

**PES TO PES DIALOGUE PROGRAMME:**  
**ANALYTICAL PAPER**

**The Role of Public Employment Services  
in Youth Integration**

A Review of European Good Practice

by

Nicola Duell

Kurt Vogler-Ludwig

Economix Research & Consulting

in consortium with GHK and the Budapest Institute

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## CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>5</b>
<b>1 INTRODUCTION .....</b>	<b>8</b>
1.1 Youth integration .....	8
1.2 General structure of youth integration activities .....	9
<b>2 PES SERVICES FOR LOW-SKILLED YOUNG PERSONS.....</b>	<b>11</b>
2.1 Activation and the role of benefits .....	11
2.2 PES service organisation and concepts .....	13
2.3 Services of the PES provided to individuals and to employers.....	16
<b>3 EFFECTIVE ALMP MEASURES FOR LABOUR MARKET INTEGRATION OF LOW-SKILLED YOUNG PEOPLE .....</b>	<b>19</b>
3.1 The concept of youth guarantees .....	19
3.2 Steps towards individualised education and training .....	21
3.3 Employment incentives .....	24
3.4 Job creation programmes .....	25
<b>4 CONCLUSIONS .....</b>	<b>25</b>
<b>REFERENCES.....</b>	<b>27</b>

## EXECUTIVE SUMMARY

The transition from school to training and to the labour market has led to specific EU policy action under the European flagship initiative 'Youth on the Move'. The efforts focus on the problems of early school-leavers and young people disconnected from the labour market. These are the groups most vulnerable to unstable working careers and dependence on public transfers. Even more importantly, the youth initiatives have the clear goal of helping to develop the hidden talents of young people often characterised as being 'difficult to place'.

In most countries of the European Union, public employment services (PES) are key members of youth integration networks. The PES' commitment to supporting individuals' career development and their knowledge about the labour market make them indispensable for successful youth integration. However, despite this there continues to be a limited amount of evaluation evidence on what works best in delivering PES services to this target group and the types of measures which can be shown to be most effective.

Based on the evidence reported in policy-related and academic literature this paper is going to develop the analytical background for the assessment of the role of PES in youth integration, while a complementary 'comparative report' [WEB-LINK TO BE INSERTED] presents the practical measures taken by the EU Member States. This executive summary outlines what can be learnt from international experience.

### ***The key role of public benefits***

- Access to the benefit system helps to reach young people: in those countries, where young people have access to unemployment benefits, means-tested unemployment assistance or social assistance, it is easier to implement a mutual obligation approach as a pillar for an effective activation strategy. Linking benefit receipt to the requirement to participate in education and training, other activation measures or intensive job-search thus works as an incentive to actively contribute to problem solving.
- Negative incentives through sanctions on unemployment or other benefits should be implemented in moderation as they may have a de-motivating effect.
- The access to benefits via prior contribution to the system and based on prior work history creates a barrier which is difficult to surmount for many of the young disadvantaged persons.

### ***Outreach activities in cooperation with other actors***

- PES need to reinforce their outreach activities to disconnected young people as the target group is heterogeneous as are the problems they face. A uniform approach to youth integration is likely to fail.
- Good practice examples for outreach activities are built on a close cooperation between the PES and schools, NGOs, religious and ethnic communities, civic youth organisations and youth social work.
- Vocational counselling may be provided in schools, at the PES, in coordinated networks or by private providers and employers' associations. The form of cooperation seems to be less important than the shared commitment between the PES and its partner organisations.

### ***Individualised services***

- Person-centred, integrated approaches to counselling provided by the PES or its partners trying to identify not only individual barriers but also strengths seem to be more effective than standard approaches.

- The setting-up and implementation of individual action plans (IAP) is widely recognised as being an effective tool in activating young people. Case management at the PES and mentorship approaches have shown good results. This provides the framework for developing person-centred and holistic integration strategies.
- Profiling should take the whole situation of the young person into account. Intensive interviewing is the point of departure: the implementation of a negotiation process between the PES and the young person is likely to foster a trust relationship. It is essential that young people are convinced about agreed actions being useful for them.
- It is widely acknowledged that counselling and the setting-up of IAPs at an early stage is crucial for the activation strategy to work.
- An intensive follow-up by the PES or its partners during participation in active labour market programmes (ALMPs) and the time after boosts the effectiveness of the activation strategy.
- The acceptance of failures and the opening of 'second' chances should be a guiding principle of the activation strategy..
- The adaptation of vocational counselling to the needs of specific groups (e.g. girls) is useful.
- Job-search training is an effective measure for those young people who can be considered as ready-to-work.

#### ***Sufficient staffing***

- The implementation of holistic activation strategies needs sufficient staff resources and an adequate case load for counsellors. Teams should be interdisciplinary, including specialised staff, e.g. psychologists, and staff with different institutional and policy knowledge, e.g. cooperation between PES staff and social welfare officers.
- Outsourcing to specialist service providers can be an option.

#### ***Cooperation with employers***

- Outreaching activities of the PES need to focus on employers who are potentially willing to employ disadvantaged youth or to offer them work-based training measures. This includes good personal links to main local employers as well as links to community-based employers, social enterprises and the voluntary sector.
- Good practices of local PES include guidance and assistance to employers by social workers, in particular if disadvantaged young people get work-based training.
- Training Pacts and covenants with employers or employer organisation help to raise awareness and social responsibility. The supply of workplace-related training is a prerequisite for the integration of disadvantaged young people.

#### ***Innovative design of ALMP for low-skilled young people***

- In a number of countries, reforms of the education system and the training system are underway allowing for more flexible pathways, modularisation, recognition of acquired skills through non-formal learning, pathways back to education and training (such as schools of second chance), informal learning in non-school type settings. The PES has to take these developments into account and to adapt the design of training measures accordingly.
- Among good practices, delivering second-chance education opportunities as a mix of adult mentoring, work experience and remedial education are highlighted. For young people who failed at school integrating non-formal types of learning in the measures may be more successful than formal education. More generally, measures that increase self-confidence (e.g. in the area of performing arts) of young people can be regarded as good practice.

- Pre-vocational training courses to foster basic skills are useful if they are well targeted at those young people who don't find a training place because of their lacking skills (and not because of the lack of training places).

- Combining training and work experience seems to be easier in countries with well-established systems of dual vocational training; however, many other countries also design measures that contain workplace-related training.

### ***Well targeted training subsidies and job creation measures***

- Training subsidies and social security exemptions for companies who take on low-skilled young people can provide a possibility to expand work-based training places for disadvantaged young people if they are well targeted.

- The effectiveness of wage subsidies depends on the concrete design of the subsidy, on the extent to which it is targeted and the extent to which it is combined with other measures (such as follow-up) in order to minimise deadweight losses and substitution effects.

- Accordingly, no global assessment of the effectiveness of job creation measures can be made, as much depends on the type of jobs created, the type of institutional settings and the type and level of income support. Evidence from a few European countries suggests that a thorough implementation of these programmes by social co-operatives and social enterprise increases the effectiveness of such programmes.

### ***Youth integration as a national commitment***

- National agreements on youth guarantees help to ensure that disadvantaged young people are not left behind. Youth guarantees are implemented in some European countries and include models where the PES has the obligation to offer each young person either a place in education and training, in an active labour market measure or a job. Training pacts based on a voluntary commitment of employers help PES to reach the targets.

- Cooperation based on a shared commitment between the PES, the education and training sector, social welfare agencies, NGOs and the social partners help to develop and implement specific measures for the integration of disadvantaged youth. The cooperation is relevant at all levels - the national, regional and local levels. The Territorial Employment Pacts are prominent examples for the creation of such networks.

