6.0	/	128.3

Source: Our analysis on OECD data 2022.
"/" missing data (data not available in the source).

In all countries studied, innovation and technology are more developed in large enterprises than in small ones. However, small companies play a crucial role in the economy of the relevant countries. Indeed the analysis of the size structure of the companies of the countries considered in the study shows the clear prevalence of micro enterprises that account for over 80% of companies with the exception of Germany and the UK. Germany and the UK are also the countries where the share of small, medium and large enterprises is highest[7].

7 Analysis collected from the Summer 2022 Economic Forecast, European Commission.

TAB. 1.6 - DISTRIBUTION PERCENTAGE OF THE DIMENSIONAL CLASS AND VEAL. ABSOLUTE OF THE ENTERPRISES BY COUNTRY - 2020.

	Micro (0 -9) (%)	Small (10 -49)(%)	Medium (50 -249)(%)	Large (250+) (%)	V.a. (In thousand)
FR	87.43	9.82	2.08	0.67	217,379
DE	67.80	23.71	6.53	1.95	220,609
IT	81.88	15.32	2.41	0.40	360,929
NL	88.91	7.94	2.67	0.48	76,346
PL	87.82	9.08	2.45	0.65	239,093
ES	83.07	13.58	2.77	0.57	168,924
SE	88.81	8.05	2.34	0.81	47,108
UK	78.74	15.82	4.51	0.94	137,901
EU27	82.44	12.69	3.34	1.53	2,130,008

Source: OECD (2023), Employees by business size (indicator).
doi: 10.1787/ceaf53c9-en (accessed on 07 June 2023).

To really understand the incidence of companies by dimension in a country, it is necessary to look at the number of people involved in the labour market by company size (Tab. 1.7). As it can be seen, Italy is the country where the majority of employees are concentrated in micro or small enterprises (42.98%) and at the same time it is the country with the lowest incidence of people employed in large companies. On the contrary, in France, Germany, Sweden and Poland more than half of employees work in large enterprises.

TAB. 1.7 - DISTRIBUTION OF PEOPLE BY ENTERPRISE DIMENSIONAL CLASS AND VEAL. ABSOLUTE OF PEOPLE EMPLOYED BY COUNTRY - 2020.

	Micro (0 -9)(%)	Small (10 -49)(%)	Medium (50 -249)(%)	Large (250+)(%)	V.a.(In thousand)
FR	7.74	13.71	15.43	63.12	3,083,524
DE	4.43	13.55	19.42	62.59	7,690,623
IT	13.28	29.70	25.30	31.72	3,320,985
NL	9.20	21.44	33.50	35.86	688,159
PL	8.67	16.79	24.27	50.27	2,630,080
ES	12.28	24.25	24.18	39.29	1,941,088
SE	6.76	12.35	18.75	62.14	531,077
UK	9.42	18.87	26.82	44.89	2,549,096
EU27	8.17	18.07	22.92	50.84	27,696,219

Source: OECD (2023), Employees by business size (indicator).
doi: 10.1787/ceaf53c9-en (accessed on 07 June 2023).

In Europe (including the United Kingdom), the industrialised sector is made by the world's most innovative and developed small and medium-sized enterprises. Entrepreneurial excellences such as in the case of the Italian Mid Cap, or medium-sized manufacturing companies, mostly family-run, which are as competitive as the French gazelles or the German Mittelstand[8]. The state of health of small and medium-sized enterprises is strongly influenced both by their level of innovation and digitalization and by the level of availability of competent workforce, or instead the difficulty in finding a workforce that has the skills and professionalism sought (skilled workers).

8 Mediobanca, Italian Mid Cap Conference 2023.

Mismatch between job and competence supply and demand

In 2022 the Job vacancy rate, the rate of paid jobs for which the employer actively seeks a suitable candidate and is willing to make additional efforts to find it since they remain uncovered, has reached record rates in many countries. Except for the UK and Poland, the percentage change in just twelve months since 2021 has increased considerably, especially in Spain (28.6%), Germany (12.8%) and Italy (11.8%).

TAB. 1.8 - DISTRIBUTION FOR JOB VACANCY RATE AND PERCENTAGE CHANGE- 2021, 2022.

	Job vacancy rate 31/12/2021	Job vacancy rate 31/12/2022	Variation % 2022-2021
FR	2.4	2.4	0.0
DE	3.9	4.4	12.8
IT	1.7	1.9	11.8
NL	4.2	4.5	7.1
PL	1.1	0.9	-18.2
ES	0.7	0.9	28.6
SE	2.5	2.6	4.0
UK	4.1	3.6	-12.2
EU27	2.6	2.8	7.7

Source: Our analysis on Eurostat and Statista.com data.

One of the main drivers of the rapid increase in the number of vacancies in recent years has been the misalignment of competency[9]. In this sense, this "abundance" of jobs is not entirely good news, bearing in mind that we are talking about a context, Europe, which has approximately more than 15 million young NEET[10]. This is a multidimensional phenomenon caused by an increase in the misalignment between the labour needs of companies and the labour supply available on the market, generating widespread situations of the so-called "labour shortage".

The term "labour shortage" indicates the discrepancy between the characteristics of vacancies and those of job seekers. In any dynamic economy, contained periods of shortages and misalignment are foreseeable, but unfortunately misalignment and/or high skill shortages have become persistent symptoms that can have negative economic consequences for individuals, businesses and the aggregate economy[11]. This mismatch is mainly due to structural changes in the world of work, that the pandemic COVID-19 has accelerated (e.g. digitisation, the search for specialist skills for which there are no adequate training paths, the dissemination of work remotely), and to fundamental problems of the labour market (e.g. demographic decline, large occupational mobility, demand for labour often concentrated on low value-added sectors and low wages).

The mismatch between demand and offer affects negatively on the ability of enterprises to innovate or adopt the technological solutions necessary to improve their productivity. This situation limits the prospects for increasing employability in most European countries. In several research projects, a relationship between skills and economic cycle is highlighted. Indeed, there is a structural trend towards the polarisation of occupational profiles, and increasingly changing skills requirements worsen the prospects for redeployment, leading to long periods of unemployment[12].

9 Bertazzon L., 2019, Appunti sul mismatch nel mercato del lavoro, Veneto Lavoro, Venezia.

10 http://www.agensir.it/europeforus/2019/06/27/eurostat-circa-15-milioni-i-giovani-europei-neet-nel-2018-italia-in-cima-al-podio/

11 Brunelli G. e Wuck P., 2019, Competenze e disallineamento delle competenze in Europa: una revisione della letteratura, IZA n. 12346.

12 Zago, R., 2017, Job Polarization, Skill Mismatch, and the Great Recession. Working Paper, Sciences Po, Paris.

The mismatch in the labour market is a complex, multidimensional phenomenon, involving several variables. Speaking of mismatch means referring to a very diverse range of situations and among the most relevant (certainly not exhaustive), we can mention:

Problem identified	Description
Skill mismatch[13]	Individual competences are not aligned (too many, too few, not very suitable, obsolete) with the tasks required and the responsibilities assigned
Qualification mismatch	The difficulties of meeting supply and demand may concern the training path: the level of education or the qualification or specialization achieved is not sufficient or is excessive compared to the position
Geographical mismatch	Geographical factors, such as the spatial location of labour supply and the possibilities/availability of labour mobility hinder the meeting of supply and demand
Wage mismatch	Economic factors, such as labour supply in terms of compensation (monetary and non-monetary elements), are at the root of meeting difficulties
Contractual mismatch	The mismatch between supply and demand relates to contractual aspects, such as when specific needs/willingness to work comes into play or issues related to the duration of the employment relationship or the possibility of access to certain benefits, for example contributory
Sourcing mismatch	Difficulties in selecting and recruiting candidates

Source: Veneto lavoro, 2019, Appunti sul mismatch nel mercato del lavoro, Venezia-Mestre.

It should be considered that the **shortcomings and problems reported in filling vacancies could be due to the wage** (wage mismatch) **and the working conditions offered** (contractual and geographical mismatch) rather than the lack of suitable candidates among job seekers. In literature it has been repeatedly found that by considering the same professional group in a given geographical area, the companies or establishments that offer wage higher than the average wage report less difficulty in finding resources[14].

In a series of studies carried out in 2015 and 2018 drawing on Eurobarometer data, CEDEFOP has attempted to separate the "real" staff shortage from that one relating to a problem of wage mismatch noting that when in recruitment proposals companies offer competitive initial salaries the lack of correspondence and the difficulty of finding people are reduced by 13% compared to the general data[15].

Another possible explanation of such high vacancy rates in Europe is provided by the International Monetary Fund[16]. It highlighted that the skills premium, measured through the ratio of skilled to unskilled wages, in recent years has remained relatively stable, and, in some countries, it has declined slightly, not encouraging young NEETs to move towards higher qualification.

13 https://www.ilo.org/skills/Whatsnew/WCMS_740388/lang--en/index.htm

14 Haskel, J. and Martin, C, 2001, Technology, Wages, and Skill Shortages: Evidence from UK Micro Data, Oxford Economic Papers, vol. 53(4), pages 642-658; European Commission, 2014, European Vacancy and Recruitment Report, Luxembourg.

15 McGuinness, S, Pouliakas, K and Redmond, P, 2017, How Useful is the Concept of Skill Mismatch? ILO, Geneva.

16 International Monetary Fund, 2018, World Economic Outlook, Washington.

Excluding the wage factor, the skills mismatch can be "negative" (under-qualification) when candidates have lower skills than those required by companies; or "positive" (over-qualification) where the professional skills and/or level of education of the worker is more than those required by the position held or to be filled[17].
In the UK, the Netherlands, Germany, Spain and Italy, the skills mismatch rate is high, around 40%. However, while in the United Kingdom and the Netherlands the under-qualification of workers weighs more heavily, in Italy and Spain it is the over qualification that is more present. Looking such a phenomenon in educated people, data show that one in three educated people is in a job where the qualification is not necessary or is inadequate to carry out their duties. Interesting the case of Germany, where the value is rather contained. In this regard, Bellman and Hubler (2014)[18] note that skills shortages in German companies are normally short-term phenomena, attributing credit to the dual system of transition school - work (see Chapter 3).
Several longitudinal researches carried out in Canada related to the mismatch of graduated people, show that for an educated person accepting a less desirable job at the professional level has a negative impact on both earnings (on average 3% less than those who have a job well aligned with skills) and career. Indeed only a part of graduates, over time, manage to undertake a gradual process of occupational mobility moving towards better professions also due to an amortization effect[19]of human capital[20].

The reasons for the growing mismatch between job supply and demand, with the consequent increase in vacancies, must be sought both at the macro level (social, institutional, labour market regulation, employment welfare, technologies) and at the micro level (organizational and personal elements).

17 Cedefop, 2010, Skill supply and demand in Europe: medium-term forecast up to 2020, Thessaloniki, Greece. http://www.cedefop.europa.eu/EN/Files/3052_en.pdf

18 Bellman, L. and Hubler, O., 2014, Skill shortages in German establishments, IZA Discussion Paper no. 8290, Institute for the Study of Labor, Bonn.

19 The depreciation effect of human capital consists in the loss of value of the qualification held by a certain individual as a result of technological progress which involves the acquisition of new skills.

20 Oreopoulos, P, von Wachter, T and Heisz, A, 2012. The Short- and Long-Term Career Effects of Graduating in a Recession," American Economic Journal: Applied Economics, American Economic Association, vol. 4(1), pages 1-29, January.; Altonji, J., Kahn, L. and Speer, J., 2016, Cashier of Consultant? Entry Labour Market Conditions, Field of Study and Career Success, Journal of Labor Economics, 34, S361-401.

TAB. 1.9 - GENERAL DATA DISTRIBUTION AND MISMATCH TYPES OF SKILLS AND MISMATCHES INSTRUCTED – 2019.

	FR	DE	IT	NL	PL	ES	SE	UK*	EU27
Competences mismatch	33.2	39.9	38.5	38.2	22.2	41.0	27.0	40.5	32.2
Mismatch between the high educated people	35.2	22.2	37.0	33.0	/	33.2	34.5	38.7	32.2
Type of skills mismatch									
Overqualification	37.7	47.2	52.6	39.3	42.6	52.8	55.4	35.8	47.8
Underqualification	62.3	52.8	47.4	60.7	57.4	47.2	44.6	64.2	52.2

Source: our analysis on OECD data Skill for jobs database[21]. "/" missing data (data not available in the source).

21 The indicator measure the average percentage of workers that have a qualification that does not match their job's requirements. It was calculated by the OECD using data from the European Union Labour Force Survey (LFS: EU), the Permanent Household Survey (EPH: ARG), the Australian Labour Force Survey (AUS), the Household, Income and Labour Dynamics in Australia Survey (HILDA: AUS), Pesquisa Nacional por Amostra de Domicilios (PNAD: BRA), the Canadian Labour Force Survey (CAN) the Socio-Economic Characterization Survey (CASEN: CHL), the National Survey of Occupation and Employment (ENOE: MEX), the New Zealand Labour Force Survey (NZL), the New Zealand Income Survey (NZL), Encuesta Nacional de Hogares (ENAHO: PER), the Turkish Labour Force Survey (TUR), the Current Population Survey (CPS: USA), the South African Labour Force Survey.

The main factors that at macro level can play an important role in generating imbalances can be linked to:

- **Demographic trends** can increase skill shortages through their impact on the size, age, and composition of the workforce. Moreover, demographic changes also impact on the demand for goods and services as well as on the demand for the professions and skills needed to provide them (e.g. medical services and personal care are examples of this)[22].
- **Technological progress** have led to both an acceleration in demand for skilled workers (that exceeds the available supply[23]) and a combined reduction in demand for routine cognitive and manual tasks by increasing the dependence of production on non-routine tasks that cannot be easily automated thus generating the simultaneous increase in the demand of low-skilled and highly qualified occupations. and the simultaneous decrease in the share of medium-skilled jobs[24].
- **Disconnection** between the world of school (and educational objectives) and that of work, with a growing gap between the education received in school and the competences needed by companies.
- **System of Services for Work not adequate**, which still presents many criticalities and is not able to offer unemployed people and job seekers adequate accompaniment and support in transitions.
- **Economic benefits** (e.g., unemployment benefits and income from citizenship) **that graft individual choices of non-participation leading to the wrecking of a potential alignment.**

22 Brunelli G. e Wuck P., 2019, Competenze e disallineamento delle competenze in Europa: una revisione della letteratura, IZA n. 12346.

23 Acemoglu, D. and Autor, D., 2011. Skills, Tasks and Technologies: Implications for Employment and Earnings, NBER Working Paper n. 16082.

24 Das, M. and Hilgenstock, B. 2018, Labor Market Consequences of Routinization in Developed and Developing Economies, manuscript.

25 Mavromaras, K., McGuinness, S. and M. Wooden,2007, Overskilling in the Australian Labour Market. The Australian Economic Review, Vol.40, pp.307-312.

26 McGowan MA and Andrews, D, 2015, Skill Mismatch and Public Policy in OECD Countries, The Future of Productivity: Main Background Papers, OECD.

The skills mismatch has a negative impact on the work force allocation, an Australian study tried to quantify the influence of this misalignment on the GDP[25]. The researchers estimated the effect considering both the loss of individual productivity and the wage penalties of the overqualified workers founding that the skills mismatch causes a 2.6% decrease of the GDP. A more recent study[26] shows that the impact of skill mismatch on GDP is lower in countries where bankruptcy legislation does not punish companies excessively, flexibility in wage negotiations is higher, increased participation in lifelong learning is widespread, and where housing policies do not hinder occupational mobility.

At the micro level the reasons for the misalignement between demand and supply of labour can be mainly due to the following factors:

Enterprise level	Worker side
Identification and clear communication of the characteristics of the professions sought and the skills that characterize them. Due to the current complexity of the labour market and the production process, there is an increasing difficulty in identifying and describing in a precise way the characteristics of the sought professional figures.	**Lack of knowledge of the world of work.** The widespread inability to assess and know the functioning and needs of the labour market. Some old fashioned idea in relations to professions and training deficiencies can contribute to feeding disinformation phenomena and "disorientate" the choices and paths of workers.
Ability to identify the right channels for recruiting candidates.	**Lack of ability to manage job search processes** (e.g. which channels are more appropriate for job search and what tools are more effective)
Content of the job proposal that is not always attractive for (eligible) candidates. In some respects, the working conditions offered must be rethought in a broader sense, not only in economic terms, but also in terms of medium to long-term prospects for the worker, company welfare, quality of work, etc.	**Knowledge and ability to use work services and labour policies** especially for the benefit of most vulnerable people.

Source: Veneto lavoro, 2019, Appunti sul mismatch nel mercato del lavoro, Venezia-Mestre.

At the micro level, it is worth highlighting the negative impact of misalignment on job satisfaction. Studies show that workers where there is a mismatch (over- or under-educated or skilled) are more likely not only to miss work more often, but also to change jobs more frequently and invest less in training, with potentially negative consequences for productivity[27]. The occupational mobility of company's workforce leads to an increase in turnover within the organization and represents a cost for companies, which are forced to invest in the selection and training of new staff.

The strategies used by companies to respond to skill shortages have been the subject of several studies, which have shown that most employers respond to this challenge through improved pay or strategies "peripherals" with temporary work or outsourcing[28]. Another solution consist in recruiting young people with certain soft skills and values considered relevant by the company, and subsequently train these resources to develop the technical skills necessary for work by investing as a company in their training[29].

27 Verhaest, D. and Omey, E., 2006, The Impact of Over-education and its Measurement, Social Indicators Research, 77, 419-448.

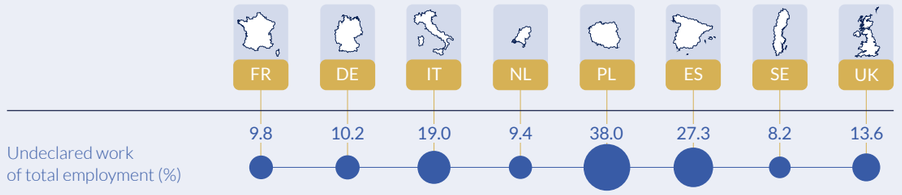
28 McGuinness, S, Pouliakas, K and Redmond, P, 2017, How useful is the concept of skill mismatch? ILO, Geneva.

29 Puckett J. et al.,2020, Fixing the Global Skills Mismatch, Boston Consulting Group.

The weight of the undeclared in the labor market

Although there is no single definition, it is widely accepted that the term "informal economy" encompasses considerable diversity in terms of workers, enterprises, and entrepreneurs with identifiable characteristics. The term "informal economy" is preferable to "informal sector" because the workers and enterprises in question do not fall within a specific sector of economic activity but are cross-sectional.
The term "informal economy" refers to all economic activities of workers and economic units that are not covered or sufficiently covered by formal agreements. In other words, informal activities operate outside the formal scope of the law. Undeclared work exists in all countries regardless of the level of socio-economic development (although it is more widespread in developing countries) and contrary to previous forecasts, the burden of undeclared work is increasing in many countries.
Literature shows that most people enter the informal economy not by choice, but because of lack of opportunity in the formal economy and lack of other means of subsistence[30].
According to the ILO's 2018 estimates, the highest percentage of undeclared work is recorded in Poland where it interests the 38% of people employed, followed by Spain, Italy and the United Kingdom.

TAB. 1.10 - SHARE OF INFORMAL EMPLOYMENT IN TOTAL EMPLOYMENT – 2018



30 Williams, C., I. Horodnic, Windebank, J., 2015. Explaining participation in the informal economy: an institutional incongruence perspective. International sociology 30 (3), 294-313.

31 Coletto, D., Fracasso, A., Vittucci Marzetti, G., (2018). Informal Economy and Extractive Institutions. Review of Economics and Institutions, 9(1), Article 2. doi: 10.5202/rei. v9i1.240 Retrieved from http://www.rei.unipg.it/rei/article/view/240

In the literature, some analyses have formulated a series of hypotheses on the still relevant weight of undeclared work in Western economies. Informality is associated primarily with a lack of trust in the various institutions (especially the welfare state). In other words, where both the impact of taxation and the system of social protection are very high, as for example France and Sweden, informal economy tends to have a very low weight. On the contrary, where the taxation is high but the welfare state does not redistribute or misdistribute, individuals are more inclined to the informal economy[31].

2

Socio-demographic analysis

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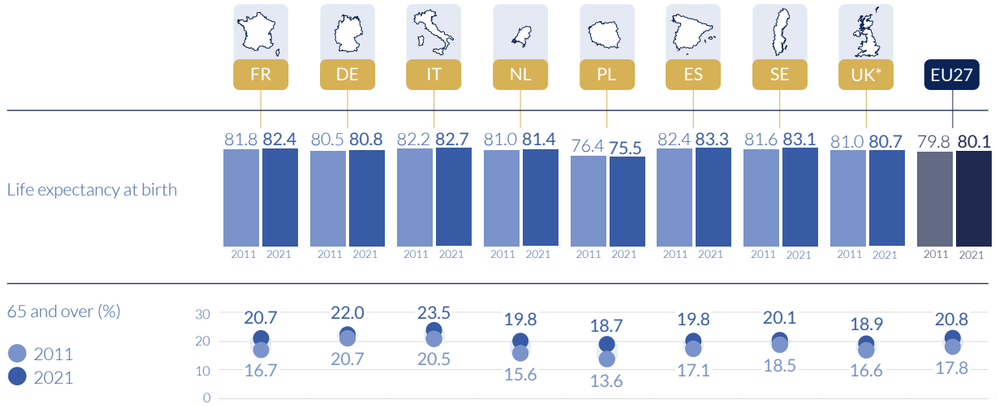
Fertility dynamics and population ageing

One of the main achievements in Human history is the transition from a world in which the premature death of a child was a normal condition to one in which it is a rare event. Where this stage has already been completed, as in Europe, a total fertility (average number of children per woman) of around two is sufficient to maintain a balance between generations (replacement-level fertility). Below this threshold leads the generations of children to be progressively less compared to those of the parents. The major consequence is not only the demographic decline but also, and mainly, an alteration in the structural form of the population with the weight of the elderly becoming overwhelming on the younger ones.

TAB. 2.1 - LIFE EXPECTANCY AT BIRTH AND THE PERCENTAGE OF POPULATION AGED 65 AND OVER - 2011, 2021.



Source: Eurostat https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Mortality_and_life_expectancy_statistics ; https://ec.europa.eu/eurostat/data-browser/view/demo_pjanedu/default/table?lang=en

* Source WORLDBANK https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=GB

STATISTA United Kingdom - Age distribution 2021 | Statista.

The drop below the replacement-level fertility in Western European countries occurs between the end of the 1960s (Sweden in 1969) and the beginning of the 1980s (Spain in 1981). In Eastern European countries, the fall of fertility comes later. Poland, in particular, still had an average of 2.1 children per woman at the beginning of the 1990s, and dropped to 1.2 in the early years of the new century.

Attention to the impact of demographic change in the coming years and decades is placed by the European Commission, in particular, on the following points: the increase in the elderly population; the shrinking working-age population; internal differences between regions in demographic dynamics and their economic and social implications; the reduction of Europe's weight in the world; the interdependence of all this (changes in the relationships between generations, between internal areas and with the rest of the world) with the green and digital transition.

It is recognized that to effectively deal with these points it is necessary to strengthen the ability to interpret the transformations underway, anticipate them and allow people to prepare themselves with the tools needed

to seize opportunities and manage risks in a constantly evolving scenario.

The European Commission also underlines that there is no one-size-fits-all approach that provides solutions for everyone and in all situations. This means that public action must deal with the peculiarities of the social and institutional context[32].

The current average number of children per woman in the European Union is just over 1.5, with no member country reaching the replacement threshold. It is important to remember that in all the countries analysed there is a procrastination of the maternity: the mean age of the first child has seen a generalized increase with the highest values reached by Italy and Spain (31.6 years old).

More generally, a demographic transition is underway throughout the world, anticipated by the more advanced economies, which is not tending towards a point of equilibrium: longevity is extending more and more and fertility is everywhere positioning itself below the level of fertility at which a population exactly replaces itself from one generation to the next (replacement threshold). Within this underlying change there is a wide difference of experiences within Europe itself[33].

No country in Europe has a fertility rate sufficient to guarantee a balance in the relationship between generations. In 2010, France and Sweden approached this level. In 2019 - before the troubled years of the pandemic and the war in Ukraine - these countries all fell below (other Western countries, such as the United States and Australia, also had a similar trend). The highest value at the end of the last decade remained in France at 1.87, with Sweden down to 1.71. The most recent data available at a comparative level (year 2021) sees France at 1.84 and Sweden at 1.67.

This group of countries which, despite declining in recent years, have maintained a fertility above 1.5 (average value for the European Union) also includes the Netherlands (1.62 in 2021).

This group of countries has therefore managed, thanks to solid policies in support of the birth rate and the reconciliation between work and family[34], to keep fertility not too much below the replacement level, has therefore contained the demographic imbalances (decrease of new generations to in the face of a continuous growth of the elderly population).

The old-age dependency ratio[35], according to Eurostat forecasts (base 2023), will increase in this group but will remain below 50% until 2050.

The continuous improvement of living and health conditions has made it increasingly common to achieve ages that in the past were reached only by a narrow minority of the population (typically in precarious conditions). All stages of life are changing as a result of the increase in longevity and of the way this increase interacts with social, cultural and technological transformations[36]. In countries, such as those belonging to this group - which maintain fertility close to the replacement level, increasing longevity gradually gains years of life in old age without depleting the strength of the working-age population.

A second group of countries saw fertility drop to very low values but were recently able to reverse the trend. One of the most interesting cases is that of Germany, which went from 1.39 to 1.58 children on average per woman from 2011 to 2021.

As a consequence of the imbalances produced over time by the falling birth rate, the young-adult component tends to decrease. The best effects on births are, therefore, those obtained by combining family policies with the ability to attract and manage migratory flows of people in their working and reproductive ages. In the last decade, Germany was the country that acted the most on these two levers. As a consequence births increased significantly (about 100,000 over the course of the decade, going from 678,000 in 2010 to 778,000 in 2019, this is the highest growth in Europe)[37].

Thanks to these dynamics, Germany will also see an increase in the dependency ratio of the elderly but keeping it below 50% until the mid-century (below the European average).

Poland, starting from less accentuated imbalances, saw fertility, like the whole area of Eastern Europe, collapse during the 1990s and along the entry into the new century. The low birth rate values are expected to lead the imbalances to become among the most accentuated in Europe (partly offset by the flows from Ukraine which have become particularly substantial after the Russian invasion of 2021).

The worst demographic picture is that of the third group, which includes the area of southern Europe, which contains countries that have been experiencing persistently low fertility for the longest time (and without recent evidence of a trend reversal).

In particular, Spain and Italy have a fertility of around or less than 1.25 as well as one of the latest ages for the arrival of the first child (on average after 31.5 years for women). Therefore they are characterized by an accentuated process of postponement and downward revision of the choice to have children. As a consequence they find themselves with particularly marked imbalances (the old-age dependency ratio will abundantly exceed 50% before the middle of the 21st century).

The lack of reconciliation measures (services for childcare and non self-sufficient elderly people, paternity leave, reversible part-time, etc.) also lead to a reduction in the growth of female employment. The countries of Southern and Eastern Europe tend to have a higher gap between male and female employment than the European average (around 11 percentage points). In particular, Italy and Sweden are at the two extremes: over 19 percentage points for the first country and less than 5 points for the second.

32 European Commission Report on the Impact of Demographic Change, European Commission, "Strategic foresight can be an important tool to identify and predict challenges that will affect each of these transitions and better prepare policies to address them together", p.26, 2020.

33 European Commission, The impact of Demographic Change in a Changing Environment, 2023.

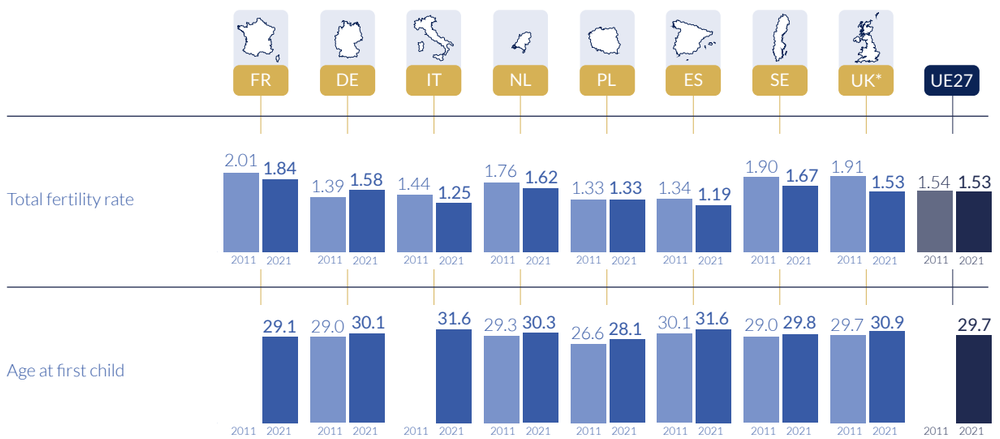
34 Chzhen Y et al. Are the World's Richest Countries Family Friendly? Policy in the OECD and EU. United Nations Children's Fund 2019. https://www.unicef-irc.org/family-friendly

35 Ratio of the number of elderly people at an age when they are generally economically inactive (i.e. aged 65 and over), compared to the number of people of working age (i.e. 15-64 years old).

36 S.E. Vollset et. al. (2020), Fertility, Mortality and Population Scenarios for 195 Countries and Territories from 2017 to 2100: a Forecasting Analysis for Global Burden of Disease Study, «Lancet», volume 396, issue 10258, pp. 1285-1306, October 17, 2020.

37 Federal Institute for Population Research, Demographic facts and trends in Germany, 2010-2020, Federal Institute for Population Research, Wiesbaden 2021.

TAB. 2.2 – TOTAL FERTILITY RATE AND AGE OF WOMEN AT BIRTH OF FIRST CHILD - 2011, 2021.



Source: Eurostat https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Fertility_statistics#Total_fertility_rate_and_age_of_women_at_birth_of_first_child
* STATISTA - United Kingdom - Age distribution 2021 | Statista.

The dejuvenation process

The birth rate dynamics are the basis of a process of dejuvenation, i.e. a structural reduction of the youth population. In the three groups of countries outlined above, this process presents different intensities and characteristics[38].

Thanks to the more favourable (or, at least, less unfavourable) fertility dynamics, the countries in the first group are those with a higher incidence of young people (15-34 years) out of the total population, all above the European average (equal to 22.7% in 2021).

However, while France, thanks to the higher past fertility, maintains a fairly constant consistency in the various cohorts and within the various youth groups (equilibrium over time among the generations), Sweden and the Netherlands tend to have a greater consistency of young adults (25-34) compared to young people in the strict sense (under 25).

In Germany, the reduction in the younger age groups is even more accentuated (these are those born before the trend reversal) but this country is, together with Sweden, the one that most succeeds in strengthening the cohorts entering the labour market thanks to the contribution of migratory flows[39]. In fact, if we follow the cohort that from the age of 20-24 in 2011 reaches the age of 30-34 in 2021, we note that it has strengthened by 15%. So much so that this age group exceeds the European average incidence (6.7% against 6.4%).

In Poland, however, this contribution is absent (but could, as we have said, after 2021 benefit from entries from Ukraine).

The countries belonging to the third group (Spain and Italy), due to the combination of a more persistent low birth rate and a less solid contribution from immigration than the first group, are those with the lowest incidence of under 20s and a minor strengthening as they approach aged 30 and over (at full working age). Therefore with more accentuated dejuvenation process[40].

The need to pay attention to the risk of talent depletion in countries facing the demographic crisis is recognized by the European Union, as highlighted in particular in the Communication n "Harnessing talent in Europe's regions" presented by the European Commission (released on 17 January 2023)[41].

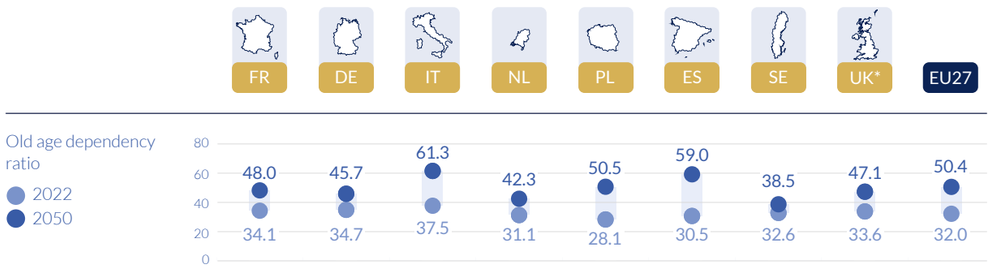
38 Eurostat 2020, Being young in Europe today - demographic trends, Statistics explained.

39 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Migration_and_migrant_population_statistics

40 Caltabiano M., Rosina A., 2018, "The dejuvenation of the Italian population", Journal of Modern Italian Studies, Volume 23, 2018 - Issue 1: Making space for youth in contemporary Italy.

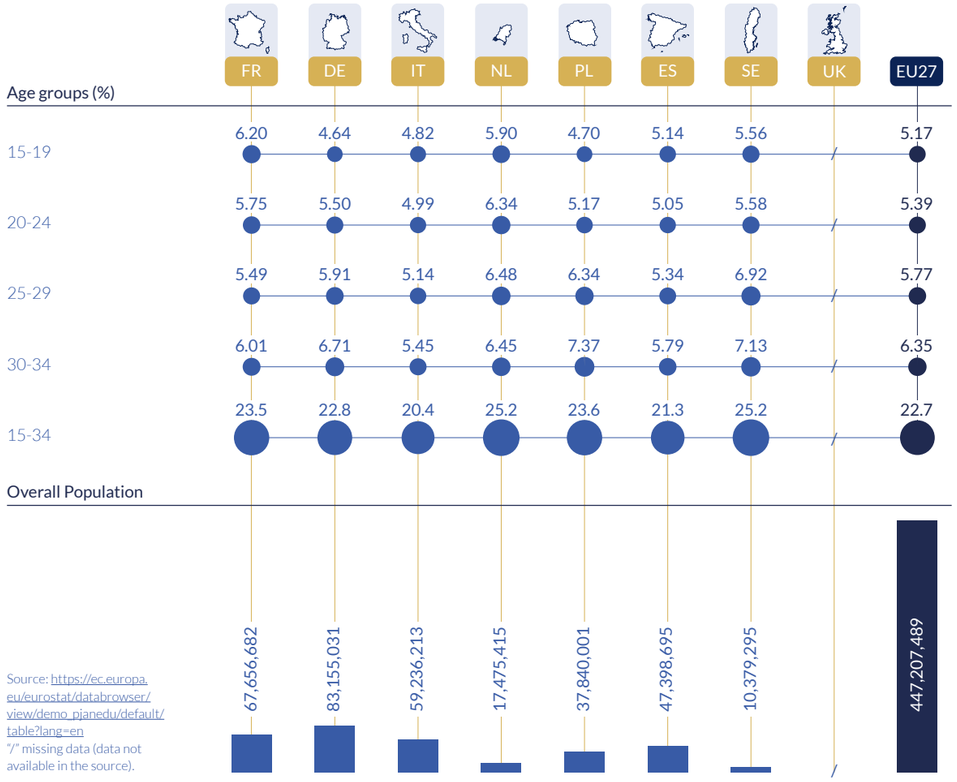
41 https://ec.europa.eu/commission/presscorner/detail/en/IP_23_145

TAB. 2.3 - OLD-AGE DEPENDENCY RATIO (POPULATION 65 YEARS OR OVER TO POPULATION 15 TO 64 YEARS). YEAR 2022 AND POPULATION PROJECTIONS.



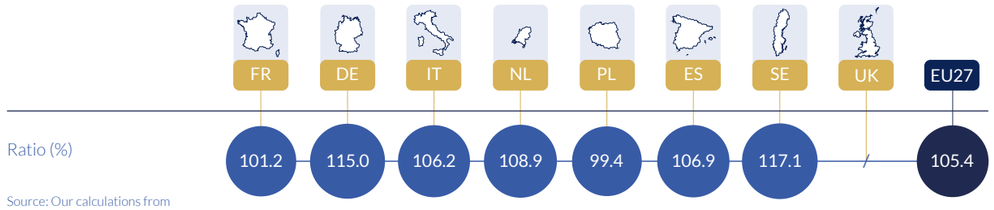
Source: EUROPOP2023 (Old-age dependency ratio 1st variant (population 65 years or over to population 15 to 64 years)
https://ec.europa.eu/eurostat/databrowser/view/proj_23ndbi/default/table?lang=en
Source: OECD - https://data.oecd.org/pop/old-age-dependency-ratio.htm

TAB. 2.4 - YOUTH POPULATION IN VARIOUS AGE GROUPS OUT OF THE TOTAL POPULATION (%) - 2021.



Source: https://ec.europa.eu/eurostat/databrowser/view/demo_pjanedu/default/table?lang=en
"/" missing data (data not available in the source).

TAB. 2.5 - RATIO (%) BETWEEN PEOPLE AGED 30-34 IN 2021 ON PEOPLE AGED 20-24 - 2011.

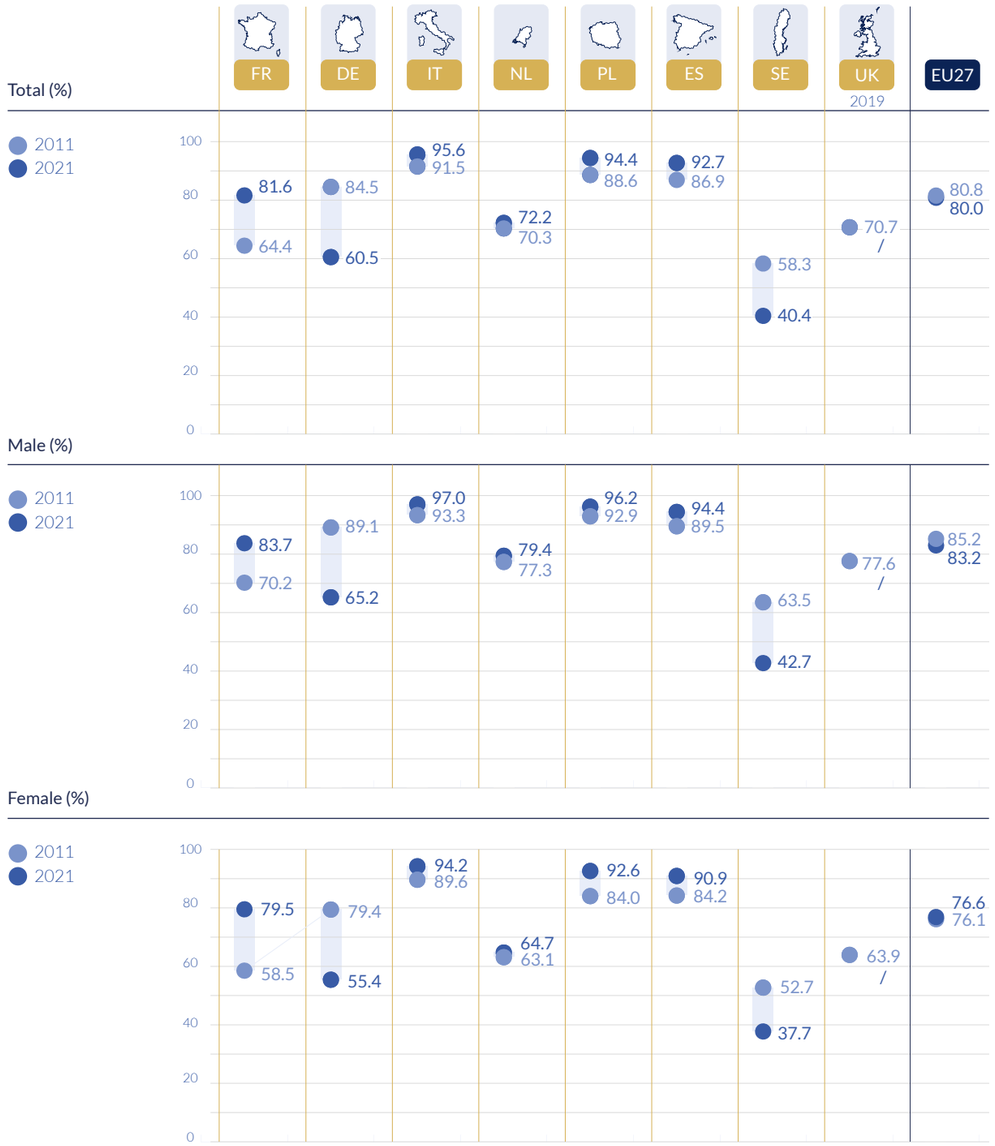


Source: Our calculations from the Eurostat database.
"/" missing data (data not available in the source).

Qualitative dimension: perceived condition and levels of satisfaction

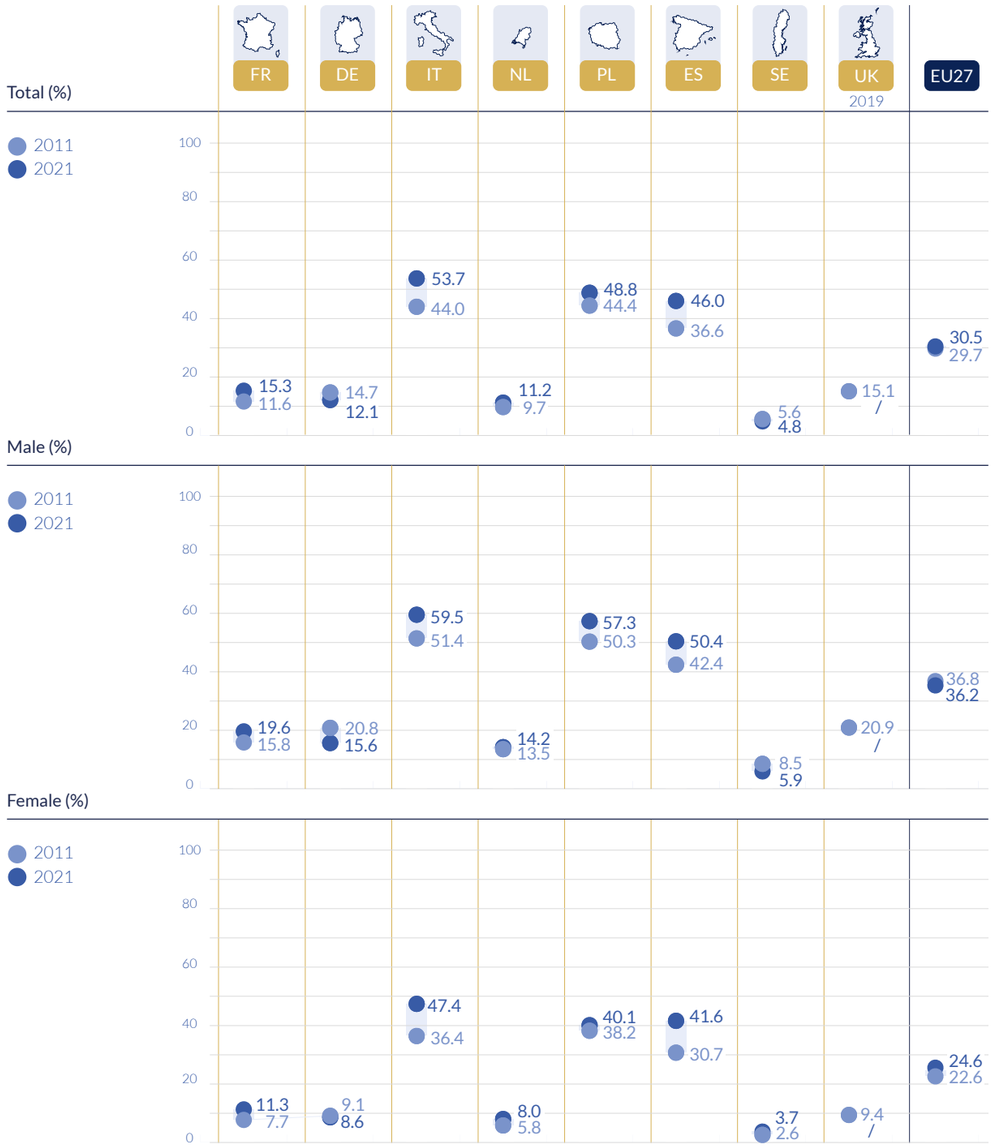
Young people in the countries considered tend to typically live in the family of origin in the 18-24 age group, but large differences between countries can be observed. Sweden, in particular, saw a drop in the permanence in the parental house of young people below 50% from to 2021. In the following age group (25-34), the percentage of young adults in the family of origin remained below 5% in Sweden, while it rose to over 50% in Italy.

TAB. 2.6 – SHARE OF PEOPLE AGED 18-24 LIVING WITH THEIR PARENTS BY SEX - 2011, 2021.



Source: Eurostat - https://ec.europa.eu/eurostat/databrowser/view/ILC_LVPS08__custom_6645070/default/table?lang=en
"/" missing data (data not available in the source).

TAB. 2.7 – SHARE OF PEOPLE AGED 25-34 LIVING WITH THEIR PARENTS BY SEX - 2011, 2021.



Source: Eurostat - https://ec.europa.eu/eurostat/databrowser/view/ILC_LVPS08__custom_6645070/default/table?lang=en
"/" missing data (data not available in the source).

With regard to the perception of young adults (25-34 age group) of their condition, Italy is the only one to present a persistence on values lower than the European average on all the dimensions considered. An exception is the overall life satisfaction figure where the Dutch situation is more critical. Italy's low values join France in terms of financial satisfaction; to France and the Netherlands on satisfaction with their job and overall life; to the Netherlands with respect to personal relationships.

Sweden is the country with the most favourable percentages on the largest number of dimensions (particularly on the financial and employment side). Poland has relatively higher values on satisfaction with overall life and with personal relationships.

In the 16-24 age group the comparative framework remains substantially the same, the main difference being the fact that the levels of perceived well-being are systematically shifted upwards compared to the next age group.

TAB. 2.8 – WELLBEING AND SATISFACTION IN VARIOUS AREAS. AGE 16-24 - 2018.

Percentage of the population rating their satisfaction as high

	Total				Male				Female			
	Financial	Job	Overall life	Personal relationships	Financial	Job	Overall life	Personal relationships	Financial	Job	Overall life	Personal relationships
FR	19.4	22.0	29.6	49.0	22.3	16.6	31.1	45.3	16.7	27.3	28.1	52.4
DE	28.4	**34.5**	34.3	56.0	27.8	35.7	34.1	52.8	29.2	32.6	34.6	59.7
IT	16.4	17.4	27.8	38.0	16.4	17.9	27.9	35.3	16.3	16.9	27.8	41.2
NL	26.6	22.0	24.0	44.6	32.6	18.6	26.7	44.4	20.5	25.5	21.4	44.8
PL	24.9	26.9	**46.8**	57.6	26.4	29.5	45.5	52.9	23.2	22.7	48.1	**62.8**
ES	17.2	28.3	35.6	57.4	19.7	27.6	37.1	57.4	**14.7**	29.1	34.2	57.4
SE	**43.6**	33.2	35.0	**61.8**	44.8	32.7	35.3	**63.1**	42.5	33.9	34.6	60.5
UK	23.6	23.4	33.0	50.6	26.4	26.6	38.5	55.1	21.4	20.4	28.4	46.8
EU27	22.8	29.0	34.8	51.3	24.3	29.8	35.2	49.1	21.3	28.0	34.3	53.6

Source: Eurostat - https://ec.europa.eu/eurostat/web/youth/database/eu-dashboard#Empower
In each column of the table, referring to total data, the highest data is bold while the lowest data is highlighted in white

Gender differences are also limited. However, it should be noted that in Spain and Italy the results recorded in the 25-34 age group by women are more positive than those of men. In Poland and Sweden, women are more satisfied on various items with the exception of job. Women tend to show greater satisfaction with the dimension of personal relationships in all age groups considered. In Poland, the overall life satisfaction figure for 16-24 year olds is higher for women than for men.

TAB. 2.9 – WELLBEING AND SATISFACTION IN VARIOUS AREAS. AGE 25-34 -2018.

Percentage of the population rating their satisfaction as high

	Total				Male				Female			
	Financial	Job	Overall life	Personal relationships	Financial	Job	Overall life	Personal relationships	Financial	Job	Overall life	Personal relationships
FR	11.4	21.1	24.6	46.3	11.5	22.7	26.2	46.5	11.3	19.9	23.5	46.2
DE	18.2	24.6	30.5	44.9	18.7	25.0	30.5	43.7	17.8	24.2	30.5	46.0
IT	11.9	21.7	24.9	31.5	10.3	20.9	22.7	30.9	13.5	22.8	27.0	32.2
NL	22.1	20.3	23.3	32.8	22.1	21.7	23.6	30.0	22.2	18.7	23.1	35.7
PL	21.1	29.0	**44.0**	**52.9**	20.1	29.5	41.7	50.4	22.0	28.4	46.4	55.3
ES	14.8	28.4	29.4	52.8	13.7	27.4	25.6	50.6	15.9	29.4	33.2	55.1
SE	**24.4**	**36.3**	31.0	50.1	23.9	37.2	28.3	42.5	24.9	35.1	33.9	58.5
UK	17.7	27.7	28.7	52.4	18.6	26.2	26.0	47.2	17.0	29.2	30.8	56.6
EU27	16.4	25.8	30.3	44.7	16.2	25.9	29.2	43.2	16.6	25.6	31.3	46.1

Source: Eurostat - https://ec.europa.eu/eurostat/web/youth/database/eu-dashboard#Empower
In each column of the table, referring to total data, the highest data is bold while the lowest data is highlighted in white

3

The school to work transition and the NEETs

by Gabriele Ballarino

Professor of Economic Sociology
University of Milan

In this chapter we look at the educational system as a key component of the context structuring the occupational opportunities and outcomes of young people, over the eight European countries included in the study. The key focus is then on those school segments which are more closely related to the labor market, namely upper secondary school and tertiary education.
When studying the occupational condition of young people a focus on education is of order, since among the key functions of modern school systems we find:

a. the transmission of *knowledge*, including work-related skills and competences;
b. socialization, that is teaching young people, among other things, how to effectively behave as a part of complex bureaucratic organizations;
c. occupational allocation, meaning that schools provide individuals with differentiated degrees by which their knowledge and skills are signaled to possible employers[42].

