

Youth Employment Programmes in EU with a focus on Greece

Diploma thesis

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The greatest thanks belong to my family for their support throughout all my studies.

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Abstract

ORAVOVÁ, MICHAELA. *Youth Employment Programmes in EU with a focus on Greece*. Diploma thesis. Brno: Mendel University, 2016.

The main objective of this diploma thesis is to identify youth employment programmes implemented in the countries of the European Union as a recommendation for the Greek government in order to decrease the level of youth unemployment. The literature review includes description of youth employment programmes in the EU, labour market policy interventions, Greek economy and labour market and other issues relevant to youth unemployment. The practical part contains an identification of good practise countries and analysis of programmes implemented in order to fight against unemployment. Based on existing labour market policy interventions in good practise countries there are proposed recommendations for Greek government including the estimation of costs. The recommendations and suggested improvements are then commented and analysed as a whole in discussion and a few important topics of further research are identified in the conclusion of this thesis.

Keywords

Youth unemployment, European Union, Greece, labour market policy, skills mismatch, public employment service.

Abstrakt

ORAVOVÁ, MICHAELA. *Programy na podporu zaměstnanosti mladých lidí v EU se zaměřením na Řecko*. Diplomová práce. Brno: Mendelova univerzita v Brně, 2016.

Hlavním cílem této práce je identifikace programů na podporu zaměstnanosti mladých lidí v zemích Evropské unie, které by sloužily jako doporučená opatření za účelem snížení úrovně nezaměstnanosti mladých pro řeckou vládu. Literární přehled obsahuje popis programů na podporu zaměstnanosti mladých v EU, opatření vlády proti nezaměstnanosti, řecké ekonomiky a pracovního trhu a dalších relevantních témat týkajících se nezaměstnanosti mladých. Praktická část obsahuje identifikaci zemí sloužících jako příklady dobré praxe a analýzu programů realizovaných v boji proti nezaměstnanosti. Na základě opatření vlády v zemích dobré praxe jsou navržena doporučení pro řeckou vládu včetně odhadu nákladů. Tato doporučení a navržená zlepšení jsou komentována a analyzována jako celek v diskuzi a v závěru této práce je uvedeno několik oblastí pro další výzkum.

Klíčová slova

Nezaměstnanost mladých, Evropská unie, Řecko, opatření vlády proti nezaměstnanosti, nesoulad dovedností, veřejná služba zaměstnanosti.

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1 Introduction

The recent economic crisis has broadly affected labour markets around the world. Individuals in vulnerable positions were strongly hit – particularly the young generation. Although the entering of labour market was very challenging for the youths in many countries already before the crisis, the economic recession has intensified the cross-country differences.¹

Young people in Europe have been hit especially hard by the recession in terms of their employment prospects. According to the latest Eurostat figures, the average European youth employment rate dropped to 32.1 per cent in 2013², the lowest value ever recorded in the history of the European Union. Furthermore, the youth unemployment rate in the EU rose to 23.6 per cent³ in 2013, corresponding to more than 5.5 million of young unemployed persons.⁴ These figures clearly underline the urgency to introduce measures tackling youth unemployment both at the national and the European level. Moreover, this indicates the crucial role that institutional settings and public policies can play in influencing school-to-work transitions.

Many youth are giving up on the job search. The prolonged jobs crisis also forces the current generation of youth to be less selective about the type of job they are prepared to accept. Increasing numbers of youth are now turning to available part-time jobs or find themselves stuck in temporary employment. Secure jobs, which were once the norm for the previous generations, have become less easily accessible for today's youth.

Moreover, the current young generation distrusts the socio-economic and political systems. Some of this distrust has been expressed in political protests such as anti-austerity movements in Greece and Spain.

Unemployment in youth has life-long effects on income and employment stability, because affected young people start out with weaker early-career credentials, and show lower confidence in dealing with labour market opportunities.

Improving youth labour market results requires an in-depth understanding of employment and labour market issues specifically for that country. Analysis of youth labour markets, with particular emphasis on the issues that characterize youth transitions to decent work, is crucial for determining country-specific needs and for shaping policies and interventions.⁵

Experience shows that authorities are tempted to set up extensive public employment and training programmes aiming for an immediate effect on unemployment statistics. Unfortunately without creating sustainable employment

¹ CAHUC et al., 2013

² Eurostat [online], 2015, Data available at: <http://appsso.eurostat.ec.europa.eu/nui/show.do>

³ Eurostat [online], 2015, Data available at: <http://appsso.eurostat.ec.europa.eu/nui/show.do>

⁴ MASCHERINI [online], 2012

⁵ International Labour Organization [online], 2013

prospects for the target group this is hard to achieve. Only structural reforms in the respective countries can substantially improve prospects of young people's employment. European politics should thus maintain the pressure to reform instead of giving guarantees that cannot be kept. The roots of the problem are located in the structural design of national labour markets and educational systems. Thus, youth unemployment in Europe has to be cured with structural reforms.

The topic of youth unemployment is extremely relevant nowadays. Since the whole European Union is fighting with this problem, the objective of this thesis is to identify good example countries in the EU that have successfully solved the problem of youth unemployment or keep the level of youth unemployment low. These good example countries serve as an inspiration for Greece that is suffering from extremely high level of youth unemployment.

The first part of the thesis describes the problematics of youth unemployment, explains the terms and identifies the good example countries. The second part brings case studies from selected EU countries based on identification from the first part of the thesis. In the third part we get detailed description of the Greek economy and labour market. The fourth and the most important part brings the recommendations for the Greek government based on case studies of countries identified as good example countries with respect to the topic of youth unemployment.

2 Objectives

The main objective of this diploma thesis is to identify youth employment programmes implemented in the countries of the European Union as a recommendation for the Greek government in order to decrease the level of youth unemployment. The proposal will be based on literature review of youth employment programmes implemented in the EU with respect to Greek history, mentality and specifics of economy and labour market. The main objective has got four partial objectives:

The first partial objective of the thesis is to clearly explain terminology and types of youth unemployment – and different approaches to its measurement.

The second partial objective is to identify countries with positive results of their youth employment programmes and to select interventions suitable for Greece.

The third partial objective is to describe the specifics of the Greek economy, labour market and development of youth unemployment.

The fourth partial objective is a quantification of costs for the Greek government including the distribution of competencies and legislative framework in policy area of fight against youth unemployment.

Aiming to successfully fulfil the objectives, I will attempt to answer a series of the following research questions throughout the thesis:

- Can we identify good practice cases from EU member countries in the area of youth unemployment programmes and apply them as set of policy recommendations for Greek government?
- Is there a relationship between the youth unemployment rate and the expenditures on labour market policy?
- What is the attitude of young people in Greece towards education and training?

3 Methodology and data

In order to comply with the thesis' objectives, the following steps will be taken. First of all, a literature review is needed in order to provide information for the successful proposal of improvements. The information will be gathered from relevant scientific studies, monographs, and articles about:

- Youth unemployment in the EU
- Youth employment programmes in the EU
- Greek economy
- Greek labour market
- Labour market policy
- Development of youth unemployment in Greece

Based on datasets from the Eurostat database (2002-2014) will be conducted an analysis of youth unemployment rate in the European Union. The sources of data are connected to the corresponding tables and figures. In order to separate the countries with "low" unemployment rate from the countries with "high" unemployment rate will be calculated median. In this case modus was not suitable, because there is not the same rate of unemployment in more than one country. The countries that will come out of this analysis as countries with "low" unemployment rate will serve as good practise countries for further research. The same methodology will be applied for the annual changes of youth unemployment rate during period 2002-2014.

To help us to understand better, why some countries are having more optimistic results regarding the youth unemployment rate there will be analysed the costs spent on labour market policy (LMP) during period 2005-2010. In order to complete the picture it will be analysed the relationship of expenditures on LMP on the youth unemployment rate.

Based on analysis of LMP interventions in good practise countries and Greece will be proposed recommendations and improvements for Greek government. The proposed layout of the intervention is based on the layout of LMP interventions in LMP Qualitative Report by Eurostat.

The attempt to quantify the costs and benefits of the recommended LMP interventions will be based on estimation and example from selected countries.

4 Youth unemployment

This chapter is divided in five subchapters. The first subchapter brings the literature review related to the topic of youth unemployment and current situation in nowadays world, the second subchapter describes the main causes of youth unemployment, the third subchapter identifies the good example countries in the EU based on datasets from Eurostat database, the last two subchapters explain the main consequences of youth unemployment and how the EU is trying to help young people.

4.1 Clear understanding to the terms is a must

This chapter provides reader with the literature review (definitions, terms, or indicators) related to the topic of youth unemployment in order to fully understand its importance in current world.

According to Eurostat **youth unemployment** includes all the youth (i.e. people between the ages of 15 and 24, inclusive) who are unemployed.⁶ More specified definition according to the International Labour Organization (ILO): “*The unemployed youth comprise all persons between the age of 15 and 24 who, during the reference period, were: (a) without work; i.e. had not worked for even one hour in any economic activity (paid employment, self-employment, or unpaid work for a family business or farm); (b) currently available for work; and (c) actively seeking work; i.e. had taken active steps to see work during a specified recent period (usually the past four weeks).*”⁷

The level of youth unemployment is measured by **youth unemployment rate**. It is the percentage of the unemployed in the age group 15 to 24 years old compared to the total labour force (both employed and unemployed) in that age group. It is necessary to remember that an essential share of these people is outside the labour market. The reason is that many youths are studying full time and thus are not available to work. Hence, the youth unemployment rates are generally higher than overall unemployment rates. For this reason the **youth unemployment ratio** is often used as the percentage of unemployed young people compared to the total population of that age group (considering not only the active, but also the inactive such as students).⁸

⁶ Eurostat: Statistics explained [online], 2014

⁷ Indicator 2: Youth Unemployment Rate [online], 2011

⁸ Eurostat: Statistics explained [online], 2014

Background: Measurement makes a difference (Greece 2013)

Youth unemployment rate = 58.3% - proportion of unemployed / youth on the labour market

Youth unemployment ratio = 16.5% - proportion of unemployed / total youth population

The commonly used unemployment rate is by definition higher as the denominator is restricted to the labour force which is active on the labour market. A number of researchers consider the unemployment ratio more valid as it is not triggered by the size of the youth labour force in a country.

Reference: KRAATZ, 2015

The term NEET presents the share of young people who are **not in employment, education or training (NEET)**, as a percentage of the total number of young people in the corresponding age group. Young people in education include those attending part-time or full-time education, but exclude those in non-formal education and in educational activities of very short duration. Young people who are neither in employment nor in education or training are at risk of becoming socially excluded – individuals with income below the poverty-line and lacking the skills to improve their economic situation.⁹

Youth unemployment has continued to worsen in the developed economies, where rates were higher in 2013 than at any time since measurement began in 1991. Several countries of the European Union experienced record-high rates of youth unemployment in 2013: 50.0 per cent in Croatia, 55.5 per cent in Spain and 58.3 per cent Greece. The numbers for the whole EU-28 were extremely high as well.

⁹ OECD [online], 2015

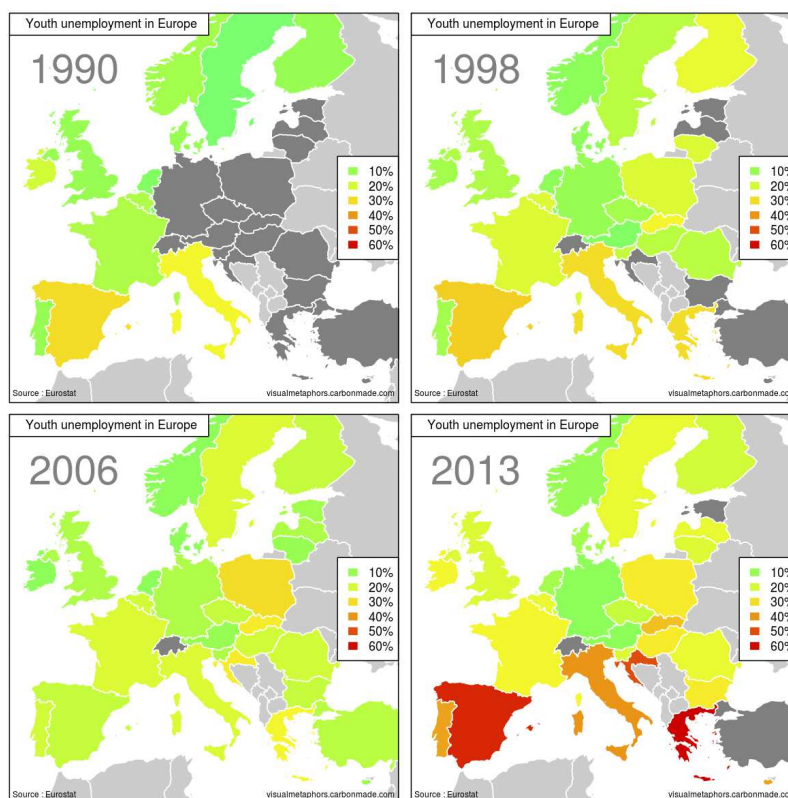


Fig. 1 The growth of youth unemployment in Europe (1990-2013)¹⁰

In 2013 the youth unemployment rate was 23.7 per cent in the EU and 24.4 per cent for the Eurozone as can be seen in the figure below.¹¹ In real numbers more than 4.5 million young people are unemployed in the EU. Although the rate has decreased to 21.4 per cent in 2014 the numbers are still alarming. Long-term youth unemployment is still at record highs.

According to the latest data from 2014 the EU youth unemployment rate is twice of size of unemployment rate (22 per cent compared with 10 per cent)¹² and is characterized by big differences between countries. The lowest rate is in Germany (7 per cent) and the member states with highest rates are Greece (52 per cent) and Spain (53 per cent).¹³

There is a gap of more than 40 percentage points between the member state with the lowest rate and the member states with the highest rates.¹⁴

¹⁰ One Europe [online], 2014

¹¹ Eurostat: Statistics explained [online], 2014

¹² Eurostat: Statistics explained [online], 2014

¹³ Eurostat: Statistics explained [online], 2014

¹⁴ European Commission [online], 2014

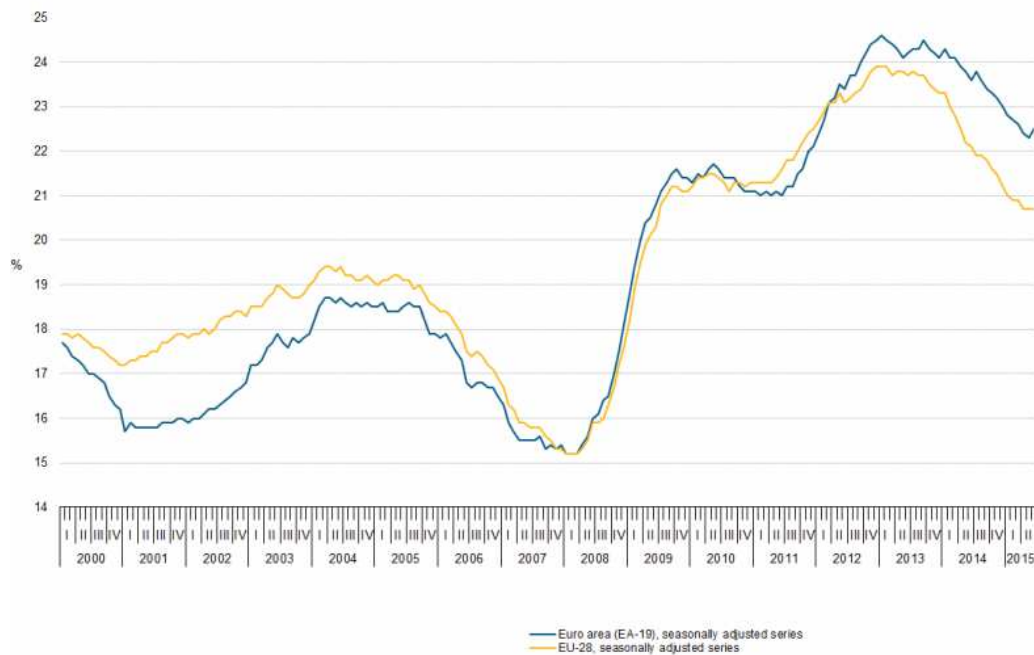


Fig. 2 Youth unemployment rates, EU-28 and EA-19, seasonally adjusted, January 2000 - June 2015 (%)¹⁵

Education systems in Europe are at very good level when it comes to supplying basic skills regarding the fact that primary and secondary schooling function relatively well in Europe. In contrast, concerning tertiary education, both enrolment and funding are substantially lower in Europe than in USA. The share of GDP devoted to higher education is three times less in Europe than in USA.¹⁶ This gap should be reduced immediately. How should this objective be achieved? There are three possibilities how to improve financing of tertiary education.¹⁷ The first one is to reallocate public spending from secondary to tertiary education. This may not be very good idea given the fact that well-financed secondary education may be one reason that Europe has experienced less inequality than USA. A second option is to raise public deficits and public debt in order to reach the objective. This is as unrealistic and undesirable as the first option: Countries in Europe are already facing huge and increased tensions to finance social security (health and pensions), and are bound to a large extent by the Stability and Growth Pact. There is left only the third option: open up for the possibility that private money finances part of the education system. This can be covered partly by money from households in a form of university fees. The existence of tuition should be accompanied by more student loans and student grants to give a chance to study for the poorest students. Free tertiary education encourages students to reduce

¹⁵ Eurostat: Statistics explained [online], 2015

¹⁶ BRUNELLO et al., 2007

¹⁷ BRUNELLO et al., 2007

their effort invested in the studies and enhances the consumption of leisure especially during the first years.

In order to divide the financial burden of tertiary education private money may also come from firms and foundations. In particular, it is argued that labour market institutions, in general, tend to reduce mobility, both geographical and between jobs.¹⁸ In the context of the globalization and European Enlargement, general and portable skills are more valuable. In the absence of such general investments in human capital, skills mismatch¹⁹ is a likely outcome.

Mismatch should in principle generate additional mobility in a way that experts in a certain field will move to a region with available job occupancy. However, we have the opposite result: mobility rates are low in Europe. One of the reasons causing the lack of mobility could be the European style social insurance and rigidity on housing market. Europeans tend to stick more to their places of origin than Americans.

An important result is that the international mobility of European college-educated workers in Europe itself is lower than mobility of less educated workers. One of the possible explanations for this phenomenon is the difficulty to harmonize the recognition of diplomas.

Authors of publication Education and Training in Europe are not suggesting to privatise the supply of education.²⁰ There is no evidence that a private sector is more efficient or responsive than a public sector. On the other hand, the incapacity to reform the public system that causes its own collapse would induce the market to offer an alternative. The cost of this alternative would be sacrificing social justice and equality of opportunity.

4.2 Partial conclusion

According to Eurostat youth unemployment includes all the youth (i.e people between the ages of 15 and 24, inclusive) who are unemployed.

Another term is NEET. This indicator presents the share of young people who are not in employment, education or training (NEET), as a percentage of the total number of young people in the corresponding age group.

By explaining the terminology and especially defining the difference between the youth unemployment rate and ratio was fulfilled the first partial objective. These two terms are very often confused and especially by medias. Thus, it is important to understand clearly the differences. The commonly used unemployment rate is by definition higher than ratio as the denominator is restricted to the labour force, which is active on the labour market.

¹⁸ BRUNELLO et al., 2007

¹⁹ The term skills mismatch will be explained in next chapter

²⁰ BRUNELLO et al., 2007

In 2013 the youth unemployment rate was 23.7 per cent in the EU and 24.4 per cent for Eurozone. In real numbers more than 4.5 million young people are unemployed in the EU.

4.3 Causes of youth unemployment

Young people are facing specific challenges in accessing the labour market and this lowers their chances of finding decent employment. This chapter introduces and explains the causes of high youth unemployment rate that the EU is facing nowadays.

The main difficulties are:²¹

- a high chance to lose job during economic downturns: young workers are more likely to experience unemployment because with the least experience they are the easiest to remove;
- specific barriers to entry, resulting from lack of experience;
- geographical unemployment: youth unemployment is often focused in certain areas – usually inner cities where there is a cycle of low achievement and low expectations;
- path dependence: early unemployment increases the likelihood of subsequent unemployment;²²
- demographic issues: the proportion of young people in the population is referred to as an indirect determinant of youth unemployment;
- skills mismatch;
- cultural/social factors: youth unemployment is often higher among people who have history of broken families, drug use or criminal record;
- labour market and regulations;
- assistance and dependency;
- scarring effects.

Lack of skills

Young people without any skills are much more likely to be unemployed. The labour market offers more unskilled jobs in service sector such as bartenders, supermarket workers and waiters. However, the nature of the labour market is that many youth lack the necessary skills and training to impress employers. The inadequate training is one of the reasons why young people struggle in their search for job.