- Sufficient financial resources are the necessary condition for successful youth integration and the ingenuity of PES and its partners are a sufficient condition to achieve efficient results. More than for other groups of unemployed these resources should be understood as investment in the future employability of young people which help avoiding future costs to the society.

- Cooperation between all actors is crucially important as it avoids inefficiencies. PES should be strongly interested not to "repair" the failures of other partners, particularly the education and training system.

- A close monitoring and conducting of quantitative and qualitative evaluation studies as well as coordinating the results of studies on single measures and services help to well design and target services and measures.

# 1 INTRODUCTION

## 1.1 Youth integration

Youth integration is a complex issue: there are heterogeneous target groups among young people who are at risk of losing contact with the labour market. There are various reasons why young people find themselves in this situation and there are various institutions which take a great number of measures to support youth integration. This report tries to reduce this complexity by systematising the approaches which have been developed in the European Union, reviewing the available evaluation evidence, and concluding what works best. The analysis concentrates on youth integration measures as provided by the public employment services (PES), and embeds this focus into a broader context. Youth integration is understood as a public task which leads young people to become valuable members of democratic societies, rather than simply being productive workers. Youth integration therefore has a long-term and preventive perspective to avoid future social imbalances and to augment the potential for social and economic development.

In the Europe 2020 Programme the European Commission has explicitly set the target of reducing the number of young people who leave school early as part of its 'Agenda for new skills and jobs'. The Commission recently provided an overview of measures of how to cope with this problem (European Commission 2010). Over the past decade, approaches to improve youth access to vocational education and training (VET) and employment have received increased attention in a number of European countries. In particular, in response to the latest global economic and financial crises a number of OECD countries have reinforced their special youth measures because transition patterns for low-skilled youth substantially worsened during the economic downturn (OECD 2010). Early-school leavers and the unemployment rate of low-skilled and disadvantaged young people who often face multiple barriers in accessing training or work have attained particular interest. The group of young people who are NEET has been well-documented (OECD 2010).

During the recent global economic crisis young people have been hit particularly hard and youth unemployment was above 20% in a number of countries in 2010. But these unemployment rates do not capture the full extent of the problem. The number of young people disconnected from education and the labour market is even higher than the number of unemployed. In 2008, around two-thirds of the European NEETs aged 15 to 24 could be considered as being outside of the labour market – they were either unemployed for more than one year, or inactive and not seeking employment and not in education and only one third was unemployed and looking for a job (OECD 2010). This demonstrates how difficult it is for a substantial part of the young generation to overcome the barriers of the education and training system and the labour market. Comprehensive international literature has reflected on youth integration in recent years, and the European Commission supported research on these subjects in particular by supporting peer review on this issue through the mutual learning programme<sup>1</sup> and by commissioning specific studies (for example Paparella et al. 2008, Walther and Pohl 2005). The OECD elaborated to the reviews on "Jobs for Youth" in 16 OECD countries, with a synthesis elaborated in 2010, and other work carried out on activation policies. The role of the PES and the organisation of its services, however, were not specifically addressed in most of these studies. Literature overviews of evaluation of ALMPs (see Kluge 2006, Martin and Grubb 2001) contain some useful information on youth measures, but in most cases do not contain much detail on the implementation of measures for those who are low-skilled.

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<sup>1</sup> In particular, peer reviews on the German programme JUMP (Dietrich 2001), the Youth Unemployment Task Force in the Netherlands (Peer Review 2005), the Rosetta Plan in Belgium (Nicaise 2001), Biffl 2008.

The policy debate on adopting the appropriate activation strategy and implementing the right programmes as reflected in the literature focussed on the following aspects:

- How to embed a strategy for integrating young people in the labour market in the context of a flexicurity approach (Paparella et. 2008)
- The length of transitions from school or education to VET and the transition to the labour market as a key policy concern
- The debate on work-first versus train/learn-first
- The right balance between sticks and carrots in current activation strategies
- The debate on creating rights *versus* setting obligations to participate in specific measures

## 1.2 General structure of youth integration activities

Considering the complexity of the problem, youth integration approaches have been categorised at three levels (Vogler-Ludwig et al. 2005):

Level 1: Job-related social work

This serves to identify young persons at risk, describing their competence deficits and supporting young people to develop the motivation and self-confidence needed to participate in economic and social life. This is focussed on mental orientation and provides first ideas of working life rather than job related knowledge.

Level 2: Improvement of basic competences

This helps young people to attain the competence standards which are the precondition for entering education and training or employment. Knowledge deficits are measured with competence profiles and the training measures are organised individually. Education at the primary and lower secondary levels play an important role in identifying persons at risk and developing adequate training methods.

Level 3: Integrative vocational training

As a minimum standard of vocational integration, young persons need the ability to execute a job according to prevailing labour market standards. Disadvantaged young people require specific training in the form of modularised or simplified courses, but nevertheless need the validation of their competences.

Level 4 would then follow as the regular standard of vocational training.

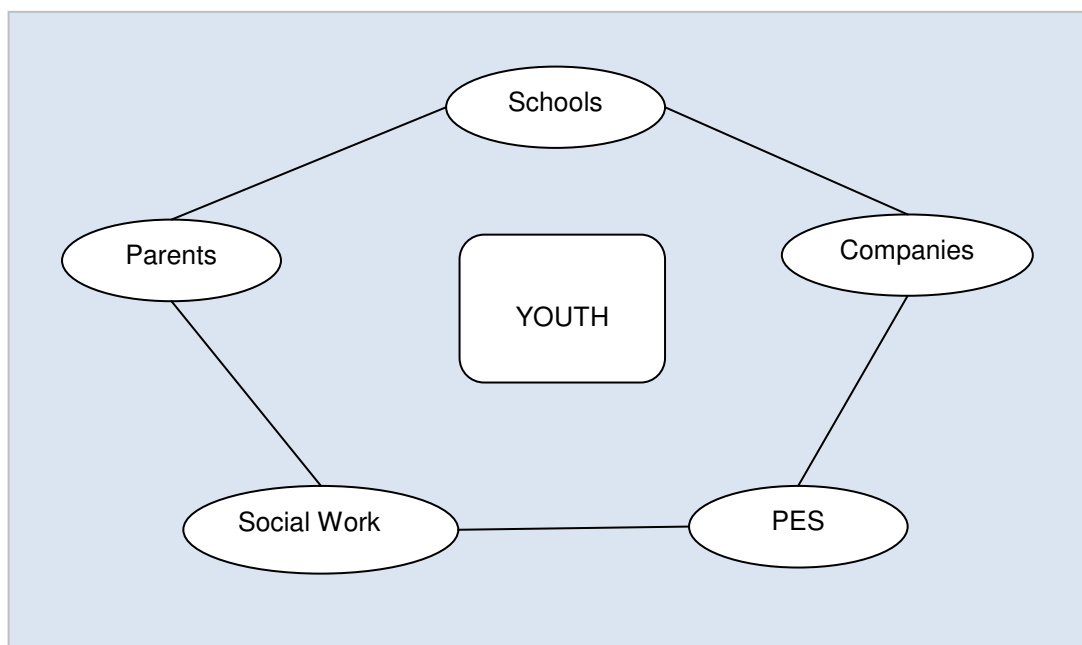
Of course, actions at these levels of integration are very different from general training and labour market policy measures as are the reasons why young people are in trouble. The family situation, drug addiction, learning difficulties, a migration background and many other problems can be mentioned. This requires a broad scope of measures and a network of actors.

Efficient youth integration requires the cooperation of all actors, parents, schools, social work, companies and the public employment services as far as they are involved (Chart 1). Social work itself includes a variety of actors such as NGOs and municipal welfare services. The interdependency of actors is a crucial aspect, not only for the integration of the disadvantaged but for education and training in general. It requires a clear labour division and cooperation among the partners.

