

Youth Unemployment: Fewer Subsidies, More Action

In Spain, the government has introduced measures to tackle youth unemployment, yet more needs to be done beyond offering public subsidies to companies.

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More than 900,000 people between the ages of 16 and 24 are without jobs in Spain, with the youth unemployment rate more than double that of the E.U.-27 average. Only Greece's 56 percent is worse than Spain's 53 percent.

What can the private sector do to improve this situation? More than 250 executives responded to this question in "[Lowering Youth Unemployment in Spain: What Should Public Administrations, Companies, Educational Centers and Young People Do?](#)" — a report by the International Research Center on Organizations (IRCO), directed by IESE's [José R. Pin](#), in collaboration with the CITI Foundation.

To be effective, they say, labor market policies must be adapted to the capabilities of different groups of young people:

- *Achievers*. Highly educated, motivated and ambitious youth who speak at least one foreign language.
- *Average*. Youth with some education but who do not speak any foreign languages fluently, and who have a limited number of skills.
- *Untrained/Unskilled*. Youth who did not finish high school and who have not developed many job skills.

According to the report, the two main reasons behind youth unemployment are the Spanish educational system, and public policies on labor and employment.

Education gaps

The biggest problem with the Spanish educational system is the mismatch between what the labor market wants and the kind of preparation that young people receive in school.

It's not so much whether they have earned qualifications, but rather whether they have acquired the skills that companies actually need today.

Companies are interested less in theoretical knowledge and more in skills such as the ability to work as part of a team and the flexibility to learn. Knowledge of foreign languages, excellent communication skills and computer literacy are also highly valued.

Respondents suggest closer collaboration between the public and private sectors to enhance the training of young people.

A good example is Youth Guarantee, a program established by the European Commission in 2013 to ensure quality jobs and lifelong learning for people under 25.

Vocational training is another option. However, for it to work, the social stigma surrounding it has to be eliminated.

Company placements, providing on-the-job education and training lasting up to three years, are already used in many other European countries, including Austria, France, Germany and Switzerland, as well as in China and South Korea.

The majority of those surveyed said they would be willing to offer this option in Spain.

Spain also lacks adequate career counseling services. Schools should have counselors on staff to guide students on their career choices.

Moreover, schools should offer subjects specifically designed to stimulate entrepreneurship and encourage geographical mobility, given that many of those surveyed felt that students lack international and entrepreneurial mind-sets.

Stimulate demand

Companies are clear about one thing: Government subsidies to hire more workers are not the answer. Indeed, only 12 percent called for more of such subsidies.

Instead, an overwhelming 71 percent stated that the best incentive to hire more workers

would be to have greater demand for their goods and services.

Stimulating demand requires foreign investment and a new industrial model to boost R&D.

Promote hiring

The opportunities that do exist must be accessible. In Spain, more than 70 percent of job vacancies are not publicized, and scholarship programs are not easy to access.

The government should support the creation of more public platforms like the National Career Service in the United Kingdom, which provides information, advice and guidance on learning, training, career choice, career development, job search and the labor market.

Subsidies are quick fixes that do little to address these fundamental issues, and usually end up being ineffective and costly. To fix Spain's problems, long-term actions need to be taken, the executives urged.

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