The focus should be on reviewing the functioning and structure of the education system in many European countries. In order to meet the needs of young

²¹ PETTINGER [online], 2012

²² COENJAERTS et al. [online], 2009

jobseekers, their parents, the employers and society, the special attention should be paid to the effectivity of training and education provided.²³

Skills mismatch

Skills mismatch refers to various types of imbalances between skills offered and skills needed in the labour market. Skills and competencies are not measured by the regular statistical programmes of most countries, qualifications and years of education at the supply side, and occupations at the demand side are used instead.²⁴

Skills mismatch has obtained renewed attention in advanced economies after the global economic crisis in 2008-2009. The crisis caused a massive increase in unemployment in the developed world. According to the European Central Bank (2012) the problem is caused by structural imbalances between labour demand and labour supply, rather than by a lack of geographical mobility.²⁵ Many analysts have argued that skills mismatch has been strengthened by the economic crisis, and identified skills mismatch as a major constraint hindering economic recovery in Europe.²⁶ Finally, it is found that the skill mismatches have significant effects on the unemployment rate.²⁷

If workers are overeducated for their jobs, for example, this means that firms are not fully utilising the productive capacity of their workers. On the other hand undereducation means that firms are not operating at their productive frontier by employing less productive workers. Inefficiencies can appear both in the labour market and in the interaction between the labour market and the education and training system. In both cases, the resulting skill mismatch will impose costs on individuals, enterprises and society at large.²⁸

Table 1 lists some of the more frequently discussed types of skills mismatch. There are several ways how to measure each type of mismatch. Education is often used as an indicator of skills, however, the two terms have a different meaning. Example from publication Skills mismatch in Europe (ILO) is a person qualified as a university professor working as a receptionist is clearly overeducated, but may lack the communication skills that are necessary in this job and may therefore also be underskilled. However, contrary to education data, cross-country datasets on skills are rare, and usually limited to numeracy and literacy. In the absence of skills data it is difficult to define skills mismatch.

²³ Youth Unemployment [online], 2015

²⁴ International Labour Organization [online], 2014

²⁵ European Central Bank [online], 2012

²⁶ European Central Bank [online], 2012

²⁷ European Central Bank [online], 2012

²⁸ International Labour Organization [online], 2014

Table 1 Frequently discussed types of skills mismatch

Skill shortage (surplus)	Demand (supply) for a particular type of skill exceeds the supply (demand) of people with that skill
Skill gap	Type or level of skills is different from that required to adequately perform the job
Vertical mismatch	The level of education or qualification is less or more than required
Horizontal mismatch	The type/field of education or skills is inappropriate for the job
Overeducation (undereducation)	Workers have more (less) years of education than the job requires
Overqualification (underqualification)	Workers hold a higher (lower) qualification than the job requires
Skills obsolescence	Skills previously used in a job are no longer required and/or skills have deteriorated over time

Reference: International Labour Organization [online], 2013

In country studies reported in the literature, between 10 per cent and one-third of the employed are found to be overeducated and around 20 per cent are undereducated, which results in a total mismatch of between 30 per cent and 50 per cent of the employed in European countries.²⁹

The average incidence of overeducation is increasing from 2002 to 2012. The increase in overeducation was 3.6 percentage points during the whole period. Overeducation is more stable over time, at least across all workers. However, the breakdown by sex shows a tendency of overeducation to rise for women and to decline for men. Moreover, the overeducation for women increased strongly during the global economic crisis (2008-2010). Thus, it is necessary for female workers to take lower level jobs at times of intense job competition.³⁰

Youth are less affected by undereducation than adult workers. Reasons for the lower incidence of undereducation for youth, as well as the higher incidence of overeducation, include competition for jobs and the fact that youth workers are very often employed in non-standard contracts.³¹

The solution for recognizing skills that we can learn anywhere is Open Badges project by Mozilla. This programme issues digital badges to recognize skills and achievements. The badge structure allows one to display real-world achievements and skills which may help with future career and education opportunities. Badges may point to hard skills such as computer programming, as well as soft skills like collaboration or new skills like social media.³²

²⁹ International Labour Organization [online], 2014

³⁰ International Labour Organization [online], 2014

³¹ International Labour Organization [online], 2013

³² Mozilla: Open Badges [online], 2014

Labour market and regulations

Labour market policies and institutions play a critical role in promoting labour demand and supporting transition from education to work.

At first, a high level of employment protection regulations has a negative effect on youth workers, because these regulations make it harder for employers to fire them during a downturn. Hence, they will not hire them first of all.

Second, the current forms of employment for youth such as internships, seasonal jobs and short term contracts have left young people in difficult situation. Their jobs are very often temporary contracts, which mean that youth are the first to be fired when a company downsizes. Many of youth find themselves unemployed and disadvantaged in the job search. Young workers often face a double disastrous when they are let go. Not only that they lose the job, they often have less access to social welfare benefits. However, some of the young people are working on a part-time basis during their university studies. This rate is low in countries like Italy, Spain and France.³³

In order to be better employable young people are very often looking for unpaid work. The legitimacy of internships has begun to be questioned. The purpose of an internship is to gain valuable work experience. However, many interns have complained that they are simply providing basic work instead of learning important knowledge and skills. The internship, however, seems to be the only viable alternative to job placement for youth.³⁴

Assistance and dependency

Unemployed youth are in many countries in the European Union supported by income assistance until labour market and economic conditions improve. In order to receive this support all receivers are strictly obliged to actively search for a job or training, however, it has led to a debate on whether or not it created dependency among the youth.

Youth do not have a financial autonomy to sustain themselves they are usually staying at their families, which reduces the motivation to move where there are higher job opportunities.³⁵

Scarring effects

Studies have shown that those who are unemployed early in their life are more likely to be unemployed again in later years. Moreover, they are likely to earn less over their working life than are their peers who find jobs more easily.³⁶

Experts call the negative long-term consequences of early unemployment “*scarring effects*”. Those scarring effects are the result of such factors as

³³ MORSY, 2012

³⁴ MORSY, 2012

³⁵ KAHN, 2010

³⁶ KAHN, 2010

deterioration of skills and forgone work experience. The longer a person is unemployed, the longer the scarring effects are likely to last. The earnings penalty can be as high as 20 per cent compared with their peers who find employment early, and the earnings deficit can persist as long as 20 years.³⁷

In addition, studies bring evidence that joblessness for a young person hurt the individual's happiness, job satisfaction, and health for many years.³⁸

4.4 Partial conclusion

The most common causes of youth unemployment are lack of skills, skills mismatch, labour market and regulations or path dependency.

The next subchapter analyses datasets from Eurostat database in order to fulfil second partial objective. Examined period depended on availability of data in the database. In our case the period is between 2002 and 2014 for youth unemployment rate and period between 2005 and 2010 for labour market policy expenditures.

4.5 Identification of good practise countries in the EU

The core of this subchapter is to identify the EU countries with a low level of youth unemployment rate, because we can assume that these countries have functional labour market and are successfully fighting the problem with youth unemployment. Further literature review will be concentrated only on these countries. They will serve as good practises for the proposal for Greek government.

The analysis is based on development of youth unemployment rate in the EU countries and the annual changes. In order to separate the countries with "low" unemployment rate from the countries with "high" unemployment rate, there was calculated median. We can see in the following table countries that are during the period below value of median: Denmark, Germany, United Kingdom and Finland with its decreasing trend since 2008. The tables with respect to the different level of education can be found in Annex A. However, the selection of countries with value of youth unemployment rate below median is the same.

Table 2 Youth unemployment from 15 to 24 years in all levels of education (%)

GEO/TIME	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EU-28	18.1	18.3	18.7	18.7	17.4	15.5	15.6	19.9	21.0	21.7	23.2	23.6	22.2
EU-15	14.7	15.3	16.0	16.6	15.9	14.9	15.4	19.6	20.3	20.9	22.6	23.1	21.9
Denmark	7.1	9.8	7.8	8.6	7.7	7.5	8.0	11.8	14.0	14.2	14.1	13.1	12.6
Germany	9.3	11.0	13.0	15.5	13.8	11.9	10.6	11.2	9.9	8.5	8.0	7.8	7.7
Greece	25.8	25.4	26.1	25.8	25.0	22.7	21.9	25.7	33.0	44.7	55.3	58.3	52.4
Spain	21.5	22.3	22.5	19.6	17.9	18.1	24.5	37.7	41.5	46.2	52.9	55.5	53.2

³⁷ KAHN, 2010

³⁸ MORSY, 2012

France	18.9	17.3	19.8	20.3	21.3	18.8	18.3	22.9	22.5	21.9	23.6	24.0	24.2
Finland	28.2	27.8	27.5	20.1	18.7	16.5	16.5	21.5	21.4	20.1	19.0	19.9	20.5
Sweden	12.9	14.3	18.5	22.8	21.5	19.3	20.2	25.0	24.8	22.8	23.6	23.5	22.9
UK	10.9	11.4	10.7	12.8	13.9	14.3	15.0	19.1	19.9	21.3	21.2	20.7	16.9
Median	15.9	15.8	19.2	19.9	18.3	17.3	17.4	22.2	22.0	21.6	22.4	22.1	21.7

Reference: Eurostat [online], 2015³⁹

When we have a look at the graph with development of youth unemployment rate in the EU countries, we can see that all the countries except Greece and Spain has relatively stable trend. During the examined period the youth unemployment rate in Greece raised by 26.6 percentage points (pp), in Spain even by 31.7pp. In case of Germany and Finland the youth unemployment rate decreased by 1.6pp, respectively 7.7pp. Median for all the countries was 5.8 pp during the examined period.

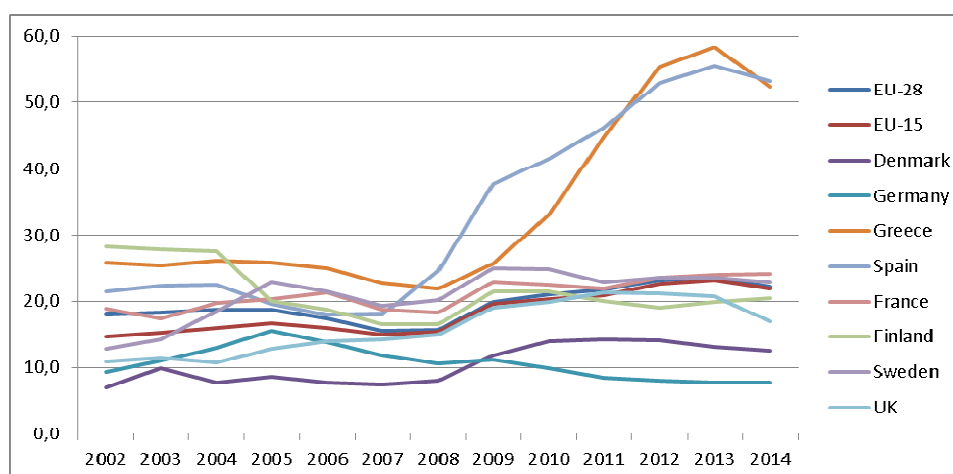


Fig. 3 Youth unemployment rate (%)⁴⁰

The annual changes in youth unemployment rate were in average fluctuating around 0.7pp, whereas in case of Greece around 2.2pp. We can see in the table that in 2009, as a consequence of the crisis, the youth unemployment rate increased rapidly in all countries except Germany. Germany was lucky to implement labour market reforms before the crisis has started. The so-called Hartz Reforms will be described in more detail in Chapter 5. In average the rate in all countries increased by 4.8pp, in case of Spain by 13.2pp. Greece reacted on economic crisis in the following years. The youth unemployment rate was increasing by 7.3pp, 11.7pp and 10.6 reaching the peak of 58.3 per cent in 2013. The rest of the selected countries absorbed the first shock in 2009 and step by step the youth unemployment rate has been declining.

³⁹ Data available at: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

⁴⁰ Eurostat [online], 2015

Table 3 Annual changes in youth unemployment rate (%)

GEO/TIME	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EU-28	0.2	0.4	0.0	-1.3	-1.9	0.1	4.3	1.1	0.7	1.5	0.4	-1.4
EU-15	0.6	0.7	0.6	-0.7	-1.0	0.5	4.2	0.7	0.6	1.7	0.5	-1.2
Denmark	2.7	-2.0	0.8	-0.9	-0.2	0.5	3.8	2.2	0.2	-0.1	-1.0	-0.5
Germany	1.7	2.0	2.5	-1.7	-1.9	-1.3	0.6	-1.3	-1.4	-0.5	-0.2	-0.1
Greece	-0.4	0.7	-0.3	-0.8	-2.3	-0.8	3.8	7.3	11.7	10.6	3.0	-5.9
Spain	0.8	0.2	-2.9	-1.7	0.2	6.4	13.2	3.8	4.7	6.7	2.6	-2.3
France	-1.6	2.5	0.5	1.0	-2.5	-0.5	4.6	-0.4	-0.6	1.7	0.4	0.2
Finland	-0.4	-0.3	-7.4	-1.4	-2.2	0.0	5.0	-0.1	-1.3	-1.1	0.9	0.6
Sweden	1.4	4.2	4.3	-1.3	-2.2	0.9	4.8	-0.2	-2.0	0.8	-0.1	-0.6
UK	0.5	-0.7	2.1	1.1	0.4	0.7	4.1	0.8	1.4	-0.1	-0.5	-3.8

Reference: Eurostat [online], 2015⁴¹

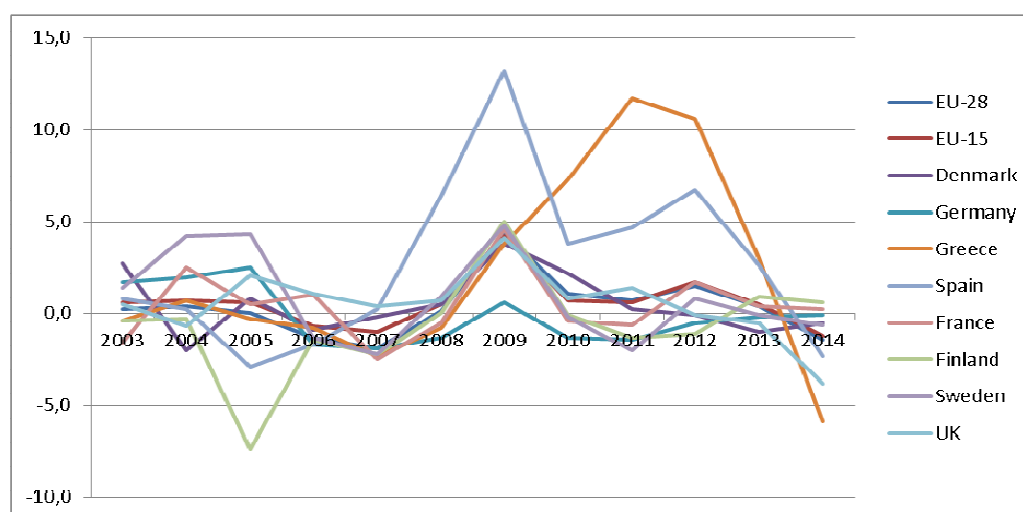


Fig. 4 Annual changes in youth unemployment rate (%)⁴²

To help us to better understand why some countries are having more optimistic results regarding the youth unemployment rate we will analyse the costs they spend on labour market policy. As mentioned in the beginning of this subchapter the examined period is 2005-2010. More recent data for all countries are unavailable in Eurostat database.

Labour Market Policy interventions are grouped into three main types of LMP services, LMP measures and LMP supports and then further classified into eight detailed categories according to the type of action.⁴³

⁴¹ Data available at: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

⁴² Eurostat [online], 2015

⁴³ Eurostat [online], 2013

- **LMP services** cover all services and activities of the Public Employment Services (PES) together with any other publicly funded services for jobseekers.
 - 1.1. Labour market services
- **LMP measures** cover interventions that provide temporary support for groups that are disadvantaged in the labour market and which aim at activating the unemployed, helping people move from involuntary inactivity into employment, or maintaining the jobs of persons threatened by unemployment.
 - 1.2. Training
 - 1.3. ~~Job rotation and job sharing~~ (Not used anymore – included in category 4)
 - 1.4. Employment incentives
 - 1.5. Supported employment and rehabilitation
 - 1.6. Direct job creation
 - 1.7. Start-up incentives
- **LMP supports** cover financial assistance that aims to compensate individuals for loss of wage or salary and support them during job-search (i.e. mostly unemployment benefits) or which facilitates early retirement.
 - 1.8. Out-of-work income maintenance and support
 - 1.9. Early retirement

The next graph is describing the percentage of gross domestic product which is the country investing in LMP interventions in total which means the active LMP as well as passive (unemployment benefits). The countries with "low" level of youth unemployment rate (DE, DK, FI) are spending relatively higher share of their GDP into LMP than the rest of the countries. Only UK together with Greece belongs to the countries that spend only around 0.5 per cent of GDP into LMP. It will be investigated further.

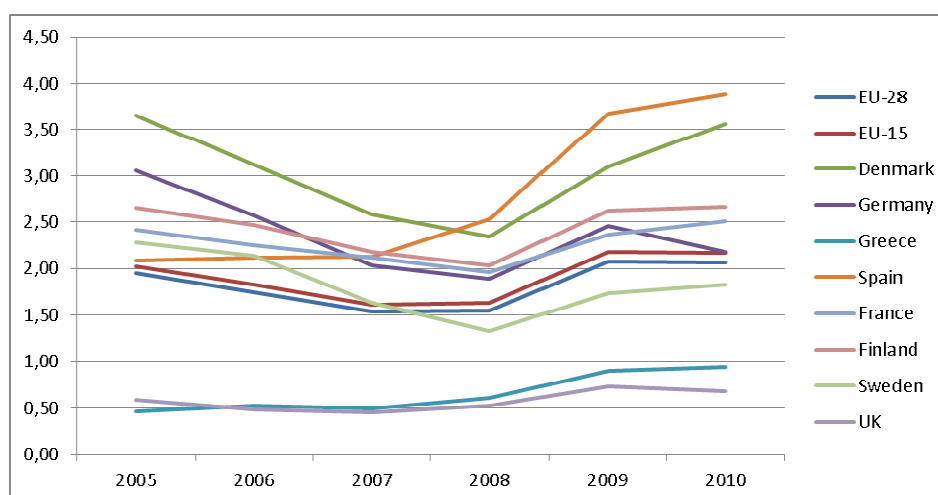


Fig. 5 Total LMP expenditures, percentage of GDP⁴⁴

Considering only the Category 1 – Labour market service, two countries with the highest percentages are Denmark and Germany. We can see that Denmark in 2007 rapidly increased the amount of expenditures; this is probably connected with introducing of additional rules for youth in 2009 (see more in Chapter 5). Very important fact to notice is that Greek expenditures into Public Employment Services (PES) were close to zero.

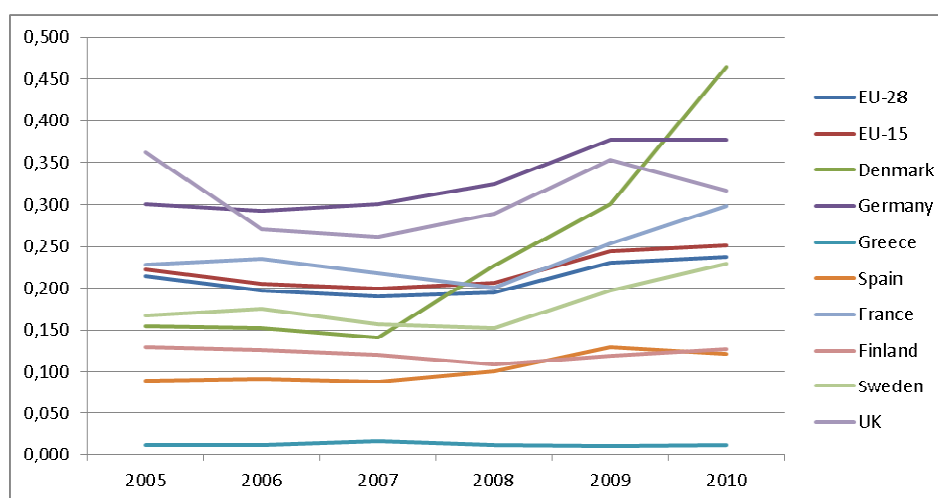


Fig. 6 LMP expenditures (category 1), percentage of GDP⁴⁵

If we have a look at LMP measures - categories (2-7) we can see that only Denmark spends more than 1 per cent of GDP (in 2010) into support and activation of unemployed. However, the trend in all countries has been increasing. The

⁴⁴ Eurostat [online], 2015, Available at: <http://appsso.eurostat.ec.europa.eu/nui/show.do>

⁴⁵ Eurostat [online], 2015, Available at: <http://appsso.eurostat.ec.europa.eu/nui/show.do>

countries tend to spend more on training, direct job creation or employment incentives.

