



European Employment Observatory

EEO Review: Youth Employment Measures, 2010

Slovakia

Lubos Vagac

Centre for Economic Development

October 2010

This article is the sole responsibility of the author(s)

1. Trends

Young people in Slovakia benefited from robust job creation between 2004 and 2008, which was triggered by strong economic growth. Youth unemployment almost halved from 32.8 % in 2004 to 19.0 % in 2008, but surged anew on the back of the economic crisis to 27.3 % in 2009. Youth employment remained relatively low even in the booming years (26.2 % in 2008, after 27.6 % in 2007 and 25.9 % in 2006), mainly because of growing school enrolment. However in 2009, Slovakia experienced a significant fall in youth employment (22.8 %).¹ The crisis exposed the vulnerable position of young people in the labour market because they were among the labour market groups most affected by redundancies (the unemployment rate went up by 12.1 percentage points (ppt) in the 15-24 age group, against +3.6 ppt in the 25-49 group, referring to Q4-2009/Q4-2007, see also tables in annex).² It also showed that the capacity of policies to mitigate such sudden and intense change is rather limited, particularly in an environment where policies are insufficiently backed up by long-term strategies. Although young people seem to experience shorter spells of unemployment in comparison with the adult population, the risk of long-lasting joblessness could rise mainly for those with insufficient or inadequate skills.

A number of education and employment policies aim to facilitate the transition of young people from school and/or inactivity into work. Although some progress has been achieved recently in adapting the school system to labour market requirements, more policy attention is needed to introduce the early identification of skills needs and refine employment services for young job seekers.

2. Measures taken to promote youth employment

2.1 School education and training policies

In recent years the education system in Slovakia has undergone changes, which have also partly affected the structure of schools. The current system comprises four levels of education:

- pre-school education (kindergartens, for children aged 3-6, not compulsory),
- primary education (primary schools, split into two stages, for the age group 6-15),
- secondary education (grammar schools, secondary vocational schools, conservatories, for the age group 15-18), and
- higher/tertiary education (higher education institutions, universities, for young people aged 18-23).

The system of formal education is complemented by schools for children with special education and training needs, primary art schools, and other special facilities. Compulsory school attendance lasts for 10 years and applies to all children from the age of six meeting

¹ Source: Eurostat

² The demographic decrease in the young population (-7.3 % in the 15-24 cohort between 2005 and 2009) was accompanied by increased inactivity of young people, reflected mainly in a growing number of persons in education (+5.8 %). The economic crisis may even act as a catalyst in this respect: as jobs are closed and more difficult to find, young people tend to drop out of the labour force and become inactive instead of unemployed. To capture the most affected youth it is therefore important to look at persons who are not in education,

school eligibility criteria. Children who are deemed to be incapable of entering first grade may be enrolled in so-called 'zero classes' of primary education. There is no system of confirming enrolment for the following years, thus data on drop-outs are not systematically collected.

Following the basic education acquired in primary schools, secondary schools offer general or vocational education, according to a student's talent and inclination for further studies or a career. The new Act on Upbringing and Education merged secondary specialised schools with vocational schools and apprenticeships (now secondary vocational schools). These schools train the largest part of the future workforce. The former dual apprenticeship system broke down due to a lack of incentives for employers and vocational education and training (VET) ended up largely detached from the labour market. A new Act on Vocational Education and Training addresses many of the existing shortcomings; however some reforms are still pending.

Information on labour market requirements and skills needs is of crucial importance for all actors, schools and students in particular. A forecasting and early identification mechanism is in long-term preparation by competent public agencies, however the launch date is unknown. The foundations for a better involvement of social partners in education have been laid with the VET law. However there is some evidence that incentives may not suffice to attract a larger number of private sector employers because of the high cost of investment.³

The success of school-to-work transition depends on many factors. Data on the unemployment of secondary school leavers show that there are fields of vocational studies, predominantly those ending without a secondary school leaving exam (ISCED3C), which in the long term achieve poor results in labour market placement (examples include agriculture and certain social sciences). A similar picture can be derived from data on the employment of higher education graduates (technical branches tend to outmatch natural and social sciences). Companies mainly demand professions that fit into the economic profile of the sectors experiencing longer term and in some cases also temporary expansion. There are many dynamics in this process, which have been furthermore affected by the economic crisis, resulting in more difficulties for new entrants, even in previously booming industries (machinery, electric engineering, and construction).⁴