The impact of active labour market programmes (ALMPs) on low-skilled youth therefore depends on the institutional settings, the coordination of measures, and the economic background. The selectivity of the educational system, for example, has a long-lasting

effect on career paths, as has job competition, social discrimination, or traditional family values. All institutions together set the frame in which young people are operating for better or for worse. Finally, it is the combination of measures and the way they are implemented (e.g. individual follow-up) that makes the difference. In the case of low-skilled youth it is useful to widen the policy area under consideration and to include measures in the areas of education and youth social work.

**Chart 1: Youth and youth integration institutions**



Source: *Economix*

Youth measures can be distinguished by the stage in the pathway from school to work they intervene (Paparella et al. 2008). A distinction can also be made between supply-side approaches, which focus on guiding young people to a vocational pathway and education and training measures in the first place, but also include employment subsidies in order to compensate for an eventual or assumed disadvantage of the jobseeker leading to a lower labour productivity and demand-side approaches that create demand for labour through job creation programmes. Furthermore, some measures, such as job search assistance depart from the basic assumption that labour market mismatch is linked to information problems, which can be solved by improving the access to information *via* e.g. counselling and job-search training.

Activation strategies vary across countries in regard to the level of ALMP<sup>2</sup> spending, reflecting the intensity with which ALMPs are used as well as with regard to the split between training measures, employment incentive measures and job creation programmes as the main categories, as well as spending for job-placement and job-search services.

However, as the OECD (2010) notes, there is a lack of rigorous evaluation of most activation programmes for young people in many countries. Implementation by local actors other than the PES of some of the measures for integrating young people adds to the difficulty of relying on evaluations, as these are often not carried out by local actors or because information on such studies is not systematically collected. The aim of this paper is

<sup>2</sup> The notion ALMP is referring to in this paper mainly refers to measures that figure under Category 2 to 7 of the Eurostat/OECD LMP database and are dealt with in Section 3. Job placement and job-search related services relate to Category 1 and are discussed in Section 2.

nevertheless to shed light “on what works best” and on promising approaches based on qualitative assessments and evaluations of some of the programmes that have been carried out in some countries and which have been reported in international and academic literature. Although the focus of this paper is on PES strategies, approaches in other domains such education and training policies as well as youth social policy also need to be considered by asking how to ‘best’ interlink these different policy fields.

## 2 PES SERVICES FOR LOW-SKILLED YOUNG PERSONS

### 2.1 Activation and the role of benefits

#### ***More and more countries develop activation strategies***

Activation strategies have become the dominant approach of labour market integration over the last decade. This goes back to the wide application of the European Employment Strategy in the Member States. Activation is based on the mutual obligation principle which includes job seekers and placement services in a number of countries (OECD 2007 and OECD 2009b). Nevertheless, important variations exist between countries as regards the strictness of implementing job-search requirements, the obligation to accept a job offer or to take part in an ALMP, and the obligation of the PES to provide such job offers or places in active measures. Some countries have defined rights for jobseekers, for example in the form of youth guarantees. These rights create obligations for the PES and local authorities to provide adequate measures for both young and adult job seekers.

The incentives arising from benefits are the key elements of the activation strategies, and two forms of benefits can be distinguished in principal: income-replacement benefits or welfare benefits and activation benefits. The first form is a passive benefit that can be (partly) suspended for a limited period of time in case of non-compliance. It works on the principle of ‘negative incentives’ to the beneficiaries. The second type sets ‘positive incentives’ by giving allowances for participating in an ALMP or for remaining in the education and training system. However, young people have access to benefits only in a few countries.

#### ***Access to income-replacement and welfare benefits allows for an easier implementation of mutual obligation approaches and eases outreach to young people***

Passive benefits can be classified as unemployment benefits and means-tested unemployment assistance, social assistance, and family access for other allowances such as child allowances. It is assumed that the possibility to suspend these benefits in case of non-compliance is an effective measure to activate the unemployed. It has also been argued that activation benefits have a demotivating effect on young people, on disadvantaged young people in particular. Impact assessments of benefit sanctions indicate that they might represent an effective tool for activation, if they are not too high, as otherwise they may generate a sorting effect (OECD 2007). Research carried out by Røed and Westlie (2007) shows for Norway that the severity of the sanction is less important than the mere existence of a sanction and the threat of their possible imposition (‘threat effect’). However, there is no clear evidence if benefit sanctions have a different impact on young people, especially those disconnected from the labour market. For this group sanctions might have a de-motivating effect and disconnected youth might prefer not to get the benefit and not to take part in a measure. In this case it becomes extremely difficult to reach out to these young people.

(i) *Access to unemployment benefits and unemployment assistance*

Access to unemployment benefits is usually regulated by the length of previous (salaried) work and therefore young people have often no access to unemployment benefits. However, in some countries exceptions exist for young people.<sup>3</sup> In most of these cases the benefits are generally reduced for young people, in other countries benefit reduction is either linked to parental income or in cases where young people are still living with their parents. Waiting periods exist in some countries (e.g. Belgium and Switzerland). In Austria, eligibility criteria for youth unemployment benefits are much more lenient as they need to have been in employment for only 26 weeks instead of 1 year (GHK 2011).

As part of the Hartz reform in Germany, young people are eligible to the so-called unemployment benefit II, which are means-tested, and they are obliged to participate in education and training, or to accept public jobs, or to combat drug problems etc. They have to sign an integration agreement with the PES. In addition, in Germany the sanction mechanism for not taking-up a job or a training measures are more severe than for adults. Receiving benefits may also be linked to an obligation to take part in training (e.g. Denmark) (OECD 2010 and Duell et al. 2010).

(ii) Access to social assistance

In a number of OECD countries, not only young people who have never worked but also many young people laid-off from non-standard jobs (temporary, on-call, seasonal, interim, short part-time jobs) do not qualify for unemployment benefits. Young people can, however, receive social assistance in case of social distress from the age of 18 (25 in France, Luxembourg, Spain) (OECD 2010). Some countries have introduced mutual obligations for young people to receive social assistance (for example in Germany and Denmark).

In the case of Denmark, immediate activation takes place whenever a person applies for cash benefits from the municipality. If the municipality considers that the benefit recipient is fit for work, he or she is assigned to work quickly. Impact assessments of immediate activation in Denmark show rather good results in terms of the transition to work or to education and training afterwards (Paparella et al. 2008). This example demonstrates that for an activation strategy to be successful, early intervention is a key element (see Section 2.3).

(iii) Access to and sanctions of other benefits

Recent policy developments in Denmark include the possibility for municipalities to stop the payment of child benefit to families not willing to cooperate with the authorities in establishing and implementing an action plan for the education of young children not in employment, education or training. However, there is no clear evaluation evidence for the impact of this type of measure (Madsen 2011). Similar strategies have recently given rise to political controversies in other countries, for example in France.

**Activation benefits set positive incentives and help to reach young people**

Activation benefits help to reach out to young people who would otherwise not contact the PES. In some countries financial incentives are offered to remain in training and to increase participation in post-compulsory education by offering allowances to young people from poor households if they remain in full-time education, for example in Finland and in Luxembourg) (Paparella et al. 2008).

In the case of the UK it seems that the introduction of the means-tested Education Maintenance Allowance<sup>4</sup> increased immediate post-compulsory education participation.

<sup>3</sup> In eleven OECD countries a 20 year-old jobseeker who has never worked can benefit from unemployment assistance benefits or from an unemployment benefit (OECD 2010).

