

# **BARRIERS TO YOUTH EMPLOYMENT**

(BYEF team document)

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## I. INTRODUCTION

This document has been designed as a "Position Paper", i.e. a paper intended to debate and discuss the topic at hand, *the future of youth employment*. Readers should keep in mind they are reading an intentionally unfinished document, because our intention is to open it to the participation of others. Once this stage has concluded, we shall start to work on integrating the various approaches raised during the discussion period. Only at the end of the entire process will we have sufficient data to draw up final proposals and specific viable solutions to the issue of unemployment and, more specifically, youth unemployment.

This open discussion phase pursues **two objectives**:

- 1) Submit the contents of the paper to all the participants and speakers of the BYEF (Bilbao Youth Employment Forum), which will take place on 24th and 25th November in Bilbao. We would like to test the relevance of the text regarding unemployment and its soundness in finding solutions to this problem with a larger group.
- 2) Introduce a participatory working method open to the various stakeholders. We would like to improve the text by incorporating new approaches and/or dimensions to the problem. Extending awareness of the problem implies facilitating the creative negotiation of problems.

This document was prepared by a multidisciplinary team comprising university professors, members of the UPV/EHU-Gune group and members of the Novia Salcedo's Social Innovation Research Laboratory. This team was coordinated by Professor Emeritus, Sabino Ayestarán.

The paper has already passed a first screening by a team of 54 experts from various fields of education, business, unions and representatives of the Basque Government (Employment, Economy and Statistics Departments).

Following this first assessment, the paper was revised and updated. It is this revised version we are submitting today. At the end of the paper, we propose a range of recommendations that include the proposals by the group of 54 experts, who met on 13th October in Bilbao.

## II. PURPOSE OF THE DOCUMENT.

Our goal is to study the various barriers or hindrances to youth employment to facilitate the decision-making of those responsible for generating youth employment: *young people seeking employment or those who decide to undertake new business ventures; businesses that*

*create jobs or support new entrepreneurs; society that, through its consumption habits, can influence, to a certain extent, the activities of businesses; politicians and economic leaders who direct and determine the activities of businesses and the Trade Unions, which influence the participation of workers in job creation.*

We have focused on youth employment. It is possible that, in the future, the main unemployment issue in the Basque Country will affect people aged 35 to 40 who have lost their jobs or who, for a number of reasons, have not managed to access stable employment. However, accessing their first job will continue to be an urgent problem for young people under the age of 25.

Juan José Dolado and José Ignacio García<sup>1</sup> have submitted the results of a study prepared by the OECD, together with Florentino Felgueroso and Marcel Jansen, which compares the determinants of the differences between key youth labour markets in Spain, Germany, France, Holland and the UK. Analysing data on the European Labour Force (EU-LFS), they find that differences in the industrial structure of our country (greater weight of tourism and other services), compared with the other countries, accounts for half of the difference in youth employment rates. The other half of the differential is due to other issues. The results of the study suggest that, in a segmented labour market, the **intensive use of temporary contracts** when people join the labour market for the first time has lasting consequences on young people's careers. Although these contracts could enable workers to acquire more work experience by working in several companies and industries, the long-term effects on their well-being are clearly negative.

According to these authors, promoting more stable employment from the beginning of the working lives of young people - with a greater link to on-going training in companies through a dual system based on apprenticeship and well-designed incentives to promote their activities - would be the only way to overcome this pernicious unemployment and temporary employment cycle in which many of our young people have found themselves for some time and that, today, could lead to a lost generation.

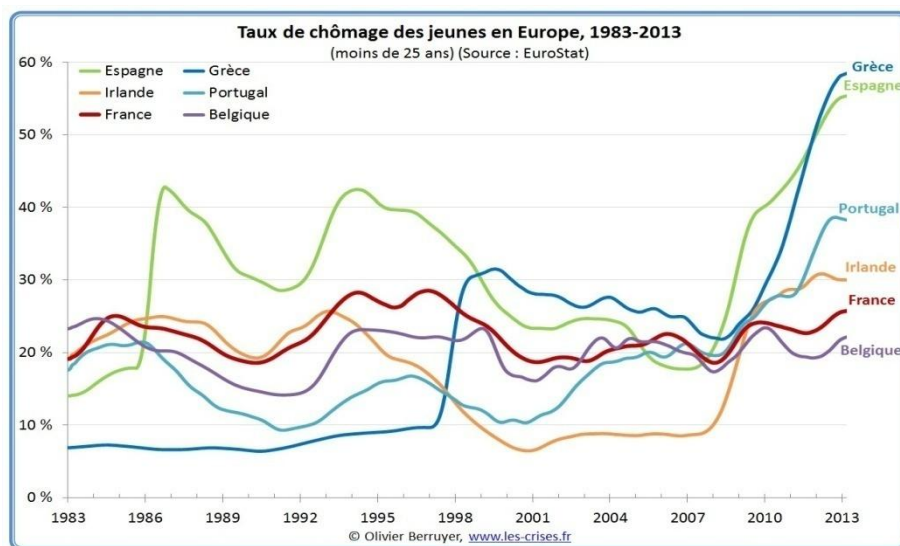
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<sup>1</sup> [http://www.oecd-ilibrary.org/economics/youth-labour-market-performance-in-spain-and-its-determinants\\_5k487n5bfz5c-en](http://www.oecd-ilibrary.org/economics/youth-labour-market-performance-in-spain-and-its-determinants_5k487n5bfz5c-en)

### III. YOUTH UNEMPLOYMENT SITUATION

Before going into the factors that hinder youth employment, i.e. employment for young people under the age of 25, we have to provide a snapshot of this type of unemployment in Europe, in Spain and in the Basque Country.

According to Eurostat, this type of unemployment affects more than 5 million people (more precisely, 5.06 million) in the EU-28, of which 3.32 million correspond to the Eurozone (23.2%). The lowest rates are found in Germany (7.8%), Austria (9.3%) and the Netherlands (10.4%), while the highest are found in Spain (53.8%), Greece (53.1%), Italy (42.9%) and Croatia (41.5%).



These figures are higher than the unemployment rates for the general population, as unemployment in the Eurozone is 11.5%, and unemployment in the EU-28 stands at 10.2%. The statistical office of the European Union has calculated that 24.85 million men and women in the EU-28, of which 18.4 million reside in Eurozone countries, are unemployed. Among EU member states, the lowest rates are found in Greece and Austria, with 4.9% while the highest are found in Greece (27.2%) and Spain (24.5%).

This displays the great disparities that exist between European Union member states and the strong correlation between general unemployment and youth unemployment. In fact, countries with lower unemployment levels among the general population also have lower youth unemployment rates and vice versa.

Spain's case is paradigmatic as it combines high unemployment (24.5%) and high youth unemployment (53.8%), placing it at the head of the EU in this field. Indeed, 842,000 young people under 25 years of age are unemployed, which accounts for a quarter of youth unemployment in the Eurozone.

Beyond the high rates, youth unemployment in Spain is characterized by its high level of volatility (Table 1), as it rose from 17.4% in July, 2006 (lowest level of the previous ten years) to 55.8% in July, 2013 (highest level in the last decade).

Table 1: Evolution of youth unemployment in Spain (2005-2014)

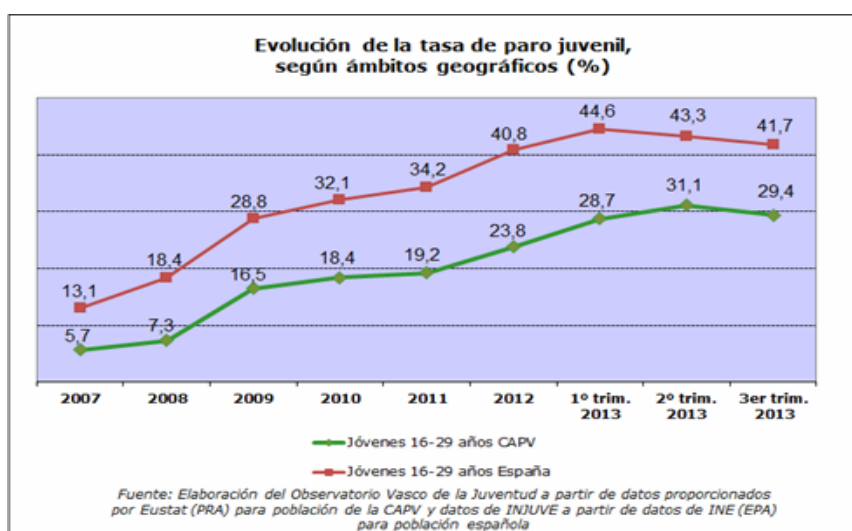
PERIOD	SPAIN
January 2005	21.2%
July 2005	18.8%
January 2006	18.4%
July 2006	17.4%
January 2007	17.5%
July 2007	18.5%
January 2008	20.7%
July 2008	25.5%
January 2009	34.4%
July 2009	40.1%
January 2010	39.8%
July 2010	42.3%
January 2011	44.1%
July 2011	47.6%
January 2012	50.7%
July 2012	53.0%
January 2013	55.8%
July 2013	55.8%
January 2014	54.1%
July 2014	53.8%

Source: OECD

In turn, there are significant differences between Autonomous Communities, as the highest youth unemployment rates are found in Ceuta (72.7%), Andalusia (66.1%), Extremadura (61.7%) and Castilla-La -Mancha (61.6%), while the lowest are in Navarre and the Basque Country.

