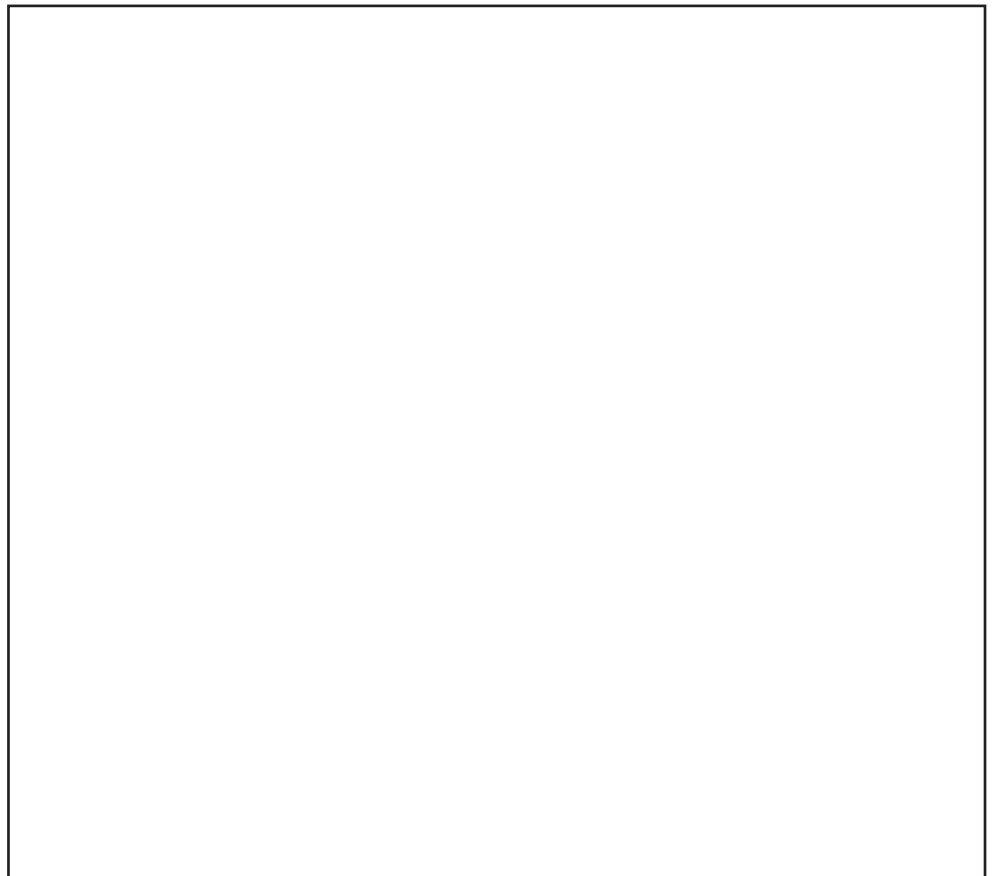




Eurofound

# Youth Guarantee: Experiences from Finland and Sweden



*In light of the impact of the recent negative developments in the labour market on young people, EU Member States have in recent years been actively engaged in designing and implementing policy measures targeted at young people. In the context of its 2011 work programme, Eurofound carried out an evaluation of the effectiveness of selected policy measures introduced by Member States to improve the employability of young people. The full results of this study will be published later in 2012. This short document summarises the strengths and weaknesses of youth guarantee schemes identified in the research. Given that Scandinavian countries are pioneers of this type of policy, this paper focuses in particular on youth guarantee initiatives which have been introduced in Finland and Sweden.*

## **Introduction**

Young people in Europe have been hit particularly hard by the recession in terms of their employment prospects. According to the latest Eurostat figures, the average European youth employment rate dropped to 33.6% in 2011, the lowest value ever recorded in the history of the European Union. Furthermore, in March 2012, the youth unemployment rate in Europe rose to 22.6%, corresponding to more than 5.5 million of young unemployed persons.

As a consequence of these negative developments in the labour market for young people, EU Member States have been actively engaged in designing and implementing policy measures aimed at increasing the employability and overall employment participation of young people. While these policy initiatives are mainly focused on improving the employability of young people by facilitating the transition from school to work, there is common agreement across all Member States that timely support for young people is essential in order to ensure the integration of young people into the labour market. In this respect, policy measures such as the youth guarantee scheme, which aims to reduce the time young people spend in the NEET group – i.e. persons ‘not in employment, education and training’ – have been gaining political momentum over the past number of months and are now the subject of debate at EU level in terms of their success in supporting young people.

