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First Findings from Employer Interviews

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Work Package 4, Task 4.1: In-depth studies of employers' recruitment strategies and decisions

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The project involves researchers from eight EU Member States and two Associated Countries: Austria, Czech Republic, Denmark, Germany, Hungary, Italy, Spain, Switzerland, Turkey and the United Kingdom.

Further information on the project is available online <http://cupesse.eu/>

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Table of Contents

1	ABSTRACT.....	4
2	INTRODUCTION.....	4
3	PREVIOUS FINDINGS AND AIMS OF THE EMPLOYER INTERVIEWS.....	4
4	THE GERMAN CONTEXT.....	7
5	DATA AND METHODS.....	8
6	FIRST RESULTS.....	8
6.1	Recruiting process.....	8
6.2	Selection procedure.....	9
6.3	Selection criteria.....	10
6.4	Mismatch between employer demand and employee supply.....	14
6.5	Young vs. older applicants.....	15
7	CONCLUSION.....	16
8	INTERVIEW GUIDELINES.....	18
9	LITERATURE.....	21
10	APPENDIX.....	23
	EXECUTIVE SUMMARY OF THE CUPESSE PROJECT.....	25

Figures

Figure 1: Percentage of young German unemployed 2007-2015, by sex and age.....	7
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Appendix

Appendix 1: Description of Interviewees.....	23
Appendix 2: Youth unemployment by gender, age and level of education in percent (2007-2015)....	24

1 Abstract

Task 4.1 of the CUPESSE project is to understand the importance of *hard skills* and *soft skills* for employers' recruitment decisions – especially when hiring young employees aged 18-35. In this aim, qualitative interviews (i.e., expert interviews with those responsible for hiring new personnel in small, medium-sized and large firms) have been carried out to better understand which and to what extent hard and soft skills matter for employer' recruitment strategies and decisions. As the lead partner of this task, we developed an interview guideline (see section 8) and carried out nine interviews in Germany. The interviews were carried out by master students from the University of Heidelberg taking a course in “Corporate Social Responsibility” taught by Prof. Jale Tosun. This working paper presents the central results of this case study.

2 Introduction

Young individuals' labour market participation constitutes the foundation of becoming economically self-sufficient and successfully transitioning to adulthood. Therefore, the CUPESSE-project - comprising a multi-disciplinary research team from across Europe - aims to understand the complex processes underlying the employment of young people in Europe. A key aspect hereby is the matching process of employers and employees. This matching process takes place in a context of asymmetric information. More specifically, given employers' imperfect information of an applicant's skills, knowledge and attitudes, they have to rely on potential signals of productivity when recruiting new employees. The aim of this case study on German recruiting practices is to give insights into employers' preferences regarding the employability of a potential applicant, in particular on the relative importance of soft skills, hard skills and work experience.

3 Previous findings and aims of the employer interviews

Generally speaking, it is well-established that hiring processes differ between businesses, industry sectors and occupations, and depend on the size of the company and its geographical location (Bartram et al., 1995). Additionally, recruitment processes can be categorized into **formalized recruitment processes**, where employers have a clear procedure, and **informal recruitment processes**, where there is no predefined recruitment method (Zibarras and Woods, 2010). At the same time, employers themselves cannot be considered a homogeneous group (Stasz, 1997). Rather, every employer has his or her own interests, desires, motivations and perspectives on the issues related to hiring new employees (Gleeson and Keep, 2004).

Given these circumstances, employers are forced to make recruiting decisions in a **context of asymmetric information**. “The employer, in most hiring situations, is uncertain about the productive capabilities of the job applicant prior to hiring him, and usually for some period of time after hiring. Hiring is investing under uncertainty” (Spence, 1974:2). As such, employers aim to reduce the risk of recruiting an employee who does not fit the employers' expectations, is not motivated, or is not productive (Akerlof, 1970). They do so by relying on supposed signals of productivity, such as educational credentials, age, gender as well as previous experience with different combinations thereof. Against this background, this case study aims to investigate which signals employers use for their recruiting decisions, and especially how they weigh their relative importance.

The concept of **employability** is central for the research questions of our case study. Hillage and Pollard (1998) define this concept by writing: “In simple terms, employability is about being capable of getting and keeping fulfilling work. (...) For the individual, employability depends on the knowledge, skills and attitudes they possess, the way they use those assets and present them to employers and the context (e.g. personal circumstances and labour market environment) within which they seek work” (Hillage and Pollard, 1998:2). Arguably, relevant skills include three ‘core components’: **hard skills**, **soft skills** and **prior work experience** (Andrews and Higson, 2008). The relative importance of these ‘core components’ is at the center of this case study. Yet it is difficult to identify and articulate the differences between soft and hard skills (Andrews and Higson, 2008). Nonetheless, in order to present an overall definition, one can define **hard skills** as possessing a required diploma and specific skills in operating equipment or processing data, whereas **soft skills** can be differentiated as “intra-personal skills such as one’s ability to manage oneself as well as interpersonal skills such as how one handles one’s interactions with others” (Laker and Powell, 2011:112). In our study, we are especially interested in how employers define soft and hard skills and what exactly they are looking for when hiring young applicants.

