



# YOUTH LABOUR MARKET PERFORMANCE IN SPAIN AND ITS DETERMINANTS

Andrés Fuentes Hutfilter  
Senior Economist, Department of Economics, OECD



## Sources

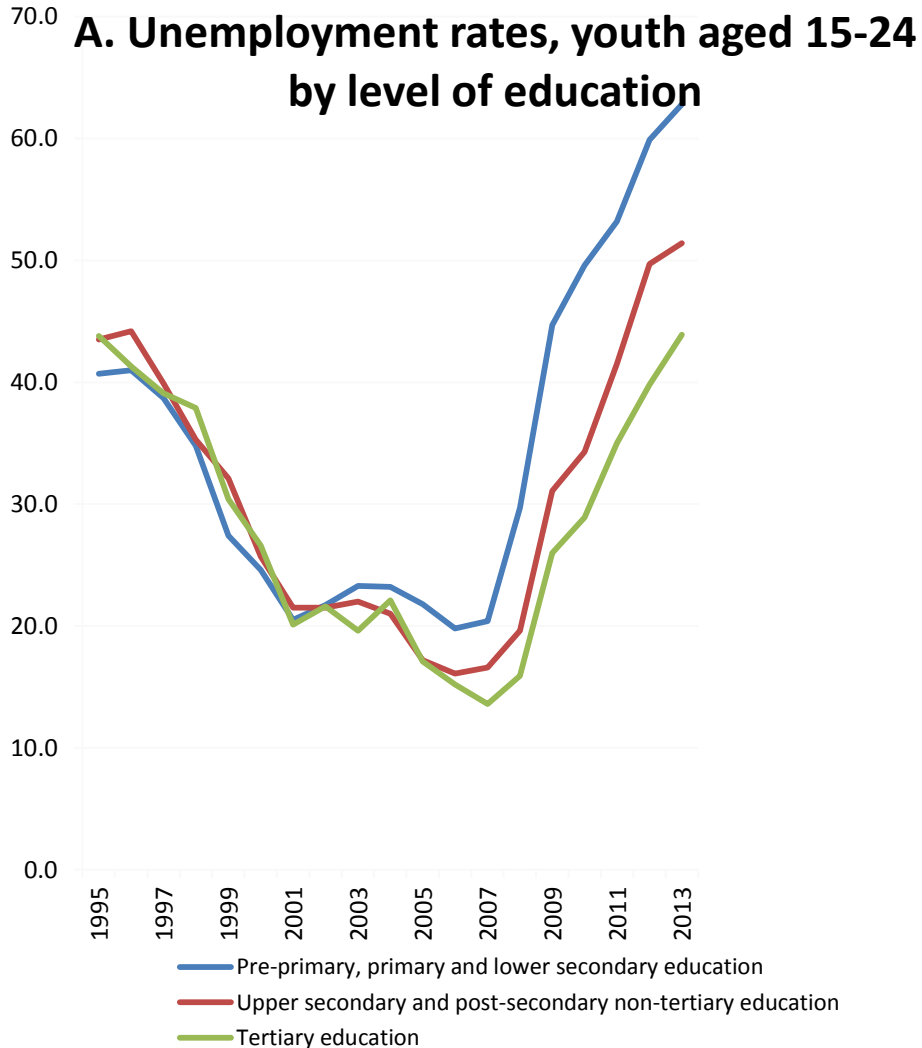
---

- Juan J. Dolado, Marcel Jansen, Florentino Felgueroso, Andrés Fuentes, Anita Wölfl (2013), *Youth Labour Market Performance in Spain and its Determinants: A Micro-Level Perspective*, OECD Economics Department Working Papers No. 1039.
- OECD Economic Survey of Spain 2012 (chapter *Improving employment prospects of young workers*).
- OECD Economic Survey of Spain 2008 (chapter *Improving Education Outcomes*).