Education policies (referring to formal education) do have not sufficient tools to effectively react to short-time movements in the labour markets. It is therefore not surprising that recovery packages implemented to mitigate the effects of the crisis, did not include many education-related measures.⁵ One exception was the request addressed by the Ministry of Education to higher education institutions to enrol an additional 5 000 full-time students and

employment or training (NEET). National data on NEET are not surveyed but available statistics suggest an increase in the NEET rate over the past two years.

³ Source: Youth Report 2010

⁴ Source: Position of school leavers in practice 2008/2009

⁵ 'Education' recovery measures focused on support to R&D and innovation. The Ministry of Education called on higher education institutions to enrol an additional 5 000 full-time students and 300 PhD students to reduce the growing unemployment rate of school leavers on the back of the crisis.

The measure seeks to mitigate the growing unemployment rate among secondary school leavers and to improve the qualification structure of the population by way of a one-off increase of the number of students admitted to tertiary studies in the academic year 2009/2010.

300 PhD students in the academic year 2009/2010 to mitigate the growing unemployment rate among secondary school leavers.

The most important reforms implemented in the past two years belong to the structural agenda. The aforementioned Act on Upbringing and Education (effective since 1 September 2008) introduced an extensive reform of regional schooling (pre-school, primary and secondary education). A key goal of the reform is the decentralisation of the rigid school system by means of transferring more responsibility and freedom to schools. The state stipulates only the basic scope of compulsory knowledge in a state education programme, while schools can adapt the content and methods of education by way of school education programmes. The volume of compulsory curricula has been reduced and teaching of foreign languages reinforced. Reduced numbers of pupils/students in classrooms are expected to improve the quality of teaching and facilitate an individual approach to children and youth.

The Act on VET (effective since 1 September 2009) is an important step towards improving links between VET and the labour market. This shall be achieved by way of:

- introducing incentives for the involvement in VET for employers, employer associations, chambers, etc.;
- adjusting respective state and school education programmes, which have to be negotiated with employers;
- re-introducing a dual system of classroom-based and work-based training;
- introducing financial and material provisions for students (scholarships, remuneration for productive work, subsidised travel and accommodation); costs may be covered by employers and charged as a tax deductible item;
- setting up a Government Council for VET and parallel councils in regional self-governments and professional associations; these shall submit on a regular basis information on market requirements for VET.

Providing shortcomings are removed and the system is sufficiently adapted, the new regulation could help to revive the long-lasting fall of public interest in VET.

The Act on Lifelong Learning (in effect since 1 February 2010) stipulates a regulatory framework for continuing education as an integral part of lifelong education. The law introduces rules on the recognition of outcomes of non-formal learning, a precondition for the portability of acquired skills. It enacts the National System of Qualifications and charges the Ministry of Education with the creation of a monitoring and forecasting system on educational needs.

2.2 Labour market and employment-related policies and access to benefits

Active Labour Market Policies (ALMPs)

Young people aged 15-24 account for roughly 17-18 % of all job seekers registered with labour offices. This proportion has remained more or less stable during the past years; a change occurred in the proportion of the 15-19 to 20-24 subgroups, where a decreasing share in the youngest cohort has been offset by an increase in the 20-24 age group (notably in the crisis year 2009). The share of persons aged 25-29 in the unemployment register increased from 11.5 % in 2007 to 12.2% in 2008 and 13.5 % in 2009.

The Act on Employment Services, the law which applies to ALMPs in Slovakia, stipulates that young people below the age of 25, who completed initial education in full-time studies less than two years ago and have failed to acquire a first regularly paid job, are classified as disadvantaged job seekers and referred to as school leavers/graduates. Central Labour Office (CLO) statistics show that this category comprises less than half of the 15-24 cohort.⁶ As is the case for other target groups of disadvantaged job seekers, school leavers may benefit from preferential access to most ALMP tools.