Indeed, according to figures published by the Basque Statistics Institute, Eustat; youth unemployment in the Autonomous Community of the Basque Country stands at 37.2% of young people aged 16 to 24, affecting 17,700 people.

That percentage falls to 29.4% if we refer to people aged 16-29, according to the Labour Force Survey (LFS).



In any case, these figures are much higher than the unemployment rate for the general population, doubling them (15.5%).

#### IV. CULTURAL BARRIERS IN SOCIETY REGARDING THE CREATION AND DISTRIBUTION OF YOUTH EMPLOYMENT

Speaking of cultural barriers is to speak of the values that govern social behaviour. Cultural change has been an unquestionable and significant feature in Spain and Europe over the last 70 years. This change implies a new way of understanding work and it is inseparably linked to technological and economic change. Changing social value means changing the way people think and act, and such a change is brought about by technological and economic developments. We would like to acknowledge that cultural change does not necessarily imply an improvement or deterioration of working conditions. It simply forces us to change our lifestyles. Quoting Ulrich Beck (207, 209), we shall stress three cultural features that affect the creation and distribution of youth employment:

### ***1. Scientific knowledge***

The most striking hallmark of this new society will be the key role played by knowledge as an economic resource. Knowledge, rather than work, becomes the main source of social wealth. Hence, people working in the field of "knowledge" who have the appropriate skills and know-how to translate science into profit-generating innovations (products, new techniques and organizational systems...) will become the privileged group in society. We shall see that this specialization has a negative side to it: the undervaluing of work organized around what is now known as "services".

### ***2. Social individualisation***

The emancipation of people from groups, such as family, ethnic groups, nation-state, religious groups, political parties, trade unions... The principles governing individualisation are: *detraditionalization*, the need and possibility of *individual choice* and, as a requirement, a *horizon of options*, more or less limited, and the *taking responsibility* for the consequences of one's choices. We are witnessing a clearly anti-hierarchical period, a breaking away from institutions and organizations. Citizens have become more independent and critical, and institutions have suffered a loss of legitimacy (Inglehart, 1997; Beck, 2007). People's ability to think for themselves and to take on responsibility for their existence displays a maturing process. It is a precondition for the development of creativity and entrepreneurship. At the same time, it opens the door to "individualism, understood as selfishness and remoteness from the common good". This is one of the paradoxes of individualism (Victoria Camps, 1999). Something we should not forget in the analysis of social behaviour: *Defending personal and group autonomy is a prerequisite for good cooperation.*

### ***3. Cultural and social globalisation.***

The core element of globalization is the deterritorialization of social practices. The economy, politics and lifestyle extend beyond the boundaries of nation states. As a reaction to individualization, people tend to associate in social networks thanks to the development of information and communication technologies. In addition to the globalization of the economy, there is the globalization of ideas, values and communication. In this context, it is advisable to remember Jeremy Rifkin's "*Society: the Internet of Things and the Collaborative Commons*" in his work "The Zero Marginal Cost Society".



Based on these three characteristics, Beck (2007) draws various scenarios that describe the threats and opportunities the labour market offers young people.

### ***Scenario 1: Knowledge workers and service worker.***

Knowledge workers are highly valued but, at the same time, the sharing of knowledge becomes the key element in new inequalities and social conflict. The broker system, the system based on the investment banker, data processing experts, programmers, real estate agencies and insurance companies can only work if there are a full range of people who tidies, cleans, preserves, cares for and ensures safety. There is an entire neo-feudal society of domestic helpers confined to a place who simply "serve"; the ideal of service is being discovered by those who need it, i.e. the *global players*.

In addition to "specialised scientific" knowledge, we must also consider other sources of inequality regarding access to employment (Gardner, 2011).

- Individuals who do not master one or more disciplines will not be successful in a demanding job and will be relegated to menial tasks.
- Individuals without a synthetic capacity will be overwhelmed by the amount of information and will be incapable of making sound decisions regarding personal and professional issues.
- Individuals without creative capabilities will be replaced by computers that will eventually take over from those who do have a creative spark.
- Individuals who show no respect will not be worthy of respect from others and will eventually contaminate the workplace and the political space.
- Individuals without ethics will create a world devoid of decent workers and responsible citizens: none of us would want to live on that barren planet.

### ***Scenario 2: Capitalism without work***

"Either we reach mass unemployment and, consequently, the division of society into those who have a job and those who do not have a job (with the risks this entails for democracy), or we have to turn our backs on the conventional working society and redefine "work" and "employment" and design new ways to organise social and business aspects but also society, its values, objectives and biographies" (Beck, 2007, p. 64). Burgeoning companies base their profits (and we cannot criticize anyone for this in a profit-oriented economic system) mainly on streamlining. Why should they create jobs if machines work more efficiently than

people?. As the future is being planned with factories that are almost free of humans and with virtual companies, each person and each country will have to ask the following question: How will society, democracy, freedom and safety be possible in a post-employment society?

### ***Scenario 3: American neoliberal model and the Scandinavian job creation model***

Technologically advanced capitalism reduces the amount of full-time, well-paid and safe employment. Our society is forced to choose alternative work systems. We have the neoliberal model, based on competition and social inequality; however, if we look at Scandinavian countries, short-term unemployment also seems to have fallen considerably. Not following the American model at all but rather through active employment policies, part-time jobs and cheaper labour and also through savings, but always based on collective agreements and, therefore, *on those who can, assisting those who cannot*. The American model strengthens the individual values of competitiveness and productivity. The Nordic model favours common good and social cohesion, while maintaining the values of competitiveness and productivity (Urteaga, 2008).

### ***Scenario 4: Regional links to employment. One risk of globalization.***

Does this new fundamental situation entail the same consequences for capital as for employment? Can a globally-oriented and organised labour movement ever oppose the globally-oriented and organised capital? While capital can move around the world through electronic means, crossing borders at the speed of light; the movement of workers is severely limited by their links to their families, hometowns, institutions, law, culture, politics, protectionist movements and also by hatred against foreigners, as situation that will exist for some time.

### ***Scenario 5: Sustainable development and green economy.***

"Sustainable development is understood as that which meets the needs of the present without compromising the ability of future generations to meet their own needs" (Beck, 2007, p. 72). Sustainable development is more than the mere protection of nature. It also includes new social development and social change models. In a "sustained" economy, the centre of gravity moves from production to maintenance, repair and the provision of varied services. The energy crisis, climate change and the loss of biodiversity are warning us of the

consequences of the current speed and type of growth. Reconsidering the speed and the direction of economic development will become inevitable.

***Scenario 6: Let's consume, but what should we consume? The problem of defining society's basic goods.***

The need to consume in order to reactivate the economy is indisputable. The problems begin when we ask ourselves what we consume and why. A key element of civil society is a change in attitude towards consuming. Eliminating vehicles, for example, is not so much an issue of costs and traffic control as an ethical and political decision on alternative lifestyles. It implies a change of values in society. It requires citizens take their rights and obligations seriously regarding assuming their responsibility in defining the basic goods of society (Skidelsky and Skidelsky, 2012). It is not possible to change the behaviour of individuals or the practices of corporate organizations without changing society's values and the criteria we use when consuming goods.

***Scenario 7: Individualization and work fragmentation.***

Since the 1980s, and more intensely in the 1990s, vital individualization is complemented, displaced and countered by the individualisation of work. Regular work is "fragmented", from a contractual and time perspective, which affects, among other aspects, the backbone of life in the family, the neighbourhood and the town. Thus, there is room for action and a double option: a) new freedoms arise when one configures and make decisions regarding one's life and job, which is an advantage for young entrepreneurs; b) new doors are opened for those who have not been able to access the labour market and the *risks due to political and economic structures are supported by individuals.*

***Scenario 8: The society of multiple activities.***

This kind of society of multiple activities also includes conventional employment but simply as another form of activity together with many others, such as work with the family and the elderly, non-profit activities, political commitments... This multiple type of contract is based on the fact that today's employees and those in the future are entitled to a timeframe they have chosen freely. This provides businesses with greater flexibility regarding the use of labour and employees have a new type of autonomy and a new relationship with work. This new

employment relationship enables workers to develop new family, cultural and social relations (Hyman & Summers, 2004).

### ***Scenario 9: The society of leisure.***

In principle, the society of leisure clashes with the society of work. But the boundaries are increasingly blurred. In some cases, paid employment is a source of great personal satisfaction and tends to occupy a large part of people's time. In other cases, forced idleness and being condemned to inactivity can feel like hell. The truth is that, today, together with the care and enjoyment of nature, leisure and free time are becoming a basic commodity of society. This is mainly so because free time is when one can dedicate time to oneself and to others. A time free from competition involved in work.

## **V. SOCIO-LABOUR MODEL**

Based on the ideas of Ulrich Beck, we have described the threats and opportunities the future employment offers. Obviously, nothing is predetermined. The threats will retreat as we learn to take advantage of the opportunities. Hence, the importance of the instruments that the heads of the political, economic, legal, educational and labour institutions design, seeking to optimize the new possibilities that technological, financial and cultural changes in society offer youth employment. Employment policies imply the prior design of social intervention based on a social and labour model. If it is to be realistic, the socio-labour model cannot ignore the changes taking place in society. If it wants to maintain social cohesion, it will have to be a model based on solidarity and the integration of the interests of the different stakeholders. In order to be effective, the model must change people, corporate organizations and the dominant values in society. The socio-labour model must include actions that transform reality into three levels: individual, organizational and social. It is impossible to make a viable business without regard to the viability of the people and the country in which it operates. Economic support is not enough to ensure the viability of a business. However, important economic support may be, training the people in the skills required by the companies is equally important. It is not enough to have simply young people with good academic qualifications. Training in the specific skills that are required by the type of company that employs young people is also necessary. This is the same as saying that the training of young workers must be shared by the educational institutions and the businesses.

