

Access and inclusion of young people in the labour market in Catalonia

Executive summary

A word cloud graphic centered on the page, set against a background of concentric circles. The words are arranged in various orientations and colors (yellow, red, brown, grey, white). The most prominent words include 'Inserció', 'Mercat de treball', 'Educació', 'Jovent', and 'Atur'. Other visible words include 'flexibilitat', 'segmentació', 'contractes', 'mobilitat', 'temporalitat', 'salaris', and 'igualtat'.

flexibilitat
Inserció
Mercat de treball
Jovent
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igualtat

POLÍTIQUES D'OCUPACIÓ

Studies and Reports. Number 28

ACCES AND INCLUSION OF YOUNG PEOPLE IN THE LABOUR MARKET IN CATALUNYA

REPORT

approved by the Plenary of the Catalan Labour, Economic
and Social Affairs Council in the extraordinary session of
October 3, 2011.



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Catalan Labour, Economic and Social Affairs Council (CTESC)

Barcelona, 2011



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Barcelona, April 2012
Graphic design: IMF
Image: CTESC

DL.: B-10189-2012

Executive summary

The insertion or transition process from the training stage to work stability may take so many forms as individuals enter the labour market, and this is something that claims for simplification. In this study we have chosen to study individuals between 16 and 29 years; we have also considered that the insertion process is the stage that goes between the completion of the studies and the stay in an indefinite contract.

If comparing with Spain the relationship of young people with the labor market, it can be noticed that Catalonia's differences with regard to other regions are more activity, higher levels of employment and a more moderate temporality among young Catalan people. However, in comparison with Europe the activity of young people remains high, but not employment, which generates very high levels of unemployment, compared with those of European youth. Although temporality has been reduced in the last years, it is also higher.

If we analyze only the Catalan labour market segregating young people and adults in Catalonia, we shall observe that young people have less activity and less employment, combined with a higher unemployment rate. Also there is a greater concentration of young people in the service sector (especially in trade and hotel business) and a lower one in the industry. Most young people are non-manual skilled workers in a much higher proportion than the adult population, which is counterbalanced by a percentage of technical and managerial staff and of skilled manual workers far below than that of the adult population. There is also a higher percentage of young people working part time. Young people tend to be employed in the private sector in a greater extent than the adult population; the greater seasonality of the first group is noticeable. The adult population, however, focuses more than the young population on the public sector (where the young also show greater seasonality) and self-employment, since they are business people in as a percentage much higher than young people.

Many of the young people that are unemployed have not worked before, since they are in the initial phase of the insertion process. However, young people spend less time unemployed than the adult population (either because the rotation between work and unemployment is higher than that of the adult population, or because a portion of the unemployed population combines activity with inactivity); it also happens that in many cases they are not entitled to unemployment benefit as a result of having been less time paying contributions.

During the last decade the weight loss of young people on the whole population has increased. This weight loss could represent a reduced ability of young people to influence on the adoption of policies addressed to improve their working conditions and their integration into the labour market. Nonetheless, this lower weight of the young people should not determine the design and implementation of policies aimed at solving their problems.

In the last decades there has been a differential in unemployment and employment between young and adult population that is maintaining since the early 80's. These differentials are also accompanied by a greater sensitivity to economic cycles by young people.

To a large extent this greater sensitivity to the cycle is the result of the contracts type for young people. So, with a temporality well above the average of the employed population, they are more easily dismissed in recessions and recruited in expansion phases. That is to say, apparently the existence of a duality in the labour market hampers the integration of young people in this market and complicates their stay when there is a recession.

Almost 90% of newly signed contracts are temporary, which makes access to a permanent contract after finishing their studies more difficult. The probability of obtaining a permanent contract from a temporary contract does not differ too much with the probability of accessing it from unemployment. Also, it is most likely that, after the end of a temporary contract, one ends up in unemployment. The probability of signing a new contract after the first time is higher than that of getting a permanent contract.

The number of temporary contracts that the individual chains also affects the chances of achieving a permanent contract, since these are smaller as more contracts are linked. Also, the duration of the temporary situation reduces the chances of leaving it. That is to say, the probabilities that individuals fall into the trap of temporality without reaching a stable situation in the labour market are high.

Finally, a high rate of unemployment in the region or a recessionary macroeconomic environment also hinder the transition to a permanent contract.

The variable that seems to influence mostly on the whole insertion process -from the completion of the initial formative stage until the stay in a permanent contract- is the educational level a person reaches. Thus, individuals with more education have higher employment rates and are less likely to be unemployed. Also, the time they take to find work after finishing their studies is shorter, and the chances of obtaining a permanent contract are higher than those of individuals with lower educational levels. The probability of remaining in a job with a permanent contract is higher for individuals with more educational level.