A special programme for young job seekers entitled 'Work Experience for School Leavers' (referred to as Graduate Practice) aims to provide young people (up to age 25) with the opportunity to acquire and improve professional skills and practical experience with a specific employer. There are no other measures specifically designed for young job seekers in the ALMP scheme. Policies are prevalingly of a universal focus, with the exception of graduate practice and specific tools designed for disabled citizens and job seekers.

A number of amendments to public employment services have been adopted in the past two years. The most important changes with respect to the target group in question include:

- Changes effective since 1 May 2008. The revision introduced new categories of disadvantaged job seekers, including persons dismissed because of age, persons who failed to complete secondary education, and persons brought up in institutional and/or protective care. The labour offices were charged with the task of offering job seekers suitable employment or participation in active measures at least once a month. Another change concerned the introduction of job agents, whose task is to monitor the situation in the labour market and to mediate employment. The sum granted to participants in graduate practice was raised from EUR 63 monthly to the sum of the valid minimum subsistence level (currently EUR 185).
- Changes effective since 1 March 2009. The amendment was prompted by the growing number of redundancies induced by the economic crisis. A special employment recovery package included seven ALMP measures of temporary character (until end of 2010) to prevent layoffs and create new jobs. Although young people experienced above-average rates of job losses, the package did not include specific measures for this particular group. Data presented in Table 1 suggest that the recovery measures did not attract many young people.⁷
- Changes effective since 1 December 2009. Access to certain employment services (contribution to self-employment, graduate practice and a job creation subsidy) was made temporarily (until end of 2010) easier for young jobs seekers classified as school leavers who can apply for support immediately after registering with the labour office, instead of waiting three months in inactivity.

⁶ Young job seekers may also be classified as a different category of disadvantaged job seekers (e.g. long-term unemployed, disabled citizens, persons in the NEET status because they cannot reconcile work and family duties), and/or may be registered as 'ordinary' job seekers. Information on the age structure of the particular sub/categories of job seekers is not available.

⁷ Information on jobs (and structure of employees) maintained by way of the mostly used recovery measure – subsidy to employers for the retention of employment in enterprises affected by the crisis – is not available.

The following table shows the participation rates of young job seekers (school leavers/graduates) in the most important ALMPs.⁸

Table 1 Participation in ALMPs (2008, 2009)

Measure	Number of job seekers placed in 2008				Number of job seekers placed in 2009			
	total	of which disadvantaged	of which school leavers	as % of total	total	of which disadvantaged	of which school leavers	as % of total
Compensation for travel costs to job interview	3 207	1 394	761	23.7	4,901	2 005	1 106	22.6
Education and training for the labour market	12 046	6 468	742	6.2	17 816	8 002	1 402	7.9
Contribution for self-employment	12 096	6 148	1 007	8.3	12 870	4 560	1 004	7.8
Contribution to train a disadvantaged job seeker	64	64	20	31.3	252	252	61	24.2
Contribution for employing a disadvantaged job seeker	1 867	1 861	232	12.4	291	291	41	14.1
Contribution to support employment of low-wage earners	823	494	59	7.2	1 579	722	141	8.9
Support to social enterprises (RP)	-	-	-	-	453	395	17	3.8
Subsidy for new job creation (RP)	-	-	-	-	6 738	3 007	440	6.5
Contribution to an employee's wage (RP)	-	-	-	-	156	108	9	5.8
Graduate practice	7 451	5 638	5 194	69.7	11 764	8 685	8 020	68.2

⁸ Data on participation of youth within other categories of unemployed is not available.

Activation work for municipalities	171 124	153 623	1 264	0.7	35 084	34 927	339	1.0
Activation work as voluntary service	16 670	11 762	425	2.5	3 806	2 245	332	8.7
Contribution for commuting to work	12 311	9 553	833	6.8	16 052	7 027	1 689	10.5
Contribution for moving to work	6	1	0	0	42	18	5	11.9
Programmes and projects	5 552	3 377	330	5.9	1 203	772	209	17.4
Contribution for creation of protected workshop/workplace	320	320	3	0.9	972	971	15	1.5
Contribution for self-employment to a disabled person	336	335	3	0.9	439	439	10	2.3

