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Lowering youth unemployment in Spain

What should Public Administration, companies, educational centers and young people do?



Citi Foundation

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Youth unemployment, the scourge of the 21st century

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We present a report that has two main characteristics: first, it addresses a subject that is currently of major concern in Spanish society, namely, youth unemployment; second, it encompasses all the relevant aspects, offering an empirical perspective with no ideological determinants.

Indeed, when citizens are asked what their most pressing concern is, they always answer the same: unemployment. Surveys done by the CIS (Centro de Investigaciones Sociológicas) mention unemployment among the top 3 concerns of Spaniards. Among all unemployment rates, the most terrifying is the youth unemployment rate for people aged 16 to 24. This type of unemployment, beyond the current misfortune, jeopardizes the future. Their self-esteem is collapsing and desperation can lead to social exclusion. An entire generation loses the opportunity to start their working life and shape a professional future for themselves. This bleak outlook will affect society's competitiveness, its ability to generate wealth, and, in consequence, people's quality of life and standard of living in coming years.

For this reason, it is important to find solutions to this problem. This report by IESE in partnership with Citi Foundation is intended to offer lines of action that can help solve this problem, presenting the

policies adopted by other countries and managers' opinions.

Through this cross-national comparative study, we obtain a vision of practices that have proved useful abroad. Through the Focus Group, the interviews and the survey, we sought the opinions of future employers. These are the people who know the skills that young people should have to access the labor market and successfully obtain employment. These skills should be forged through the educational system, in a process from which no-one can be excluded: neither the State, nor the families, nor the young people themselves.

This is why the conclusions of this report are recommendations for each of these protagonists. These recommendations, as some of the interviewees mentioned, break with traditional approaches in public policy measures. For example, they indicate that subsidies of all types in youth contracts are inefficient. This advice should, at the very least, induce those responsible for implementing such policies to reevaluate their decisions, as such policies are not having any real effect in solving the youth unemployment problem.

Other recommendations refer to the fact that not all young people are equal and different policies should be developed for each

category. The achievers are different from the averages and also from the unskilled. In the long term, says the report, Spain should create a suitable environment for each of these categories; so that those who are abroad can return; for those who do not possess sufficient skills; for those who are overqualified, and for those who are underqualified.

In the quest to identify the problems of the educational system, this report describes the main problems: the mismatch between the skills demanded and those supplied by youth; the lack of guidance for young people and their families; a narrow mindset that lacks a vision of internationalization and entrepreneurialism. It also outlines the burdens borne by public policy: the lack of aggregate demand, that will not be resolved by subsidies; the foreign investment that helps create jobs and is therefore more efficient; the deficiencies in the legal hiring system that do not facilitate the insertion of youth and the transition from school to work; the excessive bureaucracy; the lack of public platforms that match labor supply and demand.

Important lessons can be drawn from the recommendations for both the Public Administration and the educational institutions, those that prepare young people for their professional careers. But there are also other recommendations aimed at

companies, families and the young people themselves. They are all summarized in chapter 5. The reader can start by reviewing them. They will give him an idea of this report's objective and hopefully will arouse curiosity to read it in its entirety.

After this brief summary, it can be affirmed that this report is honest, and is not contaminated neither by the interests of political parties, nor by ideological views. It is based on an empirical analysis of the perceptions of the individuals that should employ these young people; those that know their demands best.

There is nothing more to add, other than to recommend reading this report and to thank Citi for their generous sponsorship, as without it, this study would not have been possible; and to those who have contributed towards its preparation. Thanks to Paula Apascaritei as Researcher, to Doctor Lourdes Susaeta as Director of this project, to Angela Gallifa as Research Director, to Julio Carlavilla and Maria Diaz, the people from Citi and Citi Foundation who have supported and helped us with their recommendations; and to the participants in the Focus Group, the interviewees and the survey respondents. Our sincere thanks to all of them.

Madrid, October 2013.

Executive Summary

Data from the Spanish Labor Force Survey show that in the second quarter of 2013 there were 203,900 unemployed young people aged 16-19 years and 729,400 unemployed young people aged 20-24 years. This gives a total of 933,300 unemployed young people in Spain alone.

One important measure towards recovery was taken by the Spanish Government on March 12, 2013, when it launched the “Strategy for Entrepreneurship and Youth Employment 2013-2016”. This “Strategy” contains a set of labor market reforms aimed at reducing youth unemployment. Through it, the State has taken on a subsidizing role through different labor market policies. By means of a survey we enquire the opinion of managers from Spanish companies about the mentioned strategy.

This study contains leading managers’ opinions and recommendations on the subsidiary role that the State should play in order to increase the employability of Spanish youth. Their experience and insight is key to understanding the way to recovery. This report aims to raise awareness about their point of view and to offer a blueprint for policy changes.

During the research process, it became obvious that public policy cannot be a “one size fits all” policy. Labor market policies should be tailored individually to each youth group in order to achieve

maximum efficiency. It is hard to talk about “youth unemployment” without differentiating among 3 different groups of youth:

- » **The achiever:** the young people in this category are talented, motivated and ambitious; they are highly educated and speak at least one foreign language.
- » **The average:** this particular group consists of young people with an average education. They do not speak any foreign language fluently, and their soft skills and ambition are limited.
- » **The unskilled:** this youth group is either an early school leaver or they do not possess any employable skills.

Based on the opinions of leading managers of companies operating in Spain, this study makes recommendations to all stakeholders involved in the problem of increasing youth employability: the Public Administration, the private sector, the educational sector and the youth. The main recommendations that this study makes for the Public Administration are:

- » Guidance for young people and their parents about career choices.
- » Guidance towards places where they can find employment.
- » Implementation of a new industrial model for Spain.
- » Improvement of the legal framework for businesses to hire young people.

- » Retraining for unemployed and discouraged workers.
- » Implementation of different active employment policies for different people.
- » Closer collaboration between businesses and educational centers.
- » Instituting the figure of the “guidance counselor”.
- » Implementing more measures with a long-term outlook.
- » Creating conditions to enable the young people who have emigrated to return.

Recommendations for the Private Sector:

- » Closer collaboration between businesses and educational centers.
- » Continuation of CSR programs that help young people increase their employability.
- » Taking part in Dual Vocational Training programs.
- » Implementing the Youth Guarantee.
- » Taking part in the Youth Employment Initiative and the framework created by the “Strategy”.

Recommendations for the Educational Sector:

- » Implementing Dual Vocational Training.
- » Providing guidance for youth and their parents about career choices.
- » Implementing entrepreneurship training programs.
- » Soft and life skills training programs for disadvantaged youth.

- » Closer collaboration between businesses and educational centers.
- » Orienting young people and their families.
- » Embedding career planning into the school curriculum.
- » Creating entrepreneurship high schools.
- » Instituting two different types of universities.

Recommendations for the Youth:

- » Focusing on foreign languages.
- » Focusing on soft skills.
- » Having an international mindset.
- » Being more proactive.

A whole community approach is necessary in order to overcome the problem of youth unemployment. All voices should be heard: that of the public and private sector, that of the educational sector and also that of the youth. This report represents an effort to raise awareness about the reforms that are needed in the Spanish context.

Moreover, IESE Business School in partnership with Citi Foundation will continue to research methods that improve the labor market situation for youth in Spain. The next project will focus on how to implement the Dual Vocational Training System in a meaningful way and on empowering and training young entrepreneurs so that they can internationalize their businesses.



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1

Introduction

Over 73 million young people worldwide are in search of employment, according to the International Labor Organization (ILO). The current generation of youth has been named a “generation at risk” or a “lost generation”, with individuals between 16 and 24 being 3 times more likely to be unemployed than adults. ILO calls “on governments, social partners, the multilateral system, including the G20 and all relevant national, regional and international organizations, to take urgent and renewed action to address the crisis of youth employment.”¹ Recommendations include nationally tailored policies, long-

the Council of the European Union recommended establishing a “Youth Guarantee” to “ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education.”² The Council of the European Union also recommends that each member state design a Youth Guarantee Scheme in order to effectively plan and achieve changes for each different group of young people based on their common guidelines. Funds are being allocated to this end, especially in accordance with the relevant investment priorities of the European Social Fund for the 2014-20 period, and the Youth Employment Initiative.

Data from the Spanish Labor Force Survey³ show that in the second quarter of 2013 there were 203,900 unemployed young people aged 16-19 years and 729,400 unemployed young people aged 20-24 years. This gives a total of 933,300 unemployed young people in Spain alone. One important measure towards recovery was taken by the Spanish Government on March 12, 2013 when it launched the “Strategy for Entrepreneurship and Youth Employment 2013-2016”. This “Strategy” contains a set of labor market reforms aimed at reducing youth unemployment, enacting the Youth Guarantee in Spain and raising awareness about related issues amongst all interested parties. Through it, the State has taken on a subsidizing role through different labor market policies. By

means of a survey we enquire the opinion of managers from Spanish companies about the mentioned strategy.

This report contains four more chapters. Chapter 2 offers an overview of the current situation in Spain and an international comparison with other countries regarding the youth unemployment situation. Chapter 3

presents the research methodology. Chapter 4 contains the main results of the research, divided into results concerning the educational system and results concerning public policies. Chapter 5 concludes and offers recommendations to all actors involved in the youth unemployment problem: the public sector, the private sector, the educational sector and the youth.

933,300 is the number of unemployed young people in Spain in the second quarter of 2013

term approaches, job creation and the improvement of employability, all under the more general heading of economic sustainability.

In the European Union, almost 6 million young people are unemployed, that is, an unemployment rate of over 23%. Youth unemployment rates for July 2013 vary from 7.7% in Germany or 9.2% in Austria to 56.1% in Spain and 62.9% in Greece (May 2013). For this reason, on April 22, 2013,

¹ ILO (2012), “The youth employment crisis: A call for action”, Geneva.

² Official Journal of the European Union (2013), “EU measures to tackle youth unemployment”, Luxembourg.

³ INE (2013), Labor Force Survey Data for the second quarter of 2013.

CONCLUSION

This study contains leading managers’ opinions and recommendations on the subsidiary role that the State should play in order to increase the employability of Spanish youth. Their experience and insight is key to understanding the way to recovery. This report aims to raise awareness about their point of view and to offer a blueprint for policy changes.



The Current Situation in Spain

2.1 International Comparison of Youth Unemployment

Unemployment rates across the EU have soared since 2008. The EU-27 unemployment rate according to Eurostat was 8.8% in 2000, that is, 19.5 million unemployed people, 7.1% or 16.8 million in 2008, and a little over 26 million in February 2013, giving an overall unemployment rate of almost 11%..

The countries shown in Figure 1, except for Spain, had unemployment rates below 15% after the early 1990s. Since 2008 and the beginning of the financial crisis, most countries have experienced an increase in their unemployment rates. However, the differences between the pre-crisis 2007 levels and current 2012 levels range between 3.7 pp in Denmark, 1.8 pp in France and 2.6 pp in the United Kingdom. In Spain, the difference is 16.7 pp. Germany is the only country that experienced a decrease of 3.2 pp in its total unemployment rate. **In fact, from the 1990s up to 2012, Germany underwent an important economic change that lowered its jobless rate to near full employment. This was made possible by its labor reforms, something that other nations should learn from.**

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During 2012, the highest average unemployment rates are to be found in countries such as Spain (25.0%), Greece (24.3%) and Portugal (15.9%). In Ireland, the average unemployment rate was 14.7% and in Italy it was 10.7%. The EU-27 average unemployment rate was 10.5% for the whole population. The lowest rates were in Norway (3.2%), Austria (4.3%), Netherlands (5.3%) and Germany (5.5%). The same picture is revealed when considering only young people: individuals between 16 and 24 years of age. Greece has the highest youth unemployment rate in 2012 with 55.3%, closely followed by Spain with 53.2%. The difference between Greece and Spain and other countries hit hard by the financial crisis such as Italy and Portugal, is significant. Portugal has a youth unemployment rate of 37.7% and Italy of 35.3%, that is, the rates are 15.5 and 17.9 pp lower. **In the EU, a protracted recovery process is likely to prolong the problems experienced by young people in finding a job and motivate them to seek work abroad.**

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YOUTH UNEMPLOYMENT rates usually double the unemployment rates of the total population

the total rate. In Norway, the United Kingdom and Sweden it is 2.7 and 3 times higher. In Spain, the youth unemployment rate is 2.1 times the total unemployment rate. Young people have always had a tough time finding work. **Historically, the unemployment rate for those aged 15 to 24 in advanced economies has been two to three times higher than for older age groups.** But since the global crisis began in 2008, young people have suffered a much sharper rise in joblessness than older workers, and structural issues have exacerbated youth employment problems.

It can be readily seen from Figure 2 that **youth unemployment rates usually double the unemployment rates of the total population.** Indeed, in the Netherlands and Denmark, the youth unemployment rate is 1.8 and 1.9 times

FIGURE 1. Total unemployment rates, annual averages (%)

Source: Eurostat, compiled by the author

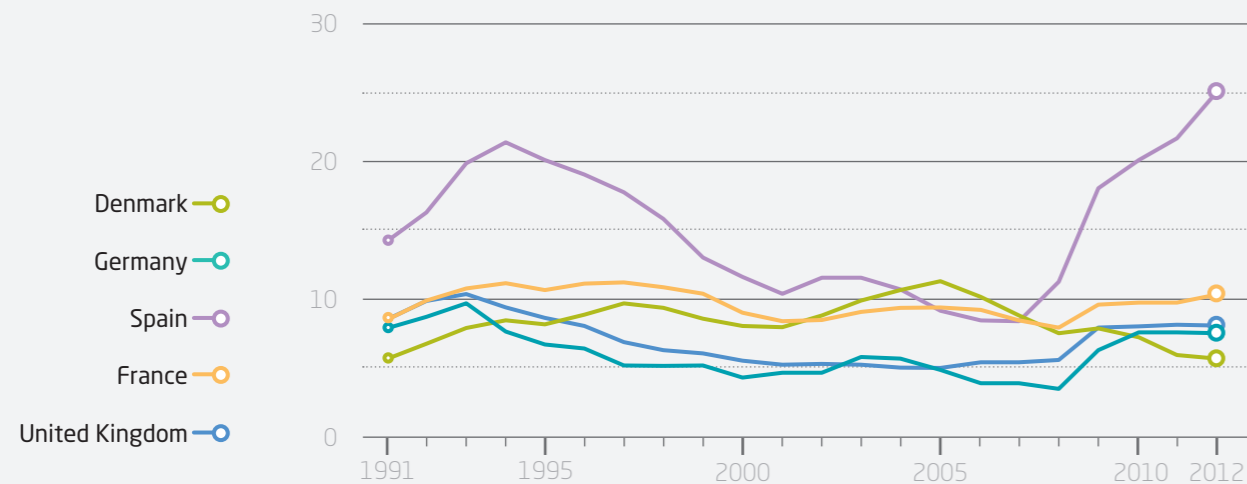


FIGURE 2. Youth and total unemployment rates for 2012, annual averages (%)

Source: Eurostat, compiled by the author

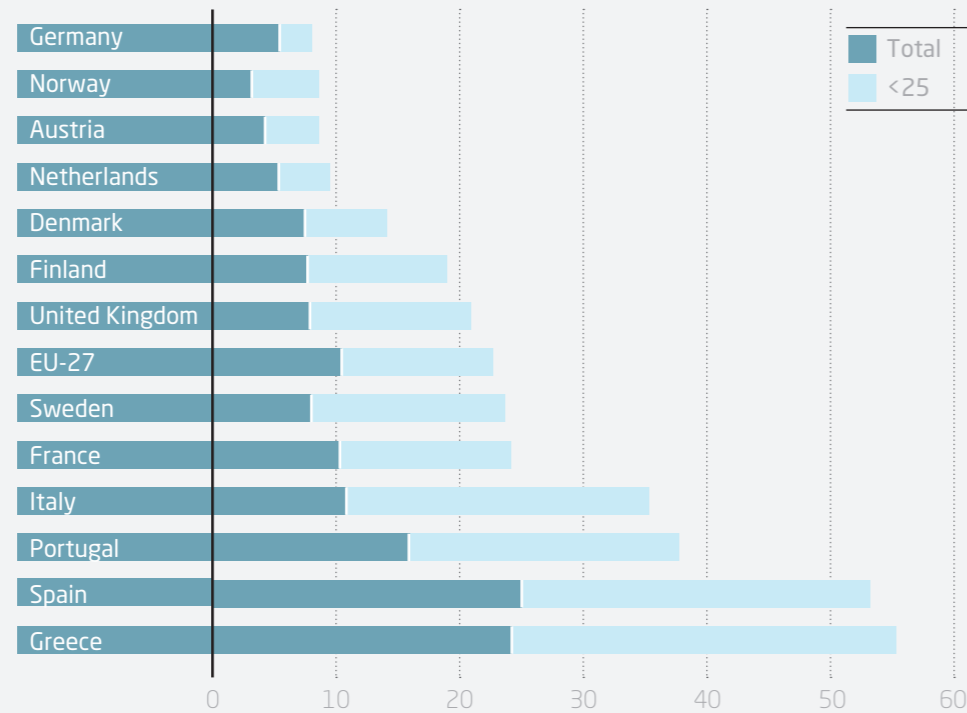


TABLE 1. Youth and total unemployment rates for 2012, annual averages (%)

Source: Eurostat, compiled by the author

	Total	<25 (total)	Ratio <25/Total
Italy	10.7	35.3	3.3
Sweden	8.0	23.7	3.0
Norway	3.2	8.6	2.7
United Kingdom	7.9	21.0	2.7
Finland	7.7	19.0	2.5
France	10.2	24.3	2.4
Portugal	15.9	37.7	2.4
Greece	24.3	55.3	2.3
EU-27	10.5	22.8	2.2
Spain	25.0	53.2	2.1
Austria	4.3	8.7	2.0
Denmark	7.5	14.1	1.9
Netherlands	5.3	9.5	1.8
Germany	5.5	8.1	1.5

In recent decades, the unemployment rate for people under 25 in France has consistently been greater than 20%, while in Italy it was closer to 30%, and in Spain it has surpassed 40%. Germany and Japan had very low youth unemployment rates at the beginning of the 1980s, around 4%. However, more recently, even Germany, with its apprenticeship system, and Japan, with its close cooperation between schools and businesses, have had youth unemployment rates similar to those in the United States, near 10%.