<sup>4</sup> Weekly payments are made to young people in full-time education. Additional to a means-tested weekly rate, bonus payments are made to young people for remaining in courses for given periods of time and for achieving certain levels.

The impact was strongest for men, those from lower income families and those who were not high achievers at the end of compulsory schooling (Paparella et al. 2008 and Walther and Pohl 2005). However, concerns have been expressed regarding the emphasis in getting young people into any form of employment, education or training at the expense of their long-term interests (Walther and Pohl 2005).

In Hungary there seems to be a tendency to replace unemployment benefits with job-search benefits which proved to be effective (Paparella et al. 2008). Furthermore, incentives such as free meals at school in countries with a high number of school drop-outs and/or high shares of Roma such as Bulgaria, Romania and Slovakia have been introduced (Walther and Pohl 2005). But the authors do not report on the effectiveness of these measures.

In the case of the Netherlands, the Investment in Youth Act, which came into force in 2009, abolished the entitlement of young people aged 18-27 to social assistance, but municipalities have to offer them learning or working trajectories. Only if young people accept to engage in education can they get a means-tested equivalent to social assistance. Criticism has been expressed by municipalities that stricter access to social assistance could have negative side-effects for the inclusion of vulnerable young people as these could refrain from applying for benefits once they find out that so many constraints are attached. (Bekker 2011). The act places a large degree of responsibility on the shoulders of young people themselves (OECD 2010a). The impact of this reform on the labour market integration of NEET seems unclear.

## 2.2 PES service organisation and concepts

### *Youth integration is implemented by the PES and a variety of other local actors*

Following the three levels of youth integration activities presented in the introduction, PES play an important part in youth integration, but there are also other key actors. There is an important task given to social work services which have to identify the problems among young people and find a way to communicate with them. A second important player is the education and training system which has the main responsibility of developing competences. A third role is given to the employers who have to provide training and labour also for those who are less competitive on the labour market.

The role of PES is related to labour market integration also in youth integration, and this appears to be a special advantage in the network of actors. PES often work as a moderator between training institutions, companies and young people, but also develop their own integration approaches. PES are specialised in labour placement, although in some countries the implementation of training-related and other active labour market measures play a more important role. This creates a specific role for the PES, and countries have found different ways of organising these activities.

Germany, for example, has created a huge 'transition system' for those young people who do not have access to regular education and training, the dual training system in particular (see Section 3.2). The Federal Labour Agency has developed the 'new integration approach' (*Neues Fachkonzept*) which applies individual and modularised coaching of young people in the transition system. These activities are related to labour market integration at levels 2 and 3 of the classifications mentioned in the introduction. Social work at level 1 is done by a great variety of organisations in the municipalities and in the Länder (Duell 2008).

***Institutional cooperation is as a key factor for reaching-out young to people and for implementing integration measures***

Linked to the transition problems between school and training as well as school and work, inter-institutional co-operation is the key for reaching out and helping low-skilled young people.

There is some evidence that the combination of approaches and the integration of services leads to better outcomes. In this context the OECD (2010) recommends that job-search assistance programmes should include not only workshops to learn how to write a CV and contact potential employers, but also mobility and housing assistance. Comprehensive programmes including adult mentoring, work experience and remedial education may yield positive returns, particularly for the most disadvantaged young people. It is further recommended that the PES improve their cooperation with the education system (Scarpetta et al. 2010).

The following types and degrees of cooperation can be found, which in general are all promising approaches:

- (i) institutional mergers (for example in Norway where PES, social assistance and disability services have been merged);
- (ii) institutional integration for specific target groups (for example the Labour Force Service Centres in Finland which provide integrated services for those facing particular disadvantages, the ARGE in Germany where municipalities and the PES jointly provide services for means-tested unemployment benefit II recipients, including low-skilled young people) and one-stop-shop services (for example in the Netherlands in which local authorities and the Institute of Employee Benefit Schemes work together)<sup>5</sup>;
- (iii) networks (for example Connexion services in the UK) and co-operation (for example First Work programme in Poland);
- (iv) bilateral co-operation, for example between the PES and the education system for the exchange of information on NEET (for example in Denmark), co-operation in the area of counselling, etc.;
- (v) co-operation in deprived local areas (for example in France Espoir Banlieues, see OECD 2009a), area-based partnerships in designated areas of disadvantage in the context of the Local Development Social Inclusion Programme in Ireland<sup>6</sup>, Territorial Employment Pacts in Austria (Lechner et al. 2010).

### ***Organising the access to general PES services and specific youth integration programmes***

An example is the “A Start and Opportunity” programme in Greece which supports young people with low or medium qualifications to acquire the skills and work experience needed to find employment. The initiative is open to young people aged 16-25, whereas eligibility to PES services normally starts at the age of 18 and is confined to the unemployed (OECD 2010).

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<sup>5</sup> See a number of interesting approaches implemented in the cities of Cologne, Munich and Amsterdam in Graf et al. 2010

<sup>6</sup> The Partnership Boards usually comprised representatives of statutory bodies, the community and voluntary sectors, public-elected representatives and the social partners. Some of the partnerships operated a Local Employment Service. Activities of the Programme included services for the unemployed and community-based youth initiatives. The services for unemployed people (not only for young people) showed quite positive results in an external evaluation, although no control-group approach was used (Grubb et al. 2009).

In the case of Denmark, PES services are made available to young people in order to allow an earlier and more intense activation of young people in the context of the youth package decided in 2009 (Madsen 2011).

In particular, for early school leavers or those at risk of becoming early school leavers the access to education and employment services is often provided by authorities in charge of education, or by (youth) centres which are run in cooperation with different local actors. In order to cope with the problem that many young people in the NEET group are not known to the PES, a few OECD countries have created ad hoc agencies. These 'youth agencies' are designed to support young people specifically in their study and career orientation. Examples for this are the youth guidance centres in Denmark for young people under 25 years old, and the Connexion services in the UK, (see below). Others help disadvantaged out-of-school young people, as for example the 'missions locales' in France which prevents young people from becoming NEET. Furthermore, in order to better reach inactive young people, some countries have developed outreach services using activities appealing to young people such as films, music, sports, youth days, TV programmes and youth-friendly websites (OECD 2010).

In the UK, Connexions services have been set up to provide services for young people aged between 13 and 19 years and for up to 25 years and for young people with learning difficulties or disabilities who need advice on planning their lives. The service is managed by local Connexion services. They act as a job brokerage and offer services to give young people information on jobs and training and adult courses for their chosen career paths. They are notified by the Young People's Learning Agency when young people leave the education system so that finding an alternative provision can begin as early as possible. From 2010, the PES (Job Centre Plus) that deals with young people aged 18 and above share basic details on 18-19 year old benefit-claimants with Connexions.

Another promising example refers to the Netherlands, where the first contact point for young school leavers is the compulsory education department and Regional Reporting and Co-ordination Centre of the local authority. The schools and local authorities are jointly responsible for assisting those young people.

In Poland young people who do not comply with their schooling duty up to the age of 16 and their education duty up to the age of 18 are oriented towards the Voluntary Labour Corps which carries out education and care tasks.

In Ireland the Local Employment Services Network, which has a contract with the PES, provides a more intensive mediation and guidance to young early school-leavers as well as an outreach service in certain areas. There are around 100 "Youthreach centres" around the country.

***Many countries have opted for providing specialised PES services for young people***

Reaching out to NEET groups is a key challenge and the content of the services that need to be provided to young people are rather specific. It is therefore not astonishing that a number of countries opted for either creating specialised services within the PES or are outsourcing the servicing of specific target groups to private contractors.