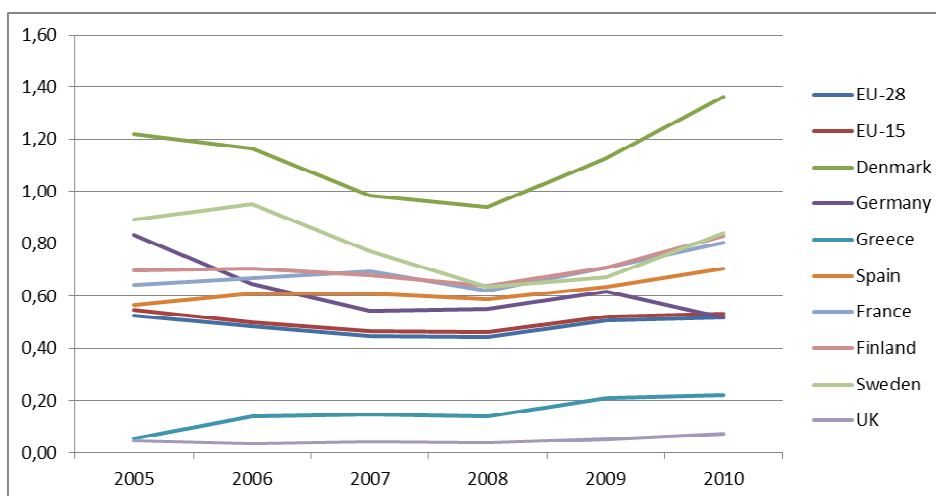


Fig. 7 LMP measures (category 2-7), percentage of GDP⁴⁶

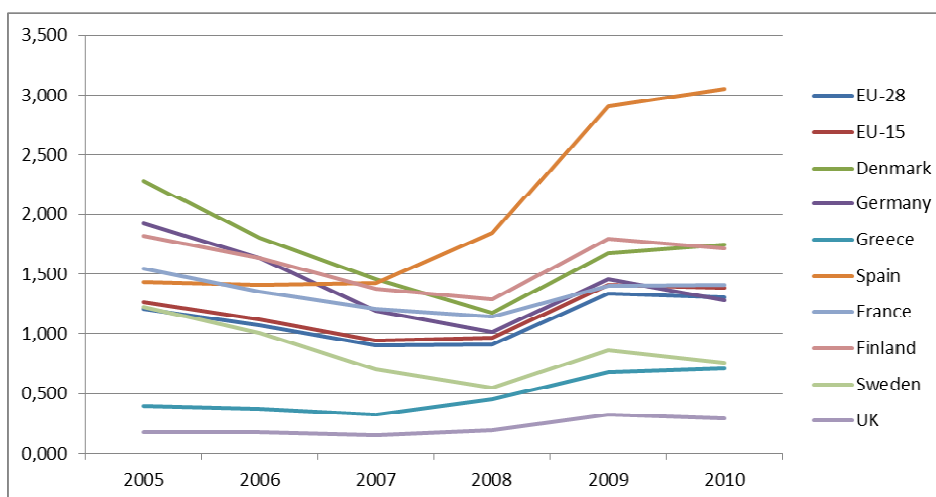


Fig. 8 LMP supports (category 8-9), percentage of GDP⁴⁷

Taking into account the last two categories (8-9) covering the financial assistance to compensate individuals for loss of income (unemployment benefits), Spain spends twice as much as other countries (3 per cent of GDP in 2013). This situation was very likely caused by significant increase of unemployment during the crisis. On the other hand it could be surprising that Greece did not experience significant increase in LMP supports expenditures after 2008 and belongs to the countries

⁴⁶ Eurostat [online], 2015, Available at: <http://appsso.eurostat.ec.europa.eu/nui/show.do>

⁴⁷ Eurostat [online], 2015, Available at: <http://appsso.eurostat.ec.europa.eu/nui/show.do>

with the lowest expenditures on LMP supports. The reasons will be investigated and described in Chapter 6 and 7.

So far the analysis was concentrated separately on youth unemployment rate and LMP expenditures. The second research question is: **Is there a relationship between the youth unemployment rate and the expenditures on labour market policy?** To answer and create clear picture the next graph is describing both indicators together.

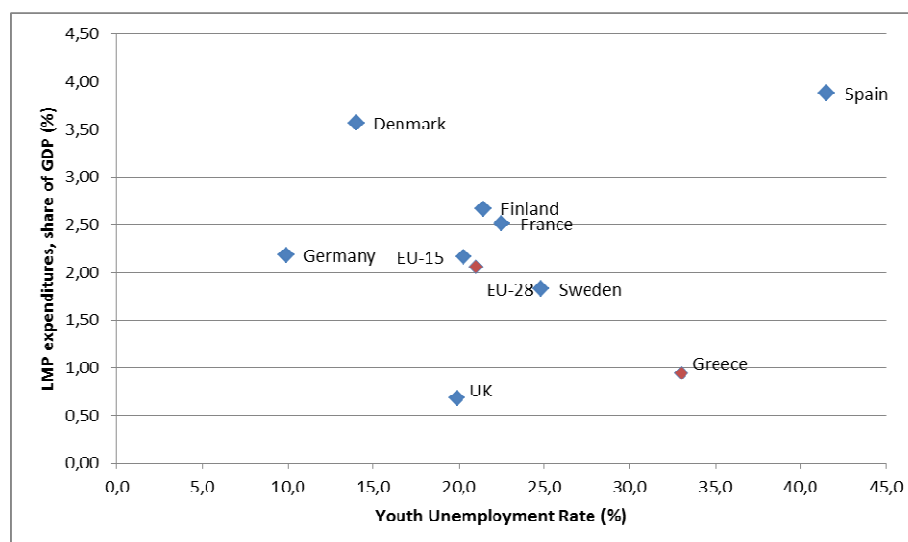


Fig. 9 Youth Unemployment Rate (%) and LMP expenditures (% of GDP) in 2010⁴⁸

The leader in LMP expenditures in the EU is Denmark while having "low" level of unemployment. Germany is leader in the lowest youth unemployment level with average LMP expenditures. We can see that Spain in 2010 spent significant percentage of GDP on LMP while having extremely high youth unemployment rate. Greece, however, belongs to the countries with the highest rate of youth unemployment while spending very little on LMP. The answer to the second research question is: yes, there is a negative relationship. According to the data more the country spends on LMP lower is the unemployment rate.

As a conclusion it can be said that it is important to take care of labour market and by spending money on LMP to avoid spending much more money on high rate of unemployment and non-prosperous economy. It is always better to prevent the problems than to solve them when they already occur. The economic loss from youth unemployment is high, estimated at EUR 153 billion or 1.2 per cent of GDP in Europe in 2011. In other words, it is not just young people who are losing out if they cannot find employment; it is the whole society at large that really suffers.⁴⁹

⁴⁸ Eurostat [online], 2015, Available at: <http://appsso.eurostat.ec.europa.eu/nui/show.do>

⁴⁹ TSE et al., 2013

4.6 Partial conclusion

In this subchapter the identification of good practise countries was conducted. Based on the development of youth unemployment rate and expenditures on labour market policy were selected following countries: Denmark, Germany, UK and Finland.

The next subchapter describes the most common consequences of youth unemployment. The purpose of the topic is to make a reader understand what happens when the country is not reforming the labour market and the people stay outside of the labour market for a long time.

4.7 Consequences of youth unemployment

Young people have always had a tough time to find work. In history the youth unemployment in developed economies was two to three times higher than for adults. However, since the global crisis, young people have experienced very intensive rise in unemployment than older workers.

Failure to find a first job or keep it for long can have damaging long-term consequences on lives of young people and their career prospects. Although youth unemployment has broader social consequences and contributes undoubtedly to growing income inequality in advanced economies.⁵⁰

The searching of measures to tackle youth unemployment and the consequences that follow is a challenging task to national governments, educational bodies and experts of social sciences.⁵¹

Early unemployment is stressful, because unemployed youth do not get a chance to build professional skills. As a result, they are more at risk for higher adult unemployment and lower wages later in life, and loss in lifetime earnings.⁵²

However, other evidence points to similar problems: Low-skilled youth who are not in education, employment, or training (NEET) are more likely to remain in this situation.⁵³

Youth unemployment is costly. Related costs include direct costs to the government and indirect costs in a form of for example emigration.

Underutilized young people cause significant economic costs, because the national labour force is not being used to its full potential. Additionally, young people are more active and very often are better educated than their parents. Young people very often decide for migration if they cannot find adequate work in their own country. Underutilization of youth can cause a circle of poverty and social exclusion. Lack of employment opportunities can often ensue in social conflicts which incur high costs. Furthermore, post-conflict countries have young

⁵⁰ MORSY, 2012

⁵¹ SÁNCHEZ-CASTAÑED et al., 2012

⁵² KAHN, 2010

⁵³ IEG. 2013

populations without a proper job, many of them are not well educated and they have grown up in violent community.⁵⁴

In some countries, especially in southern Europe, the governments should mainly focus on liberalization of labour markets that lock out youngsters. In countries with more flexible labour markets, the emphasis should be on education and training of young people in order to secure appropriate level of skills.

The most difficult is to reach young people who come from the backgrounds where unemployment is normal. Hence, there should be emphasis on creating targeted programmes with one-on-one attention.⁵⁵

Equally alarming as youth unemployment rate is the length of time young workers are unemployed, often while seeking their first job. The highest incidence is in Spain, where 40 per cent of youth have been seeking for a job more than 12 months. Workers unemployed for a longer period lose their skills and their bonds to the workplace. Many of young people are frustrated over unemployment and this discouraged them to give up looking for a job.⁵⁶

Lost generation

Unemployed youth has been called "*a lost generation*". The reason is not only the productivity loss but also because of the long-term direct and indirect impact unemployment has on young people and their families.⁵⁷

Youth in many countries now live with their parents into their late twenties. This is so called full-nest syndrome. In 2008, 46 per cent of 18 to 34-year-olds in the European Union lived with at least one parent. The effect is particularly evident in the countries of southern Europe, where unemployment is high and declining fertility means small families.⁵⁸

Being jobless for a long period of time while young has been correlated to decreased happiness, job satisfaction and other mental health issues. Unemployed youth are also more isolated from their community and do not have opportunity to improve their skills.

Young people are hit particularly hard by the economic and emotional effects of unemployment. The young person who is unemployed for a short period of time is very likely to be unemployed again in the future. The longer the period of unemployment, the bigger is the effect. After a period of unemployment, the temptation to take any work at all can be strong. Policies designed to minimise youth unemployment may sometimes worsen them.

⁵⁴ COENJAERTS et al. [online], 2009

⁵⁵ The Economist [online], 2011

⁵⁶ MORSY, 2012

⁵⁷ MORSY, 2012

⁵⁸ The Economist [online], 2011

Employers who are seeking for new employees generally prefer fresh graduates over the unemployed or underemployed. This results in leaving a group of people with declining long-term job and wage prospects.⁵⁹

Political unrest and increased public spending

The rise of political unrest and anti-social behaviour in the world has been recently associated to youth unemployment.

Youth unemployment has direct costs in much the same way all unemployment does: increased benefit payments, lost income-tax revenues, wasted capacity, public works programs, and costs related to the economic loss of investment in education, forgone earnings, savings, and aggregated demand.⁶⁰

Another cost is crime. Young men are already more likely to break the law; having more free time, more motive and less to lose hardly discourages them.

Youth unemployment contributes significantly to rising income inequality, measured by the Gini coefficient⁶¹, by 4 percentage points among all advanced economies and by as much as 8 percentage points in the countries such as Greece, Ireland, Italy, Portugal, and Spain.⁶²

The analysis of OECD data also indicated that the more workers are hired on temporary contracts, the higher the level of inequality. This gap is especially apparent in countries such as Spain and Portugal that relaxed regulations on temporary contracts while maintaining strong employment protection for permanent workers.⁶³

The economic loss from youth unemployment is high, estimated at €153 billion or 1.2 per cent of GDP in Europe in 2011.⁶⁴

Brain drain

Youth unemployment has indirect costs too, including emigration. Ambitious young people facing gloomy prospects at home often seek opportunities elsewhere more readily than older people with dependent families. In some countries, such as Italy, a constant brain-drain is one more depressing symptom of a stagnant economy. This brain drain has contributed to deteriorating countries' competitiveness, especially in Europe.⁶⁵

⁵⁹ SCARPETTA et al. [online], 2010

⁶⁰ The Economist [online], 2011

⁶¹ The Gini coefficient measures inequality on a scale of zero to 100, with zero denoting perfect equality of household income and 100 representing a situation in which one household has all a society's income.

⁶² The Economist [online], 2011

⁶³ MORSY, 2012

⁶⁴ TSE et al., 2013

⁶⁵ The Economist [online], 2011

A lack of innovation

The economic crisis has led to a global decline in competitiveness. By excluding young people from the labour market, the society is lacking the divergent thinking, creativity and innovation that they naturally offer. This fresh and open-minded thinking is necessary for companies in order to create new designs and bring innovative ideas. Fighting youth unemployment is therefore a key to maintaining the economic performance of a country.

4.8 How the EU is trying to help young people

Youth employment is a priority for the European Union. The situation varies a lot across Europe. While there is no single solution to address this challenge, there is an urgent need to act.⁶⁶

Governments design youth employment interventions to address imperfect information, externalities and market regulations that may negatively affect development outcomes.

Youth Guarantee

The Youth Guarantee (YG) is a new approach how to tackle youth unemployment which ensures that all young people under 25 get a good-quality offer within 4 months after leaving formal education or becoming unemployed. The good-quality offer should be for example a job, apprenticeship, traineeship, or continued education. This proposal was inspired by similar approaches in a number of the EU countries (e.g. Austria, the Netherlands, Sweden, and Finland). The scheme was approved by the Parliament in January 2013. In June 2013, the EU summit decided to go further with this concept. However, once this concept will be converted into national law, the EU labour market policy will face huge challenge to provide every young person with work, training, or internship within four months after graduation or becoming unemployed. YG would force government in many countries to work more closely with public and private employment services, schools, universities, vocational training providers, and employers. Nevertheless, it is dangerous that YG will not be efficient and the EU will be blamed for it.⁶⁷

Part of the YG is the *Youth Employment Initiative* (YEI) that especially aims to support regions with youth unemployment rates above 25 per cent in 2012. It was particularly to support young people who are not in employment, education or training (NEETs). The YEI typically supports the provision of apprenticeships, traineeships, job placements and further education leading to a qualification.⁶⁸

⁶⁶ European Commission [online], 2014

⁶⁷ European Commission [online], 2014

⁶⁸ O'REILLY et al. [online], 2015

4.9 Partial conclusion

Failure to find a first job or keep it for long can have damaging long-term consequences on lives of young people and their career prospects. Although youth unemployment has broader social consequences and contributes undoubtedly to growing income inequality in advanced economies. The most harming consequences are lost generation, political unrest and increased public spending, brain drain and a lack of innovation.

Youth employment is a priority for the European Union. The situation varies a lot across Europe. While there is no single solution to address this challenge, there is an urgent need to act. The Youth Guarantee (YG) is a new approach how to tackle youth unemployment which ensures that all young people under 25 get a good-quality offer within 4 months after leaving formal education or becoming unemployed. This proposal was inspired by similar approaches in a number of the EU countries (e.g., Austria, the Netherlands, Sweden, and Finland). The scheme was approved by the Parliament in January 2013.

5 Youth employment programmes in the EU

The chapter 5 brings very important real-life examples from EU's countries that were fighting with the youth unemployment. The following case studies show what kind of reforms were introduced and implemented in order to decrease level of youth unemployment. The particular countries were selected in subchapter 4.5 based on the dataset from Eurostat, their youth unemployment rate, and performance of their labour market and their economy as a whole. The detailed description of the Labour Market Policy interventions including the legal basis and financing can be found in Annex B.

5.1 Germany

The German economy began to stagnate ten years after the reunification. The GDP growth rate was under the EU average. One of the key problems was the high unemployment rate (13.4 per cent of the German population were unemployed in 2002). Here is very important to stress the fact that the significant share of unemployment was in East Germany. East Germany was not able to converge with the West Germany. While GDP rose by 30 per cent between 1995 and 2015 in the West Germany, in eastern part it was only by 23 per cent. An estimated €1.3 trillion have flowed from the West Germany to the East Germany over the last 20 years. Most of the money was spent on social benefits such as welfare payments.⁶⁹

Between 1995 and 2013 around 770,000 East Germans emigrated to the western part of the country, on the top of the 870,000 who had done so in the years before.⁷⁰

In 2002, a Commission under the former Personnel Director of Volkswagen Peter Hartz started working on reforms of labour market in order to address the high unemployment rate. In stages between January 2003 and January 2005 four reforms called the "Laws for a modern provision of services in the labour market" (Gesetze für moderne Dienstleistungen am Arbeitsmarkt), (or Hartz Reforms) were enacted. These reforms were part of the government's series of reforms called Agenda 2010.⁷¹

Despite the fact that the reforms were among German population largely unpopular, they are credited with creating 2.5 million jobs for the German economy and helping the German labour market remain strong through the recession.

Reforms are necessary, but politically unpopular. The Hartz Reforms can serve as a lesson for the UK by showing how this policy needs to be carefully designed and slowly implemented.^{72,73}

⁶⁹ Spiegel online international [online], 2010

⁷⁰ Spiegel online international [online], 2010

⁷¹ GASKARTH [online]. 2014

⁷² GASKARTH [online]. 2014

Considering the youth unemployment the rate is below 8 per cent. Young people enter a system of education which offers different options including academic and vocational learning which is more aligned with the job market and skills needed for economic stability and growth. They also have a highly successful and respected apprenticeship system which is valued. A quarter of employers provide formal apprenticeship schemes. Students in vocational schools spend three days a week as paid part-time apprentices of companies for around two years. The cost is shared by the company and the government. Very often the apprenticeships are turned into jobs at the end of the training. Young people in Germany, who are trained into professions from a much younger age and have a better understanding of where their education leads. The Netherlands and Austria have similar results with this system.

As a part of the Hartz Reforms were introduced so called “*Minijobs*”, a system where people are encouraged to take on one or more flexible, part-time jobs. A minijob can be in any form of employment with an average monthly payment of maximum €450 (previously €400). The advantages are: no taxes for employee, no insurance cost for employer (social and health insurance is covered by state). On the other hand, the disadvantages exist as well. Because of the cost of insurance, many companies and employees are unwilling to turn a minijob into a paid job. Minijobbers are typically paid less than their fully employed colleagues. Politicians often count minijobbers as regular working citizens in order to improve employment statistics.⁷⁴

Germany is export-driven economy and specialised in manufactures. Transmission of apprenticeship model into service-oriented economies could be, however, complicated.⁷⁵

5.2 United Kingdom

In United Kingdom, there has been a large number of labour market programmes over the past three decades and focused on young people. The Young Workers Scheme (YWS) ran from 1982 to 1986 and was targeted on people aged 16-17 in their first year of employment. The YWS was replaced in 1986 by the New Workers Scheme (NWS).

In 1993, an employment subsidy programme called Workstart began and aimed at the very long-term unemployed (people unemployed for over two years).

⁷³ In case of higher interest in Hartz Reforms I recommend to read Michnová, Důsledky zavedení Hartz reformem v Německu na flexibilitu trhu práce: doporučení pro ČR, 2015.

⁷⁴ HAMILTON, 2014

⁷⁵ The Economist [online], 2011

Important fact to consider is whether or not such subsidies lead to additional employment. The evidence suggests that subsidies aimed at job creation are more attractive to small employers while subsidies that are strongly linked to training are more attractive to large organisations.⁷⁶

In 1998 the new Labour government introduced programme: *New Deal for Young People* (NDYP) that was part of New Deal strategy. This programme was focused at youth aged 18-24 who were claiming unemployment benefit (Jobseekers Allowance – JSA) continuously for six months. Participation in programme was mandatory and failure to participate lead to the withdrawal of benefit. The Employment Service had the main responsibility for implementation of New Deal. It aimed, however, to deliver the programme through local authorities, non-profit organizations, colleges, etc.

There were three key stages to NDYP. First, youth entered a "Gateway" period where they were assigned a personal advisor to assist and advise them about available jobs and provide contacts with potential employers. This period of job-matching process could last up to four months. Those not finding a job moved to the second stage and were offered one of four options:

- full-time education or training for 12 months,
- a job with the voluntary sector for 6 months,
- work for the environmental task force for 6 months,
- subsidised employment for 6 months with provision of employer on-the-job training.⁷⁷

If a young person reached the end of their option and still did not find a job, they could re-claim JSA and enter the follow-through period. During this period they received an intensive help with job search.⁷⁸

⁷⁶ For small firm recruiting of a single person can make a noticeable difference to labour costs.

⁷⁷ MCILROY [online], 2000

⁷⁸ MYCK [online], 2010

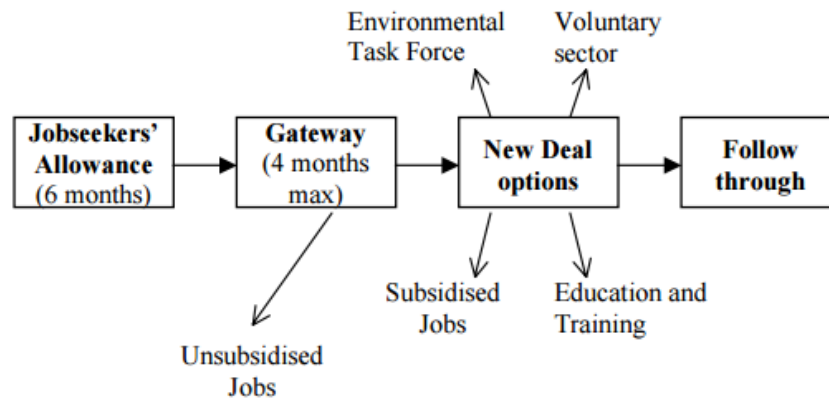


Fig. 10 A Simplified Flow Diagram of the New Deal Program⁷⁹⁸⁰

This programme had its specifics. Firstly, it offered a variety of choices to unemployed people. Secondly, it included an assessment phase (the Gateway) during which the youngsters could assess their needs and wishes, received help with job search and basic education in literacy, numeracy and IT skills. Thirdly, the ‘follow-through’ phase during which the youth received continuing support and assistance.⁸¹

During the period 1998-2000 the youth unemployment fell from 12.0 per cent to 10.4 per cent. However, unemployment fell among all age groups, and was lower also among short-term unemployed who are not eligible for the programme. Unemployment in the UK has been falling since 1993, long before the programme was introduced. This suggests that some other factors apart from the New Deal, like the overall performance of the economy, may have been responsible for the recent reductions in unemployment.⁸² Nevertheless, the New Deal was considered as a success, yet the future remains uncertain for participants in areas with low levels of demand for labour.