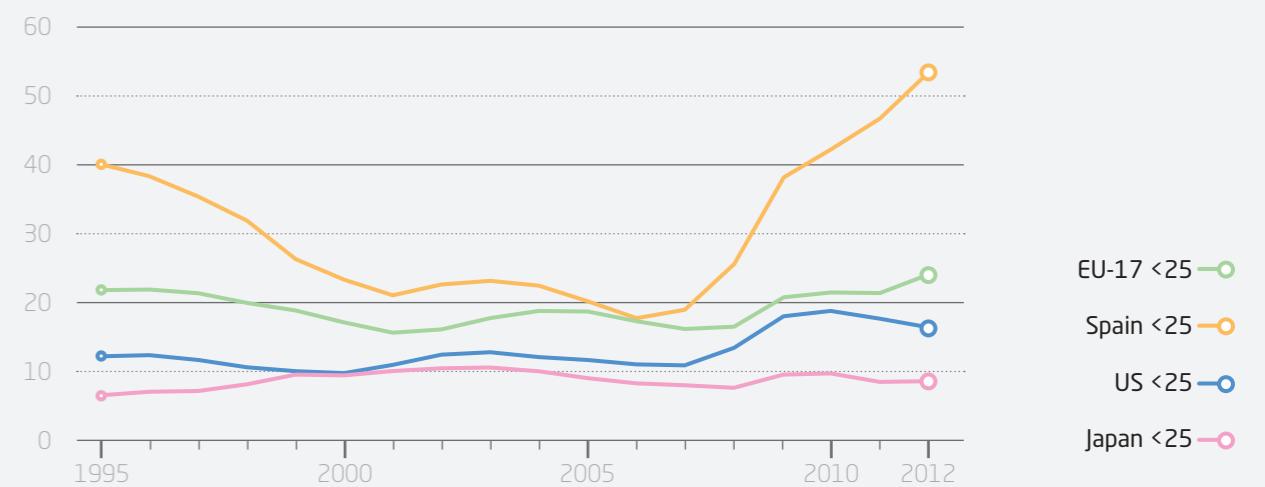
THE EVOLUTION OF THE UNEMPLOYMENT RATE FOR YOUNG PEOPLE UNDER 25 IN SPAIN HAS BEEN VERY SIMILAR TO OTHER RATES WORLDWIDE

The evolution of the unemployment rate for young people under 25 in Spain has been very similar to other rates worldwide. Like in the Euro Area, the rates in Spain have soared between 2007 and 2009. In the Euro Area, as well as in Spain, the unemployment rate is

still on the rise. In the US and in Japan, the tendency towards recovery is clear after 2009, as can be seen by the falling trends in the unemployment rates in Figure 3.

FIGURE 3. Youth and total unemployment rates, annual averages (%)

Source: Eurostat, compiled by the author



Another important problem when talking about the youth unemployment rate is the share

of NEET, the youth that is “not in education, employment, or training”. Unemployment discourages

AN IMPORTANT PROBLEM WHEN TALKING ABOUT THE YOUTH UNEMPLOYMENT rate is the share of NEET, the youth that is “not in education, employment, or training”

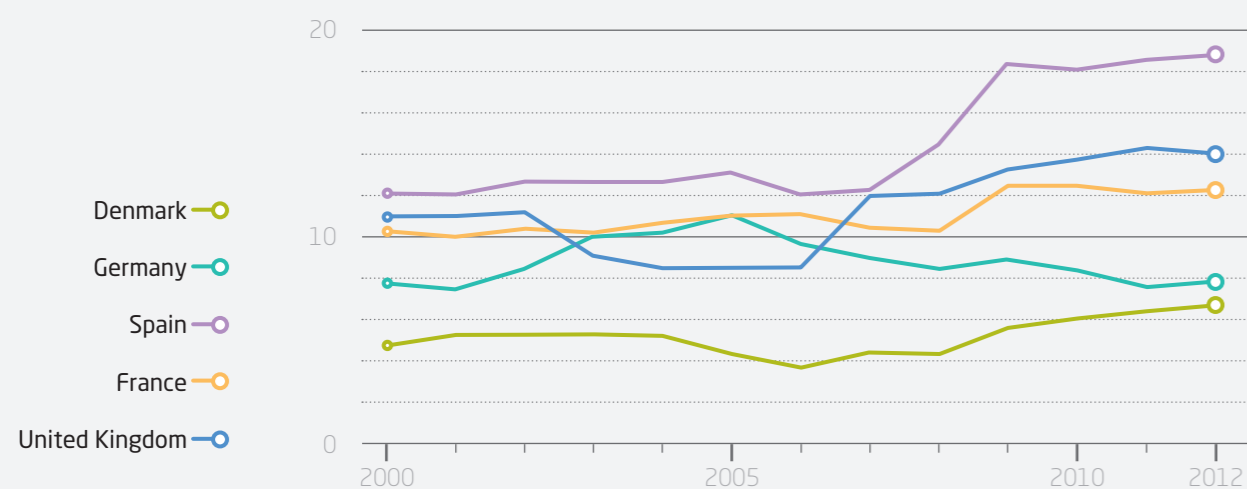
individuals and many of them decide not to persist in their efforts to find a job when the economy is on a downturn. High percentages of school drop-outs, few available jobs, a vicious circle of temporary contracts and lack of employment, as well as difficult family circumstances are all factors that influence the mood and interest in pursuing paid employment, thus contributing to the rise in the NEET share. As Figure 4 shows, in Spain, the NEET rate has risen by almost 7 pp since 2007. The only country that, not surprisingly, has a decreasing share of NEET is Germany which seems to be doing better since 2005, as shown by the decreasing trend in its share of young people that are neither in education, employment or training.

The share of NEET is of concern for all groups and all skill levels. However, a particularly vulnerable group is represented by the secondary school drop-outs. These young people saw an opportunity to be hired in entry-level jobs during the boom years before the crisis and have thus left school in order to pursue a career as an unskilled worker. Now, they are in their early twenties and mostly jobless or in precarious, temporary jobs interrupted by spells of unemployment.

A new and related concept is that of “neither in the labor force nor in education or training” (NLFET)⁴, representing the discouraged youth who have chosen to drop out of the labor force. These youth are neither contributing to economic production nor investing in their human capital through education or training. This is yet another specific group to which public policy makers should tailor their policies.

FIGURE 4. NEET rates, annual averages (%)

Source: Eurostat, compiled by the author



In short, the Spanish unemployment rate has followed the pattern of the Euro Area average during recent decades. However, Spain continues to suffer the repercussions of the change in economic cycle. Spain’s active population is 15% of the EU-17 active population, yet the unemployed population in Spain is 32% of the unemployed population in the EU-17

area, as can be seen from Table 2, making Spain one of the major contributors to high unemployment rates in the EU. The disproportionate contribution of the Spanish population towards the total unemployment rate in EU-17 can also be seen in the youth unemployment rate, where unemployed youth in Spain is 27% of total unemployed youth in EU-17.

Table 2. Unemployed population in EU-17 countries and Spain for 2012, annual averages

Source: Eurostat, compiled by the author

	EU-17	Spain	Percentage Spain/EU-17
Unemployed population	18,074,000	5,769,000	32%
Unemployed population 15-24	3,490,000	945,000	27%

In July 2013, Eurostat estimates that 26,654,000 men and women in the EU, of whom 19,231,000 were in the Euro Area (EU-17), were unemployed. Among the EU States, the lowest unemployment rates were recorded in Austria (4.8%) and Germany (5.3%), and the highest rates in Greece (27.6% in May 2013) and Spain

(26.3%). 5,483,000 young people (under 25) were unemployed in the EU-27, of whom 3,500,000 were in the Euro Area, in July 2013. The lowest rates were observed in Germany (7.7%) and Austria (9.2%), and the highest in Greece (62.9% in May 2013) and Spain (56.1%).

CONCLUSION

The current economic crisis has reversed much of the progress achieved in Europe since 2000. Higher growth will be necessary but not sufficient to significantly reduce unemployment in the long term. In this context, structural reforms should aim to improve labor market conditions. Youth unemployment rates should be particularly targeted and the entry of youth into the labor market should be facilitated through public policy.

⁴ ILO (2013), “Global Employment Trends for Youth 2013: A Generation at Risk”, Geneva.

2.2 National Indicators of Youth Unemployment

Between 1987 and 2012, the youth unemployment rate in Spain has passed the 40% threshold three times: in 1987, 1993-1994 and 2010-2012. Although the trend in youth unemployment follows the general unemployment rate, in the current economic crisis, youth have been more affected than before.

Measures taken by the Spanish Administration to reduce unemployment in 1993-1994 included a labor market reform. The aim of this reform was to flexibilize the Spanish labor market. More reasons for lay-offs, new types of contracts (part-time employment and the work experience contract), increased functional and geographical mobility, and changes in wages and working hours were some of the new measures introduced or reformed in 1994. And indeed, something seemed to have worked as Spain experienced a

period of unprecedented growth between 1996 and 2007.

Figure 5 shows the evolution of the Spanish labor market for the general population and for the 16-24 age group since 1987. Looking at this evolution over the past 20 years reveals that between 1991 and 1994, the unemployment rate in Spain increased by almost 7 pp, reaching 21.3% in 1994. After the recession of the 1990s, the unemployment rate decreased steadily until 2001, increased a little between 2002 and 2003 and decreased again until 2007. The annual unemployment rate in 2007 was 8.3%. From then onwards, the unemployment rate soared until it reached the current level of 25% in 2012.

However, **it must be noted that the youth unemployment rate is often an inflated indicator.** The reason for this is that the rate is computed as the total of unemployed youth between 15 and 24 years of age as a percentage of the total labor force, following the formal definition of the youth unemployment rate given by the International Labour Organization (ILO). The unemployed youth consists of young people who are either looking for a job, without work or available for work. The youth labor force comprises all people aged between 15 and 24 who were either employed or unemployed in that period.

However, the labor force composed of youth younger than 24 is rather small compared to the total youth population, as most of them are, and should be, still studying. In fact, there is another economic indicator that gives perhaps a more accurate picture of youth unemployment and it is the “unemployment ratio”. This indicator is calculated as the percentage unemployed reported to the total youth population. In other words, the denominator of this fraction contains both the youth labor force and the youth in full-time education or training, discouraged youth and youth that is neither employed nor unemployed, in other words, the entire youth population.

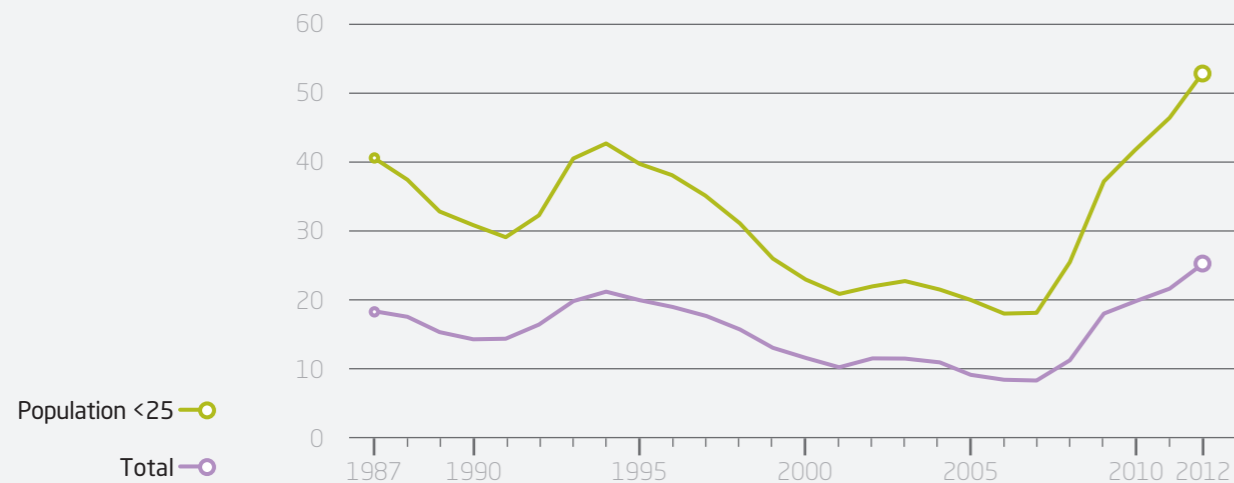
In fact, data from Eurostat show that young people tend not to be in the labor force, as the overall inactivity rate for the 15-24 age group in the 28 EU countries is 57.4%, giving a total of 33 million inactive individuals in 2012. In Spain, 51.2% of the youth are inactive. The youth unemployment ratio is calculated by Eurostat and is depicted,

along with the unemployment rate, in Figure 6. Although the ratio follows the same trend as the rate, it reports much lower levels. However, even if we only consider the youth unemployment ratio, the situation is still gloomy, as the level is above 20% in 2012, a level unseen in the past 20 years. Although it might be more accurate to consider the ratio instead of the rate, the unemployment rate is a more versatile indicator as it is calculated uniformly across countries and thus allows cross-country comparisons to be made.

IT MUST BE NOTED that the youth unemployment rate is often an inflated indicator

Figure 5. Unemployment rates in Spain, annual averages (%)

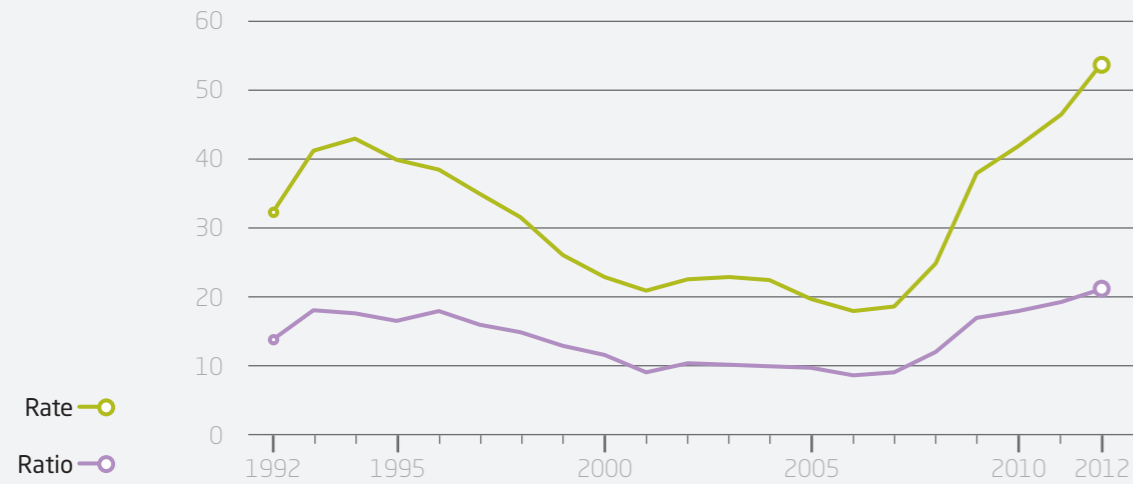
Source: Eurostat, compiled by the author



2.3 Education and Youth Unemployment

Figure 6. Youth unemployment rates and ratios for Spain, annual averages (%).

Source: Eurostat, compiled by the author



The “Global Employment Outlook”⁵ (ILO, 2012) also affirms that youth unemployment ratios underestimate joblessness among youth; especially when youth labor force participation is low and youth unemployment rates are high. Well-developed social protection and alternative

income opportunities tend to protect youth in developed countries from having to accept any job offered to them, such as those in the informal economy. Their situation is often better than that of the youth in the labor market, who have to face low-paid, unstable jobs and weak prospects.