An example for the integrated services, in addition to specialised services, is the German Federal Labour Agency which organises youth integration services in its local ARGEs, the institutional cooperation between federal labour offices and municipal services. The combination of the general 'new integration approach' and local experience appears to be an efficient solution.

The example for outsourcing is provided by the Local Employment Services in Ireland, which are managed by a company linked to the Community Partnership Board. They exist alongside the FÁS Employment Services, but using the same computer system makes information sharing possible (Grubb et al. 2009).

Both models are efficient, particularly if the cooperation among local actors works. This also depends on the qualifications of tutors and relevant staff training.

### ***Performance management of PES staff and PES agencies***

Some countries implement an approach of “management by objectives” (for example Austria and France), where incentives to perform well are set through performance-pay schemes and through career incentives (Mosley et al. 2001). The experience of other countries (for example Australia and Switzerland) suggests that performance management can play an important role (see for Switzerland Duell et al. 2010). However, as in the case of Switzerland, performance indicators may not include indicators on the integration of young people or more precisely low-skilled young people. The OECD (2010 [Jobs for Youth Synthesis]) recommends monitoring the performance of the activation programmes for young people. The new approach taken in Denmark in the context of the youth package seems therefore worth highlighting: A special bonus will be paid out to job-centers that are successful in getting long-term unemployed young people into employer-based training (Madsen 2011).

## **2.3 Services of the PES provided to individuals and to employers**

### ***Guidance and vocational counselling***

Vocational counselling for young people has been established

- (i) at schools,
- (ii) at the PES,
- (iii) in coordinated networks (Austria, Slovenia, Spain, UK) and through co-operation between different actors including schools (Denmark, Finland) or
- (iv) by private providers and employers' associations (Walther and Pohl 2005 and Paparella et al. 2008).

What seems to be essential for increasing the effectiveness of counselling low-skilled young people is that forms of co-operations based on a shared commitment between the PES, schools, organisations of youth social work and employers are set up (Scarpetta et al. 2010).

The principles on which the counselling and guidance are based play a significant role for its effectiveness, especially as PES services often have a bad reputation among young people. Person-centred, integrated approaches which try to identify not only individual barriers but also strengths seem to be more effective.

A good practice example is the Total Counselling programme in Slovenia (Walther and Pohl 2005), which provides holistic counselling and guidance to early school leavers between the ages of 16 and 25 years old. The guiding principle is to take their whole life-situation into consideration by means of a platform where different types of specialised counsellors work together (e.g. guidance counsellors, financial advisors, sexual educators, social counsellors, school counsellors). Similarly, the German ‘new integration approach’ which is also strongly individualised has been evaluated as being efficient (Vogler-Ludwig et al. 2005).

### ***Timing of the services provided to young people and frequency of interaction***

It is widely acknowledged that early activation renders an activation strategy more effective. Many OECD countries have moved towards the early activation of unemployed young people during the last decade which is in line with international best practice according to the OECD (2010). Examples include Denmark, where the time span for a first interview has been reduced to 1-3 months. Activation rules are strictest for young people under 25 years

old without an upper secondary qualification and without children, as they will get intensive and focused guidance of between one week and one month after they have become unemployed and they are obliged to participate in an ordinary or special preparatory educational programme. The evaluation of the pilot phase of this package showed positive results (OECD 2010). The OECD also highlights the example of early and intense activation in Belgium. In Belgium, since mid-2000, school-leavers registered at the PES have to be activated during the “waiting period” before receiving a “waiting allowance” (OECD 2010).

### **Individual Action Plans**

Individual Action Plans (IAP) are written documents signed by the PES and the jobseeker which, based on the evaluation of personal circumstances, abilities and the professional skills of the individual, determine the type and scope of assistance required by PES and the actions that need to be taken. In some countries IAPs are drawn-up for everybody who is unemployed after a defined length of unemployment, while others use this instrument only for specific target groups such as young people. In some countries intensive interviews to draw-up and follow-up IAPs are more frequent for young people (for example in Belgium and Finland, OECD 2007 [EMO]). In general terms there is a tendency to shorten the length of the unemployment spell with IAPs.

In most cases drawing-up an IAP is compulsory (OECD 2007), but its implementation varies across Member States (Paparella et al. 2008). This emphasises the importance of the PES implementation capacity for the effectiveness of the activation measures.

Walther and Pohl (2005) discern four types of IAPs set up for young people:

- (i) employment-focused (for example in Italy, Greece, Poland, partly Austria and with limited coverage in Bulgaria and Romania);
- (ii) multi-disciplinary, where IAPs established by the PES are centred on employment but allow for more targeted approaches in a multi-disciplinary perspective of teams made up of specialised staff (for example in Portugal, Spain, Slovenia and the UK);
- (iii) coordinated services, where the IAPs are drawn up by PES and other actors such as schools, social services or youth work, integrating vocational guidance and information in other contexts (for example in Greece, Italy, Poland, Slovenia);
- (iv) multi-service agencies or “one-stop-shops” in which case the drawing-up of IAPs is based on a stable cooperation between employment offices and social welfare agencies (for example in Finland; often restricted to people with multiple disadvantages);
- (v) “whole systems working”, where IAPs are implemented and coordinated between different actors (schools, vocational guidance and employment services), often under the control of local authorities, for example as in Denmark.

Walther and Pohl (2005) states that success factors for activation policies and IAPs are hard to generalise as there is little impact evaluation available on disadvantaged young people. However, the authors draw some conclusions from qualitative evidence. Thus, it seems important to establish a negotiation process between the institutions and the young person. Negative incentives might lead to de-motivation and might push young people into undeclared and informal work. The authors also conclude that the effectiveness of activation policy largely depends on the quality of the available options.

Profiling is a key element for setting-up IAPs, but little is known about specific profiling instruments for young people. One interesting example concerns Denmark, where in the context of the recently decided youth package, all young people under 30 years of age who contact the PES and do not have an upper secondary education will have their basic reading and writing abilities tested if needed. If the test shows that the young person needs

to improve their basic reading and writing skills, the PES will be able to offer the relevant training. Extra resources have been allocated for this purpose (Madsen 2011).

### ***Job-search assistance for those who are job-ready***

Job-search assistance programmes are often found to be the most cost-effective for young people who are assessed as being ready to work and are consequently less successful for low-skilled youth. In the mid-2000s only about 8% of young people employed in Europe<sup>7</sup> found their current job through the PES but no data is available for the market share of the PES for placing low-skilled young people (OECD 2010).

### ***Mentoring for those needing more intensive support***

As good practice examples for the delivery of counselling and other PES services for disadvantaged youth, mentorship programmes are highlighted (OECD 2010 and Walther and Pohl 2005). There is some evidence that mentorship is a rather effective tool for integrating immigrants into the labour market (Liebig 2009).

Walther and Pohl (2005) have identified the UK curriculum framework “Getting Connected” as good practice, with the aim of bringing young people back into learning.<sup>8</sup> The success of this programme hinges on effective relationships between young adults and practitioners or mentors who are youth workers, social workers, health workers, personal advisors of the programme. Qualitative evaluation has highlighted that the programme supports young adults’ learning behaviour, interpersonal skills and confidence. It seems that this programme together with other measures has resulted in a reduction of the numbers of NEETs, although it is difficult to attribute its effects (Walther and Pohl 2005).

