

SUPPORTING EMPLOYMENT OF YOUNG PEOPLE IN SLOVAKIA THROUGH THE YOUTH GUARANTEE

Eva Rievajová, Roman Klimko¹

Abstract

The status of young people on the labour market in the European Union is undoubtedly specific. The aim of the paper is to focus on a new approach to tackling unemployment of young people under the age of 25 offered by the Youth Guarantee. There are several reasons why the initiative has emerged. It is the high number of unemployed young people under the age of 25 within the EU 28 and the youth unemployment rate that is more than twice as high as the overall rate of adult unemployment. Another reason is that more than seven million young people between the ages of 15 and 24 are not employed nor they continue in education or vocational training, etc. Investing in the Youth Guarantee is therefore a good investment. On the other hand, costs of not doing anything would be much higher. Major responsibility for the areas of employment and education lies on the backs of the Member States, but, of course, the European Union can have and does have a supportive and stimulating role.

Keywords

Youth Guarantee, Employment, Slovakia, Young People

I. Introduction

There is an extreme gap between the youth unemployment in the EU 28. In Germany, for example, the youth unemployment rate was 7.0% in 2016, compared to Spain with the unemployment rate of 44.4%, Greece (47.3%), or Italy (37.8%). Nevertheless, there are over two million job vacancies in the European Union's labour market for which there are not enough skilled workers. The aim of the paper is to focus on a new approach to tackling unemployment of young people under the age of 25 offered by the Youth Guarantee. In its Communication of 28 November 2012 on the Annual Growth Survey 2013, the European Commission stressed the need for the individual Member States to provide young people with the opportunity to switch smoothly from school to work, and to develop and introduce the Youth Guarantee Scheme by means of which any person under the age of 25 would be offered employment, further education, apprenticeship or an internship for up to four months from the end of their formal education or job loss. It was also the recommendation of the EU Council of 22 April 2013 for the EU Member States to establish a Youth Guarantee.² The offer of further education could include quality vocational training programmes that would lead to a recognized professional qualification.

The Youth Employment Package proposed by the European Commission on 5 December 2012 builds on the youth measures set out in the broader employment package and focuses on the following priorities:

- A proposal for the EU Member States to establish a Youth Guarantee;
- Consultation of the social partners in order to create a quality framework for internships;

¹ The University of Economics in Bratislava, Faculty of National Economy, Dolnozemska cesta 1, 852 35 Bratislava
Emails: eva.rievajova@euba.sk; roman.klimko@euba.sk.

² EU Council (2013). EU Council Recommendation on establishing a Youth Guarantee (2013).

- The European Alliance for Apprenticeships and ways to reduce mobility barriers for young people.

The European Council decided on 8 February 2013 on establishing **Youth Employment Initiative** worth €6.4 billion for the period 2014–2020. The aim is to strengthen and speed up the measures set out in the Youth Employment Package. The initiative's objective is to support particularly young people who are not employed and do not continue in their education nor training (NEETs) in regions with the youth unemployment rate of over 25%.

Working together for Europe's young people – A call to action on youth unemployment³ from 2013 is a call for action to fight against youth unemployment in order to accelerate the implementation of the **Youth Guarantee** and investments in young people, to develop tools at the EU level to help young people and businesses in the EU to employ the youth.

The key issues in the case of young people and their possible solutions could be summarized (taking into account the abovementioned ones) into the following points. First of all, the problem is the young people who are "dropping out" of education, employment; low-skilled youths at risk of long-term exclusion. Here, the **Youth Guarantee** scheme appears to be a possible solution. Undoubtedly, the transition of young people from education to work is also challenging and a possible solution would be to **increase the offer of high-quality traineeships and apprenticeships**. The third problem is the growing disparity of skills from a geographic point of view, with an estimated two million vacancies in the EU currently. A possible solution is **labour mobility**. The last key issue is that the transition from education to the labour market is much more challenging in countries with segmented labour markets. In this case, **reforms in the regulation of labour markets** could be the appropriate solution.