CONCLUSION

The high youth unemployment rate in Spain is evidence of the difficulties faced by young people in finding jobs. However, it fails to account for the individuals below the age of 25 who are still studying full-time and are not part of the labor force. This is why the unemployment ratio is also computed for comparison. The unemployment ratio is much lower than the unemployment rate. However, both indicators show a similar trend.

In fact, the inactive youth population has risen in recent years as more youth drop out of the labor force in order to continue their studies. Achieving more education has been seen as a panacea against unemployment. In 2012, the number of students in vocational training has increased from 462,492 in 2007 to 662,892⁶ for both first and second-level vocational education, that is, a 43.3% increase. Even so, compared to other countries, the number of vocational training graduates in Spain is very low. Data from the OECD’s publication “Education at a Glance 2013”⁷ shows that 57.43% of population in Austria and 55.80% in Germany in 2011 attained upper secondary or post-secondary non-tertiary education with vocational orientation as their highest level of education. The OECD average for this rate is 33.53%. In Spain, the proportion of the population that have attained this type of education is 8.36% in the same year. This shows that Spain is still behind other countries as regards vocational training, even after taking into account the rise in this type of education in recent years.

The number of students taking University Entrance Exams has increased by 2.8% compared to 2011. Compared to 2007, the pre-crisis level, it has increased by a little over 25%, rising from 222,086 to 278,818. Although being employed is not directly related to education, Figure 7 clearly shows that higher ISCED⁸ (1997 International Standards Classification of Education) education levels have a higher employment rate. The dramatic increase in the number of attendees at the University Entrance Exams suggests that young people are trying to send a signal about their employability by acquiring more education. The percentage of the population that has attained tertiary education in 2011 is very high in Spain. In fact, 39.16% of the 25-34 age group have this level of education, while the percentage for Germany is 27.67% and in Austria, it is 21.17%. The OECD average (38.62%) is also below the level in Spain.

⁶ Data from the Spanish National Institute of Statistics.

⁷ OECD (2013), “Education at a Glance 2013: OECD Indicators”, OECD Publishing.

⁸ The 1997 International Standards Classification of Education (ISCED) contains 7 categories: no qualifications or pre-primary education, primary education, lower secondary qualifications, upper secondary qualifications, post-secondary non-tertiary qualifications, first stage of tertiary qualifications and second stage of tertiary qualifications.

⁵ ILO (2012), “Global Employment Outlook: Bleak Labour Market Prospects for Youth”, Geneva.

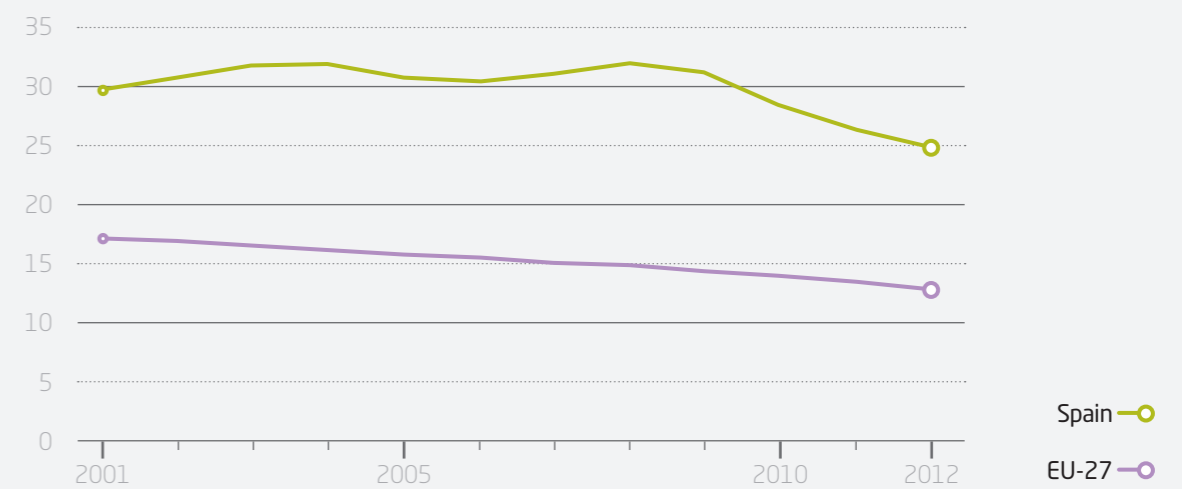
Figure 7. Unemployment and employment rates by level of education achieved for 2013Q2 (%) Source: Eurostat, compiled by the author



Although the number of tertiary education students is on the rise in Spain, there are still many early school leavers, making Spain the EU country with the highest school leaving rate, 24.9% in 2012, followed by Malta with 22.6%, and Portugal with 20.8%. Traditionally, Spain has doubled the EU-17 average, with early school leaving rates above 30% from 2002 to 2009. Only since 2010 has a decreasing trend began, as shown in Figure 8. One reason

for the decrease in the school drop-out rate is the economic recession. Before the economic crisis, the construction sector as well as other sectors that employ unskilled workers represented a great opportunity to find easy and reasonably-paid employment. With the drastic decline in these sectors' activity, the opportunity cost of studying has also fallen and thus more young people are staying on at school and furthering their education.

Figure 8. Early leavers from education and training, annual averages (%) Source: Eurostat, compiled by the author



CONCLUSION

There are many reasons why people with more training and education are relatively protected against unemployment. It is not just about literacy and theoretical knowledge, but also about acquiring and maintaining employable skills. It is about being flexible, eager to learn and being able to sell one's skills to employers. More highly educated individuals are seen as capable of transforming organizations, bringing new ideas to the discussion and making use of advanced-level skills, such as analysis, critique and synthesis. Untrained and uneducated individuals are more likely to lack the soft skills important for job seeking.

3

Research Methodology

THE AIM OF THIS STUDY is to improve youth employability by finding out from business leaders what type of training they require from their young employees. More importantly, it aspires to have a real impact on Spain's youth unemployment rate by offering guidelines for reform and a record of recommendations from CEOs and managers.

In Spain, previous studies have analyzed youth unemployment and its implications from multiple perspectives. The ILO⁹ and the OECD¹⁰ have analyzed international outcomes and trends in youth employment. BBVA¹¹, Fedea¹², Fundación Ideas¹³ and the Friedrich Ebert Stiftung¹⁴ are some of the organizations that have analyzed the general Spanish context of youth unemployment. INJUVE¹⁵ is one of the few bodies to present young people's view on unemployment and the difficulties they are facing as a consequence. The companies' perspective is included in the periodic labor market observatories published by the employment agencies, such as Infojobs¹⁶, based on the data

obtained from their website and internal database. Fundación Adecco and Fundación Sagardoy¹⁷ also publish periodic observatories of the labor market based on surveys and opinions of managers, but these surveys are not directly and exclusively related to the labor market for youth. We have discovered no significant study that has required managers' and organizations' active involvement in order to present their views and contribute to shaping the future of unemployed youth. This report goes beyond the mere presentation of survey results and pursues an in-depth analysis, complemented with managers' participation in a Focus Group, giving them an opportunity to

dialogue. The Focus Group provided a favorable environment for the oral dissemination of corporate best practices and CSR (Corporate Social Responsibility) programs. Moreover, participants had the opportunity to discuss the difficulties they face when recruiting and contracting Spanish youth.

Due to this paucity of research on management professionals' perspectives, this study analyzes the phenomenon of youth unemployment by examining its characteristics and determinants. After considering managers' perception of the current situation in Spain, it compiles measures to promote the training and integration of young Spaniards in corporations and analyzes what subsidiary role the state should play towards increasing the employability of young people.

This research raises managers' and CEOs' awareness of the youth unemployment problem. By expressing their opinions and offering advice and possible solutions for the youth crisis, managers have shown their commitment to Spain's future generations.

This report identifies problems within the educational system and public policy challenges that hinder youth access

to meaningful employment. Leading professionals have offered their insights on issues such as youth employment, bureaucratic challenges when hiring youth, skills demanded from youth and also measures to promote and encourage youth hires.

The main instrument for data collection was a large-scale survey directed at management professionals in companies operating in Spain. Prior to disseminating the survey, a pilot study was conducted in which five executives from different industries gave their opinion and feedback on the content of the questions and multiple-choice answers. The legal compliance of the contents was checked by a Labor Lawyer from one of Spain's leading Law Firms. The data were collected from March to June 2013.

For disseminating the survey, a database of 5,415 managers pertaining to all economic sectors was constructed. The survey was completed by a total of 255 respondents from more than 200 different national and multinational companies. 65% of all surveyed individuals are CEOs or HR Managers. Other Management Professionals included Recruitment Professionals from the HR Division, Marketing Managers, Financial Managers, as well as General Managers.

⁹ ILO (2013), "Global Employment Trends for Youth 2013: A Generation at Risk", Geneva.

¹⁰ OECD (2008), "Jobs for Youth: Spain", OECD Publishing.

¹¹ BBVA Research (2011), "Desempleo juvenil en España", Madrid.

¹² Florentino Felgueroso (2012), "El empleo juvenil en España: un problema estructural", Working Paper of the Círculo Cívico de Opinión.

¹³ Dalia Ben-Galim, Asunción Candela Terrasa and Carmen de Paz Nieves (2012), "Políticas activas de empleo para los jóvenes: ¿hacia dónde nos dirigimos ahora?", Documento de Debate, Fundación Ideas.

¹⁴ Fernando Rocha Sánchez (2012), "Youth unemployment in Spain", Study of the Friedrich Ebert Stiftung.

¹⁵ Observatorio de la Juventud, INJUVE (2011), "Desmontando a ni-ni. Un estereotipo juvenil en tiempos de crisis", Madrid.

¹⁶ Infojobs (2013), "Informe Infojobs ESADE 2012: Estado del mercado laboral en España".

¹⁷ Club de Excelencia en Sostenibilidad (2012), "1er observatorio de seguimiento de la reforma laboral 2012", Madrid.

Figure 9. Respondents

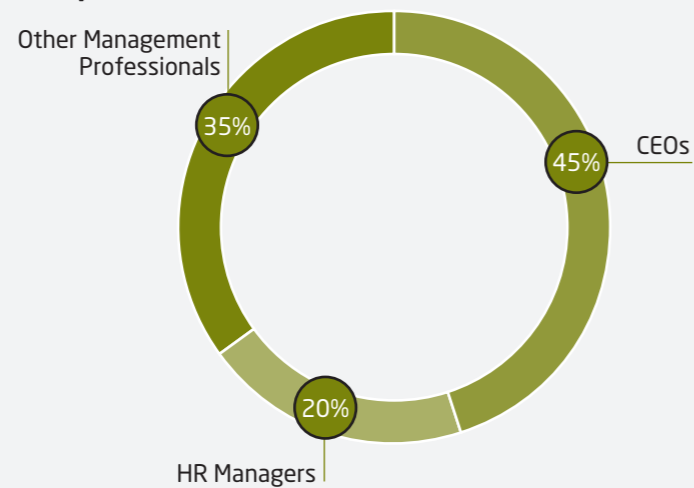
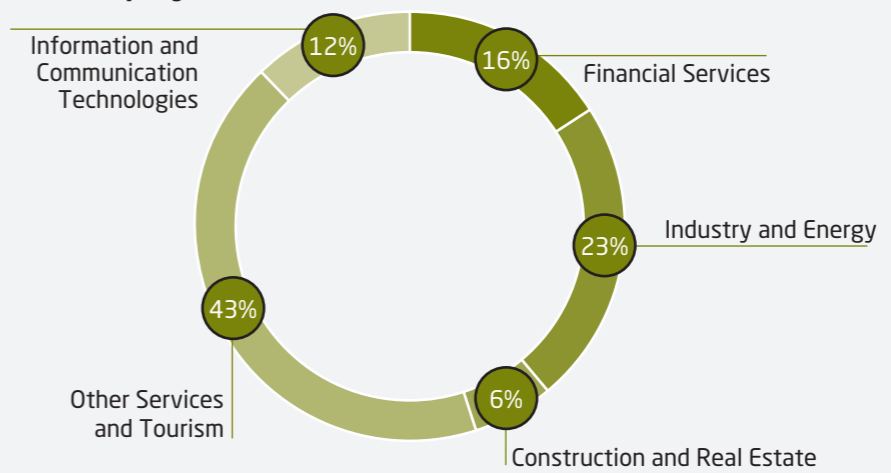


Figure 11. Company sector



Companies from all sectors of the Spanish economy and of various sizes were included in the database. The sample collected consists of 53% SMEs with less than 250 employees and the remaining 47% are MNCs with more than 250 employees. The main sectors represented are: Financial

Services and Banking, Industry and Energy, Construction and Real Estate, Health, Entertainment and Media, Pharmaceutical, Retail and Consumer Goods, Cargo Transport, Logistics and Storage, Catering and Tourism as well as Information and Communication Technologies.

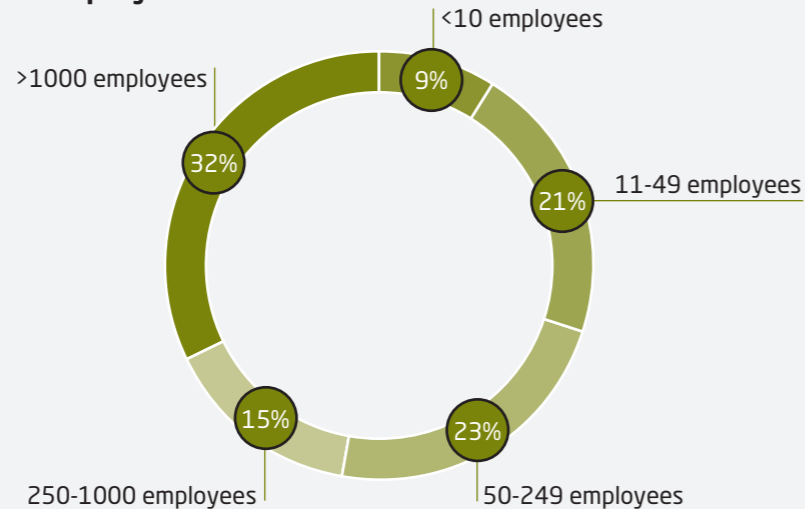
In order to add richness to the survey's results, it was complemented with the Focus Group method. This research technique involves an organized discussion among carefully selected individuals who are experts in their fields. The context of this Focus Group was a roundtable with 20 participants from key multinational companies from different sectors. Participants included International HR Managers, CEOs and deputy CEOs of multinational companies with more than 80,000 employees worldwide, Recruitment Managers and Talent Development Managers from IT&C companies with more than 40,000 employees, and HR Managers from auditing companies with more than 30,000 employees. 2 Management Professionals from 2 different recruitment companies, a temporary employment agency and a job portal, were also part of the Focus Group.

Economics Professors from the IESE Business School contributed to the debate, offering the economist's view on the subject. The career services from 2 private universities were also represented by their respective Directors. The public university sector was also represented by a Business Administration and HR Professor.

Finally, all quantitative and qualitative data were collected and analyzed. These results were combined with findings from the review of related literature. The between-method triangulation technique allowed the consistency of the conclusions to be tested. The finding that all results converge increases confidence in the research and lends credibility to this report.

The participation of leading management professionals is crucial and is a definitory part of this analysis. Their experience is relevant in order to identify problems and solutions to

Figure 10. Company size





enhance the human capital levels of Spanish youth. By disseminating their views, this report raises awareness

of the employment policies, training programs and employable skills demanded by companies.

CONCLUSION

In order to participate in solving the problem of youth unemployment in Spain, this study actively involves managers as they are the critical actors responsible for the creation of economic growth through the companies they lead. On their own initiative and in partnership with other social stakeholders, employers can contribute towards the corporate training of young people and towards increasing their employability. By giving their opinions on matters of importance to them, they can help shape and improve public policy in a way that benefits society.

4

Results

THIS REPORT IDENTIFIES THE MAIN CAUSES THAT DETERMINE THE LACK OF YOUTH EMPLOYABILITY, as they are perceived by business leaders. During the research process, it became obvious that public policy cannot be a “one size fits all” policy

Labor market policies should be tailored individually to each youth group in order to achieve maximum efficiency. One cannot really talk about “youth unemployment” without differentiating first among 3 different groups of youth:

» **The achiever:** the youth in this category are talented, motivated and ambitious; they are highly educated and speak at least one foreign language. Even though this kind of youth could find employment in Spain, they prefer to search abroad as the long-term prospects there are better. Moreover, they want to have new experiences and broaden their horizons. They are the most valuable human capital asset in Spain and the “brain drain” phenomenon, their leaving Spain to go abroad, should be avoided.

» **The average:** this particular group consists of youth with average education. They do not speak any foreign language fluently, and their soft skills are limited. This kind of youth would probably benefit most from an experience abroad, from learning a new language and also from gaining independence.

» **The unskilled:** youth in this group are either early school leavers or do not possess any employable skills. This type of individual should be trained, they should receive guidance to complete at least some form of secondary education and they should be provided with basic employable skills.

