

# **The Fight Against Unemployment Across Europe: On The Path Towards the 2020 Goal**

Europe 2020 First Target: Fighting Unemployment  
Project 2015-1-ES01-KA219-015630\_1

## **Current Situation and Possible Solutions for Youth Unemployment, Elder Unemployment, Female unemployment**

Germany - Greece - Italy - Poland - Spain - Turkey



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## 1. Types of unemployment in our countries

Firstly, we are going to define a few different sectors of unemployment and give a bit of statistical information of each one.

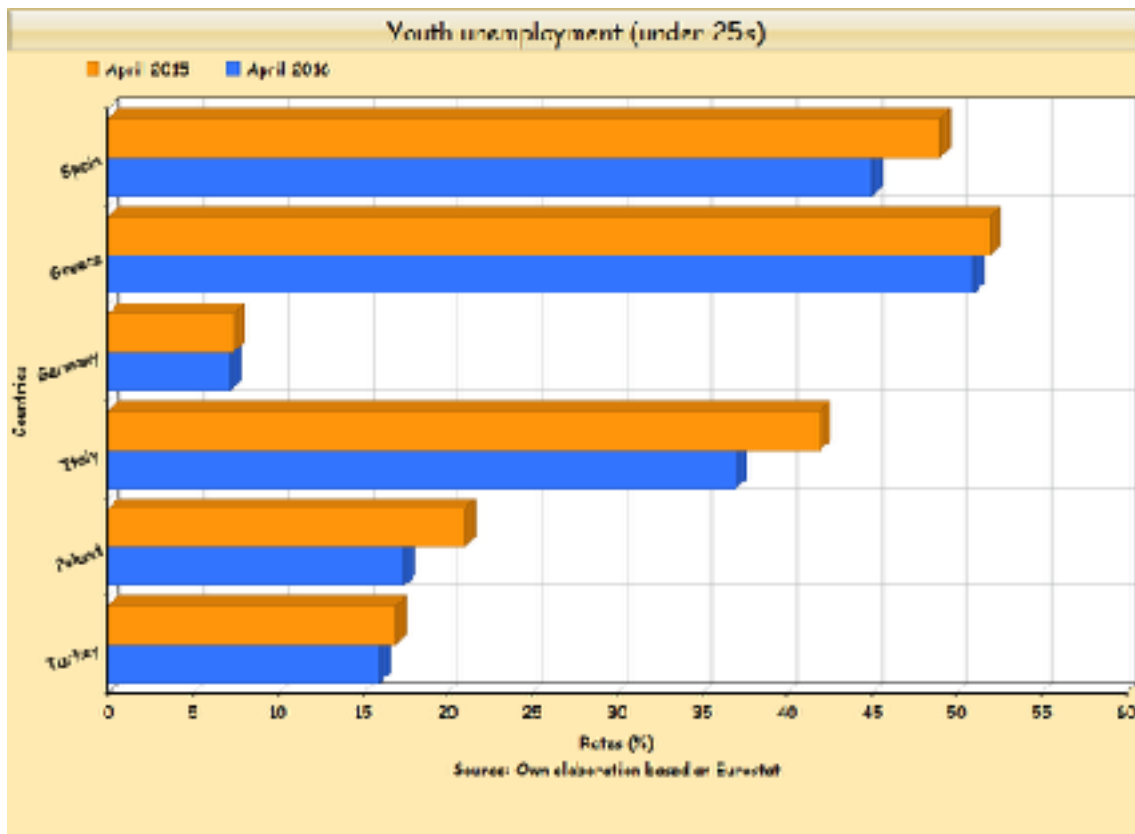
### Youth unemployment

Wikipedia defines it as *“the unemployment of young people, defined by the United Nations as 15-24 years old.”*

In addition to that, Eurostat says the following:

*“Youth unemployment rate is the percentage of the unemployed in the age group 15 to 24 years old compared to the total labour force (both employed and unemployed) in that age group. However, it should be remembered that a large share of people between these ages are outside the labour market (since many youths are studying full time and thus are not available for work), which explains why youth unemployment rates are generally higher than overall unemployment rates, or those of other age groups. For this reason the youth unemployment ratio is often used: the percentage of unemployed young people compared to the total population of that age group (not only the active, but also the inactive such as students).”*

