

August 2024

Left Behind or Opting Out?

Fact Sheet NEETs 2024 in Germany "Not in Education, Employment or Training"

Caroline Schnelle and Clemens Wieland

Introduction

Germany's apprenticeship market is facing unprecedented challenges: by the end of 2023, a recordbreaking 70,000 apprenticeship positions remained vacant. And this figure only accounts for positions reported to the Federal Employment Agency; the actual number of unfilled positions is likely higher. At the same time, the number of young people who, for various reasons, were unable to secure an apprenticeship has also increased. Particularly concerning is the current rate of unskilled workers: nearly one in five individuals aged 20 to 34 lacks a vocational qualification. This trend is alarming, as it threatens both the future prospects of these young people and exacerbates the growing skills shortage.

In response to this development, we conducted an empirical analysis of the phenomenon in 2023, the findings of which were presented in our report "Fact Sheet NEETs". As indicated by the statistics on the apprenticeship market, NEETs has become an increasingly relevant issue, not less. Therefore, we present a new edition of the report featuring updated statistics and comprehensive background information, including the NEET rate trajectories of other countries.

To develop effective solutions, it's crucial to investigate the root causes of this trajectory. However, such inquiries often risk becoming one-sided or oversimplified, failing to capture the complexity of the situation. For instance, last summer, the term NEETs – an acronym for "Not in Employment, Education or Training" – gained traction in media and politics. Unfortunately, the term quickly turned into a catch-all accusatory reference to today's youth, suggesting they prefer to "hang out" rather than pursue an education or job.

Federal Ministry of Education and Research (BMBF; 2024). Berufsbildungsbericht 2024. (Most recently accessed on May 22, 2024)

Concept and delimitations

The NEET phenomenon is not new. It was first introduced as a concept in the United Kingdom in the 1990s and has since gained global usage. However, as a unit of analysis, NEET is highly problematic because it lumps together distinct categories of people with only marginal overlap between them. A NEET could be a young person looking for a job after completing their studies or vocational training, someone taking a "gap year" before starting their career, or a demotivated individual who has withdrawn from the job market. Often, but not always, NEET is associated with the latter category alone.

To understand the NEET phenomenon, it is essential to examine the various NEET subgroups, which can be roughly divided into four categories (Figure 1). The first category includes individuals who are temporarily or permanently unable to work, such as those affected by physical or mental illness or those engaged in caregiving responsibilities outside of employment. Depending on the extent of their care work, these individuals could also fall into the second or third categories: those who are potentially employable and seeking work or those who are potentially employable and looking for an ap-

prenticeship or university slot. These categories include individuals who want to leave their NEET status, such as recent graduates entering the job market or those between jobs. The fourth category comprises individuals who are potentially employable but not currently seeking work, perhaps due to taking a gap year after finishing school or withdrawing from the workforce out of frustration.

The diagram of the different types of NEETs illustrates the heterogeneity of this group. Individuals classified as NEET can be in vastly different life situations. The NEET rate should be distinguished from the youth unemployment rate, which only includes those registered as unemployed with the Federal Employment Agency and who are potentially employable. Thus, there is an overlap between youth unemployment and NEETs (see also Figure 3), but they are not identical. Another relevant metric is the rate of unskilled workers, which describes the proportion of young people without a formal vocational qualification, such as a completed apprenticeship or university degree. Unskilled individuals can fall under any of the four NEET subgroups, but not all NEETs are unskilled, nor are all unskilled individuals NEETs.

FIGURE 1 The "NEET" categories

Not employable, Employable and seeking work, e.g., due to illness or e.g., after completing education fulltime care work "NEET" Not in Employment, **Education or Training Employable and not Employable and looking for** an apprenticeship or seeking work, university slot, e.g. due to a gab year or lack of orientation e.g., after leaving school

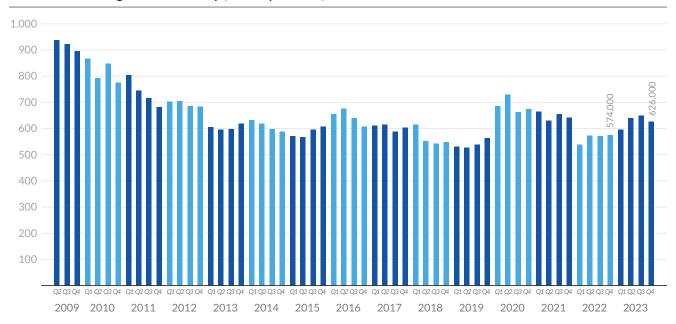
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NEET trends in 2024: Economic downturn leads to an increase

Eurostat, the statistical office of the European Union, provides an overview of the current NEET situation. Figure 2 shows the number of NEETs aged 15 to 24 and their share among the same age group. NEETs are defined as young people who have not been in education, training, or any form of employment for at least four weeks. As the figure illustrates, both the absolute and relative numbers of NEETs have decreased over the long term, spanning the past 15 years. In the fourth quarter of 2023, there were about 626,000 NEETs in Germany, making up 7.4% of the population aged 15 to 24. Fifteen years earlier, in 2009, there were 920,000 NEETs, which accounted for 9.8% of those aged 15 to 24 – approximately 2.4 percentage points higher than the current rate.