II. The youth unemployment background

Among the biggest challenges of the economic policy of the Slovak Republic is not only the solution of the issue of unemployment of the population, but also the solution of the imbalance between the labour demand and the labour supply offered on the labour market, of the exacerbating unemployment of young people and the creation of long-term sustainable jobs.

The employment rate, as well as the unemployment rate, depend on the current level of the economy, i.e. the higher the level of the economy, production and technological excellence of the country is, the rate of employment should be directly proportional and indirectly proportional to the unemployment rate. However, it is a paradox that the GDP of the Slovak Republic ("hereinafter SVK") has in recent years reached the highest year-on-year increase within the whole EU, but the overall level of unemployment in the SVK was among the highest in the EU. Under the current conditions, it can be observed that the overall unemployment rate is decreasing, but the youth unemployment rate continues to be high.

A specific issue of unemployment is the youth unemployment rate which is twice as high as the rate for adults between the ages of 25 and 65. An unemployed young person is a person who is between the age of 15 and 24, is actively looking for a job, does not study or is not in professional training.⁴ The following may be mentioned as the most frequent reasons why graduates of secondary schools and universities are not able to find a job:

- insufficient experience,
- low level of professional knowledge,

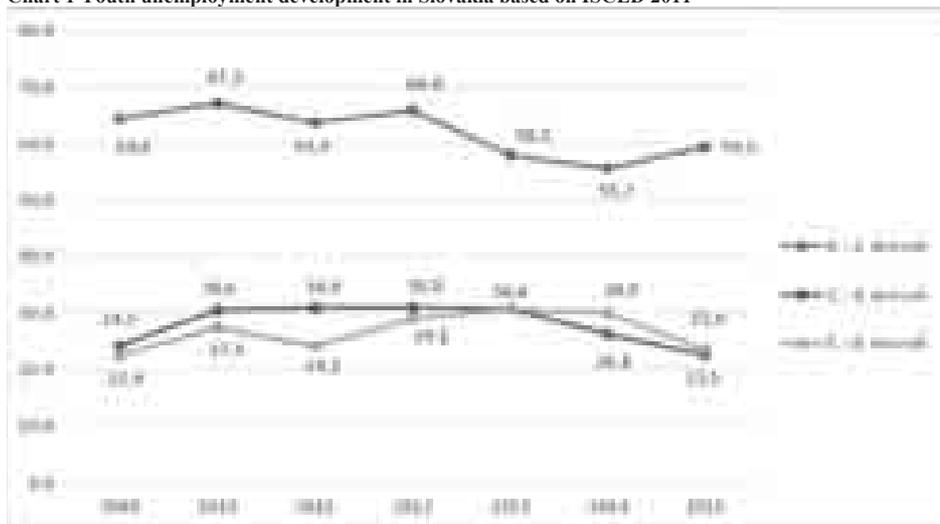
³ European Commission (2013). Working together for Europe's young people.

⁴ European Commission (2012). Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - "Moving Youth into Employment".

- an over-supply of job seekers in one field above the labour market demand,
- imbalance in the school system,
- low level of business environment.

Slovakia is among the EU countries with the highest youth unemployment rate. Based on the International Standard Classification of Education (ISCED 2011), the highest rate of unemployment among people between the ages of 15 and 24 is among the youth with the level of attained education 0-2, i.e. the people without any completed education, or with lower secondary vocational education (formerly vocational schools without vocational certificates), where the average percentage of the unemployment rate is 62.2%. The youth unemployment rate among those with completed secondary vocational education with a certificate or full secondary vocational education with the school leaving exam “maturita”, i.e. level 3 to 4 in the ISCED 2011, is at the average of 28.1% for the 2009–2015 reporting period. The highest youth unemployment rate among the people with level 3 to 4 may be observed in 2012, when the youth unemployment rate reached 31%. The levels 5 to 8 are groups of young people with higher education or third degree education, with the average unemployment rate of 26.8% (Chart 1).