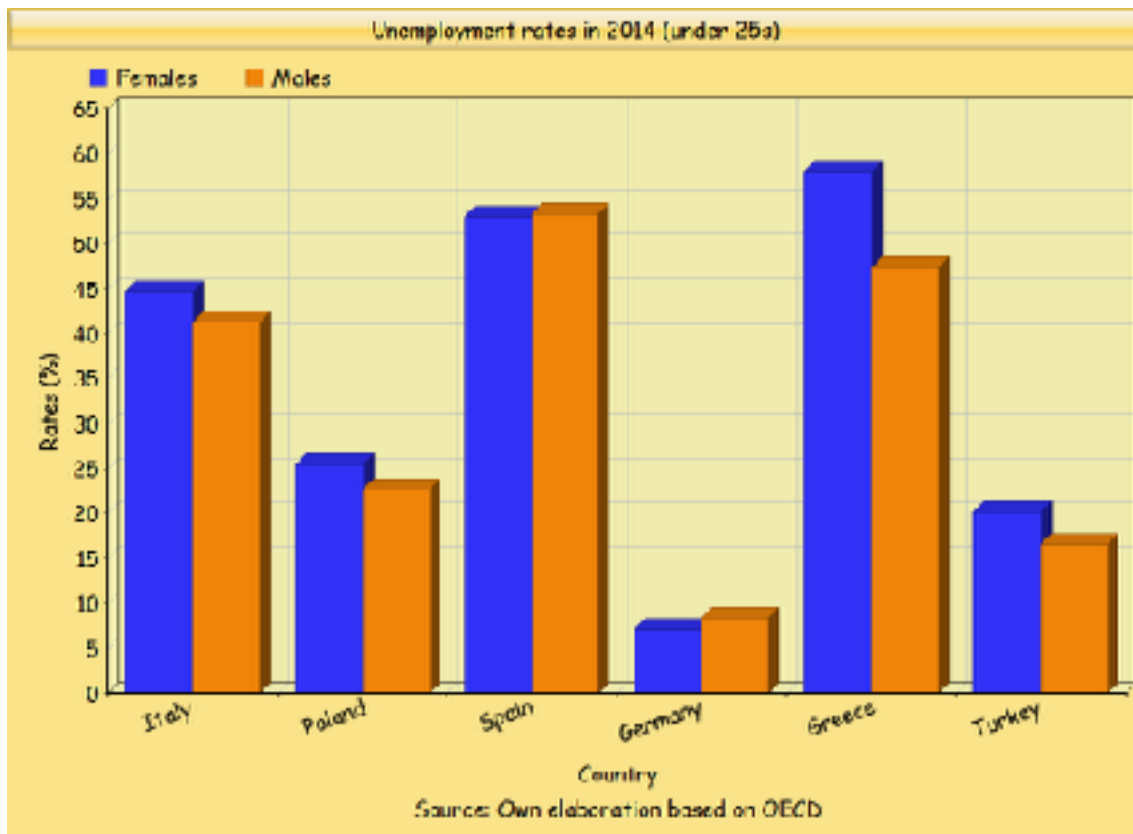
As it is said in Eurostat, youth unemployment rates are generally much higher than the unemployment rates for all ages. The following chart shows statistical information about youth unemployment in our Erasmus+ countries:



In this chart we notice that there are large difference in the Erasmus+ countries in terms of youth unemployment rates. For example, the rate of youth unemployment in Spain or Greece equals 10 times the rate in Germany.

In general, there is a trend in the youth unemployment rates to decrease from April 2015 to April 2016. In some countries such as Italy, Spain or Poland the decrease between the 2 years is quite notable.

The next chart shows the unemployment rates in 2014 per gender in every Erasmus+ country.



There is a tendency in the unemployment female rates to be higher than male ones. In Spain, Italy and Greece both genders' unemployment rates are really high, while in Germany, Turkey and Poland they are very low.