There are no successful companies in failed countries. Neither companies nor the educational institutions will be able to educate young people in the values of entrepreneurship, cooperation and transparency if society fails to strengthen these values in people and companies. The change must take place within the people, the companies and the values of society. It is not fair to require people and companies to change if we cannot simultaneously provide the appropriate means to favour real change in social values. When we speak of values, we should clarify that there are "declared values" (i.e. the declaration of human rights) and "practiced values" (values that govern the behaviour of people and organizations). Legal decrees and rules amount to nothing if a certain level of social agreement has not been achieved regarding the content of the law. This paper refers to the values practiced by citizens and organizations. We are, therefore, speaking of behaviour.

Citizens can and should assess public employment policies from a dual perspective:

- a) The success or failure of the priorities established. As needs outstrip resources, actions must be prioritised. Citizens have the right and obligation to control the priorities established by the government.
- b) The feasibility of technological, business and social projects that have been allocated resources. Projects that are doomed to fail are frequently subsidized by public funds. They fail because they do not provide a coordinated approach based on the different levels of social change: individuals, organizations and society. Any change in the behaviour of people must be aligned with changes to organizations and society.

For example, the 21-hour work week proposal by the New Economic Foundation<sup>2</sup> is very good because it proposes sharing work; all the work needed in our societies for the preservation of life. Paid work performed in companies and organizations that produce goods and services that are included in the GDP, or domestic and care work performed in homes. Indeed, sharing unpaid work more fairly between men and women would be one step towards its acknowledgement, valuation and internalisation as a cost in the production process. In addition, it would also lead to sharing paid work, i.e. employment. It would also promote a model that favours reconciling people's personal, family and work lives. This more equitable sharing model would encourage the valuation and acknowledgement of unpaid work, which is not the case in our current system. Although being in agreement with this proposal, we cannot but insist in the fact that its implementation would require a multi-level approach, i.e. a project that coordinates people, organizations and social values.

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<sup>2</sup> [http://b.3cdn.net/nefoundation/919525d1291b25bcef\\_4hm6bcsvt.pdf](http://b.3cdn.net/nefoundation/919525d1291b25bcef_4hm6bcsvt.pdf)

We could say the same about the proposals submitted by Supiot (1999) and Schmid (2002). Transitional labour markets make the boundaries between paid work and other useful activities more flexible. The idea is to build reliable bridges that provide adequately institutionalized options, i.e. measurable and socially legitimized. Options to negotiate in critical phases, which link all forms of activity (education, unemployment, care work, retirement or disability and paid work) and make it possible to take various directions. In order to implement this, we need to establish work organization modes that make it possible to freely choose useful activities that are not acknowledged or considered in the commercial sphere (mainly training and care, but they could also be others, such as sports or cultural activities) and to develop institutional solutions that provide these activities with financial recognition. This can be achieved through a flexible working week (that could be 30, 35 or 40 hours) that would equate to an average number of hours worked throughout a lifetime. It does not refer so much to reducing work time as to providing greater diversity to employment relations and opportunities to choose between them freely (Schmid, 2002). In order to implement this type of mechanism, we have to modernize social protection systems so that they provide protection in a more unstable labour situation and in the event of social and demographic changes (ageing, limits to the protective role of the family, migration...). Social protection systems are needed that will respond to the people's needs regarding two aspects: one the one hand, reconciling their personal life and work, and, on the other hand, the increasing need for professional training and retraining due to the speed of technological and organizational changes in production processes. In addition, we need far-reaching changes in the system of values, at personal and social levels, in order to value - as much or more than money - on-going training, artistic development, technical training, sports as well as social and family life. All these proposals are excellent, but they need to be approached correctly if they are to be profitable.

## **VI. A BUSINESS MODEL BASED ON COMPETITIVENESS, INNOVATION AND COOPERATION**

When implementing a policy that promotes youth employment, what frame of mind must we encourage in young people who are looking for a job? The answer depends on the business model we want to promote. In many cases, workers are being trained in aspects that do not match the needs of the businesses seeking employees. If we want to prioritise employment based on scientific knowledge and innovation, we have a lot of scientific data that links

innovation with creativity and the transformational leadership of business managers (Gumusluoglu and Ilsev, 2009). It is not a good idea to focus on training worker in creativity techniques if, at the same time, we are training business managers in "unipersonal" leadership techniques. The coherence between the training given to workers and that imparted to business managers, regarding entrepreneurship, creativity, leadership, participation and emotional intelligence is a key element in the business model.

### *1. Worker creativity.*

Creativity is a value that individuals have. It is manifested in the way they feel and think and in the way they act. Creativity becomes evident in the following cases:

- a) **Entrepreneurship:** means actively seeking new job niches. Work is scarce and has to be sought after and obtained.
- b) **Mental flexibility:** refers to the speed with which people change their personal interests to build, together with others, a situation that benefits them all.
- c) **Cooperation:** between young people and between young people and businesses to create new employment niches. Entrepreneurship leads to competition between individuals and between businesses. Cooperation does not exclude some initial competition, but it requires sufficient intelligence to understand that, by pooling our individual skills, we can respond to the interests of people and businesses better. Indeed, cooperation has an ethical basis: the link between individual interests and the common good; however, it becomes a permanent element in human relationships when its profitability is understood and experienced by all the people involved in the relationship. Consequently, the two attitudes that kill cooperation are domination and social idleness. Domination kills creativity in individuals; social idleness prevents the development of personal skills.
- d) **Taking on responsibility in managing the business:** company employees and managers must take responsibility in creating a more participatory business management model. Quite simply, because it is the only way to ensure organizational innovation. Persuasion and imposition processes ("Top-Down" processes) must be part of innovation processes and the integration of differences ("Bottom-Up" processes).
- e) **Worker participation in the three dimensions of leadership:**
  - ✓ the development of individuals, because the productivity of organizations improves if the people's intellectual and relational skills improve;



- ✓ achievement of the organization's goals, because objectives are related to the common good and with the individual interests of workers;
  - ✓ customer satisfaction, because this satisfaction ensures the continuity of the organization.
- f) **Productivity:** Job performance must be assessed to improve the quantity and quality of work. An individual's under-performance at work is often related to a mismatch between the individual's skills and the demands of the job. Assessing job performance mainly seeks to improve the suitability between people's skills and their jobs. Precisely because of the competitive nature of work, it is increasingly necessary to find the work environment and type of job that best adapts to the skills and characteristics of each individual worker.

## 2. *Behaviour of company management*

"An exclusive focus on monetary value will almost always be catastrophic for organisations and individuals; [...] heterogeneity regarding value indicators and generators will almost always lead to more successful results" (Cameron & Quinn, 2006, p.25).

A high degree of worker *participation* in the organization, both in management and in the creation of knowledge, and *flexible* processes that encourage the transparent exchange of quality information, will promote cooperation between the capital and labour in business organizations (Denison & Spreitzer, 1991).

In the medium term, worker participation in the management, in creating knowledge and economic results will require the shared leadership of managers and workers (Pearce & Manz, 2005).

For workers to learn to share the leadership of the organization, the organization's management will have to learn to exercise transformational and ethical leadership (Avolio, Walumbwa, & Weber, 2009):

- a) The leaders of the organization become role models: the leaders are admired, respected and gain the trust of the people in the organization, and these try to imitate them.
- b) The leaders of the organization are capable of motivating the members of their team, providing a constructive meaning to their work (intrinsic motivation).
- c) The leaders of the organization are capable of stimulating their collaborators to become innovative, creative and to find solutions to problems that may arise.



- d) The leaders take into account the individual needs of their collaborator's individual and social development.

Since the 1980s, the two most important concepts in leadership have been: "transactional leadership" and "transformational leadership". *Transactional* leadership consists in appreciating workers who meet the organization's objectives. *Transformational* leadership seeks organizational innovation through by improving the creativity of individuals. Transformational leadership is not opposed to transactional leadership. Quite the contrary, it personalizes and enriches it.

Novia Salcedo's experience confirms that a large part of the organizational design should be integrated into organizations' strategies. This has to do, firstly, with the way they handle their relationships of power between individuals (bosses, colleagues...) and groups and, secondly, how they implement internal systems. Based on the way they adopt the said relations of power, a given type of organization will arise, with greater or less potential to become socially innovative; ultimately, with greater or less potential to improve people (Diaz & Jerve, 2014).

### ***3. Transformation of individual values into social values.***

This new organizational culture, based on the new behaviour of workers and managers, must permeate society, i.e. the values that define a society's coexistence. It is impossible for individuals and organizations to become entrepreneurs, to negotiate between different levels and to cooperate if society does not share these ideas. Individual changes and changes in organizations will not last until they are supported by society and by institutional rules of behaviour. Cooperation between individuals and organizations must become the standard behaviour for all institutions.