The Danish mentorship programme can also be regarded as a good practice example (Paparella et al. 2008, Walther and Pohl 2005), where a professional, for example a fellow employee, is responsible for ensuring that the mentees stay and complete their time in the company or school with a personal mentor, often a teacher or social worker, who helps them to overcome personal problems. Existing evidence indicates that this model is successful in substantially reducing the number of school drop-outs, especially if it is combined with other measures (Nonboe et al. 2008)

### ***Case management helps to build-up a trusting relationship between PES staff and young people***

Case management is generally regarded as good practice for the guidance and follow-up of unemployed individuals. In some countries, case management is an established practice for providing services particularly for the more difficult target groups (Grivel et al. 2007). According to youth surveys and qualitative research, finding young people’s motivation and de-motivation relates to trust, subjective relevance, financial incentives and practical assistance. The trust relationship is improved by case management, as it requires a continuous relationship with counsellors or project workers whom young people perceive as acting in their favour. This also means to allow for third and fourth chances in case young people drop out of a measure as a result of their complex life situation (Walther and Pohl 2005, p. 115).

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<sup>7</sup> Results are better for Belgium and Luxembourg, Poland, France, Germany, Austria and Sweden.

<sup>8</sup> The programme was established by the Young Adult Partnership, a joint initiative between the National Institute for Adult and Continuing Education and the National Youth Agency.

***Services to employers are key for placement in jobs and active labour market measures***

The link to employers is crucially important for successful labour market integration. This becomes particularly relevant at level 3 of the integration process where disadvantaged young people are trained to become fully competitive workers. Practical learning and first work-life-experiences are tested and efficient approaches are then applied in many countries. Employers have a key role in providing the training places and developing their specific role in youth integration (see Section 3). In some countries the PES provide guidance to employers who agree to employ or train disadvantaged young people.

In other countries the PES have specific links to community-based employers and the voluntary sector, as is the case in the Area-Based Partnerships in Ireland (Grubb et al. 2009).

### **3 EFFECTIVE ALMP MEASURES FOR LABOUR MARKET INTEGRATION OF LOW-SKILLED YOUNG PEOPLE**

#### **3.1 The concept of youth guarantees**

Youth guarantee approaches, which define the right of young people to an education, training or a job and which set an obligation for municipalities and the PES to provide a place in education, training or the labour market were developed in the Northern European countries in the 1980s and 1990s and have recently been reinforced. The Northern European countries place a focus on a “learn/train” first strategy. Other countries have set up similar approaches, however, not necessarily introducing a right for young people to have education and training or a job, but by ensuring training places (e.g. the National Training Pact in Germany).

In Finland, a youth opportunity guarantee scheme was introduced in 1981. The idea was to offer all young people a place in upper secondary education or an “ordinary” job. If this was not possible, a place in special measures, mainly at state and municipal workplaces, had to be provided. Since 2005, the activation of unemployed young people has been reinforced with the implementation of the Social Guarantee. At least 96% of those with a completed basic education should start upper secondary school or extended basic studies within the same year (Duell et al. 2009b). Although it seems that the guarantee has had positive effects on the service processes at the PES, on the organisation of youth services as well as on the situation of young people with relatively good employment prospects, it seems to have been less successful in integrating young people who encounter multiple problems and young people with an immigration background.

In 1994 in Norway, a “youth guarantee” and follow-up service was set up for young people between the ages of 16 and 19, who were neither in education nor in regular work. Under the youth guarantee, such groups receive an offer for further education, training or to participating in specific labour market measures. The follow-up of these young people takes place through the co-operation of various agencies (Duell et al. 2009a). More recently, in 2007, the youth guarantee was extended with the objective of giving more targeted assistance and guidance through a “follow-up” guarantee for young people aged 20-24. The guarantee implies that the PES shall contact and interview all jobseekers in this age group who have been unemployed for at least the last three months. Jobseekers may be offered participation in an active measure (mostly wage subsidies in the private sector), but only after a period of unsuccessful job search.

In Denmark in 1996, a special 'Youth Effort' was initiated, which set the right and the obligation for young unemployed people to enter an education programme after a period of six months. Those who are still unemployed after 18 months have the right and the duty to enrol in full-time education. Non-compliance is sanctioned with losing eligibility to unemployment benefits. Low-skilled young people with work experience can choose job training instead of education. There are indications that the Danish approach is effective (Nonboe et al. 2008).

In Austria, vocational training has recently been guaranteed by law through an apprenticeship guarantee (Lechner et al. 2011). The law is implemented by offering young people up to the age of 18 who could not find an apprenticeship place at a company a place in a supra-company training programme (*überbetriebliche Lehrausbildung*).

In the UK, the New Deal for Young People programme was introduced in 1998. Participation in this programme is mandatory for young people once they have been unemployed for six months. A key element is the "Gateway" process during which a personal advisor identifies barriers to labour market entry and recommends one of four options that the unemployed youngster should follow. Options include subsidised employment, full-time education and training, work in the voluntary sector or work on the environmental task force. While participating in one of the options, the young jobseekers receive a training allowance equivalent to unemployment benefit. The evaluation results suggest that the employment impact was higher for young men than for young women, and another evaluation study concluded that the employment options showed a higher impact than the education and training option (an overview of the evaluation studies is provided in Paparella). However, evaluations also indicated that the programme's effects were not long-lasting and it was found to be too rigidly organised both in terms of actions taken and the focus on specific age groups (OECD 2010). Recently, the so-called "September guarantee" was introduced which gives local authorities the responsibility of securing suitable education and training provisions for 16-19 year olds. A recent study from a deprived London area highlighted a number of concerns that are likely to inhibit progress in reducing inactivity among young people, among which weaknesses in the development of soft skills and contact to employers are the most relevant.

Based on youth surveys and qualitative research, Walther and Pohl (2005) argue that it is key for the effectiveness of measures that young people perceive the value of the proposed measure for their own pathway and therefore holistic, person-centred and flexible approaches are needed. Thus it is essential that measures are presented as 'real' options and allow for different cultural lifestyles. Self-esteem measures need to be reconcilable with individual aspirations and should not exclusively be targeted towards the most disadvantaged in a deficit-oriented way. Increasing the motivation of young people needs to be the point of departure. Comparative studies on activation programmes have underlined that most individuals accept taking over responsibilities if they are conceded choices between options (Walther and Pohl 2005).

It has been argued that setting a focus on a "work-first" or an "education/train-first" strategy depends on the general labour market conditions. Thus, according to the OECD (2010), "a shift from a 'work-first' approach to a 'learn/train first' approach could be considered for those who have had major difficulties in finding a job. Such a shift could be especially appropriate during an economic downturn when the opportunity cost of time spent on a training programme or in education is lower." However, it could also be argued that in the case of low-skilled youth education and training should be a priority as their low skills levels represent a structural problem.

### 3.2 Steps towards individualised education and training

Education and training measures for low-skilled young people can be classified in measures to encourage school and training attendance, measures to ease the transition from school to vocational education and training, measures to facilitate the transition from education and training to work, and measures directed at young people who already have got some work experience but have not been able to get a stable job.