## Female unemployment

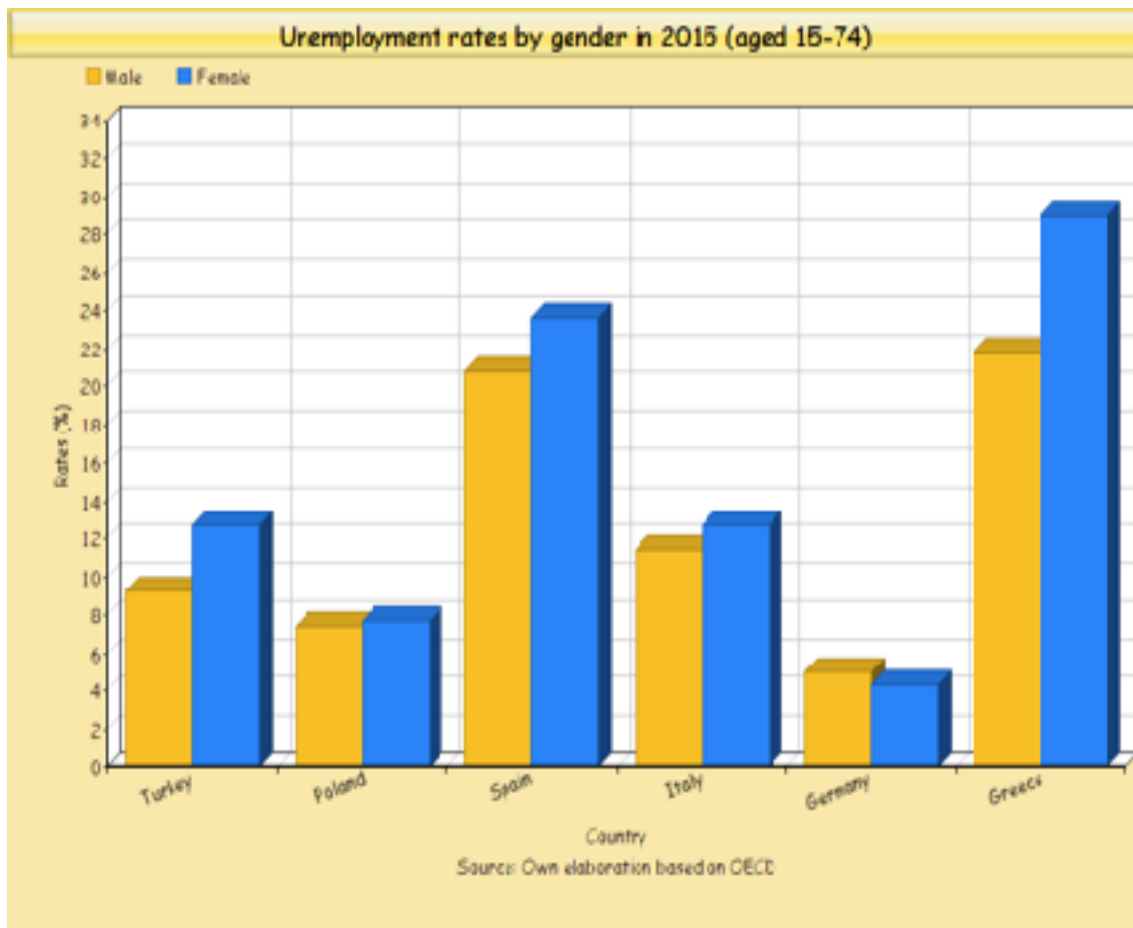
Female unemployment is the unemployment that involves only women.

This statement written in Eurostat sums up the most important fact about female unemployment:

*“Historically, women have been more affected by unemployment than men.”*

So, the unemployment rate for women has almost always been higher than the male one, except for very little periods. The gender gap in unemployment is usually around 1% and 2% in the EU-28 so it is not very significant.

This chart shows the gender gap I mentioned in the Erasmus+ countries.