Note: RP – measure from the employment recovery package (1 March 2009 – 31 December 2009)

Source: Central Office of Labour, Social Affairs and Family

If we do not take into account the questions around the role of ALMPs per se, the efficiency of ALMPs may be examined by way of different indicators. The simplest indicator is the number of participants involved, although a high number does not necessarily indicate high efficiency. Table 1 shows that young people have above-average participation in graduate practice, training in a specific workplace before taking up employment, and support for travel associated with job searching.⁹

A more convenient indicator is post-programme employment. There is not a significant amount of coherent information on post-programme achievements that would allow clear-cut conclusions to be made. Available assessments shows that about 8 % of persons involved in graduate practice eventually find a regular job. Financial support to start and operate a job through self-employment is one of the most efficient activation measures in this respect, however information disaggregated by age is unavailable. Education and training programmes, which are generally undersized, show a success rate of above 30 %.¹⁰ A comprehensive evaluation mechanism on the efficiency of ALMPs has been in development for many years, but has thus far not been put into practice.

⁹ There is low involvement of young people in activation jobs (target groups are primarily long term unemployed recipients of social assistance benefits) and policies for disabled citizens (an obvious explanation is that disabled persons are classified as a special category of disadvantaged job seekers, irrespective of age)

¹⁰ Source: CLO

The risk of merely postponing unemployment is relatively high for several existing ALMPs (e.g. community activation work or voluntary service). The setting of certain policies motivates beneficiaries (job seekers and employers) to enter programmes with the expectation of financial support and loose requirements, often leading to misuse and/or, at best, to public spending for subsidised employment that would possibly be created or maintained even in the absence of the programme. Another problem is the intricacy of the scheme, which includes a large number of unused and/or overlapping policies instead of concentrating on the most efficient policies and combining them to improve an individual's employment prospects.

To address some of the existing flaws, the CLO initiated in 2008 a pilot in 10 territorial labour offices to test a new three-zone system of employment services provision. The new approach is based on early identification of a client's needs and his/her insertion in one or more of the three zones of services:

- information, consultancy and mediation services – provided to persons actively and independently job searching,
- mediation services – individually tailored to a client's profile, and
- professional consultancy and ALMPs – provided to clients who were identified as requiring professional consultancy and/or an activation measure.

Based on positive responses and improved performance indicators, the new approach was implemented in all labour offices in 2009-2010.

Other important PES activities with regard to young people include:

- information and job mediation services provided in information-consultancy centres set up in labour offices;
- preventative consultancy in primary and secondary schools;
- internet portals – Integrated system of standard positions see internet (<http://www.ist.sk>), Guide to the world of occupations see internet (<http://www.povolania.eu>), ReHis information system for persons with disabilities see internet (<http://www.rehis.sk>);
- National career days, job fairs, etc.

Private employment services are gaining importance in job mediation. Young people, usually those with a lower risk of labour market marginalisation, represent a key target group for personnel agencies and temporary work agencies.

Access to social security benefits

Young people enjoy no privileges in the social security system. When a young person formally exits education and does not enter into a job within eight days, s/he is obliged to pay health insurance individually (social insurance is voluntary).¹¹ Providing the jobless person registers with the labour office, health insurance is paid by the state. Generally, a school leaver/graduate is not entitled to unemployment support; according to the regulations a person must have a minimum of two years of unemployment insurance in the last three years before s/he can apply for an unemployment benefit. A young person may instead apply for a means-

¹¹ For secondary school leavers the date of finishing studies is 31 August, for higher education graduates the date of the final state exam.

tested benefit from the social assistance scheme. Part of the scheme is an activation benefit, which is granted to registered job seekers taking part in specified ALMPs. Unemployment benefits are provided for a maximum period of six months in the sum of 50 % of the respective assessment base and can be re-applied after three years. Although job-search requirements have been tightened over the last years, for some groups of young people unemployment benefits may include calculated income support while in a phase of new job searching. Social assistance benefits are relatively modest; disincentives to work are present mainly in the socially disadvantaged environment (e.g. Roma communities).