The following figure displays the amount of actual expenditure for NDYP. We can notice that the expenditures are year by year slightly decreasing since 2004. In 2009/10 the expenditures on NDYP were almost £152 million (EUR 170 million⁸³).

⁷⁹ VAN REENEN [online], 2001

⁸⁰ Individuals can leave the New Deal programs for an unsubsidised job at any time.

⁸¹ MYCK [online], 2010

⁸² MYCK [online], 2010

⁸³ 1 GBP = 1.116 EUR from 15th December 2009, http://www.exchangerates.org.uk/GBP-EUR-15_12_2009-exchange-rate-history.html

The amount of actual expenditure for New Deal for Young People and New Deal 25 Plus combined for 1997/98 to 2006/07 and separately for 2007/8 to 2009/10

	New Deal for Young People and New Deal 25+ Years – in £000s	New Deal for Young People – in £000s	New Deal 25+ Years – in £000s
1997/98	-	.	.
1998/99	177,683	.	.
1999/00	348,626	.	.
2000/01	332,272	.	.
2001/02	360,071	.	.
2002/03	387,782	.	.
2003/04	453,068	.	.
2004/05	433,455	.	.
2005/06	322,623	.	.
2006/07	321,887	.	.
2007/08	.	135,838	99,601
2008/09	.	143,292	108,226
2009/10	.	151,771	82,540

Source: Annual accounts up to 06/07, then DWP Management Information

Fig. 11 The amount of actual expenditure for NDYP⁸⁴

Since the 2007, the youth unemployment increased again, the reasons may vary: the financial crisis, lack of qualifications, lack of experience.

UK, which has one of the most flexible labour markets in the world, has around 1 million of NEETs. This may be explained by mismatch. UK is very traditional and has prejudice against practical education. Thus, only 8 per cent of employers trained apprentices in 2009. The situation will be even worse, because UK is experiencing boom of SMEs (small and medium enterprise). Small firms are less likely to provide apprenticeships or work experience.⁸⁵

Other experts blame introduction of minimum wages. The minimum wage may be pricing young people out of work because employers are finding it too expensive to give them their first job. In 2011 were introduced minimum wage bands for young people.⁸⁶ Anybody aged over 21 is entitled to be paid a minimum of £6.08 an hour. This drops to £4.98 for those aged between 18 and 20, and £3.68 for those aged 16 to 17. Apprentices under the age of 19 (or aged 19 and in the first year of an apprenticeship) are entitled to £2.60 an hour. According to experts there should be temporary band for those aged 21 to 24 set somewhere between £4.98 and £6.08 that would encourage businesses to hire those young people.

On the other hand society is against the minimum wage for the youth. Their explanation is based on the fact that young people need support to join the labour market and living on minimum wage will not motivate them.⁸⁷

⁸⁴ GOV.UK [online], 2014

⁸⁵ The Economist [online], 2013

⁸⁶ TYLER [online], 2011

⁸⁷ BASSETT [online], 2011

The UK is experiencing the worst brain drain ever.⁸⁸ It seems that record youth unemployment in Great Britain is forcing an increasing number of qualified individuals to look overseas for work. Another reason for the youth to go abroad for tertiary education is increasing tuition in UK. It is very likely that many of those studying abroad will remain there and be recruited internationally.

In response to the challenge of youth unemployment the Government came with new programme in April 2012: *Youth Contract*, which was a set of measures aimed at disadvantaged youth on the labour market. Up to £1 billion has been allocated to the following:

- wage incentive payments,
- additional work experience places,
- additional apprenticeship grants,
- more Jobcentre Plus (JPC) adviser support and career guidance,
- payment-by-result initiative for 16-17year-old NEETs⁸⁹

The broad objective of the Youth Contract is to make young people more appealing to employers looking to recruit.

At its launch, the plan was to allow 160,000 to be given a six-month "job start" by firm taking advantage of a £2,275 state subsidy. But the statistics showed that by November 2014 wage-incentive payments had been made in respect of only just over 10,000 individuals.⁹⁰

The Youth Contract was generally considered as a failure and therefore ended one month earlier.⁹¹

5.3 Denmark

At the beginning of the 90s, Denmark was experiencing an economic recession, which affected the labour market. The negative change was mainly caused by the drop in employment among low-skilled youngsters. The Danish Government in order to avoid this issue in the future designed a special package to overcome the high youth unemployment, which came into effect in 1996. The Youth Unemployment Programme (YUP), has been adjusted several times since its introduction, even though it proved immediately positive results. Indeed, Denmark experienced one of the lowest levels of youth unemployment in Europe.⁹²

In 2009 were introduced additional rules. For example: under standard conditions unemployed, low-educated youngsters under 25 under are obliged to

⁸⁸ DAVIES [online], 2011

⁸⁹ HOUSE OF COMMONS, 2012

⁹⁰ Huffington post [online], 2014

⁹¹ PICKARD [online], 2013

⁹² Ministry of Employment [online], 2015

undertake an education and are offered guidance, as well as, mentor schemes by job centers.

Generally speaking, the main features that characterize the Danish labour market include:

1. Active labour market policy.
2. High level of job mobility.
3. Competitive labour costs and remuneration.
4. Collective agreements.
5. Unemployment benefits system.

Denmark holds a prominent position and is seen as the model country. The Danish "flexicurity" model has achieved excellent labour-market performance. The term combines two most important aspects – flexibility and security. The model is best characterised by a triangle. It combines flexible hiring and firing with a generous social safety net and an extensive system of activation policies. The Danish model has resulted in low (long-term) unemployment rates and the high job flows have led to high perceived job security.⁹³

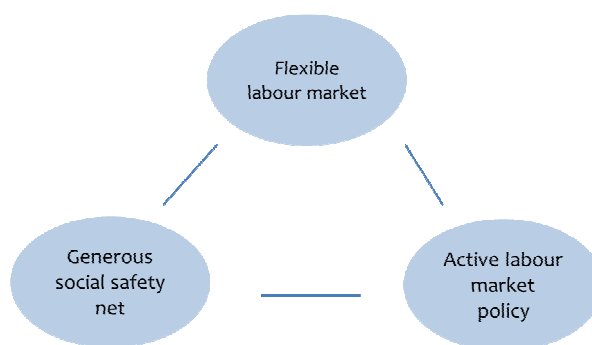


Fig. 12 Flexicurity system⁹⁴

This system was extremely tested during the crisis. However, according to the research the Danish flexicurity system has overcome increased unemployment with grace.⁹⁵

The Danish flexicurity system has been called a "model". This could create a wrong impression that a model can be copied by another society. The Danish system is well-established and unique in some respects. Flexibility and security can work together. The employers have free hands to hire and fire anyone but that the welfare arrangements give people good economic compensation in case of unemployment as well as help to re-enter the labour market.^{96,97}

⁹³ Ministry of Employment [online], 2015

⁹⁴ Author's work

⁹⁵ ANDERSEN et al. [online], 2011

⁹⁶ JØRGENSEN [online], 2011

Nevertheless, we shall concentrate back on YUP from 1996. This reform was designed to provide better employment opportunities to the unemployed youth and as an encouragement to continue their education. The state offered them the opportunity to follow a vocational education for 18 months.⁹⁸ The YUP could be seen as three tools in one: an incentive, a sanction and an open source for education. The programme caused significant rise of number of people in education. If the youngsters refused to be part of the programme they would be penalized by losing their unemployment benefit.

Denmark was endorsed as an inspiration for a European Social Model that should guide the Members States in the development of their employment strategies⁹⁹

5.4 Finland

The Finnish Youth Guarantee, which inspired the EU Youth Guarantee, was launched in 1996, before being considerably revised and relaunched in its current form in 2013. Every young person under the age of 25, and each recent graduate under 30 years of age, would be offered work, a traineeship, a place to study, or a period in a workshop or rehabilitation programme, within three months of becoming unemployed. The programme was ambitious, aiming to provide all young people with access to education and a working life. The government funded its implementation with an annual amount of EUR 60 million distributed to education, youth work and employment.

The Finnish Youth Guarantee includes a training guarantee, offering everyone who has just completed comprehensive school a place in further education (upper secondary school, vocational education, apprenticeship training, youth workshops, rehabilitation or other forms of study). Among the people who finished their basic education in 2014, only 2.5 per cent did not apply for further studies. Among those who applied, almost 99 per cent received a place to study.

The Youth Guarantee has a special skills programme for young adults aged 20-29 who completed basic education before the training guarantee came into effect, and who did not continue their studies or have no job. This programme offers them opportunities to apply for vocational education and training, leading to a degree or other qualification.¹⁰⁰

⁹⁷ The Economist [online], 2006

⁹⁸ D'IPPOLITO [online], 2011

⁹⁹ MADSEN [online], 2013

¹⁰⁰ LÖNNROOS [online], 2015

Finland has the lowest long-term unemployment rate for young people in the EU. A Eurofound evaluation found that, in 2011, 83.5 per cent of young job seekers received a successful offer within 3 months of registering as unemployed. The Finnish scheme has led to personalised plans for young people being drawn up more quickly, ultimately lowering unemployment.¹⁰¹

During implementation, a central role is played by the public employment services (PES). They first provide the young job seeker with an assessment of their needs and an employment plan, followed by offer of a job or a study opportunity. This personalised approach recognises that there are different reasons behind the difficulties young people face in making the transition from school to work.

The PES is obliged, within the first three months of a young person being registered as a jobseeker to:

- develop a personal development plan for the jobseeker;
- carry out a needs assessment of what support is needed to find employment;
- offer a job, study place.

In Finland 83.5 per cent of young job-seekers received a successful intervention within three months of registering as unemployed in 2011. This result met the target set by the Finnish public employment services and indicates a positive development since 2010. Statistical evidence confirmed that the Finnish youth guarantee had resulted in a reduction in unemployment (leading either to employment or further training).¹⁰²

Despite the economic crisis, the Finnish Youth Guarantee Programme has been considered an overall success so far in helping young people to find work or training.

5.5 Partial conclusion

In Germany the most important labour market reforms were Hartz Reforms. They are credited with creating 2.5 million jobs for the German economy and helping the German labour market remain strong through the recession.

Considering the youth unemployment the rate is below 8 per cent. Young people enter a system of education which offers different options including academic and vocational learning which is more aligned with the job market and skills needed for economic stability and growth. They also have a highly successful and respected apprenticeship system which is valued. A quarter of employers provide formal apprenticeship schemes. Students in vocational schools spend three days a week as paid part-time apprentices of companies for around two years. The cost is shared by the company and the government. Very often the apprenticeships are turned into jobs at the end of the training. Young people in

¹⁰¹ European Commission [online], 2015

¹⁰² In case of further interest I recommend to read 'Youth Unemployment in the Nordic Countries - A Study on the Rights of and Measures for Young Jobseekers

Germany, who are trained into professions from a much younger age and have a better understanding of where their education leads.

There has been a large number of labour market programmes over the past three decades and focused on young people in United Kingdom. In 1998 the new Labour government introduced programme: New Deal for Young People (NDYP) that was part of New Deal strategy. This programme was focused at youth aged 18-24 who were claiming unemployment benefit (Jobseekers Allowance – JSA) continuously for six months. Participation in programme was mandatory and failure to participate lead to the withdrawal of benefit.

This programme had its specifics. Firstly, it offered a variety of choices to unemployed people. Secondly, it included an assessment phase (the Gateway) during which the youngsters could assess their needs and wishes, received help with job search and basic education in literacy, numeracy and IT skills. Thirdly, the "follow-through" phase during which the youth received continuing support and assistance.

In 2011 were introduced minimum wage bands for young people in order to encourage businesses to hire those young people.

In April 2012 the government introduced: Youth Contract, which was a set of measures aimed at disadvantaged youth on the labour market. The broad objective of the Youth Contract is to make young people more appealing to employers looking to recruit. At its launch, the plan was to allow 160,000 to be given a six-month "job start", but the statistics showed that by November 2014 wage-incentive payments had been made in respect of only just over 10,000 individuals. The Youth Contract was generally considered as a failure.

As pioneers in the activation approach to labour market policies, the Nordic countries have attempted to implement so called "youth guarantee" schemes for many years. In 1984, Sweden introduced the first genuine youth guarantee, followed by Denmark and Finland in 1996. These measures have been periodically revised during the last decade.

Denmark holds a prominent position and is seen as the model country. The Danish "flexicurity" model has achieved excellent labour-market performance. The term combines two most important aspects – flexibility and security. The model combines flexible hiring and firing with a generous social safety net and an extensive system of activation policies. The Danish model has resulted in low (long-term) unemployment rates and the high job flows have led to high perceived job security.

The Youth Unemployment Programme was designed to provide better employment opportunities and as an encouragement to continue their education. The state offered them the opportunity to follow a vocational education for 18 months. The YUP could be seen as: an incentive, a sanction and an open source for education. The programme caused significant rise of number of people in education. If the youngsters refused to be part of the programme they would be penalized by losing their unemployment benefit.

During the economic crisis, the public employment service in Finland has been struggling with delivering the promised services. Providing support to the young unemployed proved a challenge to public employment services. The number of customers per adviser increased to 700. A budget increase in 2010 helped to ease the situation, by allowing the PES to recruit more staff and create more training and other support places for young jobseekers. However, they are performing significantly better now as the demand for their services has started to slow down.

The strengths of these measures are twofold: firstly, they typically help young people to make more informed decisions about their transition to work (personal development plan and needs assessment); secondly, they improve the quality and speed of services provided to young people. In this respect, they serve as an incentive to the PES services to focus on young people, their particular characteristics and their specific needs.

Youth guarantees attempt to avoid the long-term consequences or 'scarring' effects of youth unemployment. However, youth guarantees seem to be more effective for young people who are work-ready than on the long-term unemployed young people.

In the context of high rates of youth unemployment, there may be a temptation to focus on "quick-fix" solutions which do not necessarily create long term benefits for the young person. Youth guarantees, for example, may place young people in employment, education or training over a relatively short time frame and at a relatively low cost, but may not always offer long-term solutions.

The next chapter describes the specifics of Greek economy and labour market in order to fulfil the third partial objective.

6 Specifics of Greek economy and labour market

The chapter 6 is divided into five subchapters in order to fulfil the third partial objective. The first subchapter introduces the reader the general information about Greek economy and its changes during last decade. The second subchapter describes the specifics of Greek labour market and the reasons causing high youth unemployment. In the third and fourth subchapters we can find information about regional differences in Greece and how the employment differs with the industries. The last subchapter concludes all parts in a short summary.

6.1 General introduction

The population in Greece is reaching almost 11 million inhabitants. Out of total population only half is active on the labour market. More than 1 million is unemployed and 2.3 million people are inactive on the labour market (see the next table).

Table 4 General statistics for Greek economy in 2013 (thousand)

Population	10880.5
Active population	4810.5
Working population	3500
Unemployed population	1240
Inactive population	2306.3

Reference: Eurostat [online], 2015¹⁰³

In order to have complete picture we will compare selected economic indicators of Greece with the selected countries (DE, DK, UK, FI). We can notice that performance of Greek economy is in all aspects lower than the performance of selected countries and EU-28. This information, however, is not new nor surprising. When we look more closely to the labour market indicators, we can see that Greece spends the same share of GDP on social protection (31.2 per cent) as the selected countries. Nevertheless, it does not bring the same result, because percentage of people at risk of poverty after social transfers is much higher (22.1 per cent) compare to the selected countries (EU-28: 17.2 per cent, DE: 16.7 per cent) while having the same risk of poverty before social transfers (26 per cent). The social transfers in Greece are somewhere losing their power.

Despite the fact that Greeks have the longest working week (44.2 hours) their labour productivity is much lower (92.7)¹⁰⁴ compare to EU-28 (99.9), or Germany

¹⁰³ Data available at: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

¹⁰⁴ EU27=100

(107). The expenditures on LMP in Greece are only half of expenditures in EU-28 and less than one third of expenditures in Denmark.¹⁰⁵ There is very probably positive correlation between the expenditures on LMP and level of unemployment.

The insufficient level of education does not seem to be a problem in Greece since the 88.4 per cent of youth have completed at least upper secondary education (EU-28: 82.2 per cent). On top of that the percentage of early leavers from education and training in Greece is below the EU-28 average (9 per cent, respectively 11.2 per cent). One suggestion where could be hidden a problem is private expenditures on education. Greece spends only one third of EU-28 average – 0.26 per cent of GDP. It is necessary to mention that the most recent data about Greek private expenditures are from 2005 while the rest of the countries has updated their data up to 2011. Thus, the comparison is based on year 2005.

Table 5 Comparison of selected economic indicators¹⁰⁶

Year of data	Indicator	EU28	EL	DE	DK	FI	UK
2014	GDP per capita in PPS (EU28=100)	100.0	72.0	124.0	124.0	110.0	108.0
2014	Real GDP growth rate	1.4	0.7	1.6	1.1	-0.4	2.9
2014	General government gross debit (% of GDP)	86.8	178.6	74.9	45.1	59.3	88.2
2014	Inequality of income distribution - income quintile share ratio	5.2	6.5	5.1	4.1	3.6	5.1
2014	At-risk-of-poverty rate before social transfers - %	26	26	25	26.8	27.6	29.3
2014	At-risk-of-poverty rate after social transfers - %	17.2	22.1	16.7	11.9	12.8	16.8
2012	Expenditure on social protection - % of GDP	29.8	31.2	29.9	34.6	32.7	30.3
2012	Expenditure on social protection per inhabitant - PPS per inhabitant	7647	6123	9906	10462	9364	7885
2013	Labour productivity per person employed (EU27=100)	99.9	92.7	107	111	107.1	99.4
2014	Persons employed part-time - % of total employment	20.4	9.5	27.6	25.5	15.4	26.8
2014	Hours worked per week of full-time employment - hours	41.5	44.2	41.5	38.8	40	42.9
2013	Real unit labour cost growth - growth rate (%)	-0.4	-4.9	-0.1	-0.2	0.2	-0.4
2010	Public expenditure on LMP - % of GDP	1.815	0.944	1.672	3.364	2.857	0.683
2014	Persons of the age 20 to 24 having completed at least upper secondary education - % of the population aged 20-24 years	82.2	88.4	77.1	72.5	86.3	84.1
2014	Early leavers from education and training - %	11.2	9.0	9.5	7.8	9.5	11.8
2005	Private expenditure on education - % of GDP	0.68	0.26	0.92	0.57	0.13	1.22

Reference: Eurostat [online], 2015

Now, the subchapter continues with description of Greek economy, effects of crisis on Greek economy and unemployment.

¹⁰⁵ Topic of LMP expenditures was already mentioned in subchapter 4.5.

¹⁰⁶ Data available at: <http://ec.europa.eu/eurostat/guip/themeAction.do>

Greece became the tenth member of the European Union on 1 January 1981. The country adopted the euro in 2001. More recently, Greece has suffered greatly from the late-2000s recession. Greece had started to lose the ability to compete effectively with the rest of the world long before the financial crisis in 2008. Despite the fact that they had achieved enormous GDP growth rates between 2000 and 2007, most of the growth actually came from public spending and consumption – both financed through debt – and not necessarily from private productive investment. Greece has been providing short-term benefits to supposedly strong markets, which were not supported by proper investment and collapsed few years after the boom.¹⁰⁷

In 2008 Greek economy experienced enormous fall in GDP growth rate (-0.3 per cent), the recession was only in the beginning. The deepest depression was in 2011 (GDP growth rate -9.1 per cent). Greece was suffering a large debt to GDP ratio (129.4 per cent in 2009) and a huge budget deficit (15.6 per cent in 2009). In a period of economic uncertainty this situation was no longer sustainable.¹⁰⁸



Fig. 13 Real GDP growth rate in Greece (%)¹⁰⁹

In 2010 the country was forced to lend the necessary funds from member countries in Eurozone in order to avoid bankruptcy. Strict austerity measures followed along with major structural changes, so that Greece could regain its credibility and find its way back to economic prosperity. Even though that the measures were aiming at increasing labour market flexibility to allow the economy to swiftly adjust, these policies caused significant side effects, such as historically high youth unemployment rates (58.3 per cent in 2013).¹¹⁰

¹⁰⁷ TSE et al., 2013

¹⁰⁸ TSE et al., 2013

¹⁰⁹ Eurostat [online], 2015 Data available at:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=tec00115>

¹¹⁰ CHOLEZAS [online], 2013

As mentioned earlier Greece is not the only country suffering from high unemployment. Based on Eurostat's data¹¹¹, in the EU-28 the average unemployment rate for youths in 2013 was 23.6 per cent, while for older workers it was 10.9 per cent. We can see in the following figure that the development of youth unemployment was relatively stable since 1998. During the crisis in 2008 the youth unemployment began to rapidly grow. The level of unemployment in Greece (15-24 years-old, 25-29 years-old) was on average 10 percentage points higher than the unemployment for the same age groups in EU-15. We can observe that the rate of unemployment in 2008 was not that strongly affected in EU-15 as in Greece.

