



# EUROPEAN POLICY BRIEF



## Policy Performance and Evaluation Methodologies

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### INTRODUCTION

This policy brief highlights the most important findings and policy implications of Work Package 3 (WP3) - Policy Performance and Evaluation Methodologies. The objective of WP3 is to map out and compare dynamics, performance and effectiveness of youth labour markets in Europe in different institutional and policy settings, using qualitative and quantitative analyses.

In order to assess the performance of youth labour markets and the effectiveness of implemented policies 27 countries of the European Union and Turkey were covered. Macroeconomic as well as microeconomic indicators were analysed in order to explain structural, cyclical and individual factors affecting school-to-work (STW) transitions. Furthermore, a single index measure of youth labour market performance was developed to simplify the evaluation of multi-dimensional influencing factors (Hadjivassiliou et al., 2015, Carreras et al., 2015).

Additionally, an in-depth analysis was carried out for eight selected countries (DE, EE, ES, NL, PL, SE, TR, UK) by Eichhorst et al. (2015). This provided detailed information about the education system as well as institutions responsible for the STW transition. The selection of country case studies was informed by youth transition regime clusters to capture, compare and contrast the existing diversity and variety of STW transitions not only between but also within regimes (Hadjivassiliou et al., 2015). Local experts (comparable groups of policy makers and policy implementing organisations) were asked to give their assessment of national systems and how these can be improved – or have been improved – by recent policy innovations (Eichhorst et al., 2015).

### EVIDENCE AND ANALYSIS

Although the labour market situation of young people is improving, youth unemployment remains very high. In January 2016, the EU-28 youth unemployment rate (15-24 years) was 19.7%. There is, however, a large divergence between Member States ranging from 7.1% in Germany to 45% in Spain.

High youth unemployment rates reflect young people's difficulties in securing employment, or in the efficiency of the labour market. However, this does not necessarily mean that the total number of unemployed young people aged 15-24 is large, since many in this age group are in full-time education and are, therefore, neither working nor looking for a job. This, in turn, may make meaningful comparisons between countries difficult. Some analysts prefer the youth unemployment ratio, reflecting the proportion of the unemployed youth in relation to the total youth population (O'Reilly et al. 2015). The unemployment ratio, however, does not reveal if young people are economically inactive because they are in education or because they are discouraged. This is why the rate of young people aged 15-24 who are not in education, employment, or training (NEET) is preferable for cross country comparisons. The NEET rate ranges from 15.6% in Spain to 4.7% in the Netherlands in 2015 (Hadjivassiliou et al., 2016).

Germany and the Netherlands have established the most effective institutions to achieve a high integration of 15-19 year-olds in education and employment. High performance is consistent over time showing that institutional effectiveness is robust at different stages of the economic cycle. The picture is slightly less positive for 20-24 year olds, although both countries are amongst the highest performing in the EU. Austria and Denmark also achieve good youth labour market and employment outcomes. For 20-24 year-olds, performance is highest in Austria and has, since 2004, improved for 15-19 year olds. This coincided with the extension of job search instruments, the introduction of youth guarantees and the extension of active labour market policies for young people in Austria (Hadjivassiliou et al., 2015).

Independent of the educational attainment, work experience can be seen as one important pillar for sustainable STW transitions in every country. Whereas countries like Germany, the Netherlands or Sweden achieve this by well-established schemes where school or study and work is combined, countries like France and the UK try to facilitate STW transitions by lowering labour costs through subsidies or low employment protection respectively.

Overall, although with some notable exceptions, such as Germany and the Netherlands, vocational education and training (VET) has been generally associated with a lower status and quality than general/academic education, meaning that fewer students voluntarily choose the VET track. Crucially, there has been a convergence in policy across the EU, in that VET are now being promoted as a high quality route to achieving improved outcomes for young people (Hadjivassiliou et al., 2016).

Consistently shown to be key to the success of particular VET schemes, notably apprenticeships, is the extent, type and nature of social partner involvement. However, this involvement varies considerably between Member States and VET programs. The role of social partners is clearly prescribed in highly regulated VET/apprenticeship systems with a corporatist form of governance such as Germany and Sweden. This results in very strong and active social partner involvement. In contrast, in market-led systems such as the UK, social partner involvement is rather uneven. Likewise, social partner involvement in school-based VET systems tends to be less extensive than in work-based VET systems.

Given the importance of educational attainment in determining a young person's employment chances, there has been a major policy push (at both the EU and national levels) to prevent early school leaving. Despite this policy focus, a number of young people do unfortunately drop out of school and need help in reengaging with the world of education.

## POLICY IMPLICATIONS AND RECOMMENDATIONS

As Eichhorst et al. (2015) and Hadjivassiliou et al. (2016) show, improving the situation of many millions of young Europeans failing to find gainful employment and, more generally, suffering from deprivation and social exclusion, has been identified as a clear priority for both national (EU Member States) and EU-wide initiatives. Indeed, EU and national policies have, in recent years, intensified support for young people with a much greater focus on enhanced VET and youth-related ALMPs.

Well-integrated VET systems with strong employer involvement and clear labour market connections and supportive ALMPs have emerged as important institutional characteristics that have historically enabled the comparatively better performance in countries like Germany, the Netherlands and Sweden. Likewise,

there is currently a major policy drive across the EU regarding Youth Guarantees/ALMP interventions for young people at risk of disengagement, which have been found to be effective policy instruments in the Scandinavian countries or Austria.