## **VII. EDUCATION SYSTEM AND BUSINESS MODEL. HOW TO TRAIN WORKERS AND LEADERS TO ACHIEVE TRULY PRODUCTIVE ORGANIZATIONS?**

### ***1. Education for equality and cooperation.***

“Sur longue période, la force principale poussant véritablement vers l'égalisation des conditions est la diffusion des connaissances et des qualifications” (Piketty, 2013, p. 49). It is

not possible to overcome inequalities, at the desired rate, without changing the way people feel, think and act. The goal of any education system is to provide guidance and help people to develop individually and socially.

"It is striking that the purpose of education is to transmit knowledge, and yet education is blind to the realities of human knowledge, its systems, infirmities, difficulties, and its propensity to error and illusion. **Education does not bother to teach what knowledge is.** [.....] Knowing about knowledge should figure as a primary requirement to prepare the mind to confront the constant threat of error and illusion that parasitize the human mind. [...] The predominance of fragmented learning divided up into disciplines often makes us unable to connect parts and wholes. [...] We should teach methods of **grasping mutual relations and reciprocal influences between parts and the whole in a complex world**". "Mutual understanding among human beings, whether near or far, is henceforth a vital necessity to carry human relations past the stage of racism and xenophobia". However, we cannot ignore that socioeconomic and power relationships are very important when profiling these attitudes.

"Humans are physical, biological, psychological, cultural, social, historical beings. This unity [...] disintegrated by education [...] should be restored so that every person [...] can become aware of both his complex identity and his **shared identity with all other human beings**". "Ethics cannot be taught by moral lessons. It must take shape in people's minds through awareness that a human being is at one and the same time an individual, a member of a society, a member of a species" (Morin, 1999).

In summary, apart from learning to know; to do; to be; it will be essential to learn to coexist, to live with others (Delor, 1996), and we can add, learn to become entrepreneurs. Learning to collaborate and cooperate with others who are different must be a key skill required.

## ***2. Who are the main educational agents?***

The education system begins in the family, continues with groups of friends and at school, becomes standard at centres of higher education and is completed at the workplace. A key aspect is to have a clear idea of what to expect from each of the educational agents in the various stages of the educational cycle.

- 1) The family can be expected to transmit basic social values: effort, cooperation, negotiation and acceptance of differences, participation, accepting responsibility for one's actions and the importance of trying.

- 2) Secondary education can be expected to transmit **civic values**: the exercise of freedom, equality and fraternity. (*Not everyone has a good role model in the family*). It should also be expected to lay the foundations of **humanistic knowledge**, which has disappeared from the classroom. In a world such as the one we live in, dominated by the economy and the markets, where men and women are involved in a race to make profits, lost in the uncertainty of our society; it is difficult to understand that the knowledge that stimulates one to think of a better world, to cultivate the utopia of reducing injustice or inequality, does not useful at all. Quite the contrary, all this knowledge can be used to help us "escape from this prison"; in short, to help us change a flat life into a flowing, dynamic life, a life geared towards curiosity regarding the spirit and human affairs (Ordine, 2013).

We must not forget that school is the ideal space to educate young people on the business world; something that is already being done in central and northern Europe.

- 3) Vocational training can be expected to promote practical knowledge, develop the social values of this line of knowledge in students as well as other cross-cutting skills, similar to those in university.
- 4) Universities can be expected to develop basic scientific knowledge, ensure the development of cross-cutting skills in students and the capacity to translate basic knowledge into technological, economic and social innovation (Ashton, 2011). Cross-cutting skills are:
- **Sense making**: ability to determine the deeper meaning or significance of what is being expressed.
  - **Social intelligence**: Ability to connect to others in a deep and direct way, to sense and stimulate reactions and desired interactions.
  - **Novel and adaptive thinking**: proficiency at thinking and coming up with solutions and responses beyond that which is rote or rule-based.
  - **Cross-cultural competency**: ability to operate in different cultural settings.
  - **Computational thinking**: ability to translate vast amounts of data into abstract concepts and to understand data-based reasoning.
  - **New Media literacy**: ability to critically assess and develop content that uses new media forms, and to leverage these media for persuasive communication.
  - **Transdisciplinarity**: literacy in and ability to understand concepts across multiple disciplines.

- **Design mind-set:** ability to represent and develop tasks and work processes for desired outcomes.
- **Cognitive load management:** ability to discriminate and filter information for importance, and to understand how to maximize cognitive functioning using a variety of tools and techniques.
- **Virtual collaboration:** ability to work productively, drive engagement, and demonstrate presence as a member of a virtual team.
- In this sense, people will need the ability to browse a scenario with different organizational forms and skill requirements quickly. In other words, in the future, workers will have to implement **on-going learning strategies for life.**

Educational institutions, regardless of the educational level they impart, will need to adapt quickly and respond to new needs in the development of skills (Davies, Fidler & Gorbis, 2011).

- 5) Businesses can be asked to become more involved in training managers and workers in entrepreneurship, cooperation and participation in the management of the organisation. Businesses rightly require that these values be acquired and practiced previously in the family and in schools. They are right because learning cooperation and participation skills is a long-term endeavour. However, they forget that values like entrepreneurship, cooperation, negotiation and the integration of differences, participation in management and taking responsibility for the consequence of one's actions are all values that need to be updated in each situation. Entrepreneurship in the family, at school, at university or in a company is not the same. Cooperation behaviours are different in family, school or business environments. In each context, values have to be updated, adjusted and assessed with the appropriate criteria. These assessment criteria are different in different life contexts.

Businesses should also train their workers in skills and new knowledge, and also in decision-making. Furthermore, they should work with the education community so that teenagers and young people can learn about the work market and find their place in it. In addition to socially assessing the role of vocational training and lifelong learning.

- 6) Trade unions can be asked to take responsibility in the training of young people in work environments other than educational centres. During the holidays, and even during the course, teenagers and young people can do odd jobs that will help them understand the working environment in businesses. These minor jobs are often frowned upon by the unions, when they actually contribute to helping young people become familiar with the

work of employment. Organizations must be alert to changes in their environment to adapt their workforce and develop strategies that ensure their correct alignment with future skill requirements. We could say the same of training practices in businesses, a system that Novia Salcedo has proved to be useful for the professional integration of young people but that not all unions support, as they consider it working under the radar.

7) The public administrations can be asked to take on greater risks when:

- Making education a national priority (Davies, Fidler & Gorbis, 2011).
- The labour authorities can support innovative and worthy labour integration educational systems that prove their soundness instead of calling for the presumption of truth and assuming they are ceding workers.
- Implementing lifelong learning policies.

8) Social and educational agents (governments, businessmen, trade unions, schools, vocational training centres, universities) can be asked to introduce transparency, trust and social dialogue as educational values because it is clear that where the collaboration and cooperation between different people has practices, the youth unemployment issue has been solved better.

## **VIII. PUBLIC EMPLOYMENT POLICIES.**

Public policies have a dual objective: to promote wealth and ensure an adequate distribution of the wealth produced. “Il faut se méfier de tout déterminisme économique en cette matière: l’histoire de la répartition des richesses est toujours une histoire profondément politique et ne saurait se résumer à des mécanismes purement économiques (Piketty, 2013, p. 47). It is the responsibility of politicians to allocate the economic, educational and cultural resources to specific actions related to creating employment and to the distribution of the wealth produced. A key task for the application of democracy, but also an extremely complicated task. Because politics is about placing the common good before party interests. However, we should not forget that politicians also belong to society. It is difficult that a society's politicians are more transparent than other professionals in their respective activities. The demand for transparency has to be coupled with honesty. It is dishonest to ask others to be transparent when we are not in our professional activities.

This financial crisis has highlighted the need to strengthen the productive fabric to maintain the level of employment. The financial crisis has affected the productive fabric of the Basque Country. Although the Basque economy was not based on construction like the Spanish

economy, it has suffered from the fall in the building sector due to the massive and destructive effects on services and equipment, steel products, furniture, electrical appliances or construction materials... In addition, "the fall in public projects, a major market for the Basque production fabric, which has affected the industrial sector, has had an effect on Basque unemployment"<sup>3</sup>.

### *1. Assessment of public employment policies.*

In a scenario of shared employment competences in the EU, Spain and the ACBC, it is important to assess how to approach them from a European perspective (Terradillos, 2014, 275 et seq.).

Employment is an exclusive competence of member states, in which the EU complements and coordinates actions implemented by member states. However, a number of facts, circumstances and data have led the EU to intervene significantly in member states' employment policies, especially since the Treaty of Amsterdam (1997). The high unemployment rates in the EU, accentuated by the situation of crisis generated in late 2007, the relationship between employment policies and other powers closer to the EU's responsibilities, such as economic, education, vocational training... policies and, of course, the changes in the European Treaties have brought about this change.

Although the Spanish case is one of the most severe, and the unemployment rate has increased to the current shameful figures, the truth is that the high level of unemployment in the EU has been one of the most severe economic and social problems in many member states. Back in 1993, the European Commission's White Paper *"Growth, Competitiveness, Employment. Challenges and Ways Forward into the 21st Century"* led to intense debate, repeatedly echoed since its publication. Since then, the European Union - as a supranational entity, for the first time - has been questioning how to ensure long-term employment and better opportunities for people seeking employment. There is no longer talk about "quality" employment or of unquestionably successful employment figures, but the Treaty on the Functioning of the European Union (TFEU) (art. 151) expresses a commitment to achieving "lasting high employment".