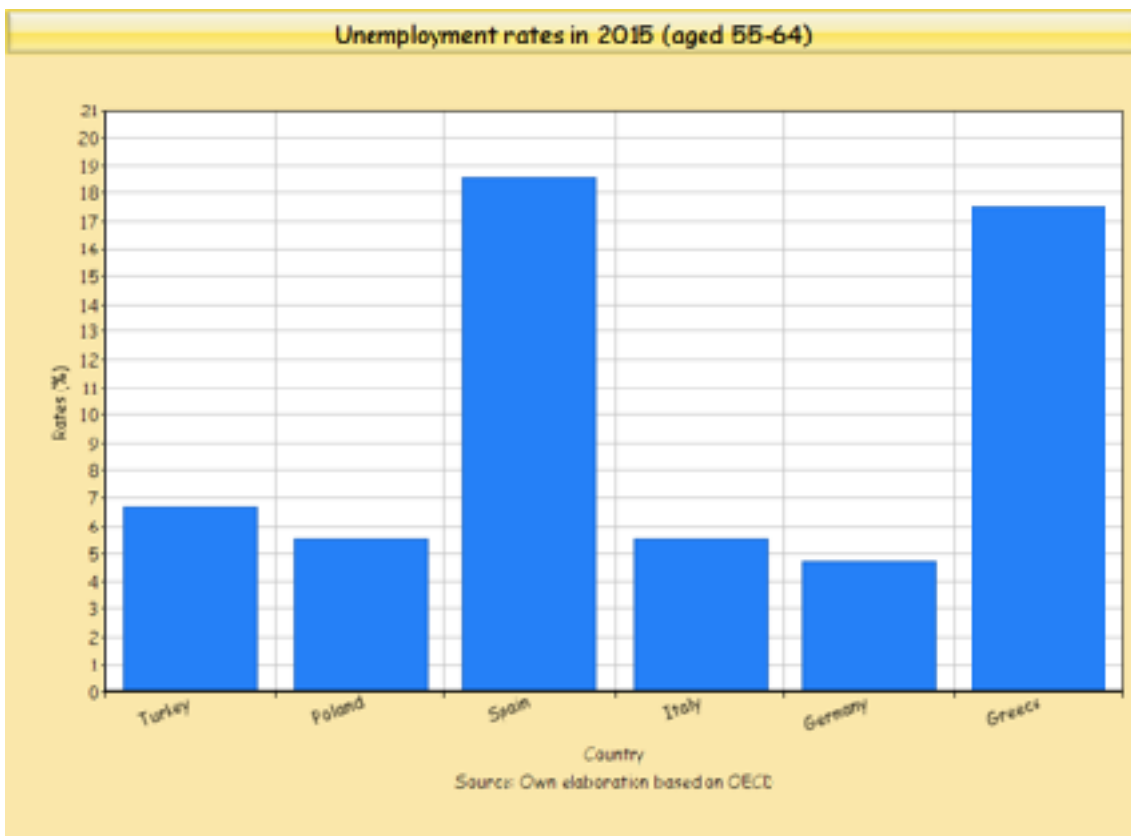
As we can see, the female unemployment is higher than the male one in every country except Germany.

### Unemployment of older workers

This sector involves unemployment for people between the ages of 55-64. Nowadays, it is very common to talk about this sector of unemployment because of the changes in economy in the 21st century and many people about to retire losing the profession they have been doing their whole life.

According to a businessman we interviewed, the solution to that is a phenomenon called **“re-education of the unemployed labor force”**. It happens when those people that have been doing the same profession and lose that job have to learn to do different professions and re-adapt.”

The following chart shows the rates of unemployment for older workers in the Erasmus+ countries.



It should be pointed out that there are two different groups in terms of unemployment for older workers. Turkey, Poland, Italy and Germany have around 5 to 7% of unemployment while Spain and Greece almost reach the 20% of unemployment. This may be caused in Spain because workers there used to work in the same place forever and if they ever had to find another job they did not manage to re-educate.

## **2. Possible solutions for each sector of unemployment**

### **The problem with young unemployment**

Currently there is a very serious issue not everyone is aware of. Many important businesses are taking advantage of recently graduated students to work for

them and pay them very little. The thing is that as soon as the scholars leave one business they join another and this chain goes on for quite a lot of years.