Chart 1 Youth unemployment development in Slovakia based on ISCED 2011



Note: expressed in %

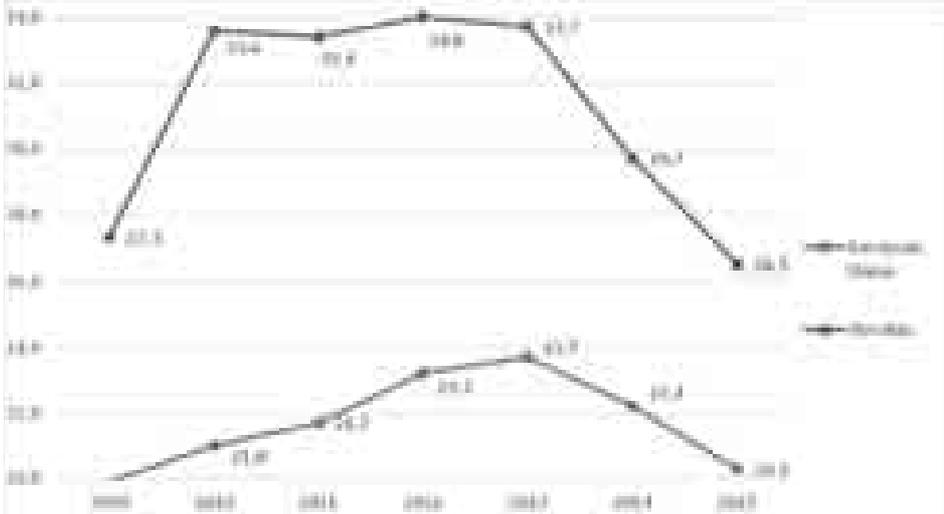
Source: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=yth_empl_010&lang=en

Based on EU recommendations, the Slovak Government is trying to find solutions to the existing problem of youth unemployment. Looking at the overall youth unemployment rate in SVK among the young people between the ages of 15 and 24 compared to the European average, we can see a significant difference, especially between 2013 and 2014, when the youth unemployment rate dropped by 4 percentage points.⁵ This may be attributed, in particular, to the legislative measures adopted in the field of employment policy. Measures taken in 2013 in order to improve the transition of young graduates to the labour market and measures to create a legislative framework for the flow of information about the labour market between the education system and employers at

⁵ The World Bank (2017).

regional and national level can be considered to be the most important measures.⁶ However, these measures did not reduce the overall high youth unemployment rate in Slovakia compared to the EU average (Chart 2). Another possible measure to tackle the problem of youth unemployment could be, for example, social entrepreneurship that is dynamically developing and offering innovative solutions to current social problems. In this hybrid business area which prioritises social goals before making a profit, young people may be employed either as managers or employees, but also as volunteers involved in social enterprise activities.⁷

Chart 2 Youth unemployment development for the age group 15 to 24



Note: expressed in % of total labour force

Source: <http://appsso.eurostat.ec.europa.eu/nui/show.do>

III. Youth Guarantee

Young people in the EU have a distinctly specific position on the labour market. The Youth Guarantee represents a new approach to addressing the unemployment of young people under the age of 25, regardless of whether they are registered at labour offices or not. As for legislation at the EU level, there is the EU Council Recommendation of 22 April 2013 on establishing a youth guarantee⁸. Member States are to ensure that all young people under the age of 25 receive a good offer of employment, further education, apprenticeships or internships, within four months of the loss of employment or the completion of formal education. A quality offer should take into account the needs and situation of the individual. If a young person belongs to the NEET⁹ category and is, therefore, not registered at the labour office, the Member State is to designate the relevant first step to provide the youth guarantee, also within four months. As the European Commission states¹⁰, implementing and developing the youth guarantee requires intensive cooperation of all key stakeholders, whether public authorities, employment services, professional guidance providers,

⁶ Ministry of Labour, Social Affairs and Family of the Slovak Republic (2017). Operational Programme Human Resources.

