

The Role of Education in Preventing and Combating Youth Unemployment

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Youth unemployment and disengagement from both education and work are negatively associated with levels of completed education and skill proficiency. Recent research highlights the importance of focusing on the quality of education and improving actual learning outcomes for all. Empirical findings show the central importance of preventive strategies targeted towards disadvantaged families such as early childhood interventions and remedial strategies for those young adults who experience youth unemployment.

Youth unemployment is considered by many to be one of the most pressing issues facing European governments, and is high on the agenda of EU leaders. According to recent statistics, the average EU28 youth unemployment rate is equal to 23.4% with significant heterogeneity across European countries. This has further worsened after the economic downturn, leading some advanced economies to reach the highest levels of youth unemployment ever recorded.

GAINS FROM REDUCING YOUTH UNEMPLOYMENT ARE HIGH

The negative consequences associated with youth unemployment have been the focus of several studies. A recent estimate of the direct cost of those aged 15–29 not in education, employment or training (NEET) in 26 EU Member countries provides a figure equal to €153 billion (1.2% of GDP), with important differences across countries. However, the actual burden of youth unemployment can largely go beyond this number.

Being disconnected from the work force at a young age entails long-lasting consequences for an individual. Research has demonstrated the existence of a *scarring effect*. In particular, unemployment early in a career leads to more episodes of unemployment and lower earnings. It is also detrimental to other aspects of an individual's life such as physical and mental health and may even lead to a higher probability of depression or mortality.

A large body of research suggests that the focus should be twofold: a long-run strategy together with a remedial, short-run, strategy. Furthermore, the long-run strategy should have two components: a progressive expansion of education for all; and a preventive focus on those at risk of failing their education.

Of course, policy responses should take into account the institutional complexity of each Member State. Particular attention should be devoted to collecting data and rigorously evaluating pilot schemes and existing programmes and interventions in a field where prejudices abound.

EXPANDING EDUCATION AS A STRATEGY FOR ALL

Using evidence from virtually all European countries, the literature shows that the expansion of education through increasing the age of compulsory education as well as increasing access to university education, in particular, has been vital in the last 30 years to extend the benefits of education to a very large fraction of the youth. These policies mostly affected the children of low and low-middle social backgrounds.

EARLY CHILDHOOD INTERVENTIONS AS PREVENTIVE STRATEGIES

Early childhood interventions can be regarded as preventive strategies, targeting those who are more likely to become drop-outs and experience youth unemployment. They have received significant attention

in the recent literature. Research findings show the role that cognitive and non-cognitive skills play in shaping most labour-market outcomes, in particular employment, and the importance of a very early acquisition of some of these skills. This area of research suggests that the early acquisition of these skills is very important given that potentially future employment trajectories are already in significant part determined before children start attending school.

ADOLESCENT PROGRAMS AND ALTERNATIVE LEARNING PATHWAYS AS REMEDIAL STRATEGIES

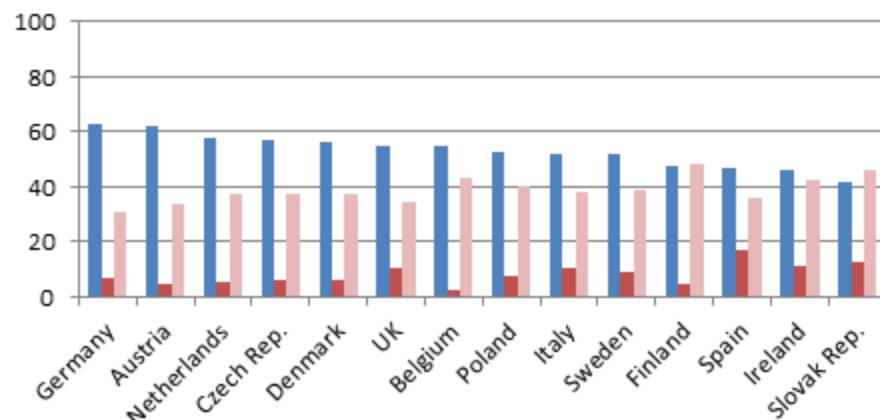
Later interventions can be regarded as remedial, targeting adolescents and young adults who are experiencing – or are more likely to experience in the near future – youth unemployment.

Should the focus be on general or professional/ occupational education? Recent research suggests a trade-off, where

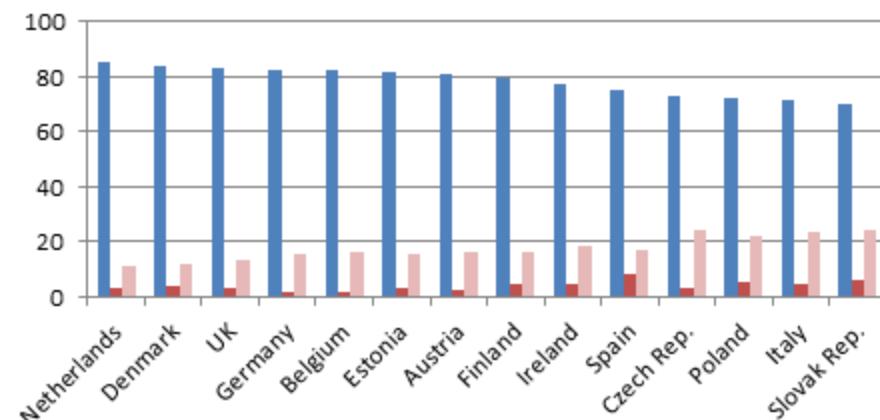
children with specific skills may face higher employment prospects in the short run than workers with general education but lower prospects in the long run. Research on general education suggests that improving educational outcomes and increasing skill proficiency has an impact on labour-market outcomes. Existing research on vocational education and training systems also shows heterogeneity across countries and complexity of these systems within countries, with different degrees of

Work status by level of skill proficiency, age 16-65, PIAAC 2013

[A] Low skill proficiency (literacy proficiency level 1 and below)



[B] High skill proficiency (literacy proficiency level 4/5)



The three categories are related to work status (in percent): Employed; Unemployed; Out of the labour force. Data source: OECD Skills Outlook 2013.

collaboration between labour-market institutions – including unions and firms – and education systems to guarantee their effectiveness. A similar variation exists with respect to the school-to-work transition pathways.

Evidence on the effectiveness of training programs is more limited. It partly reflects the heterogeneity of the existing programs, a lack of data availability and the difficulty of addressing the issue of self-selection.

For more details see: Francis Kramarz, Martina Viarengo, *Using Education and Training to Prevent and Combat Youth Unemployment*. EENEE Analytical Report 22, Feb. 2015, http://www.eenee.de/dms/EENEE/Analytical_Reports/EENEE_AR22.pdf.