This means that the way the school system is designed has a key impact on the supply of skills to the economy: it defines what workers know, how they behave, and sorts them into occupations, by their degrees.
However, the design of school systems and educational policies, since their origins in the 19th century, have always followed its own dynamics, related to the policies of national governments and their search for popular consensus, the competition for degrees within the population, and the cultural framework in which school policies are created and implemented[43]. Then, the matching between the skills supplied on the part of the school system, and the demand coming from the economic actors is never to be taken as mechanically given *ex ante*. To the contrary, it requires the purposive investment of resources and a careful activity of regulation on the part of governments, and it also requires cooperation in the effort on the part of schools and families, on one side, and of firms and businesses on the other side.

In the chapter, we adopt a descriptive perspective and use macro-data, mostly coming from the OECD and EUROSTAT data-bases, and concentrate on the country level (although in some cases, as we will see, the school system is to a good extent decentralized). We cannot then speak about causal relations, in the sense of the counterfactual perspective[44], but our results will nevertheless suggest the existence of an association between the way the school system is designed and the occupational situation of young people.

The chapter starts with a description of the situation of young people, between employment and education. It then includes a paragraph focusing on the issue of the NEETs, young people who are neither employed nor in education. It then moves towards the institutional structure of the school system, considering three dimensions, consistently with the standard practice of comparative research[45].
The first dimension considered is *standardization*, referring to the extent to which the school system is designed as to provide an equal treatment, in terms of resources invested, to all students found in similar positions within the system. The second is *stratification*, referring to the extent to which the school careers of students might differ, both vertically (some stay in school for longer, some for less) and horizontally (students of the same grade study different things). The third is *vocational specificity*, that is the extent to which schools provide skills which are immediately to be used in the labour market.

42 See Brint, S. (2017), Schools and Societies, III ed., Palo Alto, Stanford University Press; Goldthorpe, J. H. (2007), On Sociology. Second Edition, Palo Alto, Stanford University Press.

43 See Collins, R. (2000), Comparative and historical patterns of education, in M.T. Hallinan, (ed.), Handbook of the Sociology of Education, New York, Kluwer, pp. 213-239; Meyer, J.W., Ramirez, F.O., Frank, D.J., Schofer, E. (2007), Higher education as an institution, in P.J. Gumport (ed.), Sociology of Higher Education. Contributions and Their Contexts, Baltimora, Johns Hopkins University Press, pp. 187-221.

44 Holland, P. W. (1986), Statistics and Causal Inference, Journal of the American Statistical Association, 81 (396): 945-960.

45 Allmendinger, J. [1989], Educational systems and labor market outcomes, European Sociological Review, 5(3), pp. 31-250.

The condition of young people, between employment and education

In order to quickly enter into our topic, we start by looking at the employment conditions of young people[46]. While in the past scholars would have just looked at the employed/unemployed divide, today the expansion of school participation after the compulsory level, together with the difficulties often experienced by young people when entering the labor market, have made the definition of the employment condition of young people less straightforward. In particular, over the last years the use has spread of the **NEET** acronym (not in education, employment and training) to indicate **those young people who are neither going to school nor employed,** as the phenomenon itself. But how should be the young defined? Here, in table 3.1, we consider the 18-24 group, since their situation is more clearly related to the school system. Below other age groups are also reported (see tables 3.2; 3.4), and data for them are consistent with the results presented here.

The classification used in table 3.1 divides individuals aged 18 to 24 in 4 categories: NEET; employed; in education; employed and in education (rows 1-4 that together represent the overall conditions in which a young person may find himself). We also added the latter category to the second (row 5) and to the third (row 6), separately, in order to provide a clearer comparison of the total employment and school participation rates, between those countries where many young people are employed and in school at the same time, and those countries where this condition is less frequent.

46 The employment conditions of young people would be the dependent variable if we were to perform some type of regression-like statistical analysis. Actually, we cannot actually estimate statistical relations since our sample size (8 cases) does not allow for it.

TABLE 3.1 - CONDITION OF PEOPLE AGED 18-24 BY COUNTRY - 2021.

	FR	DE	IT	NL	PL	ES	SE	UK	EU22 av
1. NEET	17.1	10.0	27.1	4.6	13.8	20.3	12.4	13.4	14.2
2. Employed	26.4	28.4	19.0	27.2	29.6	17.6	38.8	41.5	26.3
3. In education	42.0	29.7	51.2	21.2	48.1	54.5	33.7	26.5	45.0
4. In education and employed	14.4	31.8	2.7	47.0	8.4	7.6	15.1	18.6	14.8
5. Tot. employed (2+4)	40.8	60.3	21.8	74.2	38.0	25.2	53.8	60.1	41.1
6. Tot. in education (3+4)	56.5	61.5	53.9	68.2	56.6	62.1	48.8	45.0	51.9

Source: Own elaboration of OECD data, Education at a glance (henceforth EAG) 2022, figure A2.1. Data for the UK refer to 2019.

Let us start from the NEETs (row 1). While they are at their highest in Italy (27.1%) and Spain (20.3%), they are at their lowest in the Netherlands (4.6%) and in Germany (10%). If we then move to row 4, reporting the percentage of youths who are in education and employed, one finds a clear correspondence between the two figures, as this percentage was much higher in these two countries than elsewhere. In the Netherlands, almost half of the 18-24 years old (47%) were classified in this category, while in Germany almost one third (31.8%) was found in this condition. In the other countries, the same percentage hardly arrived to one fifth (the UK, the third-ranking country in this indicator, scored 18.6%). Conversely, those countries who scored highest on the percentage of NEETs, namely Italy and Spain, scored at the lowest on this indicator: the percentage of 18-24 years old who were both employed and in education was only 2.7% in Italy and 7.6% in Spain. Moreover, the two Mediterranean countries were also those who showed the lowest percentage of employed youths (row 5), at 21.8 in Italy and 25.2 in Spain.

In the next pages, we will provide evidence showing how the different dimensions of school design are related to these outcomes. As an anticipation, we note that Germany and the Netherland are, among the countries in our sample, those who have a **"dual system" of vocational training,** where after the end of compulsory education a sizeable portion of the young people are hired as apprentices by firms and at the same time follow school-based vocational classes, directly related to the specific job they have been hired for. Moreover, the dual system is jointly managed by school authorities and the social partners, in particular the representatives of employers: they are indeed also called "collective" systems of vocational education and training. This circumstance explains also, in numerical terms, why these two countries show the highest percentage for both employed youths and youths who are in school (rows 5 and 6). On the other hand, the Mediterranean countries in our sample, which show the highest NEET rate, have **school systems mostly oriented towards academic studies, with limited space for vocational training and for technical schools,** both at the secondary and tertiary level (see below the details, particularly tab. 3.18 and 3.19). The involvement of employers in school processes is then limited, and this explains the high rate of NEETs as well as the relatively high levels of skills mismatch observed in these countries (see above, tab. 1.8 and 1.9).

47 P. Hall, D. Soskice, (2001, eds), Varieties of Capitalism. The Institutional Foundations of Comparative Advantage, Oxford: Oxford UP.

Of course, a dual system of vocational education and training (henceforth VET) is not the only way neither to increase employment nor to get more adolescents into schools. Other institutional arrangements might also be effective in boosting the employment of young people, as it appears, in table 3.1, from the situation of the UK, where the percentage of employed 18-24 years old people comes quite close to the one of Germany (60.1% vs. 60.3%). The UK institutional regime is mostly based on the working of the market, according to a liberal model of political economy, and does not involve the social partners in the regulation of the school-to-work transition, as countries with a dual system do[47]. However, a **strong system of relatively autonomous secondary schools and universities, also providing vocational training**, results in a relatively low rate of NEET (13.4%, lower than the EU average). Sweden has also a relatively high rate of employment, the highest after the UK if we exclude those employees who are also in school (respectively 38.8% and 41.5%), favored by the **development of the welfare state and of social and personal service occupations financed by the state.**

Something similar might be observed for education, where public investment might be quite effective in boosting the school participation rates. In fact, Spain has a slightly higher percentage of young people in school than Germany itself (62.1% vs 61.5%), and France and Poland, both above 56%, are quite close. However, while a high rate of school participation is generally related to development and to a well-functioning labor market, **public investment in education per se does not necessarily guarantee a good matching between the skills provided to graduates, at all levels, and those required by the labor market.**

Who and where are the NEETs

by Rossella Riccò, Study and Research Area Manager Fondazione Gi Group

As already introduced, NEETs[48] are young people neither in employment nor in education and training. NEETs are, in many ways, the most vulnerable of all youth. Indeed, early-career inactivity turns NEETs into the most likely candidates for long-term socioeconomic marginalization, criminal careers, and grave mental and physical health problems. Additionally, they are economically costly, because of costs of policies associated with NEET, as well as lost outputs and unfulfilled potential (levels et al, 2022)[49].
Even if during the last decade there was a significant decrease in the share of NEETs young adults, the worrying situation of young people out of work and training programmes has led Europe to include the reduction of NEETs rate in The European Pillar of Social Rights Action Plan. Indeed, Europe plans to reduce the rate of NEET 15-29 years to the level of 9% by 2030 by improving their employment prospects. Taking into account that nowadays young people change jobs more frequently and need more time to get established on the labour market, the class of age considered looking to NEETs phenomenon is often enlarged to comprise people from 15 to 34 years old. For that reason, while above we focused on the 18-24 age group, the one more directly related to school processes, in table 3.2 the perspective is expanded to the 15-34 age group.

48 Holte, B. H. (2018). Counting and Meeting NEET Young People: Methodology, Perspective and Meaning in Research on Marginalized Youth. YOUNG, 26(1), 1–16.

49 Levels M., Brzinsky-Fay C., Holmes C., Jongbloed J., and Taki H. (2022). Not in Employment, Education, or Training around the World. In Mark Levels, Christian Brzinsky-Fay, Craig Holmes, Janine Jongbloed, and Hirofumi Taki, The Dynamics of Marginalized YouthNot in Education, Employment, or Training Around the World, Routledge, pp.1-25.

TABLE 3.2 - CONDITION OF PEOPLE AGED 15-34 BY COUNTRY - 2022.

	FR	DE	IT	NL	PL	ES	SE	UK 2019	EU27
1. NEET	12.8	10.0	20.8	5.4	11.7	13.9	5.8	11.7	12.8
2. Employed	41.0	47.9	37.0	37.2	50.7	36.2	36.5	50.9	42.8
3. In education	30.0	21.5	35.5	13.0	28.5	37.1	28.5	18.7	28.9
4. In education and employed	15.8	20.6	6.7	44.4	9.1	12.8	29.1	18.0	15.3
5. Tot. employed (2+4)	56.8	68.5	43.7	81.6	59.8	49.0	65.6	68.9	58.1
6. Tot. in education	45.8	42.1	42.2	57.4	37.6	49.9	57.6	36.7	44.2

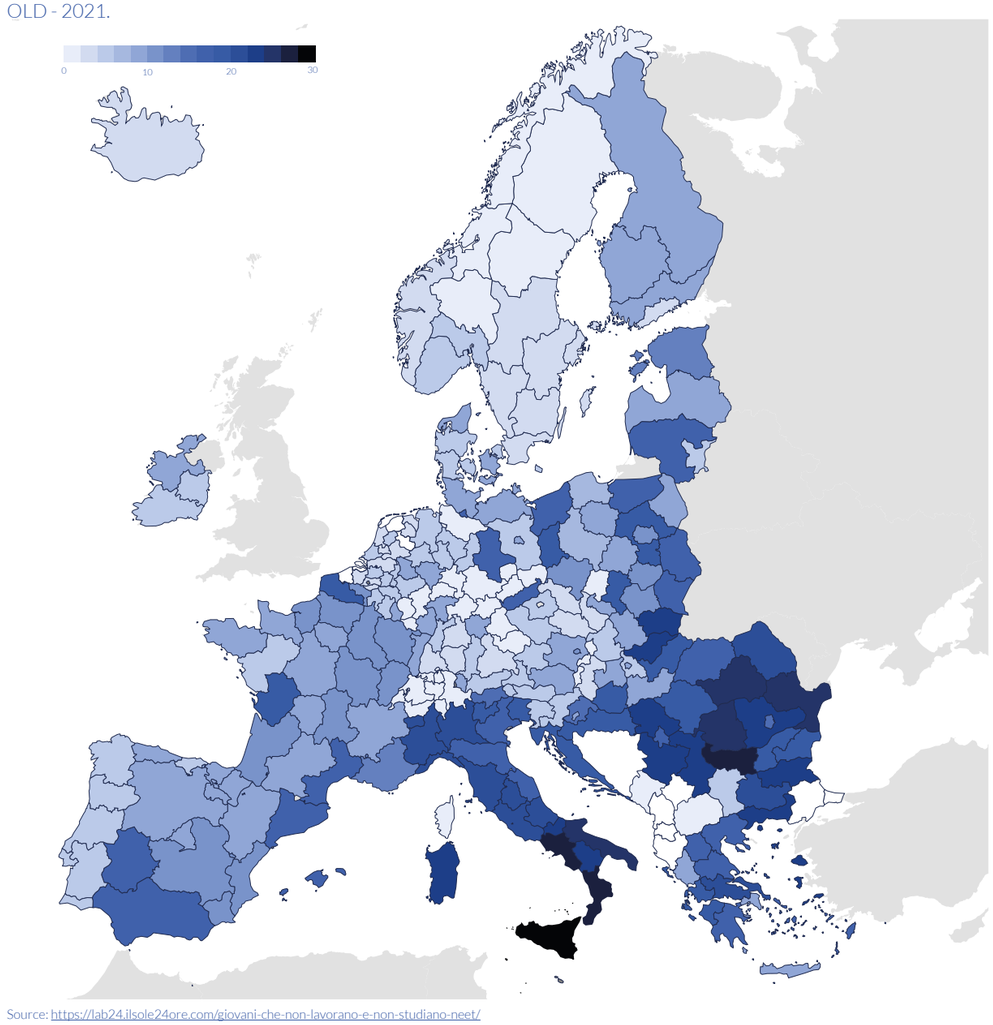
Source: Eurostat - https://ec.europa.eu/eurostat/data-browser/view/edat_lfse_18/default/table?lang=en

As showed in the table, Italy is a negative outlier compared to other countries, registering a much higher percentage (20.8%). The other countries in our sample can be divided into three clusters: those with very low rate of NEETs (below the 6% threshold), namely the Netherlands and Sweden, those with a rate below the EU27 average (Germany, Poland and UK), and those equal to or above the EU27 average (France and Spain). Once again, looking to the percentage of youths who are in education and employed, one finds a clear correspondence between the two figures, indeed this percentage was much higher in the Netherlands (44.4%) and Sweden (29.1%) than elsewhere, and at its lowest in

those countries who scored highest on the percentage of NEETs (Italy 6.7% and Spain 9.1%). Moreover, these two Mediterranean countries were also those who showed the lowest percentage of total employed youths (row 6) staying below the 50% (43.7% in Italy and 49% in Spain).

The diffusion of NEETs varies not only from country to country but also within countries. According to Figure 3.1, in the UE Romania and Italy show the worst NEETs results in all the age classes (17.5% and 15.9% for young 15-24 years old; 19.8% and 19.0% for young between 15-29 years old; 20.3% and 20.8% for young 15-34 years old - Eurostat 2022). The figure also shows that in Italy the frequency of NEETs, quite high in the country as a whole, worsens notably from the north to the south of the country, where the highest rate of NEETs within Europe is observed.

FIGURE 3.1 - COMPARISON BETWEEN THE EUROPEAN REGIONS ON THE PERCENTAGE OF NEETs 15-24 YEARS OLD - 2021.



Source: https://lab24.ilsole24ore.com/giovani-che-non-lavorano-e-non-studiano-neet/

Concerning gender, table 3.3 shows that within all countries considered women are more likely than men to be in a NEET condition, with the highest differences between men and women registered in Italy and Poland.

TAB. 3.3 – NEET RATE AGE 15-34 BY COUNTRY AND SEX - 2022.

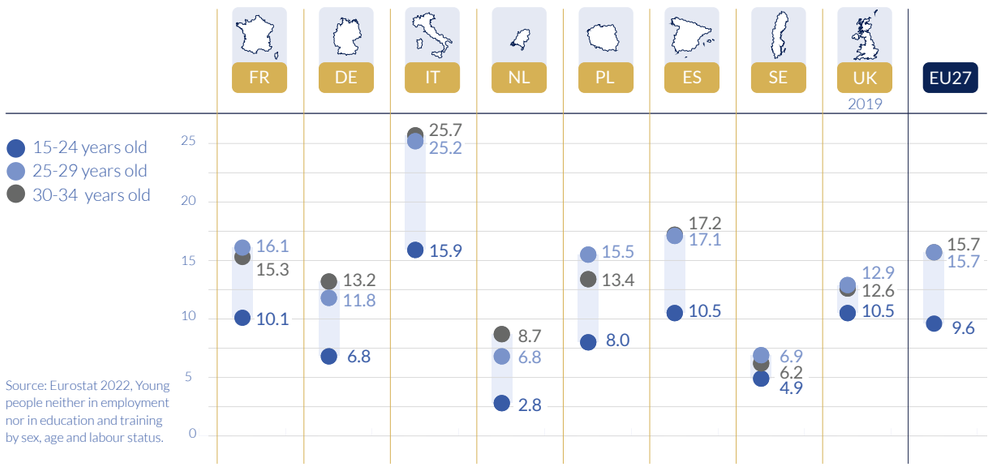
Source: Eurostat - https://ec.europa.eu/eurostat/databrowser/view/EDAT_LFSE_20__custom_6340530/default/table?lang=en

The higher presence of female NEETs, observed especially in Italy, Poland and Spain, can be linked to both cultural aspects (e.g. the role of carer traditionally assigned to the woman in the familiar division of labour) and to the higher incidence of women employed with temporary contracts or who experience inactivity periods[50].

The incidence of NEETs on young population increases with age (tab 3.4). Moreover, the gender difference already documented above grows with age (tab 3.5). Once again, the data reveal the very serious condition of young people in Italy, where the rate of NEETs older than 25 exceeds the European average by more than 10 points.

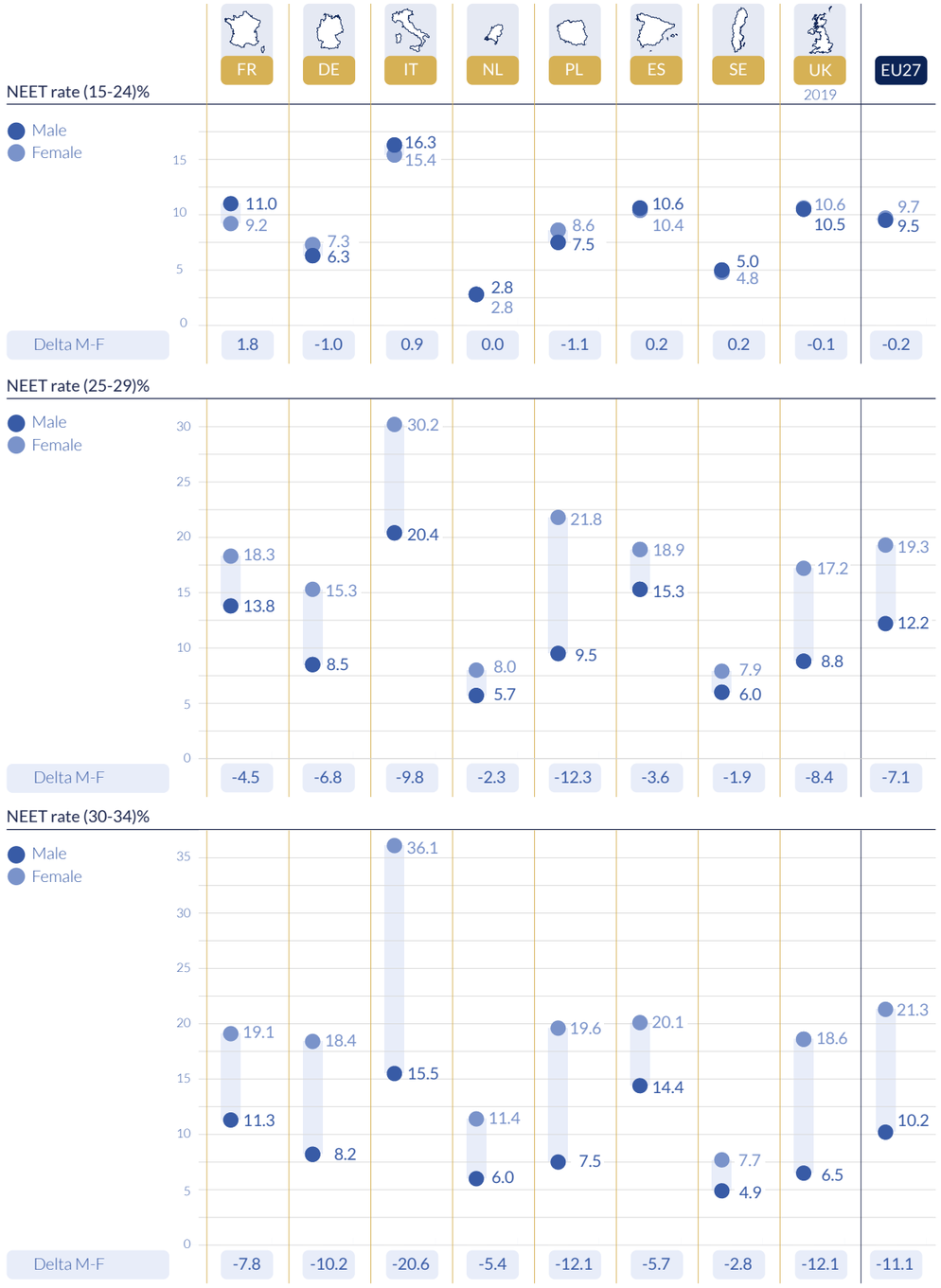
50 Odoardi I., D'Ingiullo D., Quaglione D. (2022) Gender disparities between young and adult NEETs: do we need a more refined policy approach?, Applied Economics, pp. 1-15.

TABLE 3.4 - NEET RATE BY COUNTRY AND AGE – 2022.



Source: Eurostat 2022, Young people neither in employment nor in education and training by sex, age and labour status.

TABLE 3.5 - NEET RATE BY COUNTRY, AGE AND SEX – 2022.

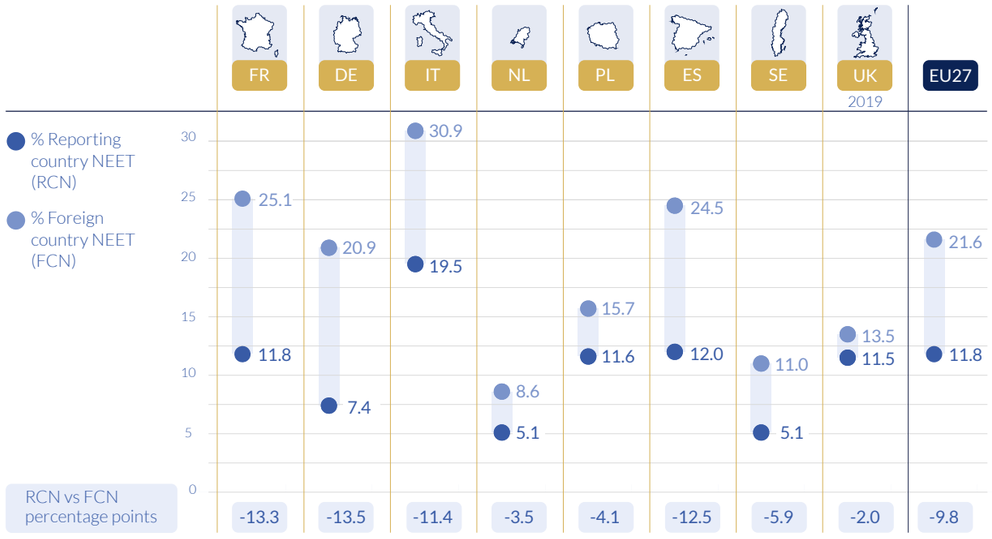


Source: Eurostat - https://ec.europa.eu/eurostat/databrowser/view/EDAT_LFSE_20__custom_6532230/default/table?lang=en

The increasing incidence of female NEETs women, especially older than 25, can be connected to maternity experience. Indeed as showed by Levels et al (2022), women who have children are more likely to become NEETs, specifically long-term (permanent exit from both the labour market and educational paths) or late NEETs (enter the state of NEET in an advanced stage of life for personal or contextual reasons).

Nationality is a further individual characteristic associated with being NEET. With reference to the youth population between 15-34 years old, the countries in our sample that present a higher incidence of foreign people compared to UE27 are Germany, Spain and UK. As showed in table 3.6, the NEET condition affects foreign people much more than local people, with a difference of at least 10 percentage points in Germany, France, Spain and Italy. Foreign NEETs are at their highest in Italy, followed by France and Spain, who also show a rate of NEETs above the EU27 average.

TABLE 3.6 - NEET RATE AGE 15-34 BY COUNTRY AND CITIZENSHIP - 2022.



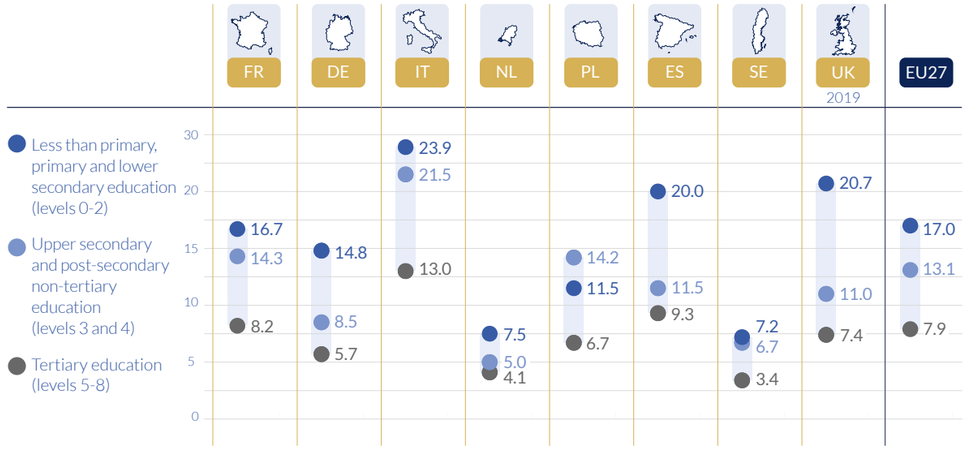
Source: Eurostat https://ec.europa.eu/eurostat/databrowser/view/EDAT_LFSE_23__custom_6541139/default/table

Education and training degrees are also a relevant element to be considered looking to NEETs. Indeed, degrees have a protective role in this sense, since people who have a high degree are less often found to be NEETs. Table 3.7 shows this relationship, with reference to 2022 NEETs rate of people 15-34 years old.

When looking at NEETs data, it is extremely useful to distinguish between people who would like to work, that can be considered unemployed, and those do not want to work, that can be considered inactive or outside the labour force. As showed in table 3.8, in all the age groups NEETs who would like to work prevail on NEETs who do not want to work, with the only exception of Poland. Also in the UK, but only for the 25-29 and 30-34 years old, NEETs who are not interested in work prevail.

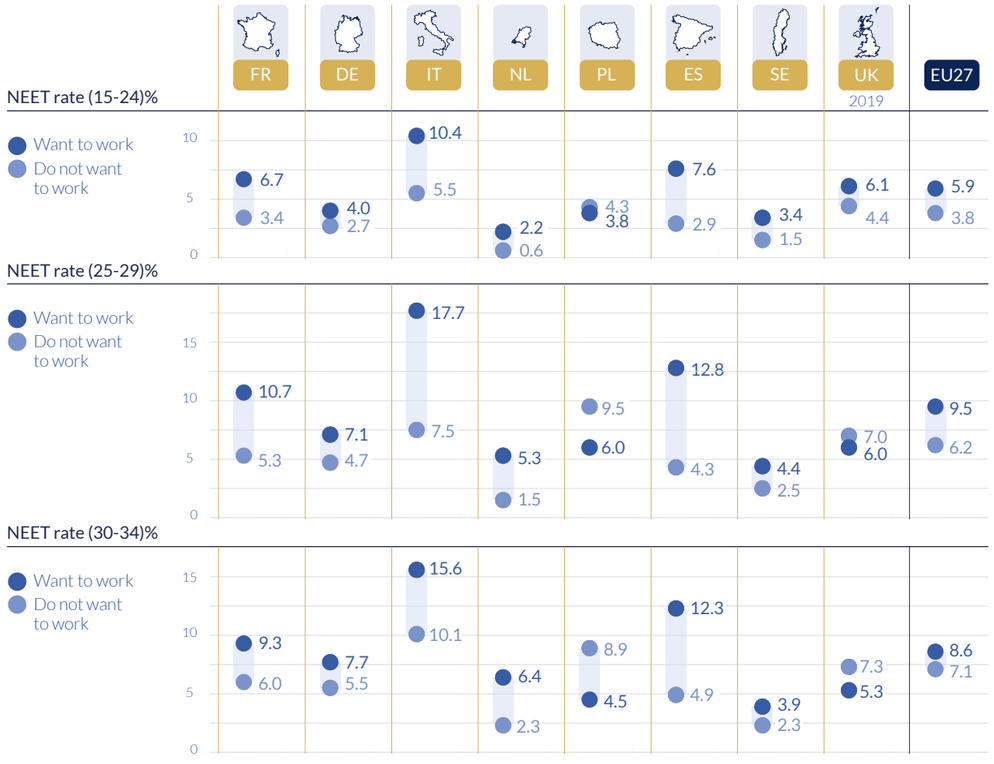
Italy is, once again, the country that shows the highest rate of NEETs, considering both young people who want to work and those who would prefer to remain outside the labour market. This holds for all the age groups, with the only exception of 25-29 years old NEETs who do not want to work, where the rate for Poland is higher.

TABLE 3.7 - NEET RATE AGE 15-34 BY COUNTRY AND LEVEL OF EDUCATION – 2022.



Source: Eurostat https://ec.europa.eu/eurostat/databrowser/view/EDAT_LFSE_21__custom_6533191/default/table?lang=en

TABLE 3.8 - NEET RATE BY COUNTRY, AGE AND INTENTION TO WORK– 2022.



Source: Eurostat -https://ec.europa.eu/eurostat/databrowser/view/EDAT_LFSE_20__custom_6532230/default/table

51 https://www.weforum.org/agenda/2023/06/global-gender-gap-parity/

While among NEETs in the 15-34 age group whot would like to work there is no strong gender difference (in Sweden there is no difference at all), it becomes relevant among NEETs who would not like to work. Here women show a greater distance from the labour market, especially in Italy, Poland and UK, with rates above the European average (tab 3.9 and 3.10). This depends on the exit from both job market and educational or training paths experienced by women during those periods of life in which they are predominantly burdened by care loads for children (or other relatives).

It is important to notice that in some countries, particularly the Netherlands and Sweden, there is not such a gender difference within those NEETs who do not want to work. This is related to a better work-life balance made possible by a combination of family and active labour market policies aimed at avoiding the motherhood penalty, namely the desertion of both educational and occupational careers experienced by women because of lack of support to their caregiver role. According to ILO, in 2020 more than 2 million mothers worldwide left the workforce for this reason[51].

TAB. 3.9 – NEET RATE AGE 15-34 WHO WANT TO WORK, BY COUNTRY AND SEX - 2022.

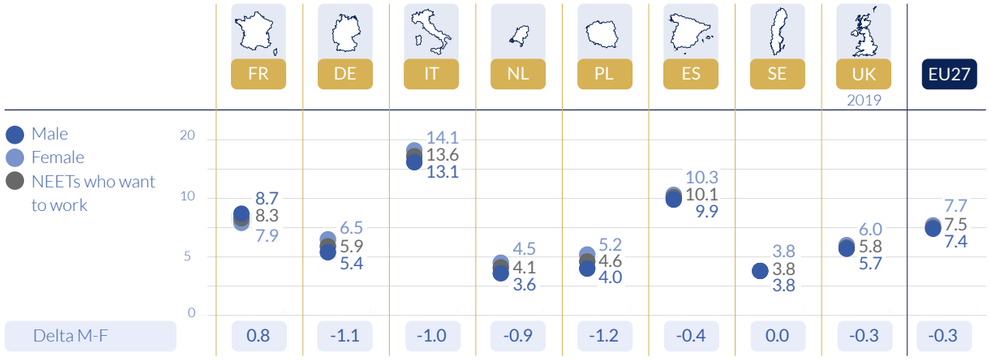
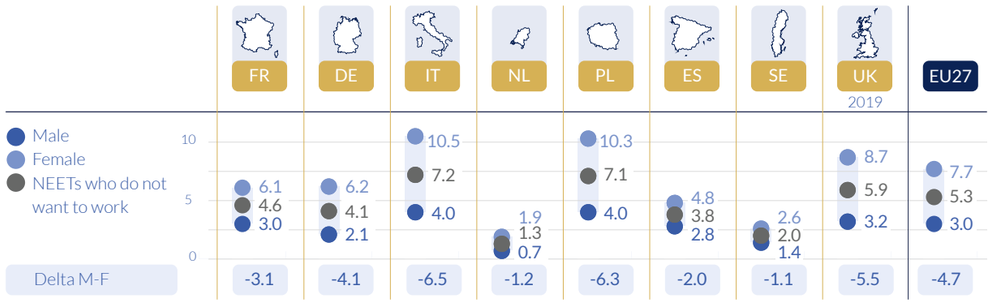


TABLE 3.10 – NEET RATE AGE 15-34 WHO DO NOT WANT TO WORK, BY COUNTRY AND SEX - 2022.



Source: Eurostat - https://ec.europa.eu/eurostat/databrowser/view/EDAT_LFSE_20__custom_6340530/default/table?lang=en

Often NEETs are treated as a homogeneous group of young people who are not accumulating human capital through formal channels such as participation in the labour market or in education, and because of this are facing a greater risk of poor future employment outcomes and of social exclusion. However, as we have already seen in the data reported above, there are many factors that, combined together, might affect the risk to become a NEET. The literature has identified both the individual, micro-level characteristics and the macro-level properties of countries, in particular concerning education and labour market institutions and policies, who are found to be associated with the NEET condition (Hodkinson, 1996; Müller, 2005).

52 Information and recruitment network resources.

53 Periods spent outside employment, education, or training driven by labour market inefficiencies or, instead, by a choice to dedicate more time to leisure.

54 Eurofound (2016), Exploring the diversity of NEETs, Publications Office of the European Union, Luxembourg.

55 Eurofound (2021), Impact of COVID-19 on young people in the EU, Publications Office of the European Union, Luxembourg.

Micro-level individual (life-course) characteristics include socioeconomic family background, living in poor housing, immigration history, health status, social capital[52], cultural capital, poor school biographies, particularly including drop-out experiences, short-term choices[53], skill mismatch, gendered time constraints.
Macro-level elements include all those institutional arrangements that shape the transition of young people's from education to work, especially the vocational specificity of the education system (see below, tables 3.17 and 3.18), macroeconomic labour market conditions (see chapter 1 above), employment protection legislation (see tables 4.16 and 4.17 below), active labour market policies (see Occupation and Welfare analysis in the chapter on Labour Market and Occupational Welfare Analysis), family policies (see chapter 2 above).

Within the labour market, a brief experience of a NEET condition can be considered frictional and normal, but it becomes worrying when the above mentioned elements generate a long term condition of NEETs, might make young people "vulnerable" by lowering their self-esteem and their expectation of socioeconomic inclusion and success. This in turn entails the risk of generating a lifelong disengagement from employment. Knowing what type of NEETs prevail in a country is then useful in order for policy-makers to select the appropriate institutional solutions to be adopted, especially in relation to school design, labour market protection and family protection.
It is then interesting to consider a study by Eurofound (2016[54], updated in 2021[55]) focused on the heterogeneity of the population of NEETs. The study in fact identifies as many as seven different groups included under the NEET label, as presented in figure 3.2.

FIGURE 3.2 – BREAKDOWN OF NEET RATE AGE 15-29 EU27 - 2019, 2013.

12.5%
NEETs 15-29
(16% in 2013)

24% **Family responsibilities**
Cannot work because they are caring for children or incapacitated adults or have other family responsabilities.
(19% in 2013)

21% **Short-term unemployed**
Unemployed and seeking work, and have been unemployed for less than a year; moderately vulnerable.
(25% in 2013)

16% **Other NEETs**
A very heterogeneous group; includes the most vulnerable, the most privileged and those who are following alternative paths, such as artistic careers.
(11% in 2013)

14% **Long-term unemployed**
Unemployed and seeking work, and have been unemployed for more than a year; at high risk of disengagement and social exclusion.
(24% in 2013)

10% **Re-entrants**
Have already been hired or enrolled in education or training and will soon leave the NEETs group.
(7% in 2013)

10% **Illness or disability**
Not seeking work due to illness or disability; includes those who need more social support because they cannot do paid work.
(6% in 2013)

5% **Discouraged**
Believe that there are no job opportunities and have stopped looking for work; at high risk of social exclusion an lifelong disengagement from employement.
(7% in 2013)

Among the seven groups, those labeled "Re-entrant" and "Short term" are not considered problematic, since they include people who experience forms of frictional unemployment. To the contrary, other groups of NEETs, in particular "Discouraged", "Long term" and "Illness and disability" are more problematic, since they tend to be quite disengaged from both training and work, are typically harder to help and harder to reach: this means that the task of policies aiming at their rapprochement with the world of work

or training might be complicated. The group of NEETs labeled "family responsibilities" is somehow intermediate. In fact, it includes individuals with a medium-to-high degree of vulnerability, in particular young mothers who, due to family-related contingencies, face greater risk of income loss, work interruptions, and dismissal – and then of becoming NEET, with a potential skill depreciation. However, in their case it is less hard to create systemic interventions at personal, organizational and institutional level, in order to facilitate their entry or return to work or school.

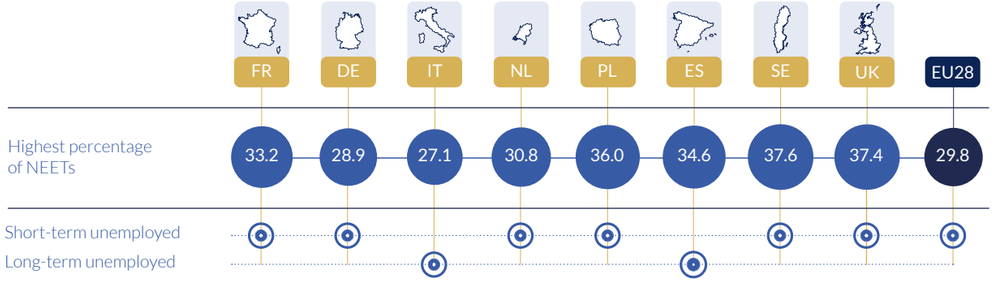
Eurofound (2021) does not report figures by country, so in order to give an idea of which type of NEETs are prevalent in the countries observed in this study, we must refer to Eurofound (2016), which uses LFS 2013 data (Table 3.12). Being the data relatively old, these figures are to be taken with some caution. However, the short-term NEETs prevail in almost all the countries we observe, with the exception of the two Mediterranean countries, namely Spain and Italy, where long term NEETs are the majority. There are many factors underlying this specificity. In the following chapters we will see that Italy and Spain have relatively centralized school systems with a low vocational specificity, two features of a country's school system design which create a relatively wide distance between school and work. Other factors to be considered include a "rigid" labour market (see table 4.17 below) which does not favour employment, and more in general what might be called a "South" effect, that is the presence in both countries of extended geographical areas which remain relatively backward and underdeveloped.

TABLE 3.11 - NEET RATE AGE 15-24 BY COUNTRY AND EUROFOUND SUBGROUPS - 2013.

	Re-entrants	Short-term unemployed	Long-term unemployed	Illness or disability	Family responsibilities	Discouraged workers	Other inactive	Total NEET rate	NEET 15-24 2022	Delta 2022-2013
FR	15.6	33.2	19.9	5.1	8.7	2.7	14.8	11.4	10.1	-1.30
DE	12.4	28.9	14.0	9.1	19.7	0.7	15.2	6.4	6.8	0.40
IT	13.5	15.5	27.1	3.3	9.8	14.8	16.1	22.1	15.9	-6.20
NL	7.3	30.8	11.5	21.0	4.7	3.3	21.5	5.5	2.8	-2.70
PL	2.8	36.0	18.4	8.6	23.7	7.7	2.9	12.0	8.0	-4.00
ES	4.3	30.0	34.6	7.6	10.7	5.0	7.8	17.1	10.5	-6.60
SE	10.3	37.6	8.1	13.7	9.4	2.9	18.1	7.2	4.9	-2.30
UK	5.3	37.4	19.3	8.4	21.2	0.5	8.0	11.9	10.5	-1.40
UE28	7.8	29.8	22.0	6.8	15.4	5.8	12.5	12.5	9.6	-2.90

Source: Eurofound - https://www.eurofound.europa.eu/publications/report/2016/exploring-the-diversity-of-neets p.36

TABLE 3.12 - MOST CONSISTENT SUBGROUP OF NEET RATE AGE 15-24 BY COUNTRY - 2013.



Source: Eurofound - https://www.eurofound.europa.eu/publications/report/2016/exploring-the-diversity-of-neets

School systems: standardization and organizational centralization

by Gabriele Ballarino Professor of Economic Sociology University of Milan

Let us enter, now, into the first of the three key dimensions on which our comparison among school systems is based, namely standardization.

The theoretical concept of **standardization is simple: a standardized school system is one where the same teaching is provided to each student enrolled in the same grade and track.** However, this concept is not amenable to measurement, since "teaching" is too wide a concept for an effective measurement. A different operational definition is then used, namely the extent to which the school system invests the same amount of resources for each student in the same position, that is enrolled in the same school grade and track. Also in this case, however, a direct measurement – although feasible in line of principle – would be very costly, and issues of comparability would arise. However, it might be assumed that a full standardization of resources invested over students is reachable only by means of a **strong organizational centralization, where a political and administrative center, typically the Ministry of Education, gathers the resources and allocates them to the schools, and also defines the way they should be used, guaranteeing that they are equally shared over schools and over students.** We then look at the structure of decision-making over different territorial units included in the school system, as shown in table 3.13.

Looking at the **structure of school organization,** a difference immediately can be seen between three types of arrangements[56]. In two countries, namely France and Italy, the central government is in charge of the majority of decisions, so we are in presence of a fully *centralized* system. In the French case, school centralization is a traditional feature of a polity that has been centralized since the ***ancient régime*** monarchy, although the system took its present form over the 19th century, from Napoleon to the Third Republic. In Italy there is no such a tradition of a centralized polity, but exactly because of the previous political fragmentation the founders of the Italian unified state, in the late 19th century, imitated the French model of a strongly centralized polity, with a correspondingly centralized school system.

56 See Brint (2017) and Ballarino, G. and Panichella, N. (2021), Sociologia dell'istruzione, Bologna, Il Mulino.

TABLE 3.13 - SECONDARY SCHOOL ORGANIZATION - 2017.

	% of decisions taken at each level							% of 15-yrs old students in private schools
	Central	State	Provincial/ regional	Sub-regional	Local	School	Multiple levels	
FR	55.0	Na	16.0	10.0	0.0	10.0	8.0	20.0
DE	0.0	63.0	10.0	10.0	0.0	17.0	0.0	4.0
IT	52.0	Na	11.0	Na	0.0	30.0	6.0	4.0
NL	0.0	0.0	0.0	0.0	0.0	92.0	8.0	64.0
PL	/	/	/	/	/	/	/	5.0
ES	8.0	47.0	22.0	0.0	0.0	10.0	13.0	32.0
SE	21.0	Na	Na	Na	35.0	35.0	8.0	19.0
UK	0.0	Na	Na	Na	6.0	65.0	29.0	66.0

Note: 0 is for administrative levels existing in the country, but not relevant for education; Na (not applicable) is for levels who actually do not exist in the country; "/" is for missing data.
Source: Decisions: OECD, EAG 2018, table D6.1. Figures for the UK refer to England; Private schools: own elaboration on OECD, PISA 2018 Results, Vol. V, figure V.7.2. We summed figures for government-dependent and government-independent private schools.

A second cluster includes two countries, namely Germany and Spain, where the key institutional players are the states making up the federal structure of the country (although Spain is not formally a federal state, differently from Germany). These systems might then be defined as regionally centralized, or also partially decentralized. Regions, called Länder in Germany and Comunidades Autonomas in Spain, are relatively few and relatively wide territorial units (or also cities, in Germany), with a historical tradition of autonomy, sometimes also of independent statehood. These units, according to the national constitutions, hold a number of governmental powers, most notably, in our case, the management of the school systems[57]. In Germany this autonomy is complete, to the point that there are significant differences in school design over the country: for instance, in some states elementary education starts at age 5, in other at 6. In Spain the state holds only limited powers of coordination and supervision. In both countries, however, the fiscal system is centralized, resources for education are allocated by the central government to the regional ones, and school titles are standardized over regions, so to ensure their full portability all over the country.

A third group of countries, finally, shows a clearly decentralized system. In the Netherlands the key players are schools themselves, who are financed by the state but are almost fully autonomous in the way they manage these resources, including the definition of curricula and the selection of teachers. This particular arrangement depends on the history of the country, particularly on the co-existence of both Catholics and Protestants in the country, after the wars of religion over the 16th and 17th centuries. The state guaranteed to both denominations the possibility to have their own schools, in order to avoid conflicts over the curriculum, and this guarantee was then extended to the other communities who were later constituted over the country, based on a religion or otherwise. The British arrangement is similar, with about 2/3 of the decisions taking place at the school level, and its historical roots are similar too, since it derives from a long-standing tradition of self-government on the part of the territorial communities, although not differentiated by denomination[58]. Sweden, in turn, used to have a system centralized according to the French model, but the system was strongly decentralized starting from the 90s and now choices are equally shared between the Ministry, the regional level and the school level. Given the relatively small size and population of the country, the Swedish system appears then to be quite decentralized, despite keeping a relevant role for the state. It is worth noting that these countries, with a relatively decentralized school system, show higher rates of employment and lower rates of NEETs than those with a centralized school system (Italy and France).

Of course more research would be needed to ascertain a causal relationship, but this correlation is nevertheless worth considering. It might be, in fact, that **a decentralized school system might be more easily attuned to the requirements of labour markets than a centralized one.** In fact, the national labour market to which our statistics refer is just an administrative and scholarly abstraction: actual labour markets show remarkable heterogeneity over geographical areas. This might make it easier for school administrators and leaders to get the curricula of their schools more attuned to what local firms and businesses require in terms of personnel's skills.

Updated data concerning school decisions are not available for Poland. However, available authoritative sources point to a situation similar to the Swedish one, with a more or less equal sharing of power between the central government, local authorities and schools[59]. Also in this case, a process of decentralization took place over the recent decades, as one of the outcomes of the fall of the strongly centralized Communist regime.

57 In Germany there are 16 Länder, 3 of which are actually cities, while in Spain there are 17 Communidades Autonomas.

58 A further element of decentralization is that actually there is no UK school system, since education is the domain of the four "nations" constituting the UK (England, Scotland, Wales and Northern Ireland). Given the weight of England in the UK (it accounts for about 82% of the total population), in this chapter we concentrate on it.

59 As an example, school principals are chosen at the local level, not at the central one. See OECD (2015), Education Policy Outlook. Poland, Paris, OECD, and Eurydice (), acc. 11/5/23.

TABLE 3.14 - TERTIARY EDUCATION ORGANIZATION - 2019/2021.

	Total	Public	Private	Public/ private	Average annual tuition fee	% Students in private institutions	Number of institutions	Number of institutions per 1 mill. inhabitants	Spending autonomy
FR	1.4	1.1	0.3	3.3	230	25.0	541	8.0	No
DE	1.3	1.0	0.2	4.8	148	15.0	359	4.3	Yes
IT	0.9	0.6	0.3	1.7	1,985	18.0	100	1.7	Yes
NL	1.6	1.1	0.5	2.4	2,622	16.0	70	4.0	Yes
PL	1.2	1.0	0.2	4.3	500	30.0	349	9.3	Yes
ES	1.3	0.8	0.4	2.0	1,768	24.0	112	2.4	Yes
SE	1.5	1.3	0.2	7.0	0	11.0	44	4.2	No
UK	1.9	0.5	1.4	0.3	12,255	100.0	246	3.7	Yes

Notes and sources
Funding: own elaboration on OECD, Eag 2022, table C2.3. Figure for private includes public transfers, year 2019.

