

Submissions Abstract Book - All Papers (Included Submissions)

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Young Graduates' Unemployment and Active Labour Market Policies in Southern European Countries

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Abstract:

Youth and particularly graduates' unemployment have risen in Southern European countries in recent years and policy makers have thus placed greater importance on employability. One important tool for addressing this issue is the implementation of active labour market policies (ALMP's). We analyse all ALMP's implemented in Portugal, Spain, Italy and Greece between 2000 and 2018. Our results show different strategies. While Portugal and Greece made graduates' unemployment a top priority, in Spain and Italy this was not so. To explain these different approaches, the paper argues that the narrative around the transition towards a knowledge-based economy was more influential in some of these countries while in others, namely Italy and Spain, labour market policies were more aligned with the industrial sectors' needs and tackling youth unemployment. All in all, this paper demonstrates that faced with similar problems, governments adopt different strategies, showing that national institutions play a key role in policy making which affect graduates' employability differently.

Paper:

Over the past two decades youth and higher education (HE) graduates' unemployment have soared in Southern European countries such as Portugal, Spain, Italy and Greece. This led to a growing awareness of the need for public policies that boost their employability and the number of active labour market policies (ALMPs) targeting young people has increased in these countries, especially following the 2008 economic crisis. These policies were supported in the social investment paradigm (Hemerijck, 2018) which is particularly attractive in Mediterranean countries (Amable, 2003). However, there are marked differences between countries in the priority given to graduates in policy design. To explain these different approaches, the paper argues that the narrative around the transition towards a knowledge-based economy, in which HE graduates play a key role, was more influential in some of these countries while in others, namely Italy and Spain, ALMP's were more aligned with the industrial sectors' needs and tackling youth unemployment through vocational education and training (VET).

To address this question the paper analyses all ALMPs targeting young people in these four countries between 2000 and 2018. The data were drawn from the LABREF database (European Commission, 2021), which collects all ALMPs in each EU member-state.

Our results show two very different strategies both in tackling youth unemployment in general and particularly in the role of graduates in policy design and implementation. In the first approach, which

was followed in Portugal and Greece, there is a great political focus on HE graduates and in promoting the transition to the knowledge economy. In Portugal, throughout this period a significant number of policies (11 out of 48) specifically targeted HE graduates, namely through internships and facilitating their integration in firms. These policies were part of a broader agenda to speed up the transition to the knowledge-based economy by promoting the integration of highly skilled youths into the labour market, namely graduates in areas that are critical for the knowledge economy. Likewise, in Greece 7 (out of 29) measures also specifically address HE graduates. An interesting point is that three of these specifically focus researchers and postgraduates, namely by helping them to set up their own firms. There are three main reasons for this. The first is the concern of the very significant brain drain of this highly qualified group throughout the crisis. The second is that due to the severity of the crisis and the composition of the Greek economy many firms were simply unable to hire these highly qualified graduates. And third is the attempt to foster knowledge transfer from academia to the economy while creating high-technology firms. Other measures targeting graduates in general also focus on cutting-edge sectors of the economy, and again in promoting entrepreneurship.

In the second broader political strategy, the great priority is clearly in promoting VET training and particularly in attempting to implement a dual system, similar to the German model. There is no specific concern with graduates' transition to the labour market or the implementation of the knowledge economy agenda. This strategy was followed both in Spain and Italy. Spain is a paradigmatic example in the sense that throughout this period it did not implement any new measure specifically addressing HE graduates (although graduates were included in broader programmes such as the Youth Guarantee). The priority was to further investment in the vocational system and apprenticeships. The most emblematic and ambitious reform was therefore the attempt to establish a dual VET system, an initiative that sought to address rising levels of youth unemployment and simultaneously contribute to further develop the Spanish industrial sector. In Italy, the political focus of ALMP's throughout this period was likewise clearly in VET and dual training which concentrate the bulk of the policies and its most significant reforms. These reforms have tried to mimic the German dual model in VET training as an option to overcome youth unemployment, especially in its southern regions, but also to provide skills to the strong industrial sector. Only three measures were implemented throughout this period specifically addressing graduates and these dealt mostly with promoting internships. These are rather marginal measures that do not indicate that HE graduates or the transition to the knowledge economy were in fact a political priority of governments throughout this period.

Our results suggest that faced with similar problems, governments adopted different strategies showing that political ideas and historical trajectories, as well as the economies' composition and perceived needs, play a key role in policy-making. These strategies and paths influence labour market outcomes, including graduates' employability.

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