Keeping the concept of employability in mind, another key question is what role educational credentials play in recruitment. Since our focus is on young adults, most of them are labour market entrants. Therefore, **the role of education** will be a central aspect in the recruitment decision, as it is the main resource of young employees and the only signal of productivity for potential employers. The question thus arises of how much employers generally rely on educational credentials. Saar et al. found that employers in all sectors use educational credentials as a screening device to “separate the wheat from the chaff” (Saar et al., 2013:16). They help employers reduce their recruitment transaction costs and provide a sorting device for reducing the number of applicants to consider or interview (Keep and James, 2010). However, the high importance attributed to educational credentials directly translates into a hiring disadvantage for applicants with lower levels of education, even though they might still be very productive in other terms (e.g. motivation, soft skills, etc.).

A possible explanation for this disadvantage, which causes a difficult labour market situation for low skilled applicants, is provided by the matching model. This model differentiates between **structural** and **cyclical crowding out**. “While in the former scenario low educated become increasingly unemployed due to an oversupply of tertiary graduates and displacement from above, in the latter their relative unemployment risk varies with the business cycle” (Klein, 2015:110). In line with this model, the highest unemployment rates are observed among the low educated (see Appendix 2).

The aforementioned aspects have been the object of investigation in previous quantitative studies that focus on applicants and their skills. For example, Behrenz's study, based on 785 telephone-interviews with Swedish employers, found out that “characteristics guiding first elimination of applicants (are) too little experience (62,5%) and too little education (55,8%)” (Behrenz, 2001:269f.). Since these two selection criteria can be categorized as hard skills, the question arises: what is the relation between hard and soft skills in the recruitment process? A study by the Confederation of British Industry answers this question numerically way by saying: “Typically employers say they view recruitment as an ‘80/20-type rule’ – 20% being the hard skills and 80% the soft skills” (Confederation of British Industry, 2007:13). But what kind of personality is relevant for employers? As there is no generally accepted set of important soft skills, we can only look at specific studies.

Bartram et al. found that the characteristics ranked as ‘highly important’ are honesty and integrity, conscientiousness, interest in the work and general personality (Bartram et al., 1995:349).

To the best of our knowledge, studies focusing on young employees are rare and mostly focus on highly educated applicants. Examples include the ‘Eurobarometer’ or the ‘UK Commission’s Employer Skill Survey 2011’, where the majority of employers who recruit graduates find them well prepared for work (Davies et al., 2012). One of the few studies with a clear focus on young applicants (younger than 20 years) was conducted by Bartram et al., who find that “work experience, both related to the specific job and in general, is rated quite low in importance. (...) Interest in the job and aspects of personality, on the other hand, receive the highest ratings” (Bartram et al., 1995:350). In this context, another question arises: are there differences in the recruitment process of younger versus older applicants? On the one hand, researchers argue that there is no evidence of competition between younger and older workers on the labour market (Eichhorst et al., 2014). On the other hand, some expect recruitment preferences to be different for applicants that apply to the same firm or sector depending on their age (Keep and James, 2010). Due to the different results obtained by previous studies so far, we investigate which differences employers consider relevant for younger and older applicants.

In addition, countries are facing challenges in producing the right mix of skills for the present and future needs of the labour market (Bejaković and Mrnjavac, 2014:48). The macro-level question would then be if the number of people with certain qualifications and the number of available jobs corresponding to those qualifications match (Bartlett, 2007). If the number of people holding certain qualifications (or skills) is lower than the number of available jobs requiring those qualifications, there would be a shortage. Reversely, if there are more people available holding particular qualifications than the number of vacancies requiring those qualifications, there would be an oversupply (Bejaković and Mrnjavac, 2014). Are young people educated in a way that fit the needs of employers? In our study, we are specifically interested in the so-called ‘vertical dimension of mismatch’ on the micro-level, which shows “that the attained education level is inappropriate to the education level required for a particular occupation, or in other words that a person is overeducated or undereducated for a job” (Bejaković and Mrnjavac, 2014:49 f.). Our aim is to find out whether young people in Germany are fitting employer demand with their educational qualifications and soft skills.

In sum, previous research has focused on general employee skill aspects in the recruitment process. A focus on young adults or cross-national differences between European countries has, however, so far been widely neglected. Our aim is to contribute to the existing research on recruitment processes by shedding light on the following research questions:

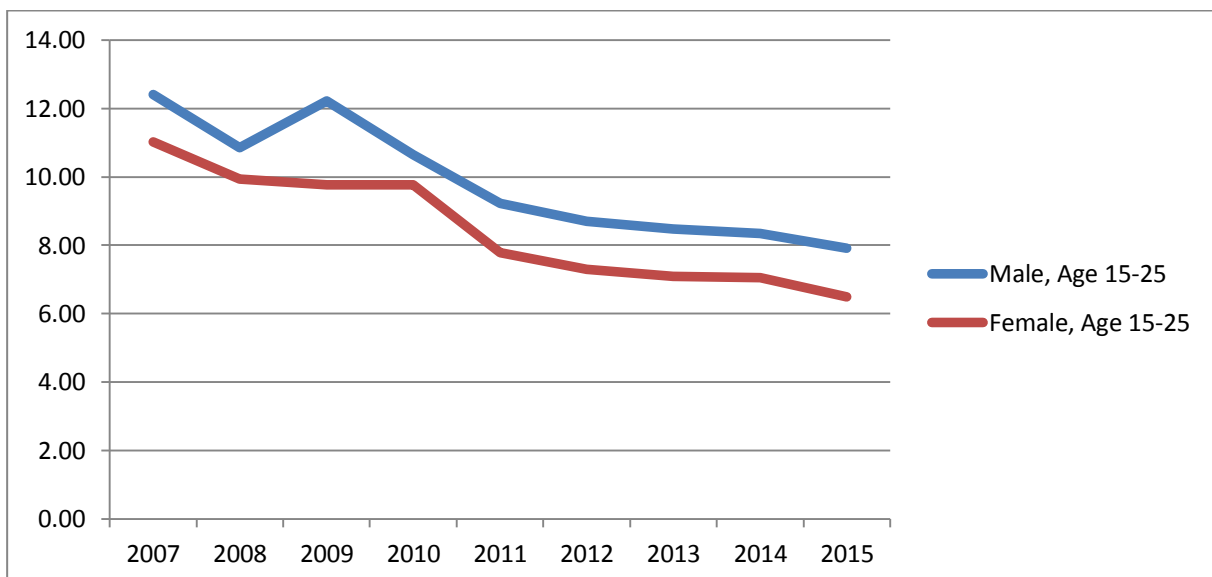
- What is the standard process when hiring new young employees?
- By which criteria does an employer decide to choose a young applicant?
- What level of importance do employers of different sizes and business sectors attach to the core components of employability (soft skills, hard skills and work experience)?
- Do employers observe a difference between younger and older applicants?
- Is there a mismatch between employer demand and employee supply?