⁷ Pongrácz, E. & Kolláriková, T., (2014). Situation of young people in the Slovak labor market and possibilities of their placement in the area of social economy.

⁸ The Council of the European Union (2013). Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (2013/C 120/01).

⁹ not in employment, education or training - they are not employed, do not continue in education or participate in vocational training

¹⁰ For further details see <http://ec.europa.eu/social/main.jsp?catId=1079&langId=sk>.

education and training institutions or employers and trade unions, etc. Early intervention and activation seem to be important, crucial even. Reforms are also needed in many cases in order to improve vocational education and training systems. An important role of the EC is its contribution to facilitating the exchange of best practices between national governments, especially by means of the so-called mutual learning programme¹¹. Although it is currently not possible to define exactly the cost / benefit ratio of the youth guarantee, there are studies that clearly confirm the prevalence of benefits over costs. The EC has estimated the costs of establishing the youth guarantee in the Eurozone to €21bn per year. It also states that inaction would be much more costly. Based on estimates, the EU spends €153bn on contributions to the young people who are not employed; do not continue in the education and vocational training process – contributions, lost income or taxes. Of course, the different measures differ in their costliness. In the case of closer cooperation of stakeholders, a considerable amount of resources may be saved. The EU plans to provide financial resources for national youth guarantees from the ESF resources and €6bn through the Youth Support Initiative¹².

Youth Guarantee in Slovakia

In the Slovak Republic, the Youth Guarantee is implemented in accordance with the National Youth Guarantee Implementation Plan in the Slovak Republic¹³. It contains a schedule of legislative reforms and initiatives in two main areas: early intervention and activation, support measures for labour market integration.

The introduction of the guarantee is part of the National Reform Programme of the Slovak Republic 2014, approved by the Government of the Slovak Republic on 23 April 2014 by means of which the guarantee of February 2014 was updated and then sent the EC in April 2014. Compared to the original guarantee, there has been a change in the age range from 25 to 29 years, provided that the age group of 25–29 years will be mainly applied for the long-term unemployed or to the registered unemployed who have been in the jobseekers' registry for at least six months. These processes have created a strategic framework for the introduction of a youth guarantee in the conditions of the Slovak Republic. The first step in providing it is to include a young person in the jobseekers' registry. The Operational Programme Human Resources 2014–2020 is a support framework for the implementation of the guarantee. The following are the so-called strategic goals of the guarantee within the Slovak Republic as defined by the Slovak government:

- to increase the participation of young people in the labour market,
- to reduce youth unemployment,
- to focus more on the young people who are neither employed nor engaged in the education process nor are they participating in vocational training,
- to remove the imbalance between the young people's skills and the qualification skills of job demand,
- to prevent early school leaving and the social exclusion of young people.

Individual actions are being implemented in the area of youth employment and employability of young people, in the social area, in the regional education area, in the area of lifelong learning and work with the youth. The Ministry of Labour, Social Affairs and Family of the Slovak Republic

¹¹ so-called Mutual Learning Programme, for further details see <http://ec.europa.eu/social/main.jsp?catId=1047>.

¹² so-called Youth Employment Initiative, for further details see <http://ec.europa.eu/social/main.jsp?langId=en&catId=1036&newsId=2173&furtherNews=yes>.

¹³ Ministry of Labour, Social Affairs and Family of the Slovak Republic (2017). Zárka pre mladých ľudí v SR.

implements, together with the Ministry of Education, Science and Research, the support measures for the implementation of the guarantee in each of the five mentioned areas.¹⁴

In Slovakia, in the context of the youth guarantee, the main objective is to contribute to the fulfilment of the three objectives of the Europe 2020 Strategy:

- reaching the employment rate of 72 % in the 20–64 age group,
- preventing early school leaving,
- social exclusion of young people.

