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**Retraining of Young Unemployed
as a Prevention of the Social Exclusion in the Time of
Crisis**

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1 Introduction

In my report I respond to one of the main consequences of the current economic crisis – the unemployment. I focus on young unemployed and graduates in the Czech Republic. In the Czech Republic the Crisis started in autumn 2008 with a rapid decline of vacancies and subsequently with an increase of the rate of unemployment. This situation presents a huge problem especially for young people who have recently finished their studies but have not been given an opportunity for their participation in the labor market. The unemployment of this vulnerable group is dangerous because of its consequences – deformation of work habits, a downturn of motivation for working and seeking job opportunities, loss of professional knowledge and skills and a restriction of social contacts. The retraining measure has a potential to solve this implications. Retraining influences the quality of living by providing unemployed with social contacts, reinforces self-confidence and increases the labour market orientation and employability.

For that reason I am interested in using measures of active labour market policy in the Czech Republic concerning young unemployed. In this paper I test a hypothesis that with the economic recession the usage of retraining in relation to young unemployed increases. The research is based on the active labour market policy data from the Ministry of Work and Social Affairs of the Czech Republic. I focus on changes in the retraining range and targeting to the young during the Crisis. The importance of young people unemployment lies in a fact that the unsuccessful entrance to the labour market and the experience with long-term unemployment influences chances to gain an adequate job in the future. At the same time a successful participation in the labour market is essential to avoid their social exclusion.

The paper is divided into eight parts. The first one is the introduction. In the following chapter the situation in the labour market in the Czech Republic is briefly described. Another part is devoted to the connection between the labour market participation and the social exclusion. In the fourth chapter I explain why young people and graduates become the vulnerable group in the labour market and what effects the unemployment has in the relation to this target group. Then I continue with the presentation of retraining because I assume that this measure can be used to handle the unemployment impact. In the contiguous part I describe the methodology and then I continue with the data analysis. I focus on the range and targeting of retraining

concerning the unemployed up to 24 years of age. In the last part I offer a possible explanation of the outcomes and the conclusion as well.

2 Situation in the labour market in the Czech Republic

The Czech Republic was affected by the economic recession during 2008. The Crisis, in the first instance, caused a rapid decline of vacancies in September. Subsequently companies had to solve problems because of the decreasing demand in the labour market. The reaction of employers was a dismissal of workers which caused a strong increase of unemployment.

Table 1: Rate of unemployment in the Czech Republic and EU-27

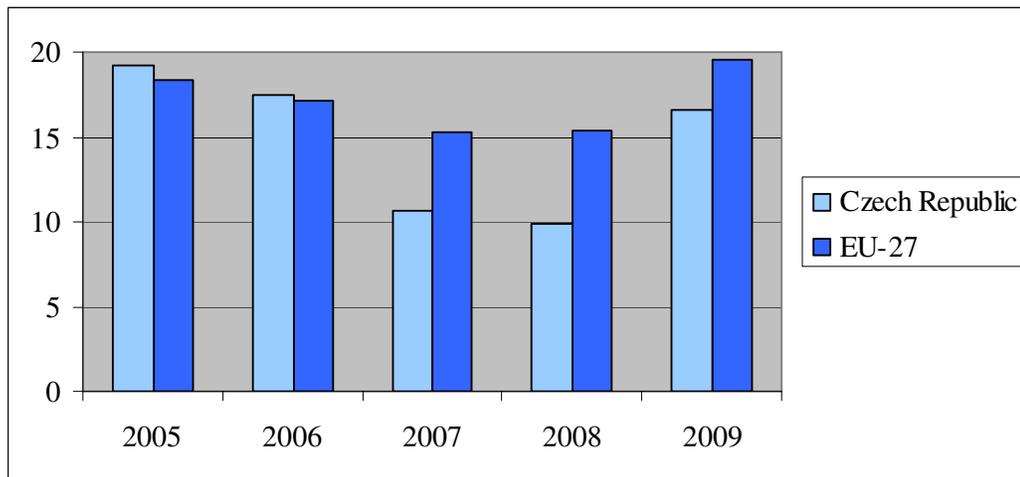
		2005	2006	2007	2008	2009	1/2010
Czech Republic	15-74 years	7,9	7,2	5,3	4,4	6,7	7,7
	Less than 25 years	19,2	17,5	10,7	9,9	16,6	-
EU-27	15-74 years	8,9	8,2	7,1	7	8,9	9,5
	Less than 25 years	18,3	17,1	15,3	15,4	19,6	-

Source: Eurostat (2010)

In the table 1 we can see the situation in the labour market during the last five years. The rate of unemployment for the active population in the Czech Republic was the highest in 2005 with 7,9 %. In the following years we can see a trend of decreasing rate of unemployment. This tendency stopped in 2008 with the value 4,4 % and since that time the situation in the labour market has grown worse. The current situation is 7,7 % rate of unemployment for the economic active population. In EU-27 the unemployment had a similar tendency. In January 2010 the rate of unemployment was 9,5 %. So it is possible to conclude that the Czech Republic is less affected by the economic recession than some other countries in EU.