4 The German context

Recruitment decisions do not only depend on the matching of employer expectations and applicants, but are also shaped by the more general labour market situation. Therefore, some information on the specific context of the German case study is provided here.

With regard to the percentage of youth unemployment in Germany (age group 15-25) for males and females (see Figure 1), two aspects are notable. First of all, the youth unemployment rate in Germany considerably decreased from 2007 to 2015. Compared to other European member states, this development constitutes an exception, since the economic crisis caused youth unemployment rates to rise almost everywhere else in Europe. Second, it is clearly visible that young men are more affected by unemployment than young women.

Figure 1: Percentage of young German unemployed 2007-2015, by sex and age



Source: Statistisches Bundesamt (2016)

Who is affected by youth unemployment? A closer examination of the qualifications of young unemployed (see Appendix 2) reveals a well-known pattern: we observe higher unemployment rates among those with lower levels of education. More specifically, young people with the lowest educational level are more than three times more affected by unemployment than those with tertiary education. This applies to both sexes equally.

5 Data and Methods

The qualitative data used in this study were collected in the form of semi-structured interviews. From August 2015 to February 2016, a total of eleven interviews with employers from various companies in Baden-Wuerttemberg took place. Companies were selected based on the *size of their company*, the *sector* and the *skill-level* of the employees they hire. The definition of the size of the company was based on the number of employees. Accordingly, small companies consist of up to ten, medium-sized of up to two hundred and large companies of more than two hundred employees. Furthermore, we distinguished industry sectors between *service*, *skilled crafts and trades*, and *IT*. Finally, in terms of the skill-level of the hired employees, we differentiated between *untrained*, *trained* and *highly qualified* job positions (see Appendix 1 for all the characteristics of the interviewed companies). The corresponding industry sectors were chosen as examples for the respective skill levels. Based on previous findings in the literature (e.g. Bartram et al., 1995), we assume that recruitment strategies differ substantially for these characteristics and therefore aim to shed light on the diverse mechanisms underlying different recruitment processes.

The interviews were carried out either in person or via telephone by master students¹ from the University of Heidelberg and lasted on average one hour. They were digitally recorded and later transcribed. The transcripts of all interviews were anonymised and are available from the authors upon request. After a preliminary test run, the interview guide was adapted to the pre-test experiences in order to secure better target achievement. The interview guide was divided into thematic sections asking respondents about the standard recruiting process of their company, their selection criteria, a possibly experienced mismatch between their demands and applicants, and if they see differences between labour market entrants and experienced workers.

The analysis of the transcribed interviews was based on a pragmatic method proposed by Meuser and Nagel (2009). Accordingly, interviews were first paraphrased following the chronology of the interview, without additions or distortions. Thereby, the dividing lines between the topics, the argumentation and the relevance became clear. This was followed by a thematic overview, where the paraphrased passages were rearranged according to equal or similar topics. Finally, a thematic comparison between interviews took place. Note that references to specific interviews are indicated by noting the interview number as depicted in Appendix 1.

6 First results

6.1 Recruiting process

The first part of the interviews was aimed at revealing the channels with which employers look for and find new applicants. We find that companies either recruit through formal ways, informal ways or both: the companies use formal ways by releasing their announcement via their own **homepage**, **online job boards** (e.g. Stepstone) and **job centers**. Those who recruit via job centers appeared to be very dissatisfied:

“Die, die gut sind, sind alle in Lohn und Brot. Ähm, die beim Arbeitsamt gelistet sind (zögert) da ist es schon ein bisschen schwierig.” (IV2).

¹ The contribution of the students to the success of Task 4.1 is greatly appreciated (Julia Weiß, Dajana Jost, Kristina Kadel, Jannes Rupf, Vivienne Brando, Anne Röllig, Ina Reiber and Petra Groß).

The informal ways of recruitment are **word-of-mouth-recommendations** via family, friends and colleagues. In addition, employers benefit from a large number of **unsolicited applications**. One company deliberately promoted informal recruitment by implementing an incentive program. Hereby, existing employees receive a bonus if they recruit new employees who pass the probation time (IV9). Companies that pursue both formal and informal methods of recruitment report that the informal method more often leads to desired and suitable employees. One personnel manager reported:

“Also ich bin immer der Meinung, dass man Glück hat und einem so eben ein Mitarbeiter in den Schoß fällt. Dieses Glück muss man provozieren. (...) Wenn ich nur hier sitze und Däumchen drehe und nichts mache, dann ist die Chance, dass ich mal eben aus irgendeinem Kontakt einen Mitarbeiter gewinne, sehr gering. Also wir provozieren das permanent.” (IV3).