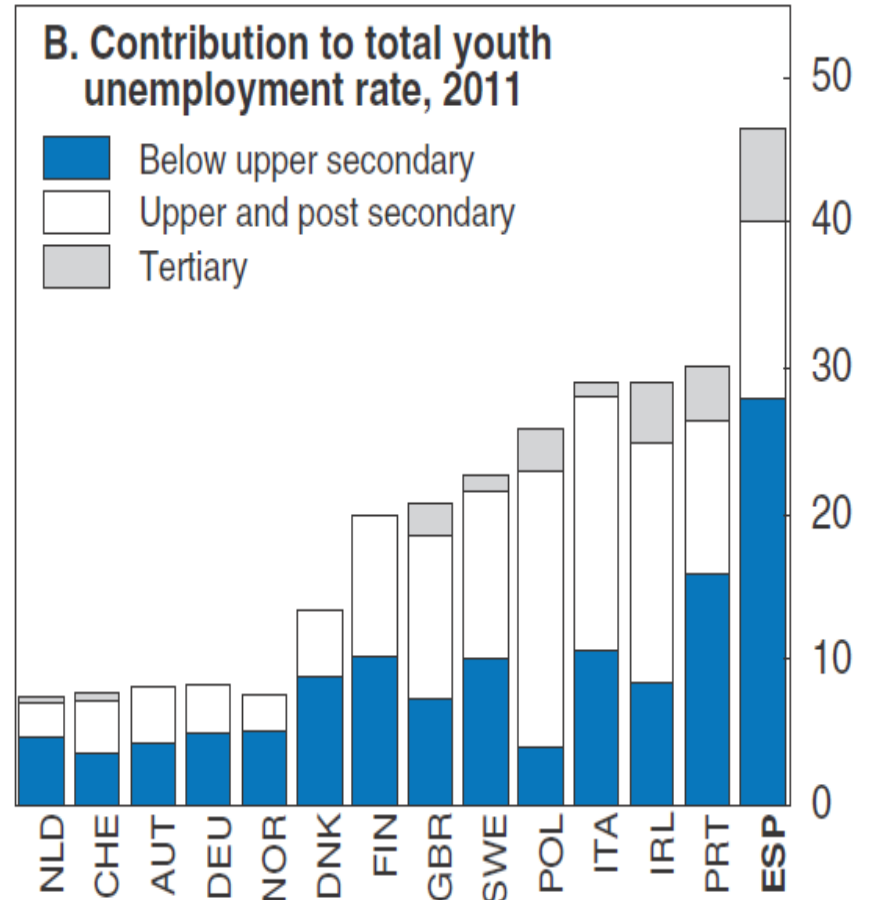


# Most unemployed youth are unskilled

**A. Unemployment rates, youth aged 15-24 by level of education**



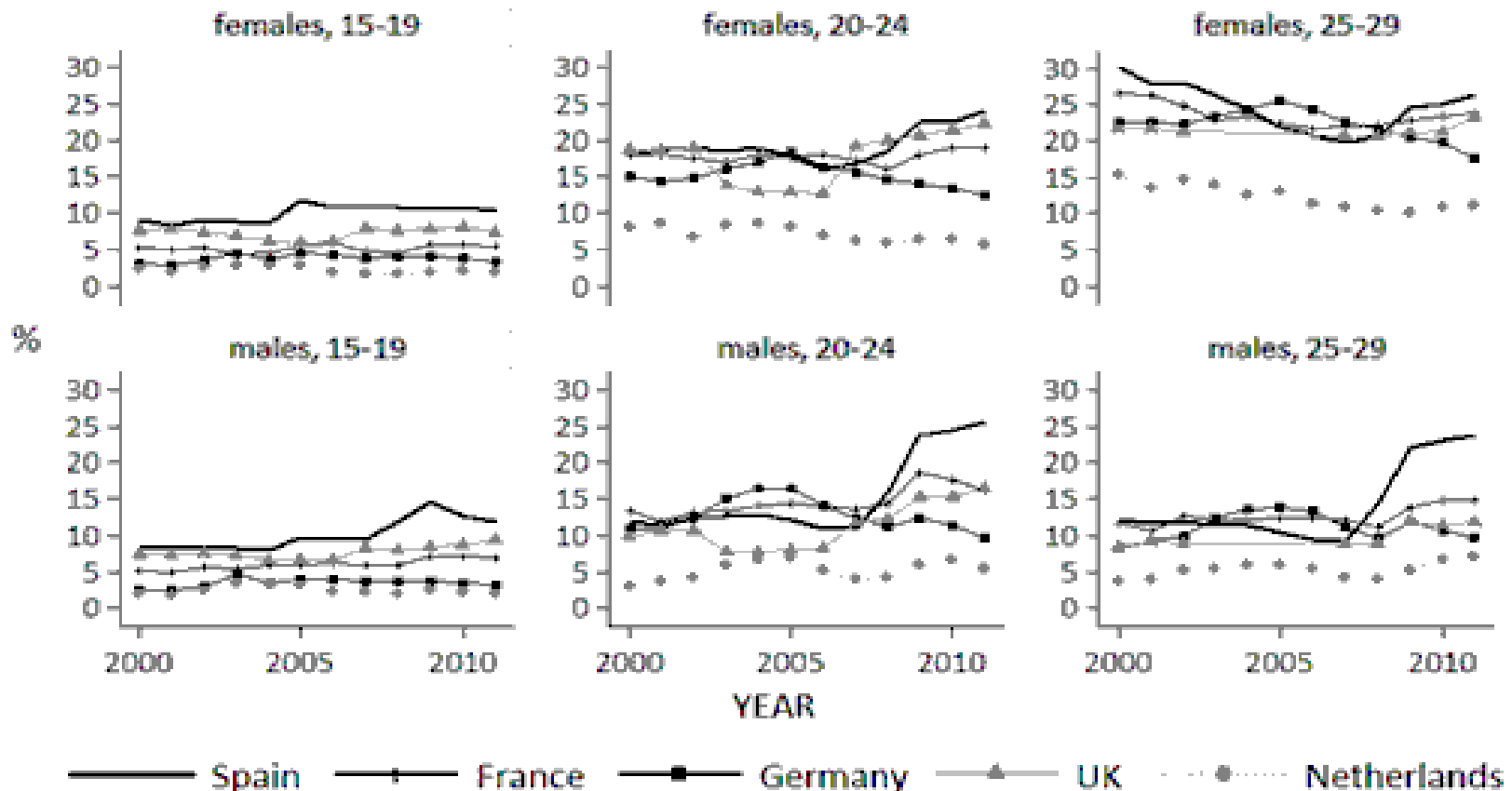
**B. Contribution to total youth unemployment rate, 2011**