#### ***Measures to encourage school and training attendance implemented by PES partners***

These measures are directed at setting incentives for young people to remain in education and training in order to acquire a higher skills level which in turn increases their employability and improves their long-term labour market prospects. Some of the measures are also directed at early school leavers who have already acquired some work experience to engage in education and training. The direct role of the PES is limited in these measures, but they can be involved in the context of partnerships and co-operations with other key actors. Measures directed at low-skilled young people include:

- (i) Lengthening the compulsory education phase (see an overview in Walther Pohl 2005 and European Commission 2010). It seems to be essential that these measures are linked to more flexibility for the education and training pathways chosen.<sup>9</sup>
- (ii) Targeting measures at young people with particular needs, such as migrants and ethnic minorities (e.g. measures for the Roma population have been identified as good practice by Walther and Pohl 2005).
- (iii) Increasing the work life orientation. It has been highlighted in literature that it is vital to avoid back-to-classroom options, which might prove very counterproductive for disconnected young people. One possibility is to give priority to training programmes taught outside traditional schools combined with regular exposure to work experience (OECD 2010). Another approach is to introduce non-formal learning at school or outside school (see examples in Walther and Pohl 2005).
- (iv) Reforming the education system by revising curricula. This has been underway mainly in the New Member States and accession countries (Paparella et al. 2008). In general, these reforms require the involvement of other stakeholders in the steering of education and training such as social partners and youth work organisations.
- (v) Modularising education and training. To give an example, since the 1980s the UK has been creating a flexible system of entrance and exit points and the possibility to switch between different trajectories. The result was a dramatic fall in the number of children that leave school early (Walther and Pohl 2005). Similar success stories of modular training for disadvantaged young people are reported from Australia (Vogler-Ludwig et al. forthcoming)
- (vi) Validation of acquired knowledge and skills in the context of modularised education and training. Walther and Pohl (2005) identified the Recognition, Validation and Certification Skills Centres in Portugal as a good practice.
- (vii) Delivering second-chance education opportunities, as a mix of adult mentoring, work experience and remedial education. This has been identified as good practice by the OECD (2010a). For example, results from second-chance schools in France are encouraging.
- (viii) Setting up long-term local partnerships between all the institutions involved in the social and economic integration of young people at risk of social exclusion. (OECD 2010). In

<sup>9</sup> For instance, in Italy, a law was passed on the right-duty (*diritto-dovere*) to participate in education and vocational training for 12 years. It can be satisfied either by obtaining an upper secondary school diploma, by passing a state exam or by obtaining a three-year vocational qualification (Paparella et al. 2008)

the case of the French second-chance initiative, also the PES has signed cooperation agreements.<sup>10</sup> Another interesting example is the setting-up of second-chance schools in Romania with a special 3 ½ year curricula programme in parallel to apprenticeship training (Sava 2008).

More generally, Scarpetta et al. (2010) refer to the growing literature on school-to-work transitions which provides evidence that school-to-work programmes such as job shadowing, mentoring, school enterprise, technical preparation, internships and apprenticeships boost labour market attachment and skill formation (see also Section 2 above).

### ***Improving employer responsiveness in work-based training***

The capacity of the dual vocational training system in integrating many young people into the labour market has attracted much attention in the international and academic literature. Therefore, the OECD (2010) recommends that firms should be encouraged to train, hire and retain more apprentices with a low education level. Recent studies show that transition rates into employment are indeed higher when training is provided by companies (Vogler-Ludwig et al., forthcoming), and this is also valid for disadvantaged young people (Gericke 2003). Innovative projects in Germany are therefore aiming to provide support for companies offering training to these young people.

The promotion of company-based training belongs to the standard approaches in many countries. The experience, however, shows that only some employers can be motivated to engage in youth training. The UK for example faced substantial difficulties in improving employer responsiveness, and even in countries with a long tradition in dual training, such as Germany and Austria, not more than a quarter of employers are involved. Employers can obviously only be motivated if training efforts needed to cover future skills needs or if training pays off during the training period. Both appear to be difficult in the context of disadvantaged young people.

Linked to a lack of suitable apprenticeship places for low-skilled young people, there is a trend in Germany and Austria to provide dual training outside the companies. This however is not more than a second best approach. The German experience shows that placement rates were comparatively low due to the difficulties of 'artificial' training organisations to teach the competences needed by the labour market (Vogler-Ludwig et al. 2005). In Austria, production schools have been set up for disadvantaged young people aged 15-25, including young people with an immigration background and early school leavers. These schools implement innovative tools of practical training which are applied to a profit-oriented production for a period of between 6 and 18 months. Continued support and guidance is ensured by the PES, which is responsible for orienting the participants to the company schools (OECD 2010a). A combination of workshop activities, creativity methods and guidance and support by social workers is implemented. Results show a high success rate with regard to job placements, an apprenticeship, education and further training (Lechner et al. 2011).

Ways to increase apprenticeship places that have been implemented in Europe include:

- (i) national training pacts, with a commitment of the pact partners to increase the number of apprenticeship places as in Germany<sup>11</sup>

<sup>10</sup> <http://www.e2c-marseille.net/web/LinkClick.aspx?fileticket=wSqQwhXBxaU=&tabid=36&mid=369>

<sup>11</sup> Training Pact was first concluded in 2004. It represents a mutual commitment of the State, private companies and the employer organisations and industry associations with the aim of raising the number of training places. As a pact partner, the PES agreed the following measures for disadvantaged young people: external apprenticeship training, measures for training preparation of disabled young people, supporting the Entry-Level-Vocational-Qualification through social-pedagogic

- (ii) subsidies or social security exemptions for companies who take on low-skilled young people as recommended by the OECD (2010)
- (iii) offering specific services to employers such as socio-pedagogical guidance and management assistance during apprenticeship training. This was also recommended by the OECD (2010).

Subsidies have been implemented for example in France in the context of the crisis, as subsidies were paid to employers for providing apprenticeships in the dual training structure (contrats de professionalisation) and extra subsidies were paid for apprentices that had not successfully completed 12 years of schooling (baccalauréat). Germany supports companies which offer training to applicants from the 'transition system' with a training bonus which adds up to EUR 6000 (Vogler-Ludwig and Stock 2011). In the case of Norway it has been recommended to increase the subsidies for disadvantaged young people, such as children of immigrants (Liebig 2009). For further remarks on the impact of such subsidies, see the section on "employment incentives" below.

### ***Measures easing transition towards vocational education and training***

Countries with a well established dual training systems have implemented PES financed pre-vocational measures for low-skilled young people, e.g. Austria, Germany and Switzerland. In Germany, for example, they consist mainly in different elements including: vocational guidance and orientation, providing basic skills and key competencies, providing workplace related experience, providing some basic vocational skills. Evaluation results indicate that the preparatory measures lead to some success in better integrating young people in training. The individualised approach can be regarded as an important condition for the effectiveness of the measure (Duell 2008). However, there are also limitations. The deficits from low formal educational attainment are difficult to overcome and result in narrow vocational choices. Walther and Pohl (2005) have also identified vocational preparation courses in Austria as a good practice. The Swiss experience with pre-vocational training measures, the so-called motivation semesters, indicates that participants profit from personal coaching and individual action plans. Participants who found an apprenticeship can receive a further six months of counselling from their personal coaches. The motivation semesters seem to have been an effective tool in reducing the number of school drop-outs who do not possess any type graduation certificate (see an overview in Duell et al. 2010).

But also other countries have developed pre-vocational measures, e.g. the Entry to Employment scheme implemented in the UK, which aims to develop skills of those youth whose school-leaving qualifications are insufficient for direct admission to apprenticeship. Impact assessment of the UK Entry to Employment Programme shows that participants have benefited from increased self-confidence, improved communication skills, IT skills and team working skills. However, there are fewer reported improvements in their basic skills of literacy and numeracy (Paparella 2008). In Hungary, there is a transit-employment programme, providing non-school based vocational training linked to employment. Evidence shows that this programme is rather successful (Paparella et al. 2008).

According to Walther and Pohl (2005), reversing negative motivational careers of young people requires avoiding de-motivation and offering positive incentives and encouragement through experiences of success with regard to subjectively relevant activities. In this context non-formal learning opportunities are effective and crucial in this regard; especially in the area of performing art.

### ***Workshop activities and internships are effective when combined with training, guidance and support by social workers***

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help if needed and increasing vocational preparation at schools with the help of the Länder (Vogler-Ludwig and Stock (2011).