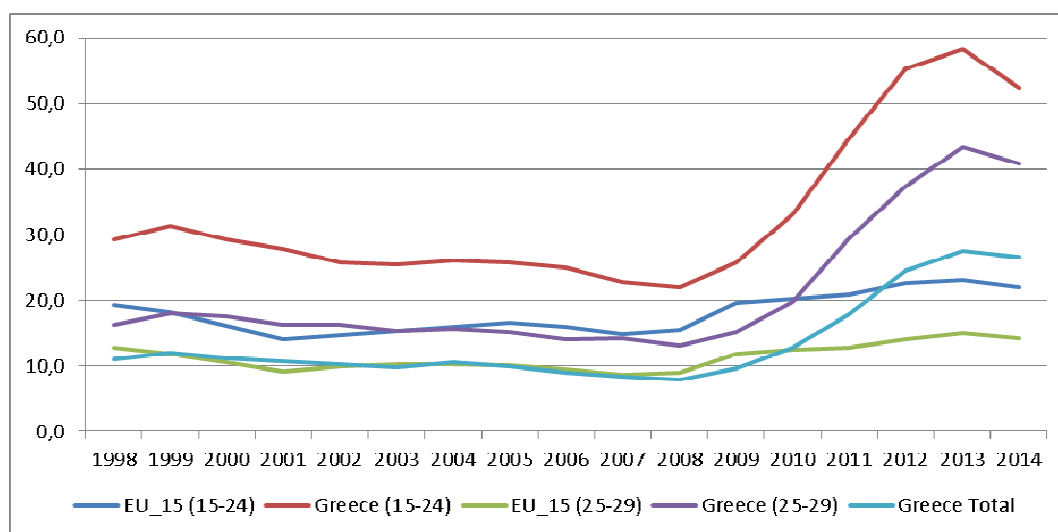


Fig. 14 Development of unemployment in Greece (%)¹¹²

The Troika¹¹³, together with the Greek government, introduced a strategy in order to regain lost competitiveness and international creditworthiness. The main targets of this strategy were achieving fiscal consolidation through austerity policies¹¹⁴, accelerating structural changes through public administration reforms and privatisations, as well as increasing labour market flexibility through:

- introduction of individual work contracts,
- releasing of the legislative framework regarding hiring and firing rules,

¹¹¹ Data available at:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tesem120&language=en>

¹¹² Eurostat [online], 2015 Data available at: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tipsun20&language=en>

¹¹³ The European Commission, International Monetary Fund and European Central Bank

¹¹⁴ cutting down expenses and increasing revenues, thus taxes

- determination of the minimum wage by the Government,
- changes in the terms of temporary employment contracts,
- increased flexibility of employment (e.g. part-time jobs, work in shifts).

Additionally, fiscal cuts managed to lower the budget deficit. However, the austerity measures and structural changes negatively affected economy as well as the labour market.

The following subchapter is focusing on Greek labour market and its specifics.

6.2 Specifics of Greek labour market

In accordance with austerity measures, in 2012 Greece reduced minimum wages by 22 per cent from EUR 751 to EUR 586. The youth minimum wage fell by 32 per cent to the level of EUR 511. However, Greece is still in the middle group of EU countries having set a minimum wage between EUR 500 and 800.¹¹⁵ Introducing a lower minimum wage for youths up to 25 years aims exactly at providing the incentive to employers to hire them.

The potential impact from reforms of unemployment benefits was inconsistent. According to the European Parliament the public social transfers had been comparatively low in Greece already before the crisis. As a reaction to the decrease of the minimum wage, the monthly unemployment benefit was lowered from EUR 454 to EUR 360. On the other hand, young people benefited from an extension of coverage: Since 2014, they are entitled to long-term unemployment benefits (20-66 instead of 45 plus before).¹¹⁶

Greek labour market was considered highly inflexible. One way to make the labour market more flexible and allow it to swiftly adjust to the new economic circumstances is to liberalise it in terms of relaxing employment protection legislation (EPL), because that way it is easier for the firms to hire or fire employees. According to economic theory the more flexible the labour market, the less costly is the adjustment in terms of unemployment at times of recession.¹¹⁷

Nevertheless, according to the observation the legislative initiatives have made the labour market more flexible. The costs of dismissing workers are lower in 2013 compared with 2008. This is generally considered a good thing for the labour market and the employers, on the other hand not always good thing for employees.

¹¹⁵ CHOLEZAS [online], 2013

¹¹⁶ KRAATZ, 2015

¹¹⁷ TSE et al., 2013

Table 6 Indices of Employment Protection Legislation (EPL)

	Regural contracts ¹¹⁸			
	Greece	USA	Germany	Sweden
2008	2.802	0.490	2.978	2.524
2009	2.802	-	-	-
2010	2.802	-	-	-
2011	2.167	-	-	-
2012	2.167	-	-	-
2013	2.119	0.490	2.978	2.524

Reference: CHOLEZAS [online], 2013¹¹⁹

In the previous table we can see that strictness of employment protection in Greece has been falling down, thus making the labour market more flexible.

The relaxing of labour market is expected to lead more people towards flexible employment¹²⁰, which is not necessarily bad considering the alternative, i.e. unemployment. According to published Labour Force Survey (LFS) data, part-time work expanded during the crisis. We can see in the table that just 12.3 per cent of youngsters were working part-time in 2008, while in 2013 that share increased to 21.3 per cent. On the other hand, the share of involuntary part-time employment among the young increased from 5 per cent to 11 per cent. The young people very often appear to be underemployed. They desire more hours than they are working and hence are underutilized.¹²¹

Table 7 Shares of flexible work contracts (%)

	2008b ¹²²		2013b	
	15-24	25+	15-24	25+
Part-time employment	12.3	5.0	21.3	7.7
Temporary employment	29.0	10.2	26.1	9.2
Duration of temp. empl.				
<12 months	69.4	65.4	80.1	74.3

Reference: CHOLEZAS [online], 2013¹²³

Youngsters, generally, are lacking of information. Particularly in the Greek labour market the social networks are extremely important. This is one of the reasons why the transition from school to work lasts so long: it takes time to set up a network and gather all necessary information. In the annual report of the Labour

¹¹⁸ Strictness of employment protection – individual dismissals

¹¹⁹ CHOLEZAS [online], 2013

¹²⁰ such as part-time work, temporary contracts and work in shifts

¹²¹ BELL et al. [online], 2015

¹²² b stands for second quarter of the year

¹²³ CHOLEZAS [online], 2013

Inspection Body (SEPE) for the first semester of 2013, it is estimated that almost 40 per cent of all employees in specific industries are informally employed. Another reason is already explained mismatch between skills supplied by graduates and those demanded by employers. It is also often argued that graduates of all levels of education lack basic skills and core competencies required by the labour market.¹²⁴

Greece showed the highest incidence of over-qualification (26 per cent) between 2001 and 2011. Universities most in demand in Greece prepared graduates for a limited range of qualifications: such as liberal professions and the broader public sector which was large and offered better paid and protected jobs before economic adjustment programmes came into force. Shortages exist in ICT, wholesale and retail trade including for highly qualified posts.¹²⁵

Very specific feature of Greece is the role of Greek family and its provision of extreme protection to its children in order to allow them to get the right job. This role of Greek family has been often criticised, because in times of limited labour demand increases the problem of unemployment.

Compared with other Europeans, Greeks show a high willingness to maintain inter-generational households. So, only one out of three 25 to 29-year-olds in Greece live away from home, whereas in the UK, four out of five have left home. This fact reflects the inflexibility of the housing market. According to the research the highest home ownership rates in the OECD are in Spain and Greece; unemployment appears to be positively correlated with home ownership rates.¹²⁶ Hence, there is a lack of a private rental sector that allows young people to move to where the jobs are. The housing market is a major rigidity impacting the Greek labour market, in that it appears to lower mobility.

For example, in Greece, the probability of a 25 to 29-year-old male not living with their parents is 45 per cent (55 per cent) higher than for 15 to 19-year-olds (females rates in parentheses). So, females are more likely to have left home than males. Partly, this is because females are more likely to be already married. In Germany and the UK, around 70 per cent of both males and females aged 25-29 had left home. Lack of mobility seems to be a major issue in Greece partly due to rigidities in the housing market.¹²⁷ According to the survey from 2014 almost 60 per cent of Greeks are willing to move abroad to find work, a percentage slightly lower than the global average of 64 per cent.¹²⁸

Among European countries, Greece has the highest proportions of the young unemployed that have been without work for more than a year. So-called scarring effects are likely to be large, especially for those 25-29 who were hit hardest by the 2008 recession shock and failed to make a successful transition from school to

¹²⁴ CHOLEZAS [online], 2013

¹²⁵ KRAATZ, 2015

¹²⁶ BELL et al. [online], 2015

¹²⁷ BELL et al. [online], 2015

¹²⁸ Themanews.com [online], 2014

work. An extremely high proportion of these young adults continue to live with their parents.

Moreover, the European Labour Force Survey indicates that numbers in Greece in the 15-29 age group are falling. This is a combination of the effects of declining cohort size and increased emigration, which seems to have been particularly marked among women ages 25-29.

The age group 25-29 in Greece is probably of greatest concern right next to the age group 15-24. They were the ones who were young when the recession first hit. Thus, many of them were unable to make the transition from school to work.

Another argument refers to the rigidities of the Greek labour market which do not allow for trial and error practices from both sides of the market, i.e. potential employees and employers, so that they all look for the one and optimum match. Employers are because of the crisis even more reluctant to hire someone. Therefore, the problem is nowadays mainly the result of very low demand for labour.¹²⁹

Answers from young people in Greece to a European-wide survey demonstrate the impact of the crisis on their perceptions and show need for further policy action. At the same time it answers the third research question: **What is the attitude of young people in Greece towards education and training?**

- Only 19 per cent (vs. 55 per cent in EU-28) think that training, school and university education are well adapted to the current world of work
- 87 per cent (vs. 57 per cent in EU-28) feel that they have been marginalised in their country by the economic crisis (excluded from economic and social life)
- 51 per cent (vs. 26 per cent in EU-28) feel compelled to study, to undergo training or to work in another EU country because of the crisis.¹³⁰

Greece has mandatory military service of 9 months for men between the ages of 19 and 45. Military service represents a significant part of the transitional path for most young men in Greece, however, prevailing opinion is that obligatory conscription interrupts the life paths of many young men. On the other hand, it was still perceived as an honourable task in the service of the country. The military service has not adapted well enough over the past 30 years to deal with changing social, educational circumstances of young people. Nevertheless, it brings certain advantages such as education and skills development opportunities (vocational training, especially for low-skilled youth. Obviously, military service helps to lower the level of unemployment.¹³¹

There are opinions that the mandatory military service should be abolished and replaced by professional army.¹³² But the geopolitical situation of Greece complicates those decisions including whether the military should reduce

¹²⁹ BELL et al. [online], 2015

¹³⁰ KRAATZ, 2015

¹³¹ PETKOVIC et al., 2015

¹³² PETKOVIC et al., 2015

spending in times of crisis. Greek military expenditure remains among the highest in the EU. According to SIPRI¹³³ database Greece spent 2.2 per cent of GDP on military in 2014 (for comparison: DE: 1.2 per cent, DK: 1.3 per cent). In real numbers Greece spent EUR 4,000 million.¹³⁴

Vocational education and training (VET)¹³⁵ is frequently perceived as the solution to improving the opportunities of youths who lack the resources, skills or motivation to continue with higher education. Moreover, many argue that VET provides useful skills to prepare for youths' entry into the labour force and improve their chances of a successful professional career. By aligning the initial education more closely to particular vocations demanded in the labour market, the problem of mismatch may be reduced. As opposed to general education, VET is only a prominent part of secondary education in a number of mostly continental European and Scandinavian countries.¹³⁶

Large companies in Greece identify the poor quality of Greek vocational education as one of the factors impacting negatively on productivity.¹³⁷ More concretely, regarding tourism, which is a vital sector for the Greek economy, the limited extent to which companies invest in training and employee development negatively affects the country's competitiveness.¹³⁸

On-the-job training (OJT) is defined as continuing training related to the work performed and is not limited to in-house training. The training is addressed to employees (not apprentices), is planned in advance and is financed, at least in part, by the enterprise.

In the Greek economy (see the following figure), only 21 per cent of businesses that employ more than 10 persons are providing OJT, compared with 60 per cent in the EU-27. Training incidence varies by company size – large enterprises are more likely to provide training – and by sector of economic activity – the probability of training is higher in financial services and lower in hotels/restaurants and the construction sector.¹³⁹

¹³³ Stockholm international peace research institute

¹³⁴ SIPRI [online], 2015

¹³⁵ In this thesis, we use the term “vocational education and training” (VET) to refer to qualifying education paths that provide individuals with occupations-specific knowledge and practical skills, independent of the place, content, and the provider of education.

¹³⁶ VAGIONIS, Nicholas (ed.). [online], 2013

¹³⁷ Economic bulletin [online], 2011

¹³⁸ Economic bulletin [online], 2011

¹³⁹ Economic bulletin [online], 2011

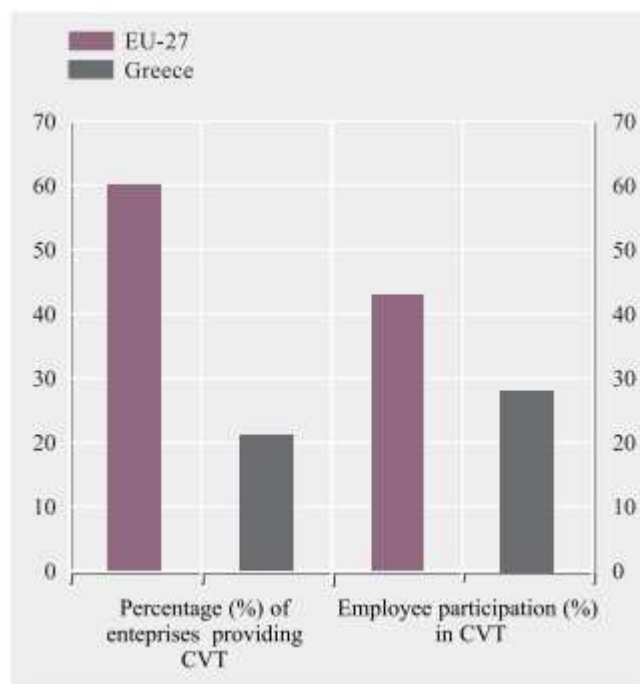


Fig. 15 Extent of Continuing Vocational Training (CTV) in 2005¹⁴⁰

Most businesses offering OJT evaluate this positively. Moreover, OJT leads to an increase in productivity and therefore in companies' competitiveness. Furthermore, companies introducing innovations are more likely to provide OJT and those offering OJT more likely to innovate. Despite this finding, most firms in Greece do not appear to be convinced of the usefulness of OJT. They believe that the existing skills and competences of their employees meet the current needs of their organisation. The structure of economic activity and the small size of Greek firms explain part of this training deficiency. The low level of productivity and competitiveness of the Greek economy could also, however, be due to the absence of OJT.¹⁴¹

An additional potential problem is naturally associated with the heterogeneity of the youths' population consisting of natives, immigrants' descendants and various other minority groups, i.e. Roma, Muslims residing in Thrace, etc. The reason is pretty simple. These groups have different needs and aspirations which will be difficult, but not impossible, to accommodate.

But what is more important than the actual size of the problem, is to neutralise all institutional twists that push both employees and employers towards informal labour. That way, neither firms nor individuals will have the incentives to substitute cheaper (for firms) and often better compensated (for employees)

¹⁴⁰ Economic bulletin [online], 2011

¹⁴¹ Economic bulletin [online], 2011

informal labour for more expensive (for firms) and less well compensated (for employees) formal labour.¹⁴²

As a conclusion, the reasons that are prolonging transition from education to work are: inflexible labour market, housing market, skills mismatches, low esteem of manual work, low quality of VET, minimum provision of OJT and a low degree of cooperation among firms and the education system, a high share of informal employment and a modest performance of the Greek Public Employment Service.

6.3 Regional differences

Mainland Greece is situated at the southern end of the Balkans, at the Peloponnesus peninsula, and borders to Bulgaria, the Former Yugoslavian Republic of Macedonia and Albania in the north and to Turkey in the east. Around 3000 islands, including Crete, Rhodes, Kos, Euboea, the Dodecanese and the Cycladic groups, are located in the Ionian Sea (west of mainland Greece), the Mediterranean Sea (south) and Aegean Sea (east).¹⁴³

Greece consists of 13 administrative regions, nine of which belong to mainland Greece and four are on the islands. These regions correspond to the NUTS 2 level.

¹⁴² BELL et al. [online], 2015

¹⁴³ NSD [online], 2013



Fig. 16 Map of 13 administrative regions in Greece (NUTS 2)¹⁴⁴

Table 8 Administrative regions in Greece (NUTS 2)

Administrative regions in Greece (NUTS 2)	
Eastern Macedonia and Thrace	Ionian Islands
Central Macedonia	Western Greece
Western Macedonia	Central Greece
Thessaly	Peloponnese
Epirus	Attica
North Aegean	South Aegean
Crete	

Reference: Eurostat Methodologies & Working papers [online], 2011

The following table describes the regional differences in the youth unemployment rates in order to investigate whether any of the regions are suffering from unemployment more than the rest of the country. The red-marked numbers indicate the youth unemployment rate higher than median.

¹⁴⁴ Graperover [online]. 2015

Table 9 Youth unemployment rate in NUTS 2 regions in Greece

GEO/TIME	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Eastern Macedonia and Thrace	24.3	22.8	31.0	31.3	31.3	25.4	21.4	30.4	40.1	51.8	53.0	59.4	50.7
Central Macedonia	26.8	25.1	31.9	28.7	26.6	24.2	22.4	28.0	34.1	51.4	60.7	62.0	53.4
Western Macedonia	35.2	41.2	52.8	44.4	28.0	35.7	36.6	34.8	35.3	52.7	72.3	70.4	49.6
Thessaly	32.8	28.6	25.7	20.0	23.9	22.6	23.7	26.6	34.4	46.7	53.7	57.5	59.8
Epirus	37.4	34.6	34.0	36.3	32.5	30.9	31.2	34.7	37.1	48.6	61.1	67.4	69.8
Ionian Islands	:	31.5	23.8	23.7	32.3	24.0	27.1	26.5	35.2	26.2	23.9	51.5	44.8
Western Greece	29.5	30.2	28.2	25.0	33.6	31.7	31.3	28.8	35.3	45.1	56.8	59.0	61.1
Central Greece	29.4	22.0	30.8	31.4	26.8	25.6	27.7	32.9	36.9	42.5	58.7	59.5	59.1
Peloponnese	26.5	28.0	30.8	30.9	27.3	25.7	23.1	25.8	29.0	39.0	62.3	60.3	52.0
Attica	22.0	23.8	21.9	23.0	21.5	20.0	19.1	21.9	30.9	43.2	56.0	60.6	52.5
North Aegean	30.6	31.7	21.8	37.3	34.9	36.4	:	24.6	29.7	43.0	45.8	46.1	40.2
South Aegean	33.8	21.8	20.3	18.3	17.9	12.5	14.9	24.5	28.4	36.8	41.0	37.2	25.8
Crete	24.0	20.1	17.6	17.8	18.7	14.0	14.0	20.9	30.4	39.8	44.1	45.4	46.3
Median	29.5	28.0	28.2	28.7	27.3	25.4	23.4	26.6	34.4	43.2	56.0	59.4	52.0

Reference: Eurostat [online], 2015¹⁴⁵¹⁴⁶

Traditionally, youth unemployment was lower in regions with touristic and agricultural activities (e.g. Eastern Macedonia, South Aegean and Crete).

The majority of the unemployed reside in Attica¹⁴⁷ (around 40 per cent), which is logical, because only in Athens lives almost 5 million people (half population of Greece).¹⁴⁸

Correspondingly, according to the previous table, the highest youth unemployment rates in 2014 are reported in Epirus (69.8 per cent) and Western Greece (61.1 per cent) and the lowest with significant difference in South Aegean (25.8 per cent). Median is 52.0 per cent.

The most significant changes in all regions happened between 2011 and 2010 (in average by 10 pp). In Peloponnese the increase in 2012 was incredible 23.3 pp.

From the evidence it is obvious that some of the regions are suffering from the youth unemployment much more than the others. We have to keep this fact in our mind while we are formulating the recommendations.

6.4 Employed individuals by industry

The distribution of employed individuals across industries was not significantly affected by the crisis, although some industries suffered more than others. However, the number of employed individuals declined in almost all industries,

¹⁴⁵ Data available at: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

¹⁴⁶ Youth long-term unemployment rate (12 months or longer) by sex and NUTS 2 regions

¹⁴⁷ the region that encompasses the capital of Greece, Athens.