Generally the problem of unemployment is significant because of the Crisis. But in relation to young people and graduates the issue is more serious. They should find their first jobs but there are no vacancies. The problem with the entry to the labour market really exists (see table 1, graph 1). In 2009 the rate of unemployment for people to 24

years of age was almost 10 % higher than the total rate of unemployment (16,6 to 6,7 %). But in the comparison with the previous years unemployment of the young was more complicated in 2005 with 19,2 %. More serious problem can be seen on the EU level where the current state (19,6 %) is worse than ever before. The unemployment of the young people means a huge problem because the failed entrance to the labour market influences chances to gain an adequate job in the future.



Graph 1: The Rate of unemployment in the Czech Republic and EU-27, age group 15-24

Source: Eurostat (2010)

In times of the economic recession the overall unemployment rate and the specific rate of the youth unemployment in the Czech Republic became worse. Even though the situation is not as severe as at the beginning of the monitored period, also compared to the EU level, the high levels of unemployment in the Czech Republic acknowledge that such problem exists in the labour market and needs to be solved.

3 Labour market and social exclusion

In a modern society employment is a centrepiece of everybody's daily life and the main source of the financial independence, status, prestige, identity and social participation. Labour market changes have undermined the employment stability as a source of social integration (Hammer 2003:2-3). In times of economic crisis and high unemployment at

the same time the problem of the social exclusion becomes increasingly important, especially in relation to the labour market.

Exclusion is generally the opposite of the concept of social solidarity and integration, it is sometimes expressed in terms such as deprivation (objective aspect), disaffection (subjective aspect), and a link to a connection to the socio-pathological subculture (normative aspect) (Sirovátka 1997). Major defining characteristics of the social exclusion phenomenon include its dynamic nature (it is a process), multidimensional character (it has multiple causes and affects multiple spheres of life), and “relational” character (it makes itself most felt in social relations) (Sirovátka 2006:186). The concept of the social exclusion maintains a closer focus on the significance of the non-financial aspects of life, particularly the problem of the social isolation. It does not mean only narrow focus on financial deprivation but it also includes general capacity of people to share in the quality of life and to participate in the social activities that characterise their societies (Gallie in Hammer 2003). It encompasses fields of education, training, work and also area of housing and financial sources. Important aspects of social exclusion are duration of disadvantages and risky cumulation. Social exclusion can be considered as a structural concept, which can be defined as a failure of one or more of four sub-systems – the demographic and legal system, which promotes civic integration, the labour market, which promotes economic integration, the welfare system, promoting social integration and the family and community system, which promotes interpersonal integration (Hammer 2003).

The social integration process is closely linked to the labour market participation. Essential conditions are the access to work and the ability to obtain a job in a regular labour market. Social inclusion is not based on the employment itself but rather on employability such as the orientation in the labour market and the ability to find a job and keep it.

4 Young unemployed as a vulnerable group

Young job seekers and graduates are one of the most vulnerable groups in the labour market. Young unemployed are disadvantaged because of the lack of their work experience, so they have a lower level of their human capital. The second factor is a discrepancy between the professional structure of graduates and demands of the labour

market. The young often have unrealistic requirements for their wage, cannot realistically assess their options in the labour market. Young people and graduates often create unrealistic demands on the type of work, working time and working arrangements. On the other hand, employers themselves do not want to hire young people without work experience, and women are expected to be soon leaving for their maternity leave.

Long-term unemployment in this group is particularly dangerous due to not created work habits, which has an impact not only on the economic area but especially on the social and criminal area (Kotíková 2003:129). The unemployment of this vulnerable group is dangerous because of the consequences that show themselves in the future. The unemployment is responsible for a downturn of motivation to work and seeking job opportunities, the risk is that the young unemployed will become inactive and will rely on social benefits and help from others. Murray (in Sirovátka 1997) explains an inactive and dependent culture as a consequence of overly generous welfare-state arrangements. The passive strategy is then a rational behaviour because of the influence the work disincentive. A surfeit of free time does not create, eventually damage, work habits. Unemployment can lead to the risk of transition from a formal labour market to an underground economy and can also cause criminal behaviour. The knowledge gained at school is not used in time of unemployment, there is a loss of professional knowledge and skills. No participation in a work team can affect a restriction of social contacts; it means the threat of social isolation. Prolonged adolescence impedes the personal development identity, masculinity and femininity, achieving independence from parents, acceptance of family values and social values. This also threatens professional role development and the ability to establish and maintain friendships (Hendry in Buchtová 2002).