In the framework of the research project ‘Youth employment: Challenges and solutions for higher participation of young people in the labour market’, Eurofound’s European Monitoring Centre on Change (EMCC) has gathered evidence concerning the effectiveness of selected policy measures aimed at improving the labour market participation of young people. As part of this study, the EMCC reviewed the effectiveness of two policy measures which aimed to minimise the amount of time young people spend in unemployment by guaranteeing them access to employment or education opportunities. These measures are: the Finnish Youth guarantee (*Nuorten Yhteiskuntatakk*) and the Swedish Job guarantee for young people (*En jobbgaranti for ungdommar*). This short document presents the results of this analysis.

## **Characteristics of the Finnish and Swedish youth guarantee schemes**

As pioneers in the activation approach to labour market policies, the Nordic countries have attempted to implement so-called ‘youth guarantee’ schemes for many years. In 1984, Sweden introduced the first genuine youth guarantee, followed by Norway in 1993 and Denmark and Finland in 1996. As some difficulties were encountered in the implementation of these schemes and in maintaining them through the recession of the early 1990s, these measures have been periodically revised during the last decade. In 2007, a new job guarantee scheme for young people was introduced in Sweden while the current Finnish youth guarantee scheme was introduced in 2005 and revised in 2010, with a new revision due in 2013.

While these two measures are obviously not identical, they share the same aim and target group: to reduce the time young people spend in unemployment and inactivity. In the implementation of the scheme, a central role is played by the public employment services (PES). They first provide the young job seeker with a personalised needs assessment and an employment plan, followed by the guarantee. This can be either the offer of a job or a study opportunity (academic or vocational), or some other activation measure. This personalised approach recognises the need for the public

employment services to focus on a tailored service, given that there are different reasons behind the difficulties young people face in making the transition from school to work.

Table 1: Short description of the policy measures

<p><b>Youth guarantee, Finland</b> Nuorten Yhteiskuntatakuu</p>	<p><b>Job guarantee for young people, Sweden</b> En jobbgaranti for ungdommar</p>
<p><b>Target Group:</b> Unemployed young persons under the age of 25 (from 2013 it will also include young graduates under the age of 30).</p>	<p><b>Target Group:</b> Unemployed young people aged 16-24 who are registered with PES over three months.</p>
<p><b>Aims and objectives:</b> to reduce the time of NEET status of young people by improving their chances of finding a job or an educational opportunity.</p>	<p><b>Aims and objectives:</b> to offer employment services quickly to help young people to improve their chances of finding employment and education opportunities.</p>
<p><b>Activities:</b> The PES is obliged, within the first three months of a young person being registered as a jobseeker to: 1) develop a personal development plan for the jobseeker; 2) carry out a needs assessment of what support is needed to find employment; 3) Offer a job, study place (academic or vocational) or another activation measure that can help the employability of the job seeker (training, coaching, counselling, subsidised work, start-up funding).</p>	<p><b>Activities:</b> The job search support offered by the PES is divided into three phases: 1) registration at PES; 2) in the following three months an in-depth assessment of needs and aspirations of the jobseeker is carried out; 3) After three months of unemployment, job search activities are intensified and combined with active labour market measures such as work experience placements, traineeships, support in accessing education and training, and start-up funding.</p>

### Take-up and success of the youth guarantee schemes

In the face of the recent turbulent dynamics of the labour market, youth guarantee initiatives in Finland and Sweden have come to the aid of large numbers of young people in need of support. In Sweden, the number of young people participating in the job guarantee scheme increased from around 10,000 in 2008 to over 53,000 in 2010. This corresponds to successful outcomes for 46% of young jobseekers, in line with youth guarantee schemes implemented in earlier periods.

Prior to the economic crisis, the Swedish youth guarantee scheme had proved to be a success. According to an evaluation carried out by the Institute for Labour Market Policy Evaluation (IFAU) in 2008, unemployed 24-year olds participating in the scheme managed to find a job quicker than older people registered with the public employment services. However, this effect tended to dissipate during the economic crisis.

Similarly, in Finland 83.5% of young job seekers received a successful intervention within three months of registering as unemployed in 2011. This result met the target set by the Finnish public employment services and indicates a positive development since 2010, when a successful intervention was found for 79.2% of young jobseekers. Statistical evidence confirmed that the Finnish youth guarantee had accelerated the pace in which personalised plans were drawn up, and had resulted in a reduction in unemployment (leading either to employment or further training).