¹⁴⁸ VAGIONIS, Nicholas (ed.). [online], 2013

especially amongst the youths: between 2008 and 2013 employed youths declined by 55.2 per cent, while older employed individuals by 18.5 per cent. Partly, this is explained by youths being employed part-time or with temporary contracts, which made them easier to dismiss.¹⁴⁹

Table 10 Employed youth by industry

	15-24	
	2013 share (%)	2008-2013 change (%)
Agriculture, forestry and fishing	10.8	-47.8
Manufacturing	10.3	-62.7
Construction	6.1	-79.3
Wholesale and retail trade, repair of motor vehicles and motorcycles	22.6	-49.5
Accommodation and food services	19.9	-37.3
Public administration and defence	8.1	-26.9
Subtotal	77.8	
Total	100.0	-55.2

Reference: CHOLEZAS [online], 2013¹⁵⁰

Five strongest industries employ almost 80 per cent of youth. For example, 42.5 per cent of youth in 2013 were employed in two industries (Accommodation and food services, wholesale and retail trade etc.). The crisis seems to have intensified youths' segregation in these two industries.

In the four industries which recorded an overall decline in employed persons of more than 30 per cent during the crisis (Mining and quarrying, Manufacturing, Construction, Real estate activities), youths proved much more vulnerable than older individuals.¹⁵¹

The sector of agriculture, including forestry and fishery product, is a dynamic sector for several regions showing the advantages of local areas, such as Thessaly, the Ionian Islands, Western Greece and Crete. Similar evolution in the structure of employment is found in the financial and real estate sectors, in some regions, such as Attica, Central Greece, Thessaly, the Peloponnese and the southern Aegean.¹⁵²

6.5 Partial conclusion

The population in Greece is reaching almost 11 million inhabitants. Out of total population only half is active on the labour market. More than 1 million is

¹⁴⁹ CHOLEZAS [online], 2013

¹⁵⁰ CHOLEZAS [online], 2013

¹⁵¹ CHOLEZAS [online], 2013

¹⁵² VAGIONIS, Nicholas (ed.). [online], 2013

unemployed and 2.3 million people are inactive on the labour market. We can notice that performance of Greek economy is in all aspects lower than the performance of selected countries (DE, DK, UK, FI) and EU-28. The expenditures on LMP in Greece are only half of expenditures in EU-28 and less than one third of expenditures in Denmark. There is very probably positive correlation between the expenditures on LMP and level of unemployment.

On the other hand the percentage of early leavers from education and training in Greece is below the EU-28 average (9 per cent, respectively 11.2 per cent). One suggestion where could be hidden a problem is private expenditures on education. Greece spends only one third of EU-28 average – 0.26 per cent of GDP.

More recently, Greece has suffered greatly from the late-2000s recession. Greece had started to lose the ability to compete effectively with the rest of the world long before the financial crisis in 2008. Greece has been providing short-term benefits to supposedly strong markets, which were not supported by proper investment and collapsed few years after the boom. The deepest depression was in 2011 (GDP growth rate -9.1 per cent). In 2010 the country was forced to lend the necessary funds from member countries in Eurozone in order to avoid bankruptcy.

During the crisis in 2008 the youth unemployment began to rapidly grow. The level of unemployment in Greece (15-24 years-old, 25-29 years-old) was on average 10 percentage points higher than the unemployment for the same age groups in EU-15. The Troika, together with the Greek government, introduced a strategy in order to regain lost competitiveness and international creditworthiness. Additionally, fiscal cuts managed to lower the budget deficit. However, the austerity measures and structural changes negatively affected economy as well as the labour market.

In accordance with austerity measures, in 2012 Greece reduced minimum wages by 22 per cent from EUR 751 to EUR 586. The youth minimum wage fell by 32 per cent to the level of EUR 511. The potential impact from reforms of unemployment benefits was inconsistent. According to the European Parliament the public social transfers had been comparatively low in Greece already before the crisis. As a reaction to the decrease of the minimum wage, the monthly unemployment benefit was lowered from EUR 454 to EUR 360. On the other hand, young people benefited from an extension of coverage: Since 2014, they are entitled to long-term unemployment benefits.

Greek labour market was considered highly inflexible. One way to make the labour market more flexible and allow it to swiftly adjust to the new economic circumstances is to liberalise it in terms of relaxing employment protection legislation. Nevertheless, according to the observation the legislative initiatives have made the labour market more flexible. The costs of dismissing workers are lower in 2013 compared with 2008. The relaxing of labour market is expected to lead more people towards flexible employment. On the other hand, the share of involuntary part-time employment among the young increased from 5 per cent to 11 per cent. The young people very often appear to be underemployed. They desire more hours than they are working and hence are underutilized.

One of the reasons why the transition from school to work lasts so long is lack of information: it takes time to set up a network and gather all necessary information. Greece showed the highest incidence of over-qualification (26 per cent) between 2001 and 2011. Shortages exist in ICT, wholesale and retail trade including for highly qualified posts.

Very specific feature of Greece is the role of Greek family and its provision of extreme protection to its children in order to allow them to get the right job. This role of Greek family has been often criticised, because in times of limited labour demand increases the problem of unemployment. The housing market is a major rigidity impacting the Greek labour market, in that it appears to lower mobility. Among European countries, Greece has the highest proportions of the young unemployed that have been without work for more than a year. So-called scarring effects are likely to be large, especially for those 25-29 who were hit hardest by the 2008 recession shock. An extremely high proportion of these young adults continue to live with their parents.

Answers from young people in Greece to a European-wide survey demonstrate the impact of the crisis on their perceptions and show need for further policy action:

- Only 19 per cent (vs. 55 per cent in EU-28) think that training, school and university education are well adapted to the current world of work
- 87 per cent (vs. 57 per cent in EU-28) feel that they have been marginalised in their country by the economic crisis (excluded from economic and social life)
- 51 per cent (vs. 26 per cent in EU-28) feel compelled to study, to undergo training or to work in another EU country because of the crisis.

Greece has mandatory military service of 9 months for men between the ages of 19 and 45. There are opinions that the mandatory military service should be abolished and replaced by professional army. Greek military expenditure remains among the highest in the EU. According to SIPRI database Greece spent 2.2 per cent of GDP on military in 2014.

Large companies in Greece identify the poor quality of Greek vocational education as one of the factors impacting negatively on productivity. In the Greek economy only 21 per cent of businesses that employ more than 10 persons are providing OJT, compared with 60 per cent in the EU-27. The structure of economic activity and the small size of Greek firms explain part of this training deficiency. The low level of productivity and competitiveness of the Greek economy could also, however, be due to the absence of OJT.

Traditionally, youth unemployment was lower in regions with touristic and agricultural activities (e.g. Eastern Macedonia, South Aegean and Crete). The majority of the unemployed reside in Attica¹⁵³ (around 40 per cent), which is logical, because only in Athens lives almost 5 million people (half population of Greece). From the evidence it is obvious that some of the regions are suffering from the youth unemployment much more than the others.

¹⁵³ the region that encompasses the capital of Greece, Athens.

The number of employed individuals declined in almost all industries, especially amongst the youths: between 2008 and 2013 employed youths declined by 55.2 per cent, while older employed individuals by 18.5 per cent. Partly, this is explained by youths being employed part-time or with temporary contracts, which made them easier to dismiss.

7 Recommendations for Greece

Many of the reforms require more public spending but the Greek government is currently facing a major fiscal crisis, with a public deficit estimated at 12.3 per cent of GDP in 2013 and debt above 170 per cent of GDP.¹⁵⁴ Therefore, additional public spending on labour market policies, education and training must be shown to be fully cost-effective. It is important to rigorously evaluate any new initiative and spend only on measures that pass a positive benefit-cost test. However, given the urgency of action, current additional spending should be guided by rigorous evaluations in other countries.

Youth employment issues could often best be resolved with already existing employment policies, which could be adjusted to youth-specific needs such as youth entrepreneurship, remedial education and vocational training. Targeted interventions could, however, be useful under specific circumstances. Nevertheless, it is important to take into consideration the possible crowding-out effects on other age groups.

This chapter is divided into 3 subchapters. LMP that was already implemented in Greece, the LMP recommendations for Greece based on the examples from examined countries and implementation of Youth Guarantee as an example of activity from the European Union.

7.1 LMP in Greece

By going into details in LMP Qualitative Report from 2012 by Eurostat, there can be found 19 LMP interventions. For the purpose of this thesis we focus only on those concentrated on youth.

¹⁵⁴ Trading economics [online], 2015

Table 11 Summary of LMP in Greece focused on youth¹⁵⁵

Category	Intervention number ¹⁵⁶	Name	Name in Greek
1 - Labour market services	31	Counselling - vocational guidance	Επαγγελματικός Προσανατολισμός και Συμβουλευτική
1 - Labour market services	32	Individualised Approach services (OAED)	Εξατομικευμένη Προσέγγιση (Ο.Α.Ε.Δ.)
4 - Employment incentives	123	Internship in Social Security Institutions	Απόκτηση Εργασιακής Εμπειρίας σε οργανισμούς Κοινωνικής Ασφάλισης - Υγεία -Πρόνοια
4 - Employment incentives	126	Internship in Social Care Units	Πρόγραμμα απόκτησης εργασιακής εμπειρίας σε Μονάδες Κοινωνικής Φροντίδας
4 - Employment incentives	142 ¹⁵⁷	New Jobs for the Unemployed	Πρόγραμμα Επιχορήγησης επιχειρήσεων για την απασχόληση ανέργων (ΝΘΕ) 2009
4 - Employment incentives	143 ¹⁵⁸	Internship for work experience	STAGE (Πρόγραμμα απόκτησης εργασιακής προυπηρεσίας)
7 - Start-up incentives	146 ¹⁵⁹	Subsidy programme for New Freelance Professionals	Πρόγραμμα επιχορήγησης Νέων Ελεύθερων Επαγγελματιών
8 - Out-of-work income maintenance and support	27	National system of protection from unemployment - ESPA (benefit for young unemployed)	Επίδομα σε νέους 20-29 ετών

Reference: LMP Qualitative Report, 2012¹⁶⁰

In the previous table we can see labour market policy interventions related to youth in Greece since 1997. Compared to Germany or Finland (see in Annex B) the total number of interventions is five times lower, respectively three times lower. Currently, there are 2 interventions from group LMP services, only 5 interventions from LMP measures that provide temporary support for groups that are disadvantaged in the labour market. Within the LMP support there is one intervention from category 8 – Out-of-work income maintenance and support that cover financial assistance that aims to compensate individuals for loss of wage or salary. Three of the mentioned interventions (New Jobs for the Unemployed, Internship for work experience, and Subsidy programme for New Freelance Professionals) were implemented in 2009, however, they ended in 2011, respectively 2012. As long as we know the active labour market policy is more beneficial for the country in a long-term, because it prevents people from being

¹⁵⁵ The period of LMP interventions is 1997-ongoing

¹⁵⁶ The numbering of the intervention in the LMP Qualitative Report by Eurostat

¹⁵⁷ This programme ended in 2011

¹⁵⁸ This programme ended in 2012

¹⁵⁹ This programme ended in 2012

¹⁶⁰ LMP Qualitative Report, 2012

unemployed and receiving social benefits. Thus, we will concentrate on LMP services and measures.

Now, there follows a summary of selected interventions already implemented in Greece in order to demonstrate a content and setup of the intervention. The rest of the interventions can be found in LMP Qualitative Report by Eurostat. This summary helps to formulate the improvements and recommendations.

31 - Counselling - vocational guidance¹⁶¹

The aim of this action (implemented in 1997) is to provide professional and educational information. The objective is also to: provide a support to individuals facing social exclusion from labour market, and to facilitate the participation in the active employment policies. This action is focused mainly on socially excluded groups (people with special needs, people with mental disorders, ex-prisoners, etc.)

Legal basis: 1st Monitoring Committee of 30/5/2001

Financing/support: The program is co-funded by the ESF (75%); the remaining 25% come from national sources. OAED is the responsible body for administrative and operational support.

Receipt of benefits: Maintaining all

Area of application: National

32 - Individualised Approach services (OAED)¹⁶²

The aim of the programme (implemented in 1997) is to match the needs/wishes of unemployed people on one hand and the requirements of enterprises on the other hand. But the objective is also: to increase the penetration of Employment Promotion Centres (KPA) on the labour market, to increase the supply of quality services to jobseekers and enterprises, to create a climate of confidence between the Public Employment Services and unemployed people so that they can (re)integrate the labour market more quickly and more effectively. The main target groups are: ex-offenders, political refugees/repatriates, ex drug addicts/people in rehabilitation, specific cultural groups (ROMA, Greek Muslims).

Legal basis: Ministerial decision: 80045

Financing/support: O.A.E.D. - Employment Promotion Centers (KPA)

Receipt of benefits: None

Area of application: National

123 - Internship in Social Security Institutions¹⁶³

With this program (implemented in 2007) OAED promotes employment and acquisition of work experience for unemployed people between the age of 22 and

¹⁶¹ LMP Qualitative Report, 2012

¹⁶² LMP Qualitative Report, 2012

¹⁶³ LMP Qualitative Report, 2012

40 years old, to work in several positions of Social Security and Health and Solidarity Organisation. The total duration of the program is 18 months, the first month involves theory and practice as well as familiarisation with the working environment with the remaining 17 months actual placements in fields of the acquired specialisation. There is a monthly allowance payable from OAED to all beneficiaries (target number of participants = 1500).

Legal basis: Ministerial Decision 33072/23-02-2005 and 31182/14-04-2004

Financing/support: OAED is the responsible for managing, monitoring and evaluating this program.

Receipt of benefits: 30euro per day (university degree), 25euro per day (others degrees)

Area of application: National

126 – Internship in Social Care Units¹⁶⁴

With this program OAED (implemented in 2007) promotes employment and acquisition of work experience for unemployed people between the age of 22 and 40 years old, to work in several positions available in the social care units around Greece. The total duration of the program is 18 months, the first month involves theory and practice as well as familiarisation with the working environment with the remaining 17 months actual placements in fields of the acquired specialisation. There is a monthly allowance payable from OAED to all beneficiaries (target number of participants = 3.500).

Legal basis: Ministerial Decision 31069/16-08-2007

Financing/support: OAED is the responsible for managing, monitoring and evaluating this program. The program is funded by the ESF.

Receipt of benefits: 30euro per day

Area of application: National

142 – New Jobs for the Unemployed¹⁶⁵

This programme was implemented in 2009 and ended 2011. The programme provided grants to employers in order to create new posts in their enterprise for a period of 18-24 months in addition to the positions already created under another investment status. The position created should represent an increase of the number of the company's employees in comparison with the mean of the last 12 months prior to the submission date of the application of the position. This programme lasted for a maximum of 24 months.

Legal basis: Law 1262/85, Law 2956/2001

Financing/support: European Social Fund and OAED

Receipt of benefits: None

Area of application: National

¹⁶⁴ LMP Qualitative Report, 2012

¹⁶⁵ LMP Qualitative Report, 2012

7.2 Partial conclusion

Despite the fact that in Greece there are two interventions in a group 1 – LMP services related to youth, Greece is still suffering from extremely high youth unemployment rate. As already mentioned in subchapter 4.5 the Greek expenditures on LMP are one of the lowest in the EU. Probably the best proposal is the expansion of active labour market policies aiming at mobilising the unemployed and re-introducing them to the labour market. The public agencies are very often working with difficult cases of unemployed people characterized by social and health problems. Success with such groups will depend on the professionalization and training of PES staff.

The next subchapter proposes the recommendations for Greece based on LMP interventions implemented in good practise countries.

7.3 LMP recommendations for Greece

Based on analysis of LMP Qualitative Reports by Eurostat in good practise countries are selected two interventions that are common in all four countries with slight deviations. Together with knowledge of Greek labour market are proposed recommendations and improvements for Greece. In order to fulfil fourth partial objective is carried out estimated quantification of costs for Greek government.

To Improve Public Employment Services (1 – Labour Market Services)

Table 12 Comparison of PES in good practise countries

Country	Intervention number	Name	Responsible institution
Germany	66	Vocational guidance	Public employment services
UK	40	Connexions Service	Local government
Finland	47	Interviews and individual action plans	Public employment services
Denmark	5	Public employment service	Central government, Public employment services

Reference: LMP Qualitative Report, 2012, 2015

The common aim of all interventions in the table is to help unemployed people to activate their own job search by promoting their employability, providing an individualised guidance service and by improving decision-making behaviour.

These interventions are focused on registered unemployed and jobseekers from all age groups including the youth.

In Germany the measures concern guidance that goes beyond what is normally offered by a school or employment agency - in other words, they may particularly promote subjects, methods and forms of organisation over and above the vocational guidance normally offered by schools and employment agencies. The aims and subjects covered may include in particular: (i) improving decision

making behaviour that lead to greater competence in selecting an occupation and self-assessment (e.g. seminars on goal orientation and decision making, or seminars for extending the choice of occupations for young women and men), (ii) improving occupational and business knowledge and experience. This particularly includes events to foster a deeper understanding of the practices followed in various occupations or businesses, (iii) improved aptitude testing to improve the assessment and extension of the skills and aptitude of a schoolchild.¹⁶⁶

In United Kingdom personal advisors work with young people in order to give information, advice and practical help with anything that affects their school, college, work or family life.¹⁶⁷

In Finland the Employment office calls unemployed jobseekers after two weeks of registration to the interview. During the interview, the officer and the jobseeker check the person's job-seeking data in the database, appraise the services needed, do the individual action plan and agree on the procedure to renew the jobseeking, possible further interviews and other actions. Employment office assesses also person's possibilities to get employed in the open labour markets and possibility for person's long-term unemployment. In the next interviews, the effectiveness of job-search and the implementation of the plans will be monitored. Current work and training possibilities will also be clarified together with the need for further services and measures. The action plan resulting from the interview must be followed by the unemployed jobseeker. The Employment office and unemployed jobseekers prepare the action plan together. The Individual action plan (IAP) includes the work places and training opportunities to which the unemployed should apply and also other employment promoting activities/measures or working ability or health monitoring activities. If needed, individual action plan also includes services provided by the Employment office. The activation plan describes the person's working and education history, details of any earlier measures and their effectiveness, details of any actions currently planned and possible future actions, and information on the range of rehabilitation and guidance measures available. Unemployed jobseekers must follow the actions agreed in the action plan. After some time, they must announce how well they managed to follow the plan. If they neglected the agreed plans or their preparation, their unemployment allowances will be cut for a fixed-term or until they comply with the rules.¹⁶⁸

In Denmark public employment services are provided through job centres, where people are assisted during their search for a job. Here the unemployed are registered when they become unemployed. The staff on the job centres arranges and carries through an individual and flexible course for each jobseeker. These courses take into consideration the needs of the jobseeker and the needs of the labour market. The purpose is that the jobseekers get ordinary employment as

¹⁶⁶ LMP Qualitative Report, 2015

¹⁶⁷ LMP Qualitative Report, 2015

¹⁶⁸ LMP Qualitative Report, 2015

soon as possible. If ordinary employment isn't a direct possibility the course is arranged in preparation for the jobseeker to get closer to the labour market.¹⁶⁹

In Greece, the responsible institution is The Manpower Employment Organisation (OAED). OAED promotes employment and is in charge of unemployment insurance and social protection, maternity and family benefits and vocational education and training.

Only very few unemployed youth choose to participate in job-search training. According to empirical evidence this is one of few training measures that are effective. Unfortunately, only about 1000 unemployed Greek youth participate each year. Thus, the recommendation for Greek government is to improve the services of PES. Currently, there is educational institution implemented by OAED called the Vocational Orientation (Intervention Nr. 31: Counselling - vocational guidance). The personnel of these services is specialised and consists of psychologists, counsellors and supervisors. The beneficiaries can meet specialized counsellors, who can help them to know themselves, discover their own abilities and simultaneously to get used to the world of work. The duration of this programme is in average 20 hours.¹⁷⁰

In the following table we can see the sources of financing of PES in Greece. After a significant drop in total financing from 2011 to 2012, total financing steadily increased in 2013 and again in 2014 (projected). The majority of funding is from social security contributions.

Table 13 Sources of financing of PES in Greece

PES Sources of Finances (million EUR)	2009	2010	2011	2012	2013	2014
Total	2 339	2 881	3 917	2 968	3 237	3 337
Social security contributions	1 740	1 831	2 425	2 023	2 158	2 309
Government budget	317	379	764	500	579	505
Public Investment Programme	92	483	163	94	206	200
Other	190	189	564	352	294	323

Reference: European Commission, 2014

The total annual PES expenditure started to recover in 2013 and 2014 (projected), after a significant drop from 2011 to 2012. This trend is mirrored in ALMP expenditure which was more than halved from 2011 to 2012 and has not recovered since. In the time of austerity measures it is very difficult to ensure financial reserves to support ALMP. We can notice that expenditures on interventions focused on youth equal to zero. Hence, there is space for improvements.