5 Retraining

The active labour market policy is designed to adapt the workforce for the demands of the labour market. One of the instruments of the active labour market policy are educational programs and job training. Programs serve primarily as an instrument of the structural adjustment of a labour supply. Retraining is addressed for both unemployed and those at the risk of redundancy. Training programs are used to enable the workforce to develop their professional and social capacities, in order to remain employable

(Konning in Horáková and Rákoczyová 2003:198). Training of the workforce is usually traditionally focused on its short-term use in the labour market but increasingly it is becoming an investment for the future. Retraining programs seek to the flexibility of the workforce in general but they often focus on vulnerable groups. Special programs are focused on the return of long-term unemployed into the labour market and the improvement of the competitiveness of the categories exposed to an increased risk of repeated unemployment (Mareš 2002:122).

More precisely, retraining is an educational programme used for obtaining new qualifications and extensions, increasing and deepening the current qualification. In relation to young unemployed it is important that this measure also allows obtaining practice. In the Czech Republic retraining is the most important and most used measure of an active labour market policy. Around 50 % of participants in the active labour market policy programme represent retraining. The short retraining is favoured; almost three-quarters of the retraining programmes are shorter than three months.

The retraining measure has two types of effects. Training has a direct effect on the employment; it means that a graduate will find a job after the programme. But also indirect effects of the programme are significant. It includes an influence over motivation to work, inclusion into social networks, sharing experience with other unemployed etc. Retraining is problematic due to the ambiguity of its effects. I point to the fact that retraining and training programmes do not significantly contribute to increasing employment. The real benefits of retraining lie in the psychosocial and socio-integration effects on participants (Horáková and Rákoczyová 2003). In this paper I focus on the second type of impacts because I think that through the indirect effect retraining has a potential to solve the implications of unemployment.

The reason for this assumption is that retraining enables to maintain the qualified staff by means of enhancing a human capital. Retraining has a general qualification effect, participants will learn something new. Participation in educational programmes increases the labour market orientation and employability. And also spending time with other people prevents social exclusion by providing unemployed with social contacts. Sharing experience with other people in the same problematic situation can improve the quality of life and reinforce self-confidence; it can support the active behaviour in seeking new jobs. It is possible to increase a social capital, participants can gain new contacts with employers with the help of teachers or consultants, other participants or through meeting employers (especially in the case when retraining includes practice in firm) (Rosdahl in

Sirovátka 1995). A significance of retraining lies in the prevention of creating dependence on social benefits and non-active behaviour. Regular lectures maintain or create work habits and a sense for obligations and they also encompass a time dimension because they organize the day.

Even if retraining is a measure used for solving structural unemployment, I think that in time of an economic recession it represents a meaningful activity for unemployed in situations when no vacancies exist. So I assume that in these days employment bureaus will tend to encompass more unemployed people into such programmes.

6 Methodology

In this paper I test a hypothesis that with the economic recession the usage of retraining in relation to young unemployed increases. More precisely in the period from 2005 to 2009 the range of retraining grew, both in absolute and relative numbers. Simultaneously, the targeting of retraining concerning young unemployed increased. Hence I combine two views of the problem – I am interested in the retraining possibilities, the range in which employment bureaus offer education and training programmes to young people. The second view is based on the intention with which the retraining is aimed at a vulnerable group, in this case represented by the unemployed up to 24 years of age.

For my research I use a quantitative strategy and data analysis. The research is based on the data from the Ministry of Work and Social Affairs of the Czech Republic. For my target age category findings I use a targeting index. This targeting index represents the ratio of young unemployed in retraining compared to the total retraining in relation to the ratio of young unemployed in total unemployment. Value “1” means that the group is represented equally, both in unemployment and retraining. If the value is smaller than 1, the category is underrepresented in the retraining.

7 Data analysis

In this part I submit results about the usage of retraining in the Czech Republic between 2005 and 2009. Firstly I focus on programme type supply (varieties, possibilities), you can see concrete data in the table 2.