The main reason this happens is because **hiring employees with indefinite contracts is too expensive in terms of taxes**. Therefore, it is not profitable at all for businesses. The only way out for them is to hire scholars.

Our solution would be **to reduce the taxes on indefinite contracts**.

## **The problem with female unemployment**

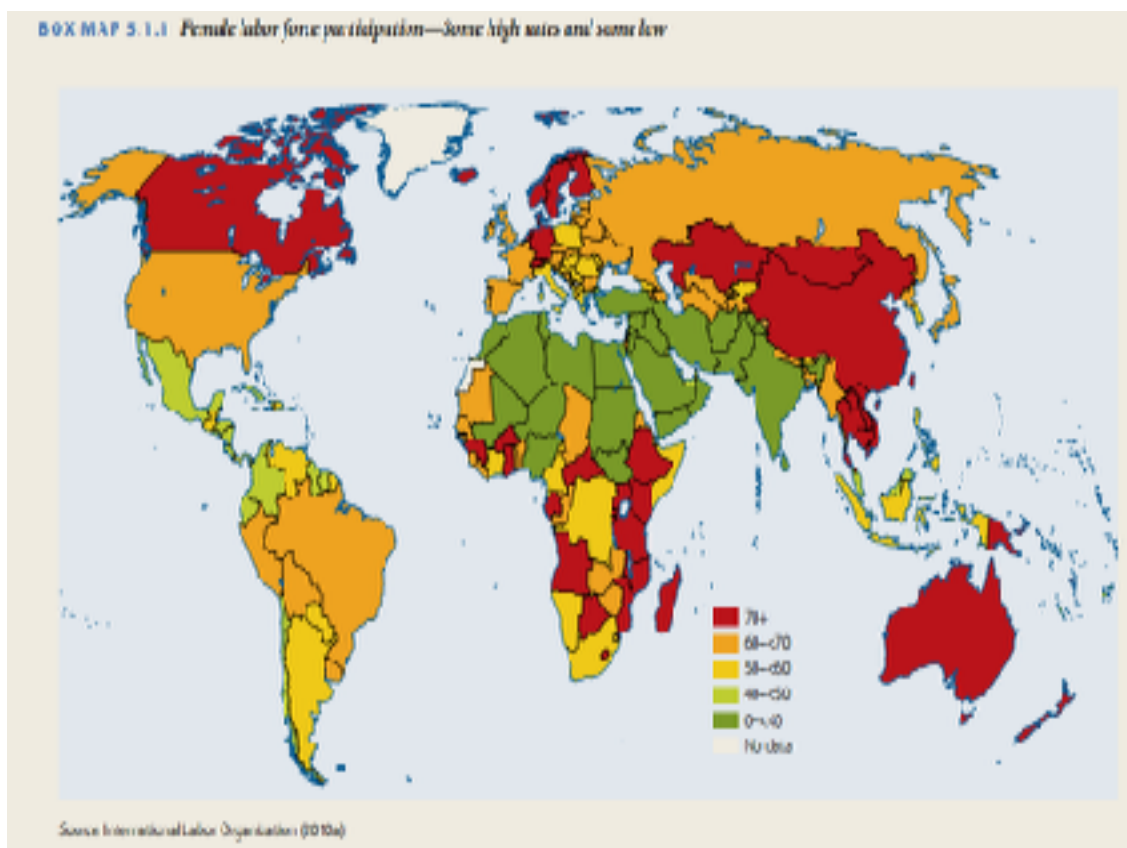
The following extract from World Bank explains very deeply the issue with female unemployment.

“Over the past quarter century, women have joined the labor market in increasing numbers, partially closing the gender participation gap. Between 1980 and 2009, the global rate of female labor force participation rose from 50.2 percent to 51.8 percent, while the male rate fell from 82.0 percent to 77.7 percent. Consequently, gender differentials in labor force participation rates declined from 32 percentage points in 1980 to 26 percentage points in 2009.