# The share of youth in their 20s neither in education nor work has risen to 25%

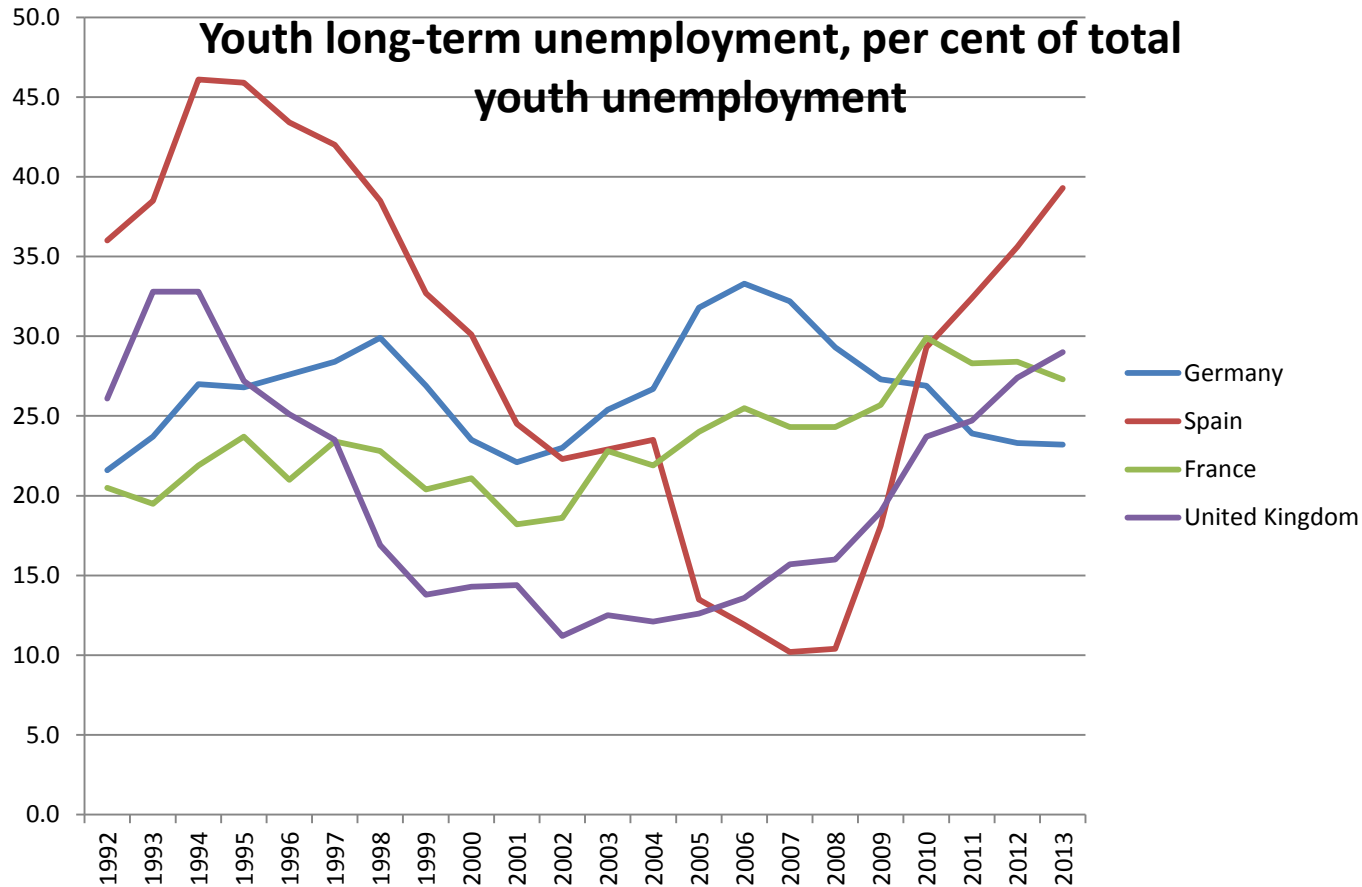
Figure 6. Young people not in employment and not in any education and training by age and sex (NEET rates) (2000-2011)



Source: European Labour Force Survey (Eurostat)