Nonetheless, in Catalonia there is a problem caused by the over-education of the youth population. That is to say, the educational level helps to improve employment prospects, but in many cases the job that one obtains does not require the educational level attained. This fact makes it necessary to rethink the educational system to suit the production system and rethink the latter to fit better the educational system. This issue is especially urgent if one considers that, as a result of the crisis, many young people who cannot gain admittance to the labour market have opted to continue studying or to return to school after a short working period.

Also, job search methods seem to suggest two things. First, there is a high percentage of population that finds job using informal methods. This means, in some way, that access to a job depends less on the individual's skills but on the contacts he/she may have. Moreover, it can be noticed that there is an increase of migration or residence changes to foreign countries. It is therefore possible that some of the most educated

population migrate in search of work, with the loss of talent for the country that it brings with it, which in the long term will result in a loss of wealth.

The crisis could also have lowered job expectations of young people, increasingly willing to accept jobs with poorer working conditions.

The need to facilitate young people's transition into the labour market and to give them support, as well in education and training as in unemployment or inactivity, is a main subject in the various territorial areas, which coincide in considering that the promotion of young people's employment requires an integrated and coherent package of interventions in diverse fields, especially in education and training and in the labour market.

Reflecting the interconnection between employment, education and training, the framework of European cooperation on youth affairs for the period 2010-2018, to be analyzed in the context of the new European strategy for employment and for a smart, sustainable and inclusive growth for the next decade (Europe 2020) is to establish a strategy to achieve the creation of more opportunities and equality in education, labour market, promotion of active citizenship, social inclusion and solidarity.

In Europe stress is laid on the need to get a qualified workforce that meets the needs of the labour market and therefore the need to strengthen links between education and employment. Lifelong learning is configured as one of the challenges for the future of European policy and it is emphasized that the performance of educational systems should be improved and appropriate measures should be taken to prevent school failure.

This interrelationship between employment policy, educational policy and training is also transferred to the national and regional level.

At the national level, to improve the employability of the unemployed people, especially young people, has been one of the objectives of the labour reform of 2010 (Royal Decree-Law 10/2010 and Law 35/2010). For this purpose, bonus policy for permanent contracts is rearranged and changes to training contracts are introduced in order to encourage its use by enterprises and to make them more attractive for young people. Reforms had to be evaluated before the end of 2011, and in sight of this evaluation and according to the employment trends in 2010 and 2011, the Government shall have to extend or modify them in consultation with the most representative trade unions and employer's associations. However, before the end of the year the Government has further amended the training contracts, revoking the training contract and establishing a new training and learning contract addressed to young people over 16 years and under 25 that do not possess any professional qualification.

The Social and economic agreement for growth, employment and the guarantee of pensions, February 2011, highlights the need to reform the active employment policies to help improve labour market and to rise employability of those people who are seeking work. From the agreement stem both measures of structural scope and contingency measures. Regarding the former, the Royal Decree-Law 3/2011 has been

approved; among its main objectives, it pursues to improve the efficiency of employment policies and to adapt them to the reality of the labour market and the characteristics of the territory, increasing its effectiveness on improving employability and the insertion chances of the unemployed, especially young people and those who are in long-term unemployment. In this line, it should be added to the definition of priority groups who are the targets of employment policies that it is necessary to pay special attention to young people with skill gaps.

The contingency measures are specified by Royal Decree-Law 1/2011, on urgent measures to promote the transition to stable employment and the requalification of the unemployed people, especially young people and those who are in long-term unemployment. In the frame of reference of this Royal Decree-Law an exceptional employment program is promoted in order to foster, until February 2012, the part-time employment through reductions in the employer's contribution to Social Security. A requalification program is also approved, with a duration of six months, for people who exhaust unemployment benefits and the actions to improve employability for a year through the participation in individual and personalized itineraries that combine employment actions counseling and job training aimed at various groups, among which are included young people who have difficulties in finding work resulting from their low qualifications.

The agreement also reinforces the importance of training and includes unemployed workers in training activities addressed to employed workers.

At the level of the autonomous regions, the Agreement on measures for youth employment in Catalonia 2009-2012 sets out the Government's action strategy with regard to youth employment, in order to promote improved working conditions for young people and to facilitate their professional insertion.

The professional insertion through grants has also received attention from the public powers, given its scope and, sometimes, its use on the sidelines of the labour legal system. Reflecting this concern, the Law on updating, improvement and modernization of the Social Security System, recently approved, allows that the contribution of the training periods completed before the entry into force of the Law can be computed and establishes that aids for training and practices of students and graduates as provision of services shall be ruled by contract and it will be necessary to contribute for such aids. In the same sense, the Law on science, technology and innovation, also recently approved, changes the conditions of service for research personnel in training, eliminating the pattern "2 +2" (2-years grant and 2 years contract) in force at that time and replacing it with a system with three specific contract types.

Finally, the need to promote entrepreneurship among young people is also present in the European, national and regional level.