It should be noted that during the economic crisis, the public employment services struggled to deliver the promised services within the time frames agreed in both countries. However, they are performing significantly better now as the demand for their services has started to slow down somewhat. As a result of the crisis, the high demand for measures

providing support to the young unemployed proved a challenge to public employment services in Finland. The workload of many PES youth advisers became almost unmanageable and the number of customers per adviser increased to 700. A budget increase in 2010 helped to ease the situation, by allowing the public employment services to recruit more staff (advisers and career guidance counsellors) and create more training and other support places for young jobseekers.

### Strengths and weaknesses of youth guarantee schemes

The strengths of these measures are twofold: firstly, they typically help young people to make more informed decisions about their transition to work (personal development plan and needs assessment); secondly, they improve the quality and speed of services provided to young people. In this respect, they serve as an incentive to the public employment services to focus on young people, their particular characteristics and their specific needs.

Moreover, it is very important to highlight the fact that youth guarantees prompt immediate action to address youth unemployment, before disengagement ‘sets in’. Thus they attempt to avoid the long-term consequences or ‘scarring’ effects of youth unemployment, such as irregular future labour market participation, disaffection, isolation, an increased risk of mental and physical health problems, as well as being drawn into dangerous and anti-social lifestyles. Participation in the youth guarantee scheme is also important for rebuilding a trust relationship between the authorities and the young person. Evidence shows that this effect holds even if the solution found was not successful for the young job-seeker.

However, youth guarantees seem to be more effective for young people who are work-ready and therefore tend to focus more on new labour market entrants than on the long-term unemployed young people. For instance, the youth guarantees have not proven to be as successful with deeply entrenched and ‘hard-to-help’ unemployed groups. A greater degree of networking among key actors at local level is needed in order to maximise the impact of youth guarantees on young people with complex needs, such as improved collaboration with social and health services. If such a measure is to be applied to more vulnerable groups, it needs to be based on a strong collaborative approach with a range of stakeholders involved in providing services to youth.

An additional challenge associated with these measures is that their success can be highly dependent on other public policies in place (e.g. the PES infrastructure and capacity, availability of student places, provision of training and apprenticeships and internships) and the broader labour market situation in the country. In the context of high rates of youth unemployment, there may be a temptation to focus on ‘quick-fix’ solutions which do not necessarily create long-term benefits for the young person. Youth guarantees, for example, may place young people in employment, education or training over a relatively short time frame and at a relatively low cost, but may not always offer long-term solutions. For example, the Job guarantee for young people in Sweden has been criticised by some stakeholders for not providing a long-term solution for many young people. This is due to the fact that the guarantee does not solve many of the structural concerns of the target group: lack of skills and qualifications. For this reason, many stakeholders feel that the new Swedish job guarantee should focus more on upskilling and re-training rather than on helping young people to find ‘any’ job available.

Moreover, the moment of intervention is crucial. The recent change in the Finnish youth guarantee (with further improvements likely to be introduced in the next few months) to reduce the waiting period for an intervention is seen as positive by all key stakeholders in the country. Previously, a young person was facing a waiting period of three months, and this has been changed to up to three months, which implies that support is to be received immediately but at least within the first three months. This is something that social partners in Sweden also want to see introduced in the future, as they feel that a three-month waiting period for support from PES is too long: in their view, the scheme should in fact start the day a young person registers as unemployed.

The strengths and weakness of this policy measures identified in our study are summarised in Table 2.

Table 2: *Strengths and weaknesses of youth guarantee schemes in Europe*

Strengths	Weaknesses
<p>'Forces' PES to focus on young people and their specific needs.</p> <p>Encourages immediate action to address youth unemployment, before disengagement sets in.</p> <p>Avoids long-term consequences or 'scarring' effects of youth unemployment.</p> <p>Particularly effective for young people who are work-ready.</p>	<p>Less effective for 'hard to reach' group who may require an improved cooperation between social and health services.</p> <p>Short-term solution: it does not solve structural problems of young people.</p> <p>Success depends quite strongly on other public policies (e.g. availability of student places) and broader labour market situation in the country.</p> <p>Moment of intervention is crucial. Social partners are of the opinion that even the new shorter waiting periods are too long – PES should have an obligation to help a young jobseeker as soon as s/he is registered.</p>

The full results of the Eurofound study on the effectiveness of selected policy measures introduced by Member States to improve the employability of young people will be published later in 2012. In the full research report, the effectiveness of 25 policy measures implemented by nine Member States are analysed and discussed.

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