

Press Release

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KOF Youth Labour Market Index: Denmark, Switzerland, Austria, and Germany Maintain Leading Positions

The KOF Youth Labour Market Index, which describes the multifaceted situation of young people on the labour market, shows positive evolution for most European countries between 2014 and 2015. In the new update, Denmark confirms its leading position over second-ranked Switzerland, whose index score remains nearly unchanged from 2014. Austria and Germany follow with some distance.

After the difficult years following the Great Recession, the situation of youth on the labour market is starting to show general signs of improvement. The latest KOF Youth Labour Market Index (KOF YLMI) indicates that the youth situation improved in almost all European countries between 2014 and 2015. These improvements appear not only in youth unemployment rates but also in other indicators like those describing transitions from education to work.

The KOF YLMI describes young people's situation on the labour market using a multidimensional approach. Twelve indicators, divided into four dimensions, offer a broad and holistic measure (for more information see box). Aside from widely used indicators like the unemployment rate, the index includes indicators describing young people's working conditions, education, and ease of entry into employment through the labour market.

Results in detail

The latest KOF YLMI has Switzerland confirming its good position with a 2015 index score of 5.71 (on a scale ranging from 1 to 7). This value remains nearly unchanged from 2014. Only Denmark performs better than Switzerland in 2015, moving from an index score of 5.73 to 5.79. Austria and Germany follow with some distance. The EU28' average score is 4.82.

The main differences among the four leading countries arise in the "Education" dimension, where Austria and Germany report notably lower scores than Denmark and Switzerland. The Netherlands, which ranks fifth with 5.44 points, also shows room for improvement in the "Education" dimension. Furthermore, the Netherlands scores lower than the four preceding countries in the "Working Conditions" dimension.

The positive changes in some Southern European countries are worth mentioning. The aggregated KOF YLMI increased in Croatia, Greece, Macedonia, Spain, and Italy. These improvements are welcome signs of a slight recovery in the difficult aftermath of the Great Recession, during which the KOF YLMI scores in the same group of countries dipped dramatically.

Swiss young people less active than Germans

The fourth release of the YLMI also contains an analysis of whether increased unemployment rates during an economic downturn induce more youth to enter formal education and training programmes. Because scores for "Unemployment Rate" decrease in economic downturns, there should be a negative correlation between this indicator and scores for "Formal Education and Training Rate". Generally, the analysis confirms this negative correlation. While the pattern is true overall, however, it is not observable in every country. For example, Switzerland shows a negative correlation between youth unemployment and education and training enrolment, but Germany does not.

Within the EU28 countries, Germany shows the most impressive 2010–2015 evolution in the indicators “Unemployment Rate”, “NEET Rate”, and “Formal Education and Training Rate”. In 2015, young people in Germany are clearly in a better situation than they were in 2010. Measurably more youngsters are enrolled in education and training and, on the labour market, youth are considerably less likely to be unemployed or inactive. In Switzerland by contrast, the years following 2010 were characterised by slight increases in the “Unemployment Rate” and in the “NEET Rate”. Nevertheless, these worsening dynamics were accompanied by a moderate increase in education and training enrolment. These mixed patterns suggest some possible countercyclical effects between labour market conditions and education for Switzerland. They are, however, not observable in Germany.

Vocational education and training can help in meeting the needs

To fight negative trends in the youth labour market, policymakers around the world foster vocational education and training (VET) programmes that prepare youth for labour market entry. In a recent paper, KOF researchers used selected indicators from the KOF YLMI to analyse the relationship between VET and the youth labour market (Bolli, Egg & Rabeth, 2017). Their results suggest that increasing school-based VET may actually hinder youth labour market integration in some countries. In contrast, the empirical evidence suggests that dual VET improves not only labour market integration but also working conditions. This finding highlights that VET is not an automatic panacea but a lever that depends for its success on programme quality, linkage between the actors from the education and employment systems, and significant structured workplace training.

Web tool:

The updated values of the KOF YLMI, covering the period 1991–2015, are available via a web application (<http://viz.kof.ethz.ch/public/yunemp>)

This interactive tool allows time series as well as cross-country comparison of youth labour market situations. Users can create their own custom selections and download the generated graphs. Additionally, the tool allows users to adjust the weighting process according to their own requirements.

About the index:

The KOF Youth Labour Market Index (KOF YLMI) is an instrument for analysing the complex situation of young people on the labour market. The index offers a multidimensional approach to comparing youth labour market situations across countries and over time. Alongside widely used indicators like the youth unemployment rate, the KOF YLMI also considers working conditions, education provided to youth, and the ease of entry into the labour market. Twelve indicators are divided into dimensions for “Activity State”, “Working Conditions”, “Education”, and “Transition Smoothness” and aggregated into one single numerical parameter, the KOF YLM Index.

The fourth release of the index extends its time coverage to 2015. The dataset now covers up to 178 countries for the time period 1991–2015. The methodology of the index remains unchanged from its previous release.

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Further information about the KOF YLMI:

<http://www.kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-youth-labour-market-index.html> →

Pusterla, Filippo (2017): How Active are Youth? The Interplay between Education, Youth Unemployment and Inactivity. Fourth Release of the KOF Youth Labour Market Index, KOF Studies No. 97. Zurich: KOF, ETH Zurich.

Graph: Unemployment Rate, NEET Rate, and Formal Education and Training Rate in Germany and Switzerland over the period 2009–2015.

Table: Evolution between 2014 and 2015 of the KOF YLMI (for countries with values for at least nine indicators).

Bolli, T., Egg, M. E., & Rageth, L. (2017). Meet the Need. The role of vocational education and training for the youth labour market. KOF Working Papers, No. 429. Zurich: KOF, ETH Zurich.