Based on the conclusions of previous studies, our findings so far support the state-of-knowledge. Bartram et al. (1995) report that the hiring process of companies generally differ according to business, size, geographical location and type of occupation. They found out that “recruitment procedures used by small businesses, especially those employing 10 or fewer people, differ markedly from those of large organizations, being far more informal and unstructured” (Bartram et al., 1995:339). In line with their findings, all large companies in our sample use formalized methods. Similarly, the smaller the company, the more informal the recruiting processes became.

In sum, our findings on recruiting processes suggest that processes differ predominantly due to the size of a company and not the other factors we investigated (i.e, industry sector and skill level).

6.2 Selection procedure

After determining which recruiting channels are used, the interviews moved on to the issue on how the companies handle incoming applications. It became obvious that the selection process is rather limited for some employers owing to the low number of applications they receive for open positions. In fact, three companies (IV2, IV5 and IV7) reported that they have great difficulty finding applicants at all. Therefore, their selection processes are far less complex and shorter than others. Given the scarce amount of applications, these employers simply invite every candidate for a **job interview** (given that applicants have sent complete application documents). Yet what really matters for these three companies, besides the job interview, is how applicants fare in a **trial shift**, in which they have to demonstrate their skills for the desired position in the actual work environment. One recruiter describes this process as follows:

„Also so in der Industrie oder so, das ist alles viel kürzer will ich mal so sagen. Das wird alles nicht so aufgebauscht, sondern da kommt jemand rein, sagt hallo, stellt sich vor, sagt ein bisschen was und dann sagt man, komm, probier’ doch mal. So läuft das eigentlich bei uns ab. Und entweder es ist was, oder es ist nichts.“ (IV5).

Interestingly, employers from the service sector all reported that every application leads to a job interview. They also all placed special emphasis on trial work, where applicants have to prove

themselves in the team and complete ordinary tasks of the desired position. This is not altogether surprising, as they are looking for untrained employees and therefore rely on different productivity signals than companies looking to hire, for example, highly skilled employees. Service sector employers naturally place more importance on the performance of applicants regarding job-requirements during trial shifts than to formal credentials.

The other companies we examined are larger in size or are companies looking for highly qualified employees. By using **educational credentials** as screening devices to “separate the wheat from the chaff” (Saar et al., 2013: 16), these employers act exactly as predicted by Saar and colleagues. These interviewees (IV3, IV6, IV8, IV9) predominantly use formal credentials as a means to sort the large amount of applicants and therefore usually do not accept applicants who do not meet the minimum requirements. Some of these companies also use other factors (e.g. international work experience), based on application documents, for the **first selection** round. The pre-selected candidates are then invited for an interview that takes place either in person or by phone. The candidates who are still in the race after this step will then be invited a second time. In this second step of selection, companies either use a **second round of interviews or assessment centers**. Based on the applicant’s performance, companies then make their final decision. In contrast to companies from the service sector, trial work is not considered an option here. Instead, one of the interviewees (IV 8) referred to the **probation time**, which can be used to terminate a person that turns out to be not a good fit.

In general, our findings suggest that the interviewed companies have a clear plan of how to select their applicants (see also Zibarras/Woods 2010) but differed in their specific implementation, depending on the desired level of education. When searching for untrained employees, companies preferred short selection procedures and emphasized the importance of trial shifts. For highly-skilled employees, a multi-stage selection process takes place and the use of trial shifts is substituted by probation time.

6.3 Selection criteria

Other than the process itself, a central research question of our study is which selection criteria employers take into account when hiring new employees. The answers to this question, based on our interviews, will be presented in the following order: (1) Which hard skills are relevant? (2) Which soft skills are relevant? (3) How do employers judge an applicant (regarding potential productivity, soft skills/hard skills)? (4) What is the relative importance of hard and soft skills?

According to Laker/Powell (2012:112), **hard skills** can be understood as possessing the required diploma and being able to work with the relevant equipment or data. Our findings mostly match this description of hard skills: employers expect the fulfillment of required educational qualifications and, if applicable, that applicants also possess special technical skills. However, the importance of grades with regard to educational qualifications widely varies between the examined companies. For example, some companies define minimum requirements in advance:

„Wir schauen in der Regel halt, dass die Leute halt mit einem guten oder sehr guten Hochschulabschluss zum Beispiel ihr Studium beendet haben. Oder diejenigen, die zu uns dual ins Studienmodell reinwollen, dass die mit einem guten oder sehr guten Abitur abgeschlossen haben. Das ist, sagen wir mal, eine Grundhürde, die man überspringen muss.“ (IV9)

Other companies in our sample are more doubtful about the **significance of grades**, based on previous experience:

*„Da gibt's durchaus welche, wo man dann den Eindruck hat, möglicherweise hat der Lehrer ähm vergessen denen was beizubringen und die haben 3,5 Jahre nur die Werkstatt oder die Baustelle gekehrt. Also das kommt leider öfter vor.“
(IV 2)*

Unsurprisingly, hard skills in the form of educational credentials do not play a dominant role for the interviewed service-sector companies, as they are searching for untrained employees. These firms require one essential skill from their applicants: **command of the German language**. All three companies of this category (service-sector looking for untrained employees) agreed that the nature of their work (handling of customers or patients) makes the command of the German language indispensable. However, the desperate need of new personnel urged one of these three companies to also try hiring new staff with only limited knowledge of the German language (IV7)². These candidates were expected to acquire sufficient linguistic knowledge in the course of their work.