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[http://www.gizartelan.ejgv.euskadi.net/contenidos/informacion/actuaciones\\_documentacion/es\\_documento/adjuntos/estrategia\\_vasca\\_empleo.pdf](http://www.gizartelan.ejgv.euskadi.net/contenidos/informacion/actuaciones_documentacion/es_documento/adjuntos/estrategia_vasca_empleo.pdf)

In line with this issue, the EU also began to reflect on how to balance the principles of solidarity and competitiveness in the development of their employment policies (Goetschy, 1999, 120 et seq.). Precisely as a result of this debate, employment was considered an "area of common interest" for all member states and one of the goals of the European Union (art. 2, Treaty of Amsterdam). In addition, the Treaty of Amsterdam included a new Title VIII (current Title IX TFUE) dedicated exclusively to employment, but that only recognized coordinating powers for the EU. Art. 146 TFEU clearly acknowledges that unquestionable role of member states in employment policies (vg., Barnard, 2006, 109) and are called to contribute to the achievement of the objectives referred to in art. 15 TFEU.

With the Treaty of Amsterdam, every somewhat earlier, at the special summit in Luxembourg in 1997, the European Heads of State or Prime Ministers adopted the European Employment Strategy (EES) - defined in the Treaty - as the first group of "guidelines for employment" with the objective of developing a more active labour market policy than in the past. This approach implicitly adopted a new and far-reaching philosophical principle, the "principle of activation" (Antonio Martínez López, 2011 pp. 35-54). This principle preaches that citizens not only have rights, but also obligations, such as the obligation to work and, therefore, they should seek new jobs actively. However, they must also be prepared to re-join the labour market. This implies that the training of workers and their lifelong learning becomes a key issue. From Keynesian welfare states, we would be on track to becoming so-called "active welfare states" (Martinez López, 2011, p.47).

Regarding what concerns us here, this policy should not only concentrate on maintaining the income of the unemployed (passive employment policies), it should also lead to preventive measures that would focus on the capacity of individuals seeking employment to take up a job - "employability"; on a spirit of enterprise, on the adaptability of businessmen and workers to economic and technological change and on the equality between women and men and for people with disabilities (active employment policies). In summary, the Luxembourg Summit displayed a commitment by member states to coordinate national employment policies (Aragon Medina/Santana Alfonso, 2005, p. 24). This is based on an annual cycle that works as described in Title IX TFUE. Indeed, based on this summit, the EU trusted that employment rates would improve through the Open Method of Coordination (OMC). The OMC is based on the coordination competences that the EU has regarding employment, and it urged member states to copy the best employment practices of the member States that were at the head of that "ranking". In the beginning, employment rates were acceptable. The authors cautioned that those favourable employment data had to be extended in time in order to be able to rely



fully on the virtues of the OMC as an effective method. With the arrival of the 2008 crisis, the limitations of the MAC became evident with the free-fall of employment rates. The intervention of the European structural funds to sustain and recover employment became more necessary and obvious than ever before<sup>4</sup>. Neither is it clear that to the improvement of the arithmetic employment indicators could be linked, invariably, to improvements in the quality of employment (Terradillos, 2007, p.85).

In any case, the abysmal results obtained after the first evaluation of the Lisbon Summit (2000) and its poorly considered objective of making European society the most competitive in the world in 2010, led to the revision of employment policies, which should be reflected in the next European Employment Strategy (EES).

Currently, the EES is included in the broader framework of the "Europe 2020 Strategy", an EU political strategy that describes the Europe we want to achieve over the next decade. The strategy focuses on qualified growth based on three epithets which perfectly encapsulate the difficult balance between opposing factors to which Europe aspires: smart growth - through the development of knowledge and innovation, in pursuance of the employment-; sustainable growth - based on a greener economy, more efficient management of resources and a more competitive economy -; and inclusive growth - aimed at strengthening and creating employment, social and territorial cohesion (adopted at the European Council of June 2010). The Europe 2020 Strategy provides a vision of the European social market economy for the 21st century and it is based on seven emblematic initiatives (innovation, youth, new technologies, efficient use of resources, industrial policy, agenda for new qualifications and employment and poverty reduction) that have to be applied at European level in the member states with the cooperation of social partners and civil society.

-The latest employment policy reforms in Spain are an extension, complement and review of the great 2012 labour reform. Those successive reforms have mainly used labour legislation to support economic recovery and promote entrepreneurship (Casas/Rodríguez Piñero, Valdés, 2014). The latest is contained in RD-law 8/2014<sup>5</sup> and includes an important novelty, the introduction of the National Youth Guarantee System. Given the high youth unemployment rate, the EU, in early 2012, launched a new strategy - "Youth Opportunities Initiative" that intended to be more effective than previous strategies and included this new System.

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<sup>4</sup> Goetschy, Janine (2005), "The open method of coordination and the Lisbon strategy: the difficult road from potential to results", Transfer 1, p.78, stresses the success of the Lisbon strategy "in the future Financial Perspectives (2007-2013), as well as reforms of state aids, regional policy and industrial policy".

<sup>5</sup> Royal Decree-Law 8/2014, of 4th July, approving urgent measures for growth, competitiveness and efficiency (Official Gazette of 5th July 2014), Title IV.



Among its objectives, the Youth Guarantee stresses that assistance aimed at young people will be linked to a profile containing the characteristics of each person. Currently, the unemployed need "real" individual guidance<sup>6</sup>.

The employment activation plans implemented by the Ministry of Employment of the Kingdom of Spain (which follow the Recommendation of the Council of the European Union on the establishment of the said Youth Guarantee) include various emergency actions; some of which are classic (4. Recruitment incentives, 2. Promotion of entrepreneurship and employment), some are new (3. Improvement in labour mediation - participation of Temporary Employment Agencies in labour mediation - and others that are classic but not effective (1. Education, training and improving the employability). The central Government has introduced the new Spanish Employment Activation Strategy 2014-2016, the Annual Employment Policy Plan for 2014 and the agreement for the distribution of funds for 2014 that can be managed by the Autonomous Communities”.

-The Basque Country has competence in the field of active employment policies and its Plans<sup>7</sup> include general training, the promotion of self-employment and recruitment incentives through the subsidy of fees, subventions... Axis 3 should be highlighted: Promotion of youth employment and improvement of the transition from education to work. These are correct measures; some are classic and other are new (70. "Secure the first professional experience through co-operation with companies and institutions") but that require a longer time perspective to be valued (64. "Introducing guidance and training on entrepreneurial skills in the educational system and the availability of training for employment" or 66. "Promote a culture of entrepreneurship from very early stages of schooling... ").

In general, the inefficiency of the public policies for subsidising recruitment are criticised (Arranz, Garcia Serrano and Hernanz, 2013). It is also clear that public policies implemented since the 2008 crisis have neither been right nor sufficient to combat youth unemployment.

We must add to the above that the measures to combat the crisis cannot be automatically exported, as their effects depend on the particular circumstances of each country; and what is more alarming, the same measures in different countries can even have unwanted results (Brenke, Rinne and Zimmermann, 2013. And, Dehousse, 2002).

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<sup>6</sup> Art. 90.1 and 109 (commitment to fund guidance costs) of RD-L 8/2014.

<sup>7</sup>

[http://www.gizartelan.ejgv.euskadi.net/contenidos/informacion/actuaciones\\_documentacion/es\\_documento/adjuntos/Plan\\_operativo\\_2012\\_cast.pdf](http://www.gizartelan.ejgv.euskadi.net/contenidos/informacion/actuaciones_documentacion/es_documento/adjuntos/Plan_operativo_2012_cast.pdf)

Youth employment promotion measures need assessing and employment policies need to be given a results-based orientation. The measures taken by the state and introduced in the National Youth Guarantee Implementation Plan in Spain<sup>8</sup> have been well received in Spain in the hope that their effectiveness can be demonstrated in practice. However, the law could be intruding on competences held by the ACBC; if not formally, undoubtedly from a material point of view because the amendments to the Employment Law introduced in RD-L 8/2014 barely contemplate employment policies by the Autonomous Communities (Casas, Rodríguez-Piñero, Valdés, 19).

Another of the dangers that comes with employment promotion strategies is the almost irreversible creation of a dual work market; largely at the expense of young and unskilled persons. This could have a significant impact on future generations by limiting their employment, career and income prospects. The long-term effects do not end there. That dual nature could have a negative effect on future economic performance and on the health and viability of public finances and social protection, which will depend on the labour situation of those generations (Sarfati, 2013, 174).

Moreover, active employment policies are inseparable from labour market mediation. There are no overwhelming data regarding the soundness of allowing private agencies - notably temporary employment agencies or recruitment agencies - to participate as collaborators or even coordinators with Public Employment Services and that they lead to an improvement in youth employment. The first change in this regard occurred in 2012 (Law 3/2012, of July 6, emergency measures to reform the labour market ("Official Gazette" July 7) - and was followed up with RD-law 8/2014- but the data - in the short term - on youth employment have not improved since then<sup>9</sup>, although, as mentioned above, it would be advisable to wait longer to draw accurate conclusions.

Public employment systems must include prescriptive rules on employment preservation and unemployment prevention mechanisms, techniques favouring employment changes, unemployment mitigation instruments that also reduce unemployment time and mechanisms to stimulate employment, even through public investments and actions. Obviously, private investment is also essential. Furthermore, public systems must have effective and transparent mechanisms to follow-up, assess and control the results of the employment activation policies

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<sup>8</sup> Art. 110 and 112 of RD-L 8/2014

<sup>9</sup> RD-L 8/2014, art. 117: "enhancement of Temporary Employment Agencies as employment mediators"

used. However, this effectiveness should be measured with the goal of employment in view while training is also an essential element (Casas, Rodríguez-Piñero, Valdés, 29-30).