IV. Results of implementing the Youth Guarantee in the Slovak Republic

In 2015, the Ministry of Labour, Social Affairs and Family published the report entitled Results of implementing the Youth Guarantee in the Slovak Republic¹⁵ in which it evaluates the achieved results. In the field of **early intervention**, young people were provided with:

- information and guidance services (in the choice of profession, selection of employment, including its change, recruitment, adaptation of the employee in a new job, information provided in an individual or group form about the possibilities of further education, professions required on the labour market, communication with the future employer and services provided by the Offices of Labour, Social Affairs and Family (OLSAAf));
- information and career guidance services for elementary school pupils (aimed at acquainting with the complex characteristics of professions, assumptions and requirements for the performance of a particular profession, etc.);
- information and career guidance services for secondary school pupils (focusing on information about opportunities of further education at universities, about the preferred professions on the regional labour market, conditions for good communication with the future employer and services provided by the OLSAAf and getting acquainted with the procedure in case of being registered with the OLSAAf, e.g. the requirements for inclusion in the jobseekers' registry, the rights and obligations of a jobseeker and active labour market measures, etc.);
- information exchanges (information on schools, study programmes, the most wanted professions, information from employers, what should a graduate of a school know for smooth application on the labour market after finishing studies, information on European employment services offering opportunities for studies, internships and volunteering stays abroad);
- professional guidance services (aimed at solving the problems associated with the applicant's employability, in individual or group form, personality features, skills are identified, competencies are assessed and obstacles to entry into the labour market, individual action plan are identified).

In 2014, an amendment to the **Employment Services Act** (effective from 1 January 2015) was adopted. This amendment is one of the fundamental structural reforms in the field of integration of young people into the labour market. It introduced a new Active Labour Market Policy Instrument (ALMPI) – *a contribution to promoting job creation in the first regularly paid employment*. The

¹⁴ Government Office of the Slovak Republic (2017). Informácia o príprave a prijatí Záruky pre mladých ľudí v Slovenskej republike.

¹⁵ Ministry of Labour, Social Affairs and Family of the Slovak Republic (2017). Výsledky implementácie Záruky pre mladých ľudí v Slovenskej republike.

present contribution may be provided by the Labour Office to the employer if a registered jobseeker is recruited to the created job, if:

- they are a citizen under the age of 25 and registered for at least three months in the jobseekers' registry,
- they are a citizen under the age of 29 and registered for at least six months in the jobseekers' registry.

The condition is that the young person did not have a regularly paid job before taking up the vacancy¹⁶. The contribution is provided for at least six and for a maximum of twelve calendar months, and the amount depends on the average registered unemployment rate in that district. The beneficiary of the contribution is obliged to keep the job for at least half of the agreed period of its provision.

Since 2015, the **Act on Vocational Education and Training** which regulates mainly the system of dual education in order to harmonize the labour market demand and supply, the verification of an employer to provide practical training in the system of dual education and also the coordination of the system of vocational education and training both at national and regional level has also been in force.

In practice, **projects funded by ESF** aiming to support the creation of jobs in the private and public sector for the jobseekers under the age of 29 **are still being implemented**. Examples¹⁷:

- National Project XX – Support of Employment of Unemployed in Self-government,
- National Project XXI – Support to Jobs Creation,
- National Project XXI/A – Support to Jobs Creation – 2,
- National Project XXI/B – Support to Jobs Creation – 3,
- National Project XXXVII – Support to Jobs Creation for Jobseekers under the age of 29 in the Bratislava Self-governing Region.