Figure 2 also shows that the decline in NEET numbers has not been linear. Temporary spikes occurred during the Syrian refugee crisis in 2016 and the COVID-19 pandemic in 2020/21. These spikes alternated with phases of decline, leading to lower NEET numbers over the long term. However, a short-term increase has been observed in the last two years: after NEET numbers decreased in the first quarter of 2022 (538,000 NEETs or 6.5%), they rose by 88,000 NEETs or 0.9 percentage points by the fourth quarter of 2023. This recent rise in NEET numbers coincides with a prolonged weak phase in the German economy.

FIGURE 2 NEET figures in Germany (15-24 year olds)



Source: Eurostat (2024). Table "Young people neither in employment nor in education and training (NEET), by sex and age – quarterly data," (most recently accessed on May 6, 2024)

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NEET rates in international comparison

Despite the recent increase, Germany's NEET rate remains in the lower third of European countries. Figure 3 provides an overview of the trend from 2022 to 2023. It shows that the NEET numbers have risen across much of the European Economic Area.

Who are the NEETs?

In Germany in 2023, there are approximately 626,000 NEETs aged 15 to 24, distributed across the four categories described in Figure 1. The proportion is slightly higher among young women (7.7%) than young men (7.2%).2 NEETs are more common in urban areas than in rural ones, with 8.1% in cities compared to 5.0% in the countryside.3 A significant disparity is also evident in educational levels: the highest NEET rate is among those with low or no school qualifications (8.8%, corresponding to ISCED-2011 levels 0-2), while those with higher education, such as a master's degree or university degree, have the lowest NEET rate (4.8%, corresponding to ISCED-2011 levels 5-8).4 Health conditions also play a crucial role: among those with severe health impairments or disabilities, the NEET rate reaches 40.8% (2022).5

One particularly challenging NEET subgroup for researchers includes those who have completely withdrawn from the system due to frustration, disorientation, and other factors, and do not seek any advisory support. The Rheingold Institute, commissioned by Joblinge gAG FrankfurtRheinMain (2023),6 successfully engaged 38 NEETs without completed vocational train-

ing or contact with the Federal Employment Agency or vocational training providers for a study. Through qualitative interviews and workshops, the study explored their life circumstances and personal attitudes, identifying six characteristic patterns. These patterns include low self-esteem, social anxiety, disrupted family relationships, and psychological trauma. At the same time, some NEETs in this subgroup have unrealistic career expectations, inflated self-perceptions, or prefer to maintain a comfortable status quo, often at home.

International research on NEETs shows that these attitudes often stem from growing up in an environment marked by socioeconomic disadvantage. For example, a literature review by Rahmani and Groot (2023)⁷ identified recurring factors associated with NEET status. One key factor is parental influence: children of unemployed, low-income, or single parents are at higher risk of becoming NEETs. These children often have fewer opportunities for social participation and underdeveloped expectations regarding their competencies and career potential, which results in lower self-esteem and self-efficacy.

Parental support is also a practical aspect of career guidance for young people. A youth survey by the Bertelsmann Stiftung (2024)⁸ showed that parents remain the most crucial support in finding an apprenticeship, with three-quarters of respondents receiving parental help. Friends, career advisers at the Federal Employment Agency, schools, and other relatives were each mentioned by only a third of respondents. Those who lack parental support are missing out on a critical element of career orientation.

Eurostat (2024). Young people neither in employment nor in education and training by sex, age, country of birth and NUTS 2 regions (NEET rates) (Most recently accessed on May 6, 2024).

Eurostat (2024). Young people neither in employment nor in education and training by sex, age, country of birth and NUTS 2 regions (NEET rates) (Most recently accessed on May 6, 2024).

Eurostat (2024). Young people neither in employment nor in education and training by sex, age, country of birth and NUTS 2 regions (NEET rates) (Most recently accessed on May 7, 2024).

⁵ Eurostat (2024). Young people neither in employment nor in education and training by sex, age, country of birth and NUTS 2 regions (activity limitation) (Most recently accessed on May 7, 2024).