Tuition fees: OECD, Eag 2022, tab. C5.1, referring to bachelor courses in public institutions (all institutions in the UK), 2019. Figure for Poland from https://study.gov.pl/tuition-fees, acc. 11/5/23.

Private institutions: OECD, Eag 2022, tab. B1.2, year 2020. No. of institutions: IAU-World HE database (https://whed.net/home.php), acc. 13/4/2023.

Figures include both public and private institutions. Inst per 1 mill. inh.: own elaboration on IAU-WHE and Eurostat data.

Autonomy: Oecd ResOrg database, year of reference 2017. The indicator refers to the autonomy of tertiary institutions in allocating block funding coming from the government. Yes=to a good extent autonomous; No=heavily constrained by the relevant government. Figure for Germany refers to Brandenburg, Nordrhein-Westfalen and Baden-Württemberg; for UK to England.

The last column on the right of table 3.13 shows a second indicator of school organization, namely the percentage of high school students who are found in private institutions. The presence of private schools is a good indicator of decentralization, since private schools, even when funded and regulated by the government, by definition enjoy more autonomy in their choices than public schools. There is in general, as expected, some consistency between this indicator and the previous one. In the more decentralized countries, namely, the Netherlands and the UK, about 2/3 of students are found in a private school. In Spain this is the case for about 1/3 of the students. The historical roots of this arrangement are to be found in the strong role traditionally held by the Catholic Church in the Spanish polity, particularly during the authoritarian regime led by Franco from the 1930s to the 70s. In Sweden and France the proportion of 15-years old in private schools is about 1 out of 5, while in the remaining countries – Italy, Poland and Germany – the proportion is much lower, at about 1 out of 20 or even less. Let us now extend our observation to tertiary education. In fact, given the current mass participation to this educational level (see below, tab 3.15), an analysis of the relationship between education and labor market in contemporary wealthy countries cannot avoid its consideration.

Table 3.14 includes a number of indicators of the degree of organizational centralization, and thus of standardization, of the 8 European countries included in this study. Before entering the analysis of the data, it is of order to recall that the institutional logics of higher education (henceforth HE) are quite different from those of the lower educational levels. In particular, while all over the world primary and secondary education are provided for free, unless a family voluntarily chooses an institution requiring a fee, in tertiary education this principle is not generally applied. There are then a number of countries, mostly but not only English-speaking, where HE is based on the market, both in financial terms (students are required to substantially contribute to the cost of their studies) and in organizational terms (HE actors are autonomous and interact by voluntary relationships, with a limited role of the government)[60].

60 Clark, B. R. (1983), The Higher Education System. Academic Organization in Cross-National Perspective, Berkeley, UC Press; Ballarino and Panichella (2021), chap. 5.

In our table, the UK is the only country belonging to this market-based model. It indeed stands out as an outlier, with a HE system fully decentralized and market-based, as most of the financing of tertiary education comes from private sources and all institutions are private (although they also get relevant funding from the state). All British universities are in fact private not-for-profit bodies, as all European universities used to be before their incorporation in the modern national school systems, in the 19th century. With this incorporation, universities were given the monopoly for advanced teaching and learning, but at the cost of losing most or all of the autonomy they enjoyed over the previous centuries.[61] This was not the case of the UK, however, where universities kept most of their original autonomy. Moreover, in 1998 the government introduced tuition fees for university students, which had been previously abolished in 1962.[62] Tuition fees were gradually increased to cover the whole cost of university education, and are now almost as high as in the US and other countries with a fully market-based higher education system, such as Japan or Taiwan.[63] This is the reason why in the UK private expenditure in tertiary education substantially exceeds the public one, with a ratio of 0.3. In all other countries in our sample this ratio exceeds 1, since public financing of HE prevails on the private one.

In all of the remaining countries HE is mostly organized around the state, or the regions in the German and Spanish cases. Everywhere most of tertiary education expenditure comes from the government, although with different levels of investment and different public-to-private proportions.

Sweden, France and the Netherlands show a higher amount of public investment (respectively, 1.3%, 1.1% and 1.1% of GDP). Again the Netherlands, Italy and Spain show a relatively low proportion of public investment (with public-to-private ratios of respectively, 2.4, 1.7 and 2.0). The situation of the Netherlands might seem contradictory, but the point is that in the Netherlands total investment is quite high, as public investment is supplemented with substantial investment coming from private sources. In terms of private investment, in fact, the Netherlands score second after the UK, with a private investment of 0.5% of GDP, while in the UK it amounts to 1.4%. Indeed, the Netherlands shows the highest average tuition fees after the UK, and the two countries score at the highest also in terms of total investment in tertiary education (respectively 1.9% and 1.6%, with Sweden quite close, at 1.5%, but with a system fully based on the state).

Spain and Italy show the lowest level of investment, besides Poland. The two Mediterranean countries are also similar on a related indicator, that is the number of institutions by the population (1 mill. inhabitants). Relative to the population, they have a much lower number of HE institutions than the other countries in the sample. This is a key feature of HE in both countries, related first, to the low expenditure, second, to a centralized governance (note the similarities with secondary education), and third, perhaps more importantly from the point of view of the school-to-work transition, to a low degree of differentiation of the tertiary education system (see below, tab 3.18).

Apart from the Netherlands, the UK, Italy and Spain, in the other countries tuition fees are quite low, when not completely absent (in Sweden, which more than compensates with public funding). Also the percentage of students in private education, apart from the British case, does not change much, as it ranges from 11% (Sweden) to 30% (Poland). The diffusion of institutions over the population, apart from the Mediterranean outliers, ranges from 3.7, for the UK, to 9.3, for Poland. In the latter case, the high number of institutions is related to the high share of students in private institutions, making up for a role of the market in the HE system somewhat higher than in the other observed countries (but the UK and the Netherlands). This is a common feature of post-socialist countries of Central and Western Europe. After the demise of the regimes, former Socialist countries experienced a significant increase of tertiary enrollments, who were instead kept low under the regime, and this increase took mostly place within a number of newly created private institutions[64]. As we will see in the next paragraph, Poland is the country of our sample with the highest increase in tertiary enrollments over the last two decades (see tab 3.15 below).

Finally, the last column on the right shows that HE institutions in the countries we observe are in general quite autonomous in the way they spend the block funds provided by the government, with only two exceptions, namely France and Sweden. In both countries, the state indeed constraints universities in the way they decide how to allocate the money they receive from the government. However, in Sweden universities enjoy more autonomy in the management of personnel, while in France (as in Italy and Germany) academic careers are fully regulated by the state[65].

61 See Collins (2000).

62 Anderson, R. (2016), University fees in historical perspective, , acc. 12/5/2023.

63 Ballarino and Panichella (2021), chap. 5.

64 Shavit, Y., Arum, R., Gamoran, A. (eds, 2007), Stratification in Higher Education. A Comparative Study, Palo Alto, Stanford UP.

65 Ballarino and Panichella (2021), tab. 5.4.

School system differentiation: The vertical and horizontal stratification of students' careers

by Gabriele Ballarino Professor of Economic Sociology University of Milan

Stratification, or differentiation, is the extent to which the school careers of students might differ. There are two main sub-dimensions to it, namely **vertical stratification,** referring to the **quantity of education received by individuals,** and **horizontal stratification,** referring to the **quality of education.**

VERTICAL STRATIFICATION

In aggregate terms, vertical stratification is then simply the distribution of educational titles over the population. This information is reported in table 3.15, for our 8 countries and for the EU average. The table shows the distribution of educational titles on two different and partially overlapping age groups. The first group includes people aged 25-64, the second people aged 25-34. As a matter of fact, any analysis of the distribution of education on a given population should consider both the whole population and the young. The former concerns the long-run patterns of school participation, and of school policies, as most of the people in this age group were schooled decades ago, while the latter depends on school participation and school policies over the last couple decades. Moreover, the last column on the right reports the trend of change in the percentage of tertiary graduates over the younger age group, over the last 20 years.

TABLE 3.15 - DISTRIBUTION OF EDUCATION - 2021.

	% of the population aged 25-64				% of the population aged 25-34			Growth % tertiary 2000-2021 (2000=100)
	Primary or less	Lower sec.	Upper sec.	Tertiary	Up to low sec.	Upper sec.	Tertiary	
FR	5.0	13.0	42.0	41.0	12.0	38.0	50.0	160.0
DE	4.0	10.0	54.0	31.0	14.0	50.0	36.0	161.0
IT	5.0	32.0	43.0	20.0	23.0	49.0	28.0	271.0
NL	6.0	13.0	38.0	43.0	10.0	34.0	56.0	209.0
PL	1.0	6.0	60.0	33.0	7.0	52.0	41.0	287.0
ES	7.0	29.0	23.0	41.0	28.0	24.0	49.0	143.0
SE	3.0	13.0	38.0	47.0	16.0	35.0	49.0	146.0
UK	0.0	30.0	20.0	50.0	12.0	30.0	57.0	199.0
UE22 av	4.0	12.0	46.0	38.0	12.0	42.0	46.0	192.0

Sources: OECD, Eag 2022, tables A1.1 (pop. 25-64); A1.2 (pop. 25-34); own elaboration on fig. A1.1 (trend, referring to the 15-34 yrs old).

A well-known empirical definition of the stages of expansion of tertiary education participation, widely used in the specialized literature, distinguishes three stages in the expansion: an elite stage (up to 15% of participants), a mass stage (from 15% to 50%), and an universal stage (more than 50%).[66]

In our case, the general picture reported in table 3.15 shows an ongoing transition from the mass to the universal stage. Leading this trend is the UK, which scores at the highest on both indicators, with university graduates amounting to just half of the 25-64 and to 57% of the 25-34. The UK also doubled the share of tertiary graduates in the latter age group over the last two decades. The UK is followed by Sweden in the oldest age group (47%) and by the Netherlands in the younger age group (56%). Sweden, however, appears to have to some extent slowed down its pace of educational expansion, with the lowest increase over the last 20 years ("only" 46%). However, this statement will be qualified later, since this rate refers to the population up to 34 years of age, while Sweden has the highest tertiary enrollment rate, in our sample, among the adult population (see table 3.17 below). Adult university education is in fact a key property of the Swedish school system, related to employment in the welfare state.

As seen above, the **UK, Sweden and the Netherlands** are three countries in our sample with the **stronger investment in HE** (spending, respectively, 1.9%, 1.5% and 1.6% of GDP – table 3.14), but the sources are different: in the UK this effort is mostly based on the market, in Sweden the state has a leading role, and in the Netherlands there is a mix of both. However, **all of the three countries show,** as we have seen, relatively low rates of NEETs among young people: this might mean that **an effective HE system might be organized in different ways,** both relying on the market, as in the UK, on the state, as in Sweden, and on a mix between the two, as in the Netherlands.

France and Spain, whose HE system is mostly based on the state, show notably similar levels of participation for both age groups (both 41% for those aged 25-64, and respectively 50% and 49% for those aged 25-34), but with a stronger expansion over the last two decades for France (60% vs. 43%). In general, in state-based **HE systems the pace of expansion is lower than in market-based ones, since the market is better able to accommodate the rising demand of HE coming from the population**[67]. Indeed, France has an investment in HE not really different from the one of Sweden (tab. 1.4% of GDP, versus 1.5%, table. 3.14), but it shows notably higher levels of NEETs (17.1% versus 12.4%). There is then a **positive association between investment in HE, HE participation and youth employment,** but this association is not as strong as it could be expected. In particular, there is no "automatic" relationship between public investment in HE and youth employment. The centralization of HE, in particular, might make investment less effective in occupational terms, as shown by the dismal performance of France, with relatively high investment but an average degree of employed youths and a relatively high rate of NEETs as well (table 3.1).

The importance of private institutions in speeding up the pace of HE expansion is also testified by the case of Poland. This is the country in our sample with the highest expansion of participation to tertiary education over the last two decades (a remarkable 187%). As seen above (table 3.13), this was made possible by the creation of a number of new private institutions after the transition from a planned economy to a market one. Indeed, in the 25-64 age group, where the impact of socialist education policies rationing access to HE is still relevant, Poland has only 33% of HE graduates, while the percentage rises up to 41% for the younger cohort.

Germany and Italy are the countries in our sample with the lowest levels of HE participation, for both the age groups we consider (respectively, 31% and 20% for the 25-64 age group, and 36% and 28% for the 25-34 age group). The reasons behind this common pattern are, however, quite different. In Germany university participation and graduation rates have been historically low because of the attractiveness of the dual system of vocational training, which provides skilled and well-paid jobs to the majority of the non-tertiary educated.[68] This might be seen, in table 3.15, in the relatively high rate of upper secondary graduates for the older age group. In fact, while it still has a relatively low rate of tertiary participation, Germany was the first European country (and the second in the world, after the US) where upper secondary education became universal.[69]

In Italy, a number of reasons have kept tertiary participation at relatively low levels, despite the long-lasting tradition of ancient Italian universities. First, Italian universities have traditionally offered relatively long courses:

66 Trow, M. (2007), Reflections on the Transition from Elite to Mass to Universal Access: Forms and Phases of Higher Education in Modern Societies since WWII, in Forest, J.J.F., Altbach, P.G. (eds) International Handbook of Higher Education, Springer, Dordrecht.

67 Shavit, Arum and Gamoran (2007).

68 Soskice, D. (1994), Reconciling markets and institutions: The German apprenticeship system, in L. Lynch (ed.), Training and the Private Sector: International Comparisons, Chicago-London, Chicago UP, pp. 25-60; M. Busemeyer, C. Trampusch (2012, eds.), The Political Economy of Collective Skill Formation, Oxford: Oxford UP.

69 Ballarino and Panichella 2021, fig. 1.5; Ballarino, G. (2011), Germany: Change through Continuity, in M. Regini, ed. (2011), European Universities and the Challenge of the Market, Edward Elgar, Cheltenham, pp. 132-152.

before the Bologna process, any university degree required at least four years of study.[70] This pattern was typical of European traditional, state-based HE systems, where a relatively low number of students was enrolled in relatively long courses.[71] This situation has changed since the early 2000s with the Bologna process. In fact the increase of the percentage of tertiary graduated over the last two decades (171%) was the fastest in our sample, after Poland, but the impact of the old system still shows up in the low graduation rate of the population. Second, the demand for university graduates coming from the Italian labor market has always been relatively low, since the country's economic system is mostly based on small and medium firms. In fact, economic historians have estimated that over the whole of the 20th century the degree of development of the country has been systematically higher than what would have been predicted by its rate of investment in human capital, as measured by the average education of the population[72].

But the proximate reason for the low rate of university graduates in Italy, related to the structural reasons recalled above, has to do with a dramatically low rate of completion.

As reported in table 3.16, in Italy only 53% of universities students get their degree by the third year after the expected graduation date, while in the other countries of our sample the completion rate ranges from 61% in Sweden to 85% in the UK[73]. All over the OECD, a worse situation than the italian one is found only for Brazil and Colombia, with a figure of respectively 49% and 52% of students who entered a bachelor's (or equivalent) programme and completed any tertiary level by the end of the theoretical duration of the programme plus 3 years.

It has to be noted that this issue has been addressed by the Italian current HE policies, which are focused on the improvement of university orientation, together with the expansion of a vocational sector of HE, which in Italy still does not exist, as will be seen later on (see tab 3.19 below).

70 Ballarino, G. (2015), Higher Education, between conservatism and permanent reform, in U. Ascoli, E. Pavolini, eds., The Italian Welfare State in a European Perspective. A Comparative Analysis, Policy Press, Bristol, 2015, pp. 209-236.

71 Ballarino and Panichella 2021, tab. 5.5.

72 Bertola, G., Sestito, P. (2013), Human Capital, in G. Toniolo, ed., The Oxford Handbook of the Italian Economy Since Unification, Oxford: Oxford UP, pp. 249-270.

73 OECD, EAG 2022, tab. B5.1.

TABLE 3.16 - EFFECTIVENESS OF SCHOOL SYSTEMS: COMPLETION RATE OF BACHELOR STUDENTS AND WHO ENTERED A BACHELOR'S (OR EQUIVALENT) PROGRAMME AND COMPLETED ANY TERTIARY LEVEL.

	Theoretical duration of programmes	By the end of the theoretical duration of the programme	By the end of the theoretical duration of the programme plus 3 years			% of early school leavers among the 18-24 old
			M	F	Total	
FR	3	36	67	36	71	7.6
DE	/	/	/	/	/	12.2
IT	3	21	50	21	53	11.5
NL	3-4	29	64	29	71	5.6
PL	3-4	50	60	50	69	4.8
ES	4	37	64	37	72	13.9
SE	3	33	49	33	61	8.8
UK	3-4	69	82	69	85	/
OECD average	Na	39	61	39	68	/

Source: Completion rates: OECD, EAG 2022, table 5.1 p. 214; early school leavers: Eurostat, https://ec.europa.eu/eurostat/statistics-explained/images/4/43/Early_leavers_from_education_and_training_aged_18-24_by_sex_and_labour_status%2C_2022_%28%25_of_population_aged_18-24%29.png.
Note: Completion rates are calculated for bachelor students who entered a bachelor's (or equivalent) programme and completed any tertiary level. The year of reference for the data (2020) corresponds to a period three years after the theoretical end of the programme (2017). The reference year for students' entry to study may differ depending on the duration of their programme.
Na: Not applicable; /: missing data.

Table 13.6 also includes a further measure of the effectiveness of the school system, that is a measure of the percentage of early school leavers in the population aged 18-24, meaning those having attained at most lower secondary education and not being involved in further education or training. It is then an indicator of the frequency of low-skilled workers, more at risk of long-term unemployment of full exclusion from the labour market. Once more, this indicator scores at its highest for the Mediterranean countries, with Spain at 13.9% and Italy at 11.5%. However, somehow surprisingly, Germany also scores high, at 12.2%. In fact, those German students who do not enter neither the academic track (Gymnasium) nor the dual system of vocational education and training (see below for more detail on school design in Germany and elsewhere) are often found at risk of unemployment and social marginalization: scholars have dubbed this situation "the skill barrier", separating the few who do not make it to a school degree from the majority who make it[74].To overcome this situation, which mostly affects young Germans of foreign origin, in the 2000s the government has indeed created a set of vocational courses who cater to those who cannot find an apprenticeship after compulsory school, the so-called "transition system" (Übergangssystem), on which more information will be given in the next paragraph (table 3.18). Furthermore it is worthly to underline that compared to 2012 the percentage of early school leavers among the 18-24 years old was substantially reduced in Italy and Spain, reduced in the Netherland, France and Poland, while increased in Sweden and Germany (Istat, 2023)[75].

74 Esping-Andersen, G., Röhwer, G., Sørensen, S.L. [1994]. Institutions and occupational class mobility: Scaling the skill barrier in the Danish labour market, European Sociological Review, 10(2), pp. 119-134.

75 Istat, 2023. Rapporto annuale 2023. La situazione del paese, p. 86.

76 Shavit, Y., Müller, W. (2000), Vocational secondary education. Where diversion and where safety net?, European Societies, 1, pp. 29-50.

HORIZONTAL STRATIFICATION

Let us move, now, to horizontal stratification. In table 3.17 the key information is reported, concerning the tracking of secondary education. School tracking always involves a divide between an academic track, taken by pupils who expect to enroll in university after completion of upper secondary, and one or more vocational tracks, taken by pupils who do not expect to go to university. The equivalent of tracking for tertiary education will be handled with in the next paragraph, as it is closely related to vocational specificity.

Germany and the Netherlands stand out as the countries where students are selected earlier into different tracks, right after elementary school: in Germany the age of selection into track is 10, while in the Netherlands elementary school also includes grades 6 and 7, and students are tracked when they are 12. This also corresponds to a relatively high number of different tracks, 4 in both countries, available in upper secondary schools. A tracked structure of secondary education is also related to the existence of a dual system of vocational training (see below, tab 3.18), where students are hired by firms as apprentices and, besides working, take vocational classes closely related to their job.

In the remaining countries students are divided into tracks when they are 16, with the exceptions of Italy, where they are selected at 14 and France, where they are selected at 15. The de-stratification of secondary school has been, since the 60s, one of the key proposals of progressive policy-makers concerning schools. In fact, tracking has been heavily criticized from the point of view of equality of educational opportunities, because it would allegedly favor the intergenerational reproduction of inequalities[76]. However, from our point of view, **what matters more is the positive association between a tracked secondary school, a dual system of vocational training and the employment rates of young people.**

In order to avoid vocational tracks to become death-end alleys for those with a disadvantaged family background, it is important for schools to provide pupils close to the branching points of the system with informed and effective orientation. This is what happens in both Germany and the Netherlands. In most German regions, school rules put teachers in charge of the pupils' choice between vocational and

academic tracks, and their advice is binding for the choice. This results in a distribution of students over tracks that is more based on their skills (and then on their merit) than where the families are free to choose, as it is, for instance, in Italy[77]. In the Netherlands the transition of students from a comprehensive primary school to a tracked one takes place according to rules defined at the local level, related to the local availability of different types of schools, and with a strong investment in orientation and mentoring, in order to provide all pupils, and their families, with an effective and reliable orientation[78].

77 Checchi, D., Flabbi, L. (2007), Intergenerational mobility and schooling decisione in Germany and Italy: The impact of secondary school tracks, IZA Discussion Paper 2876.

78 Ministry of Education, Culture and Science (2011), Overcoming school failure, policies that work. OECD Country Background Report of the Netherlands, Den Haag.

TABLE 3.17 - TRACKING OF SECONDARY EDUCATION.

	Age at first selection	Number of tracks at age		
		10	14	17
FR	15	1	1	3
DE	10	3	4	4
IT	14	1	1	3
NL	12	1	4	4
PL	16	1	1	4
ES	16	1	1	5
SE	16	1	1	2
UK	16	1	1	2

Sources: First selection: OECD, PISA 2018 Results, Vol. V, figure V.3.9, year 2017; Tracks: own elaboration on Eurydice, https://eurydice.eacea.ec.europa.eu/, acc. 14/4/2023, referring to the 2022/23 school year; UK: European Observatory on Service-Learning in Higher Education (https://www.eoslhe.eu/higher-education-framework-in-united-kingdom/, acc. 10/4/23).

In the case of higher education, the horizontal stratification can hardly be separated from the vocational specificity, since its differentiation is closely related to its occupational orientation. We will then discuss it in the second part of the next paragraph, after having presented the vocational specificity of upper secondary education.

Vocational specificity: schools and the economy

by Gabriele Ballarino, Professor of Economic Sociology University of Milan

Vocational specificity is the extent to which a school system provides graduates with skills that are immediately related to a given, specific occupation. It is related to the horizontal stratification of school systems. However, vocational specificity is different, both in substantive and analytical terms[79]. From a substantive point of view, horizontal stratification simply refers to the existence of different tracks, without considering their content. To the contrary, **the key mechanism underlying vocational specificity is the actual involvement of firms in the design and management of courses,** because only through this involvement (which might be organized in many different ways) the skills provided by schools can be consistent with those required by the labor market.

In analytical terms, stratification is a macro-level variable, that is a property of the whole school system, while vocational specificity is a micro-level variable, since it concerns an individual study program. All school systems indeed include both vocational specific courses and non-vocational specific ones (that is, academic ones). This means it might be difficult to get reliable system-level measures of vocational specificity, since often there are inconsistencies between the title of study programs and their actual vocational content.

THE VOCATIONAL SPECIFICITY OF SECONDARY EDUCATION

In table 3.18 a number of indicators of the vocational specificity of a school system are reported. A key macro-level variable indicating a system-wide high degree of vocational specificity is the existence of a dual system of vocational education and training (VET). As already introduced above, "dual" VET systems are called this way because pupils are hired by firms as apprentices and at the same time follow vocational school classes where they are trained in a very specific way, closely related to the job they have been hired for. They are also called "collectivist" systems, because in dual systems the initial training of workers is funded both by the state, who finances the vocational schools, and by the firms, who hire the apprentices. Then, the dual VET systems are typically managed by collective bodies involving representatives of both workers' trade unions and employers' associations. **In our sample, two countries have dual systems of vocational training, namely Germany and the Netherlands. Not accidentally, they show, as we have seen, the best performance in terms of avoidance of NEETs of our sample** (see tab 3.1 above).

Besides the very existence of a dual system, the table reports an indicator of its relevance, namely the percentage of population (aged 25-34) holding a vocational degree: this percentage comes close to one half in Germany (46%), and is slightly lower than one third in the Netherlands (31%).

Poland, France and Italy also report rates of vocationally educated young adults above 30%, but in the case of these countries vocational training takes place in schools, without a substantial involvement of firms. These countries have a system of vocational training that has been defined as "statist", since it is the state who finances most of the vocational training, which takes place in the vocational tracks of upper secondary schools[80]. However, **the lack of direct involvement of employers often results in mismatches between the skills provided by the vocational tracks and those required by employers.** An instance of such mismatch comes from Italy, where – despite the high number of holders of vocational titles in the young population testified in the table – the rate of employment of young people is dramatically low, as seen above (tab 3.1). In fact, the more important vocational track in Italian upper secondary schools, the Istituto Tecnico, has gradually become more academic over the decades, and there are wide reports of a skills mismatch, since firms require more technical and vocational skills than those provided by the school systems[81].

79 Ballarino and Panichella (2021), pp. 120 ff.

80 Busemeyer and Trampusch (2012); Bosch, G. [2010], The revitalization of the dual system of vocational training, in G. Bosch, J. Charest (eds), Vocational Training: International Perspectives, London, Routledge, pp. 136-161.

81 Ballarino and Panichella (2021), tab. 4.3.

TABLE 3.18 - MEASURES OF VOCATIONAL SPECIFICITY.

	Dual system	% of 25-34 years old with a vocational degree	Work-based programmes in secondary school		School enrollment rate for age group (%)			
			% of total students in vocational programs	Duration of work-related training as % of the total	20 to 24	25 to 29	30 to 39	40 to 64
FR	0	31 .0	25.0	68.0	38.0	8.0	2.0	0.0
DE	1	46.0	89.0	60.0	51.0	21.0	5.0	1.0
IT	0	35.0	0.0	Na	37.0	13.0	4.0	1.0
NL	1	31.0	100.0	70.0	54.0	18.0	6.0	2.0
PL	0	37.0	14.0	46.0	47.0	11.0	3.0	1.0
ES	0	11.0	3.0	35.0	46.0	16.0	6.0	2.0
SE	0	21.0	6.0	60.0	45.0	26.0	16.0	5.0
UK	0	19 .0	48.0	80.0	33.0	10.0	6.0	2.0
EU22 average	Na	29.0	38.0	/	43.0	15.0	6.0	2.0

Note: "Na"not applicable. "/" missing data. Sources: Dual system: Busemeyer and Trampusch (2012); 25-34 with voc. degree: OECD, Eag 2020, figure A1.1, including both secondary and tertiary degrees, year 2019; Work-based programmes: OECD, Eag 2020, Figure B7.6., year 2018; Enroll. for age group: OECD, Eag 2022, tab. B1.1, year 2020.

82 Busemeyer and Trampusch (2012).

83 Soskice, D. (1993), Social skills from mass higher education: Rethinking the company-based initial training paradigm, Oxford Review of Economic Policy, 9(3), pp. 101-113; Streeck, W. (1997), Beneficial Constraints: On the Economic Limits of Rational Voluntarism, in J. Hollingsworth & R. Boyer (eds.), Contemporary Capitalism: The Embeddedness of Institutions), Cambridge: Cambridge University Press, pp. 197-219.

84 The Gini for the UK was 33.5 in 2018, against an EU average of 30.8 (Eurostat, acc. 19/5/23).

85 Busemeyer, M.R., Vossiek, J. (2016), Global convergence or path dependency? Skill formation regimes in the globalized economy, in K. Mundy, A. Green, B. Lingard, A. Verger, eds.), The Handbook of Global Education Policy, Chichester, Wiley Blackwell, pp. 145-168.

In the UK and Sweden about one person aged 25-34 holds a vocational degree, while Spain scores at the lowest on this indicator, with only 11% of the young people holding such a degree. Spain might then be seen as an extreme version of the "statist" model of skills production, based on upper secondary vocational schools, while the UK and Sweden deserve some additional comment. The UK is typically classified in a third model of vocational training, namely the "liberal" one, where there is no specific investment in initial training, neither on the part of the state, nor on the part of employers[82]. This pattern is clearly consistent with the way the labour market and education in general are organized, mostly based on the market, as we have seen above. The training of workers is then left to the market, which according to the literature might then produce an under-investment in skills[83]. In our case, however, this pattern does not have a negative impact on the occupational condition of young people, since the UK shows a rate of NEET lower than the EU average (table 3.1). It is possible, however, that many of these jobs are unskilled and low-paid, as testified by the relative high degree of income inequality in the UK, as measured by the Gini index[84]. Sweden, finally, is normally classified among the "statist" systems, but it shows a number of peculiarities, concerning in particular the training of adults, that will be presented below.

Table 3.18 also reports information concerning the weight of work-based programs within vocational training, be it school- or work-based, and the weight of work-based activities in the work-based programs themselves. In the dual VET system countries, this weight is obviously strong. In the Netherlands all vocational students follow work-based courses, while in Germany the percentage is lower, since about 10% of then are enrolled in the school-based courses of the so-called "transition system" (*Übergangssystem*), which were created in the late 2000 for those people who cannot find a job as apprentices[85]. In both countries, moreover, work-related activities take the majority of instruction time in work-based programs (respectively, 70% and 60%). In the UK, about half (48%) of the vocational students are enrolled in work-based programmes, with a high intensity of work-related instruction (80%), while also France shows relatively high percentages on both indicators: 25% of vocational students are enrolled in work-based programs, where work-related instruction weights for more than two thirds of the total.

The remaining countries score lower on these indicators. In particular, the two Mediterranean countries stand out for the low degree of vocational specificity of their upper secondary schools: **in Italy work-based vocational programs do not exist at all,** while in Spain they include only 3% of the vocational students (who spend only one third of their instruction time in work-based activities). Also in Sweden, work-based vocational training has a minor space in upper secondary education, including only 6% of vocational students. Poland fares better, with 16% of vocational students enrolled in work-related programs, where about half of the instruction is work-related.

The four columns on the right of table 3.18 report the school enrollment rate of the population aged 20 to 64, divided into four age-groups. We report these rates, referring to all types of students and of institutions, as an indirect measure – admittedly not perfect – of the **system-wide relevance of adult training.** Adult training is a key activity from (at least) two related perspectives. First, it **allows low- and medium-skilled workers to pursue further education, in order to foster their careers.** Second, and related, it **addresses skill mismatches in the labor market,** particularly concerning those low-skilled and routine workers, not only in manufacturing, whose jobs are less requested because under the competition of both machines and offshoring towards low-wage countries[86]. Adult education and training might then be a key component of active labor market policies aimed at reducing the unemployment rates of adults.

On this indicators, one country in our sample clearly stands out, namely Sweden, as it was anticipated above. **In Sweden, more than one quarter (26%) of those in the 25-29 age group, are enrolled in education, as are 16% of those aged 30 to 39 and even 5% of those aged 40 to 64.** A substantial number of these adult learners are employed in the welfare state, who take a leave and go back to school (mostly to college), in order to increase their skills and improve their career opportunities in an organizational context, such as the one of the civil service, where the occupational value of school credential is relatively high. Other adult learners do it privately: they leave their jobs, often relying on the advice of employment consultants, provided for free by the welfare state itself, are supported by generous unemployment benefits during their study, and then rely on a well-functioning labour market to find a new job, more qualified than the one they left. In a sense, it could then be said that **in Sweden adult education acts like a functional substitute of a dual system of vocational training,** since it adjusts the supply of skills to the requirements of the economy.

86 Autor, D., Dorn, D. (2013), The growth of low skill service jobs and the polarization of the US labor market, American Economic Review, 103, pp. 1553-1597; Goos, M., Manning, A., Salomons, A. (2014), Explaining job polarization: Routine-biased technological change and offshoring, American Economic Review, 104, pp. 2509-2526.

Among the other countries, Germany and the Netherlands show relatively high percentages of adults enrolled in education (respectively 21% and 18% for those aged 25 to 29). This is related to the dual VET system, which also includes a higher tier, by which workers with a vocational qualification are able to upgrade it into a higher-order title. In particular in Germany this higher-tier vocational qualification, called Meisterschaft, allows skilled manual workers to become chiefs or, in case of independent workers, to get licensed for a number of regulated activities, such as plumber, electrician and similar semi-professions. In the remaining countries there are no systematic patterns of adult vocational training, and in some of them (Italy in particular) many of the adult persons still in school might just be students who graduate much later than expected, as documented by the low completion rates reported above (see table 3.16). In the UK, to the contrary, the proportion of young adults (20-25) enrolled in school is at its lowest: in a market-based school system, where students have to bear a substantial portion of the costs of their own education, short tertiary courses tend to prevail (see tab 3.19 below), and completion rates tend to be quite high, as seen above.

THE VOCATIONAL SPECIFICITY OF HIGHER EDUCATION

Let us come, finally, to the vocational specificity of tertiary education, which is strictly related to its horizontal differentiation. A key variable, reported in table 3.19, concerns how many types of different institutions exist in a Higher Education (HE) system. The HE literature distinguishes three types of HE systems, depending on their internal differentiation. In *unitary* systems, all, or most, institutions are "classical" universities, offering both undergraduate and graduate degrees in a number of different disciplines. In *binary* systems universities are flanked by a system of high vocational schools, formally distinguished by universities because they provide vocational degrees, do not award doctorates and their teachers are usually not researchers (differently from university professors). In *differentiated* systems a number of different HE institutions exist, including undergraduate colleges, traditional universities, graduate-only institutions, vocational schools and so forth[87]. **Generally speaking, the vocational specificity of HE institutions in binary and differentiated systems is higher than in unitary systems, where only some faculties (engineering, business, IT) have systematical close relations with firms.**

European HE systems are usually classified into either the first or the second type, as fully differentiated systems are typical of the US and of a number of Asian countries, such as Japan and South Korea, whose HE system was reformed under American guidance after WW2. In a number of European countries, binary HE systems were created in the 60s. In order to accommodate the rising demand of tertiary qualifications without damaging the elite status of universities, a second, lower tier of tertiary schools was created, with a strong applied and vocational orientation. In some countries, however, the institutional differences between these schools and universities were later abolished, so that some vocational HE institutions now award PhD titles and employ professors engaged in research. In unitary systems, to the contrary, vocational HE includes only a minority of students, is fragmentary and mostly made up of private schools.

In our sample, countries cluster in three groups (tab 3.19), with a good degree of correspondence with what observed above, in table 3.18, concerning upper secondary education. Italy and Spain have both traditional unitary systems, with an almost negligible presence of vocational institutions. The UK and Sweden moved recently (in the 90s the UK, in the 2000 Sweden) from binary systems towards unitary ones. It has to be noted that, beyond the formal belonging of all institutions to a single type, both systems are substantially differentiated, since they include a variety of institutions. In the UK universities are fully autonomous, as seen above (table 3.14), and there is substantial heterogeneity between the world-known elite universities belonging to the Russel Group and a number of former Polytechnics (high vocational schools, transformed in universities in 1993). The latter offer mostly vocational programs to local students. Similarly, in Sweden the former vocational post-secondary high schools were transformed in “university colleges” whose degrees are formally parified to those of the universities but mostly award first-level and short degrees, often to adults re-entering education after a stint in the labour market, as seen above.

The third group includes countries with a binary system. Germany, the Netherlands and Poland are typical binary system, with a system of vocational institutions flanking universities. The French system, however, is different, since the top institutions are vocational (the Grandes Ecoles), standard universities rank substantially lower, and there is a further lower tier of vocational schools, partly related to universities and partly fully autonomous, which mostly host short first-level courses.

Note: Na = not applicable.

87 Meek, V.L., Goedegebuure, L., Kivinen, O., Rinne, R. (1996, eds.), The Mockers and the Mocked: Comparative Perspectives on Differentiation, Convergence and Diversity in Higher Education, New York, Pergamon-IAU Press; G. Ballarino (2011), Redesigning curricula: The involvement of economic actors, in M. Regini, ed., European Universities and the Challenge of the Market, Edward Elgar, Cheltenham, pp. 11-27; Shavit, Arum and Gamoran (2007).

TABLE 3.19 - MEASURES OF VOCATIONAL SPECIFICITY OF TERTIARY EDUCATION

	Structure of the HE system	% of students in short-cycle courses	% distribution of graduates on fields of study people aged 25-64 years			
			Humanities	Business & law	STEM	Other
FR	Binary	20.0	22.0	33.0	39.0	6.0
DE	Binary	0.0	27.0	23.0	44.0	6.0
IT	Unitary	1.0	34.0	23.0	38.0	5.0
NL	Binary	3.0	29.0	28.0	37.0	7.0
PL	Binary	0.0	39.0	22.0	32.0	8.0
ES	Unitary	22.0	24.0	28.0	41.0	7.0
SE	Binary up to 2005, then unitary	8.0	30.0	16.0	48.0	5.0
UK	Binary up to 1993, then unitary	13.0	19.0	26.0	42.0	13.0
EU22 average	Na	7.0	31.0	22.0	39.0	7.0

Source: HE structure:d Ballarino (2011); OECD (2019)[88]; Eurydice, acc. 19/5/23, see text for definition; Field of study: own elaboration on OECD, Eag 2022, table A1.3. Figures refer to all tertiary-educated population aged 25-64, year 2021. Humanities include education, journalism and social science; Short-cycle courses: OECD, Eag 2022, tab. B1.2. Figures refer to students, year 2020.

A second measure reported in table 3.19 is the percentage of students enrolled in short courses, usually lasting 1 or maximum 2 years. These courses are often meant to be vocational and to favor a quick transition to occupation, but it is not clear, however, to which extent they actually achieve their aims. In our sample, Spain and France show a relatively high percentage of students enrolled in this type of courses (respectively 22% and 20%), but, as seen in table 3.1 above, both countries have a rate of NEETs higher than the average. The UK and Sweden show an intermediate percentage (13% and 8%), while in the remaining countries the relevance of these courses is negligible. The key issue is not, then, how long courses last, but the way they are connected to the labour market.

A third measure reported in the table is the distribution on fields of study of university degrees, at all levels, of the population aged 25-64. This indicator relates to the long-term vocational specificity of HE, **since some fields of study, particularly the STEM (science, technology, engineering and medicine), have more systematic and closer relationships with firms than others, particularly the humanities[89].** Also in this case, Italy stands out for the low vocational specificity of its school system, with a proportion of degrees in the humanities above all the other countries in our sample, but Poland (respectively, 34% and 39%). France, Spain and the Netherlands have more graduates than the other countries in business and law (respectively, 33%, 28% and 28%), while Sweden, Germany and the UK and have more graduates in the STEM disciplines (respectively 48%, 44% and 42%).

88 OECD (2019), Benchmarking Higher Education Systems Performance, Paris: OECD.

89 Ballarino (2011).

4

Labour market and occupational welfare analysis

by Francesco Seghezzi
President of ADAPT Foundation
and Francesco Giubileo
Labour Policy Consultant

The identikit of employment conditions

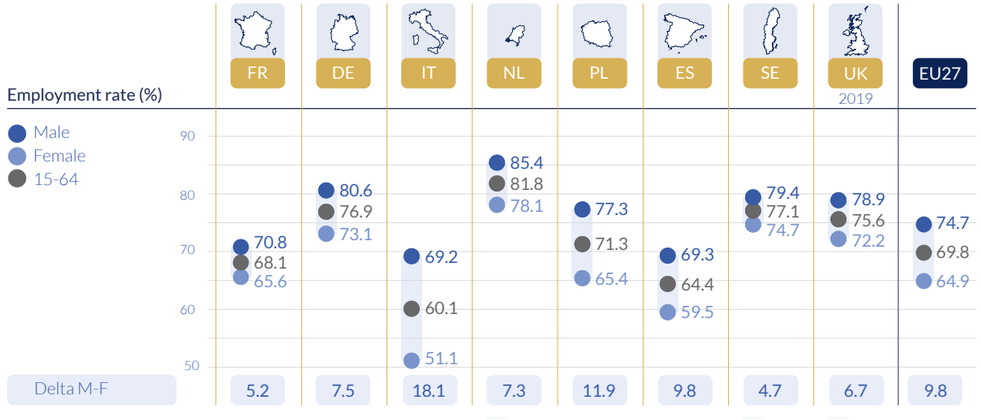
by Francesco Seghezzi, President of ADAPT Foundation and Francesco Giubileo, Labour Policy Consultant

The structure of employment and labour market data are particularly different in the countries analysed, therefore, it is important to show the differences through specific indicators. In particular, the employment rate is very different, with Italian and Spanish performances much lower than those of the other countries. Looking at the total employment rate (between 15 and 64 years old), that indicates the number of people who, in this age group, have a job, whether self-employed or employed, without considering the number of working hours, it clearly emerges that Italy and Spain have much lower performances than the other countries considered (and the EU27 average), even lower by ten or fifteen points. And this also considering that for the two countries these results are the highest since they were measured, with Covid 19 crisis fully recovered even if, by this point of view, their labour markets have been among the hardest hit during this crisis[90]. The 15-64 employment rata data combined with that of unemployment and inactivity, helps to understand the general balance of the socio-economic model of a country. In fact, for example, in the Italian and Spanish cases, it is easy to understand how less than two-thirds of the employed population of working age economically supports the whole country in terms of taxes and contributions, with all the imbalances that this generates. One of the reasons for the low employment rate could be found in the differences between male and female rates. Analyzing the differences, it emerges that **in the countries where the general employment rate is lower (Italy, Spain, Poland), the difference between male and female employment rates is higher.** This is due principally to the fact that women are still largely involved in caregiver activities (both with children and the elderly)[91].

90 Fana, M., Torrejón Pérez, S. & Fernández-Macías, E. Employment impact of Covid-19 crisis: from short term effects to long terms prospects. J. Ind. Bus. Econ. 47, 391–410 (2020).

91 Naldini, M., Pavolini, E., & Solera, C. (2016). Female employment and elderly care: the role of care policies and culture in 21 European countries. Work, Employment and Society, 30(4), 607–630; C. Fagan et al., Women and European Employment, Routledge, 2015.

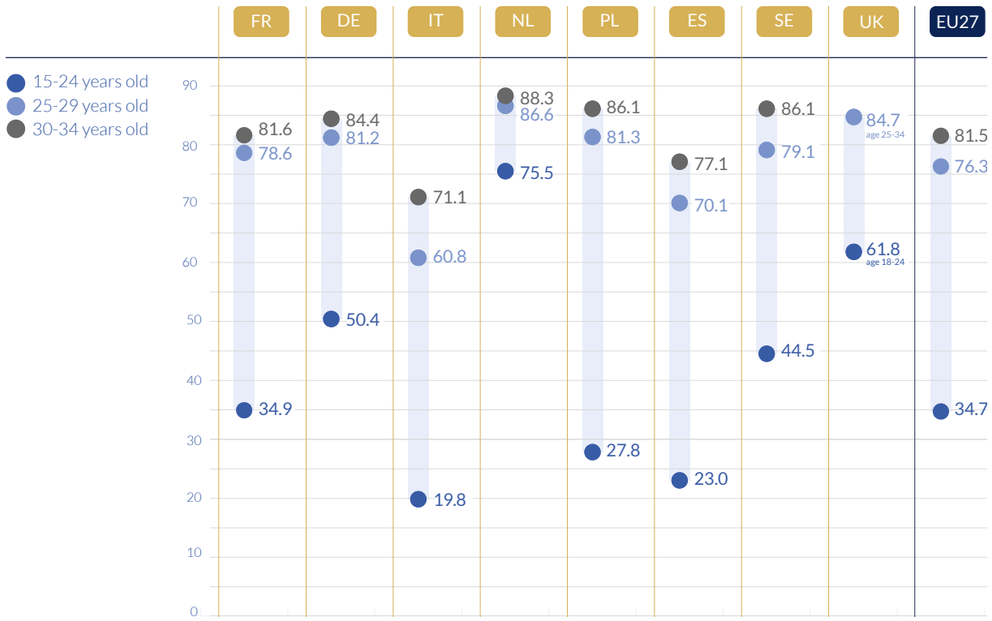
TAB. 4.1 - EMPLOYMENT RATE, AGE 15-64 BY COUNTRY AND SEX - 2022



Source: Eurostat, 2023; Office for National Statistics (for UK), 2023.

If the employment rate is analysed by distinguishing different youth cohorts (15-24, 25-29, and 30-34 years old) one can see that it grows with the increase of age and the lowest rate generally is registered in the class of age in which the majority of young people are engaged in training courses[92]. However, even considering this element, the distance between countries remains evident, and here the presence of dual training models also affects. In fact, the best result in this class of age is showed in the Netherlands (75.5%). In UK and Germany, too, the employment rate of young people between 15-24 exceed 50%. The 30-34-year-olds employment rate should represent the one in which people have entered in a phase of maturity within the labor market, even in countries where, as we will see, temporary work is particularly present among young people. Indeed, looking at the Tab. 4.2, this employment rate is higher than the general rate (15-64 years old) with peaks of 88.3% in the Netherlands and 86.1% in Poland and Sweden.

TAB. 4.2 - EMPLOYMENT RATE BY COUNTRY AND CLASS OF AGE - 2022.



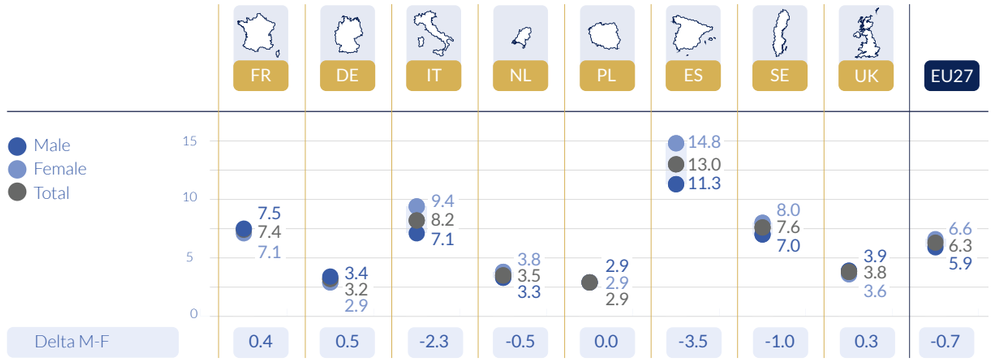
Source: Eurostat, 2023; Office for National Statistics (for UK), 2023.

A further element that helps to understand the conditions of national labor markets is the unemployment rate[93]. It indicates the number of people actively looking for a job into the labor force. A number that shows both how is or not is dynamic the labor market by the point of view of the demand and from the one of the supply, but it also shows potential alarm signals for the mismatch between them. Due to the fact that we are considering active people, the difference between male and female rate is lower than that one of employment rate, but in countries where these are low (Italy and Spain), this difference is higher (table 4.3). Looking at the data for young people, the first attention for a comparison is not to consider too much data for the cohort 15-24 years old, because people in this cohort are mostly inactive due to the fact that they are in school programs, so the absolute number of young unemployed in this cohort is very low. More interesting is looking at 25-29 and 30-34 years old data, which are generally higher than the total unemployment rate but in some **countries (Italy and Spain) is much higher than the total, showing that young people looking for a job find fewer opportunities that older people.**

92 Of course, the composition of the cohorts is affected, also in the rates resulting, by the evolution of demographic dynamics illustrated in Chapter 2.

93 Arrow Ekkehard Ernst, Uma Rani, Understanding unemployment flows, Oxford Review of Economic Policy, Volume 27, Issue 2, Summer 2011, P. 268–294; Lewis, P., & Heyes, J. (2020). The changing face of youth employment in Europe. Economic and Industrial Democracy, 41(2), 457–480.

TAB. 4.3 - UNEMPLOYMENT RATE AGE 15-64 BY COUNTRY AND SEX - 2022.



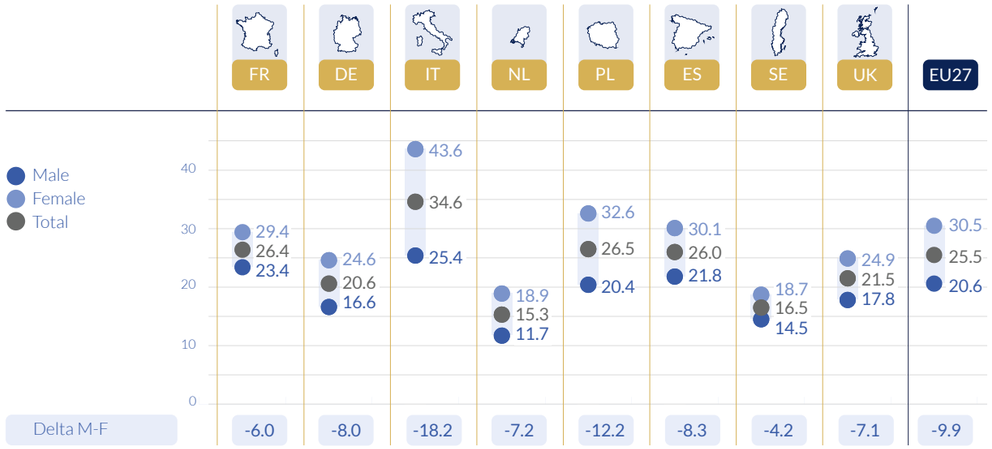
Source: Eurostat, 2023; Office for National Statistics (for UK), 2023.

TAB. 4.4 - UNEMPLOYMENT RATE BY COUNTRY AND CLASS OF AGE - 2022.

Source: Eurostat, 2023; Office for National Statistics (for UK), 2023.