Another project entitled "Cross-sectional solutions for youth unemployment" is coordinated by the Ministry of Education, Science, Research and Sport of the Slovak Republic. The main objective of the project is to link the efforts of partners from different sectors with the representatives of regions, career guidance and research and use their professional know-how to create conditions for better application of young people in the labour market. The project activities included: a) regional seminars; workshops on topics such as Successful Start on the Labour Market, Planning the Career of Young People; a survey on more effective detection and use of public administration data for effective measures to reduce the youth unemployment; and final conferences in Bratislava and Košice.

In the area of internships, it is necessary to mention the **graduate practice**. In 2014, 9 416 graduates were enrolled in the graduate practice programme, and almost €4.5 million were spent on this ALMPI in 2014.

Since September 2015, the national project **Practice to Employment** aimed to increase employment of disadvantaged jobseekers and reduce the imbalance between the labour market supply and demand may also be used, by means of acquiring and deepening young people's professional skills, knowledge and practical experience. The main activity of the project is to

¹⁶ A regularly paid employment is such an employment that lasts for at least six consecutive months.

¹⁷ Ministry of Labour, Social Affairs and Family of the Slovak Republic (2017). Výsledky implementácie Záruky pre mladých ľudí v Slovenskej republike.

provide financial contributions for mentor-driven integration and practice at an employer who will create a job for this purpose.

The launch of the new Operational Programme Human Resources for the 2014-2020 programming period opened new opportunities for an even stronger implementation of the Youth Guarantee in the Slovak Republic.

The European Commission assesses the implementation of the Youth Guarantee in each country annually, and in March 2016 it released a report on the Slovak Republic. The report also includes an evaluation by the EC and an evaluation by the Employment Committee. The EC notes that a prolonged period of unemployment is a major risk for low-skilled and young people. Even though the youth unemployment indicators in the Slovak Republic have improved, they are still well above the EU average. There is also a tendency towards reducing the share of young people who are neither employed nor engaged in the education process nor are they participating in vocational training. Further measures under the Youth Guarantee have been taken in order to improve the transition from school to work. However, the EC notes that the measures were mainly targeted at jobs and less on education. The EC also notes with regard to the introduction of a dual education system that the interest among the potential participants remains limited – young people do not seem to have such an interest as expected. In the area of dual learning, monitoring is now seen as a very important feature that can be further used to improve the policy for this area.

The report on the results of the implementation of the Youth Guarantee¹⁸ therefore includes an assessment by the Employment Committee. Its conclusions state that the Slovak Republic has made progress in implementing the Youth Guarantee. However, many measures have only been put into practice recently and they will need to be evaluated in the coming years, such as the reform of public employment services, vocational training, etc. The real challenge is represented by the NEETs, especially those who are not registered with the Labour Offices. It will also be necessary to evaluate subsidized employment, so that it can be clearly stated to what extent this measure is sustainable. The Employment Committee's opinion related to NEETs in the context of the Youth Guarantee is also that there is evidence that only a minority in this group will receive a timely quality offer within the Youth Guarantee.

Among other EU activities targeted at young people, it is possible to mention **Youth on the Move**, a comprehensive package of political initiatives in the areas of education and employment of young people in Europe consisting of:

- **Youth Opportunities Initiative** which is a set of measures aimed at reducing the youth unemployment;
- **Your first EURES Job** aims to help young people fill vacancies within the EU.

EEU Skills Panorama acquires and collects data on the necessary skills. The aim is to improve the ability to assess and predict skills within the EU. This will make education and training systems more capable of responding to the needs of the labour market. It also contributes to harmonising the skills supply and demand across the EU. In the field of supporting the youth employment in the EU, there are naturally other **education and cultural measures** out of which the undoubtedly most important programme is **Erasmus+**.

There are several reasons why there are so many programmes and initiatives to fight against the youth unemployment. More than 4.5 million young people under the age of 25 are unemployed across the EU 28; the youth unemployment rate is more than twice as high as the overall rate of adult unemployment. Another reason is that more than seven million young people between the ages of 15 and 24 are not employed or do not continue in education or in vocational training.