For employers of the IT sector, **foreign language skills** are another precondition for hiring. Given the content of their work and the regularity of international collaborations, English is the working language. Finally, only one company stressed the importance of **work experience** (IV5). The company is a special case, since its corporate structure makes work experience indispensable. The company is a medium-sized skilled crafts and trades company looking for employees who can from the start work autonomously. Therefore, applicants are required to at least have completed a vocational training (foreman level); although from their perspective, previously completed vocational training does not necessarily enable applicants to work autonomously. For this reason, the company has a strong preference for applicants with professional experience from another company.

Regarding the importance of **soft skills**, the opinions of interviewees were considerably more diverse. They mentioned aspects such as **reliability, communication skills, independence, a structured nature, flexibility, respect, tolerance, initiative, good match with the company** etc. Especially for companies where interaction with customers is part of the daily work, **customer-orientation** in general is of central interest. For example, it was mentioned that applicants should be able to casually chat with a customer (IV2).

One interviewee stressed the fact that nowadays, almost all jobs are exercised in teams (IV8). In fact, all companies mention the high importance of being able to work in a team and that they are looking for employees who fit in the existing team. But why is **'ability to work in a team'** important? The personnel recruiter brings it to a point:

² Because of this lack of applicants, the company is also interested in hiring refugees and has already done so in the past. This took place within the refugee support program „LAurA“, which is promoted by the state of Baden-Württemberg.

“Das ist wie beim Fußballspielen. Das ist ein Team, entweder wir gewinnen zusammen oder wir verlieren zusammen.” (IV 8)

All recruiters consider the ability to work in a team highly important. One interviewee even goes further, exclaiming that the work is only done when all team members work together. Therefore, it is of central economic interest for him that new employees are able to work in a team (IV1). Subsequently, it is also important that the applicant **fits into the existing team**. For example, the recruiter from IV4 wants new employees to fit in the familial structure of his company. The interviewee from IV8, in turn, tries to attain a **‘balanced’ or ‘matching’ team by choosing employees with heterogeneous characteristics**.

Other important selection criteria mentioned in the interviews are: **reliability, appearance** and the **ability to work independently**. The latter is important for the surveyed companies because most of them do not pre-structure the workday of their employees, and employees must therefore be able to do this by themselves. As different as the surveyed sectors might be, the ability to work autonomously, including a certain degree of **problem-solving capacity**, is of central interest for all of them. One recruiter makes it clear in the context of his company:

„Er muss ähm Lösungen finden können, weil auf Grund meiner Unternehmensstruktur habe ich keine großen Teams, die unterwegs sind, gemeinsam Lösungen suchen, sondern in aller Regel alleine oder zu zweit. Und da muss er schon in der Lage sein eben vor Ort zu entscheiden wie gehe ich das Problem an.“ (IV2)

Another key aspect is **reliability**. This plays an important role in terms of dealing with colleagues, data and customers. One interviewee states that abuse of trust directly leads to termination in his company. Therefore, he does not hire applicants who cannot be trusted. He explains this as follows:

„Die Kunden müssen uns vertrauen können. Das gesamte Geschäftsmodell basiert auf dem Vertrauen der Kunden. Wenn wir das enttäuschen, ist es vorbei und das darf einfach nicht passieren.“ (IV 3)

Additionally, the **appearance** of an applicant in the job interview is also important to recruiters. One interviewee places special emphasis on the way applicants shake hands and how they react to the environment, as he always interviews them in their possible new work environment (a coffee shop).

Finally, the surveyed companies name **motivation** as another central selection criterion - one interviewee even describes motivation as “love of the profession”.

„Aber entweder jemand will das oder er will das nicht. Und das heißt, die Motivation ist die entscheidende Frage. Und wenn die Motivation nicht da ist, kann ich direkt streichen, wir haben keine Fließbandarbeit.“ (IV3)

„Sehr, sehr wichtig, also wenn die keine Motivation haben dann sind sie schneller weg als sie hier waren.“ (IV8)

„Also das ist sicherlich der entscheidende Faktor. Bei ‚Firmenname‘ würde ich das ganze auch noch intrinsische Motivation nennen.“ (IV9)

Motivation serves as a driving force in many ways. One recruiter sees a connection between motivation and level of technical knowledge, as in his view, it is only possible to gain the necessary knowledge if a person is motivated. Another recruiter states that motivation is also relevant for the ability to work independently. For example, his company does not keep track of working times. Thus, employees themselves decide how and when they work, and in his view, this only works if the employee is highly motivated to fulfill the expectations of the company. Not only for the application process itself, but also for future cooperation is motivation highly important. Accordingly, one recruiter states that he prompts employees to apply to other companies if they permanently appear unmotivated.

How do recruiters assess applicants with regard to the above-mentioned skills? “Guess and pray” (IV3) is the very concise answer one recruiter gives to this problem. Recruiters obviously have to make **choices based on interpretations**, and the basis for interpretations can differ between respondents. For example, questions about the private life (especially leisure activities) are partly used to draw conclusions about the potential new colleague. Other recruiters give sample tasks and ask the applicant to explain how he or she would solve them in collaboration with colleagues. The solution is then used as an indicator of which skills an applicant possesses. Another recruiter describes that he only relies on **first impressions** and his **gut feeling**:

„Es ist wie eine Scheibe vor einer Person. Er projiziert sich anders als er hinter der Scheibe ist... Dieses Schüchterne zeichnet sich vorne an der Scheibe ab, aber ich merke, dass dahinter mehr ist. Ich sehe das irgendwie, ich kann es aber nicht beschreiben.“ (IV4)

However, a couple of companies had negative experiences with such techniques and later found that applicants were quite different from how they acted during the interview:

„Ähm aber auch das kann natürlich auch mal, ja, ich kann mich täuschen. Also in einem der Bewerber habe ich mich sehr getäuscht. Ähm da hatte ich sehr viel mehr hinein interpretiert, als tatsächlich jetzt da ist.“ (IV2)

„Aber, erkennt man das immer gleich? Das erkennt man natürlich, es gibt Leute, die sind einem gleich super sympathisch, wobei ich sagen muss, sind wir auch schon reingefallen, wo wir gedacht haben: Mensch toll, klasse, und hinterher war es nichts.“ (IV5)

Due to such a negative experience, one company now includes trial work into the recruitment process. For this company, trial work is the only way to assess if an applicant fits into the company or not.

Finally, employers were asked to assess the **relative importance of soft and hard skills**. Employers unanimously find soft skills (for some after achieving a certain technical threshold) to be more important than hard skills. For example, it was mentioned that the applicant has to have the will to work, because **shortcomings in hard skills, as opposed to personal shortcomings, can be mended more easily**. One interviewee quantifies the relative importance by saying that a potential employee should possess 60% soft skills and 40% hard skills (IV8).

6.4 Mismatch between employer demand and employee supply

Another aim of our case study was to find out whether or not young people in Germany suit employer demand with respect to educational qualifications and soft skills. For this reason, we asked employers if they ever had problems finding a suitable employee. If this was the case, we explored the reasons for this mismatch.

Only two of the surveyed companies had never experienced problems obtaining a suitable employee. For the others, the underlying reason was either the **low to nonexistent number of applicants** or a **lack of required skills**. These missing skills refer to both soft and hard skills. In general, interviewees lacked those skills employers considered pertinent selection criteria, e.g. reliability or the ability to work independently. However, the most frequently mentioned aspect was **lack of motivation**.

„Das sind so Dinge, und dann hängt es für mich einfach an vielen Stellen daran, dass die Leute ein gewisses Maß an Motivation vermissen lassen, sich halt auf Dinge einzulassen.“ (IV9)

This quote once again underlines the importance of motivation for hiring chances. This finding is further substantiated by the experiences of two recruiters from different sectors (IV1&IV3). Particularly among applicants who had been sent from the employment office, recruiters encountered especially **unmotivated candidates – a problem that is presumed to affect a majority of employment office candidates**: in many of these cases, applicants just want to get a signature by the employer for the employment office.

„Äh, also die Haltung gegenüber mir sag' ich mal, war auch hauptsächlich, wie sie da standen war nicht akzeptabel. Das war einfach...bringt mir den Wisch vom Arbeitsamt: ‚Unterschreib mir, ich geh' wieder‘.“ (IV1)

In contrast, recruiters from the IT sector reported a perceived mismatch between labour supply and demand. According to their experience, the more specialized a job advertisement, the bigger the mismatch.

„Je technischer es wird, desto schwieriger ist es. Je untechnischer es ist, desto einfacher ist es.“ (IV9)

„Wenn ich Angebot im Sinne von qualifiziert und tatsächlich geeignet betrachte, ist die Nachfrage höher.“ (IV3)

All in all, our findings suggest that the vast majority of companies have been confronted with problems finding a suitable employee, either due to a total lack of applicants or because applicants did not possess the right soft skills. In particular, motivation was the key missing factor, again suggesting that motivation is the driving force for individual employability.

6.5 Young vs. older applicants

Another important question was whether the interviewees generally prefer younger or older applicants and what specific strengths and weaknesses they see for each group.

The majority of respondents have **no preference** for one or the other group. Some of them justify this with the general short number of applicants, which leaves them no real choice. Others argue that they need both age groups in order to form a good team. One company appoints the goal of a 50/50 ratio between the age groups (IV 9), another company prefers 60% older and 40% younger employees (IV8). Others prefer younger applicants and only one company always opts for older candidates.

Interviewees named a wealth of **benefits** of **young applicants**, for example, that they are more **flexible** and generally more **motivated**. They are also thought to bring **inquisitiveness**, **creativity** and **enthusiasm**. They allegedly “burn” for their job, as the interviewee from IV 3 describes it. Moreover, younger applicants are considered to be **malleable** and by and large enjoy **good health**, an especially important aspect for companies in the skilled crafts and trades sector. Finally, they presumably have grown up with the technical progress and therefore have great **technical knowledge**, particularly in terms of using computers. But there also are ascribed **weaknesses**, which can translate into hiring barriers for young applicants. For example, recruiters mention they **lack both life experience and professional experience**. This, in turn, is seemingly related to a **lack of organizational skills and discipline**, particularly when performing menial tasks, as well as difficulties in **interacting with customers in a professional manner**. Therefore, the company or colleagues would have to provide orientation and help. Moreover, younger employees are expected to **change their job** more often than their older colleagues, which is perceived as a disadvantage by future employers. In addition, one company mentioned the problem of potentially **becoming a parent** (IV5). It is now customary that both women and men leave work to take parental leave. In one recruiters’ view, it therefore no longer makes a difference to hire a woman or a man, which is seen as an additional burden to the company.