In the long term, Spain needs to create the right environment so that its youth talent can return home and the problem of ageing staff in companies is avoided.

During the research process, evidence showing that currently only the most qualified youth is still employed in Spain was discovered. This is why recruitment processes take longer and longer as there are more and more candidates on the labor market and only the very best will eventually get a job. Moreover, it is “the achievers” who mostly prefer to leave Spain as they believe that countries such as Germany, the US, the United Kingdom or countries in Latin America offer better prospects for professional development in the long term and it is becoming increasingly difficult to offer them sufficient incentives to remain in Spain. Now more

than ever, resources are scarce and should be efficiently employed and this is why companies carefully select their young employees, a phenomenon also known as “cherry-picking” the highly skilled workers.

Two main reasons for the youth unemployment problem have been identified in this study. They refer to

the educational system and to public policy. Although the educational system encompasses private educational centers, it is also a part of the public sector, and part of the State’s public policy. Therefore, the importance of the State’s subsidiary role is very clear.

PROBLEMS RELATED WITH THE EDUCATIONAL SYSTEM

» **Skills mismatch:** There are two problems related to skills mismatch, overqualification and underqualification.

Overqualification: More and more young people take on tertiary education as the job market for professional work becomes more competitive. However, the fact is that businesses do not always require such skills; in fact, studies show that Spain has the highest skill mismatch indices in the EU.

Underqualification and underskilling: This refers to individuals who do not possess the skills demanded by their job, or whose highest qualification is below that required for their job. This is especially the case of the early school leavers who have not completed secondary education.

These problems are related to **youth training**, which businesses do not find adequate. Also, managers have mentioned that **new types of training** are needed in order to increase youth employability.

» **Youth disorientation:** Managers believe that career guidance for secondary school students should be an important

part of their education. Parents should also be able to guide their children by offering them sound career advice based on the labor market demand. The social stigma of vocational training should be put to one side if it is in the child’s best interests.

» **Lack of the mindset to plan an international or entrepreneurial career:** Traditionally, Spain has been a country where youth left home later compared with other European countries. During the current crisis, young people are

IN THE LONG TERM, Spain needs to create the right environment so that its youth talent can return home and the problem of ageing staff in companies is avoided

beginning to understand that hard times call for drastic measures and that leaving home to find a job is a possibility worth considering. The lack of entrepreneurship training is a

related problem, as youth should feel empowered to bring about the change they need. They should be given the capability to be part of the solution to the unemployment problem through startup companies, creativity and

entrepreneurialism, both inside Spain and abroad. This measure should target especially the averages and the underskilled, as the achievers already have both the drive and the ambition needed for internationalization.

PROBLEMS RELATED WITH PUBLIC POLICY

- » **Lack of demand:** Businesses urge the government not to focus exclusively on subsidies, but instead to allocate resources to attracting foreign investment in order to increase demand, which will then lead to business growth and recovery, making subsidies unnecessary.
- » **Challenges related with the legal framework of the contracts for youth:** Currently, the school-to-employment transition is hindered by the lack of a contract that benefits companies and offers meaningful employment for youth.
- » **Overwhelming bureaucracy:** Business leaders have learned to deal with legal hindrances. However, greater transparency and simpler procedures are desired measures.
- » **Lack of public platforms:** Where labor supply and demand for young workers can meet: such meeting platforms are very important as they provide valuable information about the types of jobs and skills required on the labor market, as well as a means for youth to find work.



4.1 Problems Related with the Educational System

4.1.1 Skills Mismatch

Skills mismatch is an encompassing term that refers to various types of adjustments between the skills demanded and the skills supplied in the labor market. This mismatch between the skills that graduates possess upon completing their formal education and the skills that the labor market requires for meaningful employment is one of the major problems of the Spanish educational system.

On the one hand, there are too many overqualified workers who have tertiary education and cannot be matched with appropriate jobs. Usually this youth are either the achievers or the averages. Moreover, with the current economic situation, more and more youth are choosing to continue their studies instead of searching for a job, as the opportunity cost of studying is lower when there are no jobs in sight. Data from the OECD¹⁸ show that overqualification in Spain reaches 32.6%, while the average overqualification measure in OECD countries is 25.3% for the entire population. This percentage is calculated by comparing the workers' qualifications on the 1997 International Standards Classification

of Education scale (ISCED)¹⁹ with the qualifications required for their job according to the 1988 International Standard Classification of Occupations (ISCO)²⁰. The paradox is that while recent technological advances increase the demand for skilled workers, a high percentage of them still remain underemployed.

On the other hand, early school leavers are underqualified for most jobs. They are the unskilled and unqualified youth group. On top of that, most do not have the soft skills necessary in order to successfully search, apply for and get a job. In Spain, underqualification is estimated at 31.1%, while the OECD²¹ average is 22.2%. Many early school leavers are in this position. In Spain, during the rise of the economic bubble, many young people chose to drop out of school and start working because well-paid contracts were easily obtained, especially in the construction sector, the one hardest hit by the economic recession. Due to a combination of factors, among them the decline of available jobs in the construction sector, the early school leaver rate dropped from 31.0% in 2007 to 24.9% in 2012, as Eurostat data shows.

¹⁸ Quintini, G. (2011), "Right for the Job: Over-Qualified or Under-Skilled?", OECD Publishing.

¹⁹ The 1997 International Standards Classification of Education (ISCED) contains 7 categories: no qualifications or pre-primary education, primary education, lower secondary qualifications, upper secondary qualifications, post-secondary non-tertiary qualifications, first stage of tertiary qualifications and second stage of tertiary qualifications.

²⁰ The 1988 International Standard Classification of Occupations (ISCO) contains 28 occupational categories grouped in 9 major groups: Legislators, Senior officials and Managers; Professionals; Technicians and Associate Professionals; Clerks; Service Workers and Shop and Market Sales Workers; Skilled Agricultural and Fishery Workers; Craft and related trades workers; Plant and machine operators and assemblers; Elementary occupations; and an extra category for the Armed Forces.

²¹ Quintini, G. (2011), "Right for the Job: Over-Qualified or Under-Skilled?", OECD Publishing.

The two sides of the skills mismatch problem, overqualification and underqualification, were both highlighted during the Focus Group. The HR Manager of a large multinational business service company noted,

"Well, yes, I believe that we should consider that the Public Administration should not focus exclusively on economic aspects, it should also focus on educational aspects".

OVERQUALIFICATION

One HR Business Partner from an important multinational auditing company highlighted overqualification and overeducation in Spain:

"Our company does not have production plants obviously, but we are collaborating with vocational training centers to obtain people with an administrative profile. But it is difficult. They are all employed. It is not that easy. We have millions of applicants that have Bachelor's Degrees in Business, Economics or Law, but it is impossible to find someone with vocational training in Administration".

Overqualification results in demotivation and frustration of the overqualified worker, but, more importantly, it results in unemployment. The problem in the education-to-employment transition is in fact the level of education that young people have when leaving school.

Employers are not satisfied with the training young people receive at school and are in favor of introducing a more flexible training program for young people, one in which they also have a say. The averages as well as the unskilled would benefit most from such measures. Empowering them and giving them access to forms of training that are adjusted to their needs and their starting

Traditionally the Public Administration's policy objective has been to incentivize and subsidize youth hires. **Yet from the beginning of the Focus Group, it was clear that companies do not approve of this strategy, and would prefer to spend public funds on economic growth policies.**

level enables them to enhance their human capital level.

Even though overqualification is a problem experienced both by youth and managers, when asked whether they would hire overqualified young people, 65% of the companies surveyed answered positively, mentioning that overskilled workers can help improve procedures, offer new ideas, contribute their knowledge and have the possibility of following a career development plan inside the company. They would rather have talent in excess than lack talent and they prefer to take advantage of the current labor market situation to find an exceptionally skilled workforce. The remaining 35% are more cautious and consider the increased costs, the demotivation, the frustration and the eagerness of an overqualified worker to leave for a more suitable job as hindering factors in hiring overskilled young people.

Most overqualified workers have an university education but are employed in jobs that do not require this type of qualification. On this subject, the Deputy Director of an employment portal company mentioned results from a study they had recently performed:

“We are developing a certain level of education in our youth which ultimately is not demanded by companies. In jobs where no university education was required, 92% of the people who applied for these jobs were overqualified. When jobs required a vocational training diploma, 60% of the people applying for them had more than just vocational training. So the pyramid is pressuring downwards”.

Actually, the number of tertiary education graduates in Spain is comparable with that of other developed economies. Eurostat data shows that 11.3% of youth between 15-24 have a first or second-stage tertiary education diploma in Spain in 2011. In the 17 Member States of the EU, only 7.3% of youth have such qualifications. However,

the number of vocational training graduates is considerably below that of other economies, which is not aligned with the Spanish economic development model. In Spain, 30.2% of youth have upper secondary or post-secondary non-tertiary education, while the average for the EU-17 countries is 40.5%.

These figures raise the need for a coherent agreement that will usher in a new stage in the evolution of vocational training in Spain. Vocational training should be able to meet the challenges of industry, as the current model has exhausted its possibilities. In order to succeed, all key actors in the Spanish system should be involved as this is a necessary condition for ensuring that the impact of such an agreement will be effective²².

UNDERQUALIFICATION

The participants in the Focus Group were well-informed and concerned about the situation of uneducated and unskilled youth. The HR Manager of a business services company mentioned that:

“Of the 55% youth unemployment in Spain, 80% have no relevant education. And this comes from the explosion of the construction bubble, where people did not finish their education because it was easier to work, earn money and have a job contract”.

This is the third, unskilled youth group for whom policy measures should focus on enabling them to complete some form of education and acquire some basic skills. They should be oriented and guided in order to choose training programs that will later ensure employment.

Managers admit that even though youth's academic and soft skills training are not what they need, they take matters into their own hands by collaborating directly with education centers and universities as well as through social responsibility programs to get the workforce they require. The Recruitment Manager of a MNC with more than 300,000 employees worldwide from the food and beverages industry mentioned their CSR (Corporate Social Responsibility) program as a possible solution for under-skilled workers:

“Our company offers training in collaboration with a local school

[...] because we are looking for electromechanical technicians and it is impossible to find this profile. So, this is a way to ensure the future employees our company needs”.

This provides further evidence that companies are involved and are concerned about the youth problem. This statement triggered responses and reinforcements from all other companies, each mentioning the CSR programs they are undertaking and the steps taken in order to motivate young people, train them, encourage them, identify talent, attract it and then develop it. Some of the CSR initiatives mentioned included participation in the “Youth Employment” initiative to develop dual vocational training, “Junior Achievement” programs including the “job shadow day” and other collaborations with ONGs to help individuals in risk of social exclusion to develop a business idea and their own start-up.

Managers criticize the government's reforms, but they are not waiting passively for things to get better. Instead, they choose to play an active role in youth employability. They recommend that **instead of focusing on subsidies and incentives for hiring, the Public Administration should develop more public and private sector collaborations and simplify the legal framework for such initiatives.**

²² Obra Social Fundación la Caixa (2009), “Vocational training in Spain. Toward the knowledge society”, Social studies collection no. 25, Barcelona.

CSR IN MNCS OPERATING IN SPAIN

CSR is in vogue, but it is more than just a trend, nowadays it is a necessity. CSR is becoming a part of companies' strategy and this is positive because they are starting to recognize that it is truly their responsibility to contribute to the solution of social, environmental, developmental and sustainability problems. They understand that apart from generating economic value, companies should also respond to social needs. Even if their response is not totally disinterested and often seeks to improve their corporate image, it is beneficial to society that they devote effort to CSR. Good examples are therefore needed to spread CSR initiatives within the business world.

In fact, in Spain, large MNCs such as Citi, Accenture, Indra, Nestlé, Eulen Group, KPMG, InfoJobs, Adecco and other companies are working on involving their staff in CSR programs.

In Spain, Citi's CSR programs focus especially on supporting youth and child development, giving priority to disadvantaged populations and populations at risk of social exclusion. They support and develop basic financial and economic education and entrepreneurialism in youth and children while collaborating with over 22 NGOs in Spain. Some of the more creative endeavors include a comic book and theatre plays. Just during the year 2011-2012, Citi allocated over \$140,000 to different CSR projects in Spain through Citi Foundation.

Another important part of Citi's CSR program is the voluntary program. Over 30% of their employees are actively volunteering in different projects. The "Partners for one day" program had 20 participants in 2011. 40 employees have personally participated in Junior Achievement initiatives in educational centers in major Spanish cities and have reached 995 children.

Source: www.citi.com

Accenture has donated more than 80,000 hours of free consulting as part of their CSR program and more than €1 million for social action programs. An important part of their involvement is the "Skills to Succeed" initiative aimed at improving youth employability in every country where Accenture is present.

Source: www.compromisorse.com

Indra is involved in developing entrepreneurship among youth through its "Entrepreneurship is Possible" platform together with the Fundación Príncipe de Girona. The platform's aim is to enable youth to define and build their own ideas using a methodological model that envisages all areas of an entrepreneurial initiative that need to be considered. Through their website, they provide personalized advice if the youth so wish. They also offer publicity on the market and help in finding financial support.

Source: www.emprenderesposible.org

Nestlé is part of the Youth Employment Initiative and aims to create 20,000 jobs and training positions for youth younger than 30 in Europe in the period 2013-2016. Among the most recent Nestlé investments in Europe are 3 initiatives in Spain, in Girona, La Penilla and Pontecesures. In these three locations, Nestlé is collaborating with local educational centers and implementing training programs for youth for the year 2013-2014. In Girona, they are collaborating with the "Institut Narcís Xifre i Masmitjà", and offering training

positions for a first-stage vocational training diploma. In La Penilla, together with the educational center Fermín Bouza Brey de Vilagarcía, they offer a second-stage vocational training program. In Pontecesures, the educational partner is "Lope de Vega" de Santa María de Cayón. All these partnerships follow the "Strategy for Entrepreneurship and Youth Employment 2013-2016" blueprint. Nestlé seeks to attract youth with talent, professional skills and knowledge as well as young graduates through the Youth Employment Initiative and to offer young students training and professional consultations, as well as coaching and mentoring in order to improve their employability.

Source: www.compromisorse.com

www.empleo.gob.es

Eulen Group offers training to its employees and relocation to other countries where the group is present as a part of their CSR program. In 2012, they offered more than 1,209 training courses worldwide totaling over 300,000 training hours. Apart from the training courses offered to employees, the Group also supports the integration of foreigners, disabled people and people at risk of social exclusion in its plants worldwide. One of the Group's initiatives especially addressed to youth is its grant program for university studies.

Source: "Informe de Responsabilidad Corporativa 2012", available at www.eulen.com

KPMG is focused on integrating disabled people in the labor market. Together with Fundación ONCE (Organización Nacional de Ciegos) and CERMI (Comité Español de Representantes de Personas con Discapacidad), KPMG is part of the Foro de la Contratación Pública Socialmente Responsable. With this participation, KPMG confirmed its commitment to social responsibility programs that promote indirect job creation for disabled people and encourage compliance with equal opportunities legislation.

Source: www.kpmg.com

InfoJobs launched a program called "Compromisos InfoJobs" ("Commitments InfoJobs") in 2009. This program seeks to help the population groups most affected by the economic crisis. On their website, they present several of their "Commitments" with society from the past 4 years. For example, InfoJobs Commitment #10 was to help entrepreneurs of all ages through both face-to-face and online coaching, in collaboration with SECOT (Spanish Seniors for Technical Cooperation), a not-for-profit organization with over 22 years of experience in this field.

Source: <http://nosotros.infojobs.net>

Adecco is involved in several CSR programs through the Fundación Adecco. Their main focus is labor market integration through education. Through multiple collaborations with BBVA, Endesa and other companies, Fundación Adecco takes part in various projects to fight poverty and integrate people from disadvantaged backgrounds in the labor market. Their project "Unidos" ("United") is aimed at providing counseling and labor market integration for university students with disabilities, through a mentor-based integrative plan.

Source: www.fundacionadecco.es

JUNIOR ACHIEVEMENT

Junior Achievement is a not-for-profit organization founded in the US in 1919. Junior Achievement Worldwide US and Junior Achievement - Young Enterprise Europe are dedicated to inspiring young people to take charge of their future. Through collaborations with local businesses, volunteers empower youth from kindergarten to high school by offering them knowledge of financial topics, work readiness and entrepreneurship.

Most programs are experiential programs where youth can get hands-on experience of what a career or job would look like on a daily basis. For example, the “job shadow day” is a work experience opportunity in which students learn about a job by walking through the work day as a shadow to a professional. Students witness firsthand the work environment and increase their career awareness, which helps them understand better the link between classroom learning and work requirements.

Junior Achievement is the world’s largest organization dedicated to giving young people the knowledge and skills they need to own their economic success, plan for their future, and make smart academic and economic choices.

Source: www.juniorachievement.org

YOUTH EMPLOYMENT INITIATIVE

The Youth Employment Initiative was launched in February 2013 by the European Commission. This Initiative is aimed at enacting the “Youth Guarantee”, the guarantee that young people up to age 25 receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving school or becoming unemployed in each member state of the EU.

