

## Guest Editorial

In 1982, Wolfgang Franz published his treatise on youth unemployment starting with the sentence: “One of the major labor market problems during the 1970’s was constituted by the relatively high and increasing rate of unemployment of young persons relative to adult members of the labor force.” Nowadays, in a number of European economies youth unemployment has increased again to unexpected and unwanted levels. It has become one of the pressing labor market problems that many countries are currently facing, not only Greece or Spain, where youth unemployment rates are higher than 50 percent, but also France, Portugal, Italy and other European countries where it exceeds 20 percent. Youth unemployment can result in a permanent reduction of individual human capital and earnings and in a rise of poverty, violence and social inequality to undesired levels.

This special issue involves a collection of current research and new findings. The goal of the special issue is to improve our understanding of the determinants and economic consequences of youth unemployment and to discuss implications for policies to combat youth unemployment.

Specifically, the contributions to this special issue deal with

- (i) the determinants of youth unemployment such as the role of institutions and family background,
- (ii) issues related to early career labor market transitions and finally
- (iii) the consequences of youth unemployment.

Investigating the (i) determinants of youth unemployment, Mäder, Müller, Riphahn and Schwientek (2015) examine the intergenerational association between the unemployment experiences of fathers and their sons. Their innovative study is based on German survey data that cover the last decades. In agreement with a still small international literature they do not find a positive causal effect for intergenerational unemployment transmission. Their results therefore suggest that improving the employment situation of adults will presumably not reduce youth unemployment. Cabane and Lechner (2015) survey the literature on the determinants of participation in sports or physical exercise and possible beneficial effects of sports on labor market and health related outcomes. The authors show that there appears to be a consensus in the literature that individual leisure sports participation and physical activity have mainly positive effects not only on employment, but also on health, life satisfaction and earnings. Sachs and Smolny (2015) investigate the role of labor market institutions for youth unemployment, as contrasted to total unemployment based on data for seventeen OECD countries from 1982 to 2005. According to their empirical findings, employment protection for regular jobs and the combined effects of powerful unions with coordinated wage bargaining tend to increase youth relative to adult unemployment rates.

Regarding (ii) early career labor market transitions, Mohrenweiser and Zwick (2015) analyze the risk of unemployment, unemployment duration and the risk of long-term unemployment immediately after apprenticeship graduation. They show that individual productivity assessment of the training firm, initial selection into high reputation firms and occupations, and adverse selection of employer moving graduates are correlated with unemployment after apprenticeship graduation. Fitzenberger and Lickleder (2015) study the first transition after graduation for students from lower track secondary schools, based on data from repeated surveys conducted in the city of Freiburg. In their samples only 10 percent of students start an apprenticeship immediately after graduation. The majority of students with poor school grades continue with pre-vocational training, while students with good grades chose higher schooling. The authors conclude that career guidance programmes should not

focus solely on the immediate start of an apprenticeship after graduation. Mohrenweiser and Pfeiffer (2015) investigate whether a programme that supports firms to train disadvantaged youth can reduce recruiting difficulties in apprentice training firms. Based on unique firm-level data from the metal and electronic industry in Baden-Württemberg from 2010 to 2013, they apply instrumental variable and difference-in-differences estimations and their findings do not show a significant short-term causal impact of the programme. Although the investigated programme did not reduce recruitment difficulties in apprentice training firms it helped the disadvantaged youth to find a job.

Exploring (iii) the consequences of youth unemployment, Möller and Umkehrer (2015) analyze potential scarring effects from early career unemployment. Based on large-scale German administrative data, the authors follow young workers' labor market careers after the completion of apprenticeship training over a period of 24 years. Overall, the study establishes non-negligible long term effects of youth unemployment on later earnings, which are particularly pronounced among those at the bottom of the earnings distribution. Finally, Tertilt and van den Berg (2015) address the association between individual unemployment and the propensity of being subject to violence among young women. Based on Swedish health care register data, the authors demonstrate that female victimization is more prevalent among unemployed women as compared to their employed counterparts. Their study suggests that much of the established difference may be attributed to a higher prevalence of non-domestic violence and long-run abuse among unemployed female youths.

The authors dedicate their peer-reviewed contributions to their colleague, mentor, and/or friend Wolfgang Franz on the occasion of his 70th birthday, on January 7th 2014. While Wolfgang Franz has made contributions to many aspects of empirical labor market research, much of his early career work – including his habilitation thesis, the 1982 treatise on youth unemployment – dealt with youth unemployment. Wolfgang Franz' outstanding interest in the subject along with the high relevance makes the overall theme of this special issue an excellent choice for a tribute to his scientific achievements.

We thank the Centre for European Economic Research (ZEW), Mannheim – especially Clemens Fuest and Thomas Kohl – for their initiative and support in hosting the Symposium on “Determinants and Economic Consequences of Youth Unemployment at the Beginning of the 21st Century” on January 17th 2014, where the articles in this issue were presented and discussed. The seminal contribution of Wolfgang Franz and its lasting relevance in our discipline should encourage young colleagues to never stop struggling for excellent research.

## References

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*Bernd Fitzenberger*  
*Nicole Görtzgen*  
*Friedhelm Pfeiffer*