¹⁶⁹ LMP Qualitative Report, 2015

¹⁷⁰ OECD [online], 2010

Table 14 PES annual expenditure

PES annual expenditure (million EUR)	2009	2010	2011	2012	2013	2014
Total PES expenditure	2 943.3	2 878.8	3 818.1	3 025.2	2 955.7	3 211
ALMPs	636.6	512.3	986.3	440.7	358	440
ALMPs for young people / Youth Guarantee	0	0	0.2	1	20.5	0
Unemployment benefits	1 643.7	1 813.5	1 945.1	1 405.7	1 072.8	1 189
Other benefits	257.5	221.8	175.3	182.2	364.3	342
Staff costs	153.1	130.5	112.6	130.6	114.9	124
Other	252.4	200.7	598.7	866.1	1 025.1	1 116

Reference: European Commission, 2014

Number of staff and staff directly serving clients

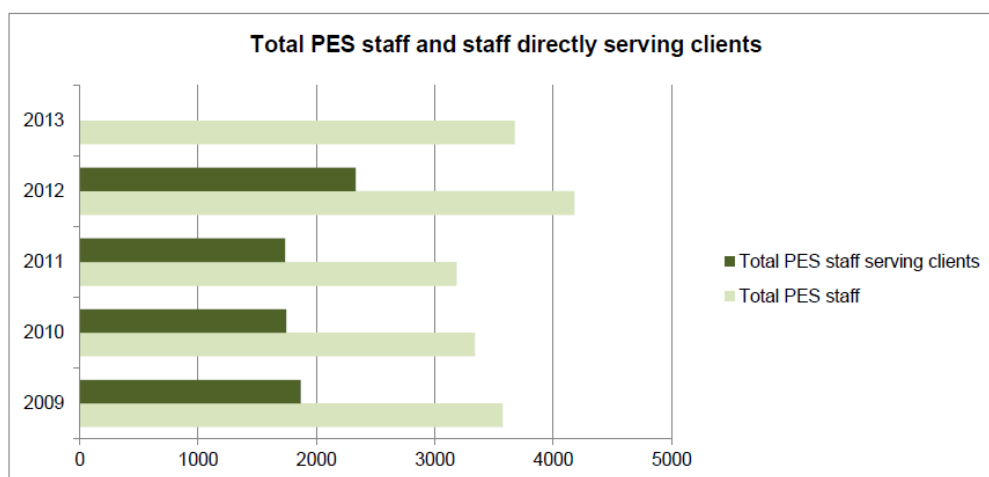


Fig. 17 Number of staff at PES¹⁷¹

In 2012, for 1 million of unemployed people in Greece and there were only 2,300 advisors in PES to help. It is impossible that the staff will have time to support each and every single jobseeker sufficiently in order to help him to find a job.

Recommendations for Greek government

- Create a special team of advisors focused only on the youth.
- PES will call unemployed jobseekers after two weeks of registration to the interview. During the interview, the officer and the jobseeker check the

¹⁷¹ European Commission, 2014

person's job-seeking data in the database, appraise the services needed, do the individual action plan and agree on the procedure to renew the jobseeking, possible further interviews and other actions. The action plan resulting from the interview must be followed by the unemployed jobseeker. The Employment office and unemployed jobseekers prepare the action plan together. In the next interviews, the effectiveness of job-search and the implementation of the plans will be monitored. After some time, they must announce how well they managed to follow the plan. If they neglected the agreed plans or their preparation, their unemployment allowances will be cut for a fixed-term or until they comply with the rules.

- Job-search courses will be the top priority in individual action plans drawn with help of personal advisers. Participation will be mandatory after a period of unsuccessful independent job search. For not participating will be a sanction in the form of cutting the unemployment benefits.
- The service of PES will pursue contact with youth who are disconnected from the labour market and from education and training.
- In order to be able to assess whether activation programme works (i.e. whether participants achieve better results) the best way it to set up an experimental evaluations. The suggestion is to compare programme participants with a group of non-participating youth with similar characteristics.
- It is necessary to record post-programme outcomes (employment rates, job characteristics, earnings) to be able to evaluate the quality of services provided by PES.
- Temporarily relax unemployment benefit eligibility conditions but apply stricter requirements for job-search in order to avoid dependency on benefits.

In the following table we can see the proposal of the intervention as was described in more details already. The layout of the proposal is based on the Eurostat LMP Qualitative Report.

Table 15 Proposal of the intervention: Public Employment Service - Counselling

Country: Greece	Year: 2016	Category: 1 – Labour market policy
Intervention:		Public Employment Service - Counselling
Description:		
<p>Aim: Aim is to help unemployed youth to activate their own job search by promoting their employability, providing an individualised guidance service and by improving decision-making behaviour.</p> <p>Participants: Unemployed youth (15 – 24 years old)</p>		

Action:	
<ul style="list-style-type: none"> • PES calls jobseekers after two weeks of registration to the interview. The officer and the jobseeker do the individual action plan in order to find a suitable placement as soon as possible. In the next interviews, the effectiveness of job-search and the implementation of the plans will be monitored. • If they neglected the agreed plans or their preparation, their unemployment allowances will be cut for a fixed-term or until they comply with the rules. • Job-search courses are the top priority in individual action plans drawn with help of personal advisers. Participation is mandatory after a period of unsuccessful independent job search. For not participating is a sanction in the form of cutting the unemployment benefits. • The service of PES pursues contact with youth who are disconnected from the labour market and from education and training. • Evaluation system to assess the functionality of the programme. • Evaluation of quality of services provided by PES. • Duration of the programme is not limited. 	
Financing:	
National sources	
Eligibility:	
Open to all unemployed youth	
Supplementary information:	
Target groups:	All registered youth unemployed
Receipt of benefits:	Cash benefits (Source: Unemployment benefits)
Planned duration:	Not limited
Responsible institution:	National government, Public Employment Service
Area of application:	National

Reference: Author's work

Quantification of costs

It is very difficult to estimate the costs of this intervention, since there would be necessary to study the labour market, tax system, system of social benefits, salaries much more in details, however, there will be done simplified model. The average duration of young people's unemployment will have an impact on the estimates of costs. It should be noted that the longer-term costs of the intervention will also be influenced by demographic developments: in the future, as a result of lower fertility rates, youth unemployment will structurally be reduced as a problem (as long as labour supply qualitatively matches labour demand). On the other hand, the costs can be much higher in the future because the programme is established for the situation on the labour market right now. We can predict, but we cannot be sure about the future situation.

The calculation could be based on the existing average wage, multiplied by the number of estimated officers. Similar calculation was undertaken in UK. Let's assume that one officer can fully pursue in average 4 youngsters daily (20 youngsters weekly). The unemployed will not be able to get a job right after one meeting with the officer, the estimation is that he will partake in the programme once a week for 4 months. Based on simple calculation one officer can pursue 20 youths within 4 months/ 60 youths within one year.

Since, there are 160,000 unemployed youth in 2014¹⁷², this means there will be needed proximately 2,700 officers in PES. The average salary in 2014¹⁷³ was EUR 818. This accounts for annual labour costs of amount EUR 26,503,200. It is necessary to emphasize that there must be included administrative costs, some of the participants have to take part in the programme several times to get a job. Decent calculation of such intervention would deserve its own diploma thesis. For our purpose such estimate is sufficient.

Table 16 Estimated quantification of labour costs of the intervention

	Number of unemployed	Number of officers	Costs (EUR)
monthly	20	1	1 x 818 = 818
annually	60	2,700	2,700 x 818 = 26,503,200

Reference: Author's work

Now, we will have a look on possible benefits from this intervention. In case government decides to increase expenditures on LMP the outcome should result in decreased unemployment rate, increased employment rate. This is connected with decreased amount of unemployment benefits paid to unemployed people and increased amount of income tax and social insurance. The calculation is again based on estimates, because only certain group of unemployed is eligible for unemployment benefits and deeper knowledge of tax system is required. However, it is important to take into consideration both sides of the interventions – costs and benefits.

Let's assume that during one year 20 per cent of unemployed youth will find a job. This accounts for 32,000 less people taking unemployment benefits (EUR 360). Simple calculation says that government will annually save EUR 11,520,000.

If those newly employed youth are getting at least minimum salary (EUR 511), based on income tax rate from 2014 (22 per cent)¹⁷⁴ this means proximately EUR 43 million of additional income for the government budget.

¹⁷² Eurostat [online], 2015

¹⁷³ Eurostat [online], 2015

¹⁷⁴ Eurostat [online], 2015

Table 17 Estimation of annual benefits of the intervention

Number of newly employed	Benefit/Salary (EUR)	Total (EUR)
32,000	360	11,520,000
32,000	511	43,000,000
		54,520,000

Reference: Author's work

In conclusion all the interventions activating the people outside of the labour market are very costly, however, this costs have to be considered as an investment into economy of the country. Higher employment rates generate higher production, more taxes are flowing into the central budget, less unemployment benefits have to be expended. Governments have to always take into considerations both sides of the situation.

The second recommendation based on the selected countries is to introduce employment subsidies programme.

To Introduce Employment Subsidies Programme (4 – Employment Incentives)

Table 18 Comparison of Employment Incentives in good practise countries

Country	Intervention number	Name	Responsible institution
Germany	101	Bonus for apprenticeship	Public employment services
UK	29	Job Grant	Public employment services
Finland	10	Employment subsidy, private companies	Public employment services
Denmark	6	Wage subsidies	Local government, Public employment services

Reference: LMP Qualitative Report, 2012, 2015

The common aim of all the interventions in the table is to provide financial assistance to unemployed persons moving into full time work, to increase their vocational skills and to encourage companies to take on unemployed people.

These interventions are focused on unemployed persons, particularly long-term unemployed, youth and unemployed moving from benefits into full time work.

In Germany the bonus for apprenticeship amounts to EUR 4.000, 5.000 or 6.000. The amount depends on the agreed local apprenticeship allowance for the first year of training. The bonus is 30 per cent higher for disabled and severely disabled young people. 50 per cent of the bonus for apprenticeship is paid after the probation and the other 50 per cent after the application of the apprentice to the final examination, if the apprenticeship continues.¹⁷⁵

¹⁷⁵ LMP Qualitative Report, 2015

In United Kingdom Job Grant is a tax free payment payable to persons taking up full time work of at least 16 hours per week. It aims to bridge the gap between a jobseeker's final payment of benefit and their first receipt of wages and/or Working Tax Credit. The amount of Job Grant is either £100 or £250 depending on circumstances. Job Grant may also be payable to persons who lose their entitlement to benefit as a result of their partner taking up work of at least 24 hours per week.¹⁷⁶

In Finland the labour office can grant support for up to 10 months to private companies who take on registered unemployed. It can be granted up to 24 months if disabled unemployed or a person who have got 500 days unemployment benefit are employed or if people work as a work planner in municipality. Employees must have an open-ended employment contract in full accordance with all relevant collective agreements. Fixed-term contract is also permissible if employed person is disabled, long-term unemployed, difficult to employ or his/her duration of unemployment have last at least 6 months. The subsidy is only payable in respect of employment that is full-time or at least 85 per cent of normal full-time hours and for a maximum of 5 days/week. During the job, the new employee may take part to additional actions such as training, rehabilitation or other measures to promote employability were previously agreed in their individual action plan. The employment subsidy will not be paid during these activities. In total, the actions may last up to 24 months but the subsidy is payable only for a maximum of 10 months. Employment subsidy will not be paid under certain conditions.¹⁷⁷

In Denmark an unemployed person may be offered employment on a fixed term contract. A wage subsidy is paid to employers who recruit unemployed. It is a condition that the employment of the unemployed results in an increase in the number of staff employed in the enterprise. It is a condition that the employment of unemployed persons by offering wage subsidies must not lead to a distortion of competition. There are also restrictions due to rules on gross aid intensity and notification to the EU of the provision of aid to a single enterprise or establishment exceeding a gross aid amount of EUR 15 million over any three-year period. Wage subsidies are primarily used, when unemployed person almost immediately qualifies for a normal job, but needs small adjustments in personal qualifications in order to achieve a normal job. The instrument/measure itself can be used for a period of up to 1 year, and wage subsidies can be used both with public and private employers. Education may be a part of the activation offer. There are special restrictions associated with employment with a private employer. That is to say that the unemployed person is facing a special risk of being long term unemployed or have already been unemployed for at least 12 months, or 6 months in the case of the unemployed person being under the age of 30.¹⁷⁸

¹⁷⁶ LMP Qualitative Report, 2015

¹⁷⁷ LMP Qualitative Report, 2015

¹⁷⁸ LMP Qualitative Report, 2015

Recommendations for Greek government

- The programme provides grants to employers in order to create new posts in their enterprise for a period of 12 months in addition to the positions already created under another investment status.
- The employment subsidy is narrowly targeted to the neediest groups in order to avoid the deadweight loss.
- The amount of subsidy varies from minimum wage to full coverage of wage and non-wage labour costs.
- Income tax exemption – participants do not pay income tax from subsidies wage.
- Employers are required to provide training in exchange for the subsidy.

Table 19 Proposal of the intervention: Wage subsidies for youth

Country: Greece	Year: 2016	Category: 4 – Employment incentives
Intervention:		Wage subsidies for youth
Description:		
<p>Aim: Aim is to provide financial assistance to unemployed persons moving into full time work, to increase their vocational skills and to encourage companies to take on unemployed people.</p> <p>Participants: Unemployed youth (15 – 24 years old), long-term unemployed youth</p> <p>Action:</p> <ul style="list-style-type: none"> • The programme provides grants to employers in order to create new posts in their enterprise for a period of 12 months in addition to the positions already created under another investment status. • The employment subsidy is narrowly targeted to the neediest groups in order to avoid the deadweight loss. • Their amount varies from minimum wage to full coverage of wage and non-wage labour costs. • Employers are required to provide training in exchange for the subsidy. • Employees must have an open-ended employment contract. • It is a condition that the employment of unemployed persons by offering wage subsidies must not lead to a distortion of competition. • The instrument/measure itself can be used for a period of up to 1 year, and wage subsidies can be used both with public and private employers. • The subsidy is only payable in respect of employment that is full-time or at least 85 per cent of normal full-time hours and for a maximum of 5 days/week. • Income tax exemption – participants do not pay income tax from subsidies 		

wage.	
<ul style="list-style-type: none"> • During the job, the new employee may take part to additional actions such as training, rehabilitation or other measures to promote employability were previously agreed in their individual action plan. The employment subsidy will not be paid during these activities. 	
Financing:	
National sources	
Eligibility:	
Open to all unemployed youth	
Supplementary information:	
Target groups:	All registered youth unemployed
Receipt of benefits:	None
Planned duration:	12 months
Responsible institution:	National government, Public Employment Service
Area of application:	National

Reference: Author's work

Quantification of costs

The most difficult part of this intervention is to ensure the targeting at the most neediest unemployed in order to avoid the deadweight loss. When the intervention provides a job to those who would be able to get a decent job without any subsidy it is a waste of financial resources.

According to Eurostat, in 2014 unemployed youths amounted to 160,000 (group 15-24) individuals. Assuming that youth participating in the programme will be paid the legal youth minimum wage (EUR 511), finding a work place for everyone requires around EUR 82 million per month or EUR 1 billion per year.

Table 20 Estimated quantification of the costs of the intervention

	Number of unemployed	Minimum wage	Costs (EUR)
monthly	160,000	511	81,760,000
annually	160,000	511	981,120,000

Reference: Author's work

Unfortunately, strict austerity measures make national state funding look like an untenable option. The only alternative is to increase the amount of the EU funds appointed to the initiative or find some other formula of co-funding. This calls for specific policy actions from the Greek government and European policy makers.

Now, we will consider the benefit part of the intervention. Assuming that all the youth unemployed are eligible for the unemployment benefits, we can calculate

that the government can save on decreased amount of unemployment benefits' claimers up to EUR 58 million.

Table 21 Estimation of annual benefits of the interventions

Number of newly employed	Unemployment benefit (EUR)	Total (EUR)
160,000	360	57,600,000

Reference: Author's work

Even if all necessary funding is obtained, another difficulty that has to be dealt with is the limited demand for labour. In a period of falling domestic aggregate demand for goods and services, it is very difficult to persuade firms to hire new employees, even if they are cost free. Another way to overcome the weakness of Greek firms to provide new job places is to accommodate and encourage the establishment of new firms, preferably by young people. Naturally, results will be realised in the medium-term. On the other hand entire sectors of the Greek economy have collapsed during the crisis, e.g. construction, real estate, banking etc. Currently, they produce highly skilled unemployed and it is considered very unlikely that they will be hiring anyone. On top of that close monitoring is required in order to avoid substituting old for new employees.

Now, we are able to answer the first research question: **Can we identify good practice cases from EU member countries in the area of youth unemployment programmes and apply them as set of policy recommendations for Greek government?** The answer is yes, we can identify good practise case from EU member countries and apply them as set of policy recommendation for Greek government.

The next subchapter is describing the implementation of Youth Guarantee in Greece as an example of the European Union's initiative.

7.4 Implementation of Youth Guarantee

When designing a Youth Guarantee scheme, a number of principle-based questions are likely to arise.¹⁷⁹

First, it should be noted that young people are not a homogeneous group and that they face different social environments; furthermore a particular focus will be needed on those young people particularly at risk of becoming or staying as NEET. For example, young women show a greater NEET persistence and lower turnover than young men. However, once women exit the NEET status, recurrence is less likely. The higher persistence for young women is probably due to the fact that women NEET are more likely to be inactive rather than unemployed. When designing and implementing a Youth Guarantee scheme Member States should pay attention to the gender dimension of the challenges. Nevertheless, matter of

¹⁷⁹ Proposal for a Council Recommendation on Establishing a Youth Guarantee, 2012

gender would deserve its own study and it is not a main objective of this thesis. Thus, we will not investigate it any further.

Second, principles of mutual obligation, such as those applying to adults and their participation in active labour market policies, could be considered when designing a Youth Guarantee scheme. Sanctioning benefits if young people do not participate in the Youth Guarantee would be a means to ensure that the young people are not exploiting the programme. Carefully tailored individual action plan can prevent from dropouts. In case dropout from activation (and loss of benefits) has occurred, mechanisms have to be in place to ensure that these young are not left alone.

Third, a Youth Guarantee scheme could carry the potential of moral hazard if young people rely on an external organisation, such as an employment service, to deliver an offer to them.

Greece submitted a Youth Guarantee Implementation Plan in December 2013 and is scheduled to be fully implemented by 2016. Compared to previous ALMP programmes it has been evaluated as real improvement. It provides a systematic analysis of the problem and contains a multidimensional strategy. Into the implementation of the Youth Guarantee is involved a number of relevant ministries, bodies, social partners and civil society (youth) organisations. Local public employment services (OAED) serve as contact point for NEETs. The operation of OAED is based on the following three pillars: (i) promotion to employment; (ii) unemployment insurance and social protection of maternity and family; (iii) vocational education and training.¹⁸⁰

Activation measures for young people include individual action planning, programmes to acquire work experience, newly introduced outreach strategies and career guidance for high-school students. The OAED is running own vocational schools where it is introducing apprenticeship years. According to the experts the implementation of the Youth Guarantee is an excellent opportunity for Greece to work on several long standing problems.¹⁸¹

Youth Guarantee is activity associated with the European Union. In case of further interest there is recommended to read The Youth Guarantee implementation plan in Greece by Bruno Coquet.¹⁸²

7.5 Partial conclusion

Based on analysis of LMP Qualitative Reports by Eurostat in good practise countries were selected two interventions. Together with knowledge of Greek labour market were proposed recommendations – to improve public employment services and to introduce employment subsidies programme. By estimation was provided a quantification of costs for the Greek government.

¹⁸⁰ OAED [online], 2012

¹⁸¹ KRAATZ, 2015

¹⁸² COQUET, 2014

8 Discussion

In the discussion part the recommendations for Greece will be critically evaluated. Strategies to fight youth unemployment in Greece have to deal with a double challenge: to set up capable systems, services and ALMPs in an economic context where resources are scarce and an impact is less certain.

The first recommendation is to improve services of PES, to create special team of advisors for youth and focus their actions on youth. The aim is to help unemployed youth to activate their own job search by promoting their employability, providing an individualised guidance service and by improving decision-making behaviour. The most critical part of this recommendation is the quantification of costs. The proper calculation would require deeper knowledge of current public employment service, tax system, and system of social benefits, our quantification model was based on estimation. Since, there are 160,000 unemployed youth in 2014, this means there will be needed proximately 2,700 officers in PES. The average salary in 2014 was EUR 818. This accounts for annual labour costs of amount EUR 26.5 million.

Considering the ALMP expenditures and staffing of the Greek PES we noticed that the budget constraints currently limit the scope of labour market measures and service modernisation. Total ALMP expenditure by PES was more than halved from 2011 to 2012, down from EUR 986.3 million to EUR 440.7 million and has not recovered since. On top of that, only 2,300 advisors in Greece, are serving more than one million registered unemployed, making outreach and quality individual action planning difficult. Hence, the recommendation to create special team of advisors is logical, however, the financing is problematic.

Weak demand for labour and a dominance of SMEs and a high share of informal employments impedes the effect of targeted ALMP measures, such as training or subsidies for employers. Nevertheless, Susanne Kraatz (2015) recommends the expansion of temporary subsidised public work programmes to bridge the persisting gap in demand. Hence, the second recommendation – to introduce Employment Subsidies Programme is consistent with her opinion. The weakest point of this recommendation is financing in time of austerity in Greece. According to Eurostat, in 2014 unemployed youths amounted to 160,000 (group 15-24) individuals. Assuming that youth participating in the programme will be paid the legal youth minimum wage (EUR 511), finding a work place for everyone requires around EUR 82 million per month or EUR 1 billion per year. The only alternative is to increase the amount of EU funds appointed to the initiative or find some other formula of co-funding. This calls for specific policy actions from the Greek government and European policy makers. On top of that the most delicate part of this intervention is to ensure the targeting at the most neediest unemployed in order to avoid the deadweight loss. When the intervention provides a job to those who would be able to get a decent job without any subsidy it is a waste of financial resources.