Table 2: Structure of retraining according to age in the Czech Republic 2005-2009
(proportion of total retraining)

retraining	2005		2006		2007		2008		2009	
	N	%	N	%	N	%	N	%	N	%
to 19	2672	7,2	2905	5,6	2705	4,8	1660	4,1	1384	3,5
20-24	6981	18,8	9168	17,7	8695	15,4	4948	12,3	4762	12,1
25-34	10703	28,8	14347	27,7	15360	27,1	10702	26,6	10075	25,7
35-44	8540	23,0	12085	23,3	13839	24,5	10550	26,2	10711	27,3
45-54	6909	18,6	10680	20,6	12630	22,3	9440	23,5	9472	24,2
over 55	1383	3,7	2581	5,0	3352	5,9	2920	7,3	2812	7,2

Source: The Ministry of Work and Social Affairs of the Czech Republic (2010b)

A range of retraining in relation to the young has a descending tendency both in relative and absolute numbers. In 2005 the age group up to 19 years of age was represented in retraining by 7,2 % (2672 people) as a proportion of the total retraining and the category from 20 to 24 years by 18,8 % (6981), whereas in 2009 the numbers decreased to half values. More precisely, there were 3,5 % (1384 people) of people younger than 19 years participating in the programme. Situation among the young between 20-24 years is similar, we can observe also a downturn tendency but not so rapid – up to 12,1 % (4762 people). In comparison with the other category it is obvious that the decrease of the retraining supply in case of the young was substituted by the increasing percentage among older people, especially over 55 and 45-54 years old.

Table 3: Index of retraining targeting according to age in the Czech Republic 2005-2009

Index of targeting	2005	2006	2007	2008	2009
to 19	1,4	1,1	1,0	0,8	0,7
20-24	1,4	1,4	1,4	1,0	0,9
25-34	1,2	1,2	1,2	1,2	1,1
35-44	1,1	1,1	1,2	1,3	1,3
45-54	0,8	0,8	0,9	1,0	1,1
over 55	0,3	0,4	0,4	0,5	0,5

Source: own calculation

The targeting situation corresponds with the range situation. In table 3 we observe a decline in targeting to the youngest unemployed in comparison with year 2005 – index of targeting decreased from 1,4 to 0,7 (respectively 0,9 in the category 20-24) in 2009. This means that young people are underrepresented in the programme. The data confirm an overall change of the structure of targeting retraining. Representation of persons under 24 in retraining does not correspond with their proportion of unemployment, which disagrees with the trend of previous years. Actually, the category most represented in retraining are unemployed between 35 and 44 years of age. The underrepresented categories are those at the beginning and in the end of working life. The fact that the category to 19 years represents the second category with the lowest index in 2009, whereas in 2005 the young people to 24 years were the most frequent participants in retraining, is an interesting finding.

Generally we can conclude that the submitted hypothesis has not been confirmed. According to the young, downturn tendency is obvious both in the range and the targeting of retraining. The range decreased to half in relation to the young, whereas an increase at the older people could be located. Young unemployed are underrepresented in the programme. They are the second category with the lowest index of targeting.

8 Conclusion

The key point of this report is that the impact of unemployment, I mean not only the job loss but also the loss of motivation, work habits and social contacts, can be solved through indirect effects of retraining. Unemployment has a negative effect, particularly for the young unemployed and graduates. It is dangerous because the unemployed become inactive and dependent on social benefits very easily. That consequence significantly influences the future behaviour in the labour market. The psychological dimension includes a problem with self-confidence, with an identity formation. The social dimension lies in a problem of the quittance???? (nahradila bych to nečím jiným, jestli to má znamenat, že opustí sociální síť – třeba in a problem of leaving the social networks) from social networks and the threat of social isolation. On the other hand there is a retraining programme as a part of an active labour market policy, which can improve the competitiveness of the categories exposed to the increased risk of unemployment. Although retraining is problematic due to the low level of a direct effect (it does not significantly contribute to the employment increase), real benefits lie in the psychosocial and socio-integration effects on participants.

Because of this fact I suggest more intensive usage of retraining for the young unemployed. The submitted hypothesis has not been confirmed - the range of retraining and also targeting has a decreasing tendency. I assume that young people in the situation of a high unemployment rate and no vacancies can decide to go back to school or maybe the effort of employment bureaus precedes that direction. The second possible explanation is that young people and graduates can participate in another programme with a similar effect, for example job clubs, which does not include educational activities. Educational programmes could be aimed at people with a low level of education, irrespective of age. In the conclusion I raise an issue to what extent retraining is the solution to this massive problem. From my point of view retraining is not an appropriate solution for people without motivation to study or those who actually have a high level of their human capital. An obstacle for the massive usage is also a lower level of the direct effect of retraining. But my personal opinion is that in time of the economic recession retraining represents a meaningful activity for unemployed in the situation when no vacancies exist.

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