## ***2. Some weaknesses***

a) We are still detecting the need to all active employment policies to avoid duplication and the burn-out of job seekers.

b) The EU is gaining a renewed active role in the field of active employment policies as it has more funding than any of the other smaller territorial entity (state, autonomous regions) that has legislative powers. However, the entity responsible for implementing their recommendations is the State and, therefore, in the medium term, in this three-way relationship, the ACBC will lose relevance in regard to the execution of the active policies mandated by the EU. In addition, a recent ruling of the Constitutional Court (STC 22/2014) has acknowledged the competence of the Autonomous Communities regarding active employment policies but "to the extent that they do not interfere or enter into conflict with active state policies (Legal Basis 5º) or, in other words, the Constitutional Court has expanded the powers of implementation of the central government to the detriment of the Autonomous Communities.

c) As mentioned above, the ACBC has no legislative powers in the field of passive employment policies (unemployment subsidies and benefits). Therefore, we can conclude that the funding of employment transitions in the ACBC will come, to a great extent, from the state.

## ***3. Some strengths***

a) Despite the prominence of the EU-State regarding active employment policies and the increasing liberalism with respect to the participation of private management in labour mediation, training is also considered an active policy. As vocational training is considered a right to education (art. 16 Statute of Autonomy of the ACBC), this autonomous community may continue to work in this field.

b) Guiding Basque industry towards projects based on scientific knowledge is an urgent necessity. However, "there have been few prospective studies that study the potential for massive job creation in the advanced economies in sectors other than education, health, care for the elderly, domestic services or security, although some authors isolated herald a new era

of industrialization in the United States and the United Kingdom or the intensive computerization in employment that could generate a new economy" (Sarfati, 2013, p. 175).

## **IX. STRENGTHS AND WEAKNESSES OF THE LABOUR SYSTEM IN THE BASQUE COUNTRY**

### ***1.- Legislation***

Competencies in the field of labour law (contracts and terms), social security and passive employment policies (benefits) lie with the central government. Powers regarding corporate tax and income tax belong to the autonomous communities. Active employment policies also lie with the autonomous communities, but there is far-reaching coordination at European level, although their management has been taken on by Lanbide. This institution is also responsible for managing social integration aid which used to be in the hands of the provincial councils. Currently, this system is not fine-tuned. We must also bear in mind that vocational training, since it is based on various competencies (labour legislation, economic promotion, development of the right to education), is a legislative competence (not exclusive) of the ACBC (art. 16 of the Statute of Autonomy).

Current labour legislation, regarding the flexibility of accessing employment, is not a particularly decisive barrier for youth employment but, on the other hand, if there is an excessive level of "flexibility for ending employment", that legislation will contribute to the increase in unemployment. Such has been the case in countries that have opted for a model based exclusively on flexibility (Spain, Estonia, Ireland, Latvia, Lithuania and the United Kingdom) where the most distressing unemployment figures in the European Union have been registered (Tridico, 2013, 200).

Despite the fact that the OECD applauded the 2012 labour reform, in July 2014, Spain still had one of the highest unemployment rates in the OECD and in the EU<sup>10</sup>. This proves that Spanish labour law in the field of recruitment, with the entrepreneurship contract for young people under the age of 30 - Law 3/2012, of July 6 - as the central government's star measure, although classic because its aim was to stimulate recruitment based on tax incentives and social subsidies for companies, extending the trial period for workers to 1 year<sup>11</sup>, either was

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<sup>10</sup> OECD Employment Outlook 2013 How does Spain compare? © OCDE July 2013. <http://www.oecd.org/fr/els/emp/Country%20Notes-SPAIN%20%28ES%29.pdf>

<sup>11</sup> [https://www.sepe.es/contenidos/que\\_es\\_el\\_sepe/publicaciones/pdf/pdf\\_empleo/contrato\\_indef\\_emprende\\_dores.pdf](https://www.sepe.es/contenidos/que_es_el_sepe/publicaciones/pdf/pdf_empleo/contrato_indef_emprende_dores.pdf)

not the right measure or it was not conclusive enough to change employment habits. At least, it is not when used as an "isolated measure" and it is far from being the "miracle solution" required to improve competitiveness and employment levels (Torres, 2013).

As mentioned above, the Basque Country has competences in the field of active policies and can promote the recruitment of unemployed young people<sup>12</sup>. In fact, several actions have been implemented to improve youth employment levels although the dire unemployment data confirm the hypothesis stated above.

Another aspect would be to act on the working time, one of the aspects of the "labour law"; an action that could contribute to reducing unemployment (Deakin, Malmberg, Sarkar, 2014, 21), although always as an additional tool. As the Basque Country has competencies in active employment policies, it could promote actions aimed at reducing the working day. After all, Spanish labour law (art. 12.1 and the Workers' Statute) contemplates the possibility of converting a full-time job into a part-time job, stressing the voluntary nature for the worker and its conformity with the procedures established in the collective agreement<sup>13</sup>.

## ***2. Collective agreements in the Basque Country.***

Despite the time available to renew collective agreements, Basque social agents have not reached many; therefore, since 7 July 2013, five hundred and thirteen collective agreements (109 sector and 404 company agreements) have expired, affecting 385,253 workers (Urteaga, E., 2013). This means that these agreements have disappeared and have been replaced by state-wide sector agreements, when they exist, or by the Workers' Statute, when there are no sector agreements; not affecting agreements signed before the said date in 2013 that include "ultraactive" clauses for people hired up to that date. This is damaging for workers because the state-level agreements and the Workers' Statute are less advantageous to them; apart from the dual salary scale that exists in the case of "ultraactive agreements". In this sense, the new situation is reflected in a deterioration of working conditions, synonym of wage cuts, labour precariousness, double standards regarding labour relations based on the agreement applicable and extension of working hours. Moreover, it leads to an increase in claims submitted to the Conflict Resolution Procedure, the mediating body of the Labour Relations Board. This board

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<sup>12</sup> Vide Enplegu Plana-Plan de Empleo 2014-1 en [http://www.gizartelan.ejgv.euskadi.net/contenidos/informacion/actuaciones\\_documentacion/es\\_documento/adjuntos/palnaccion2014\\_cas.pdf](http://www.gizartelan.ejgv.euskadi.net/contenidos/informacion/actuaciones_documentacion/es_documento/adjuntos/palnaccion2014_cas.pdf)

<sup>13</sup> No actions of this type have been found in the "Enplegu Plana - Employment Plan 2014-15".

has recorded, in the month since the agreements expired, over 350 cases; ten times more than in the same period last year (Urteaga, E., 2013).

In the Basque Country, labour relations are based on the winner-loser logic. Various international studies show that the countries where entrepreneurs are more satisfied are those in which the workers are also satisfied and vice versa. Some countries seek mutual satisfaction and are precisely the ones that have the best employment rates, as the quality of labour relations within the companies explains the 70% variation of the employment rate between countries, i.e. twice more than classic variables, such as the period for unemployment compensation, social charges or dismissal costs.

In fact, the low quality of labour relations has an impact on economic growth, job creation, employment rates and dissatisfaction with past employment (Urteaga, E., 2013):

- a) In the first place, conservatism and the rigidity of hierarchies pose barriers to economic growth, especially in the case of small and medium-sized enterprises. Thus, when the leaders of SMEs are asked to state their major problems, they mention competition and the mismanagement of human resources far ahead of the economic situation and of taxation. The lack of cooperation between managers and employees is an undeniable obstacle to business development. It is when they reach a critical size when labour relations become strained because, beyond a certain size, the social relations within the companies must be formalised, which is done at the expense of flexibility and innovation.
- b) Secondly, poor working relationships generate dissatisfaction among workers and the rise in unemployment. Since the 1970s, the countries whose labour relations have been traditionally conflictive have had higher unemployment rates than countries where the social relations in companies are based on cooperation. The absence of collaboration within companies creates a lack of flexibility that is just as costly as a rigid legal framework, because the mistrust between leaders and employees leads to higher costs; similar to severance pay costs. In turn, countries in which the relations are hostile see more strikes than others and are affected by a real increase in labour disputes.
- c) Thirdly, labour relations explain most of the variations in employment rates between countries, given that when an activity is abysmal it leads to absenteeism and early retirement. In countries where labour relations are conflictive, workers and leaders are not so satisfied, making work an unpleasant activity. Problems accumulate throughout people's lifetimes and become particularly patent for the older workers. When they do not

enjoy working, they only think about retiring as soon as possible. On the contrary, feeling comfortable at work encourages older workers to delay their retirement date.

In short, creating a relationship between employers and workers based on cooperation is essential to improving job satisfaction and to enhance economic efficiency and increase the employment rate. The same can be said of horizontal relationships between workers within a company; not only regarding vertical or hierarchical relationships. A work environment based on cooperation is important and requires a special attitude (Urteaga, E., 2013).