Furthermore, integrating or centralizing the support for young people by ensuring effective cooperation between administrative bodies can be another important pillar in fostering smooth STW transitions because it prevents young people from getting lost between different policy domains. Early vocational guidance in combination with early job search assistance and further support is another promising approach in improving STW transitions, especially for more disadvantaged young people (Eichhorst et al., 2015).

Despite EU funding, reforms are, in most cases, being introduced against a backdrop of tight public finances, austerity and spending cuts, which undermines their effective implementation. Moreover, a general lack in labour demand will soon show the limitations of ALMPs or VET systems, if these are used on their own as a means for addressing youth unemployment. This is because incentive mechanisms for employers and potential employees, like those included in ALMPs, are quite unsuitable under difficult macroeconomic conditions. Against a fragile economic recovery in many Member States the scope for providing training places (such as apprenticeships and jobs) to young people may be limited. Furthermore, Hadjivassiliou et al. (2015) show that just reducing labour costs by increased flexibility does not improve the STW transition per se.

WP3 has identified favourable policy changes that would improve the STW transition. However, strong labour demand shocks can only partly be tackled by employment and education policy at least in the short-run.

## RESEARCH PARAMETERS

This project aims to understand underlying causes of differences in school-to-work transition. It consists of interrelated tasks analysing the role of labour market actors, policies and institutions in facilitating better school-to-work transition. It covers a number of EU countries with a strong comparative component where qualitative and quantitative methods and various data sources like the European labour force survey or interviews of relevant stakeholders are used. This reveals the role of institutional or macroeconomic factors, and identifies important differences across countries and over time.

## PROJECT IDENTITY

### PROJECT NAME

Strategic Transitions for Youth Labour in Europe (STYLE)

### COORDINATOR

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### CONSORTIUM

- Centre for European Policy Studies, Brussels, Belgium
- Copenhagen Business School, Copenhagen, Denmark
- Cracow University of Economics, Cracow, Poland
- Democritus University of Thrace, Komotini, Greece
- Economic & Social Research Institute, Dublin, Ireland
- EurActiv, Brussels, Belgium
- Grenoble School of Management, Grenoble, France
- Institute for Employment Studies, Brighton, United Kingdom
- Institute for the Study of Labour, Bonn, Germany

- Koç University Social Policy Centre, Istanbul, Turkey
- Metropolitan University Prague, Prague, Czech Republic
- National University of Ireland Galway, Galway, Ireland
- Norwegian Social Research, Oslo, Norway
- Slovak Governance Institute, Bratislava, Slovakia
- Swedish Institute for Social Research, Stockholm, Sweden
- TARKI Social Research Institute, Budapest, Hungary
- University of Brighton – BBS CROME, Brighton, United Kingdom
- University of Graz, Graz, Austria
- University of Oviedo, Oviedo, Spain
- University of Oxford, Oxford, United Kingdom
- University of Salerno, Salerno, Italy
- University of Tartu, Tartu, Estonia
- University of Tilburg, Tilburg, Netherlands
- University of Trento, Trento, Italy
- University of Turin, Turin, Italy

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#### FUNDING SCHEME

FP7 Framework Programme for Research of the European Union – Collaborative project. SSH - ACTIVITY 8.1: GROWTH, EMPLOYMENT AND COMPETITIVENESS IN A KNOWLEDGE SOCIETY, Area 8.1.2 Structural changes in the European knowledge economy and society - SSH.2013.1.2-1 Overcoming youth unemployment in Europe.

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#### DURATION

March 2014 – August 2017 (42 months).

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#### BUDGET

EU contribution: €4 999 056.

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#### WEBSITE

[www.style-research.eu](http://www.style-research.eu)

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#### FOR MORE INFORMATION

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#### FURTHER READING

- Hadjivassiliou, K., L. Kirchner Sala and S. Speckesser (2015) *Key Indicators and Drivers of Youth Unemployment*, STYLE Working Papers, WP3.1. CROME, University of Brighton, Brighton.
- Gonzalez Carreras, F., L. Kirchner Sala and S. Speckesser (2015) *The effectiveness of policies to combat Youth Unemployment*, STYLE Working Papers, WP3.2. CROME, University of Brighton, Brighton.
- Eichhorst, W., K. Hadjivassiliou, and F. Wozny (eds.) (2015), *Policy Performance and Evaluation: Synthesis of Country Reports*, STYLE Working Papers, WP3.3. CROME, University of Brighton, Brighton.
- Hadjivassiliou, K., C. Rickard, and S. Swift, W. Eichhorst and F. Wozny (2016), *Comparative overview of institutional arrangements in selected country case studies*, STYLE Working Papers, WP3.4. CROME, University of Brighton, Brighton.
- O'Reilly, J., Eichhorst, W. Gabos, A., Hadjivassiliou, K., Lain, D., Lesckhe, J., McGuinness, S., Mýtna Kurakova, L., Nazio, T., Ortlieb, R., Russell, H. and Villa, P. (2015), *Five Characteristics of Youth Unemployment in Europe: Flexibility, Education, Migration, Family Legacies, and EU Policy*, SAGE Open Mar 2015, 5 (1)