To this end, funds have been allocated for the period 2014-2020. The budget for the Youth Employment Initiative is €6 billion and seeks to support youth who are unemployed, especially the NEET youth, the individuals not in education, employment or training.

This Initiative is part of the December 2012 Youth Employment Package and it should be complementary to other country-specific projects that have the same purpose of raising the employability of youth and reforming the necessary institutions.

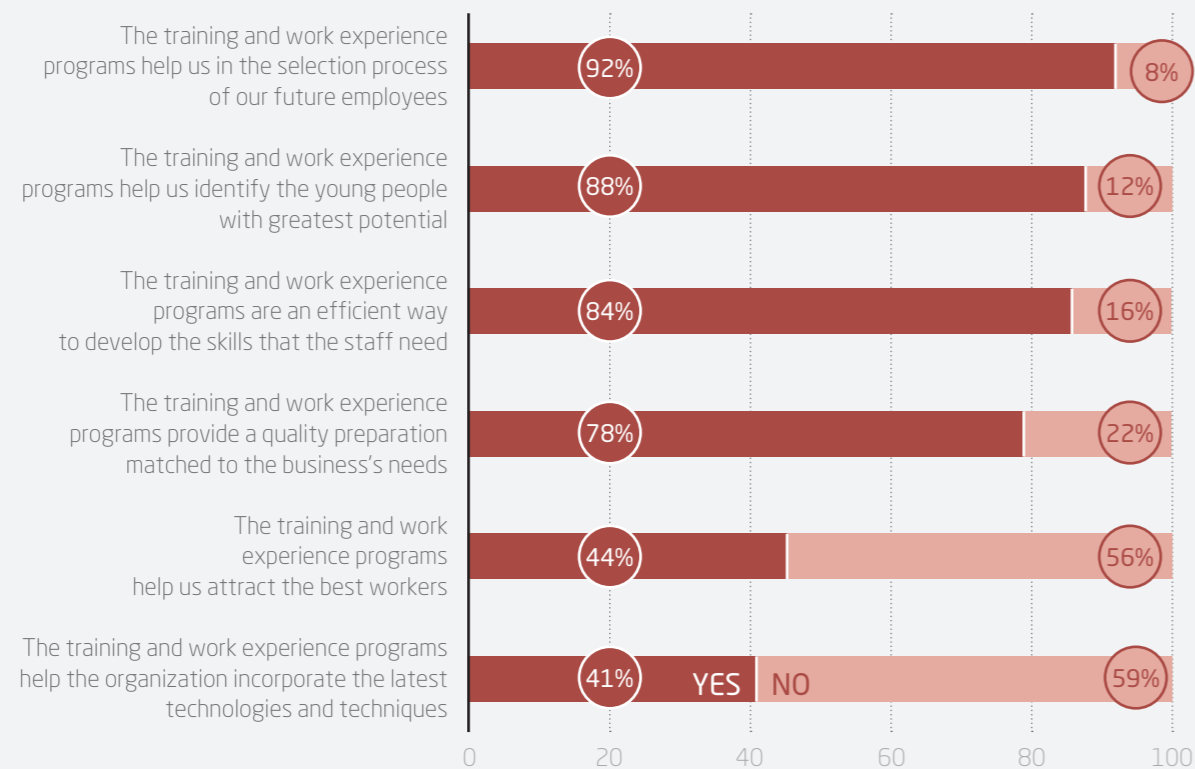
Source: <http://ec.europa.eu>

YOUTH TRAINING IN SPAIN

One way to solve the skills mismatch problem is by adapting the training that youth receive to resemble more closely what companies are demanding. Managers' perception about youth's skills and abilities when they graduate suggest that this measure is needed. However, managers often end up investing in on-the-job training as this is the best way to train workers according to their needs. Training and work experience programs

are one way of offering on-the-job training. Most respondents agree that they are a useful tool for selecting future employees and allow organizations to identify talented young people. However, less than 50% of the respondents see these programs as a method for attracting the best workers and even less perceive them as a method for bringing the latest know-how and state-of-the-art technologies into the company.

Figure 12. Attitudes toward training and work experience programs



Another solution for offering on-the-job training is provided by internships. However, the replies reflect the same picture and provide evidence that there is no perceived difference between training and work experience programs and internships. Managers believe that these programs help them in the employee selection process, and help identify promising youth. However, less than half of the respondents think that internships are a useful tool for attracting talent to the company.

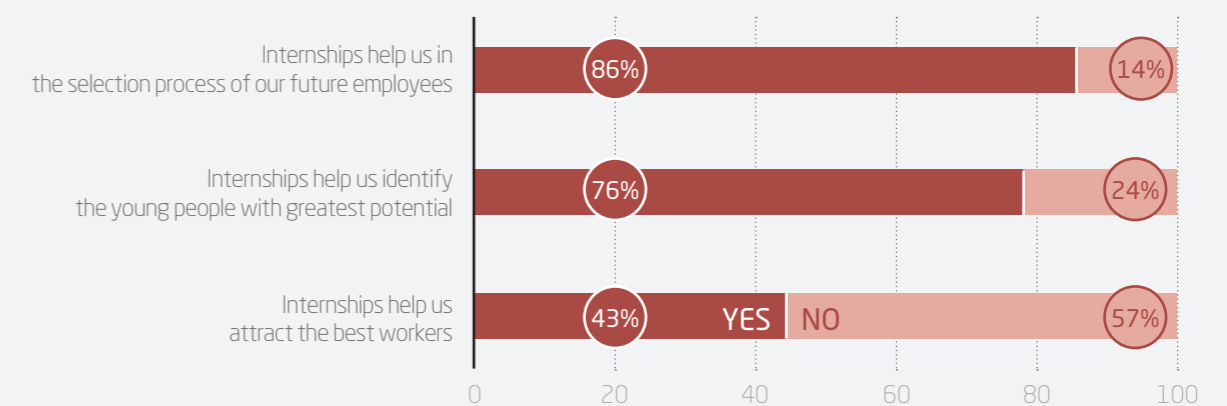
An International HR Manager from a technology consulting company agreed that internships are often a great way of discovering real talent, young people who are achievers:

"It is true that they [the internships] are also used to look for people where you say 'wow!' This person is brilliant, he

stands out, and you also end up using internships for selecting talent. Because also during their studies, and before graduation, you make a preselection of the interns. And for me, a positive attitude is key".

The fact that businesses use internships to attract and preselect future employees is a positive finding. Indeed, interns need to be assigned a tutor, they need to be guided and taught, and allocation of resources by the organization to this should be encouraged. Indeed, 86% of the survey respondents mentioned that they use internships as a recruitment tool. And 76% attest to the role of internships in selecting the most talented youth.

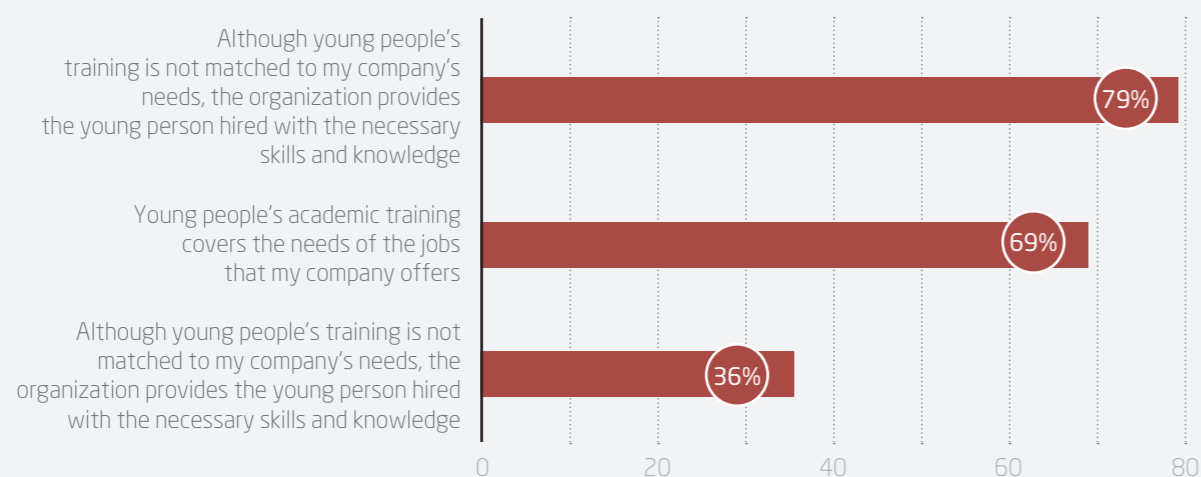
Figure 13. Attitudes toward internships



The most efficient way to train future employees is through in-company training. 79% of respondents say that even though the academic training that young people receive is not suited for

the job description, they offer some form of on-the-job training themselves. 40% of all surveyed managers affirm they have specific in-house youth training programs.

Figure 14. Attitudes toward young people's academic training



Respondents were also asked to grade the skills that they value most in young employees, from 1 (lowest grade) to 5 (best grade). Teamwork and flexibility had an average grade close to 5, while computer literacy, knowledge of foreign

languages and communication skills had an average closer to 4. Other skills highly valued by companies are soft skills, such as having a positive attitude towards work, optimism, willingness to be part of a team and to learn, and enthusiasm.

Table 3. Average scores obtained by the skills listed

Skill	Average obtained score
Teamwork	4.6
Flexibility and capacity for learning	4.6
Computer literacy	4.2
Communication skills	4.1
Foreign languages	4.1
Analytical thinking	4.0
Creativity	3.9
Managerial software	3.6
Leadership skills	3.4
Previous work experience	3.3
Academic track record	3.3
Negotiation skills	3.2
Geographic mobility	3.1
University of origin	3.0
Extracurricular activities	2.9
International experience	2.8
Accounting and cost control	2.7
Handling machinery	2.6

In general, the grades are quite high and companies have high expectations from the youth they hire. Being flexible and having a capacity for learning, having team-working skills and computer literacy as well as communication skills are very important in today's corporate environment. This phenomenon of "cherry-picking" the best employees and identifying and retaining talent is a newer development in the Spanish

labor market. Companies do not look for people with excellent accounting and control knowledge, which in fact is one of the skills that scored lowest, but instead they look for human capital in the future generation, the set of personal traits, characteristics and abilities that can later be formed into a versatile employee. In short, they look for achievers and not for the averages.

This point is also important for universities and educational centers to consider. Companies are clearly demanding more soft skills than theoretical knowledge and the emphasis in the curricula should be shifted accordingly. Since soft skills can be instilled starting in early childhood, primary and secondary education centers should also consider reform and teach their students life skills such as public speaking, teamwork, social skills, relational skills and entrepreneurial skills and not focus exclusively on children's literacy.

NEW TYPES OF TRAINING

As the training that young people have does not match the demands of the labor market, one obvious solution is to create alternative training programs. This would also help solve the problems of both overqualification and underqualification. The Career Services Director from a prestigious private university emphasized the importance of education in overcoming the skills gap mentioning that:

“The gap is created when young individuals leave university with a purely theoretical training, amazing micro and macro knowledge, yet when they are left in front of a computer in a business or organization, they cannot use that knowledge, or they do have some knowledge, but nothing relevant for moving around in that organization. Therefore, there are two different concepts of universities: one purely academic, for research and acquisition of purely theoretical knowledge, and another that allows you to acquire skills that enable you to serve a company’s needs. However, the problem is that companies are dynamic and academic curricula take time to be created and approved by the corresponding authorities”.

Again, the need for more soft skills is mentioned and the importance of marketable working abilities is highlighted. Flexibility is not only desired in young employees, but also in the design and adaptability of university curricula. In a fast-changing world, educational centers should also be given the possibility to adapt to the labor market’s changing demands.

In fact, another Career Services Director mentioned a survey they undertook:

“In fact, many times we have asked organizations ‘What do you want? How useful do you find our graduates’ skills?’ And to our surprise, the answer is often that ‘it seems that it isn’t what we need’. And truly, our efficiency, the index of how many students are placed in companies is the insertion index through internships, which was 62% this year in the same company as the internship or in other companies. And then the question is: What is happening? What is happening is that it is the focus in youth training that has brought us to this situation. Four years ago, we were also in the same situation, and the insertion index was 78%”.

It seems that companies are not satisfied with young people’s skills, although universities are doing their best. One reason for this was explained by one very experienced Professor from IESE Business School, who mentioned the rigidities of the official bodies that do not allow universities to adapt their curricula to annually changing demands, as each curriculum takes a long time to be studied and approved by the relevant authorities.

University studies as well as vocational training programs should be adaptable and flexible in order to adjust to labor market demands. The Public Administration and universities should coordinate and offer their students marketable skills. One example of marketable skills is the preparation for exams and tests that are offered during recruitment processes. The HR Manager from the banking industry mentioned that :

“Then you find people that on paper have relevant education, for example, young people who contact you, who are

recommended by others, and you tell them ‘Ok, look, if you would like to work with us, there is an internship program at EMEA [Europe, the Middle East and Africa] level, and you need to pass these tests...’, and they do not pass the tests!!! Or their command of English is not good enough to get out there, to be able to move in a purely international environment”.

The problem is that young people are not well-trained enough, they lack talent and abilities, and the averages will not be employed. Only the very best, the achievers, the ones who go the extra mile and supplement their formal education with their own hard work and self-learning, only they will be cherry-picked by employers in a labor market such as the Spanish market, as it is today.

The solution to this problem was presented by the HR Manager of a business services company, who mentioned:

“This is what should be changed and the change must be made in all areas: the companies, the Government, which has a very important role, and the universities themselves. For a long time universities have taught purely academic knowledge and, in my opinion, I believe that the role of the university is to transmit information, skills and knowledge useful in everyday life. This is good for the companies and good for the students. And this is what should be changed. And this is not an overnight change; it is a pilgrimage that will take a few years, and for this reason we should start working on it...”

In order to bring about real change and long-term reform, the whole community must participate in it and do its part. The public sector, the educational sector and the private sector should improve their communication and should collaborate closely to support youth.

The fact is that policy changes are necessary in order to facilitate the deep institutional changes underlying them. Educational centers and universities should be flexible and eager to adapt to a changing labor market.

4.1.2 Youth Disorientation

Youth disorientation is one of the sociological problems that business managers and Professors report. Although this topic was not part of the survey, it spontaneously became part of the research during the Focus Group. This is clearly a matter of concern to Spanish HR professionals. One HR Management Professor from a large public university in Spain mentioned that:

"...many times young people are disoriented when choosing their future career and there is no coordination between labor market demand and young people's academic track choices. For example, think about the vocational training in Spain that is currently more or less developed. There is also a lot of disorientation within the university, among the individuals finishing their

academic studies, as well as among those who are just starting, including regarding foreign languages. Before enrolling for college, young people do not have a perspective of what the labor market is demanding. It is incredible, but true".

With all the choice of educational tracks available nowadays, youth are often overwhelmed by possibilities. It is hard for them to figure out what they want to do, especially when they lack information. In fact, young people suffer from a two-fold disorientation: on the one hand, young people do not know whether to choose vocational training or university education, and on the other hand, they are not offered career counseling in choosing a professional track for their future.

VOCATIONAL TRAINING

In what regards vocational training, business leaders are aware of a need to change society's outlook on the subject. They believe that parents should guide their children towards training that is in demand on the labor market, not towards what are fashionable professions. The Deputy Director from an important on-line employment portal mentioned that:

"There is a prior point that should be met: this is offering counseling to the young person who has to decide whether to go to college or choose vocational training. This career counseling should be based on what the labor market is really demanding. And this is where the gap begins, where there is a disadjustment between what the labor market demands and what young individuals choose".

However, parents should consider only their children's best interests and their future employability.

On the subject of this social stigma, the HR Manager of a business services MNC mentioned that:

"...there is an important social component, because vocational training has an important social stigma: we all want our sons and daughters to study in a university or college, no matter what it costs. (...) But this needs to be overcome, because we must direct our children towards a career that will enable them to get on in life, and I cannot insist that they become something that is fashionable".

In order to overcome this social stigma, the vocational training programs should be

rebranded to counteract the negative image and low public acceptance of vocational and technical education. Challenges include a limited range of programs, basic facilities and learning environment and low staff capabilities. Some ideas for rebranding are to bring industry representatives into the educational centers, to let teacher staff increase their practical skills and update their knowledge, and to sustain the transformation process until the new image of vocational training is achieved.

The Recruitment Manager from an auditing company noted that:

"In the end, this is a cultural problem and parents want their children to have an academic education and not only vocational training, because vocational training is JUST vocational training... And, of course: we need to change this, and the culture in the primary schools and in the homes".

Vocational training rebranding is definitely one of the policies that would most benefit unskilled youth. For early school leavers and manually talented youth, this type of secondary education is ideal. Moreover, the labor market demand is high for qualified technicians and vocational education graduates.