### ***3.- Some weaknesses in the system.***

- a) Young people still have the idea that companies will offer them employment instead of engaging in the creation of employment themselves by adopting a position of greater endeavour and collaboration with companies. This is the reason the Enplegu Plana - Employment Plan 2014 includes numerous actions to support entrepreneurship.
- b) Businessmen still have the idea that they are the only ones who create employment and, consequently, the only owners and leaders of their companies. They forget that companies operate with a culture of cooperation between labour and capital.
- c) The Basque labour relations framework (collective agreements, CRL-PRECO, CES, Hobetuz, collective EPSV, Basque Vocational Training Council and Plan) is not deploying its full potential. This is part of the story. Collective negotiations seem to be stuck beyond ad hoc agreements in companies and in some sectors. The agencies involved in the Basque labour relations framework cannot count on the participation of nationalist trade unions, which together are the majority. An in-depth review would be required.
- d) The ACBC has no legislative competencies in the field of labour laws (except for their implementation, with the possibilities already listed) and its legislative powers relating to economic development "within the goals set out by the national economic policy" have been undermined after the latest constitutional jurisprudence and state regulations (RDL 8/2014).

### ***4.- Some strengths of the system.***

- a) The vocational training system can be considered unique to the Basque Country, despite the increasing encroachment on competencies by the LOMCE lately. On-going and occupational training is integrated into the overall Vocational Training system; however, subsidies are still given to actions that seem to be aimed at satisfying certain organisations rather than a demand for training. The university system and a more specialised and



regulated Vocational Training system could develop joint strategies based on cooperation and sharing synergies.

- b) The cooperative system and social economy companies could become a Basque framework for labour relations, but they have not been integrated with it. This is a missed opportunity. However, new opportunities can arise.
- c) The ACBC, pursuant to the competences that it has, could favour the relocation of workers affected by labour force adjustment plans in large companies (or groups)<sup>14</sup>. Furthermore, it could subsidize companies that plan to implement collective redundancies if they kept their workers, alternating work periods and training periods, with a view to favouring their possibilities of finding another job. In France, where employment antennas have great tradition, this measure was implemented between April 2006 and March 2007 in companies with fewer than 1000 workers in 7 employment areas (geographical areas based on economic criteria) and it became obligatory for businessmen to propose it to their workers (Martin, 2009, 175).
- d) Although the ACBC is affected by the integrated Social Security system and does not have the powers to manage unemployment subsidies or benefits; in the field of social assistance, the Basque Country has assumed full powers and was a pioneering region in the state to introduce an integration guarantee income. Another field to note is the potential of collective bargaining as a way of regulating voluntary improvements in the Social Security and the possibility of stimulating this via the public sector.

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<sup>14</sup> The Enplegu Plana-Employment Plan 2014-16 already includes training actions for people affected by LFAPs. [http://www.gizartelan.ejgv.euskadi.net/contenidos/informacion/actuaciones\\_documentacion/es\\_documento/ad\\_juntos/palnaccion2014\\_cas.pdf](http://www.gizartelan.ejgv.euskadi.net/contenidos/informacion/actuaciones_documentacion/es_documento/ad_juntos/palnaccion2014_cas.pdf)



## **X. LOOKING FORWARD.**

We are well aware of the negative consequences of the latest economic and financial crisis: deterioration of the productive fabric and rising unemployment. However, there is not so much agreement on the causes of the crisis and how the crisis has affected the productive system in the Basque Country.

### ***1. Explaining the 2008 crisis.***

"The current financial system is plagued by recurring crises. The IMF has identified 145 bank crises, 208 monetary collapses and 72 sovereign debt crises between 1970 and 2010. Based on the above, the 2008 crisis could hardly be attributed to a poor regulation of the financial system. Rather, that financial system tends to self-destruct at regular intervals. In fact, as the supply of money increases following an exponential mathematical function, real production should also increase each year; on the one hand to pay the interests and, on the other, to keep step with an ever increasing debt. This ideal picture necessarily ends up collapsing: the amount of money in circulation grows much faster than productivity (the real economy) and finally, the illusion that it is possible to repay debts and interest through economic growth comes to an end" (Azkarraga et al, 2011).

The amount of money in circulation is growing much faster than productivity levels. The financial economy ends up drowning the production system. This is the *economic explanation to the crisis*.

The *ecological explanation* is based on the impossibility of continued growth and the limitation of energy resources. "This critical moment (the crisis) is directly linked to the capacity to provide the socioeconomic metabolism with abundant energy and natural resources. The financial crisis did not commence when the bubble broke, but when the price of a barrel of oil reached \$150. This indicates that the financial economy cannot remain indifferent to the development of the real economy and that both are invariably intertwined with the "real-real" economy - the flow of energy and materials. Hence, after the economic crisis, we can envisage the long shadow of an energy crisis" (Azkarraga et al, 2011; Azkarraga, 2014).

The *cultural explanation* links the 2008 economic crisis with the increasing individualization of culture over the past 25 years. Piketty explains how the increase in inequalities reduced the purchasing power of the popular and middle classes in the United States of America, which

led to an increasing indebtedness of modest households; more so when, at the same time, they were being offered cheap loans by banks and other financial intermediaries without scruples and eager to find a quick return to the huge financial savings injected in the system by the richest social classes in the country. More specifically, considering the total growth of the American economy in the 30 years preceding the crisis, i.e. between 1977 and 2007, we can see that 10% of the richest people appropriated three quarters of the total growth. The 1% of the richest persons accounted for almost 60% of the total growth of the American national income. This led to the impoverishment of the working and middle classes in society. In turn, this paved the way to the supply of cheap and uncontrolled loans, the outcome of which is known to all (Piketty, 2014, pp. 468 et seq).

The two latter explanations, "ecological" and "cultural", share the idea that economic growth is limited, although they differ on the nature of the limits (R. Skidelsky and E. Skidelsky, 2012, pp. 143-164). Ecologists emphasise the limits imposed by nature while the "culturalists" emphasise moral boundaries. Ecologists and "culturalists" accept technological innovation but stress that it is insufficient to face the current economic crisis. In addition to strengthening technological innovation, we have to challenge people's lifestyles and the social organization model.

Capitalism, in any of its forms, tends to strengthen economic and political inequalities among social groups. However, capitalism exerts a strong attraction on people. Capitalism survives thanks to its link to the insatiable nature of human desires. With great discernment, Robert and Edward Skidelsky (2012, p. 46-55) have studied the harmful effect of the link between capitalism and the insatiable nature of human desires.

a) The logic of competitive capitalism drives firms to create new markets by manipulating human being's insatiable desires. Perhaps advertising does not create an insatiable desire, but it shamelessly exploits it by whispering in our ears that our lives will be dull and second class unless we consume "more". Advertising is the organized creation of dissatisfaction.

b) The increase in social mobility, linked to income inequality, accentuates the competitiveness inherent in the capitalist system. This competitiveness has led us to a situation in which all the members of a society are competing against each other. In addition, the greater the inequality, the greater the competitiveness. When competitiveness is channelled through work, it leads to a continuous improvement in the quantity and the quality of work. But when employment fails, competitiveness becomes mutual exploitation among people.

c) The ideology of free-market capitalism does not allow for a person to reject the accumulation of more wealth. A true capitalist cannot say "I have enough to live well on, and I am retiring from business" You have to continue proving that you are capable of permanently creating more and more wealth.

d) Capitalism promotes human insatiability through the "monetization" of social life. Everything has a price, and all value is measured in money. Land, work, education, personnel skills and services are valued in terms of money. By increasing the field of things measured by their monetary value, capitalism exacerbates the love of money for money's sake.

e) Desire is the dissatisfaction that remains after satisfying needs. The latter are limited, but desire knows no natural limit; it grows endlessly unless it is contained consciously. Capitalism takes advantage of this unlimited growth of human desire. That is why, in spite of its success, it is still not admired. It has provided us with a wealth beyond our dreams, but it has done away with the main advantage of that wealth: *the awareness of having enough*.

## **2. *What has the 2008 crisis contributed to the production system of the Basque Country?***

### ***a) Greater sensitivity toward social ethics.***

The economic and financial crisis of 2008 has highlighted the need to link economy and ethics. Economics and ethics are not contradictory; they are elements that define an inseparable reality. The efficient allocation of resources, and the response of economic processes to meet needs are closely interlinked and any other system, for example, through fictitious markets or other cases of financial or economic engineering, will lead to one of the basic foundations of the current economic and financial crisis. This interaction between economics and ethics rests on two basic principles (García Echevarría, 2011, No. 338):

- *The principle of productivity*, which is the economic and also the ethical key that implies that no-one has the right to use scarce resources inefficiently, whether within an institution, for example, a company, or in general, on a planetary level. Therefore, this principle should govern any economic decisions involved in the provision of resources and in all the aspects that arise through the configuration of real markets, or unreal markets, that lead to changes, for example, in the price of things, or to the inefficient allocation of resources as a result of the lack of transparent competitiveness.
- The second ethical principal is the *integral development of people*, which constitutes the basic principle of the economy so that it has the capacity to develop the potential of

individuals, with a view to the development of people to create value to solve problems and needs *whether they affect oneself or others*. The latter words express the need human beings have for *significance*. The last phase in the development of an individual is a search for personal satisfaction through doing good to other people. That significance is what defines social ethics and distinguishes purely competitive and individualistic capitalism from competitive and cooperative capitalism, which places productivity at the service of the common good.