In order to close the circle of the labor conditions of people in working age, a last indicator has to be analysed: the inactivity rate. It shows the number of people that, on total people 15-64 years old, are without a job and are not looking for it. In this case too, the data reveals Italy as the country with the most critical issues, with a rate of 34.6%, which is much higher than the three following countries (Poland, France, and Spain) which have similar rates of around 26%. This is a data often determined by the high inactivity, or low participation in the labour market, of female. The difference between female and male inactivity rate ranges from 4 points in Sweden to 18 points in Italy and it can be related to care activities that still largely fall on the female component of families and society. In particular, this is very evident in the Italian with a female employment rate that remains below the population (43.6%), and that results even more exacerbated in the south of the country, generating a territorial dualism in the structure of the labor market.

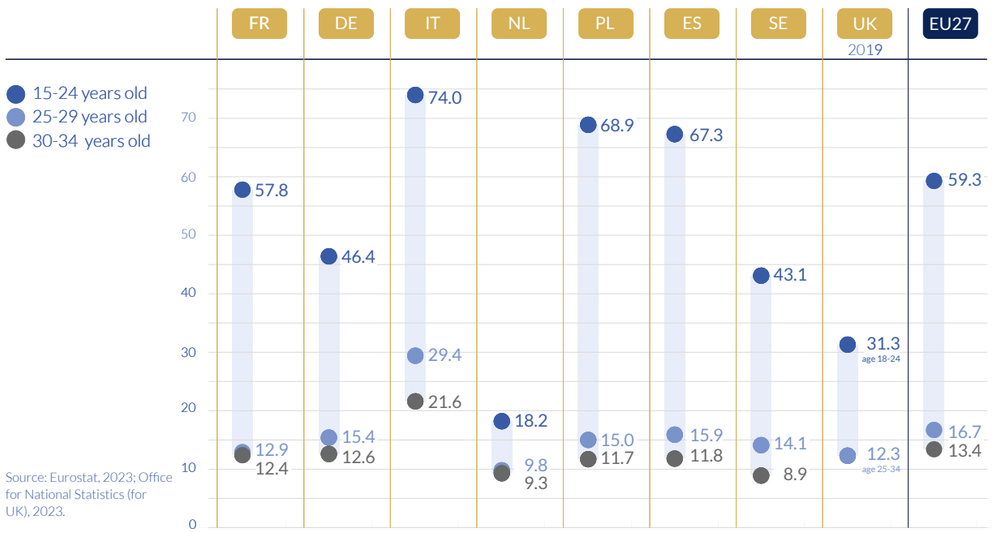
TAB. 4.5 - INACTIVITY RATE, AGE 15-64 YEARS OLD BY COUNTRY AND SEX - 2022.



Source: Eurostat, 2023; Office for National Statistics (for UK), 2023.

Focusing on the youth inactivity data, here too a strong difference emerges between the 15-24 age group, largely made up of those who are still included in training courses, and the subsequent youth groups. However, as showed in table 4.6, the figure for some countries is still much higher than for others, in particular that of Italy (74%), Poland (68.9%) and Spain (67.3%). If, on the other hand, we consider the older class of age groups of young people, we notice how it is especially Italy that confirms the negative trend of inactivity, with a rate above 20% both among 25-29 and between 30-34 years old, which is three times as high as the figure for the country with the lowest value in the age group 25-29 years (the Netherlands, with 9.8%) and which is almost two and half as high as the figure for the country with the lowest value in the age group 30-34 years (Sweden, with 8.9%). A figure that confirms that **the high inactivity in Italy is mainly caused by the low activity of young people and women.**

TAB. 4.6 - INACTIVITY RATE BY COUNTRY AND CLASS OF AGE - 2022.



Source: Eurostat, 2023; Office for National Statistics (for UK), 2023.

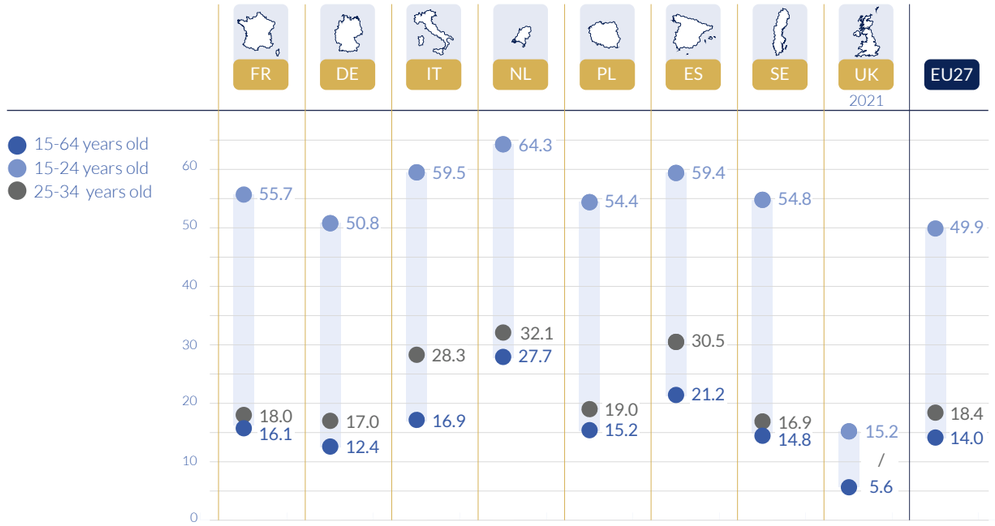
The different weighting of professional status (permanent, temporary, self-employed)

Having clarified the main quantitative data on the labour market in the analyzed countries, it is useful to deepen some qualitative data relating to employment.

The first concerns the rate of temporary work on total employees, a rate which is often considered to evaluate the levels of precariousness and job instability[94]. In this case, the countries analyzed present fairly similar data, around 15-16% with two exceptions on the top (Netherlands at 27.7% and Spain at 21.2%) and one on the downside (Germany at 12. 4%) (tab. 4.11; 4.13). The rate in the youth cohorts is generally much higher in 15-24 years also due to the various forms of internships carried out in schools and the fact that temporary contracts are mainly used during the entry phase in the labour market. However, it can be observed that especially in Italy and Spain there is a strong difference between the general rate of temporary work (15-64) and that one related to people between 25 and 34 years of age (about 10 percentage points). This reveals the difficulty faced in these countries even by the most mature youth group in finding a non-temporary job or in being interested by frequent change between different temporary jobs[95].

94 For some references on the scientific debate about impact of temporary jobs and their regulation see: Michael Gebel, Johannes Giesecke, Does Deregulation Help? The Impact of Employment Protection Reforms on Youths' Unemployment and Temporary Employment Risks in Europe, European Sociological Review, Volume 32, Issue 4, August 2016, 486–500; Paolo Barbieri, Giorgio Cutuli, Employment Protection Legislation, Labour Market Dualism, and Inequality in Europe, European Sociological Review, Volume 32, Issue 4, August 2016, 501–516.

TAB. 4.7 - TEMPORARY WORK RATE BY COUNTRY AND CLASS OF AGE - 2022.



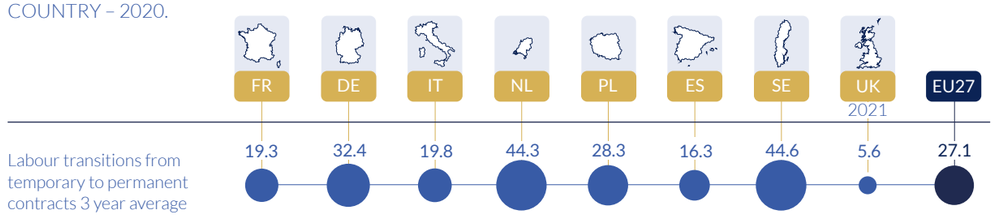
Source: Eurostat, 2023; OECD, 2023. "/" missing data (data not available in the source).

95 F. Pastore, Why So Slow? The School-to-Work Transition in Italy, Iza, 10767, 2017.

96 Högberg, B., Strandh, M., & Baranowska-Rataj, A. (2019). Transitions from temporary employment to permanent employment among young adults: The role of labour law and education systems. Journal of Sociology, 55(4), 689–707.

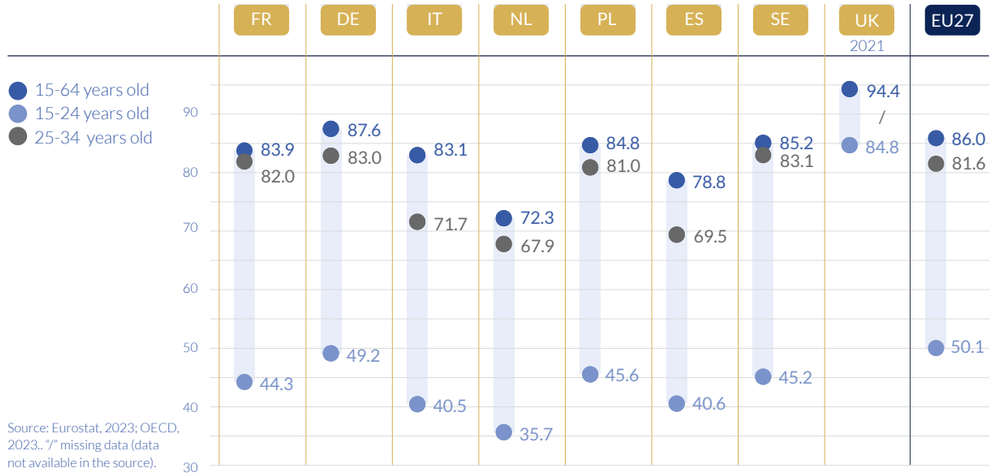
To better understand these data is useful to pair them with the ones monitoring labour transitions from temporary to permanent contracts in one year[96]. Indeed, countries such as Sweden, the Netherlands and Germany have both high rates of temporary contracts for 15-24 workers and high transition rate year by year (ranging between 44% and 32%). Instead, countries such as Spain, France, and Italy register high rates of temporary contracts for 15-24 workers and low labour transitions from temporary to permanent contracts.

TAB. 4.8 - LABOUR TRANSITIONS FROM TEMPORARY TO PERMANENT CONTRACTS -3- YEAR AVERAGE BY COUNTRY – 2020.



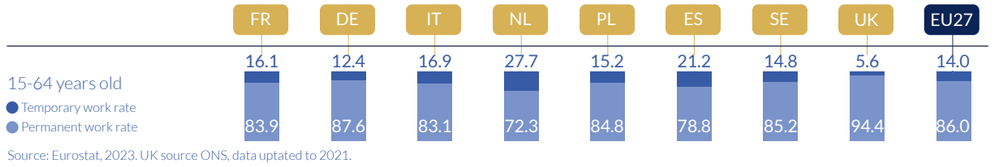
Source: Eurostat, 2022

TAB. 4.9 - PERMANENT WORK RATE BY COUNTRY AND YOUNG PEOPLE CLASS OF AGE - 2022.



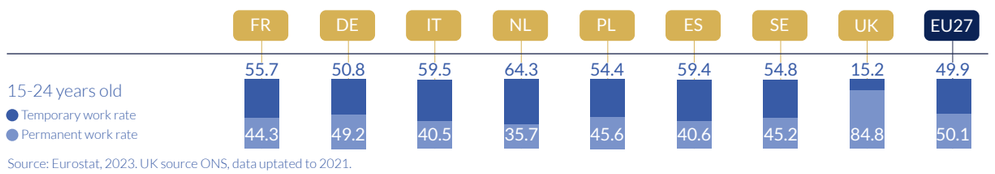
Source: Eurostat, 2023; OECD, 2023.. "/" missing data (data not available in the source).

TAB: 4.10 - EMPLOYMENT RATE AGE 15-64 BY COUNTRY AND CONTRACT - 2022.



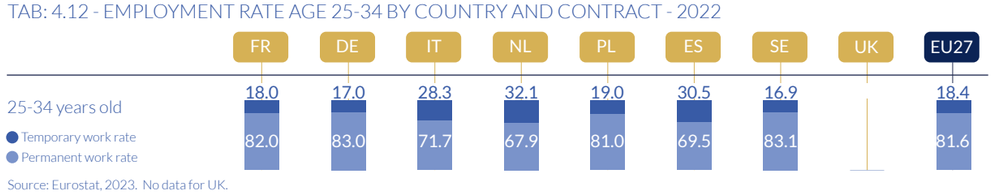
Source: Eurostat, 2023. UK source ONS, data uptated to 2021.

TAB. 4.11 EMPLOYMENT RATE AGE 15-24 BY COUNTRY AND CONTRACT - 2022.



Source: Eurostat, 2023. UK source ONS, data uptated to 2021.

TAB: 4.12 - EMPLOYMENT RATE AGE 25-34 BY COUNTRY AND CONTRACT - 2022



Source: Eurostat, 2023. No data for UK.

INSIDER OUTSIDER – The effects of rigidity on the labour market

In the models with adjustment costs (i.e. with laying-off costs) the rigidity of the labour market is interpreted as a cost that a company must pay to bring its labour force to an optimal level. According to this approach, rigidity does not have a direct effect on the employment rate, because on one hand it reduces the propensity of companies to hire new people, on the other hand it leads companies to reduce the workforce as little as possible when they are facing negative shocks, which implies, however, a loss of efficiency and therefore lower average profits for the businesses. Several studies were conducted on the reforms carried out in Spain in the early 1980s, which liberalised fixed-term employment contracts, without changing the costs of dismissal for ordinary contracts. The results showed that this arrangement leads to a growth of fixed-term contracts and a reduction in the open-ended contracts.[97] The evidence given by the Spanish case suggests that, where the regulatory gap between permanent and temporary employment is large, the transition rates between the corresponding situations remain low[98], thus confirming the dual labour market theory that outsiders tend to be trapped in temporary jobs, while insiders enjoy job stability, guaranteed by solid protective tools. In such contexts it becomes clear that the costs of adjustment of the workers' stock end up unloading on those hired with fixed term contracts. Evidence suggests that a strict regulation of open-ended contracts favours the use of fixed-term contracts[99], this is confirmed by the empirical literature[100]. Further research has shown that strict rules on dismissals tend to reduce growth in total factor productivity[101]. The results of the numerous labour market reforms carried out since 1990 in Spain suggest that the regulatory differences between open-ended and fixed-term contracts represses the growth of total factor productivity[102]. More generally, longitudinal panel studies have shown that countries where governments implemented partial reforms of labour protection schemes (RPLs), liberalising fixed-term contracts but maintaining strict regulation of ordinary contracts, have experienced a slower growth in productivity[103]. In general, the literature shows how legal and administrative constraints on the freedom of dismissal (e.g. compulsory payments to the State in the event of dismissal or liquidation of the worker, etc...) tend to produce the following effects[104]:

- a likely reduction in redundancy rates and consequently reduction of labour market flows;
- an increase in the average duration of unemployment (increased job protection tends to increase costs for businesses, which translates into fewer new jobs and fewer redundancies);
- a significant impact on the structure of the labour market, which becomes more viscous, more "sclerotic", with less flows of entry into and exit from unemployment (and a longer duration of it).

However, it must be taken into account the possibility that a more articulated and rigid RPLs may also be the consequence of labour markets characterised, for reasons not dependent on labour legislation and likely structural, by higher unemployment rates or frequent employment shocks, prompting the policymaker to provide broader protection tools for insiders, who represent the majority of the electoral body. The only way to get more conclusive evidence is to observe the effects of RPL evolution in time and space. In this regard, most of the available empirical evidence is paradoxically related to the United States, a country that is mostly considered to be devoid of any sig-

97 Aguirregabiria, V. - Alonso-Borrego C. (2009). Labor Contracts and Flexibility: Evidence from a Labor Market Reform in Spain, Economic Inquiry, Vol. 52, aprile 2014, pagg. 930-957.

98 Güell, M. - Petrongolo B. (2007). How Binding Are Legal Limits? Transitions from Temporary to Permanent Work in Spain, Labour Economics, Vol. 14, pp. 153-183.

99 Boeri, T. (2011). Institutional Reforms and Dualism in European Labor Markets, in O. Ashenfelter and D. Card (eds.), Handbook of Labor Economics, Vol. 4b, North Holland, Amsterdam.

100 OECD (2004). OECD Employment Outlook 2004, OECD Publishing, Paris, http://dx.doi.org/10.1787/empl_outlook-2004-en; Hijzen, A. - Mondauto L. - Scarpetta S. (2013). The Perverse Effects of Job-Security Provisions . on Job Security in Italy: Results from a Regression Discontinuity Design, Paper presented at the American Economic Association meeting, San Diego, January.

101 Van Schaik, T. - Van de Klundert T. (2013). Employment Protection Legislation and Catchingup, Applied Economics, Vol. 45, pp. 973-981.

102 Dolado, J. - Ortigueira S. - Stucchi R. (2012). Does Dual Employment Protection Affect TFP? Evidence from Spanish Manufacturing Firms, Journal of the Spanish Economic Association, November 2016, Volume 7, Issue 4, pp 421–459.

103 Bassanini, A. - Nunziata L. - Venn D. (2009). Job Protection Legislation and Productivity Growth in OECD Countries, Economic Policy, Vol. 58, pp. 349-402.

104 Blanchard, O. - Wolfers J. (2000). The Role of Shocks and Institutions in the Rise of European Unemployment: The Aggregate Evidence, Economic Journal, Vol. 110, No. 462.

nificant form of labour protection. However, while the complete freedom of dismissal (employment at will) remains the rule and the administrative limitations in the matter are minimal, the fact that the determination of the contribution to unemployment insurance is done based on past behaviour means that companies themselves bear most of the costs of unemployment benefits. Since the definition of contributory schemes is competence of the individual Member States of the Union, there are significant differences in time and space: it is precisely these differences that have been analysed in detail by economists to estimate the effects of changes in contribution rates on different labour market magnitudes. In particular, it shows that a higher contribution rate (therefore, more generally, higher costs of dismissal) leads to a reduction in the rate of dismissal. For example, estimates provided by Anderson and Meyer[105](1998), based on changes done in 1984 in the State of Washington, suggest that a shift of the rates from zero to one would have reduced redundancies by 20%. Two other interesting figures point out that a higher contribution rate for businesses on the one hand limits seasonal fluctuations in employment and on the other encourages the use of temporary work[106]. In conclusion, in recent years the scholars agreed that the effects (compensatory, at least as a sign) on the flows and on the permanence in the status of unemployment are attributable to labour protection schemes. There is strong evidence that flexible regulation of redundancies increases both redundancies themselves and long-term recruitment and allows a more efficient turnover[107].

105 Anderson, P. - Meyer, B. (1998). Using a natural experiment to estimate the effects of the unemployment insurance payroll tax on layoffs, employment, and wages, Mimeo Dartmouth College.

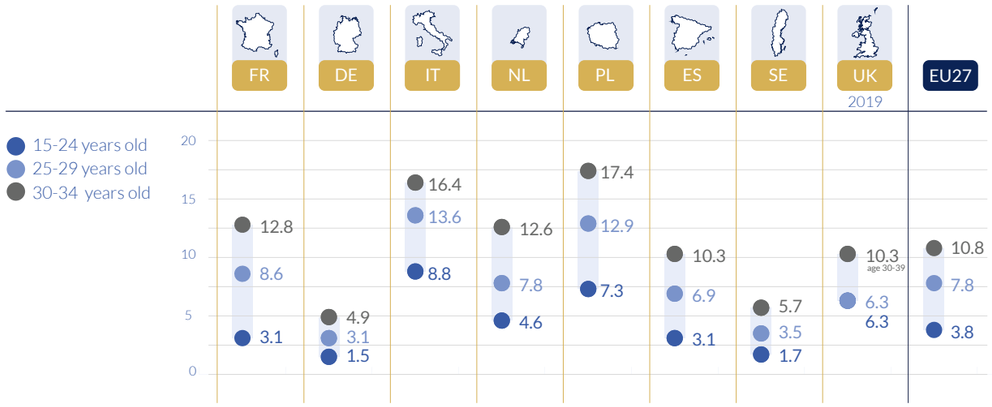
106 Autor, D. (2001). Outsourcing at will: The contribution of unjust dismissal doctrine to the growth of employment outsourcing, in Journal of Law & Economics, 2003, Vol. 21, pp. 1-42.

107 Martin, J.P. - Scarpetta S. (2012). Setting It Right: Employment Protection, Labour Reallocation and Productivity, De Economist, Vol. 160, pp. 89-116.

Looking at self-employment data show an increasing relevance of this typology of work with the age of the cohorts in all the countries analyzed whit some specificities: Germany and Sweden present low rates of self-employed (less than 6%) while Poland and Italy the highest rates[108].

108 For a focus on self-employment in different European countries see R. Semenza, F. Pichault, The challenges of self-employment in Europe, 2019, Edward Elgar.

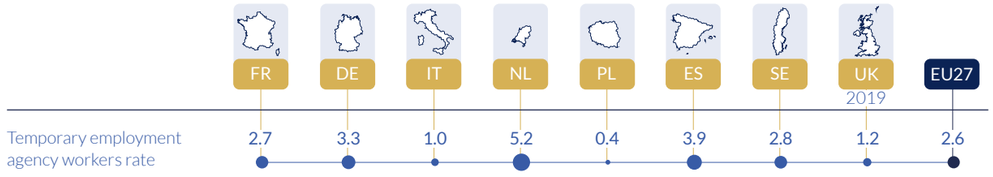
TAB. 4.13 - SELF-EMPLOYMENT RATE BY COUNTRY AND CLASS OF AGE - 2022.



Source: Eurostat, 2023. UK source ONS, data uptated to 2021.

Coming instead to temporary employment agency workers, the data are generally less than 5% of total employees (with the exception of the Netherlands which ranks just above). The countries with the lowest component are Italy (1%) and Poland (0.4%).

TAB. 4.14 - TEMPORARY EMPLOYMENT AGENCY WORKER RATE BY COUNTRY - 2022.



Source: Eurostat, 2023

A final interesting data concerning the duration of employment relationships is that relating to job tenure measured in years[109]. This figure helps to have an impression of the level of dynamism of the labor market because it shows the propensity to professional mobility of the workers of a given country. From this point of view, Italy results to be the least mobile country with a share of job tenure over 10 years of 52.6% and a share under one year of 10%. The other countries show a quite similar level of job tenure, with the exception of Sweden where only the 30,5% of people has a job tenure of more than 10 years and Poland where the incidence of short relations is less widespread indeed the percentage of job tenure less than a year stops at 7.2%.

TAB. 4.15 - JOB TENURE INCIDENCE BY LENGTH AND COUNTRY - 2022.

	Job tenure less than 1 year 25 and over	Job tenure 1 to 4 years 25 and over	Job tenure 5 to 9 years 25 and over	Job tenure more than 10 years 25 and over
FR	12.4	24.0	17.3	45.1
DE	12.4	23.8	18.8	44.5
IT	10.0	20.9	16.5	52.6
NL	14.7	26.6	17.7	38.5
PL	7.2	23.4	21.4	43.9
ES	14.9	22.8	17.3	45.0
SE	14.7	27.1	20.0	30.5
UK	11.9 (2019)	29.3 (2019)	20.6 (2019)	37.5 (2019)
UE27	11.3	23.5	19.2	44.8

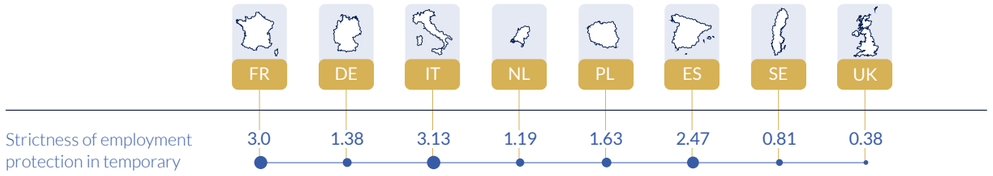
Source: Eurostat, 2023

The data illustrated up to now are the result of the macro-economic dynamics and the educational system of the countries analyzed as well as the regulatory framework. The OECD calculates through its own index two different characteristics: the level of job protection in fixed-term contracts and the level of job protection in relation to separation costs (individual and collective dismissal). These two indices are calculated considering a series of different aspects relating to the labour legislation of the countries considered. In relation to temporary work, the elements considered are: valid cases for use of standard fixed term contracts, that is, the conditions necessary to be able to stipulate them; the maximum number of successive standard fixed term contracts (meaning the initial contract plus renewals and/or prolongations); the maximum cumulated duration of successive standard fixed term contracts. They also consider temporary work through agencies regulation as the types

109 Bussolo, Maurizio; Capelle, Damien; Lokshin, Michael M.; Torre, Iván; Winkler, Hernan (2022), Explaining the Evolution of Job Tenure in Europe, 1995–2020. Policy Research Working Papers, World Bank.

of work for which temporary work agency employment is legal; the restrictions on the number of renewals and/or prolongations of temporary work agency assignments; the maximum cumulated duration of temporary work agency assignments; the fact that set-up of a temporary work agency require authorization or reporting obligations or not; the fact that regulations ensure equal treatment of regular workers and agency workers at the user firm. All these criteria determine the index showing that Italy, France and Spain are the countries in our study perimeter with higher protection for temporary contracts. For Italy data collected in 2019 result obsolete due to the recent government intervention (May 2023) that incremented the possibility of temporary contracts for more than 12 months. The opposite happened in Spain since in 2022 it restricted the cases in which companies can offer temporary contracts. The countries with lower levels of strictness are UK, Sweden and Netherlands.

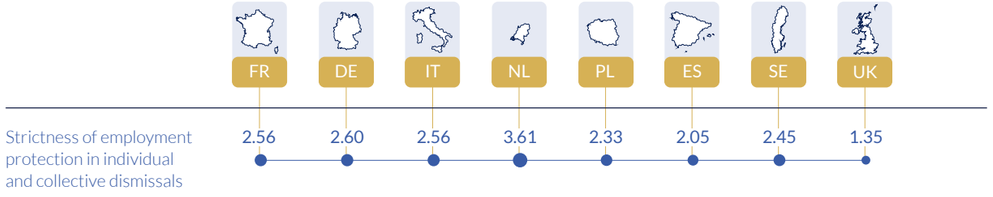
TAB. 4.16 - STRICTNESS OF EMPLOYMENT PROTECTION IN TEMPORARY CONTRACTS BY COUNTRY - 2019.



Source: OECD,2021

Regarding the strictness of employment protection in individual dismissals, the index considers notification procedures in the case of individual dismissal of a worker with a regular contract; delay involved before notice can start; length of notice period at different tenure durations; severance pay at different tenure durations; definition of unfair dismissal; length of the trial period; compensation following unfair dismissal; reinstatement option for the employee following unfair dismissal; maximum time period after dismissal up to which an unfair dismissal claim can be made. For the collective dismissal protection evaluation, the index considers the definition of collective dismissal; additional notification requirements in cases of collective dismissal; additional delays involved in cases of collective dismissal; other special costs to employers in case of collective dismissal. It results that the Netherlands is the country with the highest level of protection (3,61) and the UK the one with the lowest (1,35), with the majority of the analyzed countries whit a strictness of employment protection in individual and collective dismissals value between 2,05 and 2,60.

TAB. 4.17 - STRICTNESS OF EMPLOYMENT PROTECTION IN INDIVIDUAL AND COLLECTIVE DISMISSALS - 2019.



Source: OECD,2021

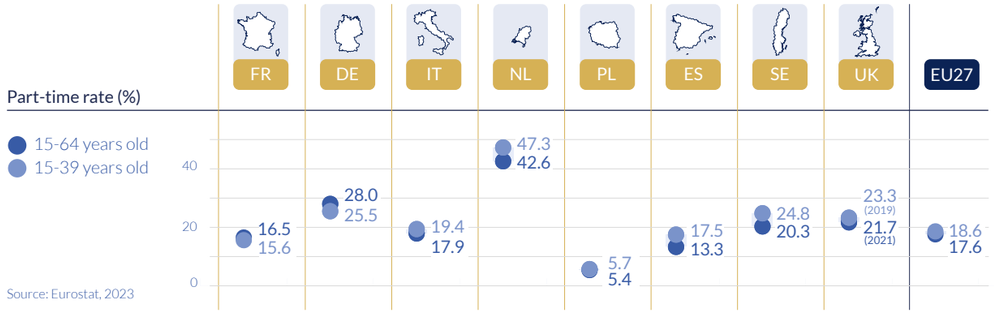
Part-time jobs and involuntary part-time jobs

Another important element of qualitative analysis is the diffusion of part-time work. Studies have presented different patterns of time policy in Europe, starting from the Nordic 'universal breadwinner' model (Sweden) with high employment rate together with long use of part-time; the 'modified breadwinner' model (France) where mothers who are employed work predominantly full-time; the Mediterranean 'exit or full-time' model (Italy and Spain) where fewer women are employed (especially when they became mothers) and when employed they generally work full-time; finally different models of 'maternal part-time work' (Dutch, German and UK) where motherhood is associated with a reduction in the employment rate but the use of part-time is higher[110].

Confirming this analysis, among the countries analyzed, a strong presence of part-time stand out in the Netherlands (more than 40%), followed by Germany, Sweden and the UK, with lower levels for France, Italy and Spain (between 15% and 20%). Poland stands out for the very low incidence of part-time (less than 6%). Analyzing the data for young people (15-39 years old), in most of the countries considered the rate is not particularly different, with variations of less than five points.

110 Dominique Anxo and others, Patterns of labour market integration in Europe—a life course perspective on time policies, Socio-Economic Review, Volume 5, Issue 2, April 2007, Pages 233–260.

TAB. 4.18 - PART TIME RATE BY COUNTRY AND CLASS OF AGE - 2022.

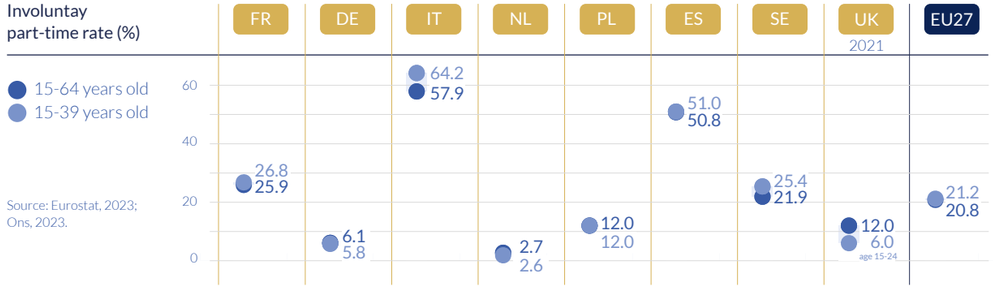


Source: Eurostat, 2023

However, looking at the involuntary incidence of part-time strong differences between the countries are gathered. In fact, considering part-time which is not desired by the worker as a tool for reconciling work-life or for other needs, but represents the only job opportunity than can be found[111], some particular cases stand out. In Italy, the majority of people who have a part-time job would be willing to work full-time but, involuntarily, find themselves working part-time (57.9%). A very high component of involuntary part-time is also found in Spain (50,8%). On the contrary, in the Netherlands, where the general component of part-time workers is higher than in other countries, almost all workers who work part-time do so by free choice (2,7% of involuntary cases).

111 Green, A., & Livanos, I. (2017). Involuntary non-standard employment in Europe. European Urban and Regional Studies, 24(2), 175–192;
Individual and household in-work poverty in europe: understanding the role of labor market characteristics, Marianna Filandri &Emanuela Struffolino, European Societies, 21, 2019, 130-157.

TAB. 4.19 - INVOLUNTARY PART-TIME RATE BY COUNTRY AND CLASS OF AGE - 2022.



Source: Eurostat, 2023; Ons, 2023.

The impact of salary on young people

Looking to the salary dimension, all the countries show an higher median hourly earnings for workers over 50 years old and lower for those under 30, due mainly to the recognition of a strengthening of skills and experiences over time and to the influence of the accumulation of job changes in the professional experience of a person (transitions from one working reality to another).

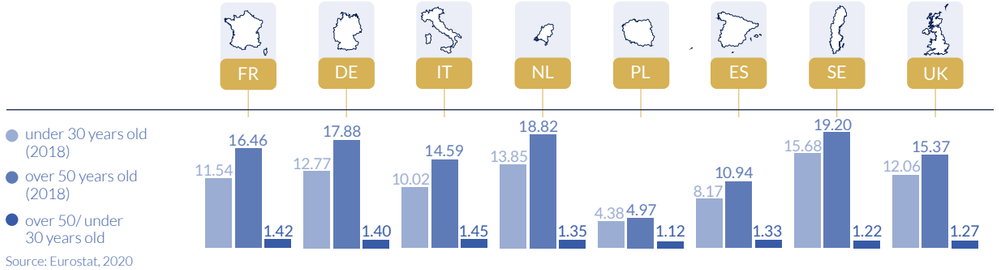
Poland is the country with the lowest median hourly earnings in both the class of age (followed by Italy) while Sweden is that one with the highest (followed by the Netherlands). It is interesting to compare the ratio between the median hourly earnings levels of workers over 50 and those under 30 to see how large is the wage gap between age cohorts. In Poland the ratio is only 1,12, with values differing in a very short way, while in countries like Italy (1,45), France (1,42) and Germany (1,40) the difference is meaningfully higher showing inequality sort of “generation distribution wage gap”. It is important to remember that this dataset regards only employees working in companies with more than 10 employees, a factor that could be important, especially for countries with a high incidence of micro-companies.

In relation to salary, it is important to remember that minimum wage is present in France, Germany, Poland, UK, and Spain while it is not present in Italy and Sweden. Nevertheless, in these two countries the collective bargaining coverage is higher than 80%, the threshold indicated by the recent European Directive on adequate minimum wages in Europe under which the countries need to establish a plan to increase the coverage in absence of a minimum wage.

The lasting data considered for understanding the qualitative dimension of work, is the rate of workers that are at risk of poverty (Table 4.21). The rate is higher in Spain (12.7%) and Italy (11.6%), the two countries where involuntary part-time and the incidence of temporary contracts on young people are higher and those where median hourly earnings are lower (after the outlier data of Poland), confirming that these factors are often related[112].

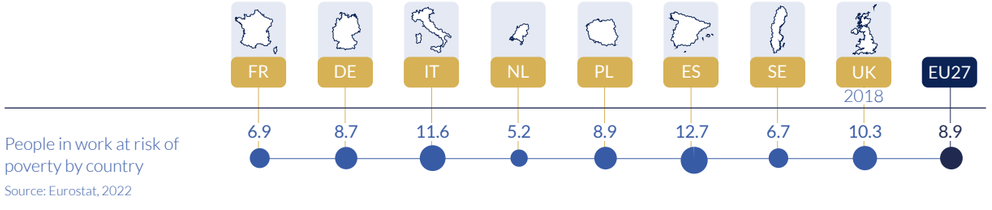
112 Eurofound (2017), In-work poverty in the EU, Publications Office of the European Union, Luxembourg.

TAB. 4.20 - MEDIAN HOURLY EARNINGS BY COUNTRY AND CLASS OF AGE - 2018.



Source: Eurostat, 2020

TAB. 4.21 - PEOPLE IN WORK AT RISK OF POVERTY BY COUNTRY - 2021.



Source: Eurostat, 2022

Occupation and Welfare analysis - Investments in active and passive labour policies

At the international level, the term "labour policies" is attributed to those policies that act directly in the labour market and are specifically addressed to individuals with particular needs and difficulties (people that are looking for a job, at risk of losing their jobs or discouraged in their research action).
Generally labour policies are distinguished between passive and active policies. Passive policies aim at alleviating the social hardship created by unemployment. Active policies are instead identified with those interventions aimed to affect the employment opportunities of individuals in particular by increasing the likelihood of finding a job (or not losing it) with attention to people most at risk. Looking at the investments in labour policies, the countries that spend more on active labour policies in absolute value are Germany, the Netherlands, France and Spain. While the countries that invest most on passive policies are France, Germany, Italy and Spain. Among the investigated countries, the percentage weight of active policies on GDP exceeds that of passive policies only in the Netherlands and the United Kingdom.

TAB. 4.22 - DISTRIBUTION OF ACTIVE AND PASSIVE POLICIES AS A PERCENTAGE OF GDP AND AS ABSOLUTE VALUE - 2020.

	Active programmes		Passive measures	
	% on GDP	v.a.	% on GDP	v.a.
FR	0.76	17.560€	3.21	74,166€
DE	0.61	20.773€	1.32	44,952€
IT	0.34	5.647€	2.58	42,854€
NL	2.21	17.603€	1.73	13,780€
PL	0.78	4.093€	0.99	5,196€
ES	1.19	13.304€	3.36	37,564€
SE	0.95	4.391€	1.26	5,824€
UK	0.38	9.010€	0.28	6,640€

Source: Estimated value by the research team on OECD data

If we look at the individual active labour policy measures used[113] personnel expenditure for Public Employment Services and administration emerges as the main investment made by Germany, UK and Italy. Training is the main investment made by France and Italy (a relevant investment on training in active policies is made by Germany and Spain too), while the Netherlands is the country that invests the most in employment incentives and tools to support relocation (for example through the use of private employment agencies) followed by Spain, Poland and Sweden. Finally, the countries that invest more in direct job creation and incentives for start-ups are Spain and France.

113 Per una maggiore definizione degli strumenti, si veda il paragrafo successivo.

TAB. 4.23 - DISTRIBUTION AS A PERCENTAGE OF GDP OF INDIVIDUAL ACTIVE LABOUR POLICY MEASURES - 2020.

	PES and administration	Training	Employment incentives	Sheltered and supported employment	Direct job creation	Start-up incentives
FR	0.25	**0.30**	0.02	0.09	0.06	0.04
DE	**0.33**	0.19	0.03	0.02	0.03	0.01
IT	**0.12**	**0.12**	0.09	0.01	0.00	0.00
NL	0.15	0.06	**1.67**	0.32	0.01	0.00
PL	0.07	0.00	**0.52**	0.15	0.01	0.03
ES	0.15	0.11	**0.56**	0.14	0.11	0.12
SE	0.26	0.06	**0.39**	0.24	0.00	0.00
UK	**0.30**	0.02	0.01	0.01	0.04	0.00

Source: Estimated value by the research team on OECD data.

As regards passive policies, in all the countries analysed out-of work income maintenance and support absorb almost all resources, while early retirement investments are almost nonexistent (partly due to demographic pressure).

TAB. 4.24 - DISTRIBUTION AS A PERCENTAGE OF GDP OF INDIVIDUAL ACTIVE LABOUR POLICY MEASURES - 2020.

	FR	DE	IT	NL	PL	ES	SE	UK
Out-of-work income maintenance and support	3.21	1.32	2.57	1.73	0.95	3.35	1.26	0.28
Early retirement	0.00	0.00	0.01	0.00	0.04	0.01	0.00	0.00

Source: Estimated value by the research team on OECD data

The effectiveness of active labour market policies (ALMPs)

The traditional justification for the use of active labour policies has been to facilitate the process of matching job supply and demand, especially for young people generations. The rich literature available today provides a relatively clear picture of whether this "facilitator" task has worked, especially in terms of employment outcomes.
It is important to stress that active policies can produce different effects depending on the population to which they are addressed and have a strong correlation with time (maximum duration of effect 36 months). Indeed in the counterfactual evaluations carried out the positive impact is almost always rather limited becoming in most cases no longer significant with the passage of time[114].
Within an analytical framework of meta-analysis on the effectiveness of active labour policies dedicated to young people, it is necessary to point out the work of Caliendo and Schmidl (2016)[115]that distinguish the interventions into four main areas: job search assistance; training/traineeship in the company; economic incentives; job creation in the public sector.

114 Madon K., 2021, What Works for Whom? Youth Labour Market Policy in Poland, IZA Institute of Labor Economics, Bonn, Germany.

115 Caliendo, M., Schmidl, R., 2016, Youth unemployment and active labor market policies in Europe. IZA J Labor Policy 5, 1.

TAB. 4.25 - SYNTHESIS OF META-ANALYSIS, MAIN OUTCOMES, AND CONTEXT OF ANALYSIS

Size description	Employment outcomes	Analysis context
JOB SEARCH ASSISTANCE: the treatment consists of a set of measures that include an initial orientation interview, a counselling service, a support service for matching with job applications, the provision of short training courses.	Mainly positive	FR DE UK SE
TRAINING/TRAINEESHIPS: the main purpose of these programmes is to provide young people with the necessary skills to enter the labour market. This category includes both the classroom training courses on specialized professional profiles and the training and internship activities within the company.	Mixed	FR DE UK SE
ECONOMIC INCENTIVES: these measures offer an incentive (subsidies or tax reliefs) for the company conditional on the recruitment of a young person.	Mainly positive	DE UK SE
DIRECT CREATION OF WORK OPPORTUNITIES IN THE PUBLIC SECTOR: these are temporary interventions typically dedicated to the most disadvantaged groups of people in order to facilitate their familiarity with a work environment	Mainly negative	FR UK

Source: Caliendo, M., Schmidl, R., 2016, Youth unemployment and active labor market policies in Europe. IZA J Labor Policy nr. 5.

JOB SEARCH ASSISTANCE

The accompanying and guidance work programmes have positive effects in the short and medium term, but only for highly disadvantaged or vulnerable recipients. Towards these subjects such policies increase employability by supporting the acquisition of new awareness and motivation to actively seek employment.[116] In the analysis of labour policies, it is interesting to note that a targeting process is often used to identify vulnerable groups, useful tool to accompany and inform the user in the development and design of its own path of relocation and redevelopment. Although the tool often arouses political interest, the evaluations show that where platforms of this type have been built the results have often been modest, in practice never used by operators or/and users.[117]

ECONOMIC INCENTIVES

Almost all the research dedicated to the evaluation of active labour policies, show how economic incentives (bonus or tax relief) are the most effective tools in bringing the most disadvantaged into the labour market and often also have a direct impact on the overall increase in employment [121]. The only exception is when incentives are extended to the whole youth population and not only to low-skilled subjects. In this case, in fact, the effects are not statistically significant and often the qualitative analyses accompanying these studies show phenomena of displacement or replacement of the workforce[122]. A further element that emerges from the macro-economic analysis is that the impact of employment incentives is even more positive when these instruments are associated with public subsidies for business investments[123].

VOCATIONAL TRAINING/TRAINEESHIP

Evaluations of the European Commission's Youth Guarantee programme suggest that training programmes have generally been effective in the medium term, while in the short term the effects are negligible or not significant[118]. Vocational training does not appear to be effective in reducing the unemployment rate of the low-skilled compared to that of the total population[119]. Going into detail, classroom training is the most widespread tool in the retraining paths, but its effectiveness is very low even if some research shows a gender difference, for males this tool is more effective. While workplace training or an internship experience is relatively more beneficial for women, even if the positive effect is minimal. In addition, the effectiveness of training also depends on the degree of freedom of choice of the user, the younger people are free to choose the training path, the higher the chances of success in the labour market[120].

DIRECT CREATION IN THE PUBLIC SECTOR

Direct job creation in the public sector is a type of measure involving the temporary recruitment of a young person to a subsidised job in which the employers are public local authorities or non-profit associations[124]. All the evaluations carried out show that this measure is the least effective in bringing disadvantaged young people into the labour market. In particular, the negative effects have been particularly large for individuals with low education and those living in regions with a high unemployment rate[125]. However, if the objective of direct job creation relates to other factors than employment outcomes, there are positive impacts in the medium term in terms of social inclusion or greater intensity in job search[126].

In recent years, research has focused on understanding the effect of active policies at the aggregate level, not by studying the individual instrument, but the whole path of requalification and/or resettlement[127]. Through this analysis, it emerged, for example, that in the absence of expansionary **macroeconomic policies, the "substitutive" effect in the relocation of the most disadvantaged involves the risk of wage moderation and an increase in the number of workers in poverty**[128]. Another element that emerges in the study of active policies at the aggregate level is that the positive effect is manifested in all interventions, especially regarding **employment incentives for the least qualified young people.**[129]

Based on a large-scale international meta-evaluation, Kluve et al[130]. show that the effectiveness of interventions depends heavily on the design and implementation model adopted. In this regard, **sufficient allocation of resources for the administration of the programme and the continuity of policies over time seem to be the most important factors.** However, when these policies focus on marginal groups, the positive effects may also be more likely to be accompanied by substitution and displacement effects in the labour market[131].

116 Bellmann L e Jackman R, 1996, The impact of labour market policy on wages, employment, and labor market mismatch. In: Schmid G, O'Reilly J, Schömann K (eds) International handbook of labour market policy and evaluation. Edward Elgar, Cheltenham, pp 725–746; Caliendo, M., Schmidl, R., 2016, Youth unemployment and active labor market policies in Europe. IZA J Labor Policy nr. 5; Madon K., 2021, What Works for Whom? Youth Labour Market Policy in Poland, IZA Institute of Labor Economics, Bonn, Germany.

117 Lechner, M. & Smith, J., 2003, "What is the Value Added by Caseworkers?" CEPR Discussion Papers 3825, C.E.P.R. Discussion Papers; Dhia B. et al.,2022, Can a Website Bring Unemployment Down? Experimental Evidence from France." NBER Working Paper Series, No. 29914, April.

118 Caliendo, M., Schmidl, R., 2016, Youth unemployment and active labor market policies in Europe. IZA J Labour Policy nr. 5: Bratti, M., Ghirelli, C., Havari, E., Santangelo, G., Leikucs, J., & Strautmanis, N. (2018). Vocational training and labor market outcomes: Evidence from youth guarantee in Latvia (tech. rep.). IZA Discussion Paper; Escudero, V. Are active labor market policies effective in activating and integrating low-skilled individuals? An international comparison - IZA Journal of Labor Policy, 2018 – Springer.

119 Escudero, V. Are active labour market policies effective in activating and integrating low-skilled individuals? An international comparison - IZA Journal of Labor Policy, 2018 – Springer

120 Madon K., 2021, What Works for Whom? Youth Labor Market Policy in Poland, IZA Institute of Labor Economics, Bonn, Germany.

121 Caliendo, M., Schmidl, R., 2016, Youth unemployment and active labor market policies in Europe. IZA J Labor Policy nr. 5; Escudero, V. Are active labour market policies effective in activating and integrating low-skilled individuals? An international comparison - IZA Journal of Labor Policy, 2018 – Springer.

122 Escudero, V. Are active labour market policies effective in activating and integrating low-skilled individuals? An international comparison - IZA Journal of Labor Policy, 2018 – Springer.; Giubileo F., 2016, Garanzia Giovani, attuazione e problemi del programma, Economia & Lavoro | Fondazione Giacomo Brodolini, Nr. 1.

123 Caliendo M, Künn S (2014) Regional effect heterogeneity of start-up subsidies for the unemployed. Reg Stud 48:1108–1134.

124 Escudero, V. Are active labour market policies effective in activating and integrating low-skilled individuals? An international comparison - IZA Journal of Labor Policy, 2018 – Springer.

125 Madon K., 2021, What Works for Whom? Youth Labour Market Policy in Poland, IZA Institute of Labor Economics, Bonn, Germany.

126 Card D, Kluve J, Weber A (2017) What works? A meta-analysis of recent active labor market program evaluations. J Eur Econ Assoc 0:1–38.

127 Escudero, V. Are active labour market policies effective in activating and integrating low-skilled individuals? An international comparison - IZA Journal of Labor Policy, 2018 – Springer.

128 Clasen J, Clegg D (2006) Beyond activation: reforming European unemployment protection systems in post-industrial labour markets. Eur Soc 8:527–553.

129 However, the same surveys show that, in general, the number of long-term unemployed is often under-represented (as is the case for those with low education and poor health). Escudero, V. Are active labour market policies effective in activating and integrating low-skilled individuals? An international comparison - IZA Journal of Labor Policy, 2018 – Springer.; Tomáš Sirovátka & Miroslava Rákoczyová (2022) Front-line work in activation and targeting of re-qualification programmes: lessons from the Czech Republic, European Journal of Social Work, 25:1, 162-175, DOI:;

130 Kluve, J., Puerto, S., Robalino, D., Romero, J. M., Rother, F., Stöterau, J., Weidenkaff, F., & Witte, M. (2019). Do youth employment programs improve labor market outcomes? A quantitative review. World Development, 114, 237–253.

131 International Labour Organization (2016). What works: active labour market policies in Latin America and the Caribbean. Studies on growth with equity. ILO, Geneva

Effectiveness of policy intervention targeting NEETs

By Rossella Riccò, Study and Research Area Manager Fondazione Gi Group

Other than the "Youth Guarantee"[132], the most important European active policies program tartgeting NEETs, this paragraph presents a selection of the most effective solutions in favour of the requalification and reallocation of NEETs.

Considering the policies focusing on NEETs, we can distinguish between "preventive" and "reintegration" strategies. Preventive strategies are early interventions aimed to reduce the likelihood of dropout at a later stage. Young people at risk are identified mainly on the basis of school-based data and family background and social condition. Reintegration, on the other hand, focuses on people who are already NEETs introducing measures to re-engage those persons.

According to Levin's et al (2022) and Marelli et al (2013)[133] the most effective preventive polices are:

- subsidy scheme for catch-up and support programmes in reintegration in education or work;
- investment in good quality Early Childhood Education and Care;
- increase the investment in effective Career Guidance also providing for support teachers and trainers and strengthening parental involvement;
- introduce the use of assessment tools and one-to-one intensive mentoring support to identify, target, and sustain "at risk" student;
- financial support to young from lower income households and other vulnerable groups in order to encourage and sustain their participation in learning;
- introduction of different and alternative curricula in schools;
- provision of vocational system and more vocational and technical education paths;
- differentiation of educational methodologies and styles according to students needs;
- partnership between schools and organizations to create a bridge between education and work (e.g. providing training and work experience; broadening apprenticeship programmes; providing training in entrepreneurship and interpersonal skills; and work preparation courses for young people who lack the immediate skills to enter the workplace);
- introduction of a youth tracking system to monitor the specific educational and occupational state of the person;
- early identification of signals of disengagement from school;

132 Youth Guarantee, as reinforced in October 2020, is a commitment by all Member States to ensure that all young people under the age of 30 receive a good quality offer of employment, continued education, apprenticeship or traineeship within a period of four months of becoming unemployed or leaving education.