# Long-term unemployment has risen



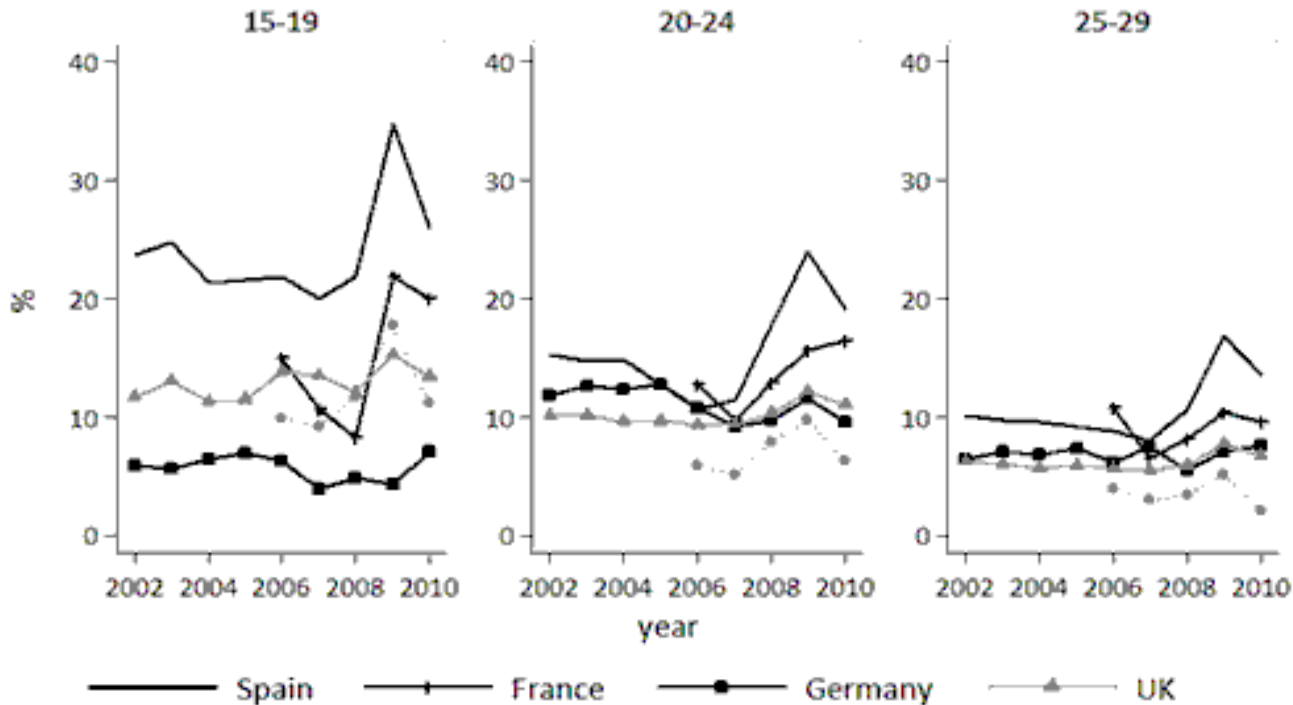
15-24 years olds

Source: European Labour Force Survey



# Turnover among young workers is high

Figure 14. Transitions from employment to non-employment by age  
(% of employed in year t-1, non-employed in year t, 2002-2010)

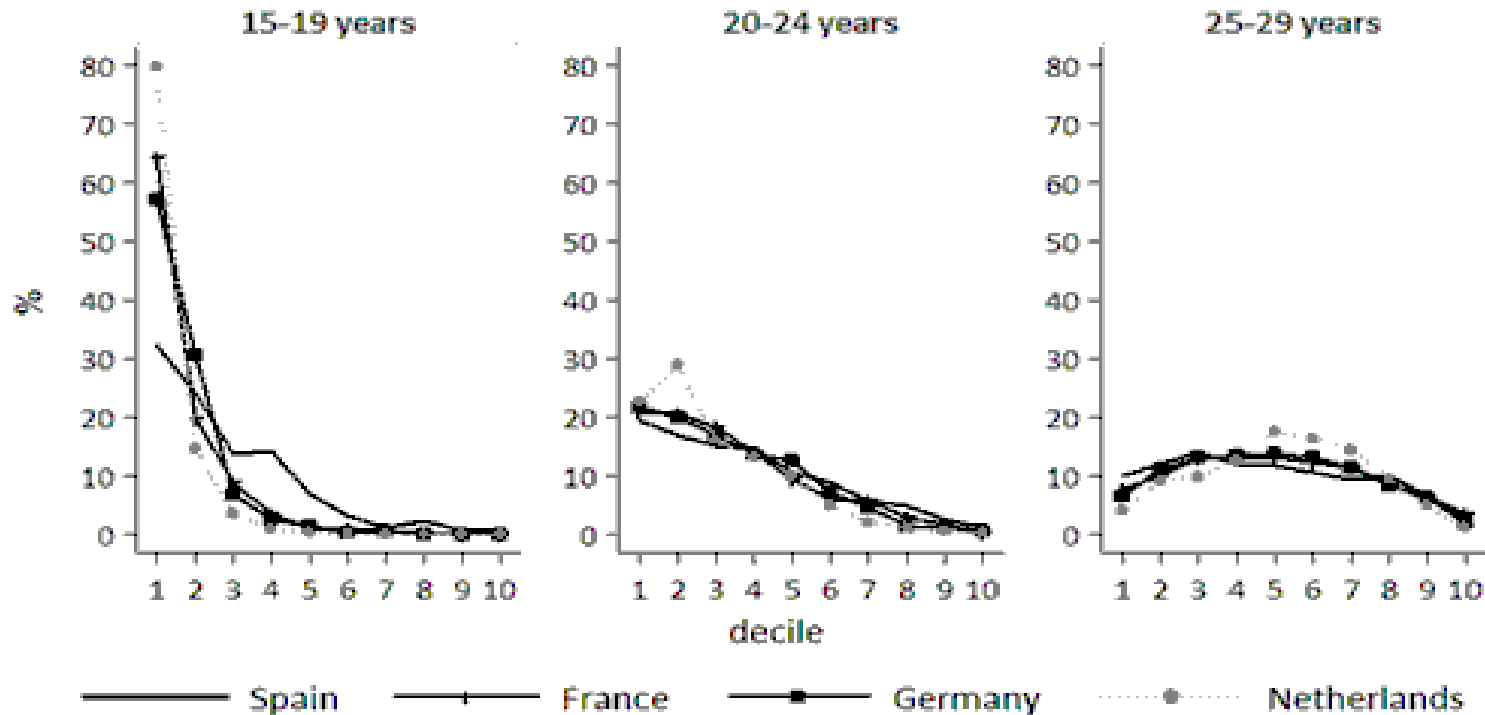


Source: calculations based on the yearly sub-samples of the European Labour Force Survey