⁶ Rheingold Institute (2023). <u>Jugend im Standby – Was braucht sie für den Schritt in eine Ausbildung?</u> Frankfurt am Main: Joblinge gAG.

Rahmani, H., & Groot, W. (2023). Risk Factors of Being a Youth Not in Education, Employment or Training (NEET): A Scoping Review. International Journal of Educational Research 120 (102198). https://doi.org/10.1016/j.ijer.2023.102198.

Barlovic, I., Ullrich, D., and Wieland, C. (2024). <u>Ausbildungsperspektiven 2024 – Eine repräsentative Befragung von Jugendlichen</u>. Gütersloh: Bertelsmann Stiftung.

FIGURE 3 Share of NEETS (15-24 year olds) among same age groups across Europe (2022 and 2023,%)

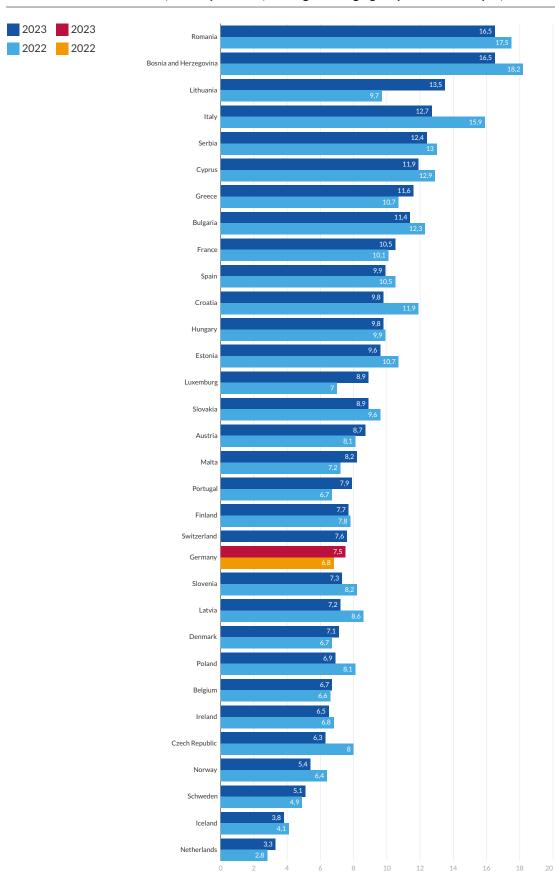
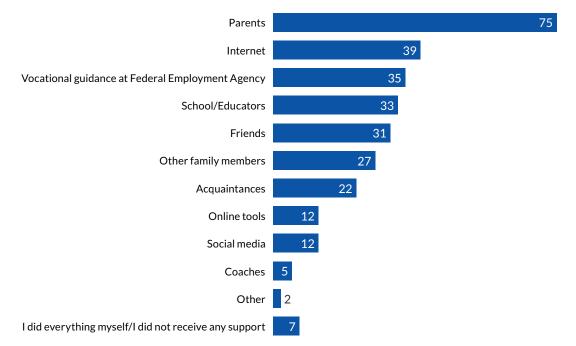


FIGURE 4 Sources of support when seeking an apprenticeship

"When you were looking for an apprenticeship, who provided you with support?"



Data base: n=775, ages 14 to 25, participants who are looking for an apprenticeship/have found an apprenticeship/are currently apprentices/have completed an apprenticeship, or are currently students at a vocational school

Source: Barlovic, I., Ullrich, D., & Wieland, C. (2024). Ausbildungsperspektiven 2024 – Eine repräsentative Befragung von Jugendlichen, Gütersloh: Bertelsmann Stiftung

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Insights and Outlook

NEETs are not a new phenomenon. They represent a statistical construct that garners media attention, particularly during times of skills shortages, apprenticeship vacancies, and rising rates of unskilled workers. The problematic subgroup includes young people with poor prospects, unsuccessful apprenticeship applicants, unskilled individuals, and those who have simply withdrawn due to a broad range of difficulties. Focusing on these target groups is essential, and the increased attention to NEETs is a positive development in this context.

Addressing vulnerable target groups is crucial because public perception mainly focuses on skills shortages and unfilled apprenticeship positions. This concern is justified, as increasingly more apprenticeship positions remain vacant: the latest vocational training report cites more than 87,000 unfilled positions, while approx-

imately 26,000 applicants did not secure an apprenticeship (BIBB 2024). Additionally, the percentage of unskilled workers continues to rise at an alarming rate year after year. Most recently, 19.1% of 20 to 34-year-olds had no vocational qualification whatsoever. The situation is even more dire when considering school-leaving qualifications: over one-third of young people with only a lower secondary school certificate (Haupt-schulabschluss) between 20 and 34 years old lack a professional qualification. This figure rises to three-quarters among those without a lower secondary school certificate.