Female labor force participation is lowest in the Middle East and North Africa (26 percent) and South Asia (35 percent) and highest in East Asia and Pacific (64 percent) and Sub-Saharan Africa (61 percent). Despite large cross-regional differences, participation rates have converged over time as countries and regions that started with very low rates (primarily Latin America and the Middle East and North Africa) experienced large increases and those with higher rates (primarily Europe and Central Asia and East Asia and Pacific) experienced small declines.

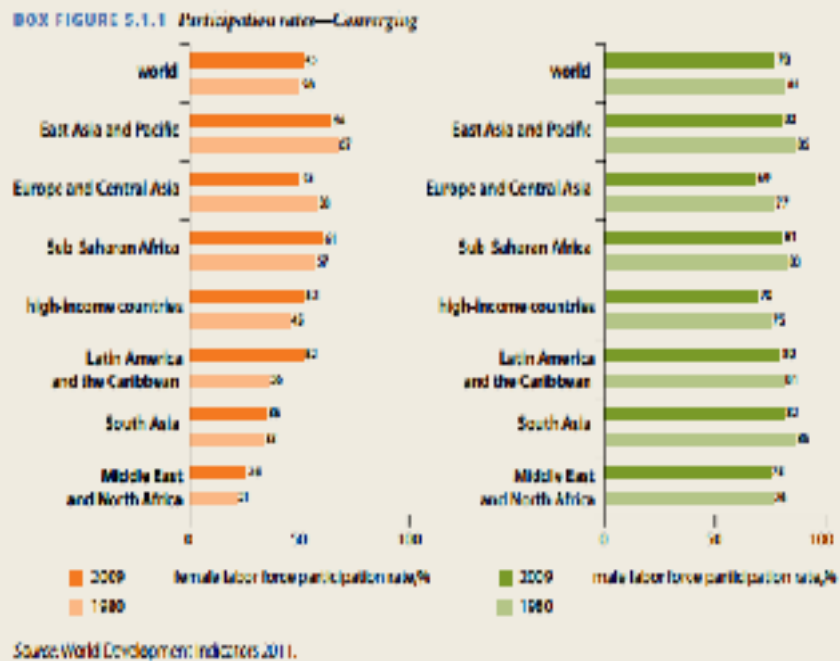
The combined effect of economic development, rising education among women, and declining fertility goes a long way in explaining changes in female participation rates over the past 25 years. Globally, **economic development**

has been accompanied by growing economic opportunities for women (particularly in manufacturing and services). And greater trade openness and economic integration have, in many countries, led to significant growth of export-oriented sectors, with some, such as garments and light manufacturing, employing large numbers of women in recent decades. Both developments have translated into stronger market incentives for women's labor force participation in the form of rising demand for female labor and, in some cases, higher absolute and relative wages.





BOX 5.1 Closing the access gap—Recent advances in female labor force participation (continued)



**Changes in education** have also facilitated women’s integration in the labor market. More educated women have traditionally exhibited higher participation rates than their less educated counterparts; so **as education levels have increased around the world, more women have ventured into paid work.** In Latin America, this increase in human capital explains 42 percent of the observed increase in female labor force participation since 1975.

Similarly, **changes in family formation** have increased the labor market attachment for young women and women with small children. **Marriage has traditionally been associated with a decline in female labor force participation,** followed by further reductions once children are born. In the Arab Republic of Egypt, women who had just married in 1997 were 40 percent less likely to participate in the labor market than those to be married within a year of the survey (19 versus 29 percent), whereas 10 years later the gap between the two groups had narrowed substantially (32 and 27 percent, respectively), suggesting that some women rejoin the labor force several years after marriage. Increases in the age of marriage and declines in fertility are thus likely to have contributed to higher participation rates in most countries and regions.”

We do not think a solution is needed to close the gap between both genders' unemployments. We believe that **we will get closer and closer to equality between men and women as time goes by.**

## **The problem with unemployment of older workers**

This abstract from Eurofound summarizes the problem with unemployment of older workers.