Tax systems and labour market legislation

The tax system does not include specific incentives for employers to recruit youth labour. One exception was introduced by the Act on Vocational Education and Training in 2009, which enables companies that have a signed employment contract with a VET student, to deduct from the tax base costs spent on his/her education and training.

The 2007 revision of the Labour Code increased possibilities to perform work outside formal employment relationships. On the other hand, the revision tightened the regulation of temporary and part-time employment, i.e. jobs typically carried out by young people. Companies consider these changes to be a major hindrance to hiring.

The National Agency for the Development of SMEs administers a microcredit programme with loans provided at preferential conditions to different target groups, including young people.¹²

Promoting mobility

Slovakia is actively involved in various programmes and initiatives at EU level, which facilitate the mobility of young people in education. The 2010 Youth Report suggests that mobility at the transnational level is accessible mainly to students in general studies and higher education, and much less to students in vocational education.¹³ A number of national mobility programmes are in place, however they will only reach a small group of beneficiaries.

Labour mobility is said to be traditionally low in Slovakia. Labour statistics and surveys on mobility suggest that this holds true for internal migration and the older working-age population. The younger generation shows a high inclination to move for work, including abroad.¹⁴

The PES scheme includes measures to support the mobility of job seekers. Results are mixed (see Table 1); while subsidised commuting to work shows a decent level of participation, support for moving for work fails to attract the interest of job seekers due to inconvenient requirements.

2.3 Addressing problematic features of youth employment

Youth employment characteristics in Slovakia are similar to those found in most EU countries. Young workers are overrepresented in low-pay, part-time and particularly

¹² Results for young recipients are not available

¹³ Youth Report 2010

¹⁴ See for example: http://www.gfk.sk/download/press/490_sk_int.pdf and <http://www.sfpa.sk/dokumenty/publikacie/197>

temporary jobs (see Annex). The incidence of part-time work is generally very low (4.0 % of all employees in 2009). Part-time jobs seem to be sought-after rather than viewed as an involuntary alternative to employment for young people (presumably due to harmonisation with family, education, or leisure activities). Temporary contracts, typical mainly for entry jobs and thus the youngest categories of workers, reflect the reluctance of employers to hire entrants on permanent contracts because of lacking skills and rigid employment regulations.

An issue requiring the highest policy priority is the unemployment of Roma. Although data on the ethnic structure of unemployment have not been collected since 2001, all existing evidence points to a very high rate of joblessness in the Roma population. Their weak position in the labour market is not only an outcome of poor education, but rather a demonstration of social exclusion of a multidimensional nature that is passed on to next generations. Countless policy initiatives from the public and private sectors have attempted to mitigate the worrying situation, yet with minimal effects. There is a general consensus that the key elements of a productive strategy include education starting at the youngest possible age, with children taken away from the disturbed environment, social housing, strengthened role of Roma assistants – particularly in finding a way to employment, and involvement of Roma themselves in the strategy.

2.4 Roles of the labour market actors

Employment policy is coordinated by the Ministry of Labour, Social Affairs and Family in cooperation with the Central Labour Office, other competent ministries, social partners and self-governing units. Education policies are governed by the Ministry of Education. A coordinated cross-sectoral approach to pursuing youth policies has been agreed with the adoption of the State Policy Concerning Children and Youth in the Slovak Republic for the Years 2008-2013. Education, employment and mobility of young people are defined as priorities of the strategy. The involvement of social partners, schools, self-governing regions and other actors has improved over the past years, but there remain reservations particularly in creating the conditions for a greater input of private sector institutions in education and employment support schemes.

3. Conclusions

Many young Slovaks face serious problems when entering the labour market. There are several reasons for this, including lack of experience and skills, unrealistic job expectations, late entry to the labour market, or a reluctant stance of employers. A weaker position of new entrants seems to be a predetermined fact. Although there is some rationale for this, all efforts must be invested to minimise and/or prevent problems for young people in making the transition into regular jobs. This should be attained by way of a proper mix of policies. Progress in policies adapting education to practical requirements has been achieved with new legislation on vocational education and training and reform of primary and secondary education. Identification and forecasting of skills needs is perhaps the main backlog. The role of active labour market policies should be mainly to assist young job seekers with multiple disadvantages. Young people have preferential access to most activation measures, but the success in terms of remaining in employment after the support ends, is mixed. More needs to be done to address the efficiency of the measures in place, notably by concentrating on productive policies and taking an integrated approach.