133 Enrico Marelli, Misbah T. Choudhry and Marcello Signorelli (2013). Youth and Total Unemployment Rate, Rivista Internazionale di Scienze Sociali n. 1. Special Issue on "Employment opportunities and unemployment over the economic downturn"; pp. 63-86.

- increment the subsides to schools and educational entities to enable them to offer pupils and students extra help to overcome learning and development deficits or study delays (e.g. offer extra teaching in addition to the normal hours, organise educational programs during the summer or autumn holidays or at weekends; more guidance in VET to students on finding internships through extended school days, support during school time, summer/holiday schools, remedial teaching in small groups, extra support materials and, to a lesser extent, one-to-one tuition, provisions for distance learning);
- interventions to reduce absenteeism, grade retention, and intensive counselling (e.g. mentoring, home visits, and personal support to students and parents);
- delayment of the age at which young people can leave education or training;
- favour synergies between different entities to boost the integration of complementary competences and experiences (e.g. not for profit associations, youth associations, schools, municipalities, companies, temporary employment agencies).

On the other hand, the most effective reintegrating strategies to support the re-engement in education or work of young NEETs are:

- drawing targeted solutions rather than generic;
- implementing outreach services to extend and encourage engagement and participation;
- providing, through trained experts, intensive support and tailored education for young people furthest away from the labour market (e.g. individualized mentoring and coaching; dedicated learning support; information, advice, and guidance; job search assistance);
- having pre-vocational programs for low-skilled young people;
- increasing courses relevant to sectors experiencing labour shortages;
- offering wage and training subsidies or tax and national insurance breaks/credits to employers to stimulate the demand for young people in the labour market (apprenticeships, interships, summer work, introductory contracts);
- realizing effective and efficient profiling and follow-up systems;
- investing more resources in enabling ALMPs giving them continuity;
- reinforcing family policies especially thorough job protection leave schemes, paid maternity, paternity and parental leave[134], childcare services availability and affordability, childcare totally or partially subsidized by government according to income, financial support to families based on the number of children.

134 With respect to maternity, paternity and parental leave it is important to pay attention to the fact that short or no leave increase the risk of NEEThood, and very long paid leave makes return to work more difficult and tend to be associated with long term NEET condition for women.

5

The role of private employment agencies

by Rossella Riccò
Study and Research Area Manager
Fondazione Gi Group

In Europe there are 76,826 private employment agencies that directly employ 676,687 people. The region is home to over one-third of private employment agencies, and responsible for placing around 44% of all people placed in jobs by these agencies globally. More than 33 million of people find a job via private employment agency every year in the European region. The European market, where France is the region' largest market, grew 20% in 2021[135].

The role of private employment agencies, over time, has profoundly evolved passing from matching specialist between labour demand and supply (staffing agencies) to HR service centers of expertise that, through a combination of different and integrated services, **enable:**

- **sustainable work** by taking on the role of social integrators and providing employment opportunities that guarantees dignity and safety; enables people and companies to actively sustain employability, engagement and work life balance; ensures equity and inclusion for all[136]; avoids the exploitation of human and environmental resources, while fuelling competences, innovation, and relations;
- **adaptation** by generating agility and mutual trust among stakeholders, facilitating mobility and work transitions, as well as encouraging skills upgrading aligned to the evolution of the market;
- **security** by ensuring the identification of the right talent for the company; supporting an increase in company competitiveness; as well as allowing "portable" labor rights available guaranteeing the same protections as open-ended contracts stipulated directly by the user companies and promoting employment continuity and labour market permanence through job opportunities with different companies over time and open-ended agency contracts that are becoming increasingly widespread;
- **prosperity** by driving economic growth, participating in the reduction of unemployment, promoting career guidance, the inclusion of people in the world of work, and increasing employment income.

At present, as well explained in Colli (2018)[137], private employment agencies are first of all ***labour market experts*** attentive to continuously develop their knowledge about context, markets, industries, professions, skills, people preferences and attitudes, increasingly accessing and interpreting national, local and industry labour market data and using it to inform discussions with employers, policymakers and candidates. Companies and people ask them to provide an "ecosystem" of services and solutions aimed at sustaining employability, flexibility and supporting companies during the identification, recruitment, selection, management, retraining, and outplacement of candidates. They are thus ***sustainabile work solutions designers*** able to help employers to review resourcing strategies and recruitment procedures delivering sector specific solutions to mitigate the impact of skills and labour shortages and to better and faster bridge the gap between worker and employer expectations. Further, the private employment agencies support people in the entry, adaptation, and transition phase between jobs. They strengthen people's self-awareness with respect to their attitudes, preferences and skills (by means of career guidance, assessment center, work coaching) and open to people the possibility to enter in major brand companies that are more difficult to access individually, so forth offering the chance to show one's worth and subsequently gaining permanent employment with them ***(career management partners).*** Finally, thanks to their deep knowledge of the labour market, the industries, the territories as well as the future of work evolution paths, they develop career guiding services, and effective and "ad-hoc" training courses in line with current and future market needs to qualify and re-qualify individuals to match real market demand so empowering their employability ***(employability development advocates).***

135 World Employment Confederation (WEC) Economic Report 2023.

136 Indeed they adopt approaches diversified by age (young/adult), skills (demanded by the market/not demanded by the market), expertise (high/medium/low), personal conditions (e.g. mothers, immigrants, people with disabilities).

137 Colli S. (2018), Employment agencies: a decisive turning point for market evolution. In NEXT20, Fondazione Gi Group Harvard Business Review Italia, pp. 151-162.

The staff of the private employment agency are typically professionals with specific qualifications for career guidance, assessment, training of skills, coaching and accompaniment to work. These people have a deep knowledge of the market. They know how to design ad hoc working solutions based on the specific needs of the company and, at the same time, they pay close attention to the management of relations with candidates approaching them and offering them differentiated services according to candidate age (young people/adults), skills (highly in market demands/not requested by the market) and work expertise (high/medium/low). These skills are kept up to date over time and represent the added value that the private agency can give to active labour policies.

In the light of all the above, as a diversified HR service centers of expertise, the industry is more and more involved in the implementation of active labour policies, in many OECD countries. Private employment agencies are a strong collective voice that must be at the forefront of bridging the public policy gap, influencing future skills and employment policy to ensure that they reflect the reality of a fast-moving world of work.

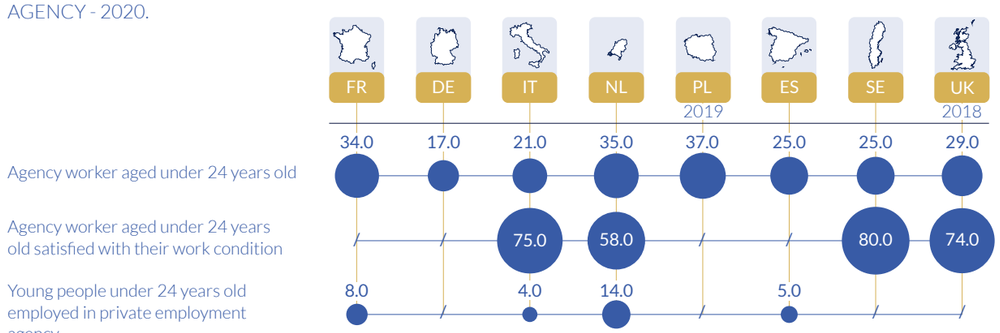
Agency work (staffing employment) contract proves to be an effective solution of "sustainable flexibility" for both society, companies and people. Indeed, from a social point of view, agency work contrasts undeclared work and tax evasion through solutions that combine the necessary flexibility of companies with that of worker safety. It also supports an effective and faster match between job supply and demand by improving the overall functioning of the labor market. From an organizational point of view, private employment agency support company's search and selection processes allowing to shortening them by faster identify a possible rose of suitable and competent people to work in the company. From an individual point of view, temporary work agency contracts allow people to entering and staying in the labour market[138], to access to work experiences within large companies/brands that are more difficult to reach "individually"; to obtain qualified training, in line with the real needs of the market, so to strengthen their skills and employability. Besides, deserves to be mentioned that open-ended agency contracts have grown steadily to represent, today, an important share of the workers employed by private[139] employment agencies.

Grounded on WEC figures, each year worldwide, private employment agencies introduce over 14 million of youth less than 24 years old to the world of work. They are a relevant percentage on total staffing agency employed and, in the vast majority of the cases, they declared to be satisfied with their employment status.

138 They have access to job opportunities with different companies in time, and and higher chance to later obtain an open- ended contract.

139 As an example, in Italy, which as we have seen is certainly not the country with the better results in terms of employment, in June 2022 almost 130 thousand workers were on permanent staffing contracts (24.4% of total people employed with agency contract), of which 84.3% in staff leasing (20.5% of total people employed with agency contract) Ciucciovino S., Crespi F., Toscano A., Caravaggio N., Lamberti F., Quaranta R. (2023). Report trimestrale Il lavoro in somministrazione in Italia Terzo trimestre 2022, RomaTre LabChain.

TAB. 5.1 - YOUTH UNDER 24 YEARS OLD EMPLOYED WITH AGENCY CONTRACTS OR IN PRIVATE EMPLOYMENT AGENCY - 2020.



Source: WEC (2022) Social Impact Report

Not everyone is aware that **agency work contract tend to have positive consequences for young people.** The study of Ciucciovino at al (2022)[140] focused on the Italian labour market, demonstrates this by showing that young temporary agency work employees, compared to young people with the same individual characteristics but directly employed with temporary contract by the company, reach a higher probability of remaining employed than those not transited for agency company (+6.8%). Moreover, from a long-term perspective, the positive effect also emerges in the **greater probability of being employed with an open-ended contract** (+3.9%).

Young people are a core target of candidates for employment agencies that are creating increasingly engaging and diversified candidate experiences to attract them, adopting multi-channelled approach and innovative solutions able to make them feeling highly involved and active in the job searching process. Besides, private agency are engaged in providing young job seekers with updated information on labour market, industries, professions, skills and their future evolutions, as well as services of career guidance, coaching, assessment development or even support to start their own business. At the same time agencies are actively involved in better understanding how the human capital of the new generations becomes an effective lever of development of the country in coherence with changes in the labour market.

On the basis of personal needs and employability readiness, young job seekers can be divided into three main categories: **nearly job-ready youth** (those young people who have all the required technical, core work skills, and experience but lack work experience and information on the labour market conditions and on available job vacancies), **young people in need** of tailored services and support **to fix specific employability gaps, fragile youth or young people more distant to the world of work.**[141]

According to each category of youth, the actions required and the services make available to support them are different. Services usually provided for **nearly job-ready young people** are aimed to support them in their autonomy and capacity to play an active role throughout the job-searching process. These services includes: access to free job-searching tools and job banks; empowerment of job search skills; teaching how to write a résumé, how to apply for jobs and how to keep track of the applications; support for better understand how to deal with job interviews; advice on how to handle the recruitment process; information on how to start a new job and keep it; referral to specialized services on entrepreneurship and self-employment. The solutions that work best in boosting such type of youth are the **creation of on-line job networks** that connect people to job opportunities and provide them with good labour market information, career guidance and counselling, together with **job fairs, job-search training and self-employment support.**

Instead, young **people in need to fix specific employment gaps,** request to receive services aimed to support them in reinforcing or adjusting their *personal* and *professional skills* in line to the labour market demands (e.g. **mentoring** and **training programs**), in gaining access to **initial work experience** (e.g. dual training programs) and, in case of entrepreneurial-minded young people, it might be preferable for them to be accompanied to discover how to **start their own business.**

Fragile youth or young people more distant to the world of work represent a particularly challenging group who needs an intense, continuous and integrated support realised through a mix of different measures carried out by multiple-actors with different fields of expertise. In such cases the main services needed are: **enabling services and inclusion strategies, career guidance services, tailored professional development training paths and employability**

140 ibidem

141 Youth Employment Programme (YEP) – TECHNICAL NOTES, Employment services that work for young people, International Labour Organization.

services developed with the involvement of social services and other specialist providers (e.g. NGOs, schools and other educational institutions, federal employment service, public job centers, country districts). Private employment agencies through their work make an important contribute to face some relevant labour market criticalities:

Key issues

- **Undeclared work** - reducing the rigidity of the market providing a "sustainable flexibility" for both companies and people;
- **Skill mismatch** –facilitating the identification of the developments and evolutionary trajectories in context, labour market, professions, skills; promoting the adoption of a life long learning approach in companies and people; providing professional courses in line with the evolution of the market; supporting the development of vocational pathways in tertiary education, reinforcing adult education;
- **Distance between school systems and labour market** - promoting vocational and technical education involving local businesses and employers, developing effective career guidance activities for youth and for teachers too providing evidence-based and reliable information on labour market professions skills and their evolutions; fostering mutual knowledge and collaboration between schools and companies in order to create together training paths more aligned with current and future market developments; becoming engaged in dual training and work experience programs; supporting the adoption of apprenticeships within companies;
- **NEET and high inactivity rate** – bringing back to work or study NEET and other marginalized groups of youth by means of integrated paths of career guidance, consulting services, tailored personal and professional training, inclusive management (intercept, activate, enable, train and retrain NEETs, supporting them in entry or re-entry in school or work) working in synergy with institutions, industries, companies, NGOs, social services, public job centers and other specialized stakeholders;
- **Work transitions** - through the temporary agency work people are supported to achieve faster and more effective work transitions. At the same time, the increasing use of permanent agency work (in staff leasing or with term assignments)[142], increases persistence in the labour market, contractual durations and the continuity of work paths;
- **Gender inequalities** – building taylored solutions to support the employment of women and mothers; providing informative and marketing campaigns to overcome gendered false myths connected to professions and to promote role models[143]; financing practical researches to deepening the understanding of a phenomenon to try to find out effective solutions; promoting and sustaining the adoption of diversity, inclusion and equity management approach in companies;
- **Candidate shortage** - sustaining the process to reconnect to work categories of people left on the margins of the market (e.g. youth, women, over50, immigrants, people with disabilities or past prison experience, NEET, people with social poverty background) carrying out targeted interventions to orient, train and bring back to work such people paying attention to their inclusion also working with clients and other specialized partners
- **Quantitative dejuvenation** - hiring youth from overseas, reaching out to them targeting the right countries and investing in their inclusion;
- **Qualitative dejuvenation** - developing human capital through involving training courses aimed to skill, re-skill and up skill young people; favoring the creation of networks among young people to lead them to build together the future of work and professions; contributing with institutions, territories and social actors to identify new solutions to strengthen the autonomy of young people (economic, housing and access to credit) and to prevent them from leaving the country.

142 The permanent agency contract sees the worker hired with an open-ended contract by the private employment agency and sent on an undefined-ended mission to a customer company (staff leasing) or on a temporary mission at different customer companies (with term missions). At the end of the mission, the worker keeps intact his/hers working relationship with the Agency, and is inserted in a path (subject to a specific regulation by the CCNL of the industry) aimed at its prompt relocation.

143 For an example see the Italian project "Women4" https://women4.gigroup.it/.

In the light of all mentioned above, concreted policy responses are needed to avoid disproportionate restrictions on agency work; to make sure that social security systems reflect the needs of individuals who chose to work through different forms of contracts; to facilitate a genuine partnership approach between public employment services and the private sector HR services industry; to deliver effective government enforcement so that compliant businesses can thrive and provide vital services to workers and employers.

Finally, it is worth to remember that in some countries, people still little know the private employment agency industry and the results that it brings to the labour market, showing a sort of biased cultural resistance to staffing employment contracts. Keep increasing the diffusion of information on staffing employment contracts characteristics and occupational data allowed and achieved through the industry, can help in facing and overcome these biases.

The strategic role of private employment agencies for young people – Pilot programs

by Rossella Riccò, Study and Research Area Manager Fondazione Gi Group and Francesco Giubileo, Labour Policy Consultant

The first experimentation refers to Dutch context and it is related to **"Private Employment Agencies Job Fairs"** involving 18 trade fair events (including 5 dedicated to specific "economic sectors") held in 11 different locations in the Netherlands between July 2014 and February 2016 and financed by public administrations.

This experimentation aimed to facilitate a better and quick access to work for young people by strengthening self-awareness with respect to personal employability and individual skills.

About 12,600 people participated in the trial phase, 76% of whom were part of the so-called treated group (over **30% found work** thanks to the support of the employment agencies). The number of participants varied considerably depending on the event, some were attended by over 700 people. The rigorous methodology applied to the research makes the results even more relevant: **participating in an exhibition increases the chances of finding work by almost 10%.** This percentage is far from modest, especially when compared with the effectiveness of other active labour policy programmes.

To explain the reasons of this success the researchers provided several hypotheses, based on the gathered information:

- the opportunity to meet dozens of employment agencies in one place and in one day (the "speed dates" typically lasted 12 consecutive hours) increases exponentially the quantity and quality of the information in possession of the job seekers and allows them to know in detail all the available vacancies (leading, in many cases, to pre-selection interviews);
- as a consequence of making many "speed dates" some agencies specialized in offering jobs in certain sectors to individuals with a medium-low level of education;
- the possibility of receiving accurate feedback from a plurality of professionals is a very important source of information (the unemployed are made aware of their potential in the labour market and gain experience in job interviews) and it can motivate the job seekers, stimulating them to become active in the labour market;
- during Job Fairs, the users can increase their network and build relationships that can lead them to job opportunities.

Another encouraging element is the cost of this solution: the Dutch public administration spent very little to carry out these events, the only action taken by the public administration was to help with the organ-

isation, it did not actively participate in the Speed dates. In return, it obtained a net saving in terms of subsidies not paid to the job seekers who became employed.

The second experimentation refers to the Italian context. It is related to a multi-stakeholder project reserved for Ukrainian refugees[144]. A Trade Union Agreement, promoted by Assolavoro (the National Association of Employment Agencies that represents more than 85% of the sector) and signed together with trade unions Nidil Cgil, Felsa Cisl, UilTemp allocates to holders of international protection (refugee status and subsidiary protection) services and forms of economic support totalling EUR 45 million. The agreement provides for a targeted activity of skills assessment so to identify the needed training courses for the work integration of the specific candidate. Besides, a basic Italian language training course is provided as well as a training to better understand the foundations of Italian culture and civic education. Finally, the agreement includes an attendance allowance, the reimbursement for the costs of food, accommodation and transport and extend to refugees who attend a training path some welfare benefits already provided for all workers in administration (e.g. reimbursement for psychological assistance, reimbursement for the purchase of basic necessities for new borns, a contribution for kindergarten and education support).

Other activities concern support and hospitalities measures (e.g. the one-off of 1.000 € granted to holders of international protection at the end of the training course; the financial support of 1.000 € for employees of private agency who provide hospitality for at least three months to refugees, in the event that they give hospitality to minors under 18 years or pregnant women the amount is raised to one thousand and five hundred). All the resources are allocated through the bilateral entities Ebitemp and Formatemp, financed entirely with private resources.

The third pilot project occurs in the Netherlands and it refers to the creation and the introduction of the **Prospect Statement[145].**

This experimentation aimed *to support the autonomy and accessibility to loans for temporary staffing employees*

It consists in a solution that aims to facilitate access to credit for workers with temporary staffing employment contracts. The Prospect Statement was created in 2013 through a systemic action between selected banks, employment agencies, certified evaluators and third-party certification bodies. It is a protocol through which a temporary staffing employee, who has had a relationship with the agency for at least 1 year and has been on a mission to a customer company for at least 1 year, can apply for a bank loan to buy house on the basis of a specific document: the Prospect Statement (hereinafter, PS). The PS is based on a (data) analysis of the applicant's labour market position enriched by an evaluation made by the temporary employment agencies about the (future) employability of the temporary worker and salary prospect based on a critical look at the CV, work experience, references, previous assessments and personal interviews. It is generated by the joint action of the private employment agency[146] who is currently employing the person, the certified evaluator subject (internal or external to the employment agency) and the certification body. The PS is a confirmation of the person's future potential earning, it does not oblige the bank to grant the mortgage but is an element based on which the mortgage lander chooses whether to recognize the mortgage and, if so, how much mortgage the temporary worker can obtain. From 2013 to 2019, 33 agencies joined the Dutch Foundation and 20 banks joined the project. 8,174 Prospect Statement requests were collected, leading to the issue of 5,808 Prospect Statements and 2,075 mortgages. Untill 2021 the Prospect Statement was been available.

144 https://assolavoro.eu/ucraina-assolavoro-dal-settore-agenzie-45-milioni-di-euro-per-sostegno-e-servizi-di-accoglienza-e-lavoro-per-titolari-di-protezione-internazionale/

145 https://www.perspectiefverklaring.nl/perspectiefverklaring https://www.youtube.com/watch?v=K3ckSlrT2N0&feature=youtu.be

146 the agency that is currently employing the person who is sent to work in a company

Conclusion

by Rossella Riccò
Study and Research Area Manager
Fondazione Gi Group

The concluding notes of this report are a synthesis of the analysis made in the previous chapters, aiming, where possible, to formulate a systemic discourse or a "guide" on how to counteract the key critical issues regarding youth and work. This will be done by identifying the strategies that have the greatest impact on youth employment and that favour the school-work transition, and by analysing the best practices that are implemented in the investigated countries, namely: France, Germany, Italy, The Netherlands, Poland, Spain, Sweden and UK.

The analysis of youth condition has been made adopting a comprehensive approach looking at demography, education and training and the labour market. For each of these areas we highlighted the main issues observed, the causes that can be traced, and the consequences related to them, indicating the countries that perform worst and those that perform better among those analysed (see the table below).

Italy and Spain are the countries in which the situation of young people appears to be the most critical in demographic, educational and occupational terms. Indeed, these countries present a relevant ageing process (reduction of the weight of young people on the total population), higher level of school dropouts, absence or very limited work related programs, higher percentage of NEETs in the more mature age groups (25-29 and 30-34 years), higher incidence of young people in long-term NEEThood, lower youth employment rates, higher youth unemployment rates (2/3 of the population is supporting the whole economy), with a strong gender difference in the participation in the labour market, with women who remain at the margins of the system.

Moreover, in these countries the highest levels of undeclared work are found (worse only in Poland), together with a high spread of temporary contracts with a limited tendency to stabilise over 3 years and involuntary part-time, relatively low wages and then an higher percentages of employed people at risk of poverty. It is therefore not surprising to find that young Italians are the least satisfied with work and the financial situation, and tend to remain in the family of origin significantly longer than their European peers, and they also show the highest rate of inactivity in all age groups.

On the contrary, young people who live better employment conditions and express high levels of job satisfaction are the young Swedish, Dutch and German. Sweden and the Netherlands have the lowest levels of demographic imbalance with the highest proportion of young people on the total population (>25%). These countries have higher fertility rates than the European average (although best of all in this area does France), supported by sound family policies and a country culture that promotes the independence of young people from their family of origin at a young age. The contrast to the ageing process as well as through family policies (e.g. increasing financial support to families on the basis of the number of children, expansion of childcare and care services with reduced costs for families, increased paternity and parental leave) was also achieved through a careful management of immigration processes.

Netherlands and Germany, thanks to the high decentralization of their educational system and the strength of their dual systems of vocational training, achieve the best results in terms of school-to-work transition, whit the lowest amount of NEETs in the 18-24 age group. The Netherlands and Sweden have the highest levels of employment and the lowest levels of inactivity in the 30-34 age group. These countries are also those where there are less NEETs aged 15-34 (less than 6%) and is mainly a short-term phenomenon. Part-time contracts are a choice for young people in the Netherlands and Germany. The incidence of permanent work among young people 25-34 is higher in Sweden, Germany and France. On the other hand, Sweden, the Netherlands and Germany are the countries where the general trend is to see a high proportion of fixed-term contracts transformed into permanent contracts within 3 years. Finally, in Sweden and the Netherlands young people under 30 have higher hourly wages (median figure), therefore, youth workers generally have a lower risk of poverty. It is therefore not surprising that young Swedish are the most satisfied with their working conditions.

Looking at the demographic aspects, the main criticality is the systemic reduction of the youth population namely the "dejuvenation spiral". This phenomenon can be analysed both quantitatively and qualitatively. Quantitatively, it refers to a demographic decline of young people accompanied by a simultaneous increase in the elderly population, which plays an increasingly significant role in society, resulting in a growth in the social expenditure allocated for them. Increased expenditure on the elderly means fewer resources available for investment for young people in terms of research and development, training and active labour policies, which are key tools necessary to support them; to guide and train young people in the realization of their life projects. In other words, the risk is that the quantitative decline also corresponds to a generalized loss of weight and relevance of the new generations (qualitative social growth). The reduced development of opportunities for young people caused by generational imbalance encourages, regardless of the level of study, the emigration of young people to countries that offer greater opportunities for work and personal growth. This migration process in turn creates a negative spiral, where the low presence of young people reduces the chances of development of the territory, delaying for those who remain the entry into the labour market and, consequently, the exit from the family of origin and the creation of new families. The process of dejuvenation, particularly marked in Italy, Spain and Poland, generates worrying problems of unsustainability both at the social and economic level and leads future generations to play an increasingly weaker role than current generations.

Not all countries report such a critical situation, the Swedish model is an interesting positive case study. Even today in this country the absolute number of people in the workforce does not decrease, indeed, it has strengthened and it is estimated that the dependency rate of the elderly in 2050 in Sweden will be at least 20-30% lower than in Italy or Spain (Tab. 2.3). This result is the combination of a birth rate that has always been close to two children per woman and a migratory flow that strengthened the working-age cohorts. In addition, Sweden, even though it has a similar longevity as Italy and Spain, invests in the enhancement of human capital and in easing the seek for autonomy of its young people also by reducing the gender inequality in the labour market thus managing to maintain in absolute terms stability of the workforce. Within the countries in this study, the case of Germany is equally interesting: it is a positive example of evolution from a critical situation (as in the Mediterranean countries and Poland) to a virtuous one (as in Sweden). Up to 2005/06, Germany was on the verge of a dejuvenation spiral, which led the German government to transform the paradigm of its family and immigration policies based on the Swedish model, encouraging, on the one hand, parenthood and reconciliation and, on the other, the integration of foreigners. The systemic approach generated positive impacts on the labour force, on the increase in the number of women in reproductive age, the formation of new families by immigrants and the increase in the birth rate in Germany (bringing the German fertility rate above the European average) raising, however, critical issues of integration and inclusion. The German case "demonstrates" **that it is possible to reverse the spiral of dejuvenation through a mix of interventions and instruments such as economic incentives for families to support the birth of the second child, extension of childcare or care services for the non-self-sufficient, more tools for paternity and strengthening of corporate welfare.** In the countries of Southern Europe and Poland it is important and urgent to work in a systemic way on these levers and to rein-

force the paternity leave since when the care burden is balanced in the couple there is a lower gender inequality and a greater participation of women in the labour market.

Looking at education and training, the most critical point is the weak links between school systems and labour markets. The "distance" between the world of school and the world of work can demotivate young people regarding the usefulness of current studies and the choices for their future, thus leading them to move away from educational paths (early school leavers or high risk of drop out). At the same time, this distance can foster the skill mismatch by not favouring the development of skills required by the market, and making it more difficult for young people to enter the world of work. It can also negatively affect the identity development processes pushing young people away from both study and work paths generating and strengthening the phenomenon of NEEThood.

To reduce the distance between school and work and to fight the phenomenon of the NEETs, it is important to intervene in favour of the decentralization, vocational specificity of the educational systems and the differentiation of high education. A decentralized educational system, such as the Dutch or Swedish ones, promotes confrontation and contamination with the companies and endorses programs innovation making easier and faster their modification according to the changes in context and in labour market. It is therefore not surprising to note that in countries with a higher degree of decentralisation there is also a higher rate of employment and a lower presence of the NEETs. Investments in the amount of training (vertical stratification) and the type/quality of training (horizontal stratification) are also strongly linked to the employment figures. There is a positive association between investments in tertiary education, the reduction in the NEET phenomenon and the increase in youth employment. UK, Sweden and the Netherlands are the benchmark countries in terms of stratification. However, to achieve positive effects, investment in training must be directed towards those fields of study that are more related to the world of work (e.g. STEM university pathways, medicine) and to the differentiation of tertiary education, by arranging non-academic pathways that provide immediately marketable skills and make use of the direct involvement of companies in the design of courses and subjects (e.g. German Hochschulen and Dutch Hogescholen)[147]. Germany and the Netherlands are the countries of reference with respect to vocational specificity: in these countries, characterized by the existence of a dual system, there are no phenomena of social stratification and inequality is lower than in countries like Italy, Spain or United Kingdom. That of Germany is a "mass" apprenticeship that involves half of every cohort of young Germans and that perfectly connects the world of work with that of the school leading, at the end of the basic educational path, to an employment relationship based on the free choice of companies to employ the young apprentices. A topic that is certainly delicate when studying the Dutch or German dual model, refers to the age at which pupils choose their school paths (10-12 years old) and the methods through which the choice is made (based on school results and teacher evaluations, a "binding" school guidance is issued). Regarding the vocational specificity, also Sweden can be taken as an example. In fact, although the country does not have a dual system, it takes advantage of a widespread system of training for adults with high vocational orientation that allows workers, through a welfare system, to take leaves to follow courses that can increase their skills and, consequently, their career opportunities. Therefore, in Sweden adult education acts as a functional substitute for a vocational system.

Bridging the world of school and that of work we look at those young people (ranging between 15 and 29 or 34 years old) neither in employment nor in education and training: the NEETs. This condition can bring young people to social exclusion, discouragement, disaffection to work and loss of identity, causing them mental and physical diseases. At the same time, when this condition persists for a long time, the risks of youth poverty, marginalisation, skill mismatch and criminal career strongly increase. There are many elements able to increase the probability to become a “problematic” NEET (not re-entrants or short-term NEETs). Some are more related to individual characteristics, others to macro-level factors. Among the individual characteristics are worth to mention: socioeconomic family background, living in poor housing, immigration history, social and cultural capital, poor school biographies, drop out experiences, deep skill mismatch and gendered time constraints. Among macrol-evel factors, we underline the vocational system specificity, labour market conditions, active labour market policies, family policies. In our study, Italy is the country showing the worst situation in terms of NEETs, and in the South of the country the rate of NEETs reaches the highest regional levels in the EU. The probability of being NEET increases with age, is more pronounced for women and for foreign people, while it tends to decrease with the increase of the education level. Furthermore, VET graduates are less likely to be problematic NEETs[148]. Often NEETs are treated as a homogeneous group of young people, but they are not. It is particularly important to distinguish between those who would like to work and those who would not. In the analysed countries, NEETs (15-34) who would like to work exceed those who would not with the only exception of Poland (tab. 3.9 and 3.10). Between those NEETs who do not want to work, female prevail (tab. 3.10), probably due to their external care loads.

Another relevant distinction is that between NEETs who are short term, long-term (including also in this cluster both discouraged and young unable to work due to illnesses) or distant from school or work due to family constraints (tab. 3.11). With reference to this distinction, the most problematic NEETs are the long-term ones, followed by those for family constrains when it causes women to permanent drift apart from the labour market. Within the analysed countries, the Netherlands and Sweden are those that do better in terms of NEETs, both in quantitative and qualitative terms, while at the opposite Italy and Spain are the worst. The most effective solutions put into action by the best performing countries are both preventive and aimed to reintegration. Preventive policies are mainly focused on economic incentives (e.g. subsidy to support more vulnerable youth through more effective and personalised solutions, subsidy to schools to reinforce career guidance and vocational paths, and to improve services to catch up signals of disaffection so to avoid to lose young people) and the introduction of differentiated school curricula, also increasing vocational and technical education involving local business and employers. To fight early school leaving, among other things the Netherlands has invested in a plan that assure the monitoring of youth educational trajectories through a unique registration code that allow to track each pupils in the educational system and to identify “at risk” students, providing them personalised and effective guidance services (youth tracking system). On the other hand, reintegration policies include the introduction of pre-vocational programmes for early school leavers and pupils at risk of drop-out, support in career guidance, introduction of an effective profiling and follow-up system to provide differentiated solutions, subsidy scheme to catch-up and support programmes for youth reintegration in education or work, business incentives to stimulate the demand of young people, ALMPs empowerment and reinforcement of family policies. For the Swedish government’s youth policy initiatives, NEETs are a priority group. Policies focus on risk prevention, giving priority to the creation of informal learning activities, together with actors from the local community. Informal learning activities are commonly tailored for those young people who are less successful at school, to support them to gain such skills that may strengthen

147 ITS represents the Italian attempt to introduce this kind of high education path in the country.

148 Dicks A., Levels M. 2022. NEET during the School-to-Work Transition in the Netherlands. In The Dynamics of Marginalized Youth, pp 25-55.

their future opportunities. Open recreational centres might also contribute to prevention, as places where young people can get support in finding their ways into society and the labour market, in co-operation with schools and the local community. Sweden does even more: it introduced training-contracts and trainee-jobs; supported the parties' signing of vocational introduction agreements[149]; expanded the vocational introduction agreement for young people between 20 and 24 years of age who resume upper secondary education, and extended the option to take study-motivating courses at folk high schools[150].

Looking at the labour market, the most critical issues found in our review are undeclared work, high unemployment and inactivity rates, widespread in-work poverty, insider-outsider dualism, low stabilisation of fixed-term contracts and gender inequality. All of these conditions make young people discouraged, and might produce disaffection to work and loss of identity, which in turn can foster entry in the condition of NEET. In general, the Netherlands is the country with the highest rate of youth employment and the lowest rates of youth unemployment, youth inactivity, NEET and risk of in-work poverty. Dutch employment is characterised by a high degree of flexibility. Indeed it is the country with the highest percentage of fixed-term contracts (that in over 44% of the cases turn into permanent contracts within a period of three years, thus reducing the negative externalities of this type of contract), temporary outsourcing contracts, fixed-term contracts and voluntary part-time contracts (and the lowest incidence of involuntary part-time). At the same time, young Dutch are among those who receive the highest median hourly earnings. What seems most effective in favouring the employment in the Netherlands and in removing young people from inactivity and unemployment, is to operate in a **"regular"** labour market (low level of undeclared work); **"dynamic and open"** (the vacancy rate is the highest within the countries included in this study and job transitions are not seen as a problem since it is possible to make a career even through fixed-term contracts and these contracts over time are largely stabilized); **"attentive to people's development and well-being"** (part-time work as individual choice, as a work-life balance solution, positively accepted and evaluated by people and organizations reducing so forth the market gender inequalities[151]; labour market co-designed by unions and employers; investments in welfare and in skills development for all workers; economic support and accompaniment to reintegration for those who have not yet entered the labour market; strong focus on the most fragile people). A **"profitable"** market (the median Dutch salary is almost three times that of Poland and exceeds by 30% the Italian and Spanish - tab. 4.20; to recruit young people is made profitable for companies); **"in dialogue with the educational system"** (decentralized school system with a strong weight of dual system vocational training); **"oriented to promote autonomy"** (housing policies, economic support to encourage the independence from the family of origin). The Dutch case (a benchmark of flexicurity adoption) provides interesting indications that lead to an understanding of the conditions that make the job flexibility sustainable: **regularity, dynamism, support to personal and professional development, well-being and autonomy, profitability, dialogue with the training system and career guidance.**

In this scenario, private employment agencies with their several services enable for both companies and people, sustainable work, adaptation, security and prosperity. They assume a new identity becoming **more than just work intermediaries,** but ***labour market experts, work solutions designers, career management partners and skills development advocates,*** and play a very important role in supporting the employment of young people. Indeed, through their employment contracts and services, private agency support the increase of youth employability and youth employment, contributing to face especially criticalities concerned to *undeclared work*, *skill mismatch*, *distance between school systems and labour market*, *NEET and high inactivity rate*, *work transitions*, *gender inequalities*, *candidate shortage*, *quantitative and qualitative dejuvenation*. The **agency employment contract** results to be an effective solution of "sustainable flexibility" for both society, companies and people, able to generate during time positive consequences for young people in terms of **higher probability of remaining employed,** and **greater probability of being employed with a permanent contract.**

Of course, also the macro-economic context of the country has an important impact on youth condition: a prosperous economy, based on a free market in which national companies can be competitive in global markets and that results to be attractive for companies from other countries, is an essential condition to sustain youth participation in school, work, to support their autonomy and the creation of a new family.

This study presents at least three main elements of specificity and added value in helping to overcome the limiting gaze with which too often the relationship between youth and work is analyzed: the integrated approach on training, work and autonomy path, that is, school-work transition in relation to the transition in adult life (active role of people in society and in the world of work), the comparative approach adopted looking to European countries with different social models, and the explication of the role that can be taken by the private employment agencies in promoting youth employment, supporting work transitions and avoiding the emergence of NEETsSurely each country can be encouraged to deepen what is actually done by the countries that achieve the most positive results in terms of youth's employability, positive connection between the worlds of school and work, and generational balance (final table). It can be pointed out that it is important to centrally count on a good coordination between the Ministry of Education, Labour and Social Policy to create integrated programs and actions. Besides, at the territorial level, it is worthy to rely on a wide collaboration between schools, companies, local institutions, public employment services, private agencies and social partners in order to act systemically throughout the school to work transition so to favor an active and qualified role of the new generations in the processes of inclusive and sustainable development of the country.

MAIN ELEMENTS OF SPECIFICITY AND ADDED VALUE OF THE STUDY

The integrated approach on training, work and autonomy path, that is, school-work transition in relation to the transition in adult life.

The comparative approach adopted looking to European countries with different social models

The explication of the role that can be taken by the private employment agencies in promoting youth employment, supporting work transitions and avoiding the emergence of NEETs

149 The actions taken consists in wage subsidy, supervisor support and financial support for special information campaigns on vocational introduction jobs and student employee jobs.

150 Folk schools offer a more flexible approach to education and are usually run by non-profit organizations.

151 75% of contracts are the result of a collective bargaining. (Dicks A., Levels M. 2022. NEET during the School-to-Work Transition in the Netherlands. In The Dynamics of Marginalized Youth, pp 25-55).

Demography

Key issues	Main causes	Main consequences	Performances
Quantitative dejuvenation: demographic decline of young people and increasing weight of elderly population	• Low fertility rate also linked to the increase in the average age to the first child • Difficulty in reconciling work life and "work family exclusivity " that brings women out of the market • Rise of life expectancy • Less ability to attract young people from other countries	• Decrease in young population Increase in elderly population • Labour force reduction • Reduction of population in reproductive age • Rise in old age dependency rate • Reducing in the electoral burden of new generations • Less ability to generate wealth and development • Lower sustainability of the country system	+ SE, FR[152], NL, DE - IT, ES, PL
Qualitative dejuvenation: fewer investment opportunities for the development of young people with consequent dispersion of their potential and risk their emigration	• Rise in old age dependency rate and consequent increase in pension and health expenses with fewer resources to invest in youth growth and country development • Difficulties in entering the labour market and in developing inside of it	• Reduced youth innovative support to the development of the country and increased in youth emigration • Living with parents also in adult age • Lower fertility rate • Less ability to generate wealth and development • Lower sustainability of the country system	+ SE, NL, DE - IT, ES, PL

152 France is the country with the highest total fertility rate.

Education and training

Key issues	Main causes	Main consequences	Performances
Weak links between school systems and labour markets	• Organizational centralization • Education mostly academic • Poor or ineffective career guidance paths • Low vocational specificity • Few work-based programs in school • No differentiation in Higher Education • Low adult school participation	• Demotivation of young people • Early school leavers • High risk of drop out • Risk of becoming NEET • Long transition between school and work • Skills mismatch • Long-term unemployment	+ DE, NL, UK, SE - IT, FR, ES

NEET

Key issues	Main causes	Main consequences	Performances
Removal of young people from training, education and the labour market. Worrying phenomenon when it turns out to be not a temporary element but structural (long term, illness disability, permanent removal for family loads)	• Socio-economic family background • Living in poor housing • Immigration history • Low social or cultural capital • School biographies • Lack of vocational specificity in educational system • Lack of guidance for young people • Early school leavers • Lack of skills • Unbalanced care loads management • Undeclared work • Weak active labour market policies • Weak family policies	• Discouragement, disaffection at work and loss of identity • Poverty risk • Social exclusion and marginalization • Long-term inactivity • Mental and physical diseases • Increase in skill mismatch • Criminal career risk	+ NL, SE, DE - IT, ES

Labour Market

Key issues	Main causes	Main consequences	Performances
Undeclared work **High unemployment rate** **High inactivity rate** **In-work poverty** **Insider and outsider dualism** **Low stabilisation of fix-term contracts** **Gender inequality**	• Limited economic development and productivity of the country • High skill mismatch • Unbalanced distribution of care workloads • Rigidity of domestic labour markets • Low rates of conversion • Improper use of internships • Involuntary part-time • Low wages • Low investments in active policies	• Discouragement, disaffection at work and loss of identity • Growth of problematic NEETs conditions (long-term, family constraints, illness, discouragement) • Low perceived job security, instability of finances and housing, youth and family poverty • Postponement of life choices (exit from family, age first child, parenting) • Negative impact on productivity linked to an excessively rigid market • Market rigidity reduces the stabilisation of fixed-term contracts • Social unsustainability (socio-security costs for the prevention and the re-integration of inactive and unemployed)	+ NL, SE, DE - IT, ES

Demography

Key issues	Main efficient solutions	Benchmark

Quantitative dejuvenation

Significant and continuous investments in:

- **Family policies** (longer maternity leave, but that doesn't push women out of the labour market; financial support commensurate with the number of children; support to work life reconciliation by increasing compulsory paternity leave and childcare services spread throughout the territory free or at affordable prices)
- **Immigration driven by inclusion and integration**
- **Measures to reduce gender inequality in the labour market**
- **Policies to strengthen the autonomy of young people** (economic, housing and access to credit)

SE NL FR DE

Qualitative dejuvenation

- **Development of human capital** (funding of school, university and adult education, providing programs created by involving labour market actors)
- **Occupational welfare** that avoids employment poverty and promotes job security over time through transformation into permanent jobs or ease of transition between jobs

NL SE DE

Education and training

Key issues	Main efficient solutions	Benchmark

Weak links between school systems and labour markets

- Creation or strengthening of a **Dual system** of vocational education and training, based on apprenticeships
- **Vocational training** programs co-designed with firms, employers and social partners
- **Decentralised management of the educational system**, fostering innovation and relations with local economic actors
- **Differentiating tertiary education** by developing vocational pathways
- **Incentivize lifelong learning** through adult education
- Reinforce **school orientation** by providing evidence-based and reliable information so to support the function of human and cultural growth that the school has enriching it with the knowledge of the world of work and its evolutions

DE NL UK SE

NEET

Key issues	Main efficient solutions	Benchmark

Removal of young people from training, education and the labour market. Worrying phenomenon when it turns out to be not a temporary element but structural (long term, illness disability, permanent removal for family loads)

PREVENTIVE POLICIES

- **Improving early childhood education and care**
- **Early identification of signals** of disengagement from school
- Increase the **investment in effective career guidance,** supporting teachers and trainers
- Create and increase **mentoring programs**
- **Financial incentives to young people at risk** to keep them in school
- **Differentiated school curricula**
- **Vocational and technical education involving** local **businesses** and employers
- Delay of the age at which young people can leave education or training

NL SE DE

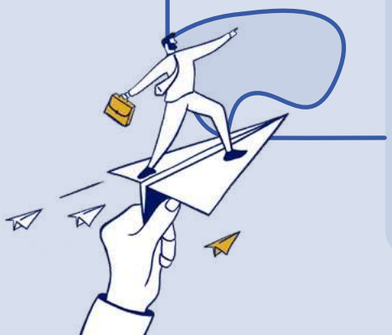
REINTEGRATION POLICIES

- **Effective profiling and follow-up systems, differentiated by types of NEETs**
- Intensive **support and tailored career guidance** for young people at risk
- **Pre-vocational programmes** for low-skilled young people
- **Subsidy scheme** to catch-up and support programmes for youth reintegration in education or work
- **Wage and training subsidies to employers to incentivize the employment of young people at risk,** especially focusing on apprenticeship
- **Empowering active policies**
- **Reinforcing family policies**

Labour Market

Key issues	Main efficient solutions	Benchmark

- **Undeclared work**
- **High unemployment rate**
- **High inactivity rate**
- **In-work poverty**
- **Insider and outsider dualism**
- **Low stabilisation of fix-term contracts**
- **Gender inequality**



- **Stimulate country's economic growth** and development of **jobs for qualified professions**
- Empower **effective supervision against undeclared work**
- **Reduce labour market rigidities (internal and external), strengthening pathways to effective transition, ensuring that fixed-term contracts are more expensive for companies, and enable people to receive higher net wages and equal treatment in all aspects of work** (benefits, well-being, training)**Integration of active policies towards quality jobs** by creating long-term actions and measures, having regard to the combined effect of demographic, educational and labour market issues
- Measures to **foster lifelong learning** to reinforce the skills demanded by the market
- **Encourage companies to recruit young people** (e.g. economic incentives for disadvantaged young people, partial coverage of wage costs, reduction of youth labour costs for employers, incentives to convert temporary contracts to permanent ones, summer grant to employ young people at first experience, bonus to create apprenticeships)
- **Increase voluntary part-time** and reduce involuntary ones[153]
- **Promoting work-life balance**
- Investment in solutions to **reduce gender inequalities**
- Conscious and **inclusive management of young immigrants**
- **Increase net wages of youth**
- **Facilitate youth access to loans,** including young with not standard contracts

SE NL DE

153 Marelli E., Choudhry M.T. and Signorelli M. (2013). Youth and Total Unemployment Rate, Rivista Internazionale di Scienze Sociali n. 1. Special Issue on "Employment opportunities and unemployment over the economic downturn"; pp. 63-86.

Country profile

Legend

for graphics related to school systems

Levels and types of education

- Early childhood education and care (for which public education authorities are not responsible)
- Early childhood education and care (for which public education authorities are responsible)
- Unique structure
- Primary education
- General secondary education
- Vocational secondary education
- Post-secondary non-tertiary education

Correspondence with ISCED 2011 levels

- ISCED 0
- ISCED 1
- ISCED 2
- ISCED 3
- ISCED 4
- ISCED 5
- ISCED 6
- ISCED 7

For further details on each ISCED level, please see:
UNESCO, Institute for Statistics, 2012. International Standard Classification of Education. ISCED 2011. Available at:
www.uis.unesco.org/Education/Documents/isced-2011-en.pdf

Other items

- 0 Full-time compulsory education/training
- 0 Part-time compulsory education/training
- Combined school-work courses
- Programme running out in (year)

FR
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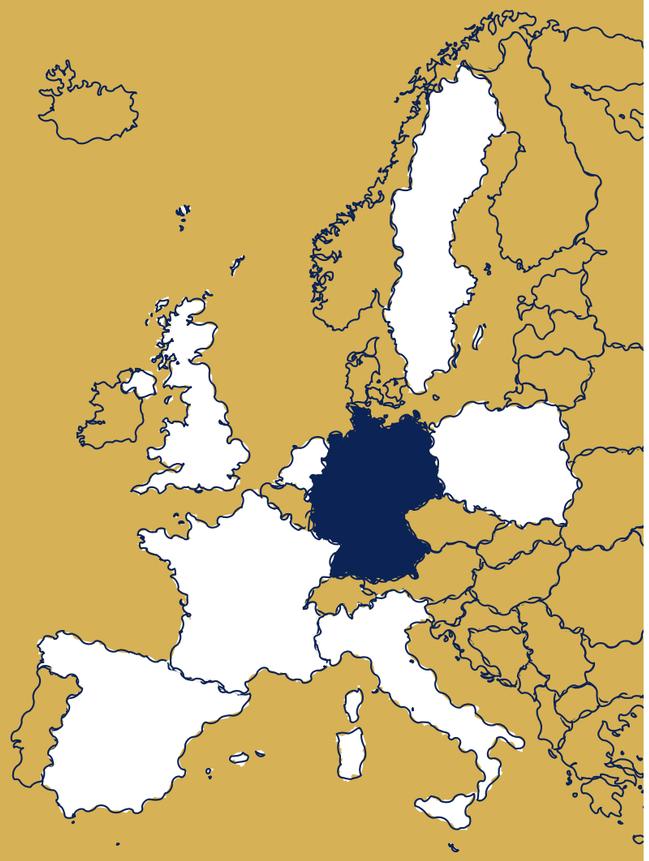
SE
UK

Country profile
France

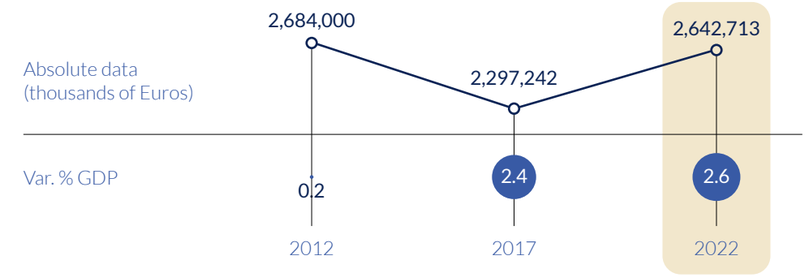
The percentage of young population (aged 15-34) in 2022 in France is 23%.



France has the highest levels of fertility rate in the Western world and the process of dejuvenation is less marked than in other developed countries. The labour market condition of young French people (aged 18-24) in comparative perspective is relatively bad in terms of NEETs (17.1%, with respect to an EU average of 14.2%), and close to the average in terms of overall employment (40.8%, the average is 41.1%). While few young people are at the same time employed and in education, the rate of tertiary educated is relatively high, at 41% for those aged 25-64 (EU average at 38%), and at 50% for those aged 25-39 (EU average at 46%). This situation relates to the "statist" model which has since long inspired French vocational training policies. According to this model, the state produces skills by financing a strong vocational component within the school system. However, the involvement of firms in such courses is relatively low (differently from what happens in dual systems, where both the state and firms contribute to skills production), resulting in possible mismatches between the skills produced by schools and those required by the economy.

France's economic challenges are shaped on the one hand by its specific economic history and on the other by developments common to most industrialized countries, such as demographic change and digitalization. France enjoys high levels of productivity and GDP, as well as a high average well-being of its population[154].
Analysing GDP, in terms of absolute values, France recorded a slowdown in aggregate productivity growth, although GDP growth in 2022 was 2.6%.

FR_A1 TEMPORAL TREND GDP IN ABSOLUTE FIGURES AND PERCENTAGE CHANGE.



Source: our data processing on OECD

Impressive is the budget dedicated to social security or "Sécurité Sociale" which is the highest in the European Union, approximately 800 billion euros (of which 46% dedicated to pension expenditure).

One of the pillars of French welfare is the family (revised and corrected over the ages and that today includes single parents, couples man-woman, couples gay, de facto and reassembled) that is protected through direct aid (allowances based on the number of children, support for lower incomes, single parents or housing allowances), but also, and above all, thanks to indirect aid, in particular one: the tax deduction calculated through the "family quotient"[155] (more children equals to less taxes to be paid).

In addition to Pensions and the Family, the Sécurité Social presents four other "focuses": health, employment, the fight against poverty and exclusion, housing policy and support for the elderly. France makes use of contributions from salaries (workers and employers) and ad hoc taxes, such as the Generalised Social Contribution (CGS) to ensure the economic coverage of the entire Social Security system.

154 OECD (2019a), OECD Economic Surveys: France 2019, OECD Publishing, Paris.

155 Introduced in 1946, it establishes the principle of a tax rate calculated also according to the size and configuration of the family: the more children you have, the less taxes you pay.

The policies for families in France

by Francesco Seghezzi, President of ADAPT Foundation

The policies for families in France, especially regarding the childcare chapter, place it among the benchmark countries. Especially starting from the Eighties French family policy started to focus on a set of tools aimed to support the idea of "working mother", meaning the idea that maternity and work have not to be alternative as it was in the dominant model of the "male breadwinner" typical of the welfare paradigm of the second after war period. Initially very focused on large families, for example with the provision of a parental education allowance for families with more than three children (1985) but later more extended to all the childcare needs. The data on public spending confirm this scenario with 2.9% of GDP on family benefits in 2020 compared to 2.1% of the OECD average and

1.3% of public spending on early childhood education and care in 2019 compared to the 0.8% of OECD average.

There's a specific National Family Allowance Fund that is aimed to finance specific areas of interventions decided by the government and that has local branches. The nursery school (*école maternelle*) is free and mandatory since 2018 for all children from three years old helping families to conciliate work and childcare. For the first three years after birth there's parental leave that is an individual entitlement so that both mother and father can take leave even simultaneously. The basic benefit is €397.20 per month if not working; €256.78 per month if working less than half of full-time hours; and €148.12 per month if working 50 to 80% of full-time hours; a supplementary means-tested allowance, allocation de base, is paid to lower-income parents, increasing the benefit to 581.82€, 349.09€ and 240.43€ respectively.

For parents with a single child, PreParE is paid for six months per parent after the end of the Maternity leave, i.e. to a maximum period of 12 months if both parents claim the benefit, which can only be received if the parent receiving the benefit stops employment or reduces working hours.
Every employee is eligible for unpaid leave (*Congé de présence parentale*) to care for a sick child under the age of 16 years.
One of the benchmark policies is the paternity leave that, starting in 2021, is of 28 days with a mandatory week off for new fathers.
Other work-life balance innovations include the introduction, in 2016 (before all the other countries) of the "right to disconnect" regulating working time during remote work.

Demography

France is **one of the most populous countries** in Europe with a total of 67.7 million inhabitants (2022), and it's continuously increasing over time (it was under 65 million in 2011).
Growth is fuelled by **fertility** that has remained at **some of the highest levels in the Western world** (just under 2 children per woman), thanks to family policies and a birth support that, in the Western world, is one of the most solid and continuous over time. However, it should be noted that, in the most recent dynamics, there is a decline (1.84 is the figure for 2021, which remains the highest in Europe).
The **average age of women for having the first child is lower than the EU27** average (29.1 against 29.7 in 2021). Thanks to the fertility dynamics, the **process of dejuvenation is less marked** than in other developed countries. The incidence of the 15-29 age group on the total population is 17.4%, over one percentage point above the European average.

The historical dynamics are therefore among the least negative in terms of the quantitative weight of the new generations and this favours the containment of the relationship between the elderly and working-age population.
France also has one of the highest values in longevity: life expectancy is 82.4: more than two years higher than the European average (80.1 in 2021), it suffered a slight decrease due to the impact of the pandemic (it was 83.0 in 2019). The weight of the elderly population on the total is, however, close to the rest of Europe (20.7% in 2021 against 20.8 in the EU27).
In addition to having a less pronounced process of quantitative dejuvenation, **France also has more favourable conditions in terms of quality towards the new generations.** In particular, the risk of child poverty is 22.8%, against 24.4% EU27 in 2021[156].
At a younger age, compared to other countries, is the conquest of the **autonomy of**

156 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE)

young people from the family of origin. In the phase of life between 25 and 34 years, the percentage of young people who still live with parents is just over 15%, against a European figure of over 30%. The figure increased significantly after the impact of the pandemic, it was in fact 11.4% in 2019. The percentage of residents born abroad is around 13%[157].

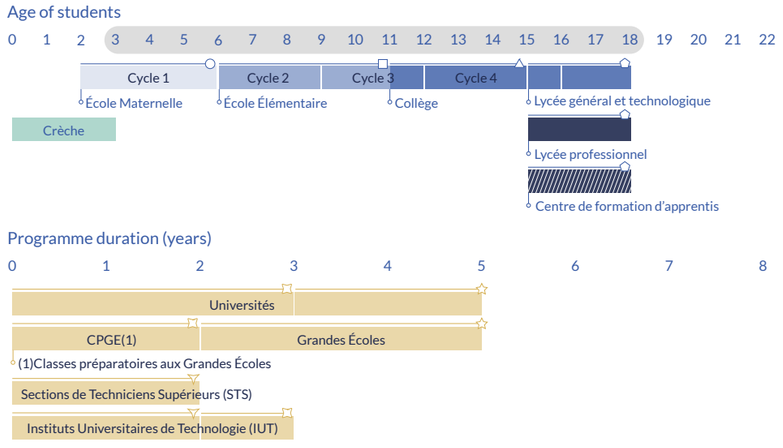
Education

The French **school system** is the prototype of a **strongly centralized** one, as 55% of the decisions are taken at the government level, the highest score within our sample, while only 10% of them are taken at the school level, the lowest score within our sample (together with Spain, where, however, centralism refers to the regional level, which makes a difference).
A **relatively strong private sector,** hosting about 1/5 of secondary students and 1/4 of tertiary ones, somehow compensates for such centralization. Also tertiary institutions enjoy a very low degree of autonomy.

The degree of school tracking is intermediate, as school pupils are tracked when aged 15. **Vocational training at the secondary level is relatively weak,** with about 1/3 of students enrolled in vocational tracks and, among them, only 1/4 enrolled in work-based programs. However, the **vocational component of tertiary education is stronger,** including, besides universities, the élite Grand Écoles and "second-tier" vocational colleges, partly autonomous and partly related to standard universities. The latter offer a number of short-term courses, including about one tertiary student out of five. **Adult education,** however, is **comparatively weak.**
Here below the graphic representation of the French educational system.

157 Source: OECD

FR_A2 THE FRENCH SCHOOL SYSTEM.



Source: Motiejunaite-Schulmeister, A., Sicurella, A., & Birch, P. (2022). The Structure of the European Education Systems, 2022/2023. Schematic Diagrams. Eurydice--Facts and Figures. European Education and Culture Executive Agency, European Commission.

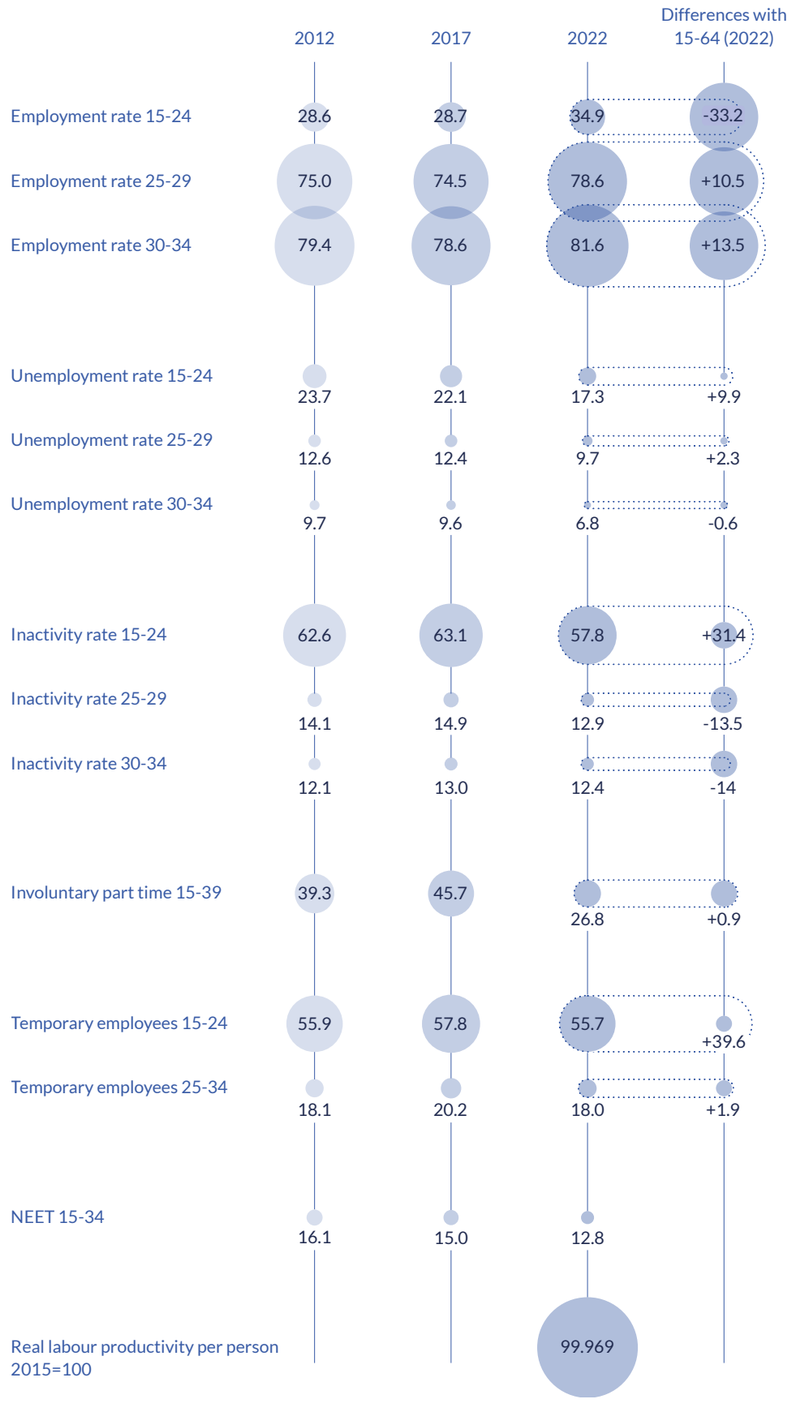
Note: ISCED 4 education covers less than 2% of the total number of students (all levels). Since September 2020, training has become compulsory for students aged between 16 and 18. Young people will be able to fulfill this compulsory training by several means: schooling, apprenticeship, training courses, civic services, and support system or social and professional integration measures.

Labour market

The **employment rate for young people increased in all three cohorts in the last decade,** with stronger growth for the 15-24 cohort that increased by 6 points, which places France slightly above the European average. Also, the unemployment rate and the inactivity one, declined in the last decade except for the inactivity rate for 30-34 years old. Generally the **NEET rate has declined**[158] reaching in 2022 in the 15-34 age group a percentage of 12.8. In this country prevails the **short-term NEEThood** followed by long-term. In the last decade, the **involuntary part-time rate declined** by 10 points while the temporary employment rate remained the same. Starting in March 2022 the Youth Commitment Contract replaced Youth Guarantee program, it offers a personalized support program lasting 6 to 12 months, provided by the Pôle or local missions. The CEJ includes a weekly program of 15 to 20 hours and can give rise to an allowance of up to 500 euros per month depending on the young person's resources. There are several other youth employment programs, such as Établissement Pour l'Insertion dans l'Emploi, EPIDE for young people without a diploma and the "1 young person, 1 solution" initiative launched after Covid-19 pandemic and founded by the France Relance plan focusing on 16-25 years old aimed on getting young people into work through three axes: 1) helping young people get a foot on the career ladder; 2) guiding and training 200,000 young people for the industries and professions of the future; 3) supporting young people who are not in the workforce by creating 300,000 customized paths for integration.

There is a complex network of schemes of minimum income (Revenu de Solidarieté Active; Allocation de Solidarietè Specifique; Allocation de Solidaritè aux Personnes Agèes; Allocation aux Adultes Handicapés) that covers most of the people needing support. There's a **mimum wage** that from January 2023 is **11.27 euros per hour.** The unemployment benefit (Allocation d'aide au retour à l'emploi) has several requirements, including to have worked for at least six months over the past 24 months and actively research for a job. The entitlement period for the benefit is related to the age starting from 24 months (up to 52 years old) up to 36 months (55+). You must also prove that you are actively seeking work under the individual job-seeking plan (projet personnalisé d'accès à l'emploi, PPAE). The gross amount of the daily allowance to help you return to employment includes: a fixed part equal to €12.12; a variable part, equal to 40.4% of the daily reference wage (SJR). This sum cannot be less than 57%, nor higher than 75%, of the daily reference wage.

158 M. Danner, C. Guégnard, S. Maguire, Understanding economic inactivity and NEET status among young women in the UK and France, Journal of Education and Work, 34, 2021, p. 839-854.



FR
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IT
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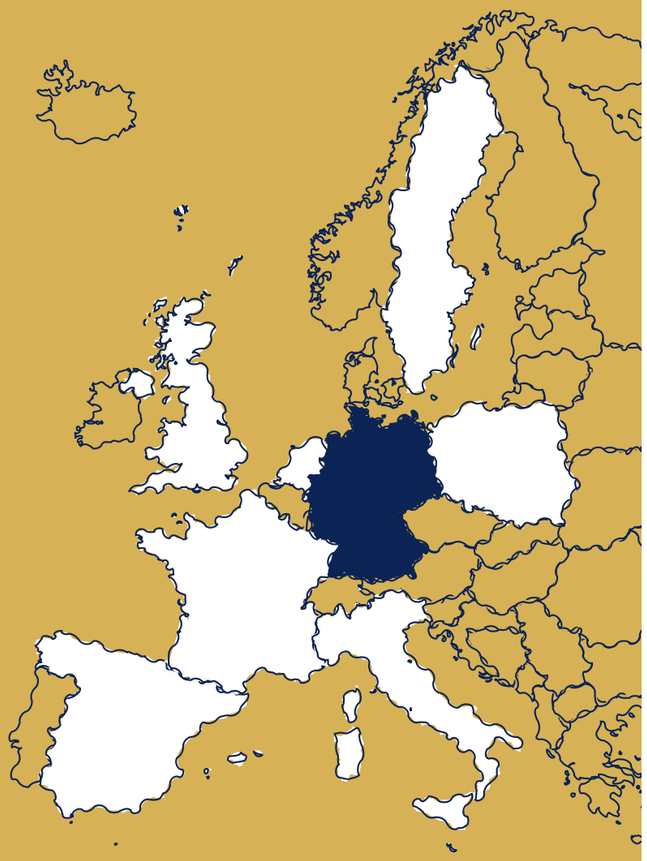
UK

Country profile
Germany

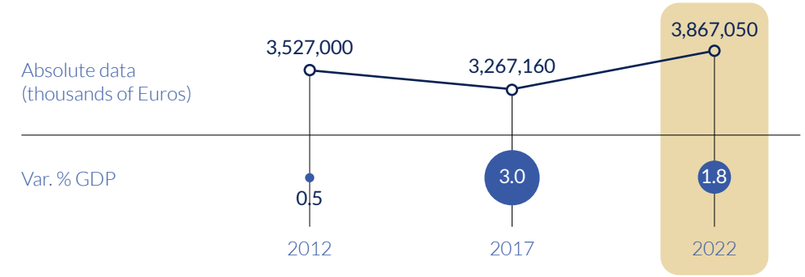
The percentage of young population (aged 15-34) in 2022 in Germany is 22.8%.



Germany is one of the most important economy of the European Union and, due to a combination of the growth of birth rate and the substantial migratory flows, it is the most populous country in Europe.
Germany shows a relatively good labour market situation of young people (aged 18-24), since it has the 60.3% of youth overall employed (considering also those who are both employed and in education) and a NEET rate of 10% (against an EU average of, respectively, 41.1% and 14.2%). While its rate of tertiary educated (among the 25-64) is relatively low (31%, against an European average of 38%), it has a very low rate of people without an upper secondary degree. Its rate of unemployment is the second-lowest in the wealthy countries, second only to Japan. This situation is related to a number of characteristics of the German political economy and social regime at large, but a key role in it is surely the one of the so-called "dual" system of vocational training, to which about half of each cohort of young Germans participates.

The Covid 19 pandemic and Russia's war of aggression against Ukraine have revealed vulnerabilities in Germany's highly advanced innovation ecosystem: undifferentiated energy supply, excessive dependence on fossil fuels, delayed digitisation and interrupted supply chains. The GDP grew by just 1.8% in 2022, one of the lowest in Europe.

DE_A1 TEMPORAL TREND GDP IN ABSOLUTE FIGURES AND PERCENTAGE CHANGE.



Source: our data processing on OECD

However, **Germany remains in absolute values the most important economy of the European Union,** thanks to its productive power that focuses on **niche markets** (especially manufacturing), **innovating their products**[159] or **specialising in radical improvements in machinery and means of transport**[160].

This prosperity of product innovation is due in large part to the **Mittelstand medium-sized family-run companies,** which are often located in smaller towns and employ most of the German workforce. Second Girontra and Netessine (2013)[161] the key factors of their success concern: the concentration on a single product, an efficient and streamlined management chain of command, a consolidated relationship with local schools with which they develop apprenticeships and career paths.
The high specialization of the Mittelstand means that they look to a global market, which generates a low competitiveness at the local level between companies by facilitating the use of **apprenticeship,** also because the workforce that intends to remain in the territory will be oriented to acquire skills specific to the professional needs of the Mittelstand present in the territory.
Specialization, best global positioning, and low local competition allow not only the widespread use of apprenticeship, but also the adoption of innovative corporate welfare tools, wage increases and generous production premiums[162].
The German welfare system (which is worth 30% of GDP) is based essentially on two pillars: a predominant insurance pillar (which weighs 80% on total expenditure) and a welfare pillar.
The insurance pillar is made up of five different schemes: old age, pension, health, unemployment, accidents at work and lack of self-sufficiency. Each insurance scheme linked to each of these five risks is managed by an own fund to which all citizens are obliged to participate by taking out a special insurance which, therefore, is a social insurance. The welfare pillar includes some policies that are unrelated to an insurance-contribution principle and are policies of public intervention.

Demography

Germany is the **most populous country in Europe** with an amount of 83.2 million inhabitants (2022), continuously increasing since 2011, with a slight decrease in the year of the impact of the pandemic.
This growth has been fostered by a **combination of the growth of birth rate and the substantial migratory flows.** The average number of children per woman, thanks to a

159 Lanford, M. e Tierney, W. G., 2015, From "vocational education" to "linked learning": The ongoing transformation of career-oriented education in the U.S. Pullias Center for Higher Education, University of Southern California.

160 Akkermans D., Castaldi C. e Los B. ,2009, Do 'liberal market economies' really innovate more radically than 'co-ordinated market economies'?: Hall and Soskice reconsidered, Research Policy, Elsevier, vol. 38, pages 181-191, February

161 Girotra, K. e Netessine, S., 2013, Extreme focus and the success of Germany's Mittelstand. Harvard Business Review.

162 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE).

stimulus to family and conciliation policies launched just before the Great Recession, increased from below 1.4 to values above the European average, reaching 1.6 in 2016 and stabilising around this level (in 2021 was 1.58). The average age for women for having the first child is slightly above the European average: 30.1 against 29.7 in 2021.

Germany shows that the policies that most positively affect the birth rate are those achieved by **combining family policies with the ability to attract and manage migratory flows of people in working and reproductive age.** In the decade preceding the pandemic, Germany welcomed about half a million migrants a year (with a strong component of refugees from Syria).

The combination of these dynamics has made the dejuvenation process less accentuated. The incidence of the 15-29 age group on the total population decreased from 17.1% to 16.0% from 2011 to 2021 (in the same period the European average rose from 18.1 to 16.3%). The positive effect is even more visible in the 30-34 years old age group (which is currently higher than the European average) and in the under 15 years old age group (which has a lower incidence than the European average, but, in contrast to the decrease in the latter, the German figure has strengthened over the last decade).

Recent trends are therefore less negative in terms of the quantitative weight of the new generations, and this favours the reduction of the weight of the elderly population on the working age population.

In terms of population growth in older age groups, the life expectancy figure was 81.3 in 2019, exactly in line with the EU27 figure. In 2021 it dropped, after the impact of the pandemic, to 80.9 (compared to an average of 80.1 in Europe).

The percentage of population over 65 is around 22% of the total population (significantly above the European average) but, thanks to the dynamics described above, in the future the percentage is expected to come closer to the European average.

The risk of child poverty is also close to the European average (just below): it is equal to 23.5% (about one percentage point below the EU27 figure[163]).

Much earlier than in other countries comes the conquest of the autonomy of young people from the family of **origin.** In the phase of life between 25 and 34 years old, the percentage of young people who to still live with parents is around 13% (the European figure is over 30%) and has decreased significantly in the years of the pandemic (it was 16.6% in 2019).

Finally, as we have already stressed, the contribution of immigration is particularly important. The percentage of residents born abroad is about 16%[164].

Education

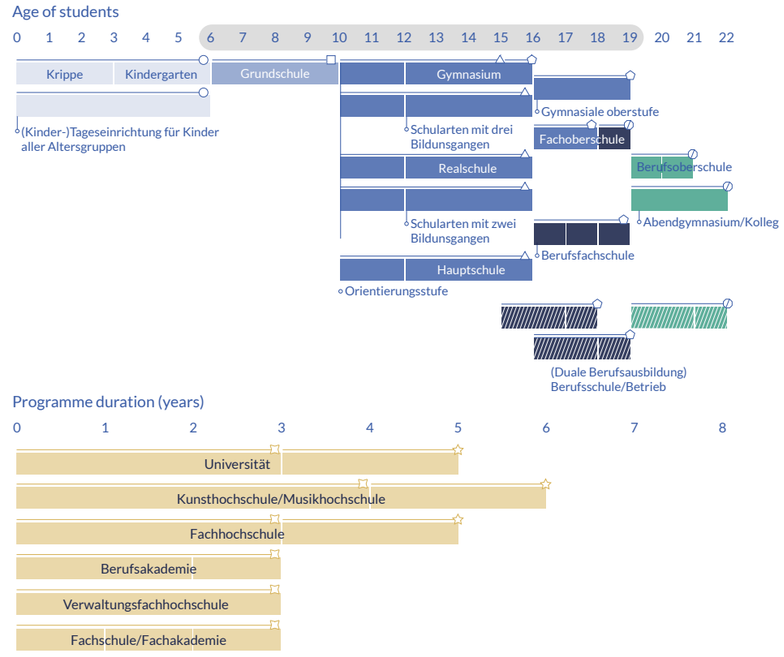
The **German school system,** as the German state in general, is **strongly decentralized,** with a substantial share of power going to the governments of the 17 Länder making up the country. Schools and (particularly) universities enjoy an intermediate degree of autonomy, although the **weight of the private sector is negligible** and tertiary education funding is not as high as elsewhere.

Secondary education is more tracked than elsewhere, with the paths of students diverging after grade 5, when they are only 10. At both the secondary and the tertiary levels, a strong vocational component of the educational system exists. At the secondary level it includes the **dual system of vocational training.** Young people who choose it are hired as apprentices by firms, and alternate work with school classes closely related to their craft or trade. The system provides more than 300 vocational degrees, and the consistency between the skills provided and those required by the economy is made sure by the governance of the system, which includes regional officers, school leaders and representatives of both the employers' associations and the trade unions (because of this, its governance is defined "collective" by political scientists). This system is now in the process of being moved to the tertiary level, where a number of specialized technical universities (non-dual) already exist, in order to keep the pace of the increasing demand of tertiary education. The dual system also includes an **upper tier, designed for workers who want to increase their skills,** which works as a system of continuing education and provides credentials well-recognized in the labour market. Here below the graphic representation of the German educational system.

163 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE).

164 Source: OECD

DE_A2 THE GERMAN SCHOOL SYSTEM.



Source: Motiejunaite-Schulmeister, A., Sicurella, A., & Birch, P. (2022). The Structure of the European Education Systems, 2022/2023. Schematic Diagrams. Eurydice--Facts and Figures. European Education and Culture Executive Agency, European Commission.

Note: full-time compulsory education/training ends at the age of 18 and 19 depending on the Lander.

The German tripartite education system

by Francesco Giubileo, Labour Policy Consultant

Germany is one of the few nations in Western Europe (along with Austria) that maintain a highly differentiated educational system that separates secondary students in different schools according to the certification of their school skills.

Guidance measures for young students in Germany are compulsory and divided into two cycles (6-10 years and 11-15/16 years depending on the Länder). The so-called "early sorting" (early tracking) in the education system has as a negative consequence its rather "classist" nature, tending to reproduce the existing social structure and obstructing, instead of favouring, the social mobility. In recent years the problem has worsened with the increase of immigrants, who find their place in this system that prevents the scourge of early school leaving, but at the expense of a "very low" level of knowledge in general disciplines, such as mathematics and languages (in fact German students in Europe rank between 18th and 20th place for skills in these subjects).

At the end of the primary school (Grundschule) children and parents must choose between the following schools: Hauptschule, Realschule or Gymnasium. The choice, with respect to the path to be taken, is usually

determined based on the average grade of the subjects and the judgment of the board of teachers.
The Hauptschule focuses on the acquisition of skills related to mathematics, reading and writing (similar to Italian professional schools). After five or six years, students receive the Hauptschulabschluss, a certificate that allows access to the vocational education and training and thus serves as a minimum requirement for most professions. Traditionally, those who leave the Hauptschule (mainly children of immigrants or students who have abandoned/failed other educational paths) immediately enter the German "dual system".
The Realschule is a path lasting from 4 to 6 years and has a rather flexible and much wider educational structure than the Hauptschule (similar to the Italian Technical Institute). Students receive both general education and training geared to technical subjects such as engineering, science and foreign languages. Depending on the grades obtained, it allows entry into the "dual system", it also allows to apply for admission to the Berufschule (that leads to access the dual system and less prestigious jobs), to the Fachoberschule (which allows to switch to either the dual system or the Fachhoschule and, in general, gives access to better paid jobs), to a polytechnic (if the student passes special exams called Fachhochschulreife) or access to the Berufliches Gymanasium (it accepts only the best students from the Realschule, it represents the highest form of education and allows the transition to the university, to the Fachhoschule or to the dual system for those who do not want to continue with the university or who have failed the Abitur).
In the Fachhoschule (Applied Science University), the acquired skills are predominantly practical and the course of study normally lasts 3 years. A degree obtained in a Fachhochschule is not equivalent to a degree obtained in a normal German university, although, in most cases, it is sufficient to enter the labour market with the prospect of good employment.

How does the Dual Ausbildung work

The Dual Ausbildung/Ausbildung is a course that includes a theoretical-specialized part, where the apprentice (Azubi - Auszubildender) studies at school between eight to twelve hours each week (during working hours) and the rest of the time is spent doing a traineeship in the company where he acquires the skills required by the so-called "business framework", defined at a national level for each qualification.
Access to the Ausbildung is conveyed by a formal application which is in fact a job application. Based on CVs and school reports, applicants are asked to undertake a selection (which includes tests and individual interviews in order to assess aspects relating to their ability to work in groups, personal inclinations and other aspects related to the profession for which they are competing).
Apprentices are considered students, but they are employed by the company under a private-law training contract (Ausbildungsvertrag) which ensures a special legal status, usually lasting 2/3 years (see next paragraph).
In order to recruit a young trainee, companies must demonstrate that they are able to teach to the apprentice all the skills required by the training regulations. Therefore, the company is obliged to ensure the presence of an instructor with adequate professional skills (or in possession of a qualification in the same or similar profile) and pedagogical skills, certified by passing the examination required by the Ordinance on Skills of Business Instructors (AEVO).
The Ausbildung is designed primarily for young people but allows to anyone (there are no age limits to participate) to access a professional qualification that can lead to find a better job. It is usually done both by those who do not have a degree or a professional qualification, but still want to learn a profession, and by those who decide to get involved and learn a new job. Depending on the profession, the duration of the apprenticeship is between two

and three and a half years. Educational routes with a duration of at least three years give to pupils nationally recognised qualifications corresponding to EQF level 4.
Although apprenticeship does not have any specific entry requirements (apart from some professions that specifically require a diploma in order to access the university), it is necessary to have passed at least the first class of high school, or to be in possession of a Schulabschluss and of a level of medium/advanced knowledge of the German language (level B1/B2 of the CEFR of which an official documentation is often required).
During the training activity in the company, the apprentices are required to write a diary describing the contents of their learning and a monthly/annual report, these are a prerequisite for the access to the final exam. The German dual system involves two phases of assessment of the apprenticeship path, the assessment is done by the Chamber of Commerce or the Chamber of Crafts, it consists in a partial/intermediate valuation to be done during the middle stage of the training period; and one final evaluation necessary to obtain the qualification. The final exam consists of a written and an oral test; practical tests (execution of a “masterpiece”) can also be required.
Once the apprenticeship exams have been successfully passed, the trainee receives a federal-recognised certificate. There are almost 324 jobs in the dual vocational training: 26 of those are two years long, 246 consist in three years of training and the remaining 52 are 42 months long. Most of them lead to a single professional role, but those that train for a group of professions are growing. Indicatively, the first ten professions for which apprenticeship training contracts are initiated are: Retail Salesman; Salesman; Skilled Mechanic; Business Administration Graduate; Wholesale/Retail Trader; Industrial Mechanic; Chef; Hairdresser; Dental technician; Electronic technician; and Hotel operator.

The apprenticeship contract, the average salary and the incentives

The apprenticeship contract (Berufsaufbildungsvertrag) is aimed at obtaining a vocational qualification (which in Germany is not a study qualification but a vocational qualification) through a work-study alternance training course. Although the apprenticeship contract has elements that are typical of paid employment, it has a substantial educational aim, whose object is defined by training regulations issued under the Vocational Training Act, within the so-called "dual" educational system. The contract is applicable in all sectors subject to a professional system (on which the duration of the contract depends) and must be put into a written agreement between the training company and the apprentice.
The rules on vocational training (BBIG and legislation of each Länder) are completed by the implementing regulations (Ausbildungsordnungen), which are under the Federal Institute for education and professional training’s (Bundesinstitut für Berufsbildung BIBB) competence and that are drawn up in cooperation with the social partners and the employers' and workers' associations in order to ensure equal quality levels in the whole Federal Republic. These regulations lay down: the nomenclature of the professions taught; the duration of the program (from a minimum of 2 years to a maximum of 3 and a half years); the knowledge and skills of each occupational profile; the Framework Programme (which determines the when, how and where); examination standards.
The apprentice’s salary depends on age and profile and grows at least every year. The Ausbildung is not a real salary, but a contribution to address the expenses that in technical language is called Auszubildendenvergütung.
The payment of the apprentice is linked to the sector wages established in the category

contracts, generally it fluctuates between 25-45% of the average wage of a skilled worker in the same sector and/or profile. The law on vocational training also provides for an annual increase in wages. Indicatively in the first year, an apprentice usually earns between 500 and 800 euros gross. In the last year of the apprenticeship the compensation varies according to the professional profile, between 600 and 1,150 euros per month. The apprentice accepts lower wages in the knowledge that these will increase once they have obtained the qualification of certified workers. There are no tax relief measures in favour of companies, except for the recruitment of specific categories of more vulnerable users. The dual system is largely financed by the companies themselves, which cover the costs of practical training within the company and the supplementary modules that take place outside the company. The training costs are deducted from the company's taxes thus the company pays less tax to the State making the system be incentivising. The companies cover the registration costs of the final exam and pay social contributions equal to 40% of the gross salary. The fact that the system is mainly financed by enterprises ensures the voluntary nature of the dual membership of the production system.

Labour market

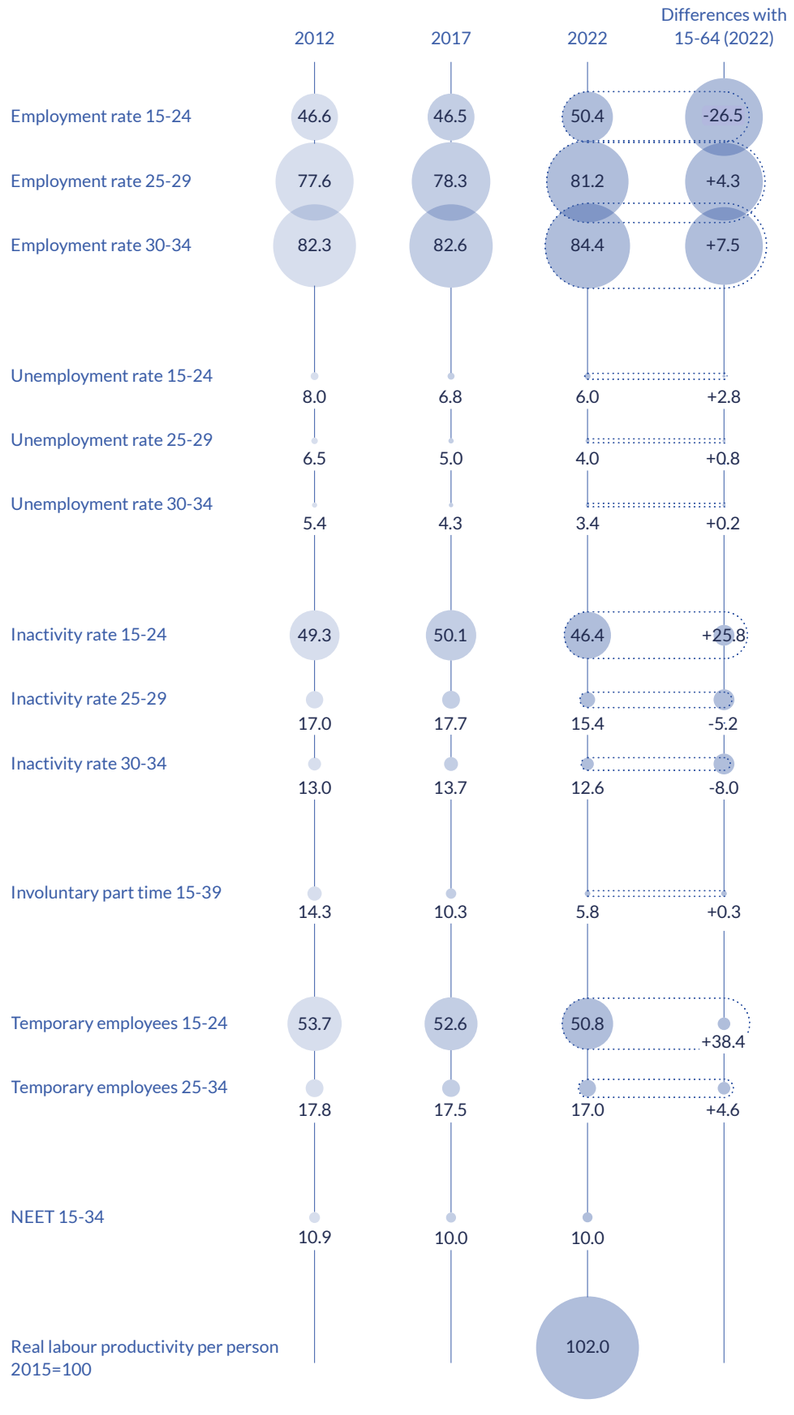
The **employment rate for young people in Germany is higher than the European average** and **increased in the last ten years** in all three cohorts between 15 and 34 years old, **especially in the youngest** one. At the same time, the **unemployment rate declined** in all of them and **so did the inactivity rate,** especially in the youngest one. The **NEET rate** is quite stable in the last decade and is **one of the lowest in Europe**[165] reaching 10% in 2022 for the 15-34 age group. Short-term NEETs prevails between German young people followed by NEEThood due to family care responsilities. In the last ten years, the rate of people 15-39 years old with involuntary part-time jobs has more than halved and the rate of temporary jobs between 15 and 24 years old decreased by three points. Regarding **temporary contracts in Germany** the share of them that **became permanent the following year is higher (32%) than the EU27 average** (27%). The skills mismatch in this country is higher than the European average reaching 39.9% versus a EU27 average of 32.2%.

The Youth Guarantee and youth employment programs are implemented locally through the regional employment agencies that sign an integration agreement with young people seeking vocational training. This agreement must be reviewed after three months. The same applies to the job centers; they too conclude an integration agreement (Eingliederungsvereinbarung) with young people who receive basic income benefits for job seekers (Arbeitslosengeld II). The integration agreement details the integration goal, the placement efforts of employment agencies, evidence of the young person's own efforts, and any planned employment support measures. On this basis, young unemployed people aged 25 or under who receive basic income benefits for job seekers, take priority when vocational training places or jobs are awarded.

There is a comprehensive and unified scheme of minimum income. The unemployment benefit (Arbeitslosengeld) with several requirements, including having paid unemployment insurance contributions for at least 12 months in the last 30 months and active research for a job at least 15 hours per week. The entitlement period for the benefit is related to the period of contributions, starting from 6 months up to 24 months. In 2015 the **minimum wage** was introduced in Germany in 2015 after a long debate, and starting from October 2022 the hourly value is **12 euros**[166].

165 C. Brzinsky-Fay, NEET in Germany. Labour Market Entry Patterns and Gender Differences, in Aa.Vv., The Dynamics of Marginalized Youth, Routledge, 56-86.

166 Bonin, Holger, Isphording, Ingo E., Krause-Pilatus, Annabelle, Lichter, Andreas, Pestel, Nico and Rinne, Ulf. "The German Statutory Minimum Wage and Its Effects on Regional Employment and Unemployment" Jahrbücher für Nationalökonomie und Statistik, vol. 240, no. 2-3, 2020, pp. 295-319.



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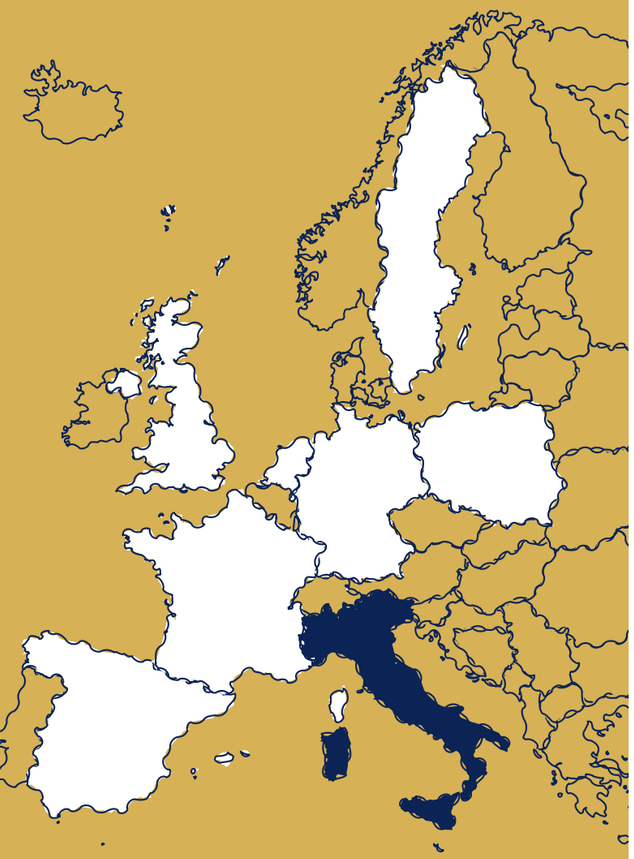
Country profile
Italy

The percentage of young population (aged 15-34) in 2022 in Italy is 20.4%.

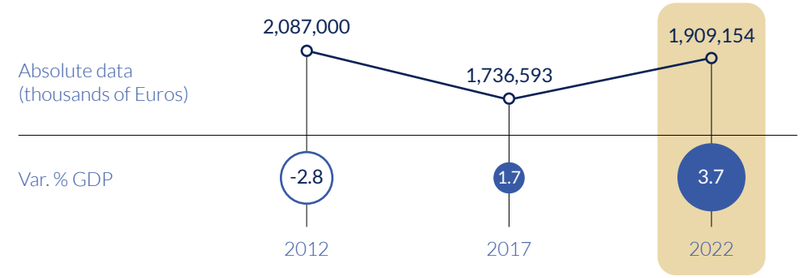


Italy is facing an important process of ageing that will bring worrying consequences for the sustainability of the country system. Italy shows a relatively bad occupational situation of young people (aged 18-24), since it has only 21.8% of youth overall employed and a NEET rate of 27.1% (against an EU average of, respectively, 41.1%% and 14.2%). NEEThood in this country is an alarming condition due to the fact that is mainly a long term issue. It also has a relatively low average level of education, since the tertiary educated are only 20% (among the 25-64). This situation is surely related to a number of characteristics of the Italian political economy and social regime at large, in particular the small average dimension of firms, the concentration of workers in micro-small companies, the diffusion of grey and black jobs, the key role of families in providing for the welfare of those not employed, the distance between school and labor market the limited work productivity.

The economic structure of Italy includes a large share of micro-enterprises whose growth difficulties represent the most significant obstacle in the low dynamism of Italian companies and in the economic growth of the country.

Analyzing GDP, in terms of absolute values, Italy, like other European countries, recorded a slowdown in aggregate productivity growth, although 2022 recorded one of the highest increases in GDP (3.7%) in recent decades.

IT_A1 TEMPORAL TREND GDP IN ABSOLUTE FIGURES AND PERCENTAGE CHANGE.



Source: our data processing on OECD

Italy is fully part of the Mediterranean model of welfare state, where the family of origin plays an essential role in providing care and assistance to its members and the State assumes a residual role through forms of support to protect the family (Accompanying allowance; Income of citizenship based on the entire household, etc.).

Italian public spending on welfare increased by 18 billion euros in 2022 compared to the previous year reaching 615 billion. The increase over the pre-Covid year, 2019, is about 18%.

The pension absorbs about half of the total expenditure and has increased by 8.2% compared to 2019. Health accounts for 21.8% (about 134 billion), spending on social policies accounts for 18.2% while education accounts for 11.9% of the total. The sustainability of the Italian welfare system is put under pressure for three main reasons: the demographic trend that in the coming decades will lead to an increase in health care spending; emigration from our country entails high expenditure on lost education and loss of income earned by migrants; the impact of inflation, a factor that in the short term risks raising the number of families in poverty from 2 million to 2.3 million.

Demography

Italy's population dropped below 59 million in 2022, it's in constant decline since 2014 (it was 60.8 million). Demographic dynamics outline **a path of continuous reduction** in the coming decades.

The demographic decline is due to **persistently low fertility rate,** which has long been particularly low. After falling below European average levels in the first half of the 1980s, it has not risen above. For over forty years it has been below 1.5 and the latest dynamics have been further negative. The 2022 figure is 1.24 children per woman on average (it was 1.44 in 2011). The **average age at the first child is the highest in Europe,** at 31.6 years old for women.

As a consequence of these dynamics of fecundity, **particularly accentuated is the process of dejuvenation.** The incidence of the 15-29 age group on the total population is around 15%, more than a percentage point lower than the European average.

The historical and more recent dynamics of fertility are therefore among the most negative in terms of the quantitative weight of the new generations and this makes **the relationship between the elderly and working-age population, both current and predicted,**

more unbalanced. The weight of the elderly population is also favoured by longevity. Italy has a life expectancy of 82.7, more than two and a half years longer than the European average (80.1 in 2021), with a significant decrease due to the impact of the pandemic (it was 83.6 in 2019).

The ageing process is among the most marked: the percentage of over 65 of the total population is 23.5% in 2021 (against 20.8 in the EU27), it is the highest figure in Europe.

In addition to having a more pronounced process of quantitative dejuvenation, Italy also presents more unfavourable conditions, in terms of quality, towards the new generations. In particular, the risk of child[167] poverty is 29.7% compared to 24.4% EU27 in 2021[168]. Furthermore, compared to other countries, **in Italy the conquest of autonomy from the family of origin comes later.** In the phase of life between 25 and 34 years over one young Italian adult in two (53.7% in 2021) still lives with parents, against less than one in three European. The percentage of residents born abroad is more than 10%[169].

Education

The Italian school system has been historically **centralized,** with most of the power concentrated in the Ministry, concerning both secondary and tertiary education. The **autonomy of school** and **universities,** despite having been formally introduced in the 90s, **is still limited.** The **weight of private institutions is negligible in secondary education, while it is relevant for tertiary education, with about 1/5 of students enrolled in private colleges. Tertiary education funding is relatively low** (0.9% of GDP), particularly from public sources (only 0.6% of GDP).

Secondary education shows an intermediate degree of differentiation, but also a **dramatically low degree of vocational specificity.** There is **substantially no work-based vocational training integrated to the school system. Tertiary education** is also **weakly differentiated,** since all institutions are universities, offering **few short-cycle** courses and enrolling **a majority of students in the humanities.** Only a small percentage of students, about 1%, are enrolled in tertiary vocational schools. Adult education is not frequent. These characteristics cause the Italian labour market to have one of the highest skills mismatch between the analyzed countries both in general and in educated people (respectively 39.9% and 37% versus an average EU27 figure of 32.2%).

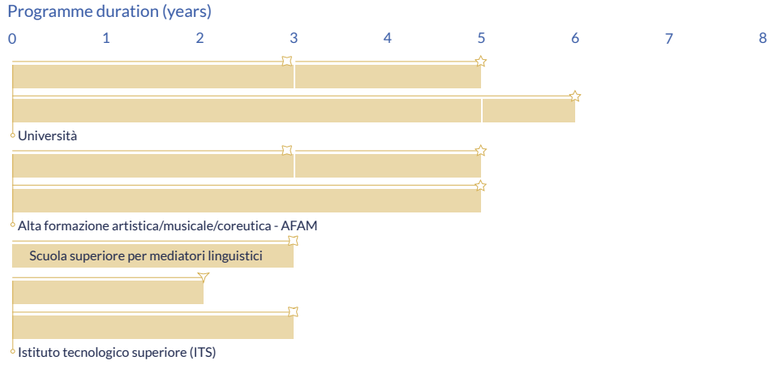
In the following page the graphic representation of the Italian educational system.

Labour market

The **employment rate for young cohorts** in Italy **has been improving over the last decade,** growing in all the cohorts (reaching the highest level ever for the country) **although they remain very low compared to EU27 averages,** especially the 15-24 one. At the same time, the unemployment rate decreased strongly for all the cohorts, especially for 15-24, as did the inactivity rate (which remains in first place in the EU27). **Inactivity remains the most critical problem of the Italian labor market as shown by the high NEET rate** (15-34) (20.8%) which has also decreased in the last decade. Furthermore, in Italy the already serious problem of NEEThood is worsened by the fact that it's mainly a **long-term condition.** The **rate of temporary employment is very high for young people** and this, paired with a **low level of transition to permanent jobs,** is a critical issue. On the qualitative front, the very **strong component of involuntary part-time work stands out** (57.8%), stable over the last decade and which generates cases of **in-work poverty** (11.6%) and which can be combined with the **strong presence of irregular work.** Labour law changed several times in the last decade, sometimes deregulating temporary contracts (i.e. in 2014, 2023), sometimes making them more difficult to stipulate and renew (i.e. 2019). There's a **minimum income scheme that was recently (2023) reformed** and now is **based** not only **on income criteria but also on age** ones (for families or people less than 18 or over 60 years old). There's **no minimum wage,** although, in the last year, a broad debate on it is open in the country. There's an **unemployment benefit** for half of the weeks of contribution in the last four years (for a maximum of 24 months) if you have contributed to Social Security for a minimum of thirteen weeks in the four years before and having a job for at least 30 days in the 12 months before the unemployment.

There are **several incentives for young employment.** Specific attention is given, for example, to: students who have completed a period of work-based experience or apprenticeship, NEETs (between 16 and 29 years old) enrolled in the Youth Guarantee program, young people under the age of 35 parents of minors, unemployed young people who receive unemployment benefits for recruitment as a professional apprenticeship, young people who follow specific training courses. The 2022 budget law confirmed the Youth Recruitment Bonus, to support with social contribution **incentives the permanent employment of young people under 35.**

IT_A2 THE ITALIAN SCHOOL SYSTEM.



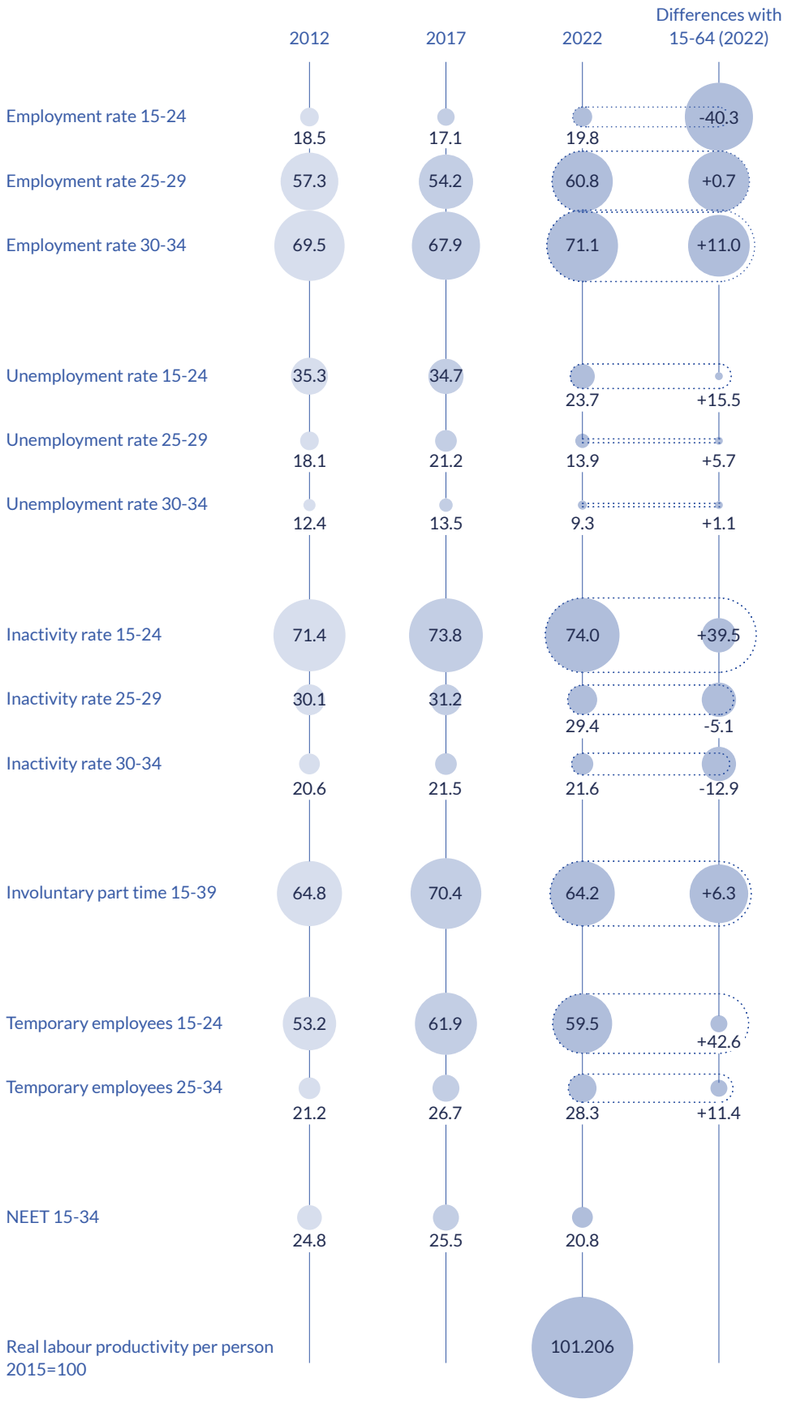
Source: Motiejunaite-Schulmeister, A., Sicurella, A., & Birch, P. (2022). The Structure of the European Education Systems, 2022/2023. Schematic Diagrams. Eurydice--Facts and Figures. European Education and Culture Executive Agency, European Commission.

Note: in 2022, the law no. 90 has reformed the Istituto tecnico superiore (ITS). The name was changed to Istituto tecnologico superiore (ITS Academy). In addition to 2-year ISCED 5 courses, they now offer 3-year ISCED 6 programmes.

167 People less than 16 years old.

168 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE)

169 Source: OECD


2012
2017
2022
Differences with 15-64 (2022)
Employment rate 15-24
18.5
17.1
19.8
-40.3
Employment rate 25-29
57.3
54.2
60.8
+0.7
Employment rate 30-34
69.5
67.9
71.1
+11.0
Unemployment rate 15-24
35.3
34.7
23.7
+15.5
Unemployment rate 25-29
18.1
21.2
13.9
+5.7
Unemployment rate 30-34
12.4
13.5
9.3
+1.1
Inactivity rate 15-24
71.4
73.8
74.0
+39.5
Inactivity rate 25-29
30.1
31.2
29.4
-5.1
Inactivity rate 30-34
20.6
21.5
21.6
-12.9
Involuntary part time 15-39
64.8
70.4
64.2
+6.3
Temporary employees 15-24
53.2
61.9
59.5
+42.6
Temporary employees 25-34
21.2
26.7
28.3
+11.4
NEET 15-34
24.8
25.5
20.8
Real labour productivity per person 2015=100
101.206

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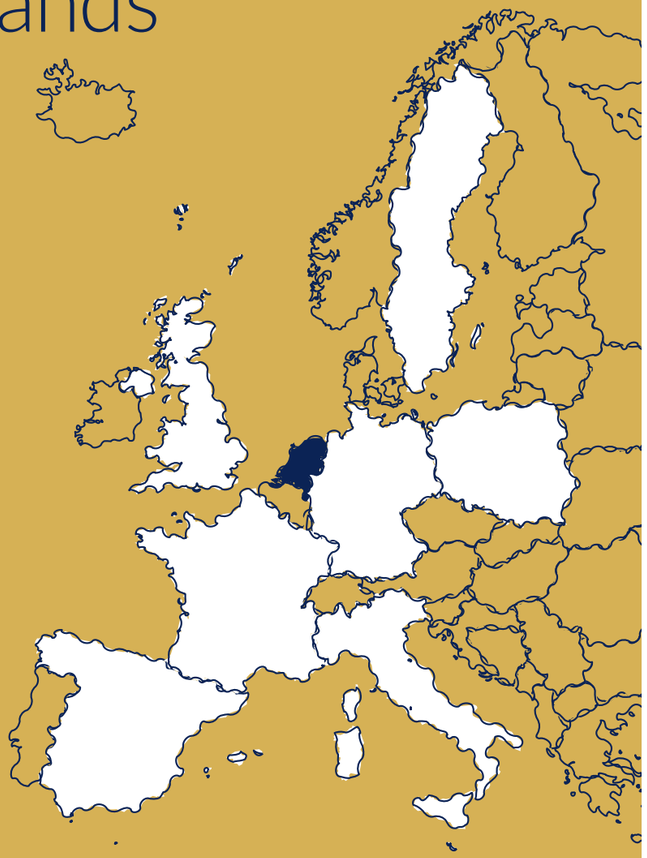
Country profile
The Netherlands

The percentage of young population (aged 15-34) in 2022 in the Netherlands is 25.2%.

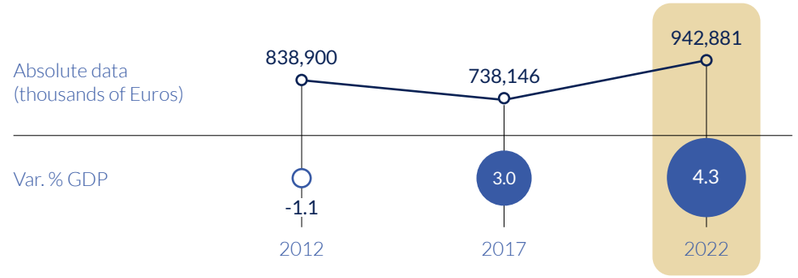


The favourable fertility dynamics and the large flows of immigration generate in the Netherlands the least marked process of dejuvenation between UE27. The Netherlands show the better scores in our sample for what the labour market situation of young people (18-24) is concerned. NEETs, at 4.6%, are almost non-existent, while 74.2% of the young people are overall employed (while the European averages are respectively at 14.2% and 41.1%). The Netherlands labour markets is very flexible and profitable. Indeed the country registers the highest incidence of part-time (not involuntary but chosen), temporary contracts (that in a very good percentage are transformed in a year in permanent ones) and the highest median hourly earnings both in general and for young people. This excellent labour market performance of the young Dutch is related to the general strength of an open economy, well integrated in the global markets. A key factor underlying this strength, however, is the dual VET system, which yearly includes about 1/3 of each cohort after completion of compulsory school. All vocational programs are dual, and the weight of work-related training is relatively high, at 70% of the total instruction time (in Germany it amounts to 60%, but the dual German system involves about half of each cohort).

The Netherlands is the fifth largest economy in the European Union and has the third highest GDP per capita in the Eurozone, since 2014, the share of exports relative to GDP has practically always exceeded 80% (in 2022 it was around 95%). The Dutch economy is in a stable and solid growth condition, thanks to several factors, such as: an excellent business climate model; budgetary consolidation and the high level of high-tech private investment.

Gross domestic product in 2022 grew by 4.3% and in absolute value terms has seen its GDP increase by more than 10% over the last decade.

NL_A1 TEMPORAL TREND GDP IN ABSOLUTE FIGURES AND PERCENTAGE CHANGE.



Source: our data processing on OECD

Demography

The Netherlands has a **population** of 17.5 million (2022), and in the last decade it has been progressively **increasing due to favourable demographic dynamics** (they were 16.7 million in 2011).

The **average age of women for the first child is 30.3** (increased by a year over the last decade) and the **average number of children per woman is 1.62** (2021). Recent dynamics show a decrease throughout the last decade (the figure was 1.76 in 2011), but it's still above the European average (1.53).

As a result of the **favourable fertility dynamics and of the large flows of immigration,** compared to other countries of the old continent, the **dejuvenation process** is among **the least marked.** The incidence of the 15-29 age group on the total population increased from 18.3% to 18.7% from 2011 to 2021. However, the less favourable development of fertility rate, over the last decade, may weaken the incidence of fertility in the near future.

Life expectancy at birth is also among the highest, reaching 82.2 years in 2019 but it declined, with the impact of the pandemic, to 81.4 in 2021 (remaining 1.3 years above the European average).

Despite the favourable longevity, the ageing process of the population, is more contained than the European average thanks to the greater resilience of the younger population. The percentage of over 65 is close to 20% of the total population (almost one percentage point below the European average).

Another positive aspect of the Netherlands is that the risk of poverty and social exclusion is among the lowest for the under 18 age group: 14.9% in 2021; the European average is 24.4%[170].

As compared to the European average the conquest of the **autonomy, of young people**

170 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE)

from the family of origin, comes **earlier.** In the phase of life between 25 and 34 years old, the percentage of young people who still live with parents was 10.2% in 2019, increased to 11.2% in 2021 due to the impact of the pandemic (the European average on threefold levels is over 30%).
Finally, the contribution of immigration to demographic dynamics is important and therefore it influences the structure of the population. The percentage of residents born abroad is over 13%[171].

Education

The design of the Dutch **school system is the less centralized in our sample,** together with the British one. School autonomy is almost total: because of a long-standing historical tradition of religious and political pluralism, going back to the 17th century, the Dutch state fully finances any school set up by citizens or by municipalities, provided they satisfy a small set of requirements, mostly related to the performance of students. This model proved quite effective over time, although recently some concerns have been raised, particularly for the case of Muslim schools, for the degree of cultural segregation of minorities which might be a result of such a decentralized model.

As in other countries with a **dual vocational education and practical training system,** the Dutch school system is **strongly tracked:** pupils are sorted into different tracks when they are 12, at the end of primary school (there is no lower secondary school). While there are no dual courses at the tertiary level, there is a binary system, with a number of technical tertiary schools flanking universities. Tertiary institutions in general enjoy a relatively high degree of autonomy, and students are required to pay relatively high tuition fees (the highest in our sample, except the UK).

The Dutch educational system is characterized by a strong cooperation between schools and firms to determine which skills are needed and so forth generating competency-based qualifications. Furthermore, the collaboration between vocational education and businesses, trade and industries, public institutions and other labour market experts are encouraged to provide students with the best possible practical training with the aim to gain employment. (Dicks and Levels, 2022)[172].

In the following page the graphic representation of the Dutch educational system.

171 Source: OECD

172 Dicks A., Levels M. 2022. NEET during the School-to-Work Transition in the Netherlands. In The Dynamics of Marginalized Youth, pp 25-55 Maguire S., Levels M., Brzinsky-Fay C., Jongbloed J., and Taki H. (2022). Policy Interventions Targeting NEETs in Different Institutional Settings. In the dynamics of marginalized youth not in education, employment, or training around the world, Edited by Mark Levels, Christian Brzinsky-Fay, Craig Holmes, Janine Jongbloed, and Hirofumi Taki, Routledge Studies in Labour Economics, pp. 180-204.

Actions to avoid Early School Leave[173]

by Rossella Riccò, Study and Research Area Manager Fondazione Gi Group and Anna Brambilla, Study and research Junior Analyst ODM Consulting

From 2006, to facilitate the sharing of information was introduced a new plan called Aanvalsplan Voortijdig Schoolverlaten [Attack Plan Early School Leaving] which ensured that every pupil in the Dutch educational system is registered centrally with a unique personal identification number for all the youth educational career. This number is used by schools to track students' trajectories, including dropout rates. Student data are used to target interventions to curb Early School Leavers (ELS), including data sharing between schools to identify 'at risk' students (De Witte et al., 2014). Schools and municipalities work together to prevent ESL in regional centers called Regionale Meld-en Coordinatiecentra (RMCs). RMCs identify and register young NEET between the ages of 18 and 23; establish contact with young people and offer tailored support (individualized mentoring and coaching; dedicated learning support; information, advice, and guidance (IAG); tackle health barriers reducing absence for health reasons by eliminating underlying problems;

173 Youth Wiki; The Netherlands; Employment & Entrepreneurship; Integration of young people in the labour market. https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/netherlands/36-integration-of-young-people-in-the-labour-market.

give concrete help in finding jobs) establishing and co-working with a network of local stakeholders, comprising youth networks in local neighborhoods, to tackle ESL also maximizing the use of social media platforms such as WhatsApp or Facebook.
In the country there is the obligation for people up to the age of 18 to obtain a basic qualification.

Promoting more integration in the labour market for young immigrant[174]

The Netherlands has introduced in 2018 eight pilot projects in which effective interventions are determined to improve the integration of citizens with a non-western migratory background between which two projects are specifically aimed at young people.

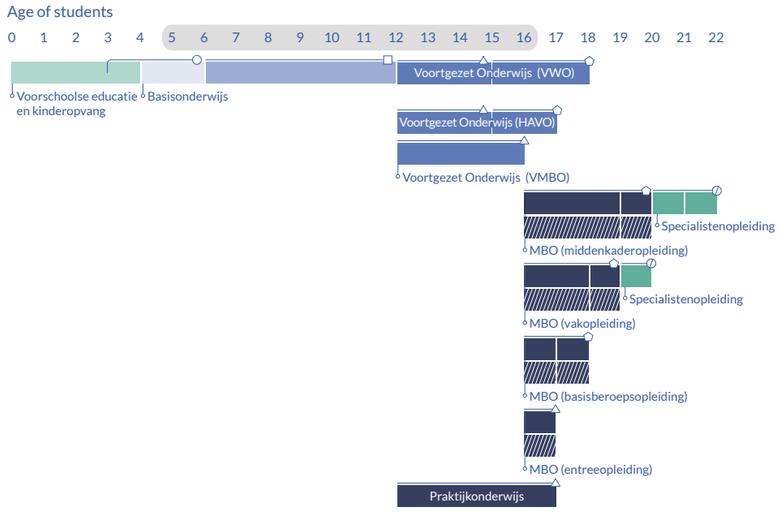
Indeed, migrant youth, especially those of second generation, tend to be more vulnerable due to lower educational level and discrimination and are more likely to become late NEETs but not long-term NEETs (Dicks and Levels, 2022).
The two Dutch pilot projects addressed to young immigrants are:

1. Pre-vocational secondary education (VMBO) pupils: how to support these pupils in their decisions about continuing education, taking into account their future opportunities on the labour market.
2. Secondary vocational education (MBO) students: how to support equal chances in finding a first job or internship.

It's important to remind that in the Netherlands there are large-scale outreach strategies to disseminate information about job opportunities.

174 Workers don't do other individual negotiations (Dicks et Levels, 2022).

NL_A2 THE DUTCH SCHOOL SYSTEM.



Source: Motiejunaite-Schulmeister, A., Sicurella, A., & Birch, P. (2022). The Structure of the European Education Systems, 2022/2023. Schematic Diagrams. Eurydice--Facts and Figures. European Education and Culture Executive Agency, European Commission.

Note: at 16, students who have not obtained a basic qualification (Startkwalificatie) have to continue their education/training until they turn 18 or get a senior general secondary (HAVO) or pre university (VWO) or VET (at least MBO 2) diploma.

Labour market

In the Netherlands the **NEET rate is one of the lowest in Europe,** stopping at 5.4%, and it is mainly a short-term condition. At the same time the Dutch **youth employment rate is the highest for the 15-24 cohort with the lower difference, compared to other countries, with the general (15-64) employment rate.** One of the features of labour market in the Netherlands in the last years is the increase of the **share of temporary jobs that is the highest** for young cohorts, but another feature is that the share of these jobs that **became permanent in a year is among the highest in Europe.** The country is characterized by a strong protection of permanent workers, indeed it has the highest level of strictness of employment protection in individual and collective dismissal and to undo a permanent contract it's required a permission from a court of law or the executive labour organisation.
Dutch median hourly earnings under 30 years old is one of the highest between the considered countries and wages are regularly renegotiated by social partners in order to adjust to inflation and productivity differences[175].

Simple and comprehensive schemes open to all with insufficient means to support themselves, the amount is renewed every six months. There is an unemployment benefit if you have worked for at least 26 weeks in the 36 weeks before you became unemployed. You receive 75% of your last pay (up to a maximum of 228.76€ per day during the first 2 months and 70% of the last pay earned thereafter). The duration of the unemployment benefit is 3 months. The duration can be extended if you undertook at least 208 hours of paid work for at least 4 out of the 5 years before the year you became unemployed.
The Equal Opportunities Alliance was given an active role in the National Programme Education that was launched on February 2021. This €8.5 billion support program for primary, secondary, secondary vocational and higher education is aimed at the recovery and development of education, catching up on study delays and the support of pupils and students who are struggling due to the corona crisis and the measures taken by Cabinet to reduce the spread of the virus (e.g. school closures and online education). As part of the National Programme Education, the Equal Opportunities Alliance expands its activities to support municipalities. For example, the alliance will expand the use of expert pools and regional coordinators who can advise municipalities and help them design and implement measures. The alliance will also expand the number of participating municipalities from the current 50 or so to approximately 100 municipalities over time. As usually happens in the Dutch context, existing **networks and structures between municipalities, education and other partners are utilized as much as possible and connected to the local context.** Each of the 35 labour regions have also presented regional plans with involvement of local stakeholders which contained concrete ambitions and objectives to be undertaken. Plans of sectoral partners support the regional plans. The coordination of the approach is in the hands of both the minister of Social Affairs and Employment and the minister of Education, Culture and Science. The Dutch approach comprises:

- supporting youngsters who are looking for work after fulfilling school obligations. They can register at Werk.nl (division of the Social Security Agency UWV). By registration they receive the general services of the e-support. The direct services consists of a list of vacancies, general tips for the resume, tips for finding work, competence tests;
- supporting youngsters who have left school without a basic qualification. Young people who have not completed their education have, according to several studies, a weak position on the labour market. They have twice as much chance to become unemployed. And when they have work it is often temporary work. This is why young people who do not have a basic educational qualification, are assisted by the municipalities to find their way back to school or onto the labour market (if education isn't an option for them);
- supporting youngsters who are unemployed after a period of work and apply for an unemployment benefit (for a duration of at least 3 months up to two years, with a collective bargain agreement 38 additional months). These young can register at Werk.nl and UWV guides them to work;
- supporting youngsters who are unemployed and receive no unemployment benefit, they can ask the municipality for support. The first 4 weeks the youngsters themselves have a search period. During these 4 weeks they have to make efforts to find a job or educational and training opportunities. The support they receive after 4 weeks is tailor-made;
- supporting disabled youngsters who can work (the evaluation of the ability to work is done regularly by a central executive agency) through job creation programme (cooperation of government and employers, with more than 25 employees, to create jobs)[176], sheltered jobs for youth who needs extra support to work and even trial jobs[177] for two months.

Since 2019 there is a minimum wage for young workers differentiated by age: for all above 21 years old it is 1,635.60 euros before taxes, for younger people till 16 the amount equals to 34.5% of the minimum wage, between 17-20 it is the 80% of the minimum wage.

175 Workers don't do other individual negotiations (Dicks et Levels, 2022)

176 In 2013 through a social agreement employers agreed to create 100,000 jobs and the government agreed to create 25,000 extra jobs, the so-called "Job agreement". Employers and government are responsible for reaching the goals in the Job agreement. If the goals are not met and the promised jobs are not created then Job Agreement and Quota People with Labor Disabilities Act will force every employer, who has more than 25 employees, to employ an agreed percentage of people of the target groups mentioned in the Job agreement. Employers will be fined with €5,000 if the jobs are not filled by these targeted people, among them disabled youth.

177 Through the trial job the disabled (young) employee receiving social benefits (Disablement Assistance Act for Handicapped Young Persons= Wajong) has the possibility to work as a trial employee maintaining its social benefit. During these two months the employer understands if the person can handle the task, hassess his/her productivity and does not pay wages. If the productivity of the potential employee is low, then the employer can claim loondispensatie (wage dispensation).

The characteristics of the general welfare program[178]

by Rossella Riccò, Study and Research Area Manager Fondazione Gi Group and Anna Brambilla, Study and research Junior Analyst ODM Consulting

The general welfare program can be request by people over 18 years old (legal residents, not institutionalised nor in prison) who do not have sufficient capital for basic living standards and can't apply to other benefits.
To obtain the welfare the person must:

- accept and keep any job offered to them,
- register with an employment agency,
- be willing to travel to and from work for 3 hours a day,
- willing to move to a location where one can find a job,
- do anything in one's ability to acquire relevant skills and knowledge,
- cooperate with any government support in finding employment,
- dress, behave, and groom oneself in a way that does not hamper one's ability to get a job.
- For the non compliers the payment is held for up to 3 months.

Other conditions may be applied: perform services or invest in language skills, comply with all government requests for cooperation, information, and identification and behave decently vis-à-vis government officials.
Not applicable for: single parents with children under 5, disabled people permanently incapable of working.

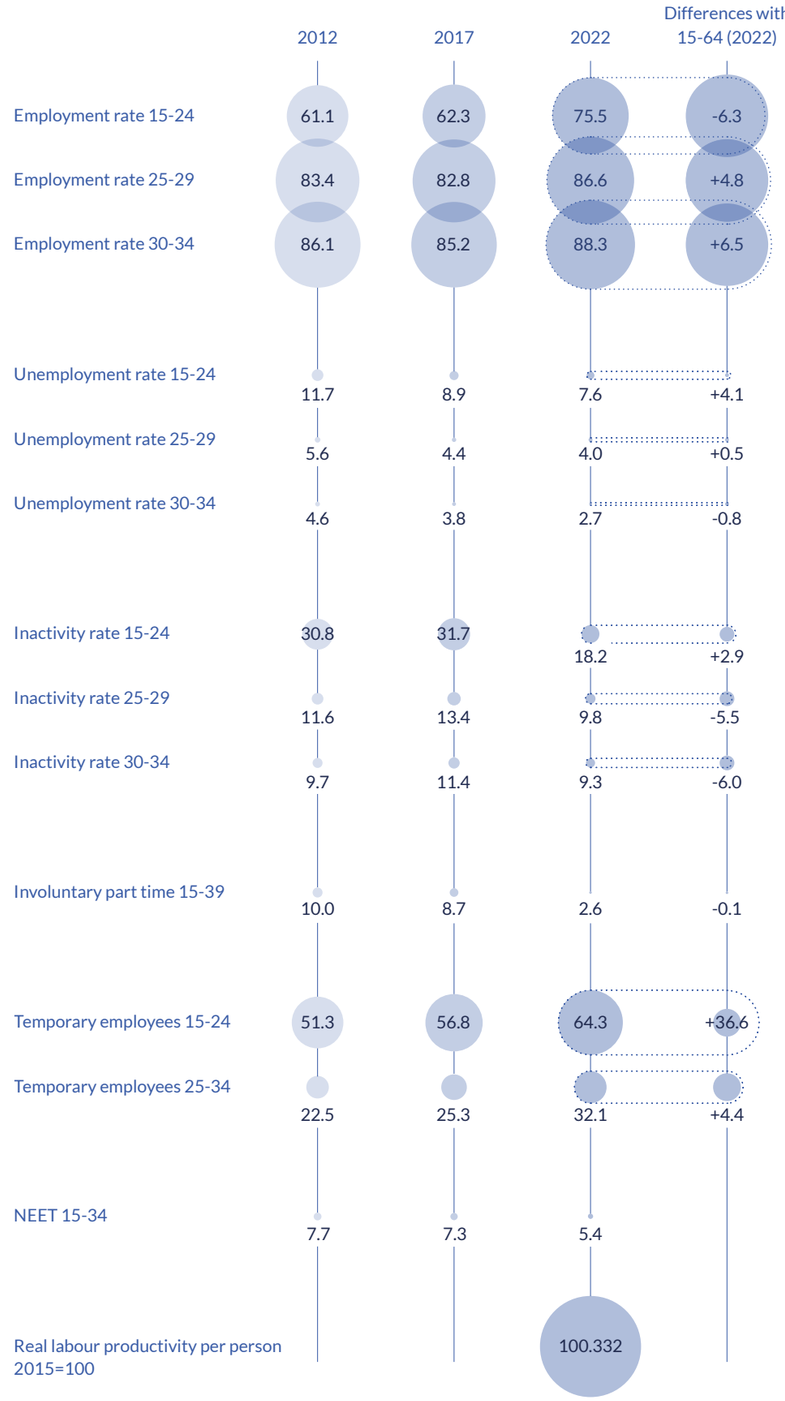
The amount depends on age and living condition: 21yo and married or living together 100% of minimum wage; singles over 21yo 70%; single parents additional payment for children; under 21 lower amount of welfare; under 27: no general welfare if they can enter government study financing programmes.

Childcare Act 2005[179]

The Childcare Act is intended to increase the labour participation rate of young parents by increasing child subsidies for low-income households and increasing subsidies for formal childcare for lower-income families. The size of the compensation is partly based on household income, with parents with higher incomes receiving lower subsidies, it also depends on the total costs of childcare, and on the number of children one has.
Parents (working couples or single working parents) are entitled to childcare support if they are eligible and make use of childcare in a registered childcare facility or registered host parent. Parents who do not work are eligible if they are in a reintegration track and actively try to return to the labour market, migrants in an integration course, teen parents who are in education, and students. Childcare is not subsidised if neither parent is working or in education. The 2005 reform increased labour market participation of young mothers but it does not affect lower educated ones.

178 Dicks and Levels (2022).

179 Ibidem.



FR
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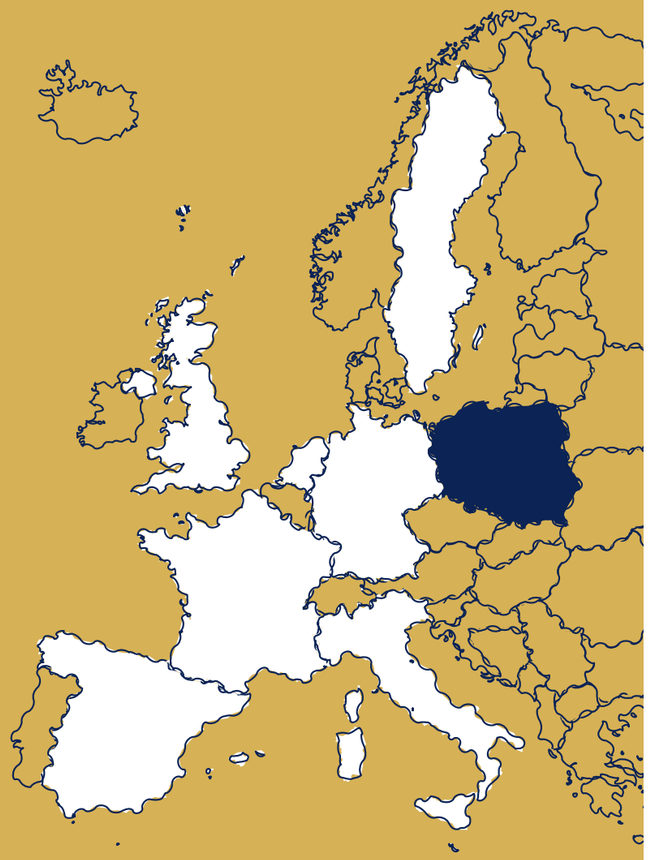
Country profile
Poland

The percentage of young population (aged 15-34) in 2022 in Poland is 23%.

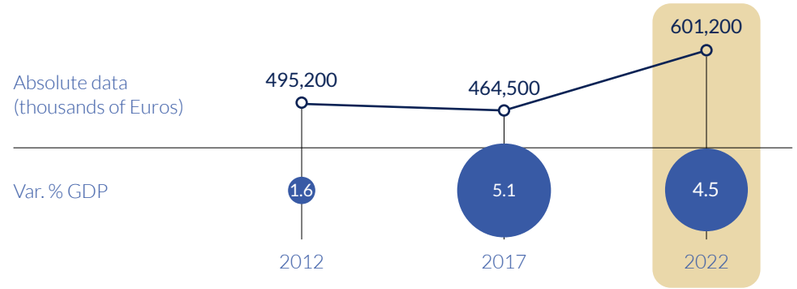


Poland population has reduced in recent years due to a very low fertility rate and a restrained migratory flow that has being decisively increasing due to the Russia and Ukraine war.
The labour market condition of young people (aged 18-24) in Poland is close to the European average on quite all indicators: 13.8% of NEETs (EU average at 14.2); 38% of overall employed (EU average at 41.1), while for young people at once in education and employed Poland is positioned at the bottom of our sample, together with the Mediterranean countries. The percentage of tertiary educated in the population (aged 25-64) is relatively low (EU average 38%), while for those aged 25-39 it rises up to 41%. In fact, the increase in the rate of the tertiary educated in the latter age group, at 287, is the highest in our sample. Poland is still in the long-term process of developing out of four decades of communist regime. Among the former planned economies, it has been able to catch-up relatively rapidly with respect to western market economies. This holds also for education, which under communism was severely rationed in quantitative terms, as well as heavily centralized in organizational terms.

Since joining the European Union in 2004, Polish GDP has more than doubled, exports more than tripled, the stock of foreign direct investment has risen from 45 billion to almost 200 billion euros. On the other hand, the economy of Poland continues to suffer from problems linked to the slow restructuring of traditional economic sectors: agricultural holdings lack adequate development in proportion to economic demand, while the coal sectors, of steel and energy, continue to be in a phase of perpetual restructuring and privatization.

Gross domestic product in 2022 grew by 4.5%, while in absolute value terms from 2012 to 2022 the value grew from 495 billion to 600 billion euros.

PL_A1 TEMPORAL TREND GDP IN ABSOLUTE FIGURES AND PERCENTAGE CHANGE



Source: our data processing on OECD

The last 30 years of development of the Polish welfare system have been marked by numerous changes in the approach to the social security system and in the methods of implementing policies[180]. The liberal welfare state model that was formed in Poland in the years of the transformation is now turning towards a conservative model, since the end of 2015 there have been major changes in the welfare state, such as the restoration of pension advance schemes and the introduction of family benefits for families with more than one child.
Welfare in Poland accounts for about 20% of public spending and has remained almost stable in recent decades. The social protection system consists of four macro-components: the social security and welfare system (which accounts for over 50% of social expenditure); the health insurance system; unemployment benefit and finally family benefits.

Demography

Poland has a population of 37.7 million (2022), and it has been progressively decreasing for over a decade (they were 38.1 million in 2011). In the coming years, however, the number of residents could increase due to the flows of migrants coming from Ukraine as a consequence of the crisis caused by the Russian invasion.
The **average age of women for the first child is 28.1** (relatively low, but with an increase of 1.5 years in the last decade) and the average number of children per woman is 1.33 (2021). Recent trends show growth to 1.44 in 2019 (still below the European average of 1.53) with a decrease in the years affected by the pandemic.
As a result of the fact that fertility has been lower than in other European countries, for several decades, the population of young people has fallen sharply. The incidence of the 15-29 age group on the total population decreased significantly, from 22% in 2011 to 16.2% in 2021.
Lower than the European average is also the life expectancy at birth, amounting to 78 years in 2019 and decreased, with the impact of the pandemic, to 75.5 in 2021.
Despite the sharp reduction in the youth population, due to the shorter life expectancy at birth, the ageing of the population is currently lower than the European average. The percentage of over 65 is equal to 18.8% of the total popu-

180 Siemienska R. e Domaradzka A., 2019, The Polish welfare system in the first decades of the 21st century, Routledge Handbook of European Welfare Systems, ISBN 9780429290510.

lation in 2021 (while the European average is above 20%) but it is growing significantly (it was below 14% in 2011). The future dynamics, especially the low birth rate, suggest that Poland will present one of the worst scenarios in Europe in terms of demographic imbalances.

A positive aspect of Poland is the **relatively low risk of poverty and social exclusion among the under 18.** This risk is equal to 16.5% in 2021 against a European average of 24.4% [181].

Young people, however, compared to the European average, remain to live in the family of origin for a longer time. In the phase of life between 25 and 34 years the percentage of young people who still live with parents was 43.9% in 2019 and rose to 48.8% in 2021 due to the impact of the Pandemic (the European average remained 30.5%).

The contribution of immigration to demographic dynamics is very modest and therefore the impact on the structure of the population is not significant. The percentage of residents born abroad is just 2%[182]. As we have already said, however, the war in Ukraine is leading an unprecedented and consistent flow of migrants to Poland[183], and it's likely that many of them will find stable settlement paths.

Education

The Polish school system is now **undergoing a process of decentralization** aimed at expanding participation, while ensuring a good match between the skills provided by schools and those required by the economy. Currently, decision-making is more or less equally shared between the government and the local level, the latter including both local governments (municipalities for compulsory education, higher-level authorities for secondary education) and schools. At the **tertiary level, investment in education is relatively low** (at 1.3% of GDP, in our sample only Italy has a lower investment), so the increasing demand has been mostly met by private institutions, to the point that **the country shows the highest scores** in our sample for two key indicators, namely the **number of institutions per capita** (9.3 institutions for 1 mil. inhabitants) and the percentage of **students enrolled in private institutions** (30%). At the secondary level, to the contrary, the presence of private institutions in Poland is negligible, as it is in Germany and Italy (respectively, 5%, 4% and 4% of students enrolled).

Tracking in secondary schools is relatively low, differently from other former communist countries who increased it after the transition (eg Czekia and Slovakia). Students are sorted into four different tracks when they are 16. According to the "statist" model of skills production, a relatively **high number of secondary students are enrolled in vocational tracks** (37% of the population has a vocational degree, but this also includes people who were schooled during communism), **but few** among them are enrolled in **work-based programs.** At the tertiary level, however, universities are flanked by a number of vocational institutions, according to the binary model. Poland has the **lowest score** in our sample concerning **adult education,** with negligible percentages of adults enrolled in tertiary courses.

In the following page the graphic representation of the Polish educational system.

Labour market

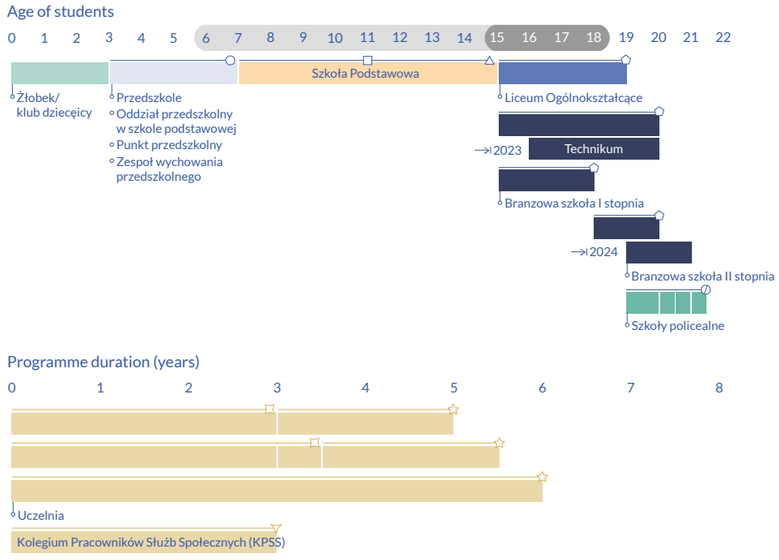
The country is characterized by the **highest percentage of undeclared work** on total employment (38%). The employment rate for young cohorts increased in the last years, especially for the 30-34 one, which increased by 7 points in ten years, and in the same cohort, the unemployment rate declined to 2.5%. The unemployment benefit has several requirements, including to have worked for at least 365 days over the past 18 months. The entitlement period for the benefit is quite complex and related to several issues: 180 days if you reside where the unemployment rate on 30 June in the year preceding the day when you acquired the right to the benefit did not exceed 150% of the average unemployment rate in Poland; 365 days if you reside where the unemployment rate on 30 June in the year preceding the day when you acquired the right to the benefit exceeded 150% of the

181 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE)

182 Source: OECD

183 Risulta infatti dall'inizio del conflitto la maggior destinazione dei profughi: https://data2.unhcr.org/en/situations/ukraine

PL_A2 THE POLISH SCHOOL SYSTEM

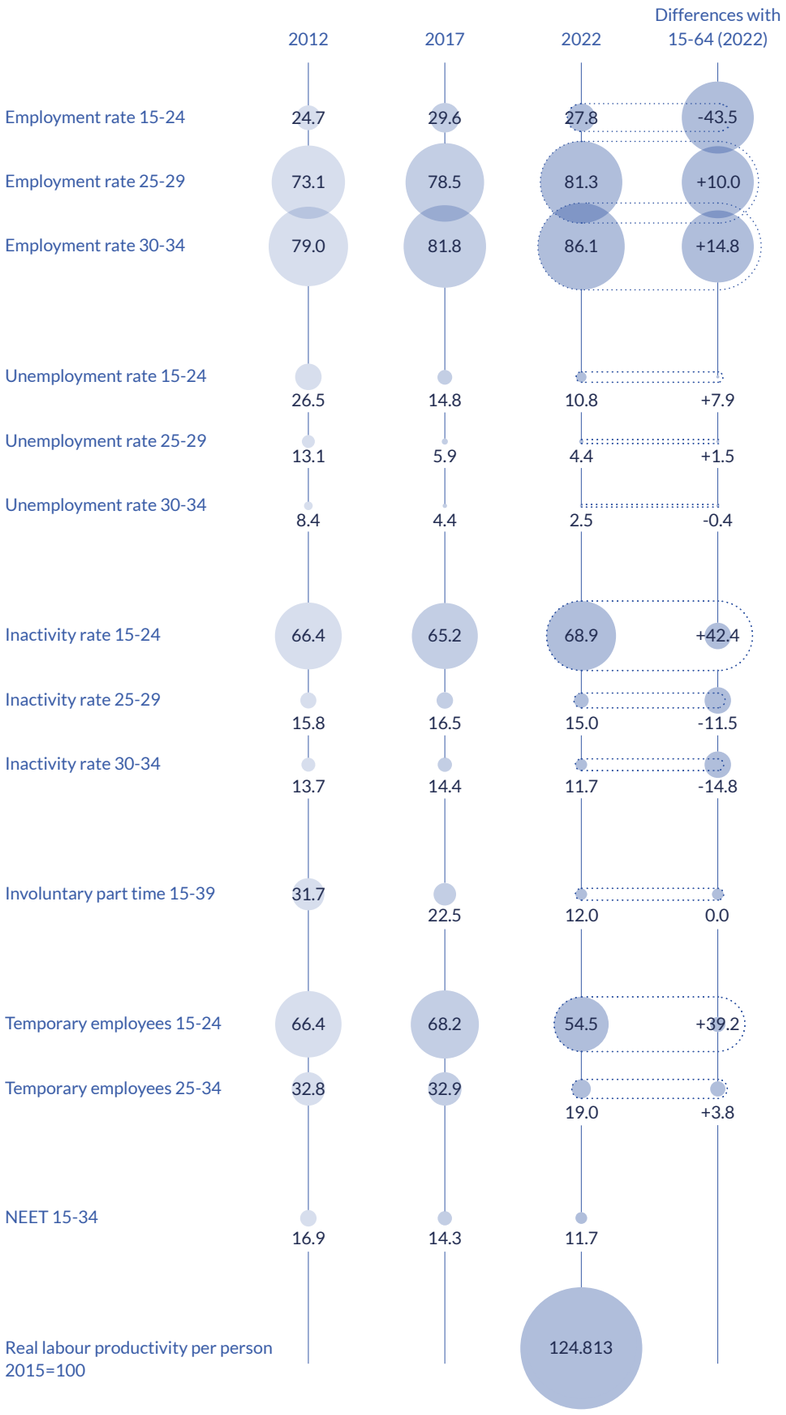


Source: Motiejunaite-Schulmeister, A., Sicurella, A., & Birch, P. (2022). The Structure of the European Education Systems, 2022/2023. Schematic Diagrams. Eurydice--Facts and Figures. European Education and Culture Executive Agency, European Commission.
Notes: 1. Major changes at different education levels gradually take place between 1 September 2017 and the school year 2002/2023 (Act of 14 December 2016 "law on School Education" and an Act "Legislation introducing the Act – Law on School Education").
2. A pre-reform programme for graduates of phased out gymnasia still operates in 4-year technikum up to the year 2022/23.
3. In 2022/23 the 2-year Branżowa szkoła II stopnia (secondary school) offers a new programme to graduates of Branżowa szkoła I stopnia.

average unemployment rate in Poland, or you are over 50 and have at least 20-year period entitling you to the benefit, or for different family burden. There's a **minimum wage** that from January 2023 is **22.8 PLN per hour** (equals to 5.13 € per hour).

In Poland the NEET rate is 11.7% between 15 to 34 years old, right under the European mean of 12.8% and it results to be mainly a short-term condition. The second cause of NEEThood in this country is "family care responsibilities".

Implementation of the Youth Guarantee Initiative was launched in Poland in 2014. Among the addressees of the Youth Guarantee Initiative (Zaktualizowany Plan Realizacji Gwarancji dla Młodzieży) within Poland, four subgroups have been identified. The offering of the Initiative has been adjusted according to the subgroups needs: 1) Persons aged 15 to 17 who are leaving school early – persons who neglect the schooling obligation (under 16 years old) or the educational obligation (under 18 years old). 2) Persons aged 18 to 29 who are not in employment, education or training (NEET) – including those who require special support, i.e. those who are separated from the labour market, from disadvantaged backgrounds, and from rural areas. 3) Persons aged 18 to 29 registered as unemployed – including registered students of extramural and evening study programs. 4) Unemployed youth and job-seeking graduates of schools and higher education institutions within 48 months from the date of graduation or receiving vocational qualification, aged 18 to 29 – in terms of support of young entrepreneurship. In 2017, the Act on Temporary Workers and various other laws were amended. The maximum duration of temporary work has been reduced. A temporary employment agency will be able to delegate a temporary worker to work for a single employer for a period not exceeding 18 months in total in any period of 36 consecutive months. At the same time, the employer will be able to avail of the work of the same temporary worker for a period not exceeding 18 months in total in any period of 36 consecutive months.


2012
2017
2022
Differences with 15-64 (2022)
Employment rate 15-24
24.7
29.6
27.8
-43.5
Employment rate 25-29
73.1
78.5
81.3
+10.0
Employment rate 30-34
79.0
81.8
86.1
+14.8
Unemployment rate 15-24
26.5
14.8
10.8
+7.9
Unemployment rate 25-29
13.1
5.9
4.4
+1.5
Unemployment rate 30-34
8.4
4.4
2.5
-0.4
Inactivity rate 15-24
66.4
65.2
68.9
+42.4
Inactivity rate 25-29
15.8
16.5
15.0
-11.5
Inactivity rate 30-34
13.7
14.4
11.7
-14.8
Involuntary part time 15-39
31.7
22.5
12.0
0.0
Temporary employees 15-24
66.4
68.2
54.5
+39.2
Temporary employees 25-34
32.8
32.9
19.0
+3.8
NEET 15-34
16.9
14.3
11.7
Real labour productivity per person 2015=100
124.813

FR
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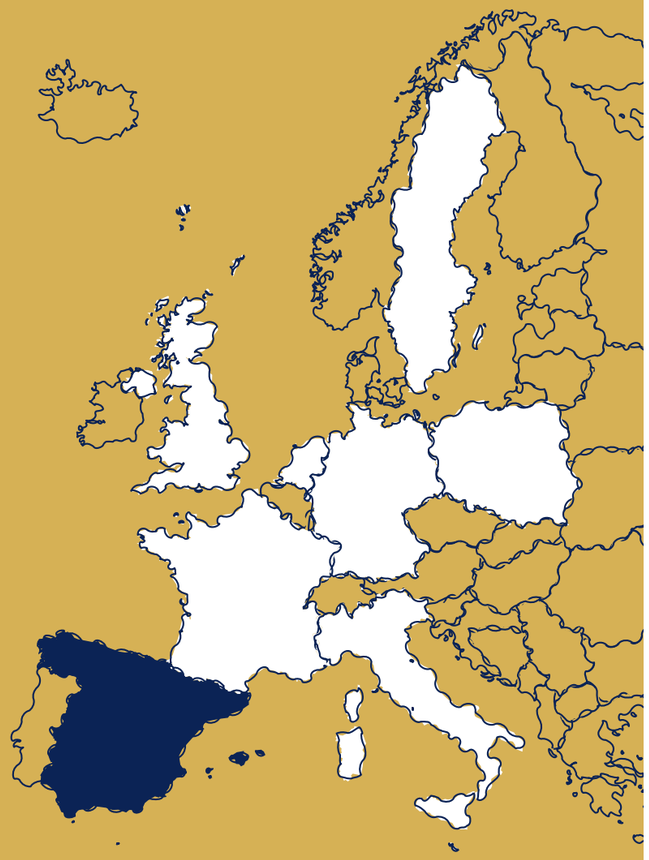
Country profile
Spain

The percentage of young population (aged 15-34) in 2022 in Spain is 21%.

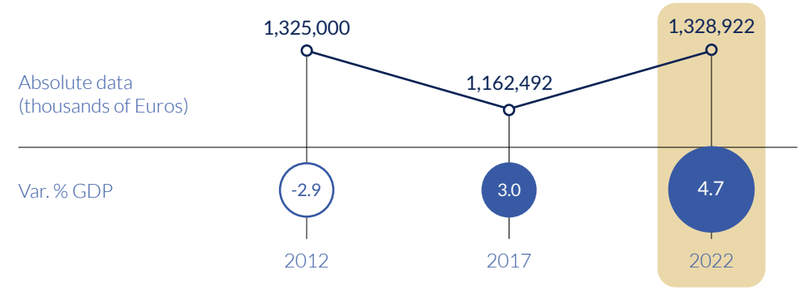


Spain has an accentuated process of dejuvenation due to a particularly low fertility rate. The country presents the worst value in Europe for the risk of poverty and social exclusion. Immigration has a big impact on the country's demography.
As in other Mediterranean countries, the labour market condition of young people (aged 18-24) is relatively bad, with a 25.2% of young people overall employed and a NEET rate of 20.3% (mainly a long-term condition), against an EU average of, respectively, 41.1% and 14.2%. In our sample, Spain is the country with the second lowest level of overall young people employed and it has also a high percentage of young people who are in involuntary part-time jobs and temporary jobs. It has a relatively high rate of tertiary educated, at 41% among the 25-64 and at 49% among those aged 25-39. This situation is related to two key characteristics of the Spanish political economy, namely a relatively low capability of the economic system to produce qualified jobs, and a relatively good capacity of the state to define effective school and labour market policies. The relatively high degree of decentralization of the Spanish political system and the wide autonomy enjoyed by regions (Communidades Autonomas) is important for both school and labour market policies.

The Spanish economy, among all those of the European Union, has been the most affected by the effects of the pandemic. Conversely, in 2021 and 2022 the recovery outlook was decidedly positive, a "rebound" upwards substantially proportional to the extent of the GDP decline suffered in 2020 (-10.8 %).
However, to ensure that this recovery is not just an ephemeral "flare-up" aimed simply at recovering the ground lost during the pandemic, reforms will be needed to tackle the problems that are structurally affecting the Spanish economic system.