# Wage floors may constrain on-the-job training of teenagers

Figure 27. Distribution of youth by deciles of the country's wage distribution (2009,2010)



(\*) Monthly pay from main job. Spain, France and Germany (2009), Netherlands (2010)

Source: calculations based on the yearly sub-samples of the European Labour Force Survey (2009,2010)



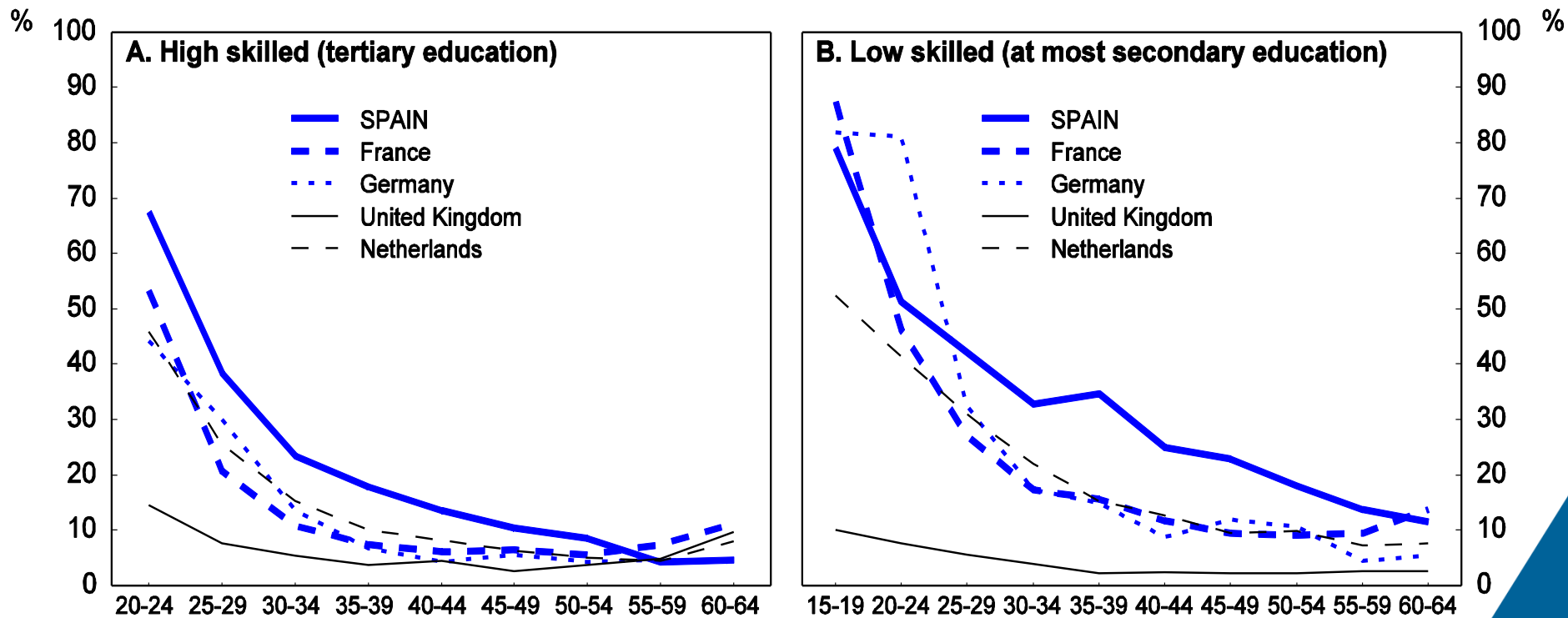
# DUALITY IN THE LABOUR MARKET AFFECTS YOUTH THE MOST





# The share of workers on temporary contracts is high

## Share of workers on temporary contracts by age group (2010)



Source: European Labour Force Survey



# Moving to a permanent job is difficult for Spanish youth

**Table 6. Reasons for having a contract of limited duration, by age (% , 2007 and 2010)**

Reasons	Spain		France		Germany		UK		Netherlands	
	2007	2010	2007	2010	2007	2010	2007	2010	2007	2010
15-19 years old										
Period of training	20.6	25.0	51.9	63.4	94.5	94.4	6.4	6.4	3.6	3.0
Could not find a permanent job	59.1	66.2	18.3	15.8	2.2	0.6	23.8	27.0	20.4	16.7
Did not want a permanent job	16.9	6.0	20.2	19.4	1.6	1.8	64.0	63.3	46.7	46.1
Probationary period	3.3	2.8	9.6	1.4	1.7	3.2	5.9	3.3	29.4	34.1
20-24 years old										
Period of training	10.1	8.9	21.2	23.1	74.0	74.6	17.2	14.3	6.4	4.1
Could not find a permanent job	76.7	83.9	45.5	51.1	15.4	10.9	42.0	56.8	37.5	32.3
Did not want a permanent job	10.6	6.2	25.1	21.5	1.4	2.6	34.4	23.7	18.4	21.7
Probationary period	2.6	1.0	8.2	4.3	9.2	11.9	6.4	5.2	37.7	41.9

Source: calculations based on the yearly subsamples of the European Labour Force Survey (2007 and 2010).