Bibliography

- *Youth Report 2010 – National Report on State Policy in Relation to Children and Youth in the Slovak Republic 2010*. Ministry of Education of the SR, Iuventa, Bratislava, April 2010. Internet: http://www.iuventa.sk/files/documents/legislativa/sprava_omladezi2010_final.pdf
- *Position of school leavers in practice 2008/2009*. Institute of Information and Prognoses in Education. Internet: http://www.uips.sk/sub/uips.sk/images/JH/uplatnenie_a09-present.xls
- Quintini, Glenda – Martin, Sébastien: *Starting Well or Losing their Way? The Position of Youth in the Labour Market in OECD Countries*. Working paper, OECD, Paris, 2006. Internet: <http://www.oecd.org/dataoecd/0/30/37805131.pdf>
- *Implementation of active labour market policy tools in 2008*. Central Office of Labour, Social Affairs and Family, Bratislava, April 2009.
- Online statistics provided by the Statistical Office of the Slovak Republic. Internet: <http://www.statistics.sk>
- Online statistics provided by the Central Office of Labour, Social Affairs and Family. Internet: <http://www.upsvar.sk>
- Website of the Ministry of Labour, Social Affairs and Family. Internet: <http://www.employment.gov.sk>
- Website of the National of Education of the Slovak Republic. Internet: <http://www.minedu.sk>
- Website of the Government of the Slovak Republic (Sessions). Internet: <http://www.rokovania.sk/>
- Monitoring of periodical press

Annex

Table 1: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data)									
Data	Age group 15-19			Age group 20-24			Age group 25-29		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Employment rate (%)	4.5	4.1	2.0	48.0	41.0	36.6	72.4	70.6	68.2
Unemployment rate (%)	42.5	41.8	61.3	16.1	19.9	31.3	11.4	12.6	17.0
Long-term unemployment as a % of unemployed	47.4	(36.2)	(33.0)	62.3	42.1	53.9	60.4	50.7	50.7
Youth unemployment to population ratio	3.3	3.0	3.1	9.2	10.2	16.7	9.3	10.1	14.0

Source: Eurostat, Labour Force Survey

- : Data not available

Data in brackets not reliable due to small sample size.

Table 2: YOUTH UNEMPLOYMENT TRENDS (Q1 data, %)						
Data	Age group 15-24		Age group 20-24		Age group 25-29	
	2009	2010	2009	2010	2009	2010
Unemployment for the low-skilled (ISCED 0-2)	60.1	70.9	62.1	66.7	60.3	76.6
Unemployment for the medium-skilled (ISCED 3-4)	20.2	30.6	18.8	29.4	12.3	16.1
Unemployment for the high skilled (ISCED 5-6)	-	25.1	6.5	25.1	6.2	7.7

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 3: YOUTH TEMPORARY CONTRACTS (% OF EMPLOYEES) (Annual data)			
Data	Age group 15-19	Age group 20-24	Age group 25-29
	2009	2009	2009
Temporary work as a % of employment	31.0	9.9	3.6

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 4: NEITHER IN EMPLOYMENT NOR IN ANY EDUCATION OR TRAINING (NEET) (Annual data)		
Data	Age group 15-19	Age group 20-24
	2008	2008
NEET rate (% of the age group) (annual averages)	5.5	16.1

Source: Eurostat, EU Labour Force Survey, Annual averages

Table 5: EARLY SCHOOL LEAVERS* (Annual data)		
Data	All ages (18-24)	
	2008	2009
Early school leavers (% of the age group)	6.0	4.9

Source: Eurostat, Labour Force Survey

*** Percentage of the population aged 18-24 having attained at most lower secondary education and not being involved in further education or training.**

Table 6: DIFFERENCE IN YOUTH UNEMPLOYMENT RATE BETWEEN Q4-2009 AND Q4-2007		
Data	Age group 15-19	Age group 15-24
Difference in youth unemployment rate between Q4-2009 and Q4-2007	18.5	12.1

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted