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Exploring the diversity of NEETs

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Eurofound

European Foundation for the Improvement of Living and Working Conditions

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Contents

Executive summary 1

Introduction 5

1 – Overview of NEETs in Europe 9

NEETs in European policy agenda 11
NEETs in Europe: Status quo, trends and policy issues 14
Overview of NEETs in Europe: Summary 25

2 – Exploring the diversity of young people who are NEETs in the EU 27

Problems and limitations of the NEET concept 28
Further disentangling the heterogeneity of NEETs 31
Who are the NEETs in Europe? 34
NEET country clusters: capturing heterogeneity and similarity across the EU 41
Exploring the diversity of NEETs in the EU: Summary 45

3 – Youth Guarantee – targeting NEET subgroups 47

Youth Guarantee and NEETs 47
A range of approaches to Youth Guarantee delivery 48
Overview of policy measures that target NEET subgroups 49
Youth Guarantee – targeting NEET subgroups: Summary 53

Conclusions 55

Bibliography 58

Annex 1: Operationalising the proposed categorisation 61

Annex 2: Country fiches 63

Executive summary

Introduction

Youth unemployment, and the question of how to effectively engage as many of Europe's young people as possible in the world of work, has been at the heart of the EU policy agenda since 2010. While the situation is now improving with youth employment rates that are finally slowly increasing, in 2013 over 5.5 million young Europeans aged 15–24 years were still unemployed – the highest level of youth unemployment ever recorded in the history of the EU.

In light of the youth unemployment crisis in Europe, researchers and government officials have sought new ways of monitoring and analysing the prevalence of labour market vulnerability among young people. Since 2010, the concept of NEET (young people not in employment, education or training) has been widely used as a tool to inform youth-oriented policies in the 28 Member States of the European Union. The term covers unemployed and inactive young people not enrolled in any formal or non-formal education. Since its inception, the NEET concept has proved a powerful tool in enhancing understanding of young people's vulnerabilities in terms of labour market participation and social inclusion. As arguably the best proxy to measure the extent of young people's disadvantage, the NEET indicator can integrate subgroups such as young mothers and young people with disabilities – groups particularly at risk of being marginalised under the traditional 'inactive' label – into the policy debate. Moreover, the NEET indicator has helped to redefine policy objectives in the youth area and has become a crucial addition to key monitoring frameworks in the EU's economic and social sphere.

However, despite the speed with which it gained traction in the policy arena, the NEET concept has sometimes been criticised because of the heterogeneity of the population it captures. While all NEETs share the common feature of being young people who are not accumulating human capital through either the labour market or education, the various groups within this category have very different characteristics and needs. This has important consequences for policy responses. Although governments and social partners have rightly set targets to reduce the overall NEET rate, their interventions may fall short unless some attempt is made to understand the subgroups covered by the concept and to meet their specific needs.

This report examines the NEET indicator and uses variables captured routinely by the EU Labour Force Survey to disaggregate the NEET population into seven subgroups. It provides an analysis based on the data available for each subgroup and describes the composition and characteristics of Europe's NEET population at both EU28 level and in each Member State. Finally, it proposes a synthetic overview of NEETs profiles by country.

Policy context

The term NEET first appeared in the 1990s, in policy discussions in the UK about the need to reintegrate young people aged 16–18 who had dropped out of education but had not moved into the labour market. NEETs were specifically referred to for the first time in European policy discussions in the Europe 2020 flagship initiative 'Youth on the move'; the term was broadened to include those aged 15–24 and, later, those aged 15–29. It is now centrally embedded in the policy discourse of the European Commission, the European Parliament and the Council of the European Union.

Reducing the number of NEETs is one of the explicit objectives of the Youth Guarantee, a 2013 EU initiative, which aims to ensure that all young people aged 15–24 receive a good-quality offer of employment, continued education, apprenticeship or traineeship within four months of becoming

unemployed or leaving formal education. NEET is also a key indicator for strengthening the social dimension of the Economic and Monetary Union and is used in the Employment Committee (EMCO) Youth Guarantee Monitoring Framework.

Key findings

Although not perfect, the NEET indicator is an essential tool for better understanding the extent of the multifaceted vulnerability of youth in terms of their labour market participation and risk of social exclusion. Using seven subgroups to disaggregate Europe's NEET population, it is possible to identify a number of specific issues and characteristics that carefully tailored policy initiatives might effectively address.

Sociodemographic factors: The research shows that the share of NEETs increases with age, and young women are more likely to become NEET.

Educational attainment: The largest group of NEETs is composed of young people with an upper secondary level of education – the so called 'missing middle', often excluded from the policy discourse. However, beyond absolute numbers, the probability of becoming NEET still decreases as educational level increases: hence, education is confirmed as the best protection against unemployment and exclusion. Nevertheless, southern European and Mediterranean countries tend to have a large proportion of well-educated NEETs as a result of the crisis.

Registration with PES: While more than half of NEETs are unemployed and about 70% of these would like to work, just 57% of NEETs are registered with public employment services (PES). Registration with PES is one important entry point to the Youth Guarantee.

Composition of NEETs: The short-term and long-term unemployed form just over half of the NEET population (29.8 % and 22% respectively). Almost 8% of NEETs are re-entrants, 15.4% are NEET due to family responsibilities, and 6.8% are NEET due to illness or disability. Just under 6% are discouraged workers. For the remaining 12.5%, it is not possible to identify the reason for being NEET.

Variations between country clusters: There are wide variations among Member States in the size and composition of the NEET population. In Nordic, western and continental countries, the largest groups are generally the short-term unemployed, while in some southern and Mediterranean countries the shares of long-term unemployed and discouraged workers are higher. In eastern European countries, the majority of NEETs are women, who are NEET due to family responsibilities.

Policy pointers

Benefits of the 'NEETs' concept: The NEET concept has been an extremely powerful tool in focusing public opinion and policymakers' attention on the problems of young people, and especially on the patterns of vulnerability prevalent within this group. This has helped to integrate particular subgroups such as young mothers and those with disabilities into the policy debate.

Disaggregating the NEET population: Given the heterogeneity captured by the NEET indicator, governments and social partners should better target their policy interventions by taking into account the different characteristics and needs of the various subgroups within the NEET population.

Labour market participation of young women: EU Labour Force Survey data do not permit an evaluation of whether becoming NEET is voluntary or not; however, the category who are NEET due to family responsibilities is almost entirely composed of young women. This is a clear signal that there is a need for more policy support for initiatives to encourage the labour market participation of young women.

Country codes used in the report

EU Member States

AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HR	Croatia
HU	Hungary

IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	Netherlands
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

Introduction

As a consequence of the economic crisis, the issue of youth unemployment and the question of how to effectively (re-)integrate young people into the European labour market is at the centre of the European policy agenda.

According to Eurostat, in 2013, some 23.5% of young people (aged 15–24 years) across the EU were unemployed, the highest level ever recorded in the history of the EU. During the crisis, 17 Member States recorded their highest-ever levels of youth employment (Eurofound, 2014). The youth unemployment rate decreased markedly in 2014 and 2015 in comparison with 2013. In 2015, the EU youth unemployment rate was 20.3%. This decrease was consolidated over the course of 2016. In February 2016, the youth unemployment rate was 19.4%, the lowest level since April 2009. And in 2014, for the first time since 2007, youth employment rose slightly by 0.3% to 32.4%. However, the youth employment rate of 32.2%, recorded a year previously in 2013, was the lowest in the history of the EU. Again, the increase in the employment rate consolidated over 2015 when it reached 33%, the highest level recorded since 2011. Despite the signs of overall improvement, youth unemployment remains high in many Mediterranean Member States: in Cyprus and Portugal, for instance, it is higher than 30%, and in Croatia, Greece, Italy and Spain it is above 40%.

The recent crisis has exacerbated the problem of young people's labour market participation; however, it is important to understand that this is not a new issue. Youth unemployment had already become part of the European policy debate in the 1980s when the 'baby boomer' generation joined the labour market at the same time as entry-level jobs were disappearing (Roberts, 2012). At that time, the youth unemployment rate in many Member States was comparable with, or even higher than, that recorded today. In Belgium and in Ireland, in 1983, youth unemployment was 23.9% and 20.4% respectively, as against the 2014 figures of 23.2% and 23.9%. In the United Kingdom (UK) and in the Netherlands, in 1983, youth unemployment was 19.6% and 16.1% respectively, as against 16.9% and 12.7% in 2014. In Spain, the youth unemployment rate reached 40% in 1987 (compared with 53% in 2014); in France it was 39% in 1997 (compared with 24% in 2014).

In the literature, it is widely accepted that youth unemployment is more responsive to the business cycle, soaring much higher in periods of recession than the overall unemployment rate (Freeman and Wise, 1982). While a certain number of young people have always dropped out of education and been unable or unwilling to find employment, the doorway to a return to employment, education or training was more open in the past (Williamson, 1997). Up to the end of the 20th century, the integration of young people into society and the labour market – and their transition into adulthood – was considered a linear sequence running from school to work, with education being a strong shield against the risk of unemployment (Eurofound, 2012). Today, however, the massive cohort of unemployed young people faces a very different labour market. Developments such as the IT revolution and globalisation have changed the context of the European labour market. At the same time, an enhanced level of wealth and well-being and a shift towards post-materialistic societies have affected attitudes, perceptions and behaviours within European societies, including among young people.

As a result of these dynamics, young people's transitions into adulthood have become more complex and protracted than in the past (Eurofound, 2012; Eurofound, 2014). Moreover, their transitions now form more diversified and individualised trajectories, and include different pathways for the accumulation of human capital – through both formal and informal channels. For these reasons, traditional approaches that try to understand young people's vulnerabilities in terms of their transition into adulthood have become less effective. One important aspect of this is that statuses that hinder the possibility of accumulating human capital may not be captured by traditional indicators of employment and unemployment (Eurofound, 2012).

To better understand the multifaceted vulnerabilities of young people in this new and still-changing world, a new indicator entered the European policy arena in 2010: 'NEET' was a term that encompassed all young people 'not in employment, education or training'. The concept was not new: it first emerged in the 1990s in the UK as an alternative way of categorising young people who were not accumulating human capital through the traditional, formal means of either work or learning (Istance et al, 1994; SEU, 1999). The term was first coined to describe young people aged 16–17 and used to help develop targeted policies to tackle youth unemployment and the social exclusion of young people (MacDonald, 2011). The concept then entered the policy sphere of several other Member States. When it was decided that a common definition was needed for European policymakers, in 2010 the Employment Committee and its indicator group agreed on a methodology for the creation of a standardised indicator to measure the size of the population of young people outside employment, education or training (European Commission, 2011b). NEET was the term used as a commonly agreed label for this definition. It was operationalised by Eurostat through the EU Labour Force Survey and broadened to include all applicable people between the ages of 15 and 24.

Reducing the proportion of NEETs in the overall population of young people became the common denominator of several initiatives of the European Commission, the European Parliament and the Council of the European Union. More recently, reducing the size of the NEET population has become the target of the Youth Guarantee (Council of the European Union, 2013).

Besides the simplicity of computing offered by the NEET indicator, the main added value of the concept is to increase the understanding of the vulnerabilities of young people in modern societies, and to bring groups such as young mothers or young people with disabilities to the centre of the policy debate rather than have them hidden under the label of 'inactive'. Moreover, the concept of NEET had a powerful effect in catalysing public opinion on the specific problems faced by young people. Most importantly, it both raised public awareness of the disproportionate effect of the economic crisis on young people's training and employability, and mobilised the efforts of researchers and policymakers to find solutions.

Even so, the concept of NEET has attracted criticism from some quarters. In some instances, the term has been misused to identify only those whose status encompasses a number of disadvantages, or those defined as 'hard to reach'; or it has been used to stigmatise certain groups of young people (Serracant, 2013). The term has also been used to describe a range of situations including joblessness, disengagement and social disaffection (Elder, 2015). While issues of misuse and misinterpretation are probably linked to the novelty of the concept, the main problem derives from the heterogeneity of the population described by the term 'NEET' and the consequences this has for policymaking.

The NEET population includes a long list of subgroups, each of which has their own characteristics and needs. Eurofound (2012) identified five main groups: the conventionally unemployed, the unavailable, the disengaged, voluntary NEETs and opportunity seekers. Each of these subgroups is made up of a mix of vulnerable and non-vulnerable young people who are not accumulating human capital through formal channels, whether voluntarily or involuntarily.

Addressing the heterogeneity of the NEET population is important when using the concept for policymaking. While governments and social partners rightly set targets to reduce the number of NEETs through initiatives such as the framework of the Youth Guarantee, the heterogeneity of the NEET population must be taken into account when designing such measures. Effective intervention can only be designed if the NEET population has been disaggregated to identify the distinct

characteristics and needs of each subgroup; each one is likely to have different welfare, training and activation needs (Eurofound, 2012).

This report builds on the findings of Eurofound's 2012 report *NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe*. Its aim is to explore the diversity of NEETs by investigating its composition. The report proposes a new disaggregation of the NEET population into seven subgroups, based on data from the EU Labour Force Survey. While findings presented are based on an analysis of 2013 data, the new set of subgroups can be used to analyse any year for which there are available data, to investigate how the population of NEETs has changed over time in terms of size and composition. A better understanding of who NEETs are would allow better monitoring of policy offers, making it possible to check whether they are well tailored to the NEET population and effective.

The report is organised as follows: the first chapter of this report introduces the concept of NEETs and its appearance in the European policy debate. Historical trends in the composition of NEETs in Europe are explored, looking at factors such as age, gender, education and labour market attachment.

In Chapter 2, the heterogeneity of the NEET population is discussed. Existing theoretical categorisations of the NEET population are reviewed and a new categorisation is presented and put into practice using data from the EU Labour Force Survey 2014. The NEET indicator is then disaggregated and the composition of NEETs at the European level is presented. Some special NEET sub-populations are identified and presented. Then the different composition of the NEET group at the Member State level is discussed. Annex 2 supplies a URL that links to a country fiche for each Member State, which sets out a detailed picture of the composition of their NEET population.

Chapter 3 links concrete measures implemented during the first year of the Youth Guarantee's implementation to different NEET subgroups.

Finally, conclusions and further directions are offered.

Overview of NEETs in Europe

1

The acronym NEETs stands for those young people who are 'not in employment, education or training', who – regardless of their educational level – are disengaged from both work and education. As a result of this disengagement, irrespective of other differences between them, all NEETs share a common status of not accumulating human capital through formal channels and therefore have a greater risk of future poor employment outcomes and social exclusion.

The term NEETs is not new (Eurofound, 2012). It was first used in the UK in the mid-1990s. The issue of young people not in employment, education or training emerged as a result of changes in the UK benefits regime for those aged 16 and 17 years in 1988 (the 1986 Social Security Act) which withdrew entitlement to income support/supplementary benefit in return for a 'youth training guarantee'. As a result, researchers and government officials developed new ways to estimate the prevalence of labour market vulnerability among young people. A seminal study of young people in South Glamorgan (Istance et al, 1994) used the term 'Status Zer0' to refer to a group of people aged 16–18 who were not covered by any of the main categories of labour market statuses then commonly in use (employment, education or training). The study acknowledged the heterogeneity and the different socio-economic contexts of the group. Then, later on, researchers changed the term to NEET to clarify the concept by drawing more attention to the heterogeneous nature of the category, and to avoid any unfavourable connotations implied by the possible use of the Status Zer0 term. In fact, while originally the term was far from an intended negative label, more about the societal abandonment of this group, it was perceived that it could suggest a lack of status of this group. The term NEET was formally introduced at the political level in the UK in 1999 with the publication of the government's report *Bridging the gap* (SEU, 1999). The term rapidly gained traction beyond the UK: at the beginning of the last decade, equivalent – but not standardised – definitions were adopted in almost all EU Member States.

In the framework of the Europe 2020 strategy, formulated during the economic crisis which had just started to hit young people disproportionally hard, it became necessary to have an additional indicator for monitoring the situation of young people and for performing cross-country comparisons. In 2010, the European Commission's Employment Committee (EMCO) – the main advisory committee for employment and social affairs ministers in the Employment and Social Affairs Council (EPSCO) – and its Indicators Group agreed on a definition and methodology for a standardised indicator to measure the size of the NEET population among Member States. Eventually, it was agreed to define NEET as young people who were 'neither in employment nor in any education nor training' (European Commission, 2011b). This definition's use of the term 'unemployed or inactive' mirrors the International Labour Organization's (ILO) definition of this group.

The NEET indicator is built each year using the EU Labour Force Survey according to the following equation:

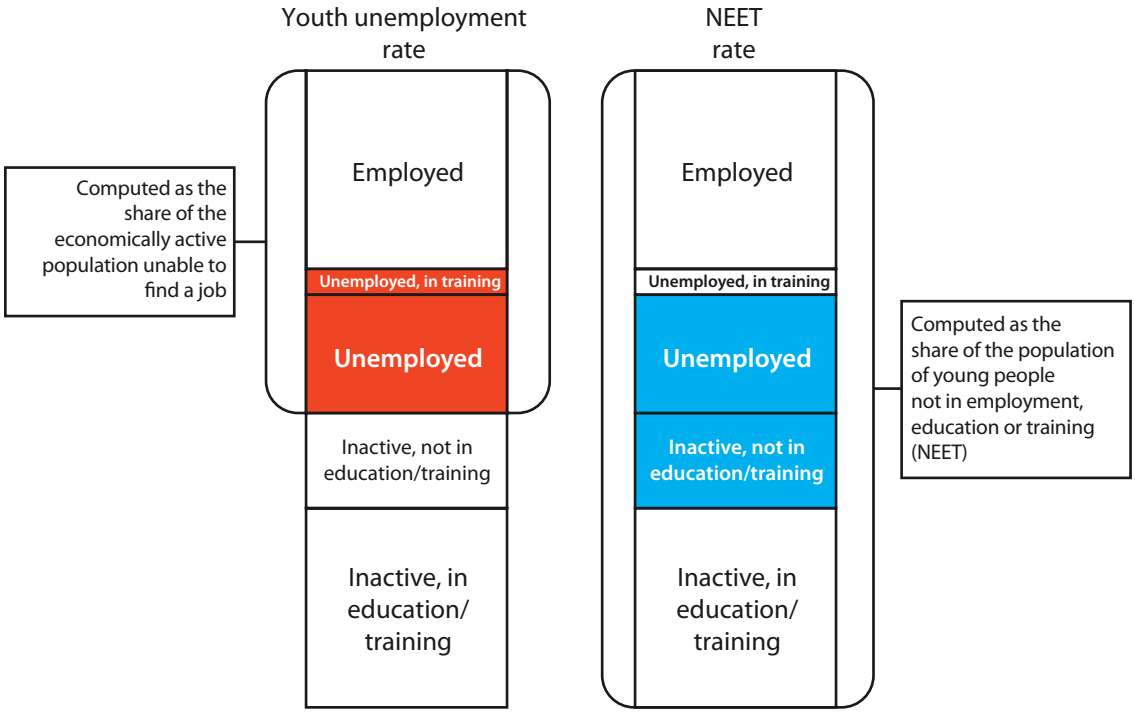
$$NEET_{Rate} = \frac{\text{Number of young people not in employment, education or training}}{\text{Total population of young people}}$$

Operationally, the NEET indicator measures the share of young people who are not in employment, education or training among the *total* population of young people. It is a crossectional definition, measuring the share of young people who currently are outside the labour market and the education system, and is calculated as an annual average of quarterly data from the EU Labour Force Survey. The NEET indicator is derived from answers to the following LFS variables: the 'ILO employment status' (variable ILOSTAT category 'not employed' – that is, unemployed or inactive) and the

educational variables EDUCSTAT and COURATT (neither in formal education nor in non-formal education and training).[1] In particular, all young people who did not work in the reference week of the survey and were not enrolled in either formal education or non-formal education in the four reference weeks of the survey were classified as NEET. Under the label of NEET, various groups of young people are captured. These include young people who are conventionally unemployed as well as other vulnerable subgroups such as young people with disabilities and young carers. While NEETs are more likely to accumulate several disadvantages, in terms of education and family background (Eurofound, 2012), non-vulnerable subgroups may also be part of the NEETs category. These include those simply taking time out and those constructively engaged in other activities. What they have in common, however, is the fact that they are not accumulating human capital through formal channels.

The NEET rate is computed as the share of young people who are not in employment, education or training of the total population of young people. In this it differs from the youth unemployment rate, which measures the share of young people who are unemployed among the population of young people who are *economically active*. For this reason, while in relative terms the youth unemployment rate is higher than the NEET rate, in absolute terms the overall number of NEETs is generally higher than the overall number of young unemployed people. This is illustrated in Figure 1.

Figure 1: Conceptual differences between youth unemployment rate and NEET rate



Source: Eurofound 2012.

Table 1 shows the unemployment rate and NEET rate among those aged 15–24 in 2015.

[1] For more information regarding the operationalisation, see the web page *EU statistics on educational attainment, transition from school to work and early school leaving*: https://circabc.europa.eu/sd/a/1261abbb-ed6e-4fde-80c6-59b62e543d93/SECTION2_NEET.htm

Table 1: Unemployment rate and NEET rate, 15–24 years, EU28 (2015)

Country	NEETs		Unemployed	
	Rate (%)	Number (thousands)	Rate (%)	Number (thousands)
EU28	12	6,604	20.3	4,641
Belgium	12.2	161	22.1	87
Bulgaria	19.3	136	21.6	40
Czech Republic	7.5	80	12.6	44
Denmark	6.2	45	10.8	49
Germany	6.2	520	7.2	296
Estonia	10.8	15	13.1	7
Ireland	14.3	74	20.9	39
Greece	17.2	185	49.8	139
Spain	15.6	698	48.3	751
France	11.9	889	24.7	681
Croatia	18.5	90	43	70
Italy	21.4	1,270	40.3	626
Cyprus	15.2	16	32.8	13
Latvia	10.5	21	16.3	14
Lithuania	9.2	34	16.3	20
Luxembourg	6.2	4	16.3	4
Hungary	11.6	127	17.3	59
Malta	10.4	5	11.8	3
Netherlands	4.7	96	11.3	158
Austria	7.5	73	10.6	59
Poland	11	460	20.8	285
Portugal	11.3	125	32	118
Romania	18.1	396	21.7	148
Slovenia	9.5	19	16.3	12
Slovakia	13.7	90	26.5	55
Finland	10.6	66	22.4	73
Sweden	6.7	80	20.4	133
UK	11.1	852	14.6	658

Source: Eurostat, EU Labour Force Survey.

NEETs in European policy agenda

Once a standardised definition was agreed and operationalised at EU level, the term NEET became increasingly central to the policy agenda of the European institutions.

NEETs were explicitly targeted for the first time with the Europe 2020 flagship initiative *Youth on the move* (European Commission, 2010a). The initiative states its mission as 'unleashing all young people's potential' and emphasises the importance of focusing on the NEET problem. It describes the reduction of the 'astonishingly' high number of NEETs in Europe as essential, by providing pathways back into education or training and enabling contact with the labour market. The document also places special emphasis on ensuring the labour market integration of young people with disabilities or health problems. Making use of NEET as an indicator, one of the key actions is to 'establish a systematic monitoring of the situation of young people not in employment, education or training

(NEETs) on the basis of EU-wide comparable data, as a support to policy development and mutual learning in this field' (European Commission, 2010a, p. 37).

NEETs also became central to the new set of integrated guidelines for economic and employment policies proposed by the European Commission on 27 April 2010. In these new guidelines, the Commission stated that

> *To support young people and in particular those not in employment, education or training, Member States in cooperation with the social partners, should enact schemes to help recent graduates find initial employment or further education and training opportunities, including apprenticeships, and intervene rapidly when young people become unemployed.*
>
> (European Commission, 2010b)

Equally, NEET has been introduced as a key statistical indicator for youth unemployment and the social situation of young people in the framework of the Europe 2020 growth strategy, alongside the youth unemployment rate and the unemployment ratio.

Building on *Youth on the Move*, the proposal for a Youth Opportunities Initiative draws attention to the increasing share of young people not in employment, education or training (European Commission, 2011a). It proposes combining concrete actions by Member States and the EU to tackle the issue, emphasising a partnership approach of concerted action between Member States' authorities, businesses, social partners and the EU. One of the key ideas to reduce the number of NEETs is to make greater use of the European Social Fund (ESF) to combat youth unemployment.

In 2012, several documents drawn up as part of the employment package *Towards a job-rich recovery* (European Commission, 2012) emphasise the importance of tackling the NEET crisis and suggest making greater use of the ESF for the next programme period (2014–2020). One proposal is to make the sustainable integration of NEETs into the labour market (through youth guarantees and other measures) one of the investment priorities for the new programme period. NEETs are identified as the most problematic group in terms of labour market trends and challenges (European Commission, 2012).

NEETs are also at the heart of the Youth Guarantee, which aims to ensure that all young people aged 15–24 not in employment, education or training receive a good quality offer of employment, continued education, an apprenticeship or traineeship within four months of becoming unemployed or leaving formal education. Following a long debate starting in 2005, the Youth Guarantee was proposed by the European Commission in December 2012 and endorsed by the Council of the European Union on 23 April 2013. Reducing the number of NEETs in Europe is one of its objectives (Council of the European Union, 2013). To make the practical implementation of the Youth Guarantee a reality, the European Commission published the Youth Employment Initiative, which argues for the use of the European Social Fund. A 2013 European Commission recommendation, *Working together for Europe's young people: A call to action on youth unemployment*, agreed to the creation of a Youth Employment Initiative supported by €6 billion of funding, targeting young people not in employment, education or training (European Commission, 2013a; 2013b). Since the Youth Guarantee became a reality and its implementation rolled out in 2014, the NEET indicator also play an important role in monitoring the effectiveness of Youth Guarantee provisions and forms an integral part of EMCO's Youth Guarantee Monitoring Framework.

In the framework of the European Employment Strategy, the European Commission has closely followed the activities of the Member States in the area of youth unemployment, including efforts specifically targeted at NEETs. Each year, the European Commission assesses Member States' performance during the European Semester process and releases country-specific recommendations (CSRs). In 2014, for example, the topic of NEETs was explicitly mentioned in the country-specific recommendations made to Bulgaria, Portugal and Sweden (European Parliament, 2015a). More recently, Member States have received detailed feedback on their implementation of the Youth Guarantee, which also addresses the NEET issue. Also in the framework of the European Semester, a scoreboard of key employment and social indicators was developed in line with the EU's objective of strengthening the social dimension of the Economic and Monetary Union (EMU) which is now included in the Joint Employment Report prepared by the Commission and the Council using the NEET indicator (European Commission, 2015d). The NEET indicator is included in another scoreboard exercise, the Macroeconomic Imbalance Procedure (MIP) which uses employment indicators to better reflect employment and social developments at Member State level (European Commission, 2015d).

In addition to the above provisions, public employment services (PES) across Europe have increased their cooperation on the topic of NEETs. The European Network of Public Employment Services was launched in September 2014, following a decision by the Council of the European Union and the Parliament to improve the coordination between such provisions in Europe (Council of the European Union, 2014). One of the explicit goals of this network is to support the exchange of good practice in the field of NEETs. Examples include the identification of NEETs, the role of PES in delivering the Youth Guarantee, and the recording of successful measures under the Youth Guarantee in outreach and activation of NEETs more generally (Council of the European Union, 2014). In March 2015, the network published a report on NEET activation including examples of good practice from different countries (European Commission, 2015b).

Since its inception, and more notably since its inclusion in important policy documents from 2012 onwards, the NEET concept has been a popular addition to the most important policy documents referring to youth unemployment. NEETs are now regularly referred to in the documents of the European Employment, Social Policy, Health and Consumer Affairs Council (EPSCO). In June 2015, for example, the Council stated that

> *Youth unemployment and the high number of young people neither in employment, education, nor training (NEETs), should be comprehensively addressed, through a structural improvement in the school-to-work transition, including through the full implementation of the youth guarantee.*
>
> (Council of the European Union, 2015)

The topic of NEETs has been a priority for recent European Council presidencies. In the first half of 2013, the Irish Council Presidency focused extensively on youth unemployment; it was during this period that the establishment of the Youth Guarantee was recommended. Subsequent presidencies frequently referred to the situation of NEETs (Council of the European Union, 2013). In 2014, suggestions about how the social inclusion of NEETs could be enhanced was central to the Council's conclusions, building on the joint conclusions of the EU youth conference organised by the Lithuanian Presidency (Council of the European Union, 2014). The Italian Presidency in the second half of 2014 explicitly named NEETs as a key area of focus in its programming document (Italian Council Presidency, 2014).

Documents from the European Parliament also took on board the NEET concept, as in a recent briefing on the youth employment situation in Greece (European Parliament, 2015b), but also in more generic publications examining the social situation in the EU (European Parliament, 2014). When the pre-financing of the Youth Employment Initiative (YEI) was discussed in 2015, the NEET indicator played an important role; it was stressed that

> *the measures taken at EU and Member State level in the framework of the YEI need to pay special attention to young people who are at greater risk of being NEET than others (those with low levels of education, with an immigration background, with disabilities or health issues etc.). It also emphasises that being NEET has severe adverse consequences for the individual, society and the economy as it may lead to social alienation, insecure and poor future employment, youth offending and mental and physical health problems.*
>
> (European Parliament, 2015c)

To sum up, the term 'NEET' quite rapidly became widespread European policy vocabulary; NEETs are framed as the group 'most at risk'. However, they are often problematised in relation to youth unemployment and their limited participation in the education system. The NEET challenge is rarely discussed and tackled as a stand-alone issue. NEETs are mostly positioned in the wider debate about youth unemployment and, indeed, the term NEET tends to be substituted for unemployed youth. With the Youth Guarantee, however, it became necessary to address the heterogeneity of the NEET population and to dispense with a one-size-fits-all approach. Tailored and individualised support for young NEETs was needed to match interventions with their needs.

The need to disaggregate the NEETs indicator to better characterise the youth population at Member State level arises from many factors (Eurofound, 2015). Following the consolidation and adoption of the NEET concept at EU level, it has been increasingly used in conjunction with more traditional labour market indicators for diagnosing youth unemployment issues in Europe. It has also found its way into numerous policies at EU and Member State level that aim to reduce the number of NEETs. Interest in this measure has been sparked not least by Eurofound's 2012 report on NEETs, which has drawn policy-makers' attention to this group of young people who are 'at particular risk as they receive little or no support from the welfare system in most countries' (OECD, 2010, p. 340) and to the costs linked to this disengagement.[2]

NEETs in Europe: Status quo, trends and policy issues

The standardised indicator proposed by EMCO, and operationalised by Eurostat in 2010, makes it possible to estimate the number of young people who are disengaged from the labour market and education in Europe and to perform cross-country comparisons. Moreover, the overall NEET population can be easily analysed with some usual breakdowns by labour market status, willingness to work, work experience, gender, migrant background, educational attainment and so on. All these analyses provide important information on the main issues of those young people who are not in employment, education or training.

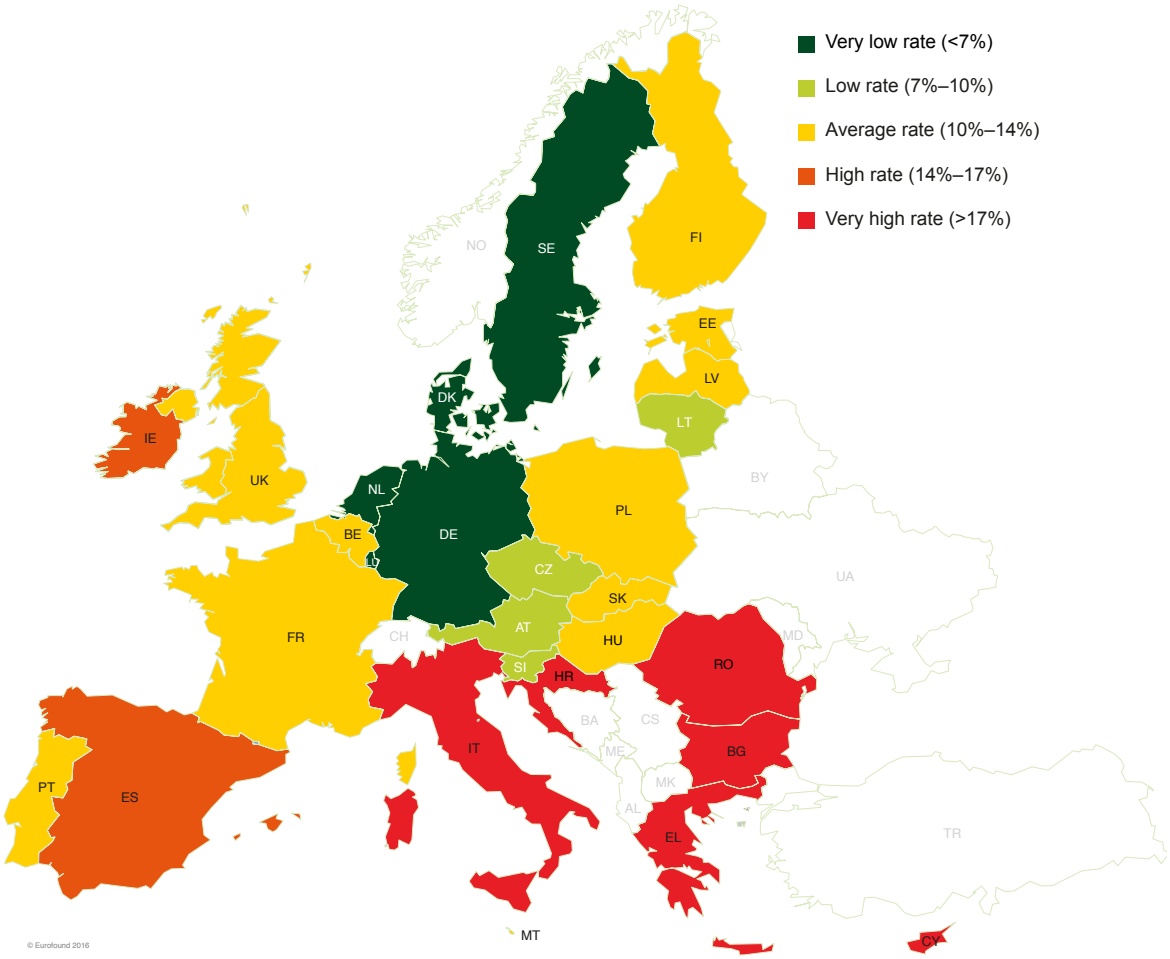
According to the latest Eurostat data, in 2015, some 12% of young people aged 15–24 years in Europe were not in employment, education or training – a marked decrease in comparison with the figures for 2014 (12.5%) and 2013 (13%). In absolute numbers, around 6.6 million young people were NEET.

[2] The Council Recommendation on establishing a Youth Guarantee highlights the costs derived from the cost exercise in Eurofound's 2012 NEET report as one of the driving forces for action (Council of the European Union, 2013).

However, the prevalence of NEETs varies substantially among Member States. Denmark, Germany, Luxembourg, the Netherlands and Sweden record the lowest NEET rates (below 7%). Conversely, Bulgaria and Italy record the highest NEET rates (greater than 19%), which implies that at least one out of five young people in these Member States is not in employment, education or training. In absolute terms, the population of NEETs is highest in Italy and the UK, with around one million young people belonging to the NEET group in each country.

Figure 2 shows the NEET rate across the EU in 2015, for people aged 15–24 years. Member States are categorised into five categories, ranging from those with very high NEET rates (of over 17%) to those with very low rates (below 7%).

Figure 2: NEET rate, 15–24 years, EU28, *2015* (%)



Source: Eurostat.

In 2015, in the 15–29 years age group, the overall number of NEETs was just under 14 million, a NEET rate of 14.8% for that age group. The countries with the lowest NEET rates for this age group are Denmark, Luxembourg, the Netherlands and Sweden, all below 8%. Conversely, the highest NEET rates are observed in Greece and Italy, with rates of 24% or more.

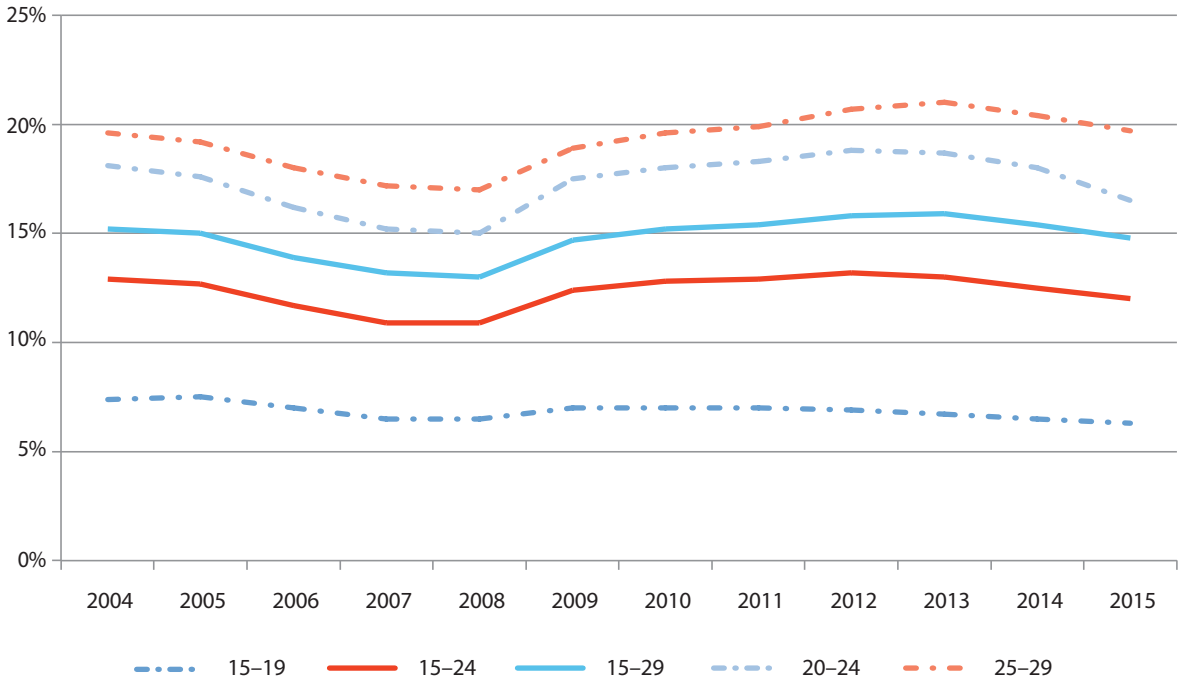
The analysis of different age categories reveals that the NEETs rate increases with age. In 2015, the EU average rate for young people aged 15–19 years not in employment, education or training was

only 6.3%. However, for those aged 20–24 years, it was 17.3%. and for those aged 25–29 it was 19.7%. In general, the highest rate for those aged 15–19 years is found in those Member States that also have the highest rate for people aged 20–24 years. While a lot of importance has been placed on the re-integration of younger people (those aged 15–24 years), in such countries as Italy and Greece as much attention should be paid to those who are aged 25–29 years, at least one-third of whom are NEET and who at present fall outside the policy focus.

NEET rates in Europe over time

The analysis of the NEET rate over time reveals that – before the crisis – it was decreasing for all age categories across Europe. As the economy improved and participation in education increased, the NEET rate decreased steadily from 12.9% in 2004 to 10.9% in 2008 among those aged 15–24. A similar decrease was recorded for those aged 15–29. However, with the beginning of the economic crisis, this improvement reversed sharply. By 2013, NEET rates had risen to their highest ever levels, when 15.9% of young people aged 15–29 were recorded as NEET. Most affected by this increase have been the 20–24 years and the 25–29 years age groups: by 2014, the NEET rates in these groups were at similar levels to those recorded in 2004. Then in 2015, a marked decrease in the size of the NEET population was finally recorded in most Member States. Since participation in education was still expanding in early 2000, the share of NEETs among those aged 15–19 is now lower than the rate recorded in 2004 (see Figure 3). In 2014, with the recovery underway, NEET rates started to decrease again. While this decrease was consolidated during 2015, it remained well above levels immediately before the crisis.

Figure 3: Trend of NEET rates by age group, EU28, 2004–2015



Source: Eurostat.

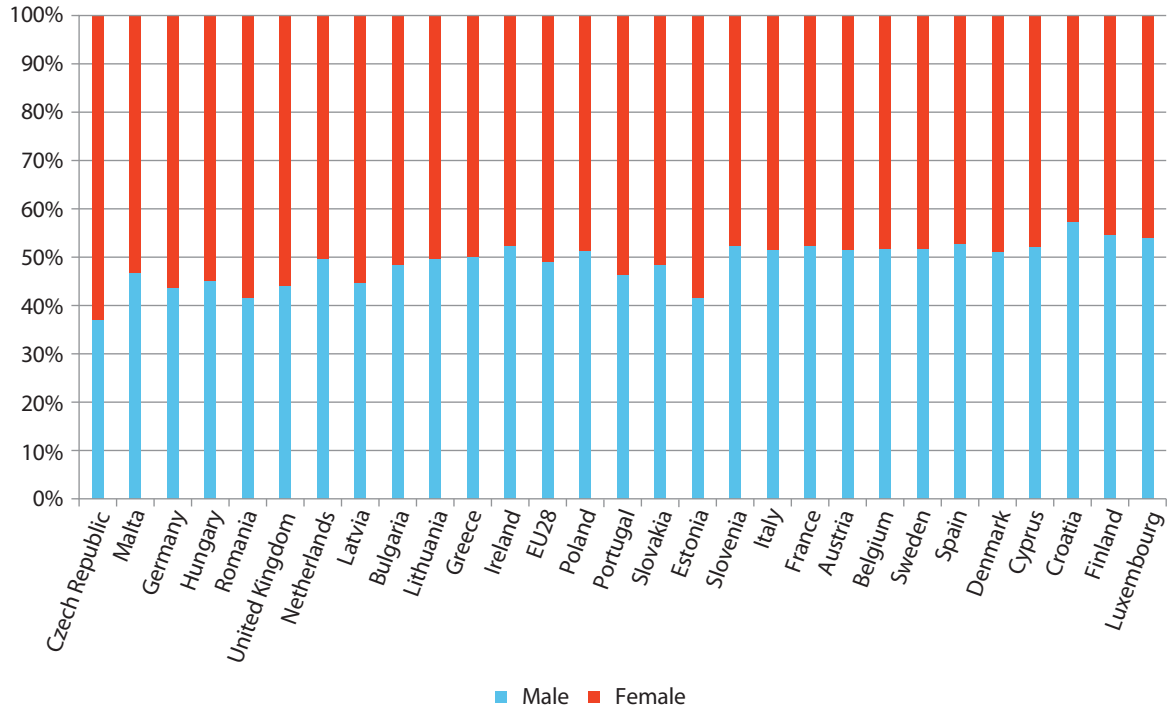
With the onset of the crisis, the NEET rate among those aged 15–24 years increased in all countries, with the exception of Germany, Sweden and the UK. Across Europe, the NEET rate rose from 10.9% in 2008 to 12% in 2015, when the decrease from the peak of 13% in 2013 was consolidated. The

NEET rate soared in Cyprus, rising from 9.4% in 2008 to 17% in 2014, a relative increase of 77%. The next-highest relative increase was in Croatia and Greece, where the NEET rate increased from 11% to 19%, a relative increase of 45%. Countries with very low NEET rates experienced a steep increase in the wake of the crisis. In the Netherlands and Slovenia, the rate rose from 3.4% and 6.5% respectively in 2008 to 5.5% and 9.4% in 2014, a relative increase of almost 40% in both cases.

Gender composition

Eurostat data record more female than male NEETs in the EU28. In 2015, among people aged 15–24, for example, the NEET rate for women was 12.3%, as against 11.7% for men. As a result of the wider participation of young women in the labour market and in education, and due to the nature of the economic crisis, this gap of 0.6 percentage points is now considerably smaller than the gaps observed in 2000 and 2011, of 3.4 and 0.9 respectively (Eurofound, 2012). However, there is great variation among Member States. In the Czech Republic, Malta, Germany, Hungary, Romania and the UK, some 55% of NEETs are young women. Young men form the majority (about 55%) in Luxembourg, Finland, Croatia and Cyprus (Figure 4).

Figure 4: Gender composition of NEETs aged 15–24 years, EU28 (2015)



Source: Eurostat.

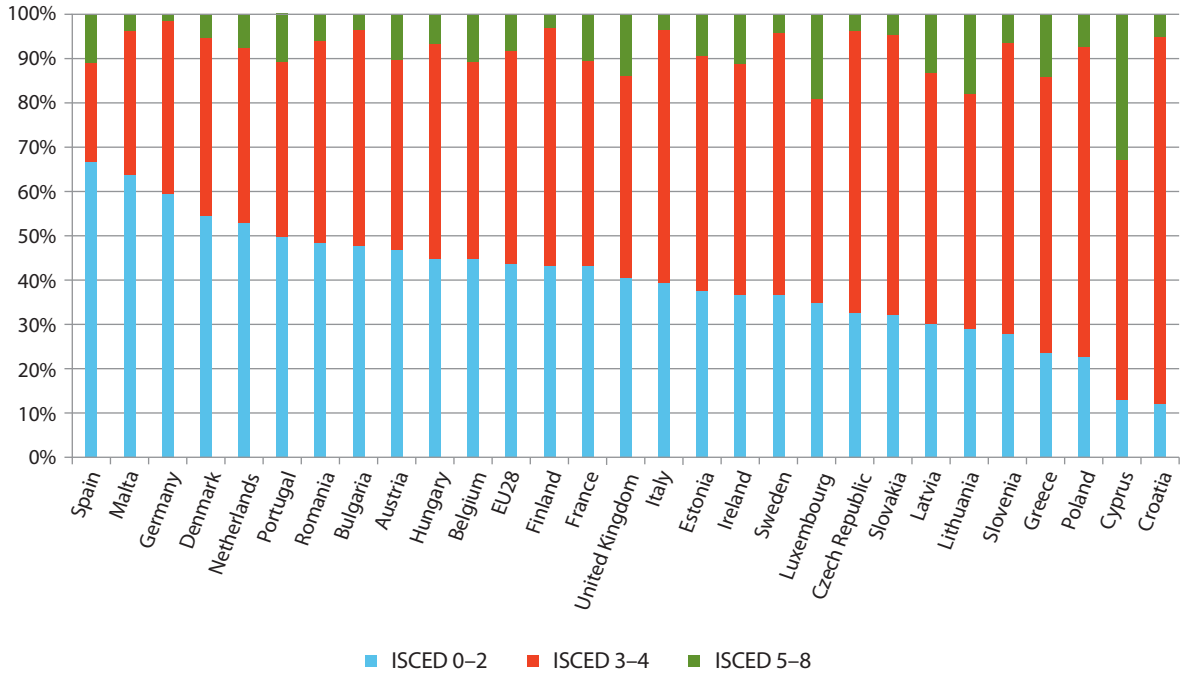
In the wider age range (people aged 15–29 years), the gender gap among NEETs is larger. In the EU28 in 2014, the female NEET rate was 16.7% compared with the male rate of 13%. This gap of 3.7 percentage points is considerably less than the 6 percentage points recorded before the crisis. While there is considerable variability among Member States, only in Croatia, Cyprus, Finland and Luxembourg does the share of men outweigh that of women in this age group. Conversely, the gender NEET gap is wider in the Czech Republic, Germany, Hungary, Malta and the UK, where 55% or more of the NEETs in this age category are young women.

Educational attainment

The acronym NEET is often associated with the poor employment prospects of young people with a low educational level or who may have dropped out of school. This was generally appropriate in the original usage of the concept for those aged 16–18 years in the UK (Furlong, 2007; Istance et al, 1997). Given the widening of the age range covered by the indicator, that association is no longer valid. In the EU28, in 2014, on average 48% of NEETs (in the 15–24 years age range) had an upper secondary level of education, which corresponds to ISCED levels 3 to 4 (Figure 5).[3] A slightly smaller proportion, 43%, had completed up to a lower secondary level of education (ISCED 0–2). Given the age range, only 8% had a tertiary level of education (ISCED 5–8). The share of NEETs with ISCED levels 0–2 falls to 39% in the 15–29 years age range, while the share of those with ISCED levels 5–8 rises to 14.5%.

At the Member State level, there is a great deal of variation. In Germany, Malta and Spain, more than 50% of NEETs have attained ISCED levels 0–2. In Croatia, Greece and Poland, more than 60% of NEETs have ISCED levels 3–4. Meanwhile, in Cyprus, more than 30% of NEETs are in ISCED categories 5–8. Disaggregating ISCED levels 3–4 into general courses and vocational educational training (VET) courses reveals that the group with a VET-oriented educational level is larger.

Figure 5: Educational attainment of NEETs aged 15–24, EU28 (2014)



Note: ISCED 0–2 = pre-primary to lower secondary; ISCED 3–4 = upper secondary to post-secondary; ISCED 5–8 = tertiary.
Source: Eurostat; data for 2014 has been used, given that data for 2015 were not yet available at the time of writing.

While the composition of NEETs by educational level provides important information about the structure of the NEET population at the Member State level, interesting information can be gained by analysing the incidence of the NEET rates by educational attainment. In this regard, Eurofound

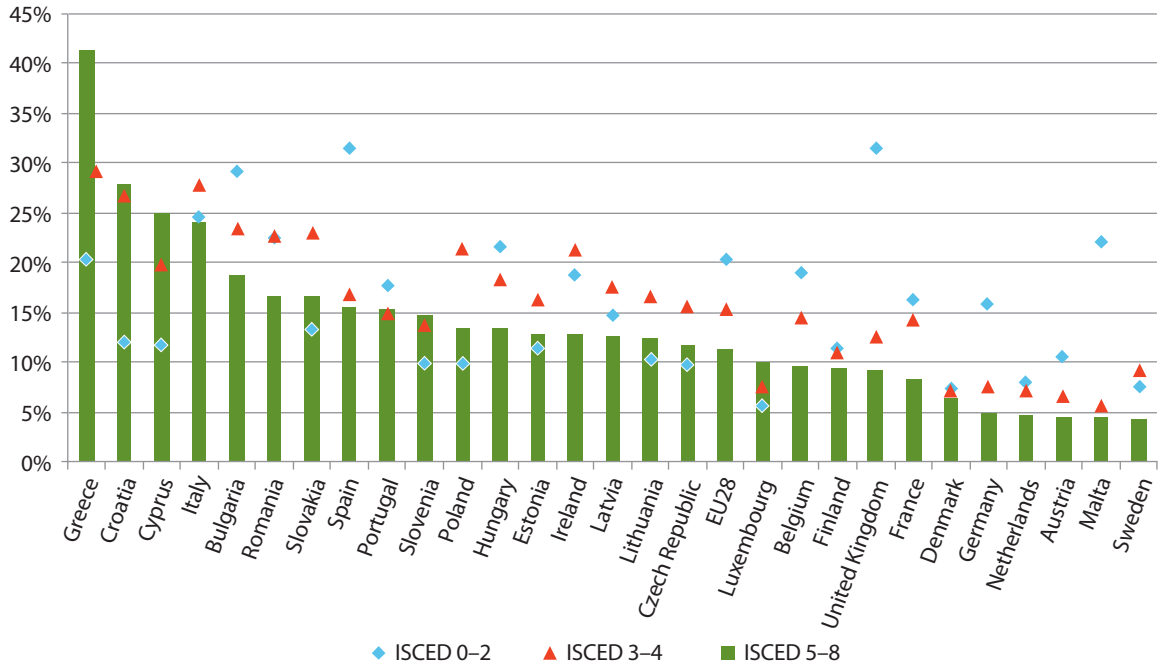
[3] The International Standard Classification of Education (ISCED) enables comparisons of education statistics and indicators across countries on the basis of uniform, internationally agreed definitions. For more information, visit: http://www.uis.unesco.org/Education/Pages/international-standard-classification-of-education.aspx

(2012) identified education as the main risk factor of becoming NEET: using the European Values Survey, young people with a lower educational level were found to be three times more at risk of becoming NEET in comparison with those with a tertiary education.

This evidence is confirmed here. Using the EU Labour Force Survey and focusing on the 15–29 years age group, the highest NEET rate, for the EU28 on average (20.3%), is observed among those with up to a lower secondary level of education (ISCED 0–2). The equivalent figure for those with an upper secondary level of education (ISCED 3–4) is 15.4%, and for those with a tertiary education (for this age range, ISCED 5–8) it is 11.4%. Hence, those with lower levels of educational attainment are still more at risk of ending up NEET than the rest of the youth population.

Thus, generally speaking, education still constitutes a robust shield against unemployment and disengagement. However, how far education offers this protection varies significantly between Member States. In Spain and the UK more than 30% of those at ISCED levels 0–2 are NEET. However, in the Czech Republic, Ireland, Italy, Latvia, Poland, Slovakia and Sweden, those at ISCED levels 3–4 are most at risk of being NEET. Finally, it is important to note the role of tertiary education in shielding against the NEET status. The proportion of young people who completed tertiary education (ISCED levels 5–8) and ended up NEET is indeed marginal and below 5% in Austria, Germany, Malta, the Netherlands and Sweden. However, in a number of countries, it is young people with a tertiary level of education who are most at risk of becoming NEET – in Greece, Croatia and Cyprus. In particular, in Greece, more than 40% of young people who completed tertiary education were NEET in 2013 (Figure 6).

Figure 6: Incidence of NEET rates by educational attainment, 15–29 years, EU28 (2013)



Note: ISCED 0–2 = pre-primary to lower secondary; ISCED 3–4 = upper secondary to post-secondary; ISCED 5–8 = tertiary.
Source: Eurostat, Eurofound elaboration.

Labour market performance

According to Eurostat data, in 2015 NEETs in the EU28 aged 15–24 years fell into two almost equally large groups: just over half were inactive (50.9%), while the remaining 49.1% were registered as unemployed. It is the first time since the onset of the crisis that the inactive part of NEETs is larger than the unemployed part. This indicates the consolidated recovery in the youth labour market.

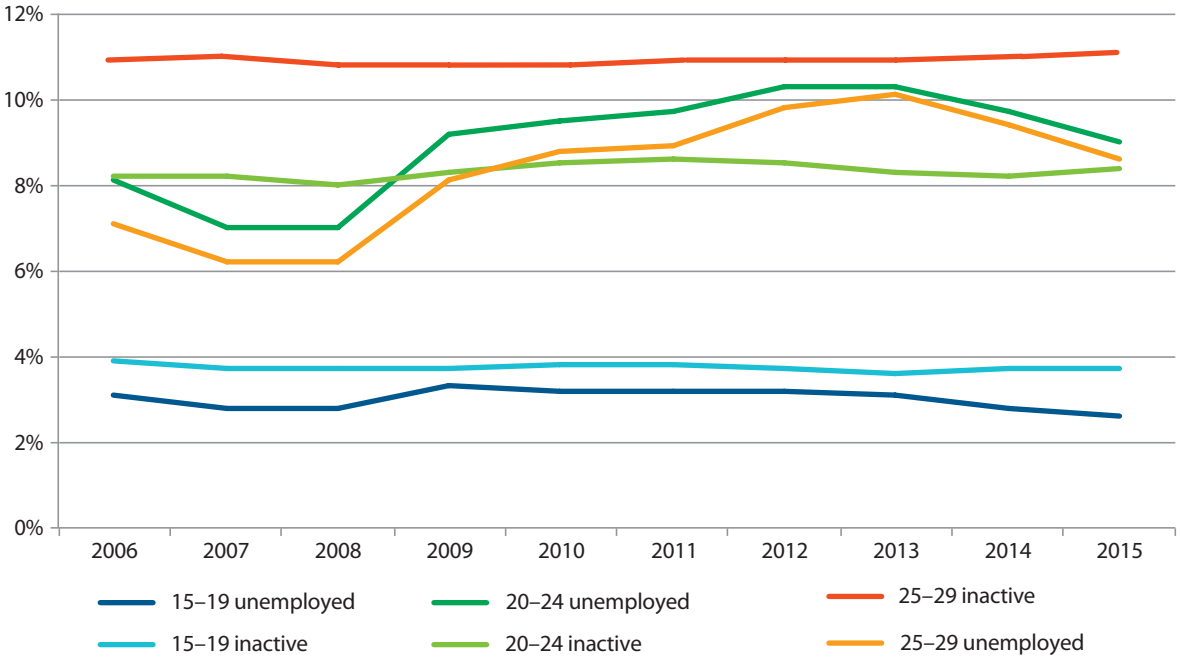
However, in half the Member States, the majority of NEETs were recorded as unemployed, while in the other half the majority were described as inactive. Not surprisingly, given the high prevalence of youth unemployment, the highest shares of unemployed NEETs were recorded in Spain, Greece, Croatia and Cyprus. Conversely, in other countries with a high level of youth unemployment and high level of NEETs, such as Italy, Bulgaria and Romania, the majority of NEETs were inactive. This indicates that structural problems, rather than issues related to the business cycle, present challenges to the inclusion of young people in the labour market or in education.

The investigation of the composition of NEETs by labour market status over time reveals that across all age categories, the inactive share of the population remained almost constant, meaning that it is less sensitive to the business cycle. For the EU28 average, disaggregation of the NEET rate by age shows that the proportion of inactive NEETs is lower for the 20–24 years age category than for the other categories.

- for those aged 15–19: 3.6%, corresponding to 59% of the total NEET for this age category;
- for those aged 20–24: 8.4%, corresponding to 49% of the total NEET for this age category;
- for those aged 25–29: 11.1%, corresponding to 57% of the total NEET for this age category.

Conversely, fluctuation in the size of the group of unemployed NEETs correlates with the business cycle and so varied considerably over the decade 2006–2015, especially among the 20–24 and 25–29 age groups (Figure 7). Looking more closely at the period 2008–2015, the share of unemployed NEETs remained roughly the same among those aged 15–19 years at around 2.6%. However, among NEETs aged 20–24 years, the share increased by 2%, and the increase was even steeper among those aged 25–29 years (a rise of 2.4 percentage points). In 2008, the share of unemployed NEETs among those aged 20–24 (7%) was considerably higher than among those aged 25–29 (6.2%); however, by 2015, the shares in both groups were almost equal (9% and 8.6% respectively). This indicates that young people aged 25–29 years, often excluded by the political discourse, have suffered as a result of the crisis probably even more than those aged 20–24 years.

Figure 7: Composition of NEETs by labour market status, EU28 (2006–2015)



Source: Eurostat.

Regardless of their labour market status, in 2015 around 70% of NEETs aged 15–29 years said they would like to work. This share increases with age, from 62% of NEETs aged 15–19 years to more than 75% of those aged 20–24 years and 70% of those aged 20–25. While willingness to work is the first step for entering the labour market, just 41% of NEETs aged 15–24 years have any kind of work experience. This is a considerable decrease since 2010, against a background of the recent crisis and the jobless recovery, when 48% of NEETs said they had work experience. With some exceptions, the countries where the majority of NEETs have work experience are those where it is more common for young people to combine school with early labour market experience, such as Austria, Denmark, Finland, Germany and the Netherlands. These countries often have a very well developed VET system and a high share of students who combine school and education (Eurofound, 2014).

Unsurprisingly, the analysis disaggregated by age categories reveals that work experience increases with age. Among NEETs aged 15–19 years, 82% had no work experience, compared with 51% for those aged 20–24 years, and 20% for those aged 25–29. Even so, some countries have rates that are much higher than the EU average; more than 40% of NEETs aged 25–29 years in Greece, Italy and Romania have no work experience.

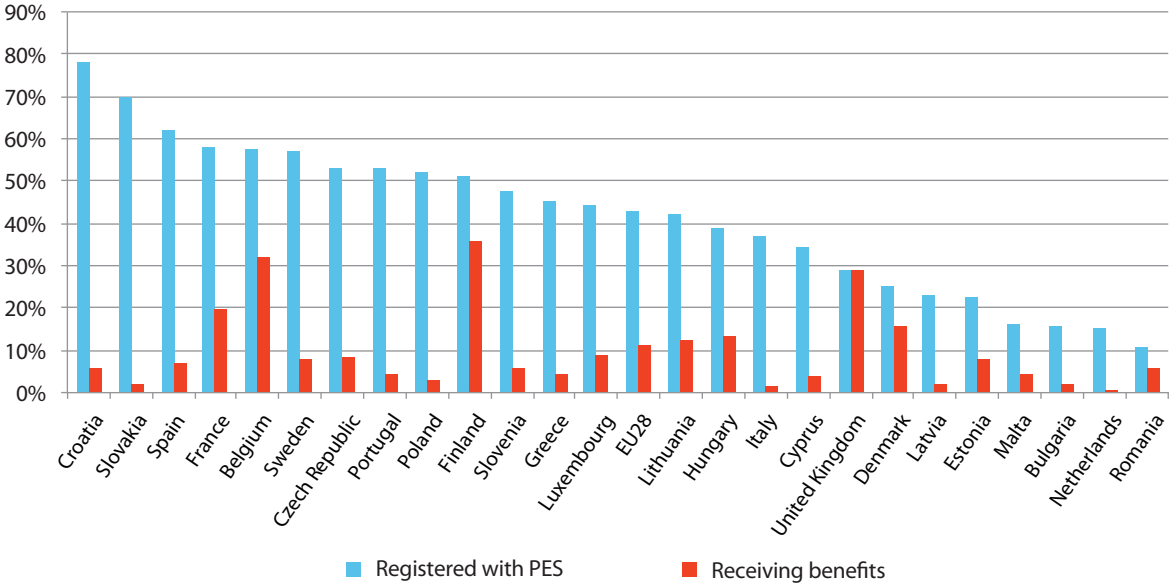
Registration with PES

The registration of NEETs with public employment services (PES) is a key factor in fostering their engagement, since registration is the gateway to participation in a wide range of services, including the Youth Guarantee as PES are one of the main entry points to this policy provision. However, a considerable body of evidence highlights the difficulties PES have in reaching young people, and the lack of trust that young people have in public institutions (Eurofound, 2012).

The analysis of the EU Labour Force Survey from 2013 reveals that – on average in the EU – some 57% of NEETs aged 15–24 years are not registered with the PES (Figure 8).[4] (Similar shares are recorded for those aged 15–29 years.) At the country level, the highest shares of NEETs not registered with the PES are recorded in Bulgaria, Malta, the Netherlands and Romania, where 80% or more of NEETs are not registered. The lowest levels of non-registration are in Hungary, Slovakia and Spain, where more than 60% of NEETs are registered.

Moreover, on average in the EU, only 11% of NEETs receive benefits. The share of NEETs receiving benefits increases with age, rising from 7% of those aged 15–19 years to 12% of those aged 20–24, and to approximately 14% of those aged 25–29. At the Member State level, the highest share of NEETs receiving benefits is recorded in Belgium, Finland, France and the UK, where in 2014, 20% or more of NEETs were receiving benefits.

Figure 8: Share of NEETs aged 15–24 years registered with PES and receiving benefits, EU28 (2014)



Source: Eurostat, Eurofound elaboration.

Ethnic minority and migration backgrounds

Investigating the population of young migrants is very difficult due to data constraints.[5] Young migrants are very mobile and it is likely that many do not remain in a country long enough to be included in the sample or do not yet have stable accommodation that would make data collection about them possible. This means there is a risk that analysis of the migrant population will capture only the most integrated and those who have been living in the country for a longer period of time. Despite these limitations, analysis of the EU Labour Force Survey may reveal some useful information about the share of NEETs who were not born in their country of residence and their distribution among the different Member States.

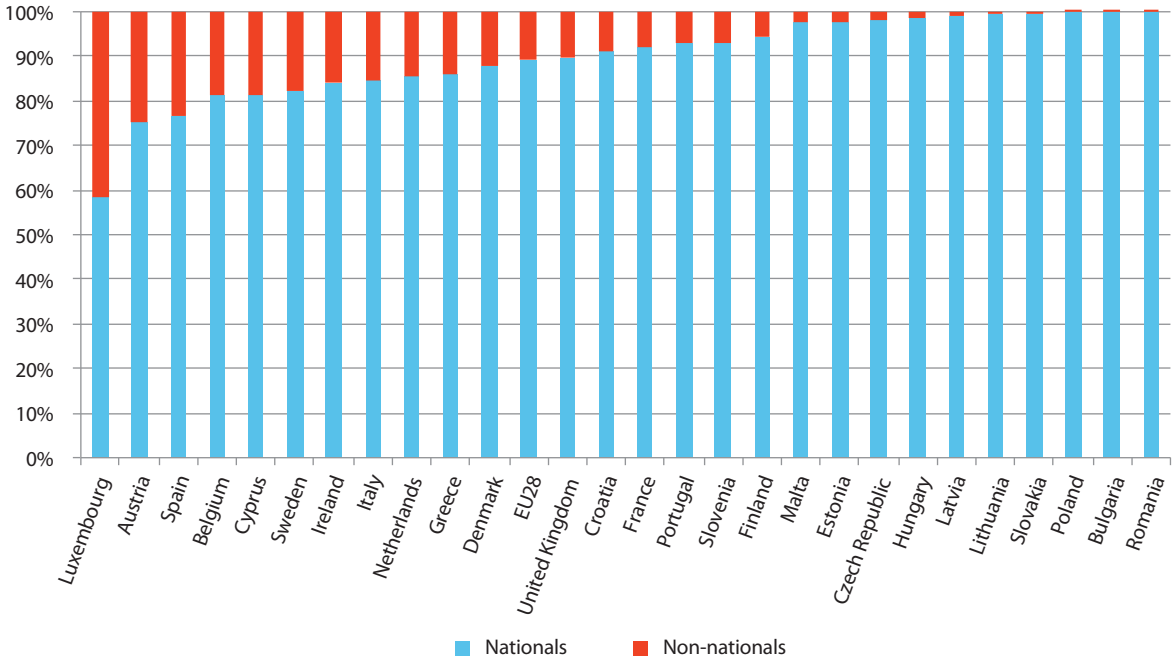
[4] Austria, Germany and Ireland are excluded from this figure, due to missing data.

[5] Technical difficulties with missing data and with sampling frameworks make it difficult to capture this statistically distinct population.

In 2014, approximately 11% of NEETs in the EU aged 15–24 were born in countries other than their country of residence (Figure 9). Slightly fewer than half were from another Member State, and the remainder were born in countries outside the EU. In general, the share of migrant NEETs was higher in Anglophone, Nordic, Continental and southern Mediterranean countries; it was marginal or fairly limited in eastern European countries. The share of young migrant NEETs among the general NEET population also increases with age. While the share of migrant NEETs is about 9% among those aged 15–19, it increases to 12% for those aged 20–24 and reaches 16% among those aged 25–29 years.[6]

In the literature, having a migration background is commonly identified as a risk factor in increasing the probability of being NEET. In this regard for example, Eurofound (2012) – using data from the European Values Survey – found that young people with a migration background are 70% more likely to end up NEET than are young people from the country in question. As pointed out by Bacher et al (2014), it can be assumed that a significant part of this migration effect on the risk of being NEET is explained by the social situation of families with a migration background.

Figure 9: Share of NEETs by country of origin, EU (2014)



Note: Germany not included due to extent of missing values.
Source: Eurostat, Eurofound elaboration.

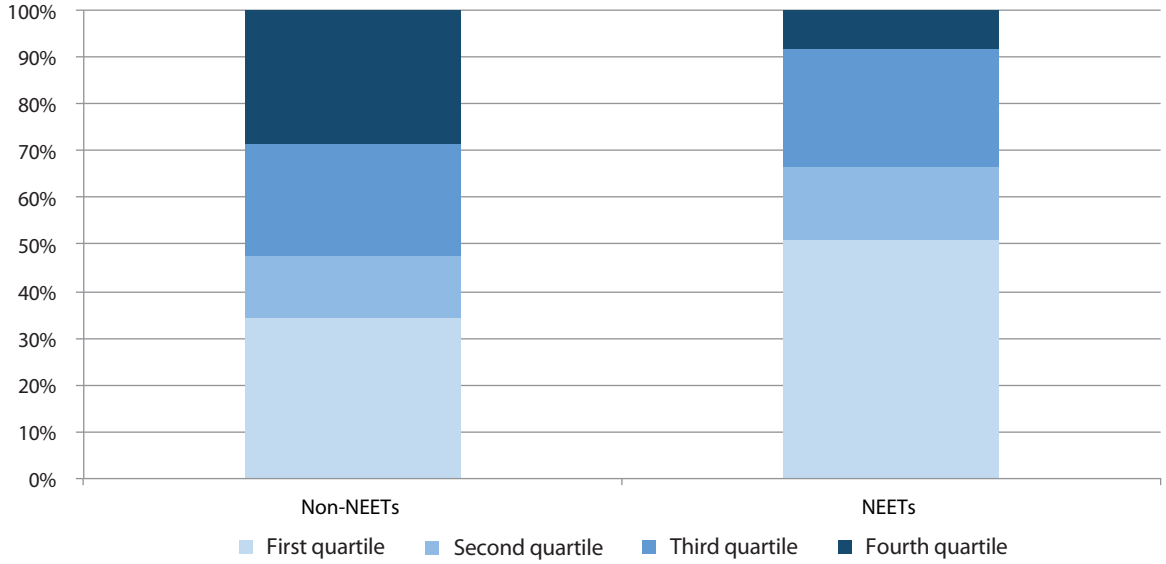
Income and finances

Lack of employment opportunities can easily result in young people's financial situation worsening, and lead to their becoming vulnerable and financially dependent. Young people usually cannot afford to live alone because of inadequate income; hence, they often remain with their parents and postpone independent living. Using data from the European Union Statistics on Income and Living Conditions (EU-SILC) 2013, investigation of the distribution of income in the EU among NEETs reveals considerable discrepancies in the financial situation of NEETs and non-NEETs. As shown

[6] Due to the small size of this population, it is not possible to reliably infer more about their characteristics.

in Figure 10, young people who are NEET are overrepresented in the first and the second income quartile (representing lower incomes). Fewer than half of non-NEETs have an income lower than the median income, with 34% falling into the first quartile and 13% into the second quartile respectively. Among NEETs, the total share of those whose income falls into these two quartiles is 64%. Just over half fall into the first quartile, and slightly less than 15% fall into the second income quartile.

Figure 10: Income distribution of NEETs and non-NEETs, EU28 (2014)

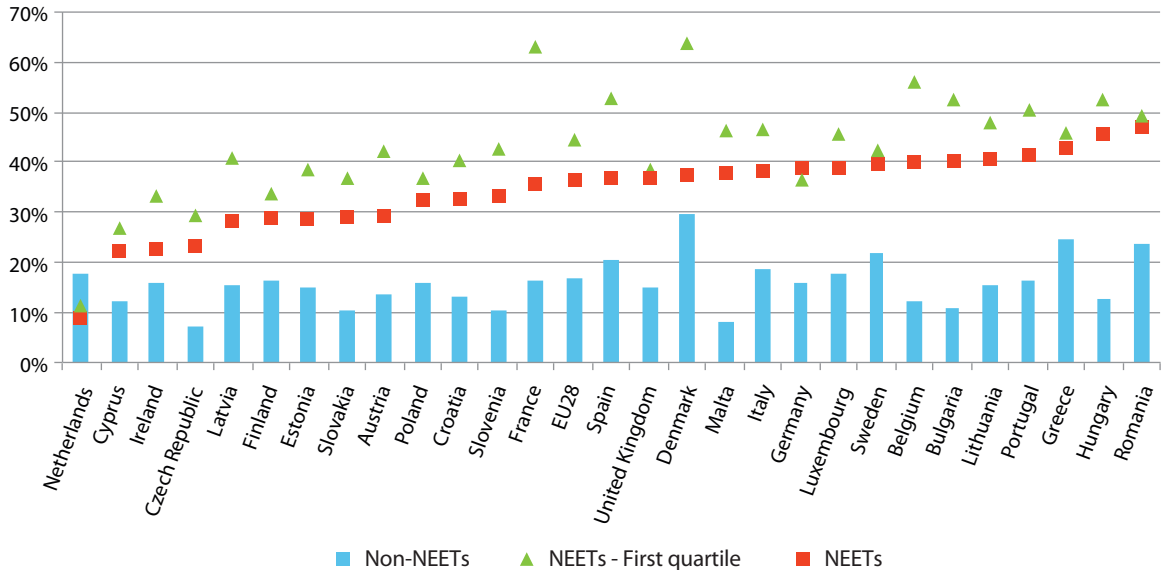


Source: EU-SILC, Eurofound elaboration.

There is great variability at Member State level. The share of NEETs falling in the first income quartile is generally higher than among non-NEETs and varies from less than 30% in France, Ireland, Finland and Denmark, to over 60% in the Czech Republic, Greece, Malta, Poland, Portugal, Romania and Slovakia.

There are marked variations among countries in the proportions of NEETs and non-NEETs at risk of social exclusion (Figure 11). In three countries (Cyprus, Denmark and Ireland) these differences are less than 10 percentage points, whereas in other countries (Belgium, Bulgaria, Hungary, Latvia and Portugal) the gap between the shares of NEETs and non-NEETs at risk of social exclusion is above 25 percentage points. Only in the Netherlands is the difference negative, meaning that NEETs are, on average, better off than non-NEETs. In most countries (with the exception of Denmark and the UK), NEETs who belong to the first income quartile are at even higher risk of social exclusion than the overall NEET group.

Figure 11: NEETs and non-NEETs at risk of social exclusion, EU28, 2013



Source: EU-SILC 2013.

Overview of NEETs in Europe: Summary

While the concept of NEETs emerged in the UK in the 1990s, it was not until 2010 that the concept was formalised in a standardised indicator that permits cross-country comparison across EU Member States. Since traditional indicators of labour market participation appear to have limited relevance for the situation of young people in today's world, 'NEET' immediately entered the policy debate as a term that more accurately described the heightened labour market vulnerability of such young people during the crisis. Consequently, reducing NEET rates has become an important policy objective and is also one of the aims of the Youth Guarantee.

Although there has been some marked improvement, and the negative trend seems finally to have been consistently reversed, in 2015 some 12% of young people aged 15–24 years across Europe were still not in employment, education or training. While the share of NEETs has decreased rapidly from the 13.2% recorded in 2013, still slightly more than seven million young people between the ages of 15 and 24 are not accumulating human capital through formal channels.

An in-depth analysis of the NEET population reveals that the share of NEETs increases with age, up to the age of 29 years, and that young women are more likely to be NEET. Analysis of the EU Labour Force Survey reveals that the largest group of NEETs is composed of young people with an upper secondary level of education (the middle attainers), followed by those with lower levels of education. However, going beyond absolute numbers, the probability of becoming NEET decreases as educational level increases, confirming that education still functions as a protection against disengagement. It also confirms that those with lower levels of education face the greatest probability of belonging to the NEET group. There are some notable exceptions to this finding: it is worrying that in Cyprus and Greece, the highest incidence of NEETs is recorded among those with a tertiary level of education.

On average in the EU, and for the first time since the economic recession, slightly more than half of all NEETs are inactive, and just 57% are registered with public employment services (PES). Since

PES are one of the gateways to participation in Youth Guarantee initiatives, fostering young people's participation in PES would be benefial in order to foster youth participation in the Youth Guarantee. Finally, the analysis of the social exclusion indicators shows that, as expected, NEETs are more at risk of financial deprivation and social exclusion than non-NEETs.

While the analyses described in this chapter provide important information on the main traits of the NEET group, few explanations can be inferred from these findings about why these young people are not in employment, education or training, or about their main characteristics and needs. To investigate the diversity of NEETs and the composition of the NEET population, Chapter 2 proposes a disaggregation of the NEET indicator into seven subgroups. The aim is to better understand who NEETs are and what kind of policy intervention may be needed to reintegrate them into the labour market.

2 Exploring the diversity of young people who are NEETs in the EU

At the beginning of this decade, when youth unemployment rates in Europe reached their highest level ever recorded in the history of the EU and in the majority of the Member States, a huge sense of crisis was felt, the fear being that a youth unemployment 'bomb' was poised to explode.

In order to better understand the vulnerability of young people in terms of their labour market participation, it was decided to move beyond simple, traditional labour market indicators that rely on the dichotomy of employment or unemployment. The need for new indicators became evident in order to capture the many nuances that represent labour market attachment in our contemporary societies. In this framework, the NEET indicator entered into the policy arena and became the key element in discussion on youth policies.

Despite being relatively new, the NEET acronym immediately proved to have a very powerful catalysing effect, capturing the attention of public opinion and mobilising policymakers. In practical terms it both raised public awareness of the disproportionate effect of the economic crisis on young people's training opportunities and employability, and mobilised the efforts of researchers and policymakers to find solutions. The concept has not only become part of youth policy jargon; it has also become highly popular among European media. Given Italy's high share of NEETs, Italian media have begun to describe it as 'the country of NEETs' (L'Espresso, 2015; Corriere della Sera, 2015). Similarly, in the UK, the BBC has repeatedly drawn attention to the situation of NEETs (BBC, 2012; 2014), while Spanish newspaper *El Pais* has described the apathy and passiveness of NEETs (El Pais, 2014; 2015).

Besides drawing attention to the problems of young people on this scale, the main added value of the use of a concept like NEET is to broaden the understanding of the multifaceted nature of young people's disadvantage in terms of their participation in the labour market, in education and in society more generally. The use of the NEET concept brings the attention of policymakers and researchers to all patterns of vulnerability of young people. It put previously marginalised populations such as young mothers, or young people with disabilities, at the centre of the policy debate. Some years ago, these populations would have been simply classified as inactive and would have attracted very limited attention from a policy perspective.

The NEET indicator has proved to be a very good indicator for better understanding the extent of young people's vulnerabilities. It is probably the best proxy indicator for capturing the extent of young people's multifaceted disadvantage in terms of their labour market participation. Nevertheless, despite the ease with which the NEET rate can be computed, some aspects of the term's use have come in for criticism. It refers to a very heterogeneous population and yet sometimes is misused to specifically identify disadvantaged and 'problematic' groups, such as the so-called 'hard-to-reach'. When used like this, it stigmatises young people (Serracatt, 2013). Similarly, other authors have argued that sometimes the interpretations of the term differ (Elder, 2015).

While including diverse and heterogeneous populations in the policy framework is a key added value of the NEET indicator, this very heterogeneity may constitute a problem in the use of NEET in policymaking (Eurofound, 2012; Furlong, 2007). Under the label of NEET, different groups of young people are captured, all of them with their own characteristics and needs. In this regard, Member States and the EU are right to set targets in reducing the share of NEETs in the population of young people. However, policy actions need to be tailored to the characteristics of the subgroups; each Member State must adapt its own strategy on the basis of the characteristics of its NEET population.

For this reason, disentangling the heterogeneity of NEETs is essential for a better understanding of the characteristics and needs of the various subgroups and in tailoring effective policy measures and initiatives to re-integrate young people into the labour market or education.

This chapter first describes and discusses the problems and limitations of the NEET concept and then proposes a set of new subgroups for the NEET population using the EU Labour Force Survey. Next, the subgroups are described in detail by considering factors such as gender, educational attainment, labour market performance, registration with PES, visibility, and ethnic minority or migration background. Finally, the composition of the European NEET population is compared between Member States, which have been clustered on the basis of the similarities of the characteristics of their NEET populations.

Problems and limitations of the NEET concept

Despite being a very good measure for deepening the understanding of young people's vulnerabilities, the NEET indicator shows some problems and limitations. As with every new concept that enters the policy debate, what the NEET concept is and what it was devised to do has been sometimes misunderstood. The NEET indicator was designed to measure the population of young people who, for different reasons and motivations, are not accumulating human capital through formal channels such as participation in the labour market or in education. Because of this, they are known to have a greater risk of poor future employment outcomes and of social exclusion. However, the extent of this additional risk depends on their particular characteristics and vulnerabilities. While the overall NEET category is very easily defined and captures a distinct group of people, the term is sometimes used as a proxy for the most vulnerable and most at risk of being socially excluded.

Misuse and misinterpretation

The misuse of the NEET acronym can probably be traced back to the origin of the concept, which was designed to describe young people aged between 16 and 18 who were not in employment, education or training. It aimed at capturing those post-compulsory school leaving age school leavers who had apparently not continued their education or gone into training or employment as well as those who were early school-leavers. Disengagement from both education and the labour market at such an early age is closely associated with severe patterns of vulnerability and in this context the term 'NEET' inevitably captured mostly young people at very high risk of social exclusion.

With the broadening of the NEET category to include those up to the age of 29, the correlation between risk of social exclusion and being NEET has become more tenuous. The term now captures all young people who, regardless of educational level, are currently disengaged from the labour market or education. This obviously includes those who have accumulated a number of disadvantages including lower levels of educational attainment. However, it also includes those with an immigration background, with health issues or a difficult family background, and those who may have enjoyed a number of privileges but have voluntarily become NEET because they are holding out for a specific career goal, or they are pursuing alternative careers that do not fit the traditional indicators of labour market engagement. For this reason, using the NEET label as an automatic signifier for the most vulnerable is no longer justified.

As pointed out by Serracant (2013), the media and the public discourse still tend to use the NEET acronym to negatively label young people; sometimes the implication is that people in this group do not *want* to work or study (Robson, 2008). While most of the examples of stigmatisation of young

people who are NEET can be traced to before the onset of the crisis, the use of the term NEET should be firmly avoided where it is clearly being used to stigmatise young people, or being used to label a particular generation and link their NEET status to a lack of values and unfavourable attitudes.

Elder (2015) draws attention to the misinterpretation of the concept, and to the lack of consistency in interpretation of the concept by several actors, including international organisations. Elder argues that the concept of NEET lies at the intersection of the three issues of joblessness, discouragement and marginalisation of young people. Given the heterogeneity of NEETs, she argues that equating their status only with joblessness, for instance, overlooks the fact that many may have family responsibilities or disabilities that make them unable or unwilling to work. Elder concludes that the intersection of marginalisation, exclusion and disaffection offers the best fit among the numerous interpretations. Williamson, who first discussed the problem of young people not in education, training or work, talks about the continuous focus on the acute anxieties of adolescence at the expense of attention on the emerging crisis of young adulthood (Williamson, 1985). He refuses to use the word 'disaffection', arguing for language that is less judgemental. Disaffection is an evaluative term suggesting a negative attitude on the part of young people, which is often not the case. Williamson prefers 'disengagement' or 'exclusion', which in turn allow for re-engagement and inclusion.

While the concerns over the misuse of NEET are fully justified and interpretations of the concept still differ, it is worth remembering that the concept is still relatively new. While it entered the UK policy debate in the middle of the 1990s, in many countries it only gained currency at the beginning of this decade. Despite its success, as with every new concept, it will take some time to be fully understood and absorbed by policymakers, media and the research community.

Since the concept of NEET took hold in the policy debate, the number of research publications using the concept, explaining it to a wider audience and investigating the characteristics of NEETs in Europe has increased exponentially. The publication of Eurofound's 2012 NEET study was significant (Eurofound, 2012), providing a starting point for many other studies and a basis for policymaking and fieldwork (SALTO, 2015; OECD, 2015; ILO, 2015; European Commission, 2015a). These studies will build a body of evidence about the concept and reduce the risk of its misinterpretation and misuse by all actors, including policymakers and the media.

Heterogeneity

The heterogeneity of the population captured by the NEET indicator remains a matter of concern. It has significant consequences for the concept's use in policymaking and many authors have drawn attention to this as its main limitation (Furlong, 2006, 2007; Eurofound, 2012). While, from a statistical point of view, it is quite straightforward to capture those who are not in employment, education or training, the population of NEETs contains a variety of different subgroups that have very different characteristics and needs. This was a problem in the original use of the NEET concept when it described only those aged 16–18; its extension to those aged 15–24 or even those aged 15–29 has increased the heterogeneity of the population captured by the NEET indicator by several orders of magnitude. While individuals in the NEET category often display multiple disadvantages, including a low level of education, poverty and difficult family backgrounds, the population of NEETs is made up of both vulnerable and non-vulnerable young people who have in common only the fact that they are not accumulating human capital through formal channels. Understanding who NEETs

are and the subgroups that describe them best is crucial to better policy design at the Member State level.

The diversity of NEETs has been widely discussed in the literature. In order to better understand who NEETs are, Williamson (2010) for example suggests the disaggregation of NEETs into three groups:

- 'essentially confused';
- 'temporarily side-tracked';
- 'deeply alienated'.

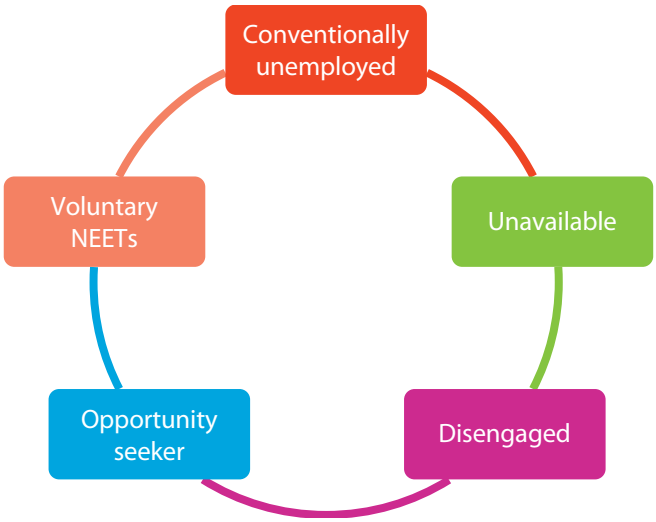
According to Williamson, while the first group is willing and ready to re-engage as long as the right support and encouragement is provided, the second group needs some understanding and patience while they deal with what they consider to be more important matters in their lives right now. The third group is at high risk of disengagement and disaffection. This group may include those who have discovered 'alternative ways of living' within the informal and illegal economies, and those whose lives revolve around the consumption of alcohol and illegal drugs. While it would be possible to re-engage the 'temporarily side-tracked' and the 'essentially confused' into the labour market or education, it would be very difficult to persuade the 'deeply alienated' to return. Williamson suggests disaggregating young people who are NEET into two broader groups: *policy possibilities* and *policy problematics*. The first group includes those young people who know, often quite precisely, what they want to do (or not do). In contrast, *policy problematics* are either young offenders already making a living outside of the system or young people from the middle class who want to paint, make music or engage in other creative activities and not participate in government training schemes.

Furthermore, Eurofound (2012) identified five categories within the NEET population, some vulnerable and some not, with very different characteristics and needs:

- conventionally unemployed;
- unavailable;
- disengaged;
- opportunity seekers;
- voluntary NEETs.

As can be seen in Figure 12, The 'conventionally unemployed' are the largest group within the NEET population, which could be further divided into short and long-term unemployed. The 'unavailable' include young people who are unavailable due to family responsibilities and those young people who are unavailable due to illness or disability. The 'disengaged' include all young people who are not seeking a job or following any education or training, and who do not have other obligations that stop them from doing so. This category includes discouraged workers and young people who are pursuing dangerous and asocial lifestyles. The 'opportunity seekers' include young people who are seeking work or training but are holding out for the right opportunity, while the 'voluntary NEETs' are constructively engaged in other activities such as art, music and self-directed learning.

Figure 12: Heterogeneity of the NEET population



Source: Eurofound, 2012.

Within each sub-category, there are various sociodemographic characteristics. While generalisations are difficult, factors such as education, family income and background, immigration status and health are important for explaining patterns of vulnerability. For this reason, Eurofound (2012) concluded that two broad subcategories of NEETs emerge with very different characteristics and risk factors:

- the vulnerable NEETs – at risk of marginalisation, they also often lack social, cultural and human capital;
- the non-vulnerable NEETs – rich in cultural, social and human capital; despite being NEET, they are at little risk of marginalisation.

The different categorisations presented above are a first step towards disentangling the heterogeneity of the NEET population so that reintegration policies can be tailored to the needs of different subgroups.

Further disentangling the heterogeneity of NEETs

Understanding the composition of the NEET population is, as stated above, very important for policy design and implementing reintegration measures. With information about the size of each subgroup, Member States will also better understand how to prioritise their actions. However, while several alternative categorisations of NEETs already exist in the literature, the challenge of disaggregating NEETs into subgroups is not easy. Data constraints make it difficult to operationalise many categorisations of NEETs put forward by the literature. As operationalised by Eurostat, the NEET indicator is computed through the EU Labour Force Survey. While it has the undoubted advantage of having the largest sample base of any European survey, the Labour Force Survey offers a restricted number of variables. This makes it difficult to go beyond the sociodemographic qualities and to understand behaviours and degree of vulnerabilities.

Building on findings from previous research, this report proposes a revision of the categorisation suggested by Eurofound in 2012. Using the EU Labour Force Survey, the new categorisation revolves around seven descriptions created using the available variables that make it possible to understand

why those in this group, during the survey, responded that they were not searching for employment[7] and were not able to start work within the next two weeks.[8] Duration of unemployment has been used to disaggregate the short- and long-term unemployed.[9] The resulting seven subcategories that emerged from this exercise are as follows (see also Figure 13 and 14).

Re-entrants: This category captures those young people who will soon re-enter employment, education or training and will soon begin or resume accumulation of human capital through formal channels. They are people who have already been hired or enrolled in education or training.

Short-term unemployed: This category is composed of all young people who are unemployed, seeking work and available to start within two weeks, and have been unemployed for less than a year. A short period of unemployment during the transition from school to work can be considered normal, and the level of vulnerability among people in this category can be expected to be moderate.

Long-term unemployed: This category is composed of all young people who are unemployed, seeking work and available to start within two weeks, and have been unemployed for more than a year. People in this category are at high risk of disengagement and social exclusion. Long-term disengagement damages young people's employability, their human capital and their future employment outcomes; in some cases, the damage will last the rest of their lives.

Unavailable due to illness or disability: This category includes all young people who are not seeking employment or are not available to start a job within two weeks due to illness or disability. This group includes those who need more social support because illness or disability means they cannot do paid work.

Unavailable due to family responsibilities: This group includes those who are not seeking work or are not available to start a new job because they are caring for children or incapacitated adults, or have other less specific family responsibilities. Young people in this group are a mix of the vulnerable and non-vulnerable; some are not able to participate in the labour market because they cannot afford to pay for care for their child or adult family member, while others voluntarily withdraw from the labour market or education to take up family responsibilities.

Discouraged workers: This group captures all young people who have stopped looking for work because they believe that there are no job opportunities for them. They are mostly vulnerable young people at high risk of social exclusion who are very likely to experience poor employment outcomes over the course of their working lives and are at high risk of lifelong disengagement.

Other inactive: This group contains all NEETs whose reasons for being NEET do not fall into any of the previous six categories. This group is a statistical residual category, and it is made up of those who did not specify any reason for their NEET status. It is likely to be an extremely heterogeneous mix that includes people at all extremes of the spectrum of vulnerability: the most vulnerable, the hard-to-reach, those at risk of being deeply alienated, the most privileged, and those who are holding out for a specific opportunity or who are following alternative paths, such as careers in the arts, that have little formal presence in the labour market or education.

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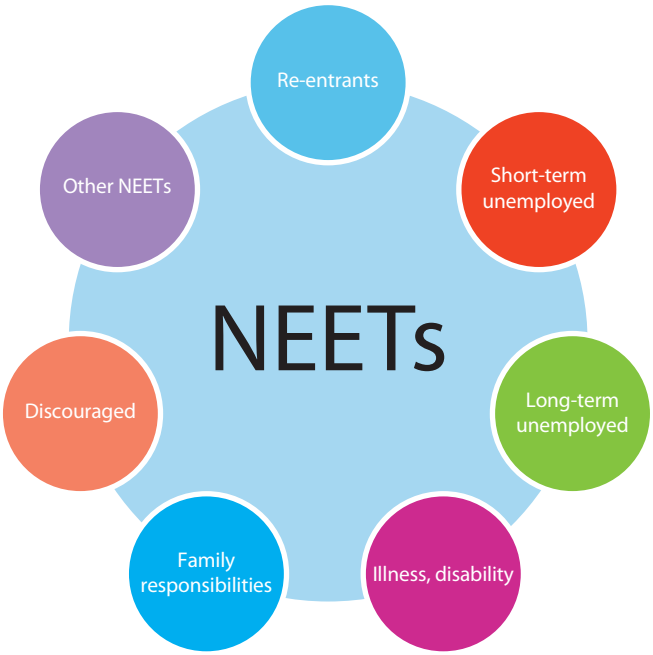
[7] The variable used for this in the EU Labour Force Survey was SEEKREAS – 'Reason of not searching for employment'.

[8] The variable used for this in the EU Labour Force Survey was AVAIREAS – 'Reason of not being available to start work within two weeks'.

[9] A detailed description of the operationalisation of the categorisation is presented in Annex 1.

Figure 13: Disaggregation of the NEET population



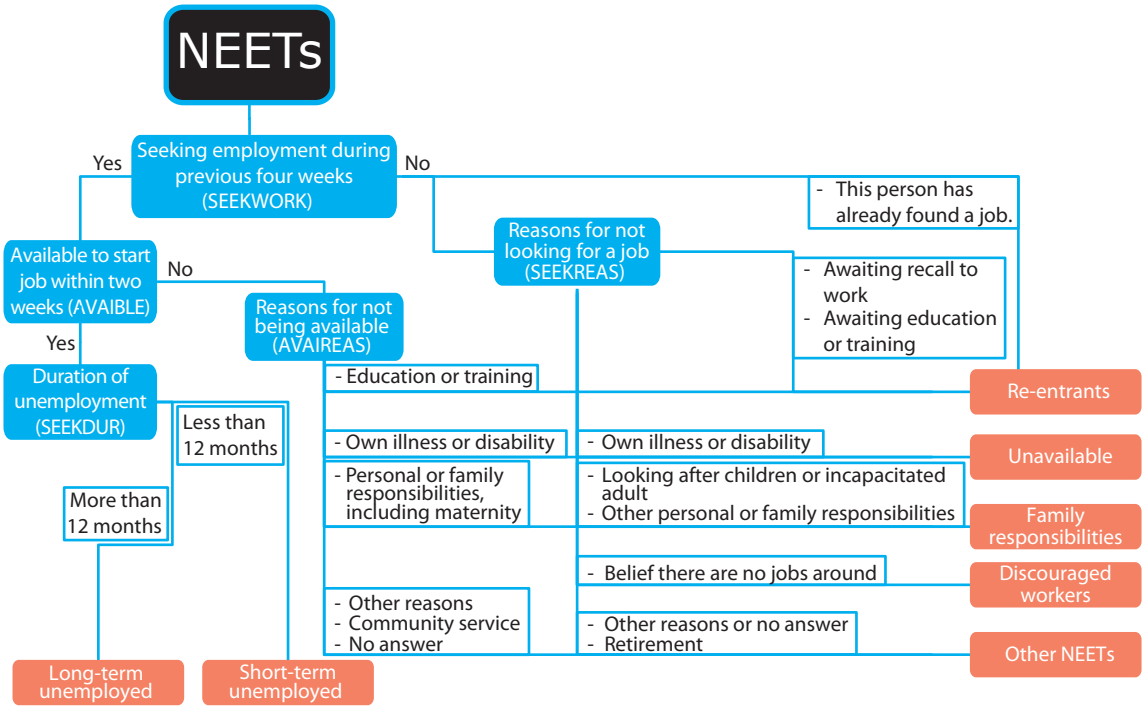
Source: Eurofound elaboration.

Technically, the categorisation is operationalised with the EU-LFS, using the following five variables:

- Seeking employment during the previous four weeks (SEEKWORK);
- Reasons for not looking for a job – (SEEKREAS);
- Availability to start job within two weeks (AVAIBLE);
- Reasons for not being available to start a job (AVAIREAS);
- Duration of unemployment (SEEKDUR).

A detailed description of the operationalisation is presented in Figure 14 and in Annex 1. For some particular cases (with a low NEET rate and a small group size), the problem of robustness could emerge. Results are computed for 2013. However, given the way the disaggregation has been operationalised, this can be computed and updated each year in order to monitor changes in the size of the various groups.

Figure 14: Operationalisation of the disaggregation of the NEET indicator



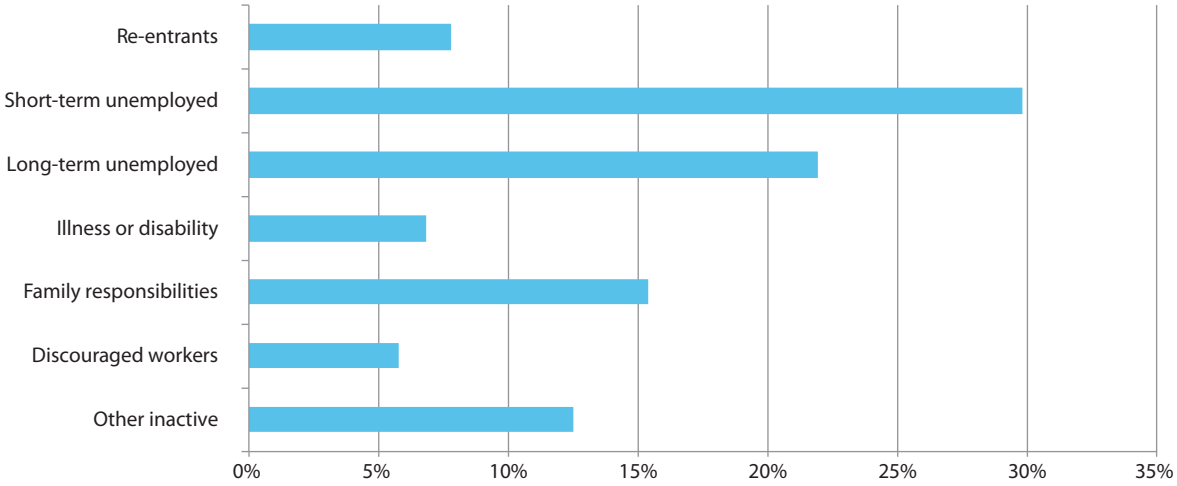
Source: Eurostat, EU Labour Force Survey.

Who are the NEETs in Europe?

Data from the 2013 EU Labour Force Survey show that the largest category of NEETs aged 15–24 in Europe were the short-term unemployed (29.8%), followed by the long-term unemployed (22%). Re-entrants accounted for 7.8%; those NEET due to family responsibilities, 15.4%; those unavailable due illness or disability, 6.8% (Figure 15). Around 5.8% of NEETs are discouraged workers while the remaining 12.5% are 'other NEETs'. Considering the figures for discouraged workers, the short- and long-term unemployed and re-entrants, the data suggest that on average in the EU28, around 60% of NEETs (approximately 4.7 million young people aged 15–24) belong to the NEET group because of labour market-driven factors. The remaining 40% are NEET for more social-policy related reasons, such as family responsibilities, illness or disability.

While no inference can be drawn for the category of 'other NEETs', the data show that at least one-third of NEETs are at risk of further disengagement and in need of more ad hoc reactivation measures to re-integrate them. However, this is a very conservative estimate that takes into account only the long-term unemployed and discouraged workers, because it is not possible to investigate the degree of vulnerability of the other categories.

Figure 15: Disaggregation of NEETs aged 15–24, EU28 (2013)



Source: Eurofound elaboration based on EU Labour Force Survey 2013.

Among NEETs aged 15–29 years, a larger share are NEET due to family responsibilities. In this age group, one-quarter are short-term unemployed and a slightly smaller share are long-term unemployed (23%), while 5.8% are discouraged workers. The share of those who are unavailable for work due to family responsibility is 20%, as against 14% among the 15–24 years age group. The share of those unavailable due to illness or disability is similar (7%, compared with 6.8% among people aged 15–24) as is the share of 'other NEETs' (11.7%, compared with 12.5%).

A great heterogeneity emerges among Member States. In Bulgaria, Croatia, Greece, Italy, Slovakia and Spain, at least four out of 10 NEETs are long-term unemployed or discouraged workers. Given the high NEET rates recorded in these countries, this means that a considerable share of the youth population is at risk of long-term disengagement. In particular, in Bulgaria, Croatia and Italy, approximately 9% of the youth population are long-term unemployed or discouraged workers. On the other hand, in countries with well-developed Youth Guarantee schemes, the share of long-term disengagement for labour market-driven reasons is very low. In Denmark, for example, the share of NEETs who are long-term unemployed or discouraged workers is only 5% of the total population of NEETs, followed by 8% in Finland and 10% in Sweden. Still very low, and below 15%, is the share recorded in Austria, Germany, Luxembourg and the Netherlands.

The share of young NEETs who are unavailable for work due to illness or disability or due to family responsibilities is particularly high in Austria, the Czech Republic, Estonia, Finland, Germany, Latvia, Lithuania, Poland and the UK. In all of these countries, the share of those young people who are not in employment, education or training due to illness or disability or family responsibilities is at least 28% of the total NEET population. In Cyprus, France, Ireland, Malta and Sweden, the share of those who are short-term unemployed or re-entrants into the labour market and education – those with a lower level of vulnerability – account for more than 45% of all NEETs.

Table 2: Composition of NEET population aged 15–24, EU28 (2013) (%)

	Re-entrants	Short-term unemployed	Long-term unemployed	Illness or disability	Family responsibilities	Discouraged workers	Other inactive	Total NEET rate
Austria	9.0	35.2	10.4	12.9	17.1	1.7	13.7	7.7
Belgium	12.0	30.3	17.7	5.3	8.7	1.9	24.1	12
Bulgaria	2.2	15.4	19.7	4.5	23.2	23.7	11.2	20.2
Cyprus	11.6	37.4	24.0	6.6	9.9	2.8	7.6	17
Czech Republic	3.4	37.7	18.2	3.7	27.6	0.7	8.6	8.1
Germany	12.4	28.9	14.0	9.1	19.7	0.7	15.2	6.4
Denmark	14.5	28.9	4.2	18.3	7.8	1.1	25.2	5.8
Estonia	0.0	29.7	18.2	11.3	28.1	5.5	7.2	11.7
Greece	1.0	30.7	39.7	1.7	6.6	1.0	19.3	19.1
Spain	4.3	30.0	34.6	7.6	10.7	5.0	7.8	17.1
Finland	8.8	32.8	4.6	17.9	12.0	4.2	19.6	10.2
France	15.6	33.2	19.9	5.1	8.7	2.7	14.8	11.4
Croatia	2.7	32.2	38.4	0.4	10.9	8.1	7.3	19.3
Hungary	6.9	29.0	15.3	5.8	17.6	14.1	11.3	13.6
Ireland	21.4	25.3	26.2	6.7	12.1	3.5	4.7	15.2
Italy	13.5	15.5	27.1	3.3	9.8	14.8	16.1	22.1
Lithuania	1.6	40.0	11.5	12.5	20.3	3.3	10.8	9.9
Luxembourg	29.9	37.1	12.5	2.6	8.2	0.1	9.7	6.3
Latvia	4.9	35.1	17.2	5.2	23.7	5.6	8.3	12
Malta	17.0	32.3	15.9	3.2	13.4	0.0	18.4	10.5
Netherlands	7.3	30.8	11.5	21.0	4.7	3.3	21.5	5.5
Poland	2.8	36.0	18.4	8.6	23.7	7.7	2.9	12
Portugal	6.8	34.8	31.0	6.2	5.1	7.6	8.5	12.3
Romania	0.3	20.5	14.9	2.9	16.4	14.8	30.3	17
Sweden	10.3	37.6	8.1	13.7	9.4	2.9	18.1	7.2
Slovenia	11.8	28.7	28.4	8.8	12.1	2.1	8.1	9.4
Slovakia	0.5	26.6	45.9	6.7	19.4	0.4	0.5	12.8
United Kingdom	5.3	37.4	19.3	8.4	21.2	0.5	8.0	11.9
EU28	7.8	29.8	22.0	6.8	15.4	5.8	12.5	12.5

Source: Eurofound elaboration on EU-LFS, 2013.

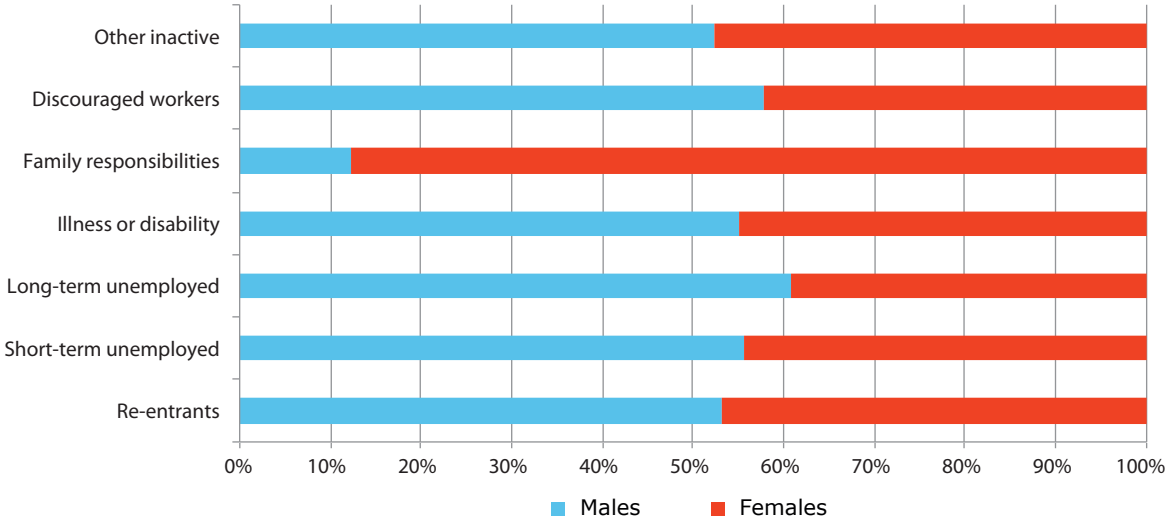
The gender dimension

In the EU28, there is a great imbalance in the gender composition of the category of those who are NEET due to family responsibilities. The share of young men is slightly higher in all other categories – re-entrants (of whom 53% are male), short-term unemployed (55%), long-term unemployed (60%), discouraged workers (57%), unavailable because of illness or disability (55%). However, young women constitute 88% of all 15–24 year-olds who are NEET due to family responsibilities (Figure 16). At the

Member State level, this share rises to over 95% in the Czech Republic, France, Germany, Ireland, Malta, Romania and the UK. And, for young women in the EU28 aged 15–29 years, it is 91%.

This means that one-quarter of all young women who are NEET are outside of employment, education and training because of family responsibilities. While it is not possible to say how many are voluntarily in this situation, the imbalance in this category suggests room for manoeuvre for policy interventions, including the promotion of support to young women through childcare and other social care for their family members as tools to foster their re-integration into the labour market or education.

Figure 16: Gender composition of NEETs aged 15–24, EU28 (2013)



Source: Eurostat, Labour Force Survey, Eurofound elaboration.

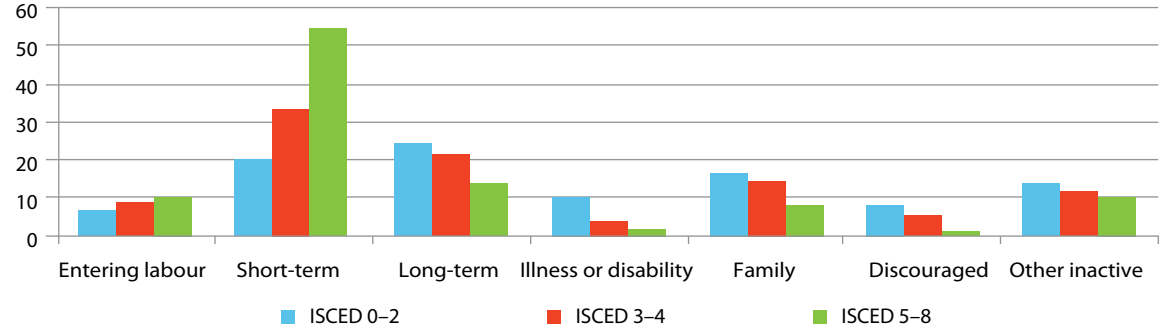
NEETs and education

Analysis of the composition of NEET subgroups by educational level confirms that education shields young people from the risk of ending up in a very vulnerable group. In the EU28, among those aged 15–24, the share of NEETs who are re-entrants or short-term unemployed accounts for 65% of NEETs with a tertiary level of education (ISCED 5–8) – see Figure 17. This share decreases to 42% among those at ISCED 3–4 and to 26% among those at ISCED 0–2. Conversely, those with a lower level of educational attainment are more at risk of belonging to a vulnerable group. The share of NEETs who are long-term unemployed or discouraged workers peaks among those at ISCED 0–2 (32%). Some 27% of NEETs who are long-term unemployed or discouraged workers have education to ISCED 3–4 level, and only 15% have ISCED 5–8. It is interesting to note that the size of the group of discouraged workers among those at ISCED 0–2 is six times larger than that recorded for those at ISCED 5–8 (Figure 18). At Member State level, Croatia has the highest share of long-term unemployed and discouraged young people who are educated to ISCED 0–2 level (51%). Slovakia has the highest share of those at ISCED 3–4 in these vulnerable groups (51%), and Greece has the highest share of those who are at ISCED 5–8 (38%).

On average in the EU28, among those young people with a lower level of education, a larger proportion is NEET due to illness or disability. While 10% of those at ISCED 0–2 are NEET due to illness or disability, this share falls to 4% and 2% respectively among those at ISCED 3–4 and ISCED

5–8 (Figure 17). The same trend is observed for the group of NEETs with family responsibilities: this group accounts for 16% of those at ISCED 0–2, as against 15% of those at ISCED 3–4 and only 8% of those at ISCED 5–8. Of the 28 Member States, Bulgaria has the highest share of NEETs due to family responsibilities (more than 30%) among those at ISCED 0–2. The Czech Republic and Finland have the highest levels among those NEETs who have education to ISCED 3–4 and ISCED 5–8.

Figure 17: Education level of NEET population aged 15–24, EU28 (2013)



Source: Eurostat, Labour Force Survey 2013, Eurofound elaboration.

A similar trend can be identified among those aged 15–29 years, albeit with smaller variations. For this age group, the share of less vulnerable NEETs (re-entrants and short-term unemployed) is 48% among those at ISCED 5–8, as against 23% of those at ISCED 0–2. Similarly, 30% of those at ISCED 0–2 are long-term unemployed or discouraged workers, compared with 21% of those with a tertiary level of education. In this group, a total of 12% of young people with ISCED 0–2 are NEET due to illness or disability; this share falls to 2.7% among those at ISCED 5–8. A less marked difference is found for the size of the group who are NEET due to family responsibilities: 22% for those at ISCED 0–2 as against 18% of those at ISCED 5–8.

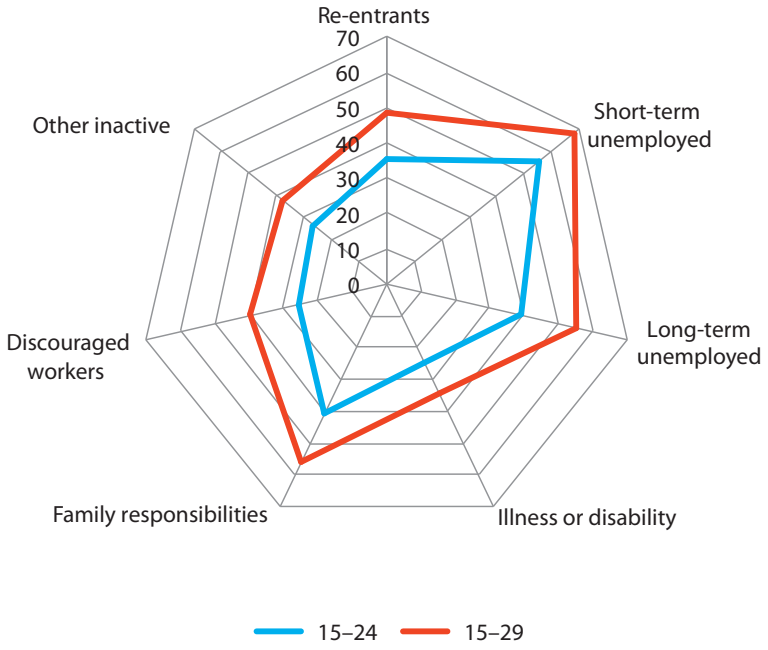
NEET and the labour market

Chapter 1 shows that only 41% of NEETs have work experience; the distribution among the different NEET categories of those who have previous work experience is worth examining. Among 15–24 year-olds in the EU28, the group with the highest share of NEETs with previous work experience is the short-term unemployed, 55% of whom have work experience (Figure 18). Interestingly, 40% of those who are NEET due to family responsibilities have previous work experience, which suggests that withdrawal from the labour market for many of these people was prompted by parenthood. Similar shares are recorded among the long-term unemployed group, but only one-quarter of those NEET due to illness or disability – and one-quarter of the discouraged workers' group – have previous work experience. At the Member State level, the highest share of short-term unemployed NEETs with work experience is recorded in Finland (81%), followed by Austria (76%) and Germany (75%). The lowest share is recorded in Romania (34%). Similarly, the greatest share of long-term unemployed young people with work experience is recorded in Finland and Spain at 65%, while the lowest is recorded in Romania at 18%.

More than 50% of NEETs aged 15–29 years have work experience; similar trends are recorded among the different categories as are recorded for the younger age group. Among short-term unemployed NEETs, 68% have work experience, followed by 55% of those with family responsibilities and those who are long-term unemployed. Only half of the re-entrants have work experience. Finally, fewer

than four out of 10 who are NEET due to illness or disability or who are discouraged workers have work experience.

Figure 18: Share of work experience among NEETs aged 15–24 and 15–29, EU28 (2013) (%)

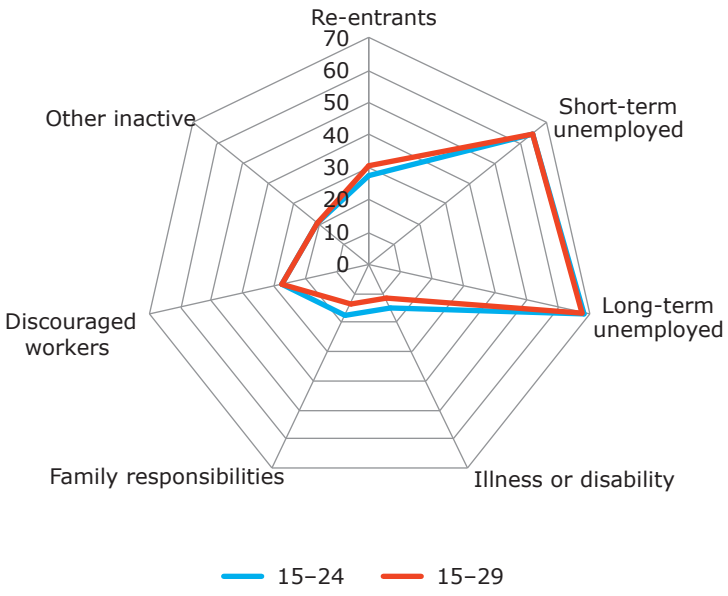


Source: Eurostat, Eurofound elaboration.

Registration with PES and NEETs

Encouraging young people's registration with PES is crucial in ensuring they have access to policy interventions such as the Youth Guarantee for which PES is one of the key entry points. As indicated in Chapter 1, fewer than 60% of young NEETs were registered with PES in 2013. This share does not vary greatly among the different age groups. Distribution among the different NEET categories does, however, raise interesting possibilities about how this issue might be addressed. Unsurprisingly, on average in the EU, the highest share of PES-registered young NEETs is found among the conventionally unemployed: 68% of long-term unemployed NEETs and 65% of short-term unemployed NEETs are registered. However, the shares are dramatically lower among the other categories. Approximately 30% of re-entrants and discouraged workers are registered; only around half that are registered among those unavailable due to illness or disability (15%) and those with family responsibilities (17%) (see Figure 19). The overall share of NEETs registered with PES seems generally low, especially considering that registration with PES is the first step for the participation in the Youth Guarantee for which PES is a major entry point. Improving the trust of young people in institutions and promoting registration with PES could be an important step towards increasing the number of young people participating in the Youth Guarantee.

Figure 19: Registration with PES among NEETs aged 15–24 and 15–29, EU28 (2013)(%)



Source: Eurostat, Eurofound elaboration.

'Missing' NEETs

Serious concerns have been raised in the literature and in the public debate about those young people who have a low level of education, have no work experience and are not registered with agencies such as PES. These are the 'missing' NEETs who are very difficult to reach and, as a result, hard to integrate into the labour market. They are at risk of becoming deeply alienated.

In the EU in 2013, some 19% of NEETs aged 15–24 were classed as 'missing'. At the Member State level, this distribution varies from below 10% (in Croatia, Cyprus and Sweden) to higher than 25% (in Bulgaria, Hungary, Malta and Romania). In the EU on average, slightly more young women than men are missing NEETs (52%). At the Member State level, the highest share of young women in this category is recorded in the Czech Republic, Hungary and Slovakia (60% or higher). Young men form the majority of missing NEETs in the remaining 18 Member States, with the highest shares recorded in Cyprus, Latvia and Luxembourg.

A breakdown of this population reveals that just under one in five missing NEETs are unavailable for work due to family responsibilities; one in six are NEET due to illness or disability; and more than one in five have given no reason for their NEET status. These are probably the groups most at risk of disengagement and social exclusion. Consequently, the shares of missing NEETs closer to the labour market are low: fewer than 9% of missing NEETs are short-term unemployed and only 12% are long-term unemployed or discouraged workers.

Ethnic minority and migration background

As indicated in Chapter 1, it is very difficult to interrogate labour market statistics for data about migrants because of limitations in data collection and sampling design. It should be made clear that the data are not perfect and are likely to capture mostly integrated migrants or those who have been

in their country of residence for a long time. Even so, it seems worthwhile to ask what the data can tell us about this special population.

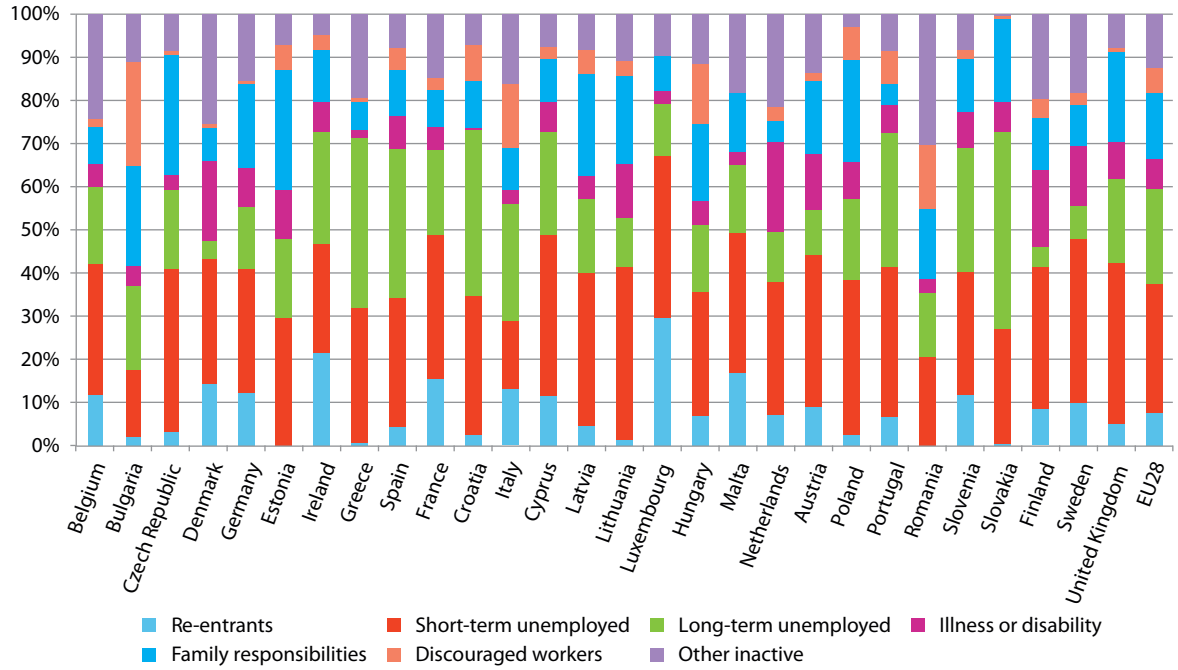
Data from the EU Labour Force Survey show that in 2013, in the EU28, some 11% of NEETs aged 15–24 were non-national citizens. Among the population of national citizen NEETs, 48% were young women while among non-national NEETs, 57% were young women. Non-nationals who fall into the NEET group seem to have a lower level of education than nationals. While 41% of national citizen NEETs have a lower level of education (ISCED 0–2), this is true of 57% of non-national NEETs. Similar comparisons can be made for higher levels of education. Among non-national NEETs, the shares who are at ISCED 3–4 and ISCED 5–6 are 36% and 7% respectively; among national NEETS, these shares are 50% and 8%. About 17% of national citizen NEETs in Europe can be classified as missing, as against 25% of non-national NEETs. This again suggests a higher risk of disengagement and a greater vulnerability among non-national NEETs.

By subgroup, 25% of non-national NEETs are short-term unemployed and 24% are long-term unemployed; the figures are similar for nationals (28% and 23%). Among non-nationals, 20% are NEET due to family responsibilities compared with 13% of nationals. Conversely, 7% of national citizen NEETs are discouraged workers compared with 5% of non-national NEETs.

NEET country clusters: capturing heterogeneity and similarity across the EU

The results of the analysis confirm both the heterogeneity of the NEET group and a marked heterogeneity among Member States. This heterogeneity is seen in the size of countries' NEET populations and particularly in their composition. For example, Spain and Bulgaria both have high NEET rates but in Spain the majority of NEETs are men and unemployed, while in Bulgaria the majority are women and a large share are NEET due to family responsibilities. Italy and Sweden differ considerably both in size of population and the characteristics of their NEETs; Italy has a very high NEET rate and large share of long-term unemployed and discouraged workers, while Sweden has a low NEET rate and very low share of those who are long-term unemployed and discouraged workers. Even so, it is possible to detect some common patterns by which countries can be grouped together. This is important in trying to explain the NEET phenomenon across Europe.

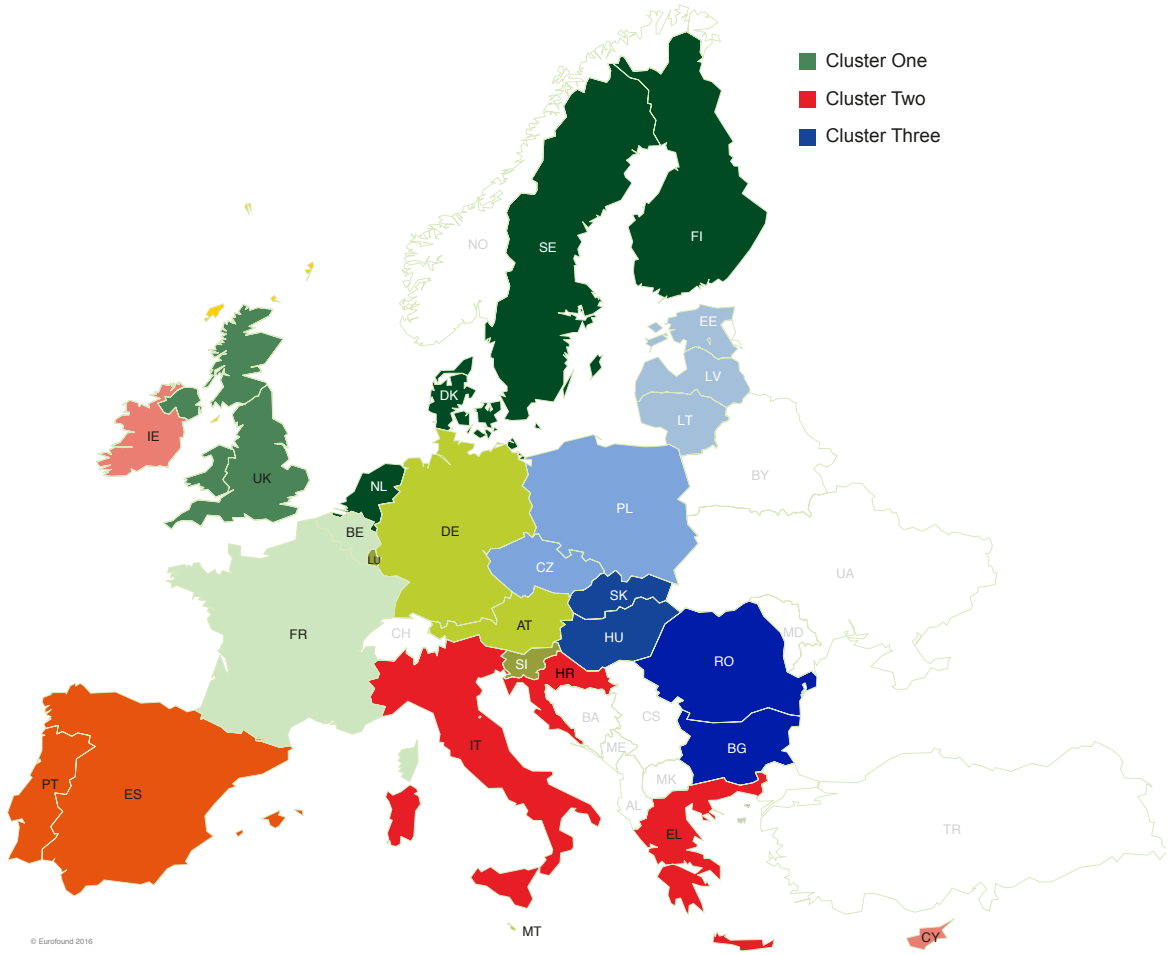
Figure 20: Composition of NEET populations aged 15–24 years at Member State level (2013)



Source: Eurostat, Eurofound elaboration.

On the basis of the descriptive analysis in the previous sections of this report, three distinct clusters of EU28 countries can be identified. Some heterogeneity is inevitably observed in each group; however, the countries in each group are more similar than dissimilar in terms of characteristics and dynamics. Figure 21 illustrates which countries belong to each of the three clusters; different shades of the same colour represent the degree of similarity among countries.

Figure 21: NEET population clusters across Europe, for people aged 15–24 (2013)



Note: Within each cluster, a similar intensity of shade indicates greater similarities between countries.
Source: Eurostat, Eurofound elaboration.

Cluster One

This cluster groups together mostly Nordic, western and continental countries (Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Slovenia, Sweden and the UK, along with Malta) (Figure 21, green shades). With a few exceptions, this country cluster is a mix of countries that have pursued flexicurity policies, countries with a dual educational system, and liberal economies. It brings together countries with the quickest and smoothest school-to-work transitions, and more generally similar dynamics in their transitions to adulthood (Eurofound, 2014).

Despite some heterogeneity, countries in Cluster One are characterised by a lower share of NEET rates (NEETs being found mainly among those with a low level of education) and by NEET populations that have a low share of long-term unemployed and discouraged workers. In particular, compared with a European average of 12.5%, the NEET rate of countries in this cluster ranges from 5.5% in the Netherlands to 12% in Belgium. The share of NEETs who are long-term unemployed or discouraged workers varies from 8% in Finland to 22% in France, far below the EU average of 28%. Conversely, the share of those NEETs in this cluster who are closer to the labour market or less vulnerable – re-entrants and the short-term unemployed – is higher than the EU average and ranges from 38% in

the Netherlands to 67% in Luxembourg. With some notable exceptions, in almost all the countries in this cluster the majority of NEETs are inactive and have a low level of education.

However, there is still some marked heterogeneity among these countries. In particular, gender composition appears strongly polarised. While, at EU level, the difference in NEET rates among young women and men is 0.4%, this share is 0.7% in the Netherlands, 1.7% in Germany, 2.4% in the UK and 3% in Malta. Conversely, it is less than -3% in Finland and in Luxembourg. This polarisation is also reflected by the share and composition of the group who are NEET due to family responsibilities: compared with the EU average of 14%, the size of this group is 17% in Austria and 20% in Germany and the UK. Finally, in some countries in this cluster, the share of those unavailable due to illness or disability is considerably above the EU average: 21% in the Netherlands, 18% in Denmark and Finland, and 14% in Austria and Sweden as against an EU average of 7%. This confirms that in most of the countries in this cluster, being NEET is driven not by structural barriers in accessing the labour market but mainly by additional disadvantages and family responsibilities.

Cluster Two

The second cluster is composed of the southern or Mediterranean countries of Croatia, Cyprus, Greece, Italy, Portugal and Spain, along with Ireland (Figure 21, red shades). The countries in this cluster have been hit very hard by the economic crisis or have the most problematic and delayed school-to-work transitions (Eurofound, 2014). With the exception of Portugal, whose NEET rate is slightly below the EU average, these countries have a high NEET rate, ranging from 15.2% in Ireland to 22.1% in Italy. The population of NEETs is characterised by a large share of long-term unemployed and discouraged workers. This ranges from 27% in Cyprus to 46% in Croatia. In all these countries, the share of those who are NEET due to illness or disability, or family responsibilities, is well below the EU average. With the exception of Spain and Portugal, the more highly educated are at higher risk of becoming NEETs. In Croatia, Cyprus and Greece, those with a tertiary level of education are most at risk of being NEET, while in Italy and Ireland the middle achievers are those at greatest risk. Only in Spain and Portugal are those with a low level of education most at risk of belonging to the NEET group.

In almost all countries in this cluster, the majority of NEETs are male. Croatia and Cyprus record the highest gender gap in Europe – the NEET rate is more than 5% higher among men than among women in Croatia, and almost 4% higher in Cyprus. Finally, the characteristics of this cluster point towards structural barriers to labour market access for young people, and challenges that hinder the successful transition of young people from school to work and in general to adulthood.

Cluster Three

This cluster groups the eastern European countries of Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia (Figure 21, blue shades). This cluster is more heterogeneous than Cluster Two, with the overall NEET rate ranging from 8% in the Czech Republic to 20% in Bulgaria; nevertheless, there are some common characteristics. In particular, despite the different size of the NEET population in practically all countries in this cluster, the share of young people who are NEET due to family responsibilities is well above the EU average, ranging from 23% in Lithuania to 44% in the Czech Republic.

With the exception of Estonia, in all these countries the majority of NEETs are young women. NEET rates for young women are higher than those for men in the Czech Republic, Hungary, and Romania

by 3%, by 2% in Bulgaria and by 1.5% in Latvia, against a European average of 0.4%. Those who have attained a middle level of education are the largest group in all this cluster's countries. While the gender dimension and family responsibilities are common drivers, Member States differ in how labour market factors affect the composition of the NEET population. In the Czech Republic, Latvia, Lithuania and Poland, the share of those closer to the labour market – re-entrants and short-term unemployed – is higher than the EU average. Conversely, the share of long-term unemployed and discouraged workers is well above the EU average in Bulgaria, Hungary, Romania and Slovakia.

Exploring the diversity of NEETs in the EU: Summary

The concept of NEET made a sudden appearance at the centre of EU policy discourse at the beginning of this decade. It has proved to be a very powerful tool in catalysing public opinion and focusing political attention on the multifaceted problems of young people in terms of labour market participation and social inclusion. It is probably the best proxy indicator for capturing the extent of young people's disadvantage, as it places particular populations – such as young mothers or young people with disabilities – at the centre of the policy debate, without marginalising them further under the label of 'inactive'.

Despite its being a very good indicator, concerns are sometimes raised about the possible misinterpretation of the term and its misuse as a label for only the most vulnerable and hard-to-reach young people. The concept's main limitation is the heterogeneity of the groups it captures and the consequences of this for policy-making (Eurofound, 2012). The current definition of NEET groups together a mix of vulnerable and non-vulnerable young people, each with their own characteristics and needs. This diversity must be taken into account when designing policies if they are to effectively re-integrate NEETs into the labour market and education. While governments and the EU rightly aim to reduce overall NEET rates, interventions need to be based on information about disaggregated subgroups of the NEET category so that their needs can be addressed.

Building on existing literature, this chapter proposes a disaggregation of the NEET indicator in seven sub-categories that can be analysed using data already available in the EU Labour Force Survey. The seven categories are:

- re-entrants who have already found a job or will re-enter education or training soon;
- the short-term unemployed;
- the long-term unemployed;
- those unavailable due to illness or disability;
- those unavailable due to family responsibilities;
- discouraged workers;
- those who are NEET for other unspecified reasons.

Data about the length of unemployment, the reasons given for not seeking employment or the reasons given why an individual cannot start work within the next two weeks are used to categorise the NEETs identified by the EU Labour Force Survey.

The analysis reveals that – on average in the EU28 – the largest category of NEETs aged 15–24 years is the short-term unemployed (29.8%), followed by the long-term unemployed (22%). Some 7.8% of

NEETs belong to the category of re-entrants. Those who are NEET due to family responsibilities account for 15.4%; those unavailable due to illness or disability, 6.8%; and discouraged workers, 5.8%. 'Others' account for 12.5% of NEETs.

While degree of vulnerability cannot be fully assessed using the data available, the analysis suggests that in the EU at least one-third of NEETs are at risk of social exclusion. This estimate is based on the widely held view that long-term disengagement from the labour market can be a driver of future poor employment outcomes and carries the risk of disengagement. Equally worrying is the matter of social inclusion of those who are NEET due to illness or disability. And while it is not possible to know whether those who are NEET due to family responsibilities have opted for this status or have been forced into it by circumstances, the almost entirely female composition of the group suggests there is room for policies that specifically support the labour market participation of young women.

Comparison of the composition of the NEET population among different Member States reveals its heterogeneity. However, building on similar clustering exercises performed by Eurofound in the past (Eurofound, 2012; 2014), three main clusters of countries can be identified.

The first cluster (Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, Malta, the Netherlands, Slovenia, Sweden and the UK) is composed largely of Nordic, western and continental countries and is characterised by low NEET rates with a very low share of long-term unemployed and discouraged workers and a larger share of short-term NEETs, young NEETs with disabilities and, in some case, NEETs with family responsibilities.

The second cluster is composed largely of southern and Mediterranean countries – Croatia, Cyprus, Greece, Italy, Portugal and Spain. Also present in the group is Ireland. Countries in this cluster are characterised by a higher NEET rate than the EU average and a high share of long-term unemployed and discouraged workers. Here, some structural barriers to young people's entry into the labour market persist.

Finally, the third cluster is composed of eastern European countries: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia. Despite marked differences in the size of their NEET rates, in all these countries the subgroup of those who are NEET due to family responsibilities is larger than the EU average; this correlates with the share of young women who are NEET. Some countries in this cluster also show more complex labour market dynamics, having a considerable share of long-term unemployed and discouraged workers.

3 Youth Guarantee – targeting NEET subgroups

In light of the sharp increase in youth unemployment and the proportion of NEETs during the most recent financial and economic crisis, policymakers have increasingly focused on re-engaging young people. For a number of years now, this policy focus has translated into a spectrum of policy measures that aim to generate greater participation of young people in education and employment.

Eurofound has already identified and grouped the measures that target young people along their pathway to employment (2012, p. 108). This categorisation has been a useful tool for: identifying important milestones for supporting young people on their way into the labour market; preventing early school leaving; re-integrating young people into education; facilitating school-to-work transitions; fostering young people's employability; and removing practical and logistical barriers to their employment. Set up in 2013, the European Youth Guarantee is now the most important policy framework in this sphere; it allows a re-evaluation of measures intended to assist young people to (re)enter employment, education or training.

This chapter describes the link between the Youth Guarantee and NEETs in more detail and explains the foundations of this policy framework and its relevance for NEETs. It then briefly highlights recent policy measures put in place under the Youth Guarantee. While not representative of all Member States' efforts to make the Youth Guarantee a reality, these policy measures are of special interest because they target specific subgroups of NEETs in line with the categorisation of the seven subgroups introduced in Chapter 2 of this report.

Youth Guarantee and NEETs

Conceived in 2013 and partially rolled out by 2014, the Youth Guarantee has since led to the creation and further development of activities intended to assist young people back into education, training or employment. As mentioned in the Council Recommendation establishing the Youth Guarantee, the aim of this policy is to ensure that all young people under the age of 25 receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education (Council of the European Union, 2013). The need for this new policy framework, which has been described as a Copernican revolution in the delivery of youth-centred policies (Mascherini, 2015), was made apparent by the emergence of the NEET issue.

The Council Recommendation on establishing a Youth Guarantee, for example, explicitly highlights the soaring incidence of NEETs in Europe and the high costs associated with this phenomenon. While the prevalence of NEETs in Europe has since slightly decreased, the high costs persist and previous Eurofound research estimates that the loss to European economies is around €162 billion a year.[10] This corresponds to 1.26% of the EU's annual GDP, an increase of almost €10 billion in comparison with 2011 (Eurofound, 2012; 2014). The prevalence of NEETs may also incur more far-reaching societal costs. Eurofound findings have highlighted issues such as young people's loss of trust in the institutions surrounding them, and their lack of political engagement and social participation (Eurofound, 2012). It was found that young people generally – and NEETs more specifically – participate considerably less in democratic and civic processes and that there is a real risk that young people will opt out of participation in civil society.

[10] Taking into account lost earnings and additional welfare spending, this is the estimated cost of having 14 million NEETs in Europe (Eurofound, 2014).

On an individual level, becoming NEET can be very challenging for young people. Other studies show that being NEET may affect both young people's future labour market status and income, and their social inclusion more generally (Arulampalam, 2001; O'Higgins, 2001; Dietrich, 2012). Long-term disengagement can be difficult for young people; research shows that they can deal relatively well with short spells of disengagement but may suffer lifelong consequences of protracted disengagement.

Against this background, the idea behind the Youth Guarantee is to fight unemployment among all young people, and especially among those not in employment, education or training. In many Member States, the Youth Guarantee implies a need for major reform of existing youth policies, while the main innovation and added value of the Youth Guarantee concept revolves around the following three dimensions.

Early activation: Early activation of young people within the four-month limit is intended to make sure young people are not stranded in inactivity and to help limit the potential scarring effect of long-term disengagement.

Short- and long-term interventions: Under the Youth Guarantee umbrella, immediate measures are combined with long-term reforms through partnerships among key stakeholders. This brings together educational providers, labour market actors, social partners and youth organisations to realign education, training (including VET) and PES provision to the long-term needs of young people, while also providing immediate solutions for fighting youth unemployment.

Personalised and integrated support: The approach is intended to offer personalised and integrated support for young people. Offers of a job, apprenticeship, traineeship or a place in further education, and any measures supporting young people on their pathway to re-entering employment, education or training, should be tailored to their individual needs.

In order to support Member States' Youth Guarantee implementation, funding of €6.4 billion from the Youth Employment Initiative (YEI) has been allocated to the initiative between 2014–2020, to be topped up by national resources. All Member States were required to provide a detailed overview of their planned measures in the form of national Youth Guarantee Implementation Plans.[11]

A range of approaches to Youth Guarantee delivery

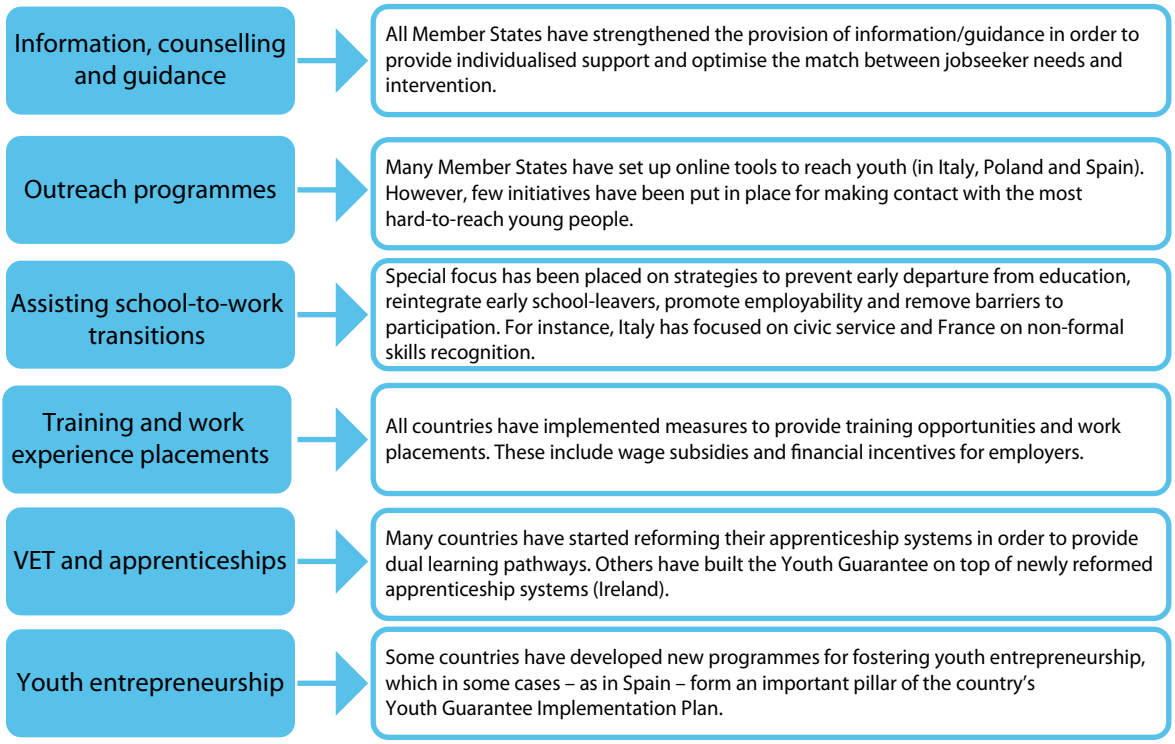
The Council Recommendation on establishing a Youth Guarantee states that this policy framework 'should be implemented by a scheme consisting of supportive measures, and should be geared to national, regional and local circumstances' (Council of the European Union, 2013). The Youth Guarantee is therefore not a 'one size fits all' approach and encourages Member States to take into account their different institutional set-ups, labour market and structural framework conditions and to follow their own trajectories in delivering it. Member States can tailor their interventions to their national, regional and local circumstances and, most importantly, their legal, political and financial frameworks.

A crucial factor is the heterogeneity of the NEETs population; this report disaggregates the population into seven subgroups (Chapter 2). The Youth Guarantee gives Member States the flexibility to provide measures that match the specific needs of their NEETs. Some Member States have chosen a more holistic approach, using the Youth Guarantee to improve links between labour market, education and VET measures, and youth policies and social policies more generally. Others have chosen a narrower approach predominantly focused on employment policies. An early assessment of the implementation of the Youth Guarantee reveals that, in many instances, Member States focus their efforts on job-

[11] More information on this is available at the *Youth Guarantee country by country* web page (European Commission, 2015c).

ready young people rather than more disadvantaged groups. The types of interventions detailed in Figure 23 have been set up or reinforced at Member State level under the Youth Guarantee.[12]

Figure 23: Different types of Youth Guarantee policies



Source: Eurofound, 2015.

Overview of policy measures that target NEET subgroups

In 2015, Eurofound's report on the social inclusion of young people looked in detail at the first year of the Youth Guarantee's implementation across 10 European Member states: Belgium, Bulgaria, Estonia, France, Greece, Italy, Ireland, Poland, Spain and the UK (Eurofound, 2015). The review found that some Member States are already offering measures which, to some degree, specifically target different NEET subgroups along the lines of the seven subgroups identified in Chapter 2 of this report. The most important concrete measures focus on the following groups:

- re-entrants into the labour market or education;
- short-term unemployed NEETs;
- long-term unemployed NEETs;
- unavailable due to illness or disability;
- unavailable due to family responsibilities;
- discouraged workers;
- other NEETs.

[12] See Eurofound (2015) for a more detailed analysis of early implementation of the Youth Guarantee; Chapter 3 of the report details the lessons learned from this experience.

Re-entrants into the labour market or education

This category of NEETs includes both young people re-entering employment and those re-entering education or training. Measures to prevent early school leaving, second-chance education programmes and support for return to education featured prominently in many national Youth Guarantee Implementation Plans.

In a number of countries, particularly Spain, early school-leaving is a serious problem leading to a lack of skills, qualifications and employment prospects. In response, Spain has put in place measures such as second chance programmes to help young people return to training. These measures will be further intensified under the Youth Guarantee framework, which builds on the Spanish Strategy for Youth Entrepreneurship and Employment. A recent example of a Spanish regional initiative in Extremadura is Plan 18–25, a joint initiative between the Employment Service and the Education and Culture Department. Young school leavers are offered the chance to study for a degree by attending adult classes.

Efforts to combat early school leaving and the provision of opportunities to re-enter the educational and training system or the labour market are also important issues for France. Here, targeted services for early school leavers combine three elements – career information, counselling and guidance. An online platform is part of the service embedded in the French system; this offers advice against early departure from school, a network for training, qualification and employment opportunities, an online application system and a dedicated website.

Short-term unemployed NEETs

One major finding of the Eurofound review of the Youth Guarantee's implementation was that because there were few efficient strategies for re-engaging long-term unemployed young people, the short-term unemployed were more likely to be reached by Youth Guarantee provisions. Many countries have focused their efforts on young people in short-term unemployment, and particularly on ensuring that school-to-work transitions run smoothly. In Estonia, for example, young NEETs receive support in securing their first job. Their first employer receives a wage-subsidy of up to 50% and is compensated for training costs in the first year of employment if the job is guaranteed for two years. Young people aged between 17 and 29 are eligible if they have been registered as unemployed for at least four months, and if they have little or no work experience and only primary, basic or general secondary education. Funding of €18.9 million has been allocated to this measure from the Estonian Unemployment Insurance Fund for the period 2015–2020.

In Finland, where Youth Guarantee provisions have been in place for a number of years, the eligibility criteria have been extended to young graduates up to the age of 30; previously, the guarantee only covered young people up to the age of 25. Accordingly, young people who graduated less than one year before registering with PES can take advantage of measures to help them make a smooth transition from education to the labour market. The Finnish Youth Guarantee has been widely praised and is credited with inspiring the Youth Guarantee initiative at European level. The extension of the eligibility criteria shows how Finland's programme is regularly updated in line with the requirements of young people.

Long-term unemployed NEETs

As previous Eurofound research has shown, young people can deal relatively well with short-term disengagement whereas protracted disengagement can become very problematic at both an individual and societal level (Eurofound, 2014). A number of Member States actively seek to re-engage long-term unemployed young people. To deal with those young people furthest from the labour market, some countries have chosen a focus on civil engagement and/or the recognition of informally acquired skills as a way to reconnect them with the world of work or education.

In Italy, young people between the ages of 18 and 28 can apply to regional offices of the so-called National Agency for Civic Services for information about civic engagement projects suggesting their own ideas for civic engagement projects. This agency's projects aim to help young people to build up their citizenship skills through developing their knowledge and awareness of different aspects of civil society. The providers of such services offer financial reimbursement to young people who take part in civil society initiatives for 12 months. At the end of that period, an accredited provider will receive an employment bonus if they decide to hire the young person.

In Ireland, it is recognised that the stock of unemployed young people, particularly the long-term jobless with lower educational attainment, is an important challenge for the Youth Guarantee. Ireland's Youth Guarantee builds on the Pathways to Work Initiative, which is available to all unemployed people, although it prioritises the long-term unemployed. Under the Youth Guarantee, a certain quota of Pathways to Work programme places are reserved for those below 25 years. Again, special focus is placed on both preventing and tackling long-term unemployment among the target group. The pilot projects from Ballymun in Dublin are frequently highlighted as good practice examples of implementation of the Youth Guarantee. As well as offering more general training and work experience, these projects have also engaged more intensively with those least likely to find employment.

Unavailable due to illness or disability

While some European countries have a good track record of providing tailored measures for the ill or disabled, it is only recently that young ill or disabled people have been more specifically targeted. Some national Youth Guarantee implementation plans now make special provision for these groups or extend provisions available to all young people specifically to young people with disabilities. In the German-speaking community in Belgium, for example, supported employment is specifically available for young jobseekers with disabilities. The Youth Guarantee Implementation Plan includes funding of €340,000 dedicated to supporting employment for young jobseekers with disabilities from this community.

In Greece, the Youth Guarantee includes measures through the PES for young people with disabilities. They include vocational training and special measures to improve the employability of young people with disabilities, who face a greater risk of social exclusion.

In Italy, financial incentives are offered to employers who convert apprenticeship contracts into permanent jobs for young people with disabilities in the targeted 15–29 years age group.

Unavailable due to family responsibilities

Young women are particularly affected by family responsibilities and this means they are more likely to become NEET because they are caring for family members, including children. Eurofound's report

on the gender employment gap (forthcoming, 2016) will provide a more strategic overview of the challenges of Europe's still-prevalent gender employment gap.

Initiatives to tackle the NEET issue, including Youth Guarantee measures, rarely refer either to gender issues or to a lack of labour market participation due to family responsibilities. However, a range of measures available to the general public do try to address related issues. Sweden, for example, has been running a successful scheme that provides public childcare and a child-raising allowance (*Vårdnadsbidrag*). According to a European Commission report on early childhood education and care, more than half of children aged under three attend formal childcare in Sweden (excluding registered childcare in the home), which is the third-highest rate in the EU28 (European Commission, 2014). More than half of these children are in childcare for 30 hours or more per week. A total of 95% of children aged between three and six years attend formal childcare. These figures are well above the EU's Barcelona Objectives for childcare provision (European Commission, 2013c) and the EU averages of 30% and 83% respectively.

Meanwhile, the UK has focused on giving working parents flexible working hours; since April 2014, the right of parents with young children to ask for flexible hours now extends to all employees. The aim is to encourage flexible working practices and help employees improve their work–life balance. All employees with at least six months' service can request flexible working, which includes job sharing, homeworking, part-time work, compressed hours, flexitime, annualised hours, staggered hours, or a phased retirement. Applications can only be rejected by employers for legitimate business reasons.

Discouraged workers

Given the cost savings associated with early intervention and the scarcity of financial resources for policy interventions following the most recent economic crisis, preventive measures to avoid discouragement of young workers also make sense from an economic perspective. To successfully deploy early interventions, there is a need for better targeting and collaboration between different stakeholders. This in turn can reduce the lifetime costs associated with NEET status. Tracking of at-risk populations is another important tool to allow public authorities to act in a timely manner to ensure that young people do not fall through safety nets. France, for example, has been experimenting with how to best re-integrate discouraged young people into training, education or the labour market. 'Ambitions' clubs target young people furthest from the labour market in a first step to increase their self-confidence before they are advised on job-search techniques and helped to identify their talents and competences. The service is organised in collaboration with local enterprises and focused on deprived urban neighbourhoods that are characterised by low educational attainment among young people.

In Poland, post-primary or post-secondary education scholarships have been made available for young people who have no vocational qualifications and are currently unemployed. At the same time, broader approaches involving young people furthest from the labour market are planned to further complement delivery of the Youth Guarantee in Poland. These include provisions aiming to do the following:

- develop social competencies, including those required in the labour market;
- increase active citizenship and a pro-social attitude among young people;
- increase young people's participation in the policy debate;
- develop a system that supports young people's initiatives.

Other NEETs

The last subgroup of young NEETs falls into the 'other NEETs' group. The group includes those who have yet to complete their education or military or civic service, those who have retired, and those who are NEET for reasons they have not formally specified or who have made no official statement of their economic status. However, due to the heterogeneity of this group, and the scattered nature of the programmes offered at national level, it is difficult to provide an overview of well-functioning measures for this category of NEETs. Despite the difficulties of understanding and defining this section of the NEET population, policymakers at local, regional and national level do need to understand who belongs to this group if they are to design and implement appropriate policy responses.

Youth Guarantee – targeting NEET subgroups: Summary

The Youth Guarantee, launched in 2013 and implemented the following year, states that all young people up to the age of 25 should receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education. This policy framework is partly a response to the high prevalence of NEETs in Europe and the heightened risk of poor labour market outcomes, social exclusion and long-term economic and social damage among this group.

The Council Recommendation on establishing a Youth Guarantee states 'The term "NEETs" covers various subgroups of young people with diverse needs'. Some Member States are already putting in place policies that recognise this. Knowing the size of each group may help Member States tailor policy measures and schemes to re-integrate young people into the labour market or education. This is especially important when designing measures that are part of the Youth Guarantee. Measures such as improved information, counselling and guidance services may help re-integrate the short-term unemployed, who are more likely to already be more job-ready, but different policy tools are needed for other subgroups. The long-term unemployed may require ad hoc measures that provide them with the experience and skills needed in the labour market; other measures may be needed to re-activate those who are discouraged. More social policy-oriented actions could address the needs of those who are unavailable due to illness or disability, and additional childcare and adult care services are needed to re-integrate young people who are NEET due to family responsibilities.

Due to the heterogeneity of Member States in terms of their NEET population (but also in terms of their institutional, political and financial frameworks), the Council of the European Union has encouraged countries to identify and follow their own trajectories in implementing the Youth Guarantee. As a result, comparing efforts made in terms of implementation has become more difficult, although there are some similar trends across the EU. Member States are already partly tailoring their interventions to target specific groups among their NEET populations. The Youth Guarantee policy seems to have further accelerated a trend of offering more targeted interventions, partly because Member States must design detailed national implementation plans outlining how they will meet the requirements of the Youth Guarantee.

Early evidence suggests that considerable efforts have been made to reintegrate some groups of NEETs, especially the short-term unemployed and re-entrants into education or the labour market. In many cases, Member States have included provisions that address young people who are NEET due to illness or disability. Despite these efforts, few measures currently focus on long-term youth

unemployment, a topic that Eurofound will look at in more detail over the course of 2016.[13] There also seems to be a lack of policy measures to specifically target NEETs who are not available for employment or education due to family responsibilities. A more general observation is that some Member States have tended to target job-ready young people with Youth Guarantee interventions rather than those furthest from the labour market. A pragmatic approach is understandable given the swift implementation of the Guarantee; however, Member States should pay special attention to providing a range of policies that target different groups of NEETs.

[13] An overview of long-term youth unemployment, including its determinants and effective policy measures to combat it, will be published by Eurofound in 2017.

Conclusions

The current economic crisis has hit young people and their employment prospects very hard. Although the situation has now improved, youth unemployment rates rose sharply in almost all EU Member States up to 2013, while the share of young people in employment has inexorably declined. Youth unemployment in Europe reached 5.5 million in 2013, the highest level ever recorded in the history of the EU and in the majority of Member States. There was widespread concern about the risk of a 'lost generation'. In response to this, and to better understand the vulnerability of young people and work out how to re-integrate them into the labour market, a new term entered the European policy arena: NEET, young people who are not in employment, education or training.

The concept of NEET first emerged in the UK in the late 1980s. As a consequence of changes in access to welfare provision for those aged 16–18 years, researchers and government officials started to develop new ways of estimating the prevalence of labour market vulnerability among young people. The term NEET (originally 'Status Zer0') was used to describe young people who, regardless of their educational level, were unemployed or inactive and who were not enrolled in any form of education or training.

While several Member States had already started to develop their own definitions, the term NEET began to be used in the European debate in 2010 when the Employment Committee agreed on a standardised indicator. The indicator was operationalised by Eurostat through the EU Labour Force Survey and then adopted by all Member States. Given the sense of urgency created by the economic crisis and its impact on young people, and with the increasingly limited relevance of traditional indicators for monitoring labour market participation, the term 'NEET' immediately became central to the policy arena. Re-integrating young people into the labour market and reducing NEET rates became important policy objectives of the European Commission; meanwhile, several calls for action were issued by the European Parliament and the Council of the European Union. Reducing the NEET rate is also one of the objectives of the Youth Guarantee, which aims to re-integrate young people into the labour market or education by making sure they have a good-quality offer of one or the other within four months of becoming unemployed or leaving education.

The term 'NEET' swiftly moved to the centre of EU political debates; it proved to be a powerful tool for focusing the attention of the public and policymakers on the problems of young people and the multifaceted nature of their vulnerabilities. In particular, the use of a concept like NEET forces researchers and policymakers to focus on all patterns of vulnerability among young people. The NEET concept and indicator proved to be a very good indicator for enhancing understanding of the additional vulnerability that young people face in respect to their labour market participation and social inclusion. NEET is probably the best proxy for measuring the extent of young people's disadvantage, as it integrates particular subgroups, such as young mothers and those with disabilities, into the policy debate rather than further marginalising them under the traditional 'inactive' label.

For this reason, the term NEET refers to a diverse and heterogeneous population; this diversity is at the same time an advantage and a limitation of the concept. While the population of NEETs is very easy to capture statistically, the term includes a wide range of subgroups, each with its own characteristics and needs, such as the 'conventionally' unemployed, as well as 'disengaged' young people.

While all NEETs share a status of not accumulating human capital through the formal channels of labour market and education, and are also more at risk of future poor employment outcomes, the heterogeneity of the NEET population has important consequences for policy responses. While

governments and social partners are correct in setting targets to reduce the overall NEET rate, interventions should also attempt to disaggregate the heterogeneous NEET categories to identify their various characteristics so that policies and initiatives can be tailored to their needs.

This report has sought to disentangle the heterogeneity of the NEET group and compare the composition of NEETs among Member States. Building on previous literature, and although limited by the problem of data availability, it proposes a disaggregation of the NEET population into the following seven subgroups:

- re-entrants in labour market or education;
- short term unemployed;
- long-term unemployed;
- discouraged workers;
- people with a disability;
- young people with family responsibilities;
- other NEETs for whom it is not possible to infer reasons for their NEET status.

This categorisation was applied to the data from the EU Labour Force Survey and results were computed for 2013. However, the same categorisation could be used in this way for every year for which there are data. This would make it possible to monitor the size of the various subgroups and to assess the effectiveness of policy interventions tailored for these subgroups.

The analysis reveals that, in the EU28, the largest group of NEETs aged 15–24 is composed of the short-term unemployed (29.8%); the next largest group is the long-term unemployed (22%). Some 7.8% of NEETs belong to the re-entrants' category and are therefore poised to leave the NEET category. Those who are NEET due to family responsibilities account for 15.4%. Around 6.8% are unavailable for work due to illness or disability; and approximately 5.8% of NEETs are discouraged workers. Finally, the remaining 12.5% fall into the 'other NEETs' category.

The degree of vulnerability of young people who are NEET cannot be fully ascertained with the data available. However, given that long-term disengagement from the labour market may be a driver of future poor employment outcomes and increases the risk of disengagement, the analysis indicates that in Europe at least one-third of NEETs are at greater risk of social exclusion. Of equal concern is the matter of the social inclusion of those who are NEET due to illness or disability. Moreover, while it is not possible to evaluate whether becoming NEET is voluntary or not, the category who are NEET due to family responsibilities is almost entirely composed of young women. This indicates there is room for better policy support for initiatives that foster the labour market participation of young women.

Alongside the heterogeneity of NEETs, the findings also reveal that Member States' NEET populations greatly differ in their composition. Grouping countries on the basis of similarities of characteristics of NEETs, three country clusters can be identified. The first cluster is composed of Nordic, western and continental countries, plus Malta, and is characterised by low NEET rates with a low share of long-term unemployed and discouraged workers. Countries in this cluster are characterised by a well-functioning Youth Guarantee and strongly developed dual educational systems, and are neo-liberal economies. Conversely, countries in the second cluster, made up of Mediterranean countries

and Ireland, have a high share of NEETs and a considerable share of long-term unemployed and discouraged workers. This cluster is composed of countries that have been hit very hard by the economic crisis or that have traditionally had problems ensuring smooth school-to-work transitions. Finally, the third cluster groups together eastern European Member States. While the size of NEET rates among these countries varies considerably, in all of them the group of those who are NEET because of family responsibilities is larger than the EU average, as is the share of young women who are NEET. Some countries in this cluster also show more complex labour market dynamics with a considerable share of long-term unemployed and discouraged workers.

The diverse composition of each Member State's NEET population reveals that different tools and initiatives are needed at country level to effectively reduce the NEET rate and re-integrate young people into the labour market and education. This confirms the direction indicated by the Recommendation of April 2013 in which the Council of the European Union invites Member States to implement the Youth Guarantee by tailoring reintegration interventions to their national, regional and local circumstances.

With the common target of reducing the NEET rate, the aim of the Youth Guarantee is to ensure that all young people under the age of 25 receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education. Through early activation and a personalised and integrated approach, the Youth Guarantee disaggregates the policy offer and aims to offer each NEET the measure most adapted to their needs – whether work, education or training.

While Member States have been making considerable efforts to deliver on the Youth Guarantee, some important challenges persist. This includes the fact that the majority of countries have focused their interventions on more job-ready young people rather than the young people most in need of assistance. Detailed understanding of the different subgroups that make up the NEET population can help policymakers identify the most vulnerable groups of young people, and assist them in designing and implementing a spectrum of policy measures that target those most in need of help.

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Annex 1: Operationalising the proposed categorisation

The NEET indicator has been disaggregated using the following five variables of the EU Labour Force Survey.

- Seeking employment during the previous four weeks – (SEEKWORK)
- Reasons for not looking for a job – (SEEKREAS)
- Availability to start job within two weeks (AVAIBLE)
- Reasons for not being available to start a job (AVAIREAS)
- Duration of unemployment (SEEKDUR)

Once the NEET population has been identified, the seven categories presented in Chapter 2 have been created as follows.

Short-term unemployed: those who are seeking employment and are available to start work within two weeks. The duration of unemployment is however below 12 months (SEEKWORK=4 and AVAIBLE=1 and SEEKDUR=0-4).

Long term unemployed: those who are seeking employment and are available to start work within two weeks. The duration of unemployment is however above 12 months (SEEKWORK=4 and AVAIBLE=1 and SEEKDUR=6-8).

Re-entrants: those who are not seeking employment as they have already found a job that will start soon (SEEKWORK=1-2); those who are not seeking employment and have not found any job (to begin at a later date) because they are awaiting recall to work or because of education and training (SEEKWORK=3 and SEEKREAD=1,5); those who are seeking employment but are not available to start because of education and training (SEEKWORK=4 and AVAIBLE=2 and AVAIREAS = 1).

Unavailable: those who are not seeking employment due to their own illness or disability, (SEEKWORK=3 and SEEKREAS=2) or who are seeking employment but are not available to start in two weeks due to their own illness or disability (SEEKWORK=4 and AVAIBLE=2 and AVAIREAS=5)

Family responsibilities: those who are not seeking employment because of looking after a child or an incapacitated adult or because of other personal or family responsibilities (SEEKWORK=3 and SEEKREAS=3,4). Those who are seeking employment but are not available to start within two weeks because of family responsibilities (including maternity) (SEEKWORK=4 and AVAIBLE=2 and AVAIREAS=4).

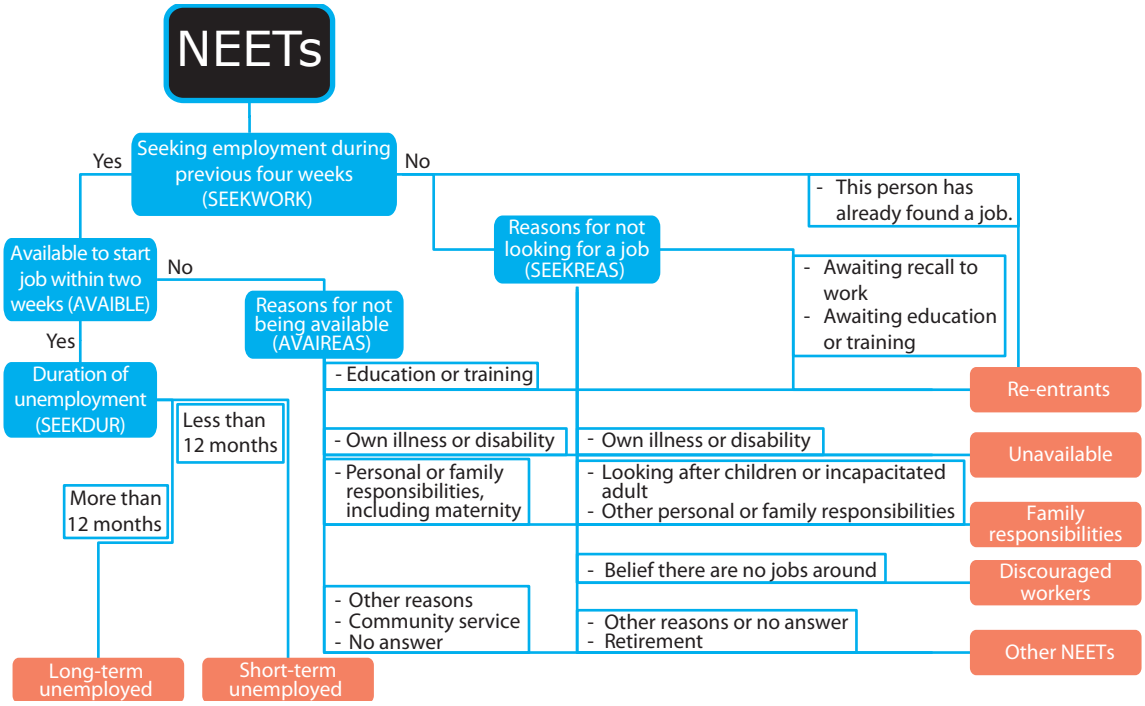
Discouraged workers: those who are not seeking employment because of the belief that no work is available (SEEKWORK=4 and SEEKREAS=7).

Other NEETs: those who are not seeking employment because of retirement or for reasons not specified (SEEKWORK=3 and SEEKREAS=6,8,-1). Those who are seeking employment but are not available to start because of reasons not specified or because of military service duties or enagement in civic community services (SEEKWORK=4 and AVAIBLE=2 and AVAIREAS=-1,6,2).

After this step was completed, a second quality check was performed to deal with some exceptions encountered. For example, when possible, the variable AVAIREAS was used to infer the reason of being NEET for those who are not available for work, are not seeking employment but did not specify

the reason for not seeking employment. A quality check was also performed for those unemployed people who did not specify the duration of their unemployment.

Figure A1: Operationalisation of the disaggregation of the NEET indicator



Source: Eurostat, EU Labour Force Survey.

Annex 2: Country fiches

Country fiches are available on the Eurofound website at
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The concept of NEET (young people not in employment, education or training) has, since 2010, been widely used as a tool to inform youth-oriented policies in the 28 Member States of the European Union. While it has been a valuable addition to more traditional indicators used to understand the economic and social vulnerability of young people and their labour market participation, it has often been criticised because of the heterogeneity of the population it captures. This report explores the diversity of NEETs and suggests seven subgroups into which the NEET population can be disaggregated using data routinely collected for the EU Labour Force Survey. Through analysis of the data for each of these subgroups, it offers a contemporary overview of the composition of the NEET population, both at EU28 level and in each Member State. It is hoped this information will help policymakers more precisely target interventions intended to ease young people's engagement with the world of work and training.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75, to contribute to the planning and design of better living and working conditions in Europe.

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