

Press Release

Zurich, 6 December 2018, 9am

Recovery on the Youth Labour Market; Conditions in Switzerland Remain Highly Encouraging

The situation of young people on the European labour market improved between 2015 and 2016. This is one of the main findings of the latest evaluation produced by the KOF Youth Labour Market Index (KOF YLMI). As in the previous year, the most encouraging situation is found in Denmark, followed by Switzerland. The list of countries ranking in the top ten of the index has not changed, although some of these countries have switched places. The decisive factor here was changes in the dimension 'Transition Smoothness'. Although the leading countries' performance in this dimension generally deteriorated, the other countries improved their performance here on the whole.

The KOF Youth Labour Market Index (KOF YLMI) uses a multi-dimensional approach to reflect the situation of young people on the labour market. The index comprises twelve indicators, which are divided into the four dimensions 'Activity State', 'Working Conditions', 'Education' and 'Transition Smoothness' and are then aggregated to form an index. The index scores range from one to seven; the higher the score, the better the situation.

The results in detail

The fifth release of the KOF Youth Labour Market Index has extended its data coverage to include 2016, although the data sources have remained unchanged. The situation of young people on the labour markets of the top ten countries has hardly changed compared with 2015. As was the case in 2015, the highest overall index score is achieved by Denmark with a score of 5.72, followed by Switzerland (score of 5.67) and Lithuania (score of 5.54). The Netherlands and Austria have switched places since the last release, with the Netherlands now ranking fourth and Austria sixth. Between them comes Germany, which scores 5.46 and ranks fifth. The index scores of most top-ten countries have fallen slightly, whereas most of the other countries reveal an improvement in their youth labour markets. In 2016, a total of 19 countries had an index score that was higher than the EU-28 average of 4.98, whereas in 2015 this applied to only 16 countries.

The performance of the individual dimensions

A brief analysis of the performance of the individual dimensions soon reveals the reason for the changes among the top-ten countries. The slight decrease in the index scores for these countries results from a deterioration in the dimension 'Transition Smoothness'. This dimension comprises the indicators 'Relative Unemployment Ratio' and 'Incidence of Long-Term Unemployment Rate'. The improved scores for the other countries arise from an improvement in the dimensions 'Activity State' and 'Transition Smoothness'. The dimension 'Activity State' comprises the indicators 'Unemployment Rate', 'Relaxed Unemployment Rate' and 'NEET Rate' (the rate of young people not in employment, education or training). There are few changes in the other two dimensions 'Working Conditions' and 'Education'.

Placing the issue of skills mismatches in context

This year's release of the KOF YLMI focuses on the 'Skills Mismatch Rate', which forms part of the dimension 'Education'. A skills mismatch exists if there is a discrepancy between the demand for workers and the supply of such labour. This indicator is of interest because various trend patterns in the individual components have been observed. This in-depth analysis distinguishes between three different groups. The first group reveals a low skills mismatch, i.e. a small discrepancy between the demand for and supply of workers with the right education and training. This group includes Switzerland, Greece, Portugal and Italy. The second and third groups both reveal a substantial skills mismatch as well as oversupply of young workers with just primary education. The two groups differ, however, in terms of their overdemand for secondary and tertiary education. The second group reveals a similar mismatch at both the secondary and tertiary education levels. This means that the group has the same level of over demand for young workers with secondary education as it does for those with tertiary education. This type of pattern is found, for example, in Denmark, Germany, Austria,

Finland, Norway and Sweden. The third group also reveals a discrepancy between supply and demand at both the secondary and tertiary levels, although the mismatch at the tertiary level is clearly predominant. This group includes Spain, France, Belgium, the United Kingdom and Poland. One striking feature is that the various groups cover the entire range of 'Skills Mismatch Rates'. When attempting to eliminate a skills mismatch it is therefore important to address the source of the mismatch.

Further information about the KOF YLMI:

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

The full report was published in:

Pusterla, et al. (2018). Disentangling Skills Mismatch: Fifth Release of the KOF Youth Labour Market Index. KOF Studies, 123, KOF Swiss Economic Institute ETH Zurich: Zurich.

Web tool:

<http://viz.kof.ethz.ch/public/yunemp> →

Contacts

Ursula Renold, Phone +41 44 632 53 29, ursula.renold@kof.ethz.ch

Corporate Communications | Phone +41 44 633 99 48 | kofcc@kof.ethz.ch

KOF Youth Labour Market Index

The KOF Youth Labour Market Index (KOF YLMI) uses a multi-dimensional approach to reflect the situation of young people on the labour market. This approach produces a broad-based analysis of the situation on the youth labour market. The index covers 178 countries over the period from 1991 to 2016, although the number of indicators available varies considerably according to the data available in the country concerned.

A detailed description of the index and its extended data coverage – including in-depth analysis – can be found in:

Renold, et al. (2014). On the Multiple Dimensions of Youth Labour Markets: A Guide to the KOF Youth Labour Market Index. KOF Studies, 51, KOF Swiss Economic Institute ETH Zurich: Zurich.

Pusterla (2015). How did the Youth Labour Market Situation Evolve between 2012 and 2013? Second Release of the KOF Youth Labour Market Index. KOF Studies, 67, KOF Swiss Economic Institute ETH Zurich: Zurich.

Pusterla (2016). The Great Recession and the Working Conditions of Youth: A Descriptive Analysis of the European Labour Market. KOF Studies, 83, KOF Swiss Economic Institute ETH Zurich: Zurich.

Pusterla (2017). How Active are Youth? The Interplay between Education, Youth Unemployment, and Inactivity. KOF Studies, 97, KOF Swiss Economic Institute ETH Zurich: Zurich.

Web tool

The updated scores for the KOF Youth Labour Market Index covering the period from 1991 to 2016 are available via a web application (<http://viz.kof.ethz.ch/public/yunemp>). This interactive tool enables users to make time-series and cross-country comparisons of the situation on youth labour markets. Users can create their own customised selections and download the graphs generated. The tool also allows users to adjust the weighting process to suit their own requirements.