Innovation-related growth is slow and there is still a large **productivity gap** between the best performing global companies and Spanish companies. Spain's poor productivity performance is also linked to the misallocation of capital to low-productivity companies and poor investment in knowledge and research[184].
Analysing GDP, in terms of absolute values, Spain in 2022 has a value almost identical to that of 2012 and recorded growth in 2022, with respect to 2021, of 4.7%.

ES_A1 TEMPORAL TREND GDP IN ABSOLUTE FIGURES AND PERCENTAGE CHANGE.



Source: our data processing on OECD

The Spanish welfare is part of the Mediterranean model, with a prevalent intervention of the State, a private presence in the management of some public services and an important reliance on the family structure supported by women. The Sistema Nacional de Salud is universal, and its management is entrusted to the Autonomous Communities.
Spain devotes 23.4% of GDP to social expenditure and its social security system is pay-as-you-go, public pensions are contributory and non-contributory, while pension funds are underdeveloped and only in some Communities. In the Spanish welfare system, there are several instruments of labour protection, starting with the ERTE (protection for suspended workers), the rights of citizenship to support not self-sufficient people (Ley de Dependencia) and to combat poverty (through a viable minimum income).

Demography

Spain has a population of 47.4 million (2022), and it's continuously increasing over time with a slight decrease in the year of the Covid-19 pandemic.
Like in all the other countries of Southern Europe, **the average age for women to have the first child is particularly high** (31.6 in 2021, 30.1 in 2011) and **the average number of children per woman is particularly low:** 1.19 in 2021. Recent trends show a decrease throughout the last decade (the figure was 1.34 in 2011), always remaining at the lowest levels in the European Union.
As a result of the particularly negative and persistent dynamics of fertility, **the process of dejuvenation is accentuated.** The incidence of the 15-29 age group on the total population decreased from 17% to 15.5% from 2011 to

184 OECD, 2021, Economic policy reforms: Going for growth, https://www.oecd.org/economy/growth/Spain-country-note-going-for-growth-2021.pdf.

2021 (the European average is 16.3%).
In addition to the reduction of the young population, in Spain we assist to the growth of the elderly population, also due to a **longevity** that is **one of the highest in Europe:** life expectancy at birth reached 84.0 years (2019), it reduced to 83.3 (2021) after the impact of the Pandemic (still 2.2 years above the EU27 average).
The percentage of population over 65 is around 20% of the total population (slightly below the European average), but, for the dynamics described above, the future scenarios are prospecting a more accentuated ageing process than in the rest of the continent.
Like in other countries of Southern Europe, the accentuated quantitative growth is also associated with a decline in the qualitative dimension. It's also important to mention that **Spain has the worst value in Europe for the risk of poverty and social exclusion.** Such risk equals to 33.4% in 2021 (it was 31.8% in 2011) against a European average of 24.4%[185]. **Later** than in other countries comes **the conquest of the autonomy of young people from the family of origin.** In the phase of life between 25 and 34 years the percentage of young people who still live with parents is over 46%, (slightly varied in the years of the pandemic) against a European average slightly above 30%.
Finally, the **contribution of immigration** to demographic dynamics **is important** and therefore it influences the structure of the population. The percentage of residents born abroad is around 14%[186].

Education

The Spanish school system was **strongly decentralized** since the 80s, after the end of the authoritarian and centralistic Franco government: the Communidades Autonomas are now in charge of all levels of schooling, with limited supervision by the central governments. At the local level, however, schools do not enjoy much autonomy (only 10% of decisions are taken at this level, the lowest score in our sample, together with France), but **there is** a **relatively strong private sector,** catering to about one third of secondary school students, the highest percentage in our sample but the two fully decentralized systems of the Netherlands and the UK. At the **tertiary level** the percentage of students in private institutions is slightly **lower** (about ¼).
The degree of tracking of secondary schools is relatively low, and **vocational training and education have been historically weak** in Spain, as typical of Mediterranean countries, where school systems, despite the recent expansion of participation, have generally held on to their traditional élite character. Only a small percentage of secondary students (3%) is enrolled in vocational courses, and the **work-based component** of such courses is nevertheless relatively **weak.** Similarly, there are no vocational institutions at the tertiary level. This makes up for a **notable mismatch** between the **skills** required by the labour market and those produced by the school system (41%)[187]. A strong policy push towards short tertiary courses, which are supposed to be potentially closer to the labour market and currently include 22% of the students (the highest percentage in our sample) did not actually manage to change this situation.
In the following page the graphic representation of the Spanish educational system.

Labour market

Youth employment in Spain has improved across all its age groups over the last decade while **remaining at the bottom of Europe** due to several complex causes starting from Eighties[188]. At the same time, unemployment and inactivity rate for young people between 15-24 years old are the highest in the sampled countries. However, unemployment decreased leading not only to an increase in employment but also in inactivity in the various youth groups, albeit to a lesser extent than the positive employment performance. This led the **NEET rate** to drop by almost ten points over the last decade[189] remaining, however, the **second highest value** in our sample. NEEThood represents mainly a **long-term condition** followed by the incidence of a less problematic short-term aspect. The component of **involuntary part-time** in the youth population remains **very high** (51%), **as does** that of **fixed-term contracts,** which however have also decreased by more than 10 points in the 15-24 age group and by 9 points in the 25-34 years, this also following the labor reform of 2022 which intervened in the field of fixed-term contracts, restricting the possibility of use. The country is characterized both by a **high level of undeclared work** (27.3%) and a **high percentage of people in work at risk of poverty** (12.7, the highest level between the countries analysed, versus an European average of 8.9%).
With respect to employment policies, incentives are envisaged for the hiring of young people on permanent contracts in the form of a reduction in social security contributions since 2023, this is part of the broader Youth Guarantee plan for youth employment that started in 2013 and has been renewed for 2021-2027 with actions of support for NEETs under 25 with the aim of receiving a good quality offer of employment, on-going education, an apprenticeship or work experience within four months after finishing formal education or becoming unemployed. The Strategy for Entrepreneurship and Youth Employment includes the First Youth Employment Contract initiative. Aimed at people under 30 years of age, it is a temporary contract type, a choice related to the lack of work experience of the recruited person. The strategy also includes a part-time contract linked to training. There's an unemployment benefit for 120 days if you have contributed to Social Security for a minimum of a year in the six years before. There's a **minimum wage** that in 2023 was **8.45 euros per hour.** Starting in 2020 a comprehensive and unified scheme of minimum income (Ingreso Minimo Vital) was introduced[190].

185 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE).

186 Source OECD

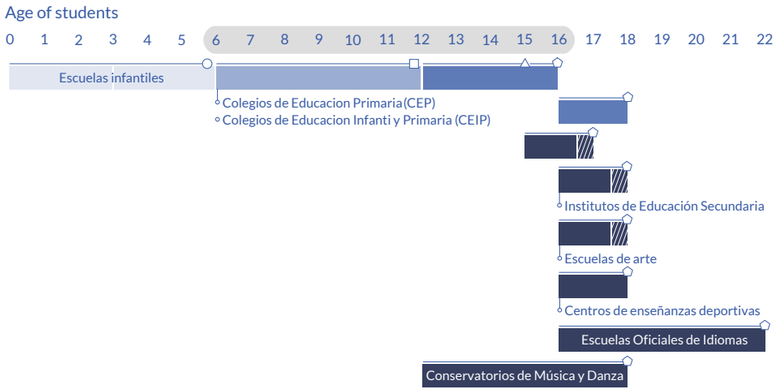
187 See table 1.9 in Chapter 1.

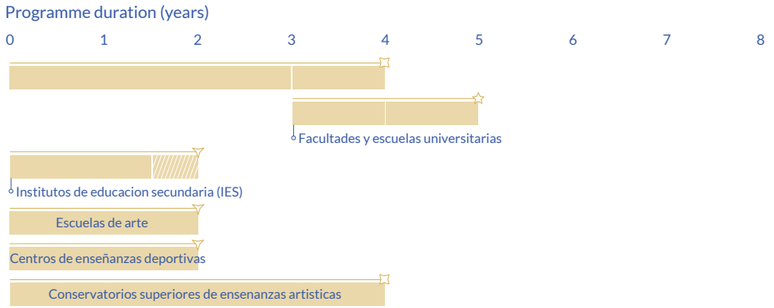
188 Úbeda, M., Cabasés, M. Á., Sabaté, M., & Strecker, T. (2020). The Deterioration of the Spanish Youth Labour Market (1985–2015): An Interdisciplinary Case Study. YOUNG, 28(5), 544–563.

189 Strecker, T., López, J. & Cabasés, M.Á. Examining NEET situations in Spain: Labour Market, Discourses and Policies. JAYS 4, 119–134 (2021). https://doi.org/10.1007/s43151-021-00048-2.

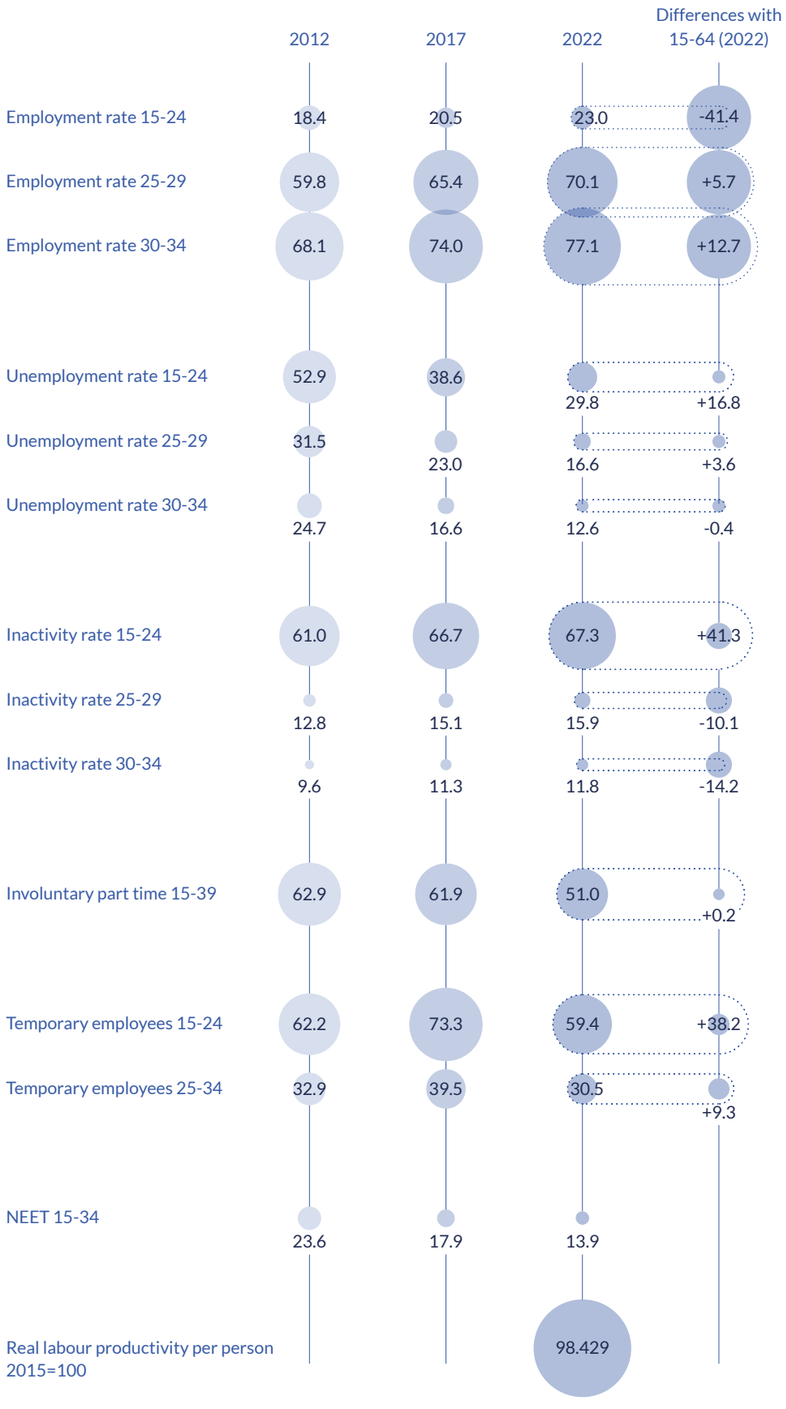
190 M. Chabannes, Un nuevo derecho para la ciudadanía. El ingreso mínimo vital, Revista de Estudios Jurídico Laborales y de Seguridad Social (REJLSS), ISSN-e 2660-437X, Nº. 1, 2020 (Ejemplar dedicado a: Monográfico sobre la COVID-19), págs. 270-290.

ES_A2 THE SPANISH SCHOOL SYSTEM.





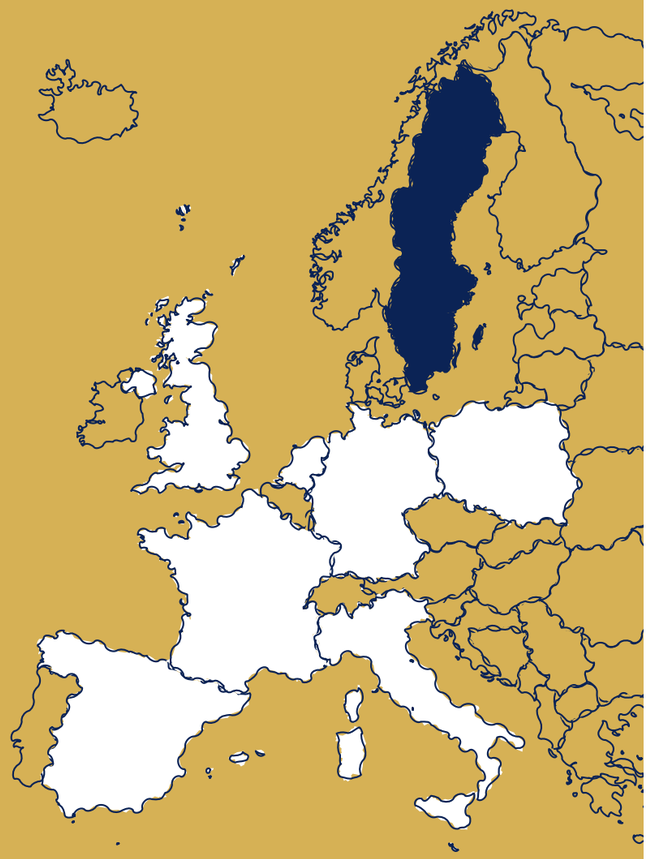
Source: Motiejunaite-Schulmeister, A., Sicurella, A., & Birch, P. (2022). The Structure of the European Education Systems, 2022/2023. Schematic Diagrams. Eurydice--Facts and Figures. European Education and Culture Executive Agency, European Commission.
Note: Escuelas oficiales de idiomas offer language courses that may last for 11 years. Some of the education provision of Conservatorios can be recognized/validated in full-time mainstream education programmes, such as Bachillerato artistico at upper secondary education.


2012
2017
2022
Differences with 15-64 (2022)
Employment rate 15-24
18.4
20.5
23.0
-41.4
Employment rate 25-29
59.8
65.4
70.1
+5.7
Employment rate 30-34
68.1
74.0
77.1
+12.7
Unemployment rate 15-24
52.9
38.6
29.8
+16.8
Unemployment rate 25-29
31.5
23.0
16.6
+3.6
Unemployment rate 30-34
24.7
16.6
12.6
-0.4
Inactivity rate 15-24
61.0
66.7
67.3
+41.3
Inactivity rate 25-29
12.8
15.1
15.9
-10.1
Inactivity rate 30-34
9.6
11.3
11.8
-14.2
Involuntary part time 15-39
62.9
61.9
51.0
+0.2
Temporary employees 15-24
62.2
73.3
59.4
+38.2
Temporary employees 25-34
32.9
39.5
30.5
+9.3
NEET 15-34
23.6
17.9
13.9
Real labour productivity per person 2015=100
98.429

FR
DE
IT
NL
PL
ES
SE
UK

Country profile
Sweden

The percentage of young population (aged 15-34) in 2022 in Sweden is 25.2%.



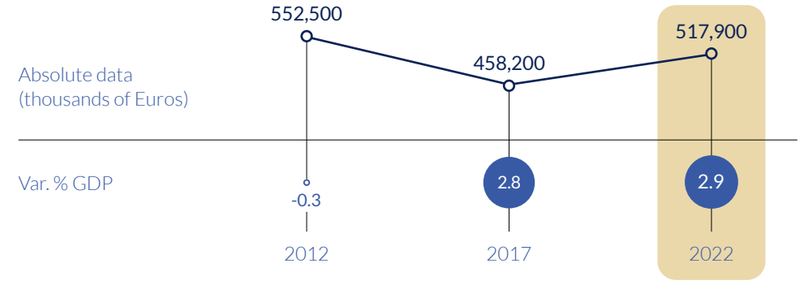
Sweden is one of the most competitive nations in the world with its high wealth and low inequality that, however, is more and more questioned due to the immigrants' integration processes.
The dejuvenation process in the country is very contained.
The labour market condition of young people (aged 18-24) in Sweden is quite good in comparative perspective. The percentage of NEETs is 12.4, the lowest score in our sample for countries without a dual VET system, while the overall employment rate is 53.8%, against a EU average of 41.1%. Tertiary participation is higher than the average, with a rate of 47% for those aged 25-64 (the highest in our sample after the UK) and of 49% for those aged 25-34. It has to be noted that the difference between these two rates is the lowest in our sample. This depends on the fact that many Swedish enroll in tertiary education as adults: as many as 26% of those aged 25 to 29, 16% of those aged 30 to 39 and 5% of those aged 40 to 64 are enrolled, the highest percentages in our sample. This situation is related on one side to a generally open economy, and on the other side to a traditionally strong welfare state. While Sweden has no dual VET system, the high adult participation to tertiary education acts as a functional substitute to it. Adult students are in part welfare employees, particularly in health care and social services, who are allowed to take leaves from work in order to improve their skills, and in part private citizens who, thanks to a well-functioning labour market, are incentivized to leave their jobs in order to take further education and to strengthen their skills, knowing they will be able to easily find a new job after graduation. Indeed, even if the Swedish labour market is characterized by a high incidence of temporary jobs within young population, the rate of transitions to permanent jobs is high.

191 OECD (2020), "Sweden: Productivity", OECD Insights on Productivity and Business Dynamics, December 2020.

192 OECD (2018a), OECD Reviews of Digital Transformation: Going Digital in Sweden, OECD Publishing, Paris, https://www.oecd-ilibrary.org/science-and-technology/oecd-reviews-of-digital-transformation-going-digital-in-sweden_9789264302259-en

Sweden is, according to the World Economic Forum, **one of the most competitive nations in the world with its high wealth and low inequality.** Despite the lockdown and the consequent decline in demand, thanks to a knowledge-based economy model the country has quickly recovered[191].
Throughout its history, the Scandinavian country has been able to adapt to global socio-economic changes, thanks to policies aimed at disseminating knowledge and investing in innovation, such as: increased funding for university research, the creation of strategic research areas and finally, actions to strengthen the role of research institutions in the Swedish innovation system[192].
The Swedish GDP in 2022 has grown by 2.9%, while in terms of absolute value between 2012 to 2022, there is a slight worsening.

SE_A1 TEMPORAL TREND GDP IN ABSOLUTE FIGURES AND PERCENTAGE CHANGE



Source: our data processing on OECD

The Swedish **welfare state** has traditionally been characterized by a **high level of social protection** (over 33%, **the highest in the European Union**) based on the concept of protection and solidarity extended to the entire population, on a large public sector. This model includes a global welfare state and multi-level collective bargaining, with a **high percentage of the unionized labour force** and a large percentage of the **population employed in the public sector.** However, the increase in immigration has created a strong debate about the fairness of a system that requires the state to take care of the livelihood of immigrants who do not work and who in any case benefit from the welfare system of the country. A debate made more heated by the increase in social inequality that in recent years has also affected Sweden and despite the egalitarian tradition of "The Nordic model" is beginning to raise the question of the legitimacy or illegitimacy of the constitutive principles of the best welfare in the world, once they are extended to the last unforeseen arrivals.

Demography

Sweden is the most populous Scandinavian country with an amount of 10.4 million inhabitants (2022), increasing over time (continued even in the years of the pandemic, although it suffered a slight slowdown). **Growth** is fuelled by **fertility and migratory flows,** both processes are at a significantly higher level than in other EU27 countries. However, the trend of the average number of children per woman is decreasing from 2011 to 2021 it fell from 1.9 to 1.67 (the European average 2021 is 1.53). On the other hand, the average age of women for having their first child is in line with the EU27 average (29.8 against 29.7 in 2021).

The combination of these dynamics has made the **dejuvenation process less accentuated.** The incidence of the 15-29 age group on the total population decreased from 19.5% to 18.1% from 2011 to 2021, remaining higher than the EU27 average (equal to 16.3%). The historical dynamics are therefore less negative on the side of the quantitative weight of the new generations, this favours the containment of the elderly population weight on the working-age population. Recent dynamics, particularly in relation to the decline in fertility rates, should be carefully taken into consideration for possible implications in future scenarios. Sweden also has **one of the highest longevity values:** life expectancy is three years higher than the European average (83.1 compared to 80.1 in 2021), with a slight decrease due to the impact of the pandemic (it was 83.2 in 2019). Compared to the rest of Europe the weight of the elderly population on the total population in Sweden is lower (20.1% in 2021 against 20.8 in the EU27). In addition to having a less accentuated process of quantitative dejuvenation, Sweden also has a better quality of life of the new generations. In particular, the **risk of child poverty is relatively low,** below 20% (about 1 in 5 against a value close to 1 in 4 in the rest of Europe)[193]. The conquest of the **autonomy of young people, from the family of origin, comes at a much younger age compared to other countries,** that is because it's strongly promoted both in terms of culture and policy. In the phase of life between 25 and 34 years old, the percentage of young people who still live with parents is less than 5%, much lower than the European average (above 30%). Finally, as we have already stressed, the contribution of immigration is particularly important. The percentage of residents born abroad is among the highest in Europe, close to 20%[194].

193 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE).

194 Source OECD

195 Mellberg C., Minas R., Korpi T., Andersson L., 2021. Effective local governance assisting vulnerable groups: The case of youth not in employment, education or training (NEETs) in Sweden. In International Journal of Social Welfare pp 20-31.

Education

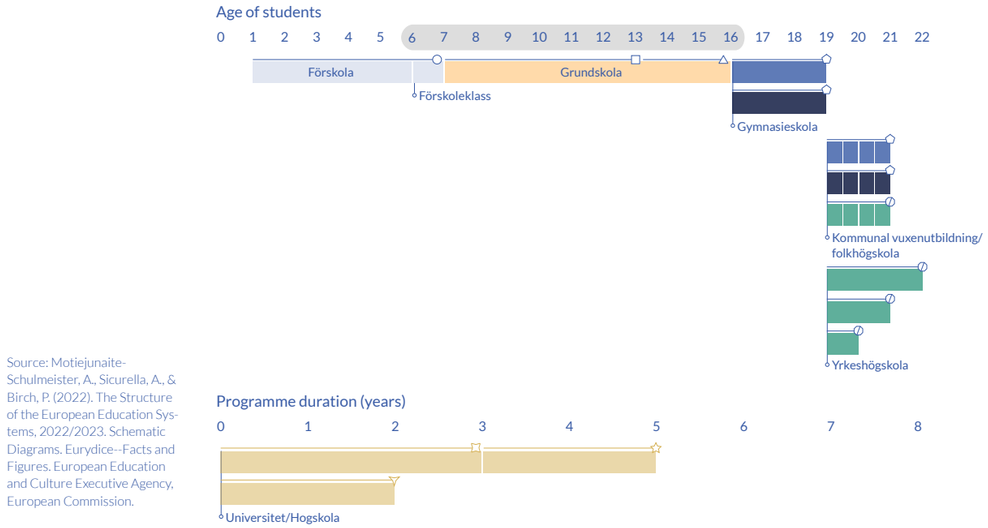
The **Swedish school system** was traditionally centralized, similar to the French one. However, it has been **strongly decentralized over the last decades,** particularly the school level. Currently, about 35% of decisions are taken at the school level, the highest score in our sample but the two decentralized systems of the UK and the Netherlands. The weight of private institutions is relatively high concerning secondary education (about 1/5 of students enrolled), but quite lower at the tertiary level (11%, the lowest percentage within our sample). Moreover, the autonomy of university is comparatively low, similar to the French situation.

The degree of tracking of Swedish secondary schools is comparatively low, as students are tracked when aged 16, and there are just 2 tracks available afterwards, an academic and a vocational one. Consistently with a "statist" model of skills production, only a small percentage of students is enrolled in work-based vocational programs. In the following page the graphic representation of the Swedish educational system.

Labour market

Sweden is one of the countries with the **best youth employment** performances in Europe, with employment rates in young cohorts that further improved in the last decade in all the indicators bringing to a NEET rate of the 15-34 age group of 5.8% with a prevalence of short term NEEThood followed by "other inactive". Studies show that Swedish NEETs come from families with fewer resources, foreign-born, people with disabilities or long-term illness (incl. psychiatric diagnoses), and high school drop-outs[195]. **Temporary jobs are spread** especially in 15-24 cohort but the **rate of transitions** to permanent jobs is **high** and the rate in 25-34 years old is similar to 15-64 one. Regarding **minimum income schemes,** there is a simple and comprehensive scheme **open to all** with insufficient means to support themselves. There is no **minimum wage** compensated by a high coverage of collective bargaining (88% in 2018, last data available). Regarding unemployment benefits, there are two different tools: Basic unemployment

SE_A2 THE SWEDISH SCHOOL SYSTEM



Source: Motiejunaite-Schulmeister, A., Sicurella, A., & Birch, P. (2022). The Structure of the European Education Systems, 2022/2023. Schematic Diagrams. Eurydice--Facts and Figures. European Education and Culture Executive Agency, European Commission.

Selected Career Guidance strategies[196]

by Rossella Riccò, Study and Research Area Manager Fondazione Gi Group and Anna Brambilla, Study and research Junior Analyst ODM Consulting

Local level leisure-oriented youth work

This is an intervention on risk prevention, giving a higher priority for creating informal learning activities, together with actors from the local community. Informal learning activities are commonly tailored for those young people who are less successful at school, to support them to gain such skills that may strengthen their future opportunities. Open recreational centres focusing on prevention are places where young people can get support in finding their ways into society and the labour market, in co-operation with schools and the local community (Ungdomsstyrelsen, 2006).

Vocational Guidance for NEETs

NEETs are a priority group within the government's youth policy initiatives.
At local level, schools cooperate with industry, social partners and industrial organisations, as well as with universities and colleges to provide students with educational guidance. This is not regulated at central level. Educational and careers guidance are also provided by other actors such as the national employment agency, trade unions and private employment service
The National Agency for Education recently developed a national web-based portal for information and guidance. This is a web site for students, parents and professionals in the field of education.

196 Factsheet on employment in Sweden link: i employment (coe.int). In annex 2 : Guidance and counselling for learning, career and employment in Sweden

Euroguidance Sweden: the National Resource Centre for Vocational Guidance

It is a resource for vocational and career guidance counsellors. The Public Employment Service provides services such as the Job Bank, Job Seeker Bank, Temporary Worker Bank, Image and Artist Bank, information on occupations and training programmes as well as general information on the labour market.
According to the national School Act, the municipality of residence is responsible for supporting and offering educational alternatives for young people under 20 who have not completed upper-secondary school, municipalities are obliged to identify and contact these teenagers.

insurance and Income-related benefit. The first one if the worker did not join an unemployment insurance fund or if he joined it for less than 12 months, the second is related to the unemployment insurance fund. To receive unemployment benefits, you must meet the work-condition. For a period of 12 months prior to unemployment, you must have performed gainful work for at least 6 months with a minimum of 80 hours per calendar month, or for at least 480 hours during a consecutive period of 6 calendar months and worked a minimum of 50 hours of work for each of those 6 months. The maximum amount of the benefit is 80% of the reference income during 200 days. Thereafter, 70% during 100 days, with a maximum amount. In Sweden a Job Guarantee for Youth program was launched in 2007, seven years before the European initiative. Starting from 2015 the government formulated a target of a 90-day guarantee. The guarantee aims to limit the time for how long a young person can be unemployed before he or she is offered a job, or an effort that leads to a job or an education. For this guarantee the government has undertaken a series of measures: among other things, introducing training-contracts and trainee-jobs. Both of these labour policies are based on close collaboration between the Public Employment Service and municipalities. Furthermore, the availability of higher contributions within the student financial aid programme for young people between 20 and 24 years of age who resume upper secondary education have been expanded, and the option to take study-motivating courses at folk high schools has been extended. Unemployed young people are, like any other workers, entitled to compensation from unemployment insurance. However, in order to receive benefits, two conditions must be met. First, the individual must have been employed for at least 6 months during a period of 13 months. Second, the individual must have been/be a member of an unemployment fund. However, because of the changes on the labour market, combined with extended training periods and less stable employment conditions, young people often have difficulties to qualify for unemployment benefits. Many young people are therefore dependent on additional financial aid support. The age group 18–24 represents almost a quarter of the recipients with social security benefits. The proportion of young people having unemployment as their main reason for social security benefits is significantly higher compared to middle-aged and elderly people.

Selected youth employment schemes

by Rossella Riccò, Study and Research Area Manager Fondazione Gi Group and Anna Brambilla, Study and research Junior Analyst ODM Consulting

Vocational introduction agreements[197]

The target group is young people with no relevant job experience. The construction of the agreements varies between industries, but common to all of them is that idea that work is to be combined with education (the education component is restricted to a maximum of 25% of working hours). The education component can be either at the workplace or supplied by an external provider. The education period does not result in any wage entitlement. The agreement is signed independently between the social partners and is based on collective agreements.
The government supports the parties' signing of vocational introduction agreements through following support structures for the agreements:

- wage subsidy equivalent to an ordinary employer's contribution (31.42%)
- supervisor support equivalent to 255 euros per month and employee
- financial support for special information campaigns on vocational introduction jobs and student employee jobs.

The national Public Employment Service (PES)[198]

is responsible for **supporting individuals far from the labour market.** These include groups where NEETs can be found, such as recent immigrants, people with disabilities, and people on sick leave. They offer a broad range of measures and programs across the country, and local PES offices are found in most municipalities. In addition, municipal labour market units working with people far from the labour market exist in many municipalities, and occasionally also municipal youth unit. PES emphasises the importance of targeted efforts that are adapted to the **individual's needs.** The key is to prioritize cooperation and early individual and qualitative support.

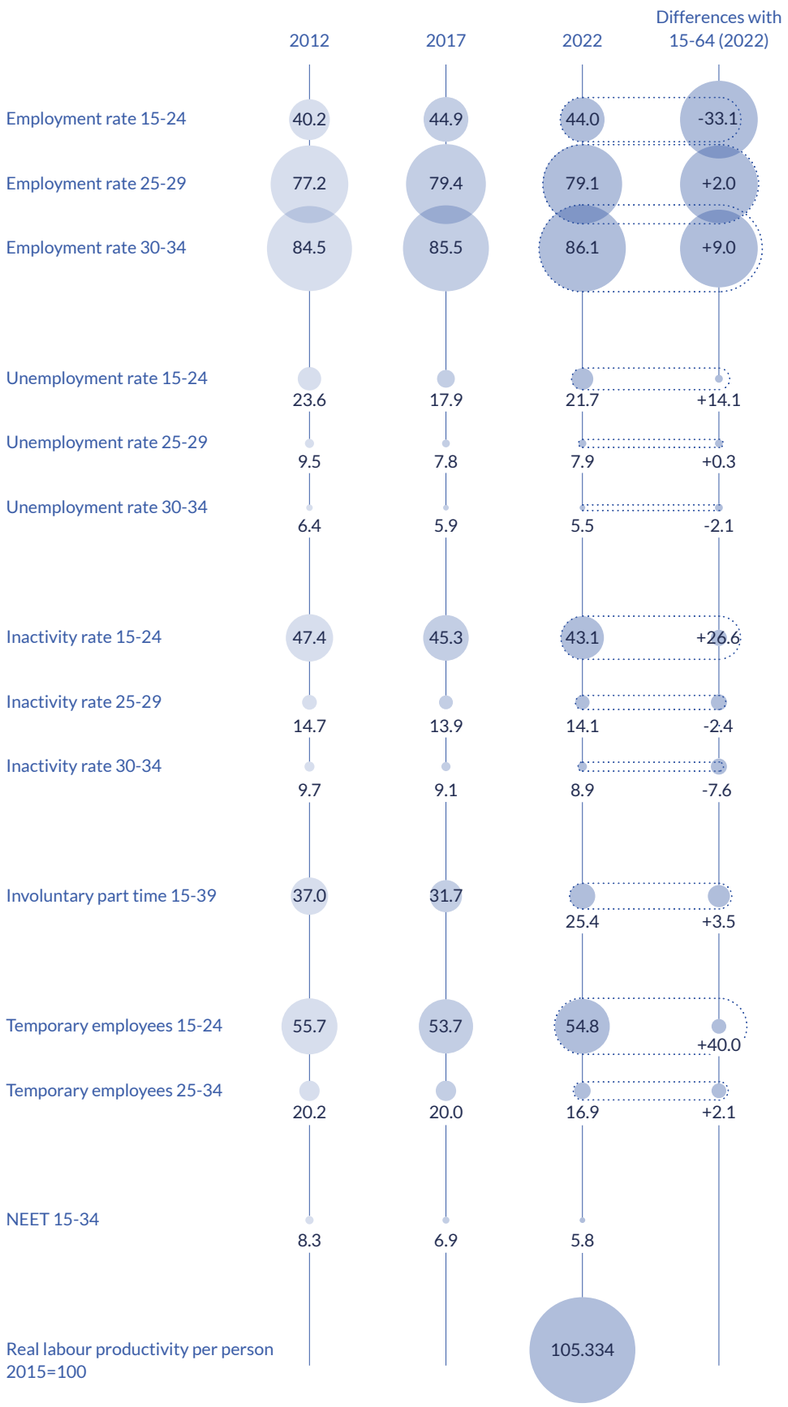
All youth employment schemes and measures[199]

are monitored and quality assured on a continual basis in order to ensure effectiveness and improvements are made.
The Public Employment Service conducts their own evaluations and presents regularly on its website the results of their monitoring and statistics from Statistics Sweden. Universities play an important role in labour market policy research. Social partners, different interest organisations and government agencies also contribute to changes and progress in labour market policy.

197 Youth Wiki, Sweden, Employment & Entrepreneurship, Integration of young people in the labour market. https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/sweden/36-integration-of-young-people-in-the-labour-market

198 Mellberg et all (2021), pp 20-31.

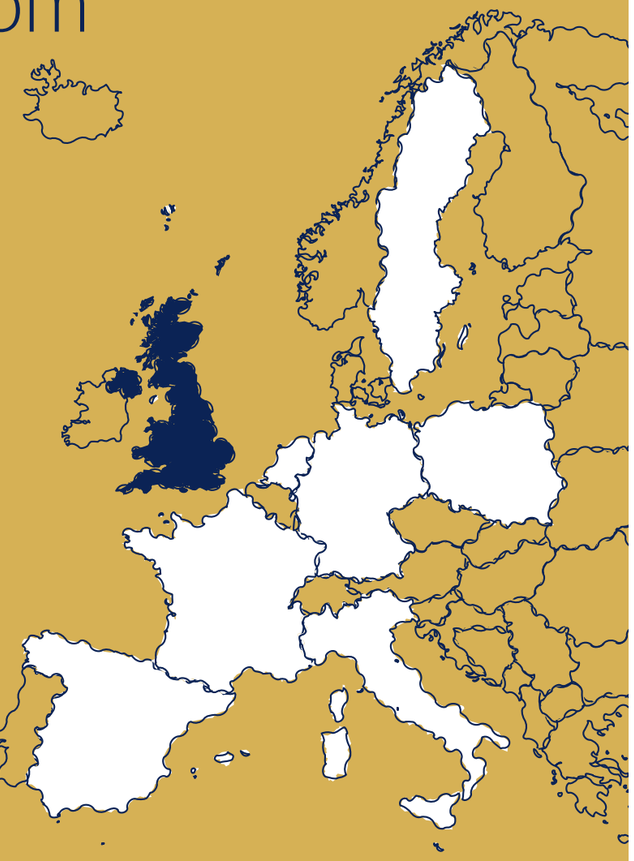
199 Youth Wiki, Sweden, Employment & Entrepreneurship, Integration of young people in the labour market. https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/sweden/36-integration-of-young-people-in-the-labour-market


2012
2017
2022
Differences with 15-64 (2022)
Employment rate 15-24
40.2
44.9
44.0
-33.1
Employment rate 25-29
77.2
79.4
79.1
+2.0
Employment rate 30-34
84.5
85.5
86.1
+9.0
Unemployment rate 15-24
23.6
17.9
21.7
+14.1
Unemployment rate 25-29
9.5
7.8
7.9
+0.3
Unemployment rate 30-34
6.4
5.9
5.5
-2.1
Inactivity rate 15-24
47.4
45.3
43.1
+26.6
Inactivity rate 25-29
14.7
13.9
14.1
-2.4
Inactivity rate 30-34
9.7
9.1
8.9
-7.6
Involuntary part time 15-39
37.0
31.7
25.4
+3.5
Temporary employees 15-24
55.7
53.7
54.8
+40.0
Temporary employees 25-34
20.2
20.0
16.9
+2.1
NEET 15-34
8.3
6.9
5.8
Real labour productivity per person 2015=100
105.334

FR
DE
IT
NL
PL
ES
SE
UK

Country profile
United Kindom

The percentage of young population (aged 15-34) in 2022 in United Kindom is 25%.



The UK shows a percentage of NEETs slightly lower than the EU average (13.4 against 14.2), but its “pure” employment rate (excluding those who both study and work) among those aged 18-24 is the highest in our sample (41.5%, against an EU average of 26.3%) while the overall employment rate (60.1%) positions UK in third place between the countries analyzed (after the Netherland and Germany and above the EU-22 average of 41.1%). Its rate of tertiary graduates, at 50% in the whole population, is the highest in our sample.
In Europe, the UK is the clearest example of a Liberal Market Economy, where the regulation of economic activities mostly relies on the market, and the direct intervention of the state is relatively infrequent. This typically provides the economy with the flexibility needed to boost economic growth, but a side-effect of this limited regulation is a rate of income inequality very high in European comparison.

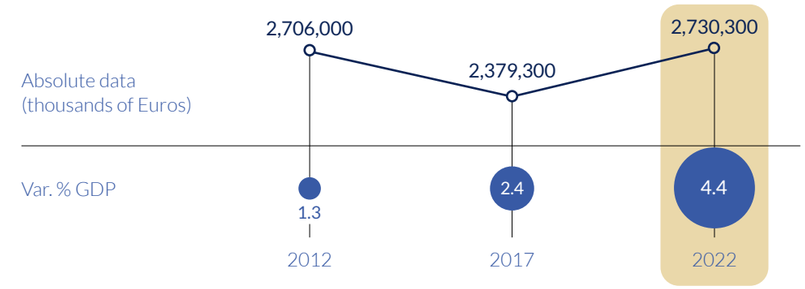
200 UK andamento economico. https://www.ice.it/it/mercati/regno-unito/uk-andamento-economico-i-dati-della-banca-dinghilterra-confermano-il-deciso

The UK is the **fifth largest economy in the world** and the **second** largest **in Europe** after Germany. The United Kingdom is the second country in the world for the stock of foreign direct investment on its territory.
The reasons for this excellence are: bureaucratic and fiscal simplifications for investors; facilitations in access to credit; the efficient transport network; the competitive cost of energy; the excellent supply of skilled labour; the reliable and efficient judicial system; the direct action of agencies to attract national and local investment.

However, according to the Central Bank of England[200] the economy could enter a recession because of a slowdown in household expenditure of the order of 30%, in an economic system in which consumption represents a primary factor of traction.

Analysing GDP, in absolute terms, the United Kingdom shows in 2022 a value almost identical to that of 2012 and in 2022 recorded a percentage change in GDP of 4.4%.

UK_A1 TEMPORAL TREND GDP IN ABSOLUTE FIGURES AND PERCENTAGE CHANGE.



Source: our data processing on OECD

British welfare is the flagship of the public policies of a country that already in the sixteenth century had a "Law on the poor" and in 1942 was given the goal of assisting all its citizens "from the cradle to the grave", it accounts annually for about 24% of total government expenditure and is financed mainly through tax revenue. In percentage terms, in the spirit of Anglo-Saxon liberal welfare (such as Australia, Canada, Ireland, New Zealand and the United States), UK spends much less than France, Germany, Sweden and the Netherlands. In 2017, the cost of retirement pensions, disability allowances, unemployment benefits, housing benefits, family allowances, income supplements, tax relief and other benefits amounted to approximately 290 billion euros. National Health Service expenditure, the NHS, is £214.4 billion per year, of which £166.7 billion is paid by the government. The rest is financed by citizens with the purchase of goods and services, insurance, donations, and charitable initiatives of individuals. In this regard, it is worth mentioning that it was precisely the promise to transfer all the funds allocated to the European Union to health care, one of the reasons why the conservative and elderly electorate voted for Brexit.

Education

The organization of the British school system has an historical **decentralized structure** which was further enhanced by a number of liberal reforms from the 80s on. Schools enjoy a **high degree of autonomy,** although they are fully funded by the state, while **universities** are **fully private, not-for-profit**

bodies which since the 90s charge students with the full cost of their education. Despite average tuition fees of one order of magnitude greater than in the remaining European countries (the average tuition fee was well over 12.000 dollars per year), participation to tertiary education did not stop expanding.

Vocational secondary education is **not** as **largely diffused** as in the countries with a dual system, as it involves only about 1 secondary pupil out of 5. However, differently from all other countries with no dual system, it is **strongly work-based** and includes a substantial quota of work training, as it happens in dual system countries. Moreover, universities mostly award **short-term degrees,** which are **often taken by adults** in order to improve their job skills and **foster their careers.** Adult education is then quite relevant.

Labour market

Employment rate data are increasing for young people in the last decade, in both the cohorts analyzed[201], and the unemployment rate declined to 3.3% for 25-34 years old cohort reaching one of the lowest levels of unemployment between the countries analysed. The NEET 15-34 rate in UK is below the European average and this group is mainly composed of short-term NEETs and NEETs due to family care responsibilities. The latter, affects quite exclusively women and is the major factor that, with individual health issues, drive young people to long term economic inactivity. Between employed people the rate of temporary contracts is stable and results to be the lowest in our sample for the 15-24 age group regardless the lowest strictness of employment protection. The country registers a low rate of transition to permanent and one of the highest in work at risk of poverty rate 18 and over between the analysed countries. After Brexit one of the main concerns in UK labour market is the **shortage of workers due to the changed immigration laws,** in particular after pandemic there is a shortage in health, social care, transport and hospitality (totally around 300,000 workers)[202]. Furthermore, the country has one of the **highest skills mismatch** both in general (40.5%) and between the educated (38.7%) compared to an average EU27 data of 32.2% and 32.2%.

Unemployment benefits in the UK work through the Jobseeker's Allowance (JSA). To be eligible for the unemployed need to have both worked as an employee and paid Class 1 National Insurance contributions, usually in the last 2 to 3 years. The duration is up to 182 days (about 6 months) and the weekly amount is differentiated by age (under or over 25). The national **minimum wage** is the minimum amount a worker under the age of 25 has to be paid. The National Living Wage is applied to people who are aged 25 and over. There is a difference between the national minimum wage and the national living: the NLW is set by the government and is an hourly rate that is amended each year and the Living Wage is set by the Living Wage Foundation and is calculated based on living costs in the UK. The National Living Wage has been recently increased to **£9.5 per hour** (equals to 11.14 € per hour). There is a minimum income tool called Universal Credit for people out of work or with a low income older than 18.

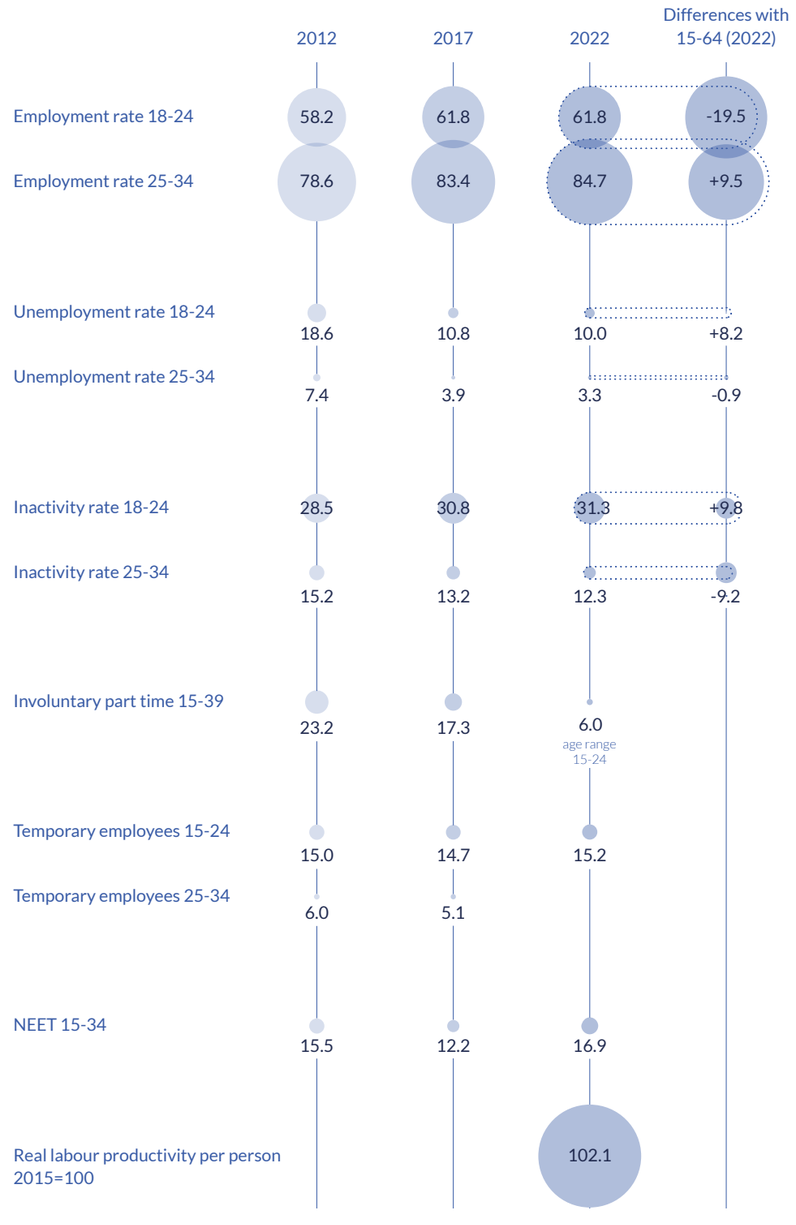
UK has a long tradition of public initiative targeted at assisting young people to gain entry to the labour market[203], the most recent one is the Kickstart program that ended in 2022 providing funding to employers to create new 6-month job placements for young people who are currently on Universal Credit and at risk of long-term unemployment.

Considering the strong negative effects of childbirth on women's inactivity condition, and the fact that childcare costs have been rising faster than average wages over the past decade, the government has introduced some new policies to tackle these issues. In particular, the Coalition government increased to 30 hours the free childcare for three and four years old from working families in 2017 (in 2013 they were 15 hours).

201 The data for UK are different in indicators (especially for age cohorts) compared to other countries analized because after Brexit UK is not updating Eurostat dataset, all the indicators considered are by Office of National Statistics and were not available has been considered the last data by Oecd or Eurostat.

202 J. Portes, J. Springford, The impact of the Post-Brexit migration system on the UK labour market, UKICE working paper 01/2023.

203 For a short history of these initiatives see S. Maguire, A difficult nut to crack? How the UK has tackled the youth employment challenge, Edge Foundation, 2022.



Fondazione Gi Group for Sustainable Work

Fondazione Gi Group works to investigate, implement and disseminate the concept of Sustainable Work via the completion of initiatives and projects which are both concrete and replicable.

The Fondazione Gi Group focuses its efforts on identifying, preventing and overcoming obstacles which inhibit people's self-realization during their personal and professional lives. The goal is to create a clear vision of a future in which people's trust and knowledge have been restored.

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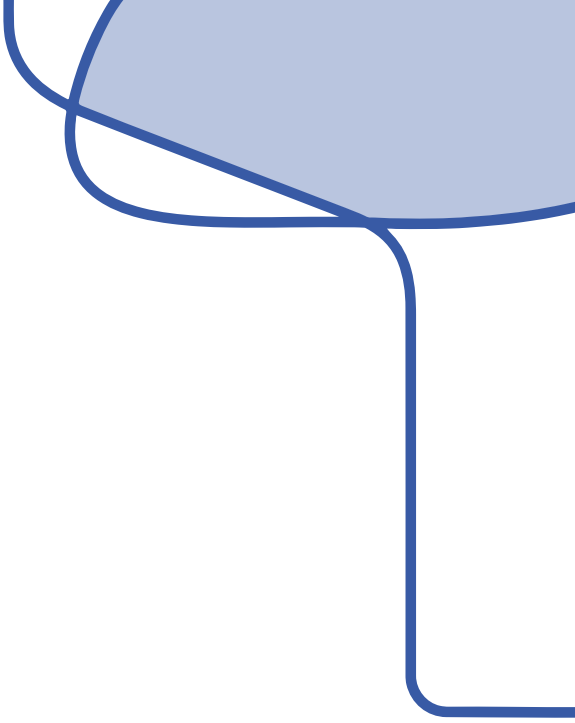

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