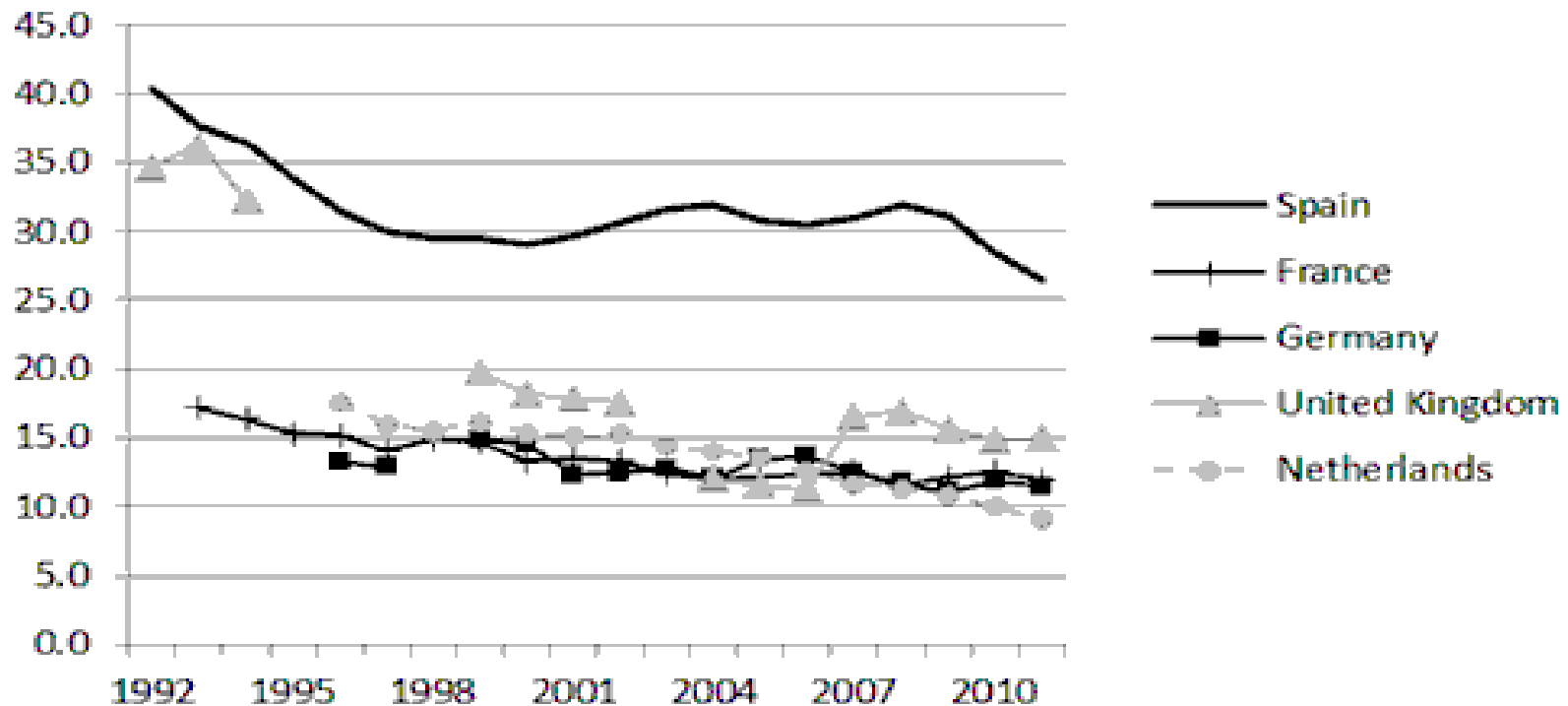


# EDUCATION: ACCESS AND LABOUR MARKET RELEVANCE



# Too few youth benefit from upper secondary education

Figure 8. School drop-out rates (1992-2011) (\*)



(\*) Population aged 18-24 years, with a lower-secondary educational level, neither in formal education, nor in training. Source: European Labour Force Survey (Eurostat).