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

Paparella et al. (2008) conclude from their research that in some countries internships have become one of the most effective measures for young peoples' access to work. One good practice example for providing low-skilled young people with work experience highlighted in the literature is the Flexjob scheme in Denmark. These company internships are available for disadvantaged young people and also for other unemployed or cash benefit recipients who have inadequate professional, linguistic or social competences. The internships last for four weeks and can be prolonged under certain circumstances to 13 weeks. Monitoring data indicated that company internships led to higher employment effects when they were combined with courses in connection with job training. Statistical evidence shows that these internships were particularly successful as over half of the participants got in touch with a future employer through a company internship (see Paparella et al. 2008 for an overview of the results).

### 3.3 Employment incentives

Incentives for employers to offer young people a job, such as wage subsidies, tax credits, and social security exemptions have been implemented in a number of countries (for an overview see Paparella et al. 2008 and Walther and Pohl 2005).

The evaluation literature on wage subsidies shows that only a few employment subsidy programmes yield positive returns for young people, but tend to perform poorly in terms of their net impact on the future employment prospects of participants. Disadvantaged young people are not normally considered as a separate group, but the authors indicate in general terms that ALMPs for very disadvantaged groups tend to show poor results (Quintini et al. 2007). Wage subsidies can be expected to be positive at least in the short-run (Kluge 2006, OECD 2005). In the long-run, however, training programmes are more likely to yield positive results. Most of the studies assessing employment incentives focusing on firm behaviour find large deadweight and substitution effects. The evaluation of job subsidies in Australia, Belgium, Ireland and the Netherlands estimate combined deadweight and substitution effects of around 90%, which could, however, be reduced to 70-80% with the correct method of targeting and monitoring (Martin and Grubb 2001).

Wage subsidies for disadvantaged groups should theoretically work better as they then serve to overcome a temporarily lower productivity. In this case deadweight effects and substitution effects are less likely to be generated. Thus, the OECD (2010) recommends that even in the absence of large positive effects on overall job creation, wage subsidies should be well-targeted to help unemployed individuals remain in contact with the world of work, thereby maintaining and enhancing their motivation and skills. The success of such programmes strongly depends on how they are combined with individual coaching and employer involvement as the examples from Sweden and Germany reveal (Liebig 2009). The subsidies to German employers were linked to the obligation to keep the subsidised persons employed after the end of the scheme, which contributed to their effectiveness (Rothe and Tinter 2007). A trial programme in Sweden which combined intensive counselling, wage subsidy and follow-up was found to have positive employment effects (as reported by Liebig 2009). In the Netherlands, a tax measure that exempts employers from paying premiums for workers under the age of 23 who have a low-income job has got

positive evaluation results (Bekker 2011). Positive integration results, however, can only be achieved if participants are not trapped in such schemes (Gineste 2011, Loukanova 2011).

### 3.4 Job creation programmes

Job creation programmes often have both a demand and supply-side effect in that they directly enhance demand for low-skilled labour and a supply-side effect as they may address attitudes and work habits. Regarding the supply-side effects, Walther and Pohl (2005) regard job creation in the third sector as a successful way to engage the more hard-to-reach groups (for example in Austria, Denmark, Italy). The case of social cooperatives in Italy has shown that embedding employment in social milieus has positive effects on motivation and employability. Criticism about this programme mainly stresses its high costs, the high proportion of the businesses in the trade sector and the poor follow-up of participants. A further example is the Czech programme “Job for Social Purposes” which provides guidance, motivation courses and training courses. The objective is that young people acquire at least partial skills. Although this measure was overall quite positively evaluated, it seemed as though it was not well targeted at low-skilled young people (Paparella 2008). Assessments of the German ‘1-Euro-Jobs’ is more or less positive, in particular as regards young participants. In this scheme basic social income recipients are recruited for public jobs and receive a small earning supplement to unemployment assistance. The evaluations particularly point to the social integration aspect which is regarded as being important. The fact that young people who would otherwise not actively be looking for a job are learning to take over basic responsibility and work regularly, has been assessed positively. The effectiveness of job creation measures is higher for young people than for other age groups. Even if young people are not more often integrated in the regular jobs they may engage in training measures which is considered by the authors as being an important result (Rothe/Tinter 2007).

## 4 CONCLUSIONS

As the problem of early school leaving and difficult labour market transitions in particular for low skilled young people is persistent and difficult to address, it demands innovative and effective approaches. This report has reviewed youth integration approaches in the EU Member States and beyond, and tried to identify successful practice. What can be learned from the experience?

To answer this question, it needs to be emphasised that there is little rigorous evaluation of the effectiveness of the way services are delivered to low-skilled young people, the organisation of the PES, and on individual active labour market policy measures. A few evaluation results of measures for low-skilled young people indicate that they often show poor results, linked to the target groups’ particularly difficult position on the labour market. Nevertheless, the literature contains evidence that some measures perform well and there are qualitative assessments of researchers and international organisations which allow us to summarise what seems to work best. A series of conclusions can be drawn:

- Youth integration is a complex and multi-dimensional problem, which becomes more difficult the more complex the problems faced by young people. This rules out standard solutions, rigid education and training systems, and standard pathways from school to work. The PES needs to develop holistic approaches and need to depart from the specific individual stance of disadvantaged young people. Furthermore, they need to seek innovative solutions to reach out to disadvantaged young people.

- In order to develop and implement holistic approaches, the PES need to cooperate with a variety of actors, including those of the education sectors at national and/or federal levels and at the level of the local schools and training providers. The organisational form of cooperation is less important than the determination of actors to support the common action plans.
- An increasing number of Member States apply an activation strategy, which sets incentives for young people to either participate in training or education, to actively search for a job or to participate in an active labour market programme. In case young people have access to unemployment and/or social benefits an activation approach based on a mutual obligation approach is easier to implement. The moderate use of sanctions and the obligation to participate either in education, active labour market policy measures or a job are key elements of such a strategy. The access to benefits helps to reach young people, although additional outreach activities are necessary to contact those who are the most disconnected with the labour market.
- Young people at risk of becoming a NEET have to be identified and guided. In several Member States this is achieved by 'youth agencies', 'missions locales', 'connection services' and other forms of youth oriented social work or integrated services. The early identification of cases and the outreach of NEET is essential for the chance to return to a regular career.
- The success of the activation strategies depends on offering person-centred approaches to counselling, the setting-up of individual action plans, mentoring, and case management. Young people need to be involved in the solution. The effectiveness of activation policies depends on the availability and the quality of options offered to youth as they need to be convinced of the efficiency of the actions planned.
- The success of activation strongly depends on timing. Early intervention has been identified as an important factor, and many Member States have therefore shortened the periods in which an IAP has to be drawn-up. An intensive follow-up with frequent individual interviews as well as a follow-up of disadvantaged young people once they got a job are increasing the effectiveness of the activation strategy.
- Negative motivational careers of young people need to be avoided by offering positive incentives and encouragement through experiences of success. Non-formal learning opportunities are effective and crucial in this regard, especially in the area of performing arts.
- The creation of a 'transition system', which bridges the school-to-training path, is probably a second best solution. Vocational training should be sufficiently flexible to integrate the disadvantaged and less capable among the young people without creating a separate system which always includes the risk of stigmatising.
- Youth integration programmes of the PES need to be well targeted, as otherwise there is the risk of 'creaming' - meaning that weaker addressees are displaced by stronger ones.
- Employers are important partners in youth integration, but are difficult to motivate. Even in countries with a long tradition in dual training not more than a quarter of companies are engaged in training. Companies' resistance to increase the number of training places can hardly be removed without subsidies or training levies. Subsidies need to be well targeted and well designed in order to reduce dead-weight losses. Specific services to employers such as guidance and advice provided (e.g. by social workers) for companies willing to take-up disadvantaged youth are useful instruments.

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