***b) The “Green New Deal” and job creation.***

The exercise we propose here - consider the economy and future employment from the multiple crises notion and the necessary ecosocial transition - has already been performed to some extent. At a global level, the International Labour Organization has been working the issue (ILO, 2008) and applying it to Spain (ILO, 2012). In the Basque scenario (at Hegoalde level) the researcher Florent Marcellesi has produced some interesting estimates (Marcellesi, 2013). We shall mainly refer to the latter work, inspired by the "Green New Deal" (based Roosevelt's idea of a massive investment in public sector works to tackle the great depression in 1929). The green new deal refers to substantial investment in the public sector, concentrating on energy assurance, infrastructures that reduce carbon emissions, "environmental industries" and ecological protection. It is a commitment to replacing a short-term extraction-based economy by a green economy (and sustainable development) capable of tackling the various ecological and social challenges we have outlined while also generating new jobs. Marcellesi's estimates for Hegoalde (ACBC and Navarre) exceed 100,000 new jobs.

***c) Production model based on knowledge and innovation.***

There is a general agreement on the idea that the way out of this crisis will depend, to a great extent, on the country's capacity to develop an industrial fabric based on knowledge and innovation. Since 2007, the Basque Country has “*Ikerbasque*”, the “Basque Science Foundation”. The 2014-2017 Strategic Plan for this Foundation includes up to seven key challenges. They include doubling the current number of researchers and reaching the figure of three hundred talents, publishing over one thousand articles in specialised international magazines or attracting ninety million euros. Some people stress the interval between research results and the design of social projects in industrial organizations. It is true that research results are not sufficient for the design of a business project. They are necessary but not

sufficient. It is also necessary to create synergies between the different social agents. This requires social actions.

***d) Business model based on co-management and transparency.***

There is no innovation if there is no creativity and if people do not contribute creativity to the business project. This emotional attachment with the business project requires the participation of workers in the management of companies and transparency in the presentation of a company's economic performance. In the Basque Country, we have the Cooperativas de Arrasate (Arrasate Cooperatives), a good model if, in addition to sharing the economic results, they learn to share leadership and decision-making. We have to be consistent regarding this topic: innovation is linked to the creativity of the workers and to the transformational leadership of the organisation's managers. There is sufficient research data on this issue.

***e) Citizen participation in controlling the activities of political parties and financial institutions (Acemoglu & Robinson, 2012).***

The awareness of our responsibility in the fight against fraud and corruption in political parties and financial institutions has increased among citizens. This is one of the good consequences of the crisis. It is true that that opinion citizens have of political and financial entities is one of distrust, but we can hope that we, as citizens, will learn to relate with political and financial entities in a critical spirit but, at the same time, with honesty and a disposition for cooperation. Honesty means that the criticism citizens direct against the corruption practiced by people and by political and financial institutions comes with a professional performance free from corruption. It is often the case that we try to justify our own corrupt practices while condemning the corruption of others. If organizations are to function with honesty and decency, individuals must also behave with honesty and decency while performing their professional activities. For people to behave with honesty and decency, society must value honesty and decency and condemn corruption and the exploitation of the weak. There is a circular causality between individuals, organizations and society as a whole.

## **XI. CONCLUSION.**

The content of this document could be summed up into two ideas:

- a) The barriers to youth employment are varied because the creation of the employment requires the involvement of many agents: young people, businesses, educational, financial and political institutions, the government, the financial market, a society's values and the trade unions. After studying the various barriers that affect the creation of the youth employment, the feeling is that we do not know what to do with so much information.
- b) We have to start doing something. The solution to social problems requires a theoretical analysis of the problem, but it is important is to create synergies between the different agents involved in social actions. This idea is to launch cooperation projects involving young people, businesses and the educational, political and financial institutions.

## **XII. RECOMMENDATIONS.**

The end of a paper that tries to identify the main obstacles to youth employment must include a number of recommendations that will enable us to reduce unemployment rates affecting people under 25 years of age. These proposals are divided into eight sections: cultural values, socio-labour model, socio-economic model, educational system, the production model, labour market, employment policies and political-administrative organisation.

These recommendations are based on proposals submitted by the people who participated in the Study Session organised by the Novia Salcedo Foundation and Ehugune on 13 October 2014 at the BizkaiaAretoa in Bilbao.

### **1. Cultural values**

- Promote a culture of entrepreneurship from primary school.
- Encourage stays in companies so that young people do not get the idea that companies are going to come looking for them; rather they will need a proactive attitude that may lead to them creating their own jobs.
- Encourage the acceptance and appreciation of failure as a stage in the training process.

### **2. Socio-labour model**

- Promote the connection of trade unions with young people regarding training and with unemployed people or people with precarious employment situations.

- Businesses should implement strategies geared to keeping talent, which means they should be concerned with acknowledging, training and improving the skills of their employees.
- Compile and disseminate the good business and trade union practices.
- Seek inspiration in the labour relationship models that exist in Austria, Holland or Norway.

### **3. Socio-economic model**

- Review the welfare concept as employment policies depend on the socio-economic model.
- Integrate innovation from various perspectives: from the loss that the non-integration of young people in the labour market implies; from the perspective of how to deal with innovation within organizations; and from the perspective of innovation regarding social policies.
- Review socio-economic indicators based on what really happens in the world of employment.
- Encourage volunteer work so that young people can actually enter into commitments, acquire experience and assume responsibilities.

### **4. Educational system**

- Develop learning (alternating between the school and the business practices) and on-going training, which is often seen by businesses as a cost and not as an investment for the future, contrary to how it is seen in Nordic countries or in Germany.
- Encourage the acquisition of skills that respond to the needs of businesses.
- Promote the European framework of internship placements.
- Favour more practical, active and monitored training.
- Fight against school failure.
- Develop the Erasmus + programme, as young people who have participated in this programme have a higher employment rate and are more enterprising.

### **5. Production model**

- Consider the social sphere as a sector that generates employment, as is the case in the United States where 3.5% of employment is linked to this sector.

- Favour public-private collaborations so that private companies that work in the social sphere can benefit from assistance from the public administrations.
- Promote the Care Economy, which can generate a large number of jobs.
- Consider creative industries as an employment niche.

## **6. Labour market**

- Deal with the dual nature of the labour market between high-skill jobs that are fully integrated with the globalized world and low-skill jobs that difficult to relocate and linked to the care of people.
- Fight against corruption, nepotism and hiring those who are most loyal instead of those that are more competent.
- Value human resources affected by the precariousness of employment contracts as in low salaries.<sup>2</sup>
- Value the figure of businessmen.
- Reduce red tape and streamline bureaucratic procedures so as not to hinder the work of entrepreneurs.

## **7. Employment policies**

- Promote talent management, which involves active employment policies.
- Redirect the work of Lanbide, whose main activity today is to manage the guaranteed income benefits.
- Adapt labour integration policies to the various groups.
- Create forums, such as the workshop organized by Ehugune and Novia Salcedo, to bring together those involved in the fight against youth unemployment.
- Develop a method of taxation that fosters on-going training within companies.
- Seek inspiration in other countries where there is less youth unemployment with a view to learning, adapting and implementing good practices.
- Create avenues for citizen participation and encourage their empowerment; not leaving the full responsibility of youth unemployment to the public administrations.
- Consider young people as the main players and encourage their involvement in flexible structures.
- Involve young people in decision-making processes.
- Establish impact indicators to assess the result of employment policies.



- Generate smart information systems that include all the variables to detect the needs of businesses.
- Promote a generational shift in businesses, beyond bridging contracts.
- Conduct a study of educational profiles and businesses' needs.
- Introduce the demographic variable in employment policies given that the population is ageing rapidly due to a low birth rate, which may lead, in the medium term, to a shortage of skilled workers and even to the premature abandonment of the educational system to fill vacant positions.
- Encourage the arrival and subsequent integration of immigrants since the labour market will need qualified workers once a significant number of workers leave the labour market.
- Promote new learning spaces with companies; promote grants and internships following the quality model of the European Union framework.
- Take advantage of unemployment periods to train and learn foreign languages.
- Encourage the fostering of unemployed youths by the elderly.
- Reduce working hours and increase on-going training with the assistance of the public administrations.
- Extend the age range for youth unemployment to 30 or even 35.
- Reconsider the Income Guarantee Benefit with a view to promoting the emancipation of young people.
- Establish indicators and measurement systems that make it possible to prioritise resources. An appropriate indicator could be one that reflects "Stable Labour Integration" or "SLI". An example of good practices is that the SLI for NSF grants in 2014 is above 70%.

## **8. Political-administrative organization**

- Prepare a countrywide strategy.
- Articulate local, state and European levels.
- Reintroduce the medium and long term in the preparation and subsequent implementation of public policies, similar to a family policy launched in France which makes it possible to link a high birth rate with a high rate of work-family reconciliation.
- Favour a type of governance that brings together all the main agents involved, as has been developed in the French Basque Country since the early 1990s and that has led to

changes in the way public policies are prepared, implemented and assessed, in addition to changing the political culture.

- Develop cooperation between the different institutional agents with a view to overcoming administrative divisions to promote intra- and inter-institutional cooperation to design and implement comprehensive policies to combat youth unemployment.
- Deal with the challenges posed by the institutional structure in general and the distribution of competencies between the different Basque administrations in particular, as required by the Law of the Historical Territories, which lead to duplication, contradictions, lack of cooperation and inefficiency. In this regard, it would be advisable to amend the Law of the Historical Territories to simplify and streamline the distribution of competencies between the various Basque administrations, strengthening the Basque Government - City Council pairing.
- Promote transparency in the management of the public administrations and in the assessment of public policies.

These are proposals that need to be discussed, improved and studied in depth.

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