# Vocational education is underdeveloped

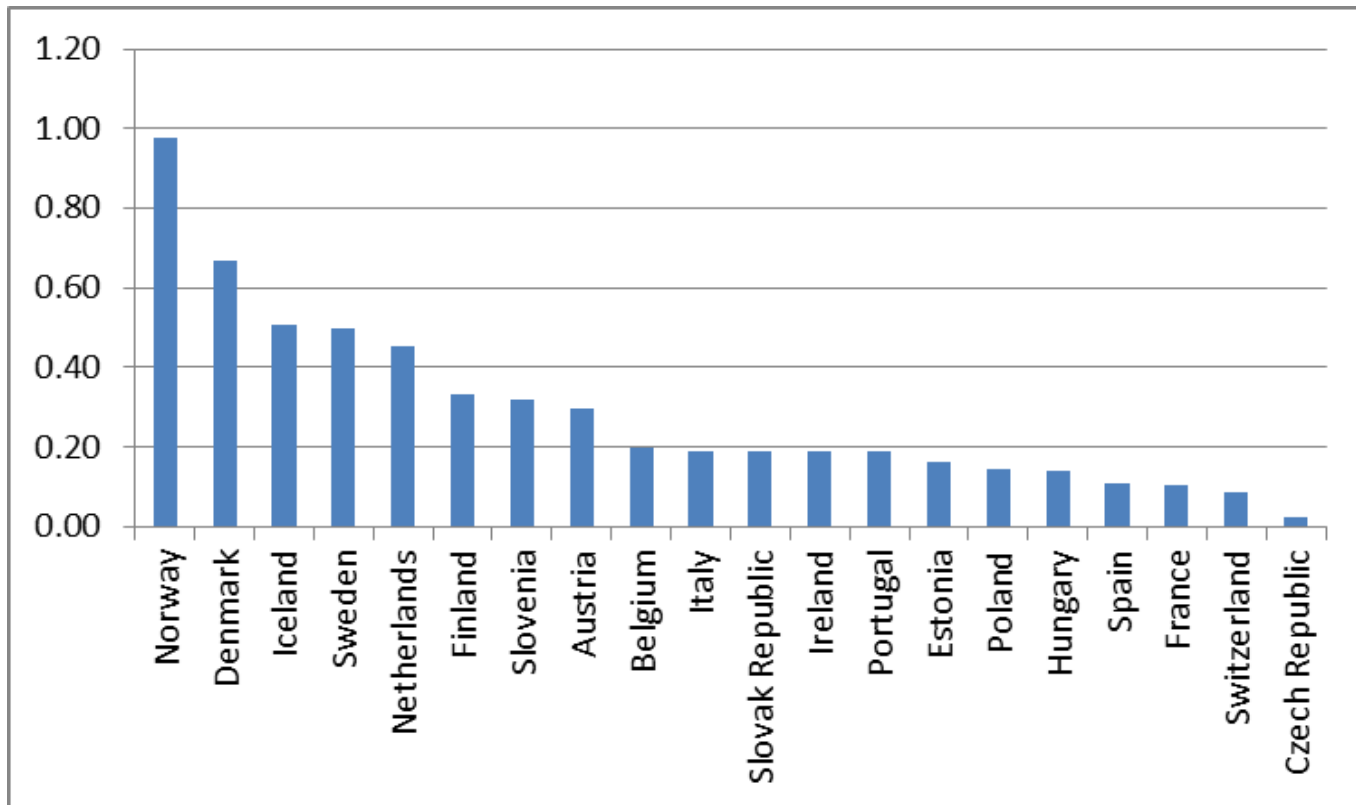
**Table 2** Orientation of the highest level of formal education attained education  
(people aged 15-34 in 2009 with a secondary level of education and not in formal education)

Distribution	SP	FR	DE	UK	NL
General education	80.2	39.0	21.9	57.1	23.1
Vocational education	19.8	61.0	78.1	42.9	76.9
Mainly (or solely) school based	17.6	37.8	1.7	6.7	
Combination of school and work place based	1.9	0.0	75.2	0.0	
Mainly work place based	0.2	21.6	1.2	31.7	
With no distinction possible	0.1	1.6	0.0	4.5	76.9

Source: Calculations based on the 2009 ad-hoc module of the European Labour Force Survey

# Financial support for tertiary-level students is modest

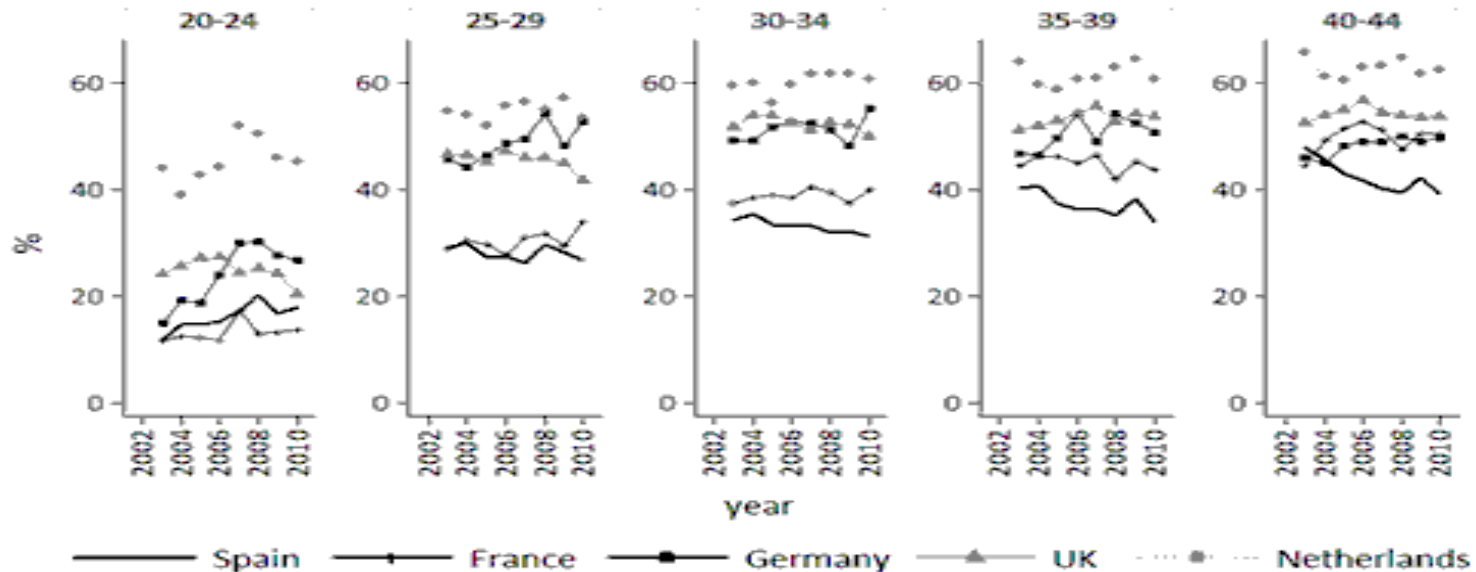
Public support for households and other private entities as a percentage of GDP, for tertiary education (2010)