Regarding the **benefits** of **older applicants**, one interviewee states that they lie exactly there where the younger applicants have their weaknesses (IV9). This view was expressed in all the interviews. That is, older applicants bring **professional experience**, resulting in more **structured working behavior**, **reliability** and the **ability to assess what is possible**. Additionally, they are expected to **rarely complain or change jobs**. But there are also perceived **weaknesses**, which are somewhat

similar to the perceived benefits of the younger applicants. According to interviewees, older employees present themselves as **less flexible**, are **not able to follow technical progress** and are **less malleable** due to the fact that they have already been socialized in another company. Furthermore, they might be **sick more often**, increasing costs for the company. One interviewee added that employees are **nonredeemable over the age of 54**. For this reason, he tries to find out whether a person will work well for longer than, for example, four years when hiring a 50-year-old applicant.

With regard to the formation of an ideal team, one employer summarizes as follows:

“Also es ist so, es ist gut beides zu haben. Das heißt nur mit einem jungen Team würde ich wahnsinnig werden und nur mit einem Team aus älteren Mitarbeitern würde es auch nicht funktionieren. Ich brauche beides.” (IV3)

In sum, the interviews suggest that **a mixture of younger and older employees in teams** is preferred by most employers. By balancing the perceived strengths and weaknesses of these two camps, companies expect the best results.

7 Conclusion

The overall aim of this study was to investigate the matching process of employers and employees with a special focus on the relative importance of the core components of **employability – soft skills, hard skills and work experience**.

First, the focus was on the standard selection process. We found that the **companies use both formal ways** (e.g., announcement on company website, the employment office or online job boards) **as well as informal channels** (e.g., word-of-mouth recommendation via family or friends) to find applicants. Both ways are complementary and not superior or inferior with one important exception: candidates “sent” by the employment office appear to be highly stigmatized, and therefore expectations from those applicants are quite low. Additionally, our findings on this topic suggest that **recruitment processes differ predominantly due to the size of a company** and not by other factors we investigated (industry sector and skill level). Our findings furthermore suggest that the interviewed companies have a clear plan of how to select their applicants (see also Zibarras/Woods 2010) but differed in their specific implementation, depending on the desired level of education. When searching for untrained employees, companies prefer short selection procedures and emphasize the importance of **trial shifts**. For high-skilled employees, a multi-stage selection process takes place and the use of trial shifts is substituted by **probation time**.

As employers need to make decisions in a **context of asymmetric information** (applicants have a greater knowledge of their skills and plans for the future than their potential employers), another central question was by which criteria employers decide to choose an applicant. Results from the employer interviews suggest that all three components of employability – hard skills, soft skills and work experience – are important in the hiring process, but to a varying extent.

Hard skills in form of **educational credentials** are generally considered the **most important selection criterion**, at least in a first step; Often, they constitute the minimum requirement. Only for the interviewed service sector companies (looking for low qualified personnel) do hard skills in the form of educational credentials not play a dominant role. For them, **command of the German language**, as well as **customer-orientation**, was far more important.

Given that young applicants naturally are labour market entrants, prior **work experience** was not considered a central selection criterion by most of the interviewed employers. Only one company mentioned that due to their particular company structure, work experience is absolutely required in order to be able to work autonomously from day one on.

Finally, employers emphasized the importance of a variety of **soft skills**. In the service sector, the **ability to work customer-oriented** is of central interest. Other skills, which all companies see as important, are the **ability to work in a team**, the **ability to fit in the existing team** and motivation. **Motivation** is seen as the driving force for a successful collaboration. And when asked for the relative importance of these skills, **all employers consider soft skills more important than hard skills**. One interviewee quantified the relative importance by saying that for him it is 60% soft skills and 40% hard skills. Given the high importance of hard skills mentioned earlier, the findings thus suggest that **hard skills are considered necessary, but not sufficient for a successful recruitment. Conditional on possessing the expected hard skills, soft skills apparently become the most important selection criterion according to our interviewees.**

Another key aspect for this study was the question if employers perceive a **difference between younger and older applicants** and if they prefer one age group as employees. All employers had no clear preference and some mentioned that **they need both younger and older employees to form a good team**. Yet they did put forth benefits and weaknesses for both groups, and one employer asserted that **the benefits of one group constitute the weaknesses of the other** and vice versa. For example, they mentioned flexibility, inquisitiveness, creativity and enthusiasm as benefits of the younger, while the lack of these aspects is the weakness of the older. On the other hand, they mentioned structure and discipline as benefits of the older.

The last aspect of interest was the question if there is a **mismatch** between employer demand and employee supply. The majority of the surveyed companies had already experienced problems finding a suitable employee. This was either due to the **low to nonexistent number of applicants** or due to a **lack of the required skills** (especially for highly specialized jobs in the IT sector). A **lack of motivation** was named as another main reason for mismatches. In general, however, there is only a partial mismatch between employer demand and employee supply. The problem of not finding a suitable employee varies between the skill levels. Especially in terms of untrained and trained employees, the low to nonexistent number of applicants is the main reason for not finding an employee. In the context of highly qualified employees (IT sector), employers face problems to fill vacancies when looking for special technical skills.