Last but not least, an important condition for the success of the initiative is an institution, which will organise, direct and be responsible for all actions and policies, implementing it and constantly evaluating it, in order to regularly improve its effectiveness. OAED has been chosen as the public entity, but only time will tell if it has the required human resources and necessary technical efficiency to fulfil the task successfully.

Naturally, the topic of youth unemployment is very comprehensive topic and provides many challenges to the government. The analysis presented in this paper suggests that attention should be paid on quality of provided services by PES. Only professionally trained staff can help the unemployed youth to find a job and increase the rate of employment in Greece. They are responsible from the beginning until the final evaluation of each initiative.

Every thoroughly designed programme or measure can seem to be working perfectly on a paper, but the reality can be completely different. Every action is always influenced by the political situation, which political party is governing the state and whether the economy is in recession or in expansion. Of course, to make any reforms in times of austerity and economic crisis is demanding. In general, politicians prefer short-term solutions that bring the results immediately. They need to persuade people about their positive contribution for the state in order to get their votes during the next elections. Hence, politicians rarely resolve to design and implement structural reforms. Structural reforms are usually very unpopular, because they very often bring changes that for most of the population can have unpleasant consequences (e.g. lower social benefits, higher taxes). Additionally, it is important to take into consideration that the structural reforms are meant for long-term periods, which means that during that time several governing parties can change their positions. Eventually, what one party finds as a good idea, the other one finds as nonsense. As a result, it is almost impossible to see the result of the firstly designed reforms, because they are adjusted within a time.

Another tricky part in designing of labour market reforms is the fact that the labour market is changing. The interventions suitable for this year can be inappropriate and outdated in the following years.

The trend of governments is to invest large sums into education and trainings of the unemployed in order to activate them and increase their chances to get a job. However, this conduct leads only to a postponing of the problem of unemployment and shortage of work places.

Greece has still very long journey full of obstacles ahead until it recovers from the economic downturn. We can all only presuppose what the economic situation in Greece will be in a next decades.

9 Conclusion

This thesis described the problematics of youth unemployment in the European Union with a focus on Greece. The main objective was to identify youth employment programmes implemented in the countries of the European Union as a recommendation for Greek government in order to decrease level of youth unemployment.

By extensive literature review of monographs, scientific articles, studies of European Commission and other institutions was fulfilled the first partial objective, which was to clearly explain terminology of youth unemployment. The most important was explanation of difference between the unemployment rate and unemployment ratio that are very often confused for example by media. Between the most common causes of youth unemployment belong lack of skills, skills mismatch, labour market and regulations or path dependency.

Second partial objective was to identify countries with positive results of their youth employment programme and to select reforms suitable for Greece. There was conducted an analysis of datasets from Eurostat. In order to separate the countries with "low" unemployment rate from the countries with "high" unemployment rate, there was calculated median. Based on the development of youth unemployment rate and expenditures on labour market policy were selected following countries: Denmark, Germany, UK and Finland. On those four countries was focused further research. Connected with this partial objective was the second research question: **Is there a relationship between the youth unemployment rate and the expenditures on labour market policy?** The answer is yes, there is a negative relationship. According to the data the more the country the more on LMP, the lower is the unemployment rate.

Denmark, Germany, UK and Finland were solving the problem of high youth unemployment in history. In Germany high unemployment rate was caused by reunification of West and East Germany. Eastern part was lagging behind the West. Between 2003 and 2005 there were implemented so-called Harzt Reforms. These reforms are very unpopular among the people, but resulted in creating of 2.5 million jobs.

In United Kingdom there was introduced a programme in 1998: *New Deal for Young People* (NDYP) that was a part of New Deal strategy. This programme was focused on youth aged 18-24 and had its specifics. Firstly, it offered a variety of choices to unemployed people. Secondly, it included an assessment phase during which the youngsters could assess their needs and wishes, received help with job search and basic education in literacy, numeracy and IT skills. Thirdly, the "follow-through" phase during which the youth received continuing support and assistance.

Denmark holds a prominent position for its "flexicurity" model that has achieved excellent labour-market performance. The term combines two most important aspects – flexibility and security. The model is the best characterised by a triangle. It combines flexible hiring and firing with a generous social safety net

and an extensive system of activation policies. The Danish model has resulted in low (long-term) unemployment rates and the high job flows have led to high perceived job security.

The Finnish Youth Guarantee, which inspired the EU Youth Guarantee, was considerably revised and relaunched in 2013. During implementation of the programme, a central role is played by the public employment services (PES). They firstly provide the young job seeker with an assessment of their needs and an employment plan, followed by offer of a job or a study opportunity. This personalised approach recognises that there are different reasons behind the difficulties young people face in making the transition from school to work. Second partial objective was fulfilled as well.

Third partial objective was to describe the specifics of Greek economy, labour market and development of youth unemployment. Greece has suffered greatly from the late-2000s recession. During the crisis in 2008 the youth unemployment began to grow rapidly. In accordance with austerity measures, in 2012 the youth minimum wage fell by 32 per cent to the level of EUR 511. The potential impact from reforms of unemployment benefits was inconsistent. As a reaction to the decrease of the minimum wage, the monthly unemployment benefit was lowered to EUR 360. Greek labour market was considered highly inflexible. One way to make the labour market more flexible and allow it to swiftly adjust to the new economic circumstances is to liberalise it in terms of relaxing employment protection legislation. One of the reasons why the transition from school to work lasts so long is lack of information: it takes time to set up a network and gather all necessary information. Very specific feature of Greece is the role of Greek family and its provision of extreme protection to its children in order to allow them to get the right job. This role of Greek family has been often criticised, because in times of limited labour demand increases the problem of unemployment. The third partial objective was fulfilled.

The third research question was: **What is the attitude of young people in Greece towards education and training?** According to a European-wide survey only 19 per cent of Greeks think that training, school and university education are well adapted to the current world of work.

In order to fulfil the main objective of the thesis the recommendations were raised based on already implemented ALMP interventions in Greece and suitable ALMP interventions implemented in good practise countries. With this objective is connected first research question: **Can we identify good practice cases from EU member countries in the area of youth unemployment programmes and apply them as set of policy recommendations for Greek government?** The answer is yes, we can identify good practise case from EU member countries and apply them as a set of policy recommendation for Greek government. The first recommendation is to Improve Public Employment Service by increasing the number of staff and creating special team of advisors focused only on youth. The aim is to help unemployed youth to activate their own job search by promoting their employability, providing an individualised guidance service and by improving

decision-making behaviour. The quality of provided service is depending on the professionalism of the staff. The second recommendation is to introduce Employment Subsidies Programme in order to provide financial assistance to unemployed persons moving into full time work, to increase their vocational skills and to encourage companies to take on unemployed people. By this, the main objective was fulfilled.

Last, fourth partial objective was a quantification of costs for the Greek government. Our calculation is based on estimates, since decent calculation would require work of specialists with a perfect knowledge of labour market, tax system or system of social benefits. However, for the purpose of this thesis the estimation is sufficient. Increasing of staff in PES and creating of special team of advisers focused only on youth would cost additional labour cost at the amount of EUR 27 million per year. It is necessary to emphasize that there must be included administrative costs, some of the participants have to take part in the programme several times to get a job. The costs of introducing employment subsidies programme were estimated on almost EUR 1 billion per year. Assuming that all the participants in the programme were previously eligible for the unemployment benefits, we can calculate that the government can save on decreased amount of unemployment benefits' claimers up to EUR 58 million. The fourth partial objective was fulfilled.

Since the issue of youth unemployment is relevant in all European Union, minor part of the thesis was dedicated to the activities that are undertaken on the level of the Union. The Youth Guarantee (YG) is a new approach how to tackle youth unemployment which ensures that all young people under 25 get a good-quality offer within 4 months after leaving formal education or becoming unemployed. Greece submitted a Youth Guarantee Implementation Plan in December 2013 and it is scheduled to be fully implemented by 2016. Compared to previous ALMP programmes it has been evaluated as real improvement. It provides a systematic analysis of the problem and contains a multidimensional strategy. Into the implementation of the Youth Guarantee is involved a number of relevant ministries, bodies, social partners and civil society (youth) organisations.

The problematics of youth unemployment is very comprehensive topic. During the literature review there were detected various areas that would deserve their own studies and can be recommended as a proposal for further research. The first one is to focus on research of difference in employability of males and females, since the unemployment rate of females in Greece is higher than males. Second suggestion is to concentrate on age category 25-30. These people where at the age of youth when the crisis hit and most of them were not able to make successful transmission from education to work. The third suggestion is to focus on the housing market in Greece. Most of the real estates are privately owned and renting of the apartment is very rare. This causes the obstacles for young people to move around the country and find a job.

We need to offer young people more choices to enable them to fulfil their potential. Young people need to be motivated to think about their education earlier

and to see multiple options - vocational learning, apprenticeships, and university. More importantly, they need to feel free to follow the option that is best suited to them as an individual. The results will be a generation of young people no longer 'lost' but passionate, positive and contributing more fully to all of society.

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Annex

A Datasets from Eurostat

Table 22 Youth unemployment from 15 to 24 years in less than primary, primary and lower secondary education (levels 0-2) (%)

GEO/TIME	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EU-28	19.9	20.4	21.4	21.8	21.3	20.1	21.3	26.2	27.6	28.8	31.0	31.5	30.3
EU-15	18.2	19.2	20.1	20.9	20.4	19.8	21.0	25.9	27.4	28.5	30.9	31.5	30.4
Denmark	9.5	12.2	7.2	9.2	8.5	8.8	9.3	13.1	15.5	16.3	16.6	15.4	14.6
Germany	10.1	11.9	13.1	17.8	16.9	15.7	13.7	14.2	13.4	11.9	11.8	11.3	11.8
Greece	21.9	20.3	22.9	19.5	21.6	17.6	19.0	22.8	31.6	43.6	50.8	59.3	50.8
Spain	21.6	23.3	23.3	21.8	19.8	20.4	29.7	44.7	49.5	53.0	59.7	62.6	61.2
France	29.2	25.8	30.4	30.0	32.8	29.9	29.5	36.4	35.8	34.9	37.2	37.7	40.3
Finland	43.4	42.0	41.6	28.4	28.0	25.8	26.7	31.8	31.3	31.5	29.7	31.3	30.7
Sweden	18.7	20.9	26.0	33.2	34.3	32.9	35.8	38.9	39.4	38.4	38.6	39.6	39.5
UK	20.1	21.5	19.9	22.6	25.1	26.5	28.1	32.9	34.7	36.4	37.5	36.3	32.4
median	20.9	21.2	23.1	22.2	23.4	23.1	27.4	32.4	33.2	35.7	37.4	37.0	36.0

Reference: Eurostat [online], 2015¹⁸³

Table 23 Youth unemployment from 15 to 24 years in upper secondary and post-secondary non-tertiary education (levels 3 and 4) (%)

GEO/TIME	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EU-28	17.9	18.0	18.1	17.5	15.7	13.5	13.0	17.1	18.3	18.9	20.4	21.0	19.9
EU-15	12.6	13.2	13.8	14.1	13.3	12.2	12.4	16.3	16.7	17.4	19.1	19.8	19.1
Denmark	5.4	6.6	7.7	8.0	6.3	5.7	6.2	10.3	11.5	11.5	11.2	10.6	10.1
Germany	8.9	10.5	13.4	13.6	11.1	8.8	8.1	9.2	7.4	6.0	5.5	5.7	5.4
Greece	28.2	27.6	26.9	27.3	25.8	23.3	23.0	26.2	31.3	44.3	58.1	60.9	53.7
Spain	21.3	22.1	20.9	17.0	16.0	16.5	19.3	30.9	34.3	41.2	49.5	51.2	49.8
France	16.1	14.5	17.4	17.6	18.2	15.8	16.5	20.7	19.9	19.3	21.3	22.3	23.0
Finland	18.9	19.7	18.9	16.1	14.1	11.8	11.2	16.8	16.9	14.9	14.3	15.3	16.4
Sweden	8.4	10.1	13.6	16.0	15.9	12.9	13.3	20.0	19.4	17.6	18.1	17.7	17.0
UK	7.5	8.2	7.7	9.5	10.7	11.1	11.3	15.6	17.1	19.1	19.0	18.8	15.4
median	12.5	12.5	15.5	16.1	15.0	12.4	12.3	18.4	18.3	18.4	18.6	18.3	16.7

Reference: Eurostat [online], 2015¹⁸⁴

Table 24 Youth unemployment from 15 to 24 years in tertiary education (levels 5-8) (%)

GEO/TIME	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EU-28	12.5	12.3	12.8	14.3	13.5	11.5	11.7	15.5	16.3	16.9	18.1	18.9	16.5
EU-15	11.5	11	11.4	13.1	12.6	10.7	11.0	14.9	15.3	16.0	17.4	18.0	15.8

¹⁸³ Data available at: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

¹⁸⁴ Data available at: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

Denmark	:	:	:	:	:	:	:	:	:	15.5	14.8	13.7	:	14.0
Germany	4.9	5.4	7.1	12.1	9.0	6.5	7.0	6.0	6.6	4.4	4.4	3.8	4.5	
Greece	22.4	27.9	29.8	32.6	29.7	31.6	23.7	30.1	42.8	48.3	51.8	48.3	49.4	
Spain	21.5	19.5	22.2	17.0	15.2	13.4	15.7	25.9	28.8	34.6	39.5	43.6	39.4	
France	11.6	13.5	12.2	15.0	14.7	12.3	10.1	12.4	13.5	13.3	14.5	15.3	14.4	
Finland	:	:	:	:	:	:	:	:	:	:	:	:	:	
Sweden	:	:	11.7	16.1	12.1	11.6	12.2	13.3	14.1	11.8	14.1	14.9	14.0	
UK	5.9	5.3	4.2	7.9	9.0	7.5	9.1	13.0	12.2	12.2	12.7	13.1	9.8	
median	11.6	13.5	11.95	15.55	13.4	11.95	11.15	13.15	14.1	13.3	14.1	15.1	14	

Reference: Eurostat [online], 2015¹⁸⁵

¹⁸⁵ Data available at: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

B Youth employment programmes in EU

Table 25 Youth-related measures currently in place in United Kingdom

Category	Name	Aim	Participants	Year started	Financing	Responsible institution	Legal basis
1-Labour market services	Connexions Service	Provide an individualised guidance service for young people	All young people aged 13-19 and young adults up to 24 who have learning difficulties.	2000	Local Authority Funding	Local government	Section 114 of the Learning and Skills Act
2-Training	Training for Success	To provide training to youth to enable to go on to higher level training, further education, or employment.	Youth	2008	N/A	Central government	N/A
Mixed	Young Person's Guarantee	To guarantee, all 18 to 24 year olds reaching six months unemployment an offer of a job, training or work experience	All 18 to 24 year olds reaching six months of unemployment. 25's and over in areas of high unemployment or inactivity.	2009	DWP, BIS, Scottish Government, Welsh Government	Central government	N/A

Reference: LMP Qualitative Report, 2015

Table 26 Youth-related measures currently in place in Germany

Category	Name	Aim	Participants	Year started	Financing	Responsible institution	Legal basis
1 - Labour market services	Vocational guidance	Improving decision-making behaviour, occupational and business knowledge and experience, and aptitude testing	Schoolchildren in general education (mainly lower secondary, but also higher secondary) and school children with disabilities (mainly in special schools).	2001	Social security, third party	Public employment services	§ 33, § 48 Social Law III
1 - Labour market	Socio-pedagogical accompaniment	Creation of a positive attitude to learn and work of the	Young people in need of assistance	2008	It can be beard adequate expenditures for the	Public employment	§§ 240, 243 para 1, 244 247 SGB III

services		participants to reach a sustainable and permanent integration			required trainees and supervising tutors to accomplish the activity, the required management and administrative personnel and the expenditure on material or administration.	services	
1 - Labour market services	MobiPro EU	Implementing the special programme MobiPro-EU for the Federal Government - contribution to reducing youth unemployment in Europe and to securing the supply of skilled labour in Germany.	Young persons interested in training and skilled labour from other EU countries.	2013	Federal funds, made available for the special programme by the Federal Ministry of Labour and Social Affairs	Public employment services	Guidelines of the Federal Ministry of Labour and Social Affairs 24. July 2014; Federal Gazette 30. July 2014, B2
2 - Training	Support for vocational preparation training measures for young people	To facilitate the integration of various target groups into the labour market by means of training	In particular it is for young people that not already have the required maturation for apprenticeship or applicability for the job.	1969	Social security funds	Public employment services	Social Code, Volume 3 (SGB III, §§ 51, 52, 53, 54, 55) §§ 51 - 55 new version by law of 20.12.2011 (Federal Law Gazette I p. 2854), become effective since 01.04.2012
2 - Training	Allowances during apprenticeship	Allowances during apprenticeship are to allow adolescents that need special help to take up, to continue and to graduate the first-time in-plant training in a recognized vocational	Slow learning and disadvantaged trainees, trainees who are at risk to drop out their vocational training, participants in first integration qualifications	1982	Social security fund	Public employment services	Social Code III §§ 74 in conjunction with 75, 78 and 79

		qualification or a first integration qualification					
2 - Training	Vocational training allowance	Overcoming economic difficulties which hinder appropriate vocational training; promoting regional mobility	Youths and young adults who complete a course of vocational training in enterprises or external training centres and live outside the parental home or who participate in training measures designed to prepare them for employment.	1940	Social security funds	Public employment services	Social Code, Volume 3 (SGB III, §§ 56 ff)
2 - Training	First integration qualification for young people	First integration qualification for young people is a bridge into apprenticeship.	Young people searching an apprenticeship, but did not succeed until a certain deadline	2004	Social security fund	Public employment services	§ 54a SGB III
4 - Employment incentives	Bonus for apprenticeship	Reduction of the high stock of former applicants in the upcoming three years	Younger former applicants for apprenticeship training position	2008	One time bonus in the amount of 4.000, 5.000 or 6.000 € from the PES to the employer	Public employment services	Social Code III, § 421 r

Reference: LMP Qualitative report, 2015

Table 27 Youth-related measures currently in place in Finland

Category	Name	Aim	Participants	Year started	Financing	Responsible institution	Legal basis
1-Labour market services	Interviews and individual action plans	Employment office can find out the needs of the unemployed and promote their employability. Plans help unemployed people to activate their own jobsearch	Registered unemployed and other jobseekers who are eligible for change security	1999	Central government budget	Public employment services	Act on Public Employment and Enterprise Services (916/2012) Degree on Public Employment and Enterprise Services (1073/2012)
2-Training	Trainee work	To promote and maintain the	Unemployed, with particular	1996	Central	Public	Act on Public Employment Service

	with labour market support	working skills, work experience and employability of participants through the support of practical training at the workplace	attention paid to youth and long-term unemployed		government budget, social security funds and ESF	employment services	(1295/2002). Act on Unemployment Benefits (1290/2002).
2-Training	Apprenticeship for the unemployed	To promote employability and reduce the threat of exclusion from the labour market by increasing professional skills, knowledge and work-experience of unemployed persons and other jobseekers through apprenticeship training.	Unemployed with a special attention paid to long-term unemployed, disabled and youngsters. Other jobseekers can also participate.	1995	Central government budget and ESF	Public employment services	Act on Public Employment and Enterprise Services (916/2012) Degree on Public Employment and Enterprise Services (1073/2012) Apprenticeship Training Act (605/1998).
4 - Employment incentives	Employment subsidy, private companies	To provide opportunities for unemployed persons to gain work experience and to increase their vocational skills and to encourage companies to take on unemployed people.	Unemployed persons, particularly long-term unemployed, youth, disabled and older workers	1979	Central government budget and ESF	Public employment services	Act on Public Employment and Enterprise Services (916/2012) Degree on Public Employment and Enterprise Services (1073/2012)
4 - Employment incentives	Job rotation	To encourage employees to take unpaid leave for training and other reasons and at the same time to increase opportunities for the unemployed to gain work experience in the open labour market	Unemployed persons replacing employees taking unpaid leave, with special attention set to just graduated youth and long-term unemployed.	1995	Central government budget and social security funds	Public employment services	Act on Job Rotation Leave (1305/2002). Act on Public Employment and Enterprise Services (916/2012) Degree on Public Employment and Enterprise Services (1073/2012)

Reference: LMP Qualitative report, 2015

Table 28 Youth-related measures currently in place in Denmark

Category	Name	Aim	Participants	Year started	Financing	Responsible institution	Legal basis
1-Labour market services	Public employment service	To provide jobseekers with general services during their search for a job.	Jobseekers	1970	Central government and local budget	Central government, Public employment services	The consolidated act on an active employment measures no. 706 of june 28 th 2012.
4 - Employment incentives	Wage subsidies	To provide subsidised work experience for the unemployed in order to facilitate future insertion into regular employment.	Unemployed persons according to Act on active employment measures.	1981	Central government budget and local government budget	Local government, Public employment services	The consolidated act on an active employment measures no. 706 of june 28 th. 2012

Reference: LMP Qualitative report, 2015