# Overqualification of highly qualified workers remains widespread

Figure 23. Share of population with a tertiary educational level working as managers or professionals (\*), by age, not in education, 2003-2010



(\*)ISCO 1 digit = 1,2

Source: calculations based on the yearly sub-samples of the European Labour Force Survey(2003-2010)



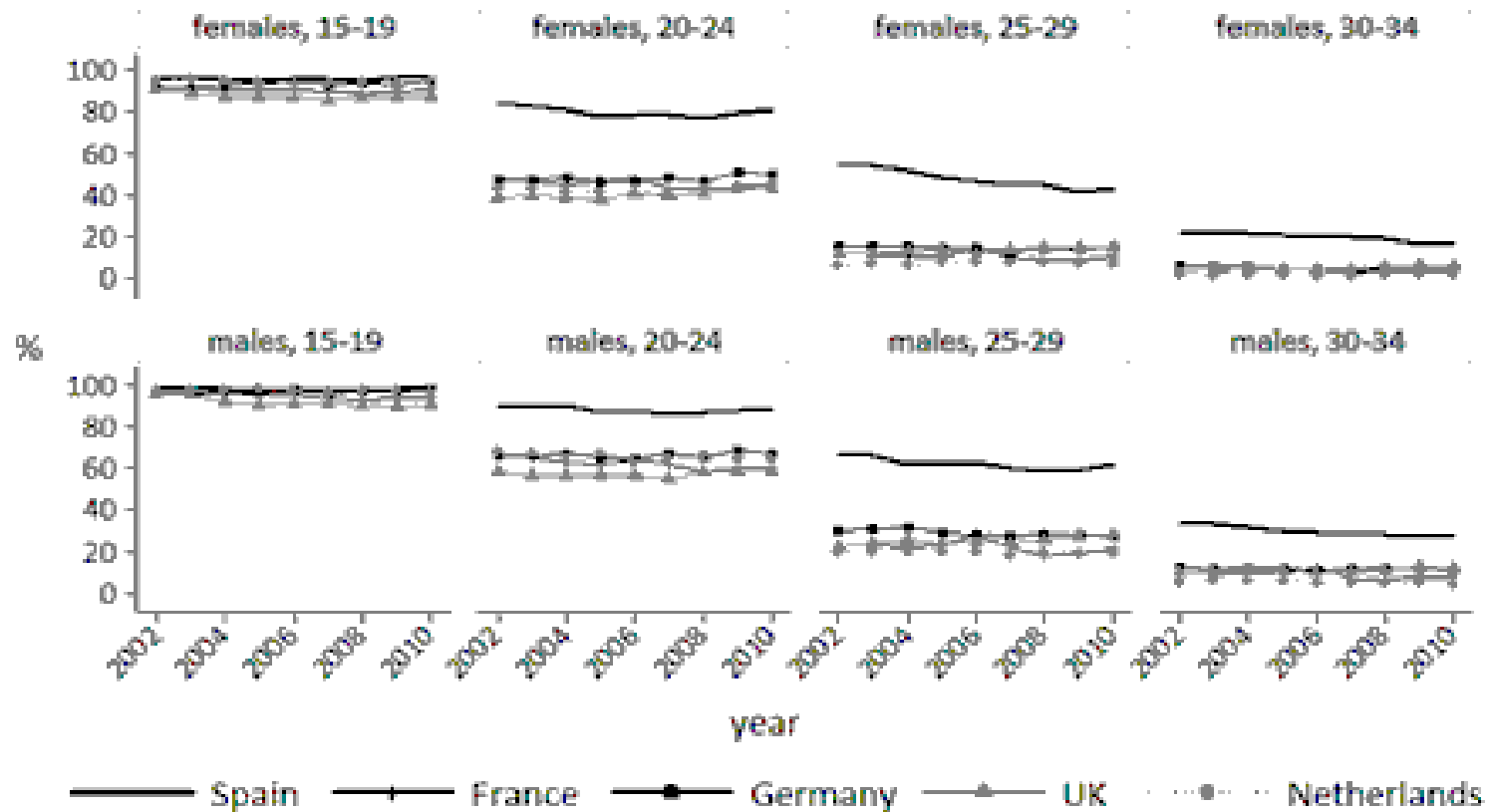
# MOBILITY AMONG YOUTH IS LOW





# Young people live with their parents for long.

Figure 36. Young people living in the parent household by age and sex (% , 2002-2010)



Source: calculations based on the yearly sub-samples of the European Labour Force Survey



## Some policy implications

---

- Education
  - Access
  - Meeting labour market needs
- Regulatory framework conditions
  - Employment protection and temporary contracts
  - Legal extension of collective wage bargaining
- Reforming the public employment service
- Remove barriers to mobility



THANK YOU FOR YOUR  
ATTENTION!