The Dual Vocational Training System is a type of vocational training that combines theoretical education with experience inside a company and that generally spans a longer timeframe, usually 3 years. In the survey, 70% of all respondents mentioned they would be willing to participate in the implementation of this type of vocational training in Spain.

DUAL VOCATIONAL TRAINING

The Dual Vocational Training System combines on-the-job experience with theoretical education. This system is practiced in several European countries including Germany, Austria, Switzerland, the Netherlands and France, but also in Asia, for example, in China or South Korea.

Through this system, young people acquire qualified training in apprenticeship occupations, learning skills, abilities and knowledge regulated and standardized by national guidelines. They do not need any type of occupational experience when starting the apprenticeship, and usually they can start one once they have achieved a lower or intermediate secondary school leaving certificate. The duration of such programs can vary from 1 to 3 years depending on the specialization.

It is a "dual" system because 3-4 days a week the students go to classes in a vocational school and they acquire the occupational, vocational component in the remaining days of the week. After graduation, students can either continue studying to achieve more qualifications, they can continue with tertiary education or they can keep on working in the private sector.

Although the system varies from country to country, generally students are paid by the company while the education is paid for by the State. In Germany, for example, 80% of the vocational education offers come from SMEs and about 56% of youth graduate from such programs. The combination of occupational and theoretical training ensures the necessary percentage of qualified people and specialized workers and craft workers demanded in the labor market. Moreover, this type of education is based on a system of lifelong training and skill development.

CASAS DE OFICIO, ESCUELAS TALLER AND TALLERES DE EMPLEO

Spain has a model of Dual Vocational Training that is already implemented. However, this model should be amplified and extended. The Spanish version of Dual Vocational Training centers are called "escuelas taller" (workshop schools), "casas de oficio" (trade learning centers) and "talleres de empleo" (employment workshops). The goal of these training centers is to prepare students by having them assist in the performance of jobs works and services that are useful to the community. After the job or service is finished, the graduate should be ready to work in the same branch of activity and this should facilitate his access to the labor market.

This type of training centers encourages unemployed youth to register with the Public Employment Services even when they are not entitled to unemployment benefits, as this is a necessary prerequisite for access to these schemes. The escuelas taller and casas de oficio are open to young people under 25. The talleres de empleo are intended to help unemployed people over 25 and people who are experiencing difficulties on the labor market, such as, for example, the long term unemployed, people older than 45, women and people with disabilities.

For a program to be funded, it must be related to activities of public interest or utility and be provided by a public body or not-for-profit organization. The funding is provided through public subsidies granted to partners of the General Employment Directory, that then perform jobs and services required for their functioning through escuelas taller, casas de oficio and talleres de empleo. At the moment, only certain type of organisms, such as central and regional Public Administration entities, consortiums or associations, foundations or not-for-profit organizations can access such funding. Relaxing the funding constraints may increase the number of centers and places available. Besides, more cooperation with the private sector may facilitate placement after the course ends.

Source: www.madrid.org

CAREER GUIDANCE

Career guidance is firstly the responsibility of the educational system. All young people should have access to information about job profiles, daily activities in different jobs, career tracks and studies required for certain types of jobs, and also access to a guidance

counselor. There are two ways to ensure access to this information: either indirectly through a website or platform that students can access on their own, or by embedding it into the school curricula and ensuring there is a guidance counselor in each educational center

who is responsible for career guidance. Guidance counselors are educators who evaluate academic readiness for college; assess students' personal and social abilities with a view to their future career and counsel students individually or in groups whenever there is a need to do so.

The HR Manager of a business services MNC mentioned that:

"For example, in the US, children are counseled in Physical Education. Their coach tells them, 'Listen, you could be a really good tennis player.' And this is what we are missing in Spain".

Even though the example given is related to physical abilities and sports, the same idea can be transposed to career counseling. Instead of the coach or sports trainer, the same function is performed by the guidance counselor, enabling young people to benefit from personalized attention in choosing the right professional profile.

One International HR Manager from a technology consultancy company mentioned that it is very important for young people to know what working is like:

"I believe that this is a double window, a double opportunity, both for the company and also for the student, to say 'This is what I really enjoy doing, this is what I hate.'"

Indeed, the best way to offer orientation and guidance is to enter the working

world, to get to know professionals from different areas and to see what their jobs and tasks are. The best information comes first-hand, from personal experience.

Guidance counselors, parents and families should also be empowered to counsel their children towards professional careers. To be able to do this, parents must first meet two requirements themselves: they must ignore the social stigma of certain careers or educational tracks, for example, the vocational programs, if this is in their child's best interest; and they must know themselves what the labor market demand is.

Parents should be given information and knowledge so that they can in turn inform their children.

"I believe that the labor market demand should be analyzed more carefully. At government level, at company level and then the parents should be informed. Probably the knowledge is missing and parents cannot tell their children: 'Look, this is what the labor market demands now.' Maybe what we are talking about is a lack of information..."

said the Talent Development Manager of an IT&C company. In fact, this is where the skills mismatch begins, in the homes, in the family, in the primary education centers, where youth lack orientation towards marketable skills that increase their employability.

4.1.3 Lack of the Mindset to Plan an International or Entrepreneurial Career

This problem is very much related to the social issues discussed earlier. Apart from the stigmatization of vocational training, the Latin culture generally encourages young people to be home-bound and close to family and to the places where they grew up. In fact, one HR Manager from the Focus Group put it this way:

"We have a family umbrella, right now all the unemployed are given support by their families..."

Young people in Spain are known for emancipating later than young people in other European countries and achieving financial independence is difficult.

The Deputy Director from the online employment portal mentioned that

"Only 40% of job applicants said they have total geographical mobility, another 40% said they are available to move depending on the conditions offered. And the group that has the lowest percentage of geographical mobility are young people aged 16-24. In this age group, only very few individuals would move from home. And this phenomenon has a cultural background".

However, in an increasingly globalized world, mindsets need to be changed and mobility as well as internationalization is crucial. The fact that young people do not emancipate and leave the parental home makes them also reluctant to leave Spain when the job demands it.

Still, this Deputy Director affirmed that these numbers were significantly higher than before the crisis. Indeed, people's mindsets are starting to change and this

can be also seen in the fact that more and more young people are leaving Spain to find employment in other countries. The staff Recruitment Manager from an important MNC from the food and beverages sector mentioned that

"I remember two particular cases – one person who chose to go to Canada, because he had got a work permit, although he left without having a job offer, but he said that 'given the current situation in Spain I prefer to leave and try my luck and I am sure that I will have more career opportunities there than here.' (...) Another person also preferred to leave to go to Germany, in a company in the same group, but that operates there. So it is becoming increasingly difficult to attract talent here in Spain".

The young people who are available for relocation are the achievers. They are willing to leave the country because they see better long term opportunities for professional development abroad. The achievers are ambitious and have an international mindset; they have talent and possess skills and knowledge that are marketable. Spain should increase its efforts to retain such youth and to offer them meaningful jobs inside of Spain. These individuals usually speak more than one foreign language and can easily find employment in a foreign country.

Another group of young people who leave Spain in order to find employment are those who cannot find jobs in Spain because they lack marketable skills: the averages. It is important that they leave in order to acquire new knowledge and experience, to perfect their

foreign language skills and to test their ambition.

In the long term however, public policy should find ways to attract all youth groups back to Spain by offering them adequate conditions for return and avoid the “brain drain”. With an ageing population in Spain, young emigrants are a valuable asset for Spain and should be regarded as such.

However, the openness of young people towards international career planning is not the only element that should be adjusted. Organizations’ business models have also changed dramatically in recent years. The HR Manager from the business services company described the situation as:

“We are a global world and your company must have this global presence, you have to manage it globally. Companies are increasingly relocating jobs lower down the hierarchical scale. It is cheaper and more efficient to move them and, ultimately, unfortunately or maybe fortunately, you always have to think in terms of costs”.

Globalization has affected the business model. Employees are not given expatriate status when moved to a different country, and the CEOs and managers are not the only ones being sent off. More and more entry-level positions or technical and non-management employees are being sent to other countries as this is much more affordable for the company. And public policy should take full advantage of this situation. When a country like Spain is in an economic downturn, the Public Administration should be able to reorient its youth towards company groups that also operate in other parts of the globe. Not only the Public Administration, but also Spanish companies should be able to effectively employ young people from

Spain in other countries where they operate.

But leaving Spain should not be the only solution to move forward in an economic crisis. Another solution should be entrepreneurship. Young people should be empowered to be part of the solution to the unemployment problem. Their creative spirit and energy should be put to good use by creating new companies and bringing innovation on the goods and services market.

A related problem is the lack of entrepreneurial training in Spain. It is difficult for a young person to go abroad and take responsibility for himself, but it is also difficult to remain in Spain and try to set up a business. This difficulty arises from the fact that entrepreneurial skills are not taught in educational centers. The HR Manager of an important bank mentioned that:

“...people should also develop their capacity for entrepreneurship. This example is always used: ‘Oh, these American kids who sell lemonade...’ And I don’t know whether they really do, but it definitely does not happen in Spain. This entails a cultural change and this change will not happen overnight”.

Young people need to be empowered to be part of the solution, using their drive and creativity to aid in the recovery of the Spanish economy. The victim mentality, where youth unemployment is only a product of circumstances and external factors, is not right. Each person should take responsibility for themselves and try to make the best of the possibilities offered to them. But this is very difficult if one lacks the minimum knowledge in order to do so. Including entrepreneurship classes in compulsory curricula would



definitely spark the entrepreneurial spirit in youth.

Entrepreneurship is a key driver of any economy, but especially so in Spain where more than 90% of all companies are SMEs. Young people should be exposed to entrepreneurship ideas right from middle school and high school. People exposed to entrepreneurship training frequently express that they

have more opportunity to exercise creative freedom, higher self-esteem, and an overall greater sense of control over their own lives. As a result, many experienced businesspeople, political leaders, economists, and educators believe that fostering a robust entrepreneurial culture will maximize individual and collective economic and social success on a local, national, and global scale.

It is important to prepare young people and adults to succeed in a globalized and entrepreneurial economy. An international mindset, geographical mobility and entrepreneurship classes are some of the challenges on the road to change.

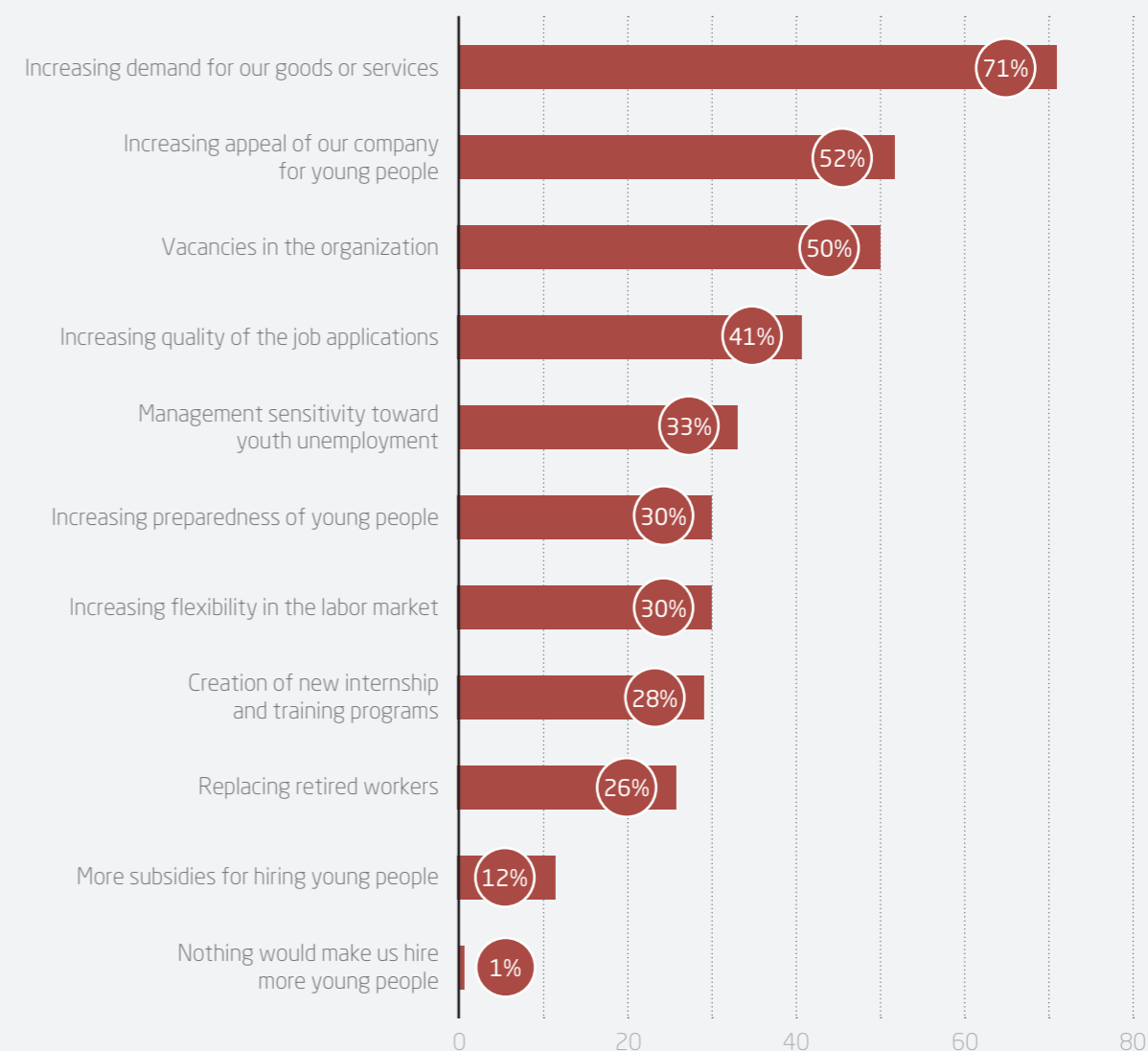
4.2 Problems Related with Public Policy

4.2.1 Lack of Demand

This report shows that the primary wish of businesses, regardless of subsidies, tax cuts, employment reforms, new types of contracts and other government initiatives proposed lately, is the recovery of demand. Respondents were asked to rate possible reasons that would

induce them to hire young people in 2013. These reasons were rated on a scale from 1 to 5, 5 being the best score. The answers that received the overwhelming majority of grades of 4 and 5 were “Increasing the demand for our goods or services”, with 71%.

Figure 15. Reasons for hiring young people in 2013



This view was supported during the Focus Group, where one recurring argument was that the Government cannot be focused only on subsidies but should instead give some thought to attracting foreign investment in order to increase demand, which will then lead to business growth and recovery, making subsidies

unnecessary. The HR Manager from a business services company said that:

“The role of the Public Administration cannot be always the same, which is to apply budget cuts or subsidies to certain contracts. Instead, they should see where investment is heading towards. The Spanish companies are currently

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moving their investment outside of Spain. Investments create jobs, something that contracts and reforms cannot do. The contract only helps to formalize the relationship with the employee: that is all. So right now, and I am talking from what I know, and about companies I know, companies are very active outside of Spain, we are moving our investments outside of Spain”.

Subsidized employment programs provide jobs to people who cannot find employment in the regular labor market and use public funds to pay a part of their wages. Most contract incentives are short-term measures and they are not always successful at helping participants transition to unsubsidized employment. However, these programs also have other types of benefits and have been shown to be effective in situations of high unemployment.

Regarding the increase in the demand for goods, one manager noted that:

“I think that it is more important to create a reaction strategy of attracting more foreign investment to Spain and also of enhancing and improving vocational training for the jobs needed. And the question is not so much about the form

that this will take, the type of contracts or the subsidies, which is what we see more and more. There are industrial models in other countries, for example, in Ireland there were some very good models (that at the time attracted a lot of foreign investment, but then Ireland ended up being one of the PIG [Portugal, Ireland and Greece] countries). But Ireland’s growth at that time was fueled by foreign investment, which empowered a rising spiral of people who would be employed in these large companies, and also creating a rising spiral of people who would offer services to these new employed individuals. In short, by empowering the middle class. Today, the middle class is becoming poorer and poorer. We are destroying a middle class that is actually our end consumer, the one that will buy the products that would give life to an entrepreneurship strategy. Without an investment policy, we will always have the same recurring problem”.

Every business provides a good or service to a consumer or another business. The supply and demand of the good or service affects the revenue attainable from the market. In an economy with little revenues, little investment is made, and without investment there can be no job creation.

Between 1994 and 1999, Ireland experienced a period of unprecedented economic growth. GDP growth averaged 8.4% in that period, earning it the nickname “Celtic Tiger”. Employment rates kept up with the economic trend and the overall unemployment rate was 5.6% in 1999 and 4.2% in 2000.

What exactly caused this impressive economic surge is still debated. Tax policy, the introduction of the Euro, efficient industrial policies and cultural factors all contributed.