¹⁸ European Commission (2016). Youth Guarantee country by country: Slovakia.

Another disconcerting fact is the number of young people who are leaving the learning process prematurely (12%) or the fact that the youth employment has fallen by more than 4 percentage points between 2008 and 2014 (from 37.3% to 32.5%) which is about eight times more than that of adults. The data only highlight the reasons why the EU has decided to focus attention in the area of employment on the youth.

V. Conclusion

First of all, it should be borne in mind that the high number of unemployed young people is causing severe economic and social consequences, but it has a more dramatic effect on the young people themselves. Young people also need some support in the persisting structural difficulties in transition from education to the labour market. It is important to realize that there is no universal solution. Every young person is unique and needs to be approached individually to solve their problems with their application on the labour market. Investing in the Youth Guarantee is a good investment. On the other hand, costs of not doing anything would be much higher. The essential responsibility for the areas of employment and education lies on the backs of the Member States, but, of course, the European Union may have a supporting and stimulating role. The best solution is to learn from others in the sense that, e.g. across the EU, it is compared what works for solving a particular problem in a different state and, on the contrary, what does not work or did not work in the past.

Acknowledgements

The paper is the outcome of scientific project VEGA No. 1/0001/16 “Súčasnost’ a perspektívy zmien zamestnanosti a súvisiacich procesov v kontexte naplňania cieľov Európskej stratégie zamestnanosti”.

References

- EU Council (2013). *EU Council Recommendation on establishing a Youth Guarantee*. Retrieved March 26, 2017, from [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013H-0426\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013H-0426(01)&from=EN).
- European Commission (2012). *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – “Moving Youth into Employment”*. Retrieved April 4, 2017, from <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52012DC0727>.
- European Commission (2013). *Working together for Europe’s young people*. Retrieved April 2, 2017, from <http://ec.europa.eu/social/BlobServlet?docId=10298&langId=en>.
- European Commission (2016). *Youth Guarantee country by country: Slovakia*. Retrieved April 4, 2017, from <http://ec.europa.eu/social/BlobServlet?docId=13659&langId=en>.
- Government Office of the Slovak Republic (2017). *Informácia o príprave a prijatí Záruky pre mladých ľudí v Slovenskej republike*. Retrieved April 15, 2017, http://www.rokovania.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-162249?prefixFile=m_.
- Ministry of Labour, Social Affairs and Family of the Slovak Republic (2017). *Operational Programme Human Resources*. Retrieved April 9, 2017, from <https://www.employment.gov.sk/sk/esf/programove-obdobie-2014-2020/operacny-program-ludske-zdroje/>.
- Ministry of Labour, Social Affairs and Family of the Slovak Republic (2017). *Výsledky implementácie Záruky pre mladých ľudí v Slovenskej republike*. Retrieved April 22, 2017, from <https://www.employment.gov.sk/files/slovensky/praca-zamestnanost/podpora-zamestnanosti/vysledky-implementacie.pdf>.

Ministry of Labour, Social Affairs and Family of the Slovak Republic (2017). *Záruka pre mladých ľudí v SR*. Retrieved April 9, 2017, from <https://www.employment.gov.sk/sk/praca-zamestnanost/podpora-zamestnanosti/zaruka-mladych-ludi-sr/>.

Pongrácz, E. & Kolláriková, T., (2014). *Situation of young people in the Slovak labor market and possibilities of their placement in the area of social economy*. Hospodářská politika v členských zemích Evropské unie: recenzovaný sborník příspěvků XII. mezinárodní vědecké konference: 16 to 18 September 2014 Ostravice, pp. 762–771.

The Council of the European Union (2013). *Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (2013/C 120/01)*. Retrieved April 9, 2017, from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF>.

The World Bank (2017). Retrieved April 5, 2017, from <http://data.worldbank.org/indicator/SL.UEM.1524.NE.ZS?contextual=default&end=2014&locations=SK-EU&start=2009>.