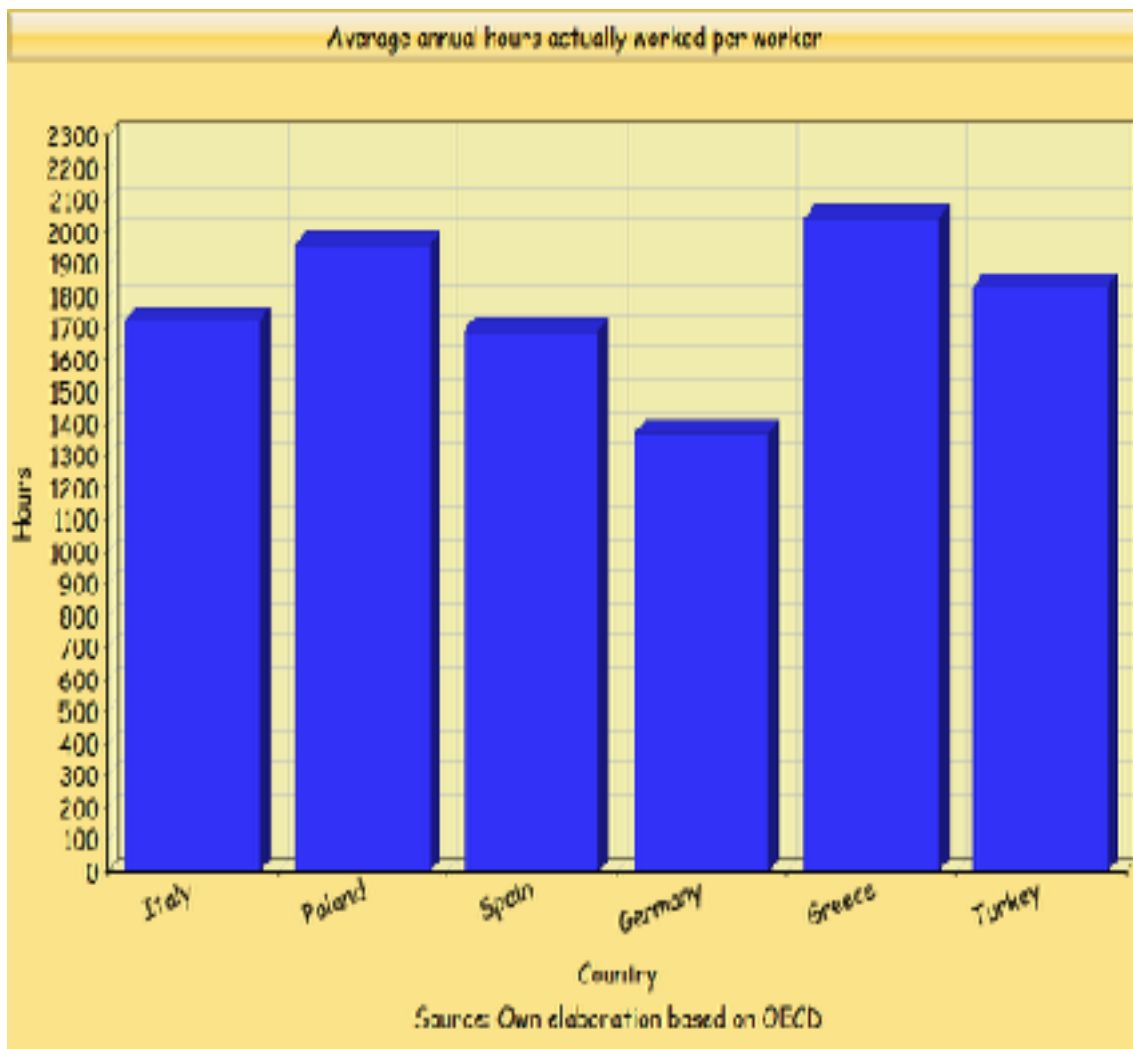
“Among the 28.2 million older workers employed in Europe, 76.5% are employees while 21.6% are self-employed and the remaining 1.9% are contributing family workers. The share of employees is above 85% in Bulgaria, Denmark, Estonia, Latvia, Lithuania and Sweden. The share of older self-employed workers is above the EU average in countries such as Cyprus, Greece, Ireland, Italy, Poland, Portugal, Romania and Spain – associated with significant agricultural sectors that tend to employ higher shares of older workers who tend to be predominantly self-employed. The self-employed can be divided into two groups, namely those who work for themselves and those who employ others. A 30% share of older self-employed people are employers and this percentage rises above 40% in Austria, Denmark, France, Germany, Hungary, Latvia and Luxembourg. Compared with an EU average of 1.9%, the share of older people employed as contributing family workers is very high in Slovenia and Romania (11.1% and 17.1% respectively).