The industrial policies applied by Ireland at that time encouraged major multinational companies from the IT&C, Chemicals and Pharmaceutical industries to move their European headquarters to Ireland. Beside the facility of being an English-speaking country, Ireland was also committed to the EU and joined the European Monetary Union in 1999, unlike the United Kingdom. Dell, Intel, Microsoft and other important MNCs chose to open plants in Ireland because of the low tax regime, a qualified workforce with relatively low labor costs and other government subsidies.

Probably the most important role was played by the 10% corporate taxation policy and other reductions in tax rates. Another important role was played by the deregulation of important sectors such as energy, telecommunications and transport. However, Ireland’s dynamism and flexibility were also due to its open-mindedness towards Europeanization and globalization processes.

The HR Manager of the business services company asked:

“So, what is the role of the Spanish Public Administration? Should it keep on designing incentives for hiring or should it start to move to areas with high job demand, where it could actually establish alliances?”

When the resources inside an economy are limited, alliances should be formed with other economies where resources are still available. This manager recommends forming employment “pools”, places where people can find jobs, by establishing international agreements.

The solution managers see to the economic crisis gives the State a bargaining role, instead of a subsidizing one:

“The one thing we can do is to boost the funding, maybe through the Ministry of Foreign Affairs, funding so that businesses might look for ways to ease job creation, and generally funding for the businesses where we need it and we can use it”.

Foreign direct investment has long played a prominent role in the Spanish economy, and Spain continues to draw significant levels of foreign direct investment, despite the crisis. Reforms should continue to make the country more attractive and facilitate the inflow of foreign capital.

Managers believe that Spain should look away from its traditional extensive economic model and focus instead on implementing and developing the intensive economic model:

"I am more focused on vocational training, for example, and if Spain does not choose to focus on an industrial development strategy, then I totally agree that we should facilitate in the short term this mobility outside of Spain; but at the same time, we should focus on creating an industrial machinery, and investment in innovation and invention, so that businesses and industries are able to generate these jobs..."

More than just attracting foreign capital, restructuring the internal economic model in Spain is another part of change. More investment in research and development

as well as more funding for intensive industries is required.

The executives were at pains to stress that subsidies do not create jobs. In fact, the problem is that

"Companies are for-profit organizations, not NGOs [Non-governmental organization]. When the labor market allows you to shop cheaper, you must buy cheaper. If not, you are out of the market. (...) The context has changed, yet we follow the same pattern as before. The Administration should think about doing things differently, not to continue in the same way, doing always the same thing..."

The scope of any company is to maximize profit and when companies lack competitiveness, they will do whatever is in their power to compensate this lack. Even if this means going abroad.

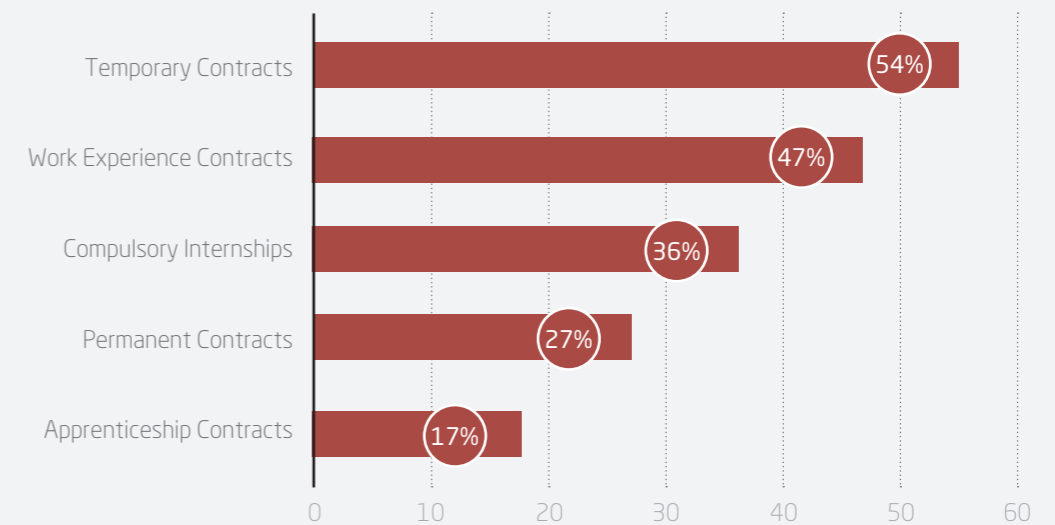
A new industry model is needed in Spain: one that attracts foreign investment, and thus creates jobs. This industry model should be intensive, not extensive and should support investments in research and development.

4.2.2 Challenges Related with the Legal Framework

Bureaucracy is a known problem of the Spanish labor market. Rigidities, segmentation, lack of reform and a very abrupt transition from school to work are problems that companies and young people need to face. Precariousness through temporary contracts is another problem of the Spanish labor market. They can trap young people in a vicious circle of time-limited contracts, unemployment and few training opportunities. Studies²³

show that young people in Europe traditionally spend more time looking for their first job than young people in the US. And the time spent looking for a job with a permanent contract is even longer. In fact, almost 55% of the respondents mentioned that they primarily use temporary contracts for young people. Work experience contracts ranked second, while apprenticeships and permanent contracts ranked last.

Figure 16. Contracts used for young people



Some organizations also reported their reasons for not using the training and work experience programs for hiring young people. The main complaint regarded the bureaucracy involved by

this process and the lack of information. However, these programs are not seen as being expensive, but neither are they seen as the best way to train and prepare young employees.

²³ Dolado, J. J. et al. (2013), "Youth Labour Market Performance in Spain and its Determinants: A Micro-Level Perspective", OECD Publishing.

Figure 17. Reasons for not using the training and work experience programs



The “Strategy for Entrepreneurship and Youth Employment 2013-2016” incentivizes and subsidizes contracts for young people. The survey respondents ranked the four types of contracts contained in the “Strategy” as follows:

1. “Work Experience Contract” – the average grade was 3.6 out of 5.
2. “First Job Contract” – the average grade was 3.2 out of 5.
3. “Part-time Contracts including Training” – the average grade was 3.1 out of 5.
4. “Contracts for Micro-SMEs and Self-employed People” – the average grade was 3.0 out of 5.

The “Work Experience Contract” is the most valued by survey respondents.

Almost 55% of respondents rated this contract with the highest grades, 4 and 5. The contract that ranked worse was that aimed specifically at micro-SMEs and self-employed people, probably because this segment did not represent a very large part of the surveyed population.

Other measures contained in the “Strategy” that were seen as very relevant by managers are:

1. “Compatibility of unemployment benefits with starting a new business” – 64% of respondents found this measure good or very good.
2. “Extending the possibility of capitalizing unemployment benefits” – 61% of respondents found this measure good or very good.

3. “Continuation of unemployment benefit payments after being self-employed” – 64% of respondents found this measure good or very good.
4. “Improving access to finance for entrepreneurs” – 64% of respondents found this measure good or very good.

The measures that were rated worst were:

1. “Flat rate on social security contributions: establishment of a flat 50 euro contribution at the start of self-employment activities” – only 36.6% of respondents rated this measure as good or very good.
2. “Extending training programs leading to proficiency certificates and programs which include a commitment to employ” – only 29.3% of respondents rated this measure as good or very good.

It can be readily seen that companies encourage young people to become entrepreneurs, to use their skills and talents and they encourage the government to finance new business initiatives. Publicly offered training is, however, seen as inefficient. This is probably related with the previous answers which all indicate that organizations prefer to train young people on-the-job. Still, the “Work Experience Contract” is one of the best appraised measures in the “Strategy” as it allows companies to use this type of contract for their training programs and it is also subsidized.

86% of respondents found that the Youth Guarantee is a very ambitious goal and unlikely to be achieved. Indeed, an official

communication from the European Parliament issued in September²⁴ recognized that the actions taken to enforce the Youth Guarantee in the EU starting in July 2013 are insufficient. They propose that this Guarantee should be extended to all young people up to 30 years of age. They call on implementation of a common European framework for apprenticeships and internships in order to avoid youth labor exploitation. They call on Member States to pursue policies that encourage gender equality in all sectors, and emphasize the role that should be played by youth organizations in the monitoring and implementing policies and initiatives aimed at addressing youth unemployment. The Communication mentions that more attractive teaching strategies are needed, with better regional insertion and the creation of networks of platforms for exchanging experiences and good practices between regions and Member States, taking account of varying situations and allowing flexibility in line with each region’s specific needs and characteristics.

Moreover, resources are limited. As one Economics Professor mentioned during the Focus Group,

“Nothing is for free. The objective of this research is to improve the labor market situation of young people. But what will be the cost? Because many companies might just replace their older workers for younger ones. Is this really what we want? And also this reform that reduces taxes for wages. Given Spain’s large fiscal deficit, some other tax must be increased to compensate: so which tax will they increase to offset lowering the other?”

²⁴ European Parliament resolution of 11 September 2013 (2013/2045(INI)), on “Tackling youth unemployment: possible ways out” available at <http://www.europarl.europa.eu>

neither reform is for free and this should be taken into account...

A lot of thought and consideration of the long-term effects of public policy and reform should be put into choosing the best

measures. Today is the yesterday of future policymakers and future generations. That is why we should not be focused on here-and-now short-term policies, because they, like all the others, are not for free.

Consideration of the long-term effects of public policy is crucial. That is why we should not be focused on here-and-now short-term policies, because they, like all the others, are not for free.

4.2.3 Overwhelming Bureaucracy

One problem that both companies and universities face when dealing with young people is the legal options for hiring them. There are 2 main ways of hiring young people in Spain: through youth contracts (work experience contract, first job contract, on the job training contract etc.) or through internships. Internships are very restrictive as they require that the young person be enrolled in tertiary education while participating in an internship. For the young person, an internship is much more prestigious than a contract: you do not have to have academic tertiary education to have a contract, while internships are used exclusively for students following the academic route. Moreover, because of their non-formal nature, they are convenient for businesses and provide a cost-effective screening device for future employees. Therefore, and despite being heavily subsidized, the youth contracts are not the “usual” way of hiring young people.

However, these non-formal internships are a true headache for universities. The Career Services Directors from both

universities participating in the Focus Group all agreed that:

“The problem of the Administration is that, and we all agree on this, that you may only do an internship while you are a university student. And here we have a huge problem, because in reality you start learning and you start the on-the-job training only when you’ve finished your studies”.

The requirement that young people be enrolled in a university during their internship makes it very difficult to meet the legal requirements for accessing internships.

Participants also noted that the authorities are not at all flexible when it comes to internships. Absurd rules and illogic requirements from the Public Administration were mentioned and anecdotes were told during the Focus Group. One Professor noted that:

“Internships and youth contracts should be made in such a way that people work, and not that they seem to be learning. It is not just a part of university: if you are there, you should work. You learn to research by

doing research and you will not learn it if somebody tells you a story about research”.

Internships are seen as a very important part of young people’s overall career track. For this reason, they should be taken seriously and access to such programs should be transparent, removing hurdles that discourage companies from using them.

Indeed, internships are not “just another part of the university studies”. One Director from a university’s career service said:

“You can only do an internship while you are studying, when you are enrolled in the university, and it is precisely then that you need to go to classes and you are not left with time to study. (...) This is why we have created a program that allows students to do an internship up to 12 months after completing their studies. And creating this program was not easy, because the Royal Decree stipulates that a student must be enrolled in order to do an internship”.

In order to maximize the results from an internship, students should be allowed to focus on their professional activity and not have to deal with studying and working at the same time.

The HR Managers stressed the importance of internships several times, saying that:

“The thing is that you learn by doing. We are talking about many things: you need a

tutor during the internship, the internship must be in the field of your studies, but the truth is that in daily life and in your professional life, you learn each day by doing the work. Every time a project lands on your desk, it is something new and different”.

The involvement of companies in internships is crucial. Companies need to assign tutors, to prepare a curriculum for the internship activities and to bear the cost of training a person who has no previous work experience. The fact that companies are concerned about these problems, however, is positive, as they are committed to the youth unemployment problem and want to hire young people even if this means overcoming bureaucratic barriers.

However, it is important to note that internships can also be a source of precariousness if they are not carefully regulated. Internships create no employment relationship between the intern and the company and, moreover, the company is not legally obliged to pay the intern. For this reason, the recruitment of students as interns should be carefully supervised in order to avoid abuses. That is why access to internships should be limited. **However, it is also in the young people’s best interest to have a flexible screening device similar to an internship that gives the company a way of testing young people’s skills, while at the same time being cost-effective for the company and having a legal contractual basis.**

FUNDACIÓN EMPRESA – UNIVERSIDAD DE NAVARRA (FEUN)

The University of Navarra, through its Fundación Empresa, has a program called PIE “Programa de Iniciación en la Empresa”, a program whose aim is to facilitate entry of young people in organizations through internships. They have found a legal framework that allows students to take on a 12-month internship after finishing their academic studies.

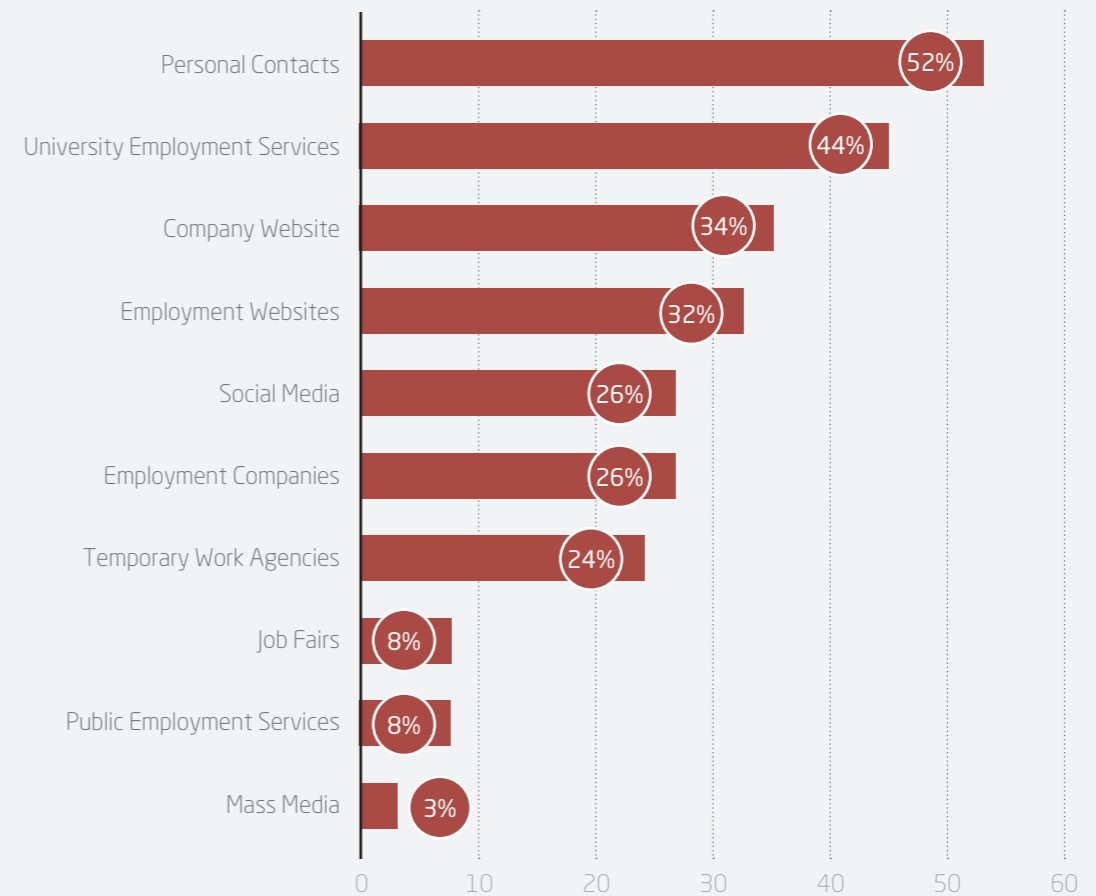
This program consists of two parts that are performed simultaneously. The practical on-the-job-training is the actual internship where students are being trained with a non-employment contract in companies in order to get a first job experience and to apply the skills and abilities acquired in practice.

The second part consists of an online training course whose role is to ensure that interns are still enrolled in the university during their internships, as the Spanish Law requires. The flexibility of an online course is what students need in order to be able to focus on both working and studying. The training received aims to give students the theoretical basics so that they may develop personal competencies such as: teamwork, initiative and leadership skills. The duration and contents of the course are adapted to each specific internship.

In 2012, FEUN has offered international internships to 274 people in 55 countries. Over 3,380 internships in total were managed by the Foundation, and 2,537 job offers. The PIE program placed 227 interns in companies.

Source: www.feun.es

Figure 18. Recruitment methods used by companies



4.2.4 Lack of Public Platforms

A public platform is important for two reasons: one is that it can serve as a meeting place between labor demand and supply. The other is that it provides a place where private and public actors can communicate.

