



Organising for Fairness at
Work and Justice in Society

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*Responding to the Unemployment Crisis – is a Youth
Guarantee part of the solution?*

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Structure

- Youth Unemployment
- Measures to date
- Youth Guarantee
- Apprenticeships
- Other policy levers

Key issues to address:

- Education
 - Reduce Early School Leaving
 - Career Guidance
- Focus of presentation:
 - Transition to labour market
 - Apprenticeships
 - Work placements
 - Vocational training/education
 - Precarious work



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Youth Unemployment

- Q2 2012 (QNHS)
 - 29% or 43,400 of 20-24 year olds unemployed, up from 27.4% in Q1 2012
 - 15.9% or 95,700 of 25-34 year olds unemployed, down from 16.6% in Q1 2012
 - Up from 9% 2007 (Eurofound report, 2012)



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Youth Unemployment

- Live Register, Oct 2012 (includes casual etc.)
 - 69,916 under 25 years, annual increase of 7,793, includes 25,150 recipients for more than one year
- Eurostat, June 2011:
 - Spain 46%; Greece 44%; Ireland 29%; Netherlands 8%; Austria 9%; Germany 9%
 - 45% young unemployed long-term in Ireland 2011, 20% in 2007

Youth Unemployment characteristics

- Construction
- Manufacturing
- Graduates
- NEETs
- Emigration

Outsiders - NEETs

- NEET rate: Share of total population of young people (15-24) not engaged in employment, education or training
- Ireland: 18.4%, very high (52.7% of NEETs unemployed); Netherlands <7%
- Risk factors: health/disability; ethnicity; education level; low household income; remoteness
- Scarring effects and wage penalties, especially for low skilled
- Estimated Total Cost of NEETs [includes public finance cost (i.e. welfare payments, lost taxes etc.) and resource cost (i.e. loss to economy from earnings forgone etc.)], Ireland 2011, €4.33bn



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Measures to date

- JobBridge
 - Unemployed for 3 months, lone parents & disabled
 - Social welfare plus weekly top-up €50
 - Internship for 6 to 9 months
 - 10,226 participants from June 2011 to Sept 2012; 5592 finishers, 52% have secured full-time employment (Indecon Interim Evaluation)
- Education, training, work placement places
- Employer Job (PRSI) Incentive Scheme for unemployed
- Reduction in welfare rates for under 25s



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Youth Guarantee

- European Parliament Resolution 2010 for European Youth Guarantee, providing work placement, further training/education or an apprenticeship after four months of unemployment; Commitment at informal European Council Jan 2012; €4 million European Commission funding; Irish Presidency of European Council
- PES campaign for legally enforceable youth guarantee by end 2013
- Existing examples Finland, Sweden, Netherlands, Norway, Austria, Denmark, Germany



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Youth Guarantee Examples

- Finland:
 - Unemployed under 25 (and graduates under 30 from 2013)
 - Offer work placement, education or activation (e.g. training, counselling, start up funding)
- Sweden
 - Unemployed aged 16-24 after 3 months
 - Offer guidance, coaching, internships, apprenticeships
 - Criticism: 'short term' fix; lack of up-skilling/education



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Issues re implementing Youth Guarantee in Ireland

- Extension of JobBridge?
 - Need for involvement of trade unions in regulation/monitoring to prevent abuse/job displacement
 - Prerequisites: quality internship, pay, mentoring, training component, certificate, link to further education.
 - Broad scheme; need to better target low skilled.
- Workfare/conditionality?
- Limited numbers? Determine age cohort.
- Duration? Wait 3 to 4 months or engage earlier?



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Issues re implementing Youth Guarantee in Ireland

- Need to focus on up-skilling
 - Involve social partners in design of appropriate training
 - Pathway to qualifications
 - Connect with further education
- Expand apprenticeship opportunities to manufacturing & service sectors



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“Contrat de génération” (Generation Contract) France

- Agreement reached between employers & 4 trade union confederations Oct. 2012; legislation early 2013
- State subsidy to employers to employ under 25s and hire over 55s or retain over 57s (€2000 each per year)
- Risk of sanction without agreement at company/sectoral level or action plan
- Target 500,000 contracts



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Apprenticeships: key tool of transition

- Dual System combining class-based vocational training and work placement/apprenticeships e.g. Austria and Germany
- Broad uptake



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Apprenticeships - Italian Example

- Higher-level apprenticeship scheme
 - 18-29 year olds, 1000 participants on pilot
 - Provides 2nd or 3rd level qualification through school or college/university tuition combined with paid employment
 - Possibility for further study
 - Involvement of trade unions

Issues re apprenticeships in Ireland

- Collapse of construction industry
- Need to expand to other sectors
- Need for employer incentives? e.g. France provides grants/incentives
- Protection of worker rights

Employer Incentives

- Subsidising Jobs
- Exemptions from employer social insurance contributions
- Training more effective in improving employment prospects of participants
- France: fee imposed if employers do not hire certain quota of apprentices



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Employer Incentives

- UK Youth Contract, cash incentive for employer to hire young workers aged 18-24 years (£2,275 each) for 26 weeks in Great Britain
 - Low uptake
 - Substitution effect; jobs that would be created anyway; discourage 'real jobs'
 - Previous 'Future Jobs Fund' provided employment in public sector e.g. health



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Employer Incentives

- Job subsidies/exemptions should be targeted at vulnerable groups such as low-skilled young workers and expanding businesses, limited duration.

Precarious work

- Young people more vulnerable to temporary, insecure work, lacking social protection and career progression
- Number of casual & part-time workers on Live Register increased from 77,924 in October 2010 to 85,029 in Oct 2011 and 85,663 Oct 2012
- 47% of total youth employment was part-time work in Ireland, 2011

Conclusions

- Need to regulate internships, including through legislation
- Need for review of apprenticeship system to underpin sectoral or national agreement on expanding areas covered; key role for social partners
- Need to improve vocational training system/uptake