Older workers are mainly employed in manufacturing (14%), human health and social work activities (11%), education (9%) and public administration (9%). They tend in particular to be overrepresented in farming and the public sector (education, health and public administration) compared with young and core-age groups.”

Our solution to reduce unemployment of older workers would be to **create internships paid by the government to make older workers get used to new and modern professions.**

### 3. Working times in our Erasmus+ countries

Working times is also a very controversial topic in Europe. Some believe in working less hours and be more productive, while some others believe the current working times are totally fine. Let's see the different ones in the Erasmus+ countries.



Greece and Poland are the countries with the highest working times while Germany is the one with the lowest. Spain, Italy and Turkey have average working times.

This is an article from the Spanish newspaper *el Economista*.

“A nursing home in Gothenburg (Sweden) started a controlled experiment several months ago. Their nurses would work six hours a day (instead of eight) for the same salary. It seems that the results have been quite positive: higher productivity and lower casualties due to illness or depression. Now, other companies in the city and the country copy this method to try to improve the productivity and well-being of their employees.

The Guardian interviewed one of the nurses: "I used to be tired all the time, come home and spend the rest of the day on the couch," explains Lise-Lotte Pettersson. "To this day I have much more energy both in my work and in my personal life". The nurses of this center maintain a level of alertness and superior attention.

This successful experiment has inspired other Swedish public companies as well as other businesses that are trying to increase the productivity of their workers. Although this experiment is being done primarily in the medical sector, it may have even better results in other sectors where labor is no longer so necessary.

Roland Paulsen, a microeconomics researcher at the University of Lund, explains that "for many years politicians have announced that it was necessary to create more jobs while increasing the number of hours worked, but productivity has doubled since 1970, So technically we have potential even to have the working hours are four hours. "

### **Results in other enterprises**

At the Toyota facility in Gothenburg, employees have six-hour days for thirteen years. Before introducing this change the customers put many more complaints, there were queues and our employees were stressed. There used to be a single

shift that started at seven in the morning and ended at four in the afternoon, with a lunch break. With the introduction of the six-hour day two shifts have been created, one from six in the morning to twelve and the other from twelve to six in the afternoon.

After these changes "the staff feels better, we have less voluntary casualties and it is much easier to find new staff to work with. The use of machinery is much more efficient and capital costs have been reduced, everyone is happy," he said. Plus profits have grown by 25%.

Another example can be seen in Stockholm. Maria Brath, director of a start-up with 22 employees explains that since the creation of her company three years ago the six-hour day has given them a competitive advantage over other companies, as they manage to attract more qualified workers: They are our most valuable resource. " Other companies offer more money, but our working day is more attractive.

Brath points out that in his company creativity is a fundamental factor to perform the job correctly. "With eight hours of work a day we could not achieve the level of creativity we have now," we managed to produce the same or more than other companies in the competition that use eight-hour workdays."

### **Should other countries follow these steps?**

We think businesses from around Europe should try to implement these changes in the working time and see the results. It could boost productivity and happiness among the workers, and if it did not work, at least there would be more places to work and consequently less unemployed.

## **4. Conclusions**

Our goal was to find measures to reduce the three different sectors of unemployment as well as find out what working time was the most related to wealthy and wellness.

We found a measure to reduce youth unemployment which is to reduce taxes on indefinite contracts in the countries with high unemployment rates in this sector. Our measure to reduce unemployment of older workers is to create internships in businesses and make the older workers get used to working in new and modern professions. As for women unemployment, we really believe that there is no need for special measures and employment in this sector will improve as time goes by.

Regarding working times, we found that Germany, that is considered the economic leader in the European Union had a pretty low working time compared to the other countries.

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