Perhaps one of the difficulties in finding a job is the fact that over 70% of vacancies are not publicly announced. Our survey reflects the importance of networks and personal relationships when looking for

a job. Young people are no exception to this rule. In the survey, 52% of companies answered that they use personal contacts to hire young employees and this was the recruitment method that ranked highest. Another 44% of companies use University Employment Services for recruiting and 34% use the company’s own website to attract potential employees.

When looking at the type of companies that use this information, the recruitment methods rank quite differently. Multinationals choose methods that reach as many people as possible, such as Mass media and Job fairs. National companies are more inclined toward “word-of-mouth” methods, as well as using Public

Employment Services or University Employment Services. Most companies use only one recruitment method, that is, 23%, while 22% use 2 or 3 recruitment methods. Less than 15% of our sample uses either 4 or more methods to find employees. Multinationals use a mix of more methods, while national companies usually choose fewer methods.

GERMANY – MINIJOBS AND MIDIJOBS

The terms minijobs and midijobs are terms for a specific variety of part-time employment that has remuneration below a certain level as they are not regulated by the minimum wage policy. They were introduced by the Hartz Laws in Germany.

Minijobs always pay less than €450 a month. However, the employee is not required to pay taxes. Only the employer has to pay a lump sum of about 30% in taxes. It is a widely used method for having secondary jobs, or having some form of income for students or mothers with young children. In general, minijobs should be less than 15 hours a week. Midijobs should pay no less than €450 a month and no more than €850 per month on average.

Both the minijobs and the midijobs are part of a flexible and secure labor market. They are what analysts call “flexicurity”. Initially, they were meant as forms of temporary employment, easing the transition between jobs, or from a job to retirement. However, they have come to be a way to create new jobs and to contribute to labor market flexibility.

During our interviews with local HR managers, one idea that transpired was the need to analyze labor market demand in order to be able to guide young people:

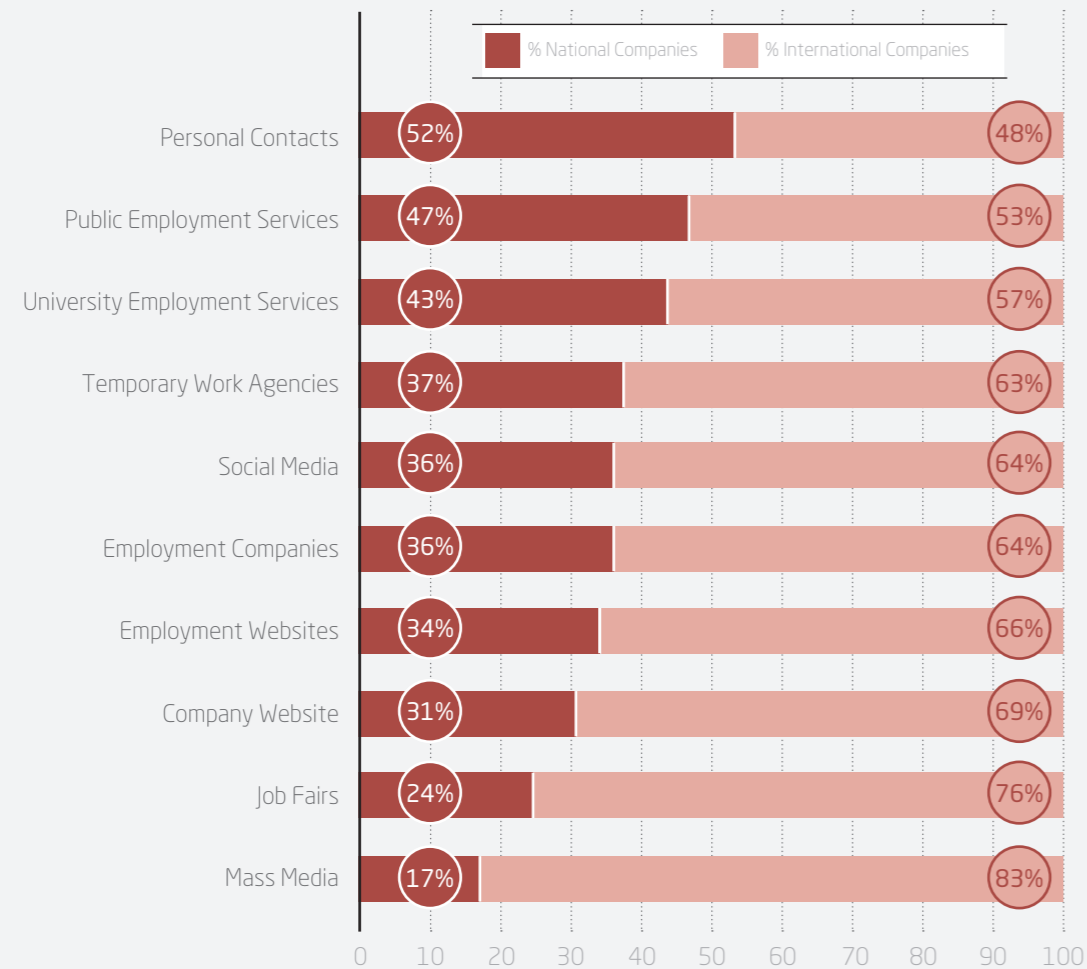
“The Public Administration should analyze where the demand [of the labor market] is right now. And inform the parents so that the parents can guide their children and also schools can guide the students towards the profiles demanded by the labor market”.

And right now, there are very few public platforms, forums, roundtables and neutral meeting grounds where private and public actors can express their demands. The educational sector is not receiving input from the private sector as communication between the two is practically non-existent.

In the United Kingdom, the National Career Service is a very good example that is intended to analyze demand, provide a platform where employers and young employees can meet, and offer guidance and counseling to young people while they plan their careers and look for a job. Indeed, one of the short-term emergency measures contained in the “Strategy” is the creation of a single job portal that will ensure accessible job search and virtual assistance to young people. This proposal seems viable and will encompass a variety of employers, as Public Employment Services were a preferred method of selection for national companies, while the job portals seem to be preferred by multinationals.

In addition to offering news about open vacancies, the job portal will contain information of interest to recent graduates, such as how to plan a career route. It plays a very important role in increasing young people’s employability and empowering them to take charge of their future.

Figure 19. Recruitment methods by company type



Employers in Spain usually hire young people full-time, that is, in 81% of the cases. This is further proof of the labor market’s rigidity. Thus, while in Germany part-time employment has proven to be a very good way of avoiding staff lay-offs, the Spanish labor market makes less use of this method.

The survey reflects the same attitude of reserved interest: the creation of minijobs (with salaries of €400 a month) and midijobs (with salaries between €400 and €800 a month) for young people following the German model was considered good by only 54% of the respondents.

UK – NATIONAL CAREER SERVICE

The UK offers a very good best practice example in the field of career counseling. In April 2012 they launched the National Career Service, a website that provides information, advice and guidance to help young adults aged 13 and over make decisions on learning, training and preparing for a future career.

The National Career Service provides support for activities such as:

- » Information on the labor market demand
- » CV writing
- » Job search
- » Job applications
- » Job interview guidance
- » Information on training opportunities
- » Training funding guidance
- » Volunteering opportunities
- » Career planning and guidance

The National Careers Service's website, mobile website, web chats and online forums make it an easy, modern, fresh tool that young people can readily access. They also offer career counseling by telephone and face-to-face. For the ethnic minorities in the UK, they offer multi-lingual services. Specific sections are also devoted to Scotland, Wales and Northern Ireland.

The website offers access to interactive tools, such as a CV builder, access to online skills and knowledge assessment tests as well as the possibility of creating a "Lifelong Learning Account", a tool that allows you to permanently store all relevant information for free through the website.

The careers advice section on the website includes access to almost 800 job profiles describing the role of the job, a usual day, necessary studies, opportunities and possible routes. Testimonies from users and success stories also boost confidence and increase this site's appeal.

This complex service has the capacity to offer 700,000 adults counseling appointments face-to-face each year; and up to 1 million telephone advice sessions and 20 million online sessions.

Website: <https://nationalcareersservice.direct.gov.uk>

CANADA – BUSINESS-EDUCATION PARTNERSHIPS

The "Canadian Business Education Partnership" (CBEP) and the "Ontario Business Education Partnership" (OBEP) are not-for-profit organizations that advise on key issues impacting career exploration and workforce development. Their aim is to provide a framework for public and private actors to meet and to effectively communicate their needs and demands. The goal of this communication is the development of experiential learning opportunities in the Ontario communities.

One part of the OBEP is the regional "industry education council". This type of councils are not-for-profit organizations where industry, education and community partners meet in order to inform and guide young people in their school-to-work transition. These students are the future workforce for many small and large businesses throughout the region, and this implies that there are mutual benefits for all parties involved.

These industry education councils offer a wide range of programs from online communities, employer engagement programs to workforce development programs that seek to develop and implement community-based educational initiatives. They organize events, maintain programs, and offer services that are successful and effective thanks to the participation of community stakeholders.

They also provide information on apprenticeship programs, job hunting websites, entrepreneurship resources, funding for education or business ventures, and specific information for the ethnic minorities in the region. They organize events to raise awareness about youth training problems and to inform them on career routes and options available. Other programs are aimed at empowering women, offering scholarships or informing young people about employer expectations. Some projects offer young people the opportunity to "try out" a job for one day by working closely with a professional in the field.

Sources:

OBEP: www.obep.on.ca

Halton Industry Education Council: www.hiec.on.ca

Saskatoon Industry Education Council: <http://saskatooniec.ca>

South Western Ontario Industry Education Council: www.swoiec.ca

Southeast New Brunswick Industry Education Council: <http://snbiec.ca>

5

Conclusions and Recommendations

RECOMMENDATIONS FOR THE PUBLIC ADMINISTRATION:

- » **Guidance for young people and their parents in career choices.** One of the policies the Public Administration should implement is to introduce career orientation as a compulsory subject at school. Students and parents should be informed about the skills and qualifications demanded by the labor market. Also, educational centers and universities should have sufficient flexibility to be able to adapt their curriculum to the demands of the labor market and provide young people with marketable job skills.
- » **The Public Administration should also guide young people to places where they can find employment.** It should encourage the formation of “job-rich areas” and it should take advantage of the strong bonds with other Spanish-speaking countries and encourage young people to go abroad. In order to avoid the “brain drain” phenomenon, this kind of contracts can be offered for a limited time period, incentivizing the return to Spain.
- » **Implementation of a new industrial model for Spain.** Governments should provide an impulse to the economy. Instead of trying to subsidize and incentivize youth hires, authorities should focus on attracting foreign investment and closing deals through the Ministry of Foreign Affairs. An intensive industrial model should be supported. These measures will in turn lead to growth, job creation and a decrease in the youth unemployment rate.
- » **The legal framework for businesses to hire young people should be eased and the bureaucracy reduced.** In particular, the problem of the internships and work experience contracts should be looked into. More dialogue is needed between businesses and Public Authorities in order to find the solution that is in young people’s best interest.
- » **Retraining for unemployed and discouraged workers.** The Youth Guarantee should be implemented and activated and each young individual should have access to a position within 4 months of graduating from education.
- » **Different active employment policies designed for different people.** Youth population is diverse and heterogeneous and it is for this reason that policies should be tailored individually for the achievers, the averages and the unskilled.
- » **A closer collaboration between businesses and educational centers should exist.** In order to reduce the skills mismatch problem, business leaders and education leaders should learn to communicate efficiently within a framework defined by the Public Administration.
- » **Instituting the figure of the “guidance counselor”, “employment counselor” or “career practitioner”,** who advises, coaches, provides information to, and supports people who are planning, seeking and managing their life and work direction.
- » **Long-term outlooks.** This study supports measures that have long-term impact

and that seek to reform the educational system and the legal framework for youth hires in its entirety. Subsidies and incentives are short-term measures that have not proved to be very effective, but have high economic costs.

- » **Create the conditions to enable young people who have emigrated to return.** It is important to avoid the “brain drain” to other countries and to have methods ready to attract young people back to Spain once the economy will have recovered.

RECOMMENDATIONS FOR THE PRIVATE SECTOR:

- » **Collaborate closer with educational centers** so that more students get a chance to better understand the option of choosing a career in the skilled trades.
- » **Continue their CSR programs** that help young people to increase their employability and offer them the possibility of experiencing a day in the life of professionals and other similar initiatives.
- » **Take part in Dual Vocational Training programs.** Once the system is implemented and put into practice, businesses will be able to get involved in these programs and ensure the training of qualified staff that their business needs.
- » **Help in implementing the Youth Guarantee.** Companies can play an active role by hiring young people and taking part in solving this problem.
- » **Being part of the Youth Employment Initiative and the framework created by the “Strategy”.** The “Strategy” offers the possibility for companies to adhere to it by submitting an action plan that contains specific measures aimed at reducing youth unemployment.

RECOMMENDATIONS FOR THE EDUCATIONAL SECTOR:

- » **Dual Vocational Training** is one possible solution to this problem, with 70% of respondents saying they would support such a practice in their company. In addition, the stigma of this type of program should be counteracted through a rebranding of vocational training.
- » **Guidance for young people and their parents in career choices.** One of the policies the Public Administration should implement is to introduce career orientation as a compulsory subject at school. Students and parents should be informed about the skills and qualifications demanded by the labor market. Also, educational centers and universities should have sufficient flexibility to be able to adapt their curriculum to the demands of the labor market and to provide young people with marketable job skills.
- » **Entrepreneurship training programs.** Young people are not the problem; they are part of the solution. Their creativity,

knowledge, inspiration, energy and skill should be put to work and they should be trained and encouraged to create their own companies.

» **Soft and life skills training programs for disadvantaged youth.** Young people from socially challenged backgrounds should have access to soft skills training and to specifically tailored guidance and orientation during education, job search and job application.

» **A closer collaboration between businesses and educational centers.** In order to reduce the skills mismatch problem, business leaders and educational leaders should learn to communicate efficiently within a framework defined by the Public Administration.

» **Orienting young people and their families.** Secondary school students and their families should be correctly informed about labor market demands in terms of academic qualifications, training, hard and soft skills.

» **Embed career planning in the school curriculum.** The first step is to develop detailed information about various professional profiles. While this information will benefit all young people, it will be of particular interest to unskilled and disoriented youth who are not well-informed about career or educational choices.

» **Create entrepreneurship high schools** where part of their training is to make “practice firms”.

» **Institute two different types of universities.** One aimed at academic training and research and another that prepares young people for jobs in companies. This second type of university should offer students marketable skills and should contribute toward their employability. Good communication with businesses is a crucial feature of such an educational pattern.

RECOMMENDATIONS FOR THE YOUTH:

» **Focus on foreign languages.** Young people should take all possible steps to shape their future. One important skill that every young person in Spain should have is a good command of at least one foreign language.

» **Focus on soft skills.** Young people should make an effort outside their academic requirements to boost their employability by attaining soft skills such as teamwork abilities, flexibility, analytical thinking and computer literacy.

» **International mindset.** When planning their professional career, young people should also consider international experiences as an asset to their curriculum, as well as to their outlook and perspective on life. This would enrich each individual personally as well as the diversity of the labor market.

» **Proactivity.** Young people should be proactive and take charge of their professional future. This proactivity can come in various forms, such as entrepreneurial activities, self-development and lifelong training. In

any case, initiative and leadership are characteristics that companies look for in their young employees.

A whole community approach is necessary in order to overcome the problem of youth unemployment. All voices should be heard: that of the public and private sector, that of the educational sector and also that of the young people themselves. This study has raised awareness about the perspective that business leaders have on corporate training and the employability

of young people and has made recommendations to all stakeholders.

IESE Business School in partnership with Citi Foundation will continue to research methods that improve the labor market situation for young people in Spain. The next project will focus on how to implement the Dual Vocational Training System in a meaningful way and on empowering and training young entrepreneurs so that they can internationalize their businesses.

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LIST OF ABBREVIATIONS

CCBEP – Canadian Business Education Partnership
CEO – Chief Executive Officer
CERMI – Comité Español de Representantes de Personas con Discapacidad
CIS – Centro de Investigaciones Sociológicas
CSR – Corporate Social Responsibility
EMEA – Europe, the Middle East and Africa
EU – European Union
EU-17 – the 17 Member States of the European Union in the Euro Area
EU-27 – the 27 Member States of the European Union
FEUN – Fundación Empresa Universidad de Navarra
HR – Human Resources
ILO – International Labor Organization
INJUVE – Instituto Nacional de la Juventud
ISCED – International Standards Classification of Education
ISCO – International Standard Classification of Occupations
IT&C – Information Technology and Communications
MNC – Multinational Company
NEET – Youth not in education, employment, or training
NGO – Non-governmental organization
NLFET – Youth neither in the labor force nor in education or training
OBEP – Ontario Business Education Partnership
OECD – Organisation for Economic Co-operation and Development
ONCE – Organización Nacional de Ciegos
PIE – Programa de Iniciación en la Empresa
pp – Percentage Point
SECOT – Seniores Españoles para la Cooperación Técnica
SME – Small and Medium-sized Enterprises
US – United States of America

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