NEETs are a very heterogeneous group, both in terms of their age and their life situations. Measures to reduce NEET numbers cannot target the entire group uniformly. In conclusion, and without any claim to cover all potential options, here are a few suggestions for targeted approaches:

Education: Invest early in prevention

Within the school system, the focus should be on the early identification of at-risk children and efforts to support their development. Teachers should be empowered to recognize risk factors early on and provide guidance and support. Collaboration with school social workers, psychologists, and social pedagogy professionals in multidisciplinary teams can help provide at-risk students with holistic support. High-quality, flexible full-day school programs can offer learning and experiential opportunities, including practical career orientation. During the transition from school to post-secondary education or employment, the systematic exchange of data between states and the Federal Employment Agency is crucial to ensure that young people without concrete career prospects remain within the system. While the legal basis for data exchange has been established, its implementation varies widely across the 16 German states.9

Vocational Education and Training: Creating opportunities for everyone!

In the field of vocational education and training, the goal is to provide as many young people as possible with the opportunity for an apprenticeship and support them along the way. The German government has introduced an apprenticeship guarantee in 2023 to achieve this, which is a positive step in principle. However, there are concerns about whether the measures involved will effectively address the problem.

The law includes the support for internships targeting vocational orientation, mobility grants for apprentices, and entry-level qualifications. While these are sensible measures, they are not entirely new. Furthermore, they are only indirectly related to the core idea of the apprenticeship guarantee: the guaranteed provision of training opportunities for young people who have not secured an apprenticeship. The law does

include non-company-based training opportunities, which are essential to achieving the government's goal. However, they are limited to specific underserved regions. As noted by Germany's network for youth social work (Kooperationsverbund Jugendsozialarbeit), the law "essentially focuses on the supply side of the apprenticeship market and not on the life situation of young people." ¹⁰

In other words, a significant improvement in transitions requires a sufficient number of apprenticeship positions. An effective framework must offer flexible, continuous, individualized support during the school-to-work transition, an aspect only partially addressed in the current legislation. It remains to be seen whether this "scaled-down" version of an apprenticeship guarantee will effectively reduce the number of unplaced young people – a key NEET risk group.

Continuing education: Step-by-step to a vocational qualification through partial qualifications!

Studies show that qualification-oriented continuing education programs, such as partial qualifications, significantly improve employment prospects. These measures are particularly relevant for NEETs who are unskilled and whose life situations do not allow them to participate in a regular apprenticeship. Partial qualifications last two to six months and can be highly effective in motivating young adults whose previous experiences with education and the labor market have been marked by failure. They offer a structured pathway to gradually build skills and confidence.

The goal of partial qualifications should always be the gradual acquisition of a full vocational qualification. Through partial qualifications, individuals without vocational qualifications can progressively advance from assistant roles to skilled positions, eventually qualifying for all job opportunities in an occupation by completing a full vocational qualification.¹¹

Frankfurter Rundschau (Sept. 8, 2023). Ohne Abschluss verschwunden (Most recently accessed on Aug. 10, 2023).

Kooperationsverbund Jugendsozialarbeit (2023). <u>Zwischenruf</u> – <u>Ausbildungsgarantie deutlich verbessern, p. 3</u> (Most recently accessed on August 10, 2023).

See Noack, M., & Müller, J. (2023). Mehr Fachkräfte in jeder Region. Bertelsmann Stiftung (ed.) Gütersloh (Most recently accessed on August 10, 2023).

Imprint

© Bertelsmann Stiftung, Gütersloh

August 2024

Publisher

Bertelsmann Stiftung

Carl-Bertelsmann-Straße 256 | D-33311 Gütersloh

www.bertelsmann-stiftung.de

Picture Credits

Cover photo: © Valeska Achenbach, edited

Layout

VISIO Kommunikation GmbH, Bielefeld

Translation

Barbara Serfozo, Berlin

Authors

Caroline Schnelle, Project Manager

Phone: +49 5241 81-81201

caroline.schnelle@bertelsmann-stiftung.de

Clemens Wieland, Senior Expert

Phone: +49 5241 81-81352

clemens.wieland@bertelsmann-stiftung.de

Suggested citation: Schnelle, Caroline; Wieland,

Clemens (2024): Left Behind or Opting Out? Fact Sheet

NEETs 2024 in Germany. Gütersloh: Bertelsmann

Stiftung. Available online at: www.chance-ausbildung.de/

Factsheet-NEETs-2024