8 Interview guidelines

„Bevor wir mit dem Interview starten würde ich Ihnen gerne kurz erzählen, warum wir Sie um dieses Interview gebeten haben. Wir arbeiten derzeit an einer von der Europäischen Union geförderten wissenschaftlichen Studie, welche sich mit Jugendarbeitslosigkeit beschäftigt. Ein Teil der Studie dreht sich dabei um die Frage anhand welcher Kriterien Arbeitgeber junge Erwachsene (18-35 Jahre) als neue Mitarbeiter auswählen. Mit diesem Interview möchten wir erste Antworten auf diese Frage erzielen. Vielen Dank, dass Sie uns die Möglichkeit dazu geben!“

	Erzählaufforderung	Erkenntnisinteresse	Ggf. unterstützende Fragen
1. Abschnitt	<p>a)</p> <p>Können Sie uns etwas darüber erzählen, auf welchem Weg Sie neue Mitarbeiter/innen rekrutieren, wenn in ihrem Unternehmen neue Stellen zu besetzen sind? Also wie der technische Ablauf von der Feststellung des Bedarfs bis hin zur Besetzung der Stelle abläuft?</p> <p>b) Gibt es in ihrem Unternehmen spezifische (professionelle) Strategien der Personalgewinnung? Also wie findet die technische Auswahl der Bewerber/innen statt?</p>	<p>Allgemeiner Ablauf (wie: Ausschreibung, Interview etc.)</p>	<p>(a) Personalsuche</p> <p>Schreiben Sie die Stelle öffentlich (z.B. Arbeitsamt) aus?</p> <p>Versuchen Sie über eigene Mitarbeiter/innen zu rekrutieren?</p> <p>Nutzen Sie informelle Rekrutierungswege über bestehende Kontakte?</p> <p>(b) Personalauswahlprozess</p> <p>Wie findet der Auswahlprozess statt?</p> <p>Wird eine Vorauswahl anhand der Bewerbungsunterlagen getroffen? Anhand welcher Kriterien wird hier entschieden?</p> <p>Finden Bewerbungsgespräche statt?</p>

			Professionelle Hilfe durch Personalberater? Wer trifft die letztendliche Entscheidung?
2. Abschnitt	Als Sie das letzte Mal eine/n ungelernten/ausgelernten/hoch qualifizierten (vgl. <i>Platzierung in Sampling Matrix</i>) Mitarbeiter/in gesucht haben, wie viele Bewerber/innen gab es und anhand welcher Kriterien haben Sie sich für eine/n Bewerber/in entschieden?	Feststellung der Auswahlkriterien. In welchem Verhältnis stehen diese Auswahlkriterien zueinander?	Welche Fertigkeiten und Kenntnisse sind wichtig? Welche sozialen und persönlichen Fähigkeiten sind wichtig? In welchem Verhältnis stehen diese? Wie wichtig ist die Persönlichkeit des/der Bewerbers/in? Gibt es für Sie notwendige und hinreichende Fähigkeiten, die ein/e Bewerber/in mitbringen sollte? Wie wichtig sind Ihnen die Aspekte hohe Arbeitsmoral und Motivation? Wie finden Sie heraus, welche Arbeitsmoral oder Motivation der/die Bewerber/in mitbringt? Ist die Situation, an die Sie gerade gedacht haben eher typisch oder war es eine besondere Situation?
3. Abschnitt	Hatten Sie schon einmal Probleme für eine offene Stelle eine/n passenden Mitarbeiter/in zu finden? (Wenn ja, wie häufig tritt dieses Problem auf?)	Besteht ein Ungleichgewicht zwischen Arbeitsangebot und Arbeitsnachfrage?	Woran liegt es, dass Sie Bewerber/innen als nicht geeignet einschätzen? Welche Qualifikationen/Fähigkeiten/Eigenschaften fehlen? Bringen die Bewerber/innen im Gegenzug

			Qualifikationen/Fähigkeiten/Eigenschaften mit, die nicht nachgefragt werden?
4. Abschnitt	Präferieren Sie eher ältere (= älter als 35) Personen oder jüngere Personen als Mitarbeiter/innen?	Möglichkeit des Unterschieds zwischen den Bewerbergruppen. Deutlicher machen, was den jungen Bewerber/innen gegebenenfalls fehlt.	Welche Vorteile/Nachteile sehen Sie in jüngeren Bewerbern/innen? Welche Vorteile/Nachteile sehen Sie in älteren Bewerbern/innen? Spielt die Berufserfahrung eine Rolle?
5. Abschnitt	Gibt es für Sie noch etwas Relevantes, dass ich Sie noch nicht gefragt habe?	Abschluss des Interviews	

9 Literature

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10 Appendix

Appendix 1: Description of Interviewees

	Size	Sector	Skill-level	Hires per year	Hires per year aged 18-35	Last recruitment	Branch
IV1	Small	Service	Untrained	2-4	all	Two month ago	Construction
IV2	Small	Skilled crafts and trades	Trained	1	all	N/A	Plumbing/Installation
IV3	Small	IT	Highly-qualified	2	1	Two years ago	IT/Software
IV4	Medium	Service	Untrained	10	all		Coffe Shop
IV5	Medium	Skilled crafts and trades	Trained	differs	none	Half year ago	Carpenter
IV6	Medium	IT	Highly-qualified	20	all	Two weeks ago	Automotive supplier
IV7	Large	Service	Untrained	5	2	One month ago	Hospital
IV8	Large	Skilled crafts and trades	Trained	1	N/A	Two month ago	Carmaker
IV9	Large	IT	Highly-qualified	Worldwide 5000-10000	75%	One week ago	IT/Software

Appendix 2: Youth unemployment by gender, age and level of education in percent (2007-2015)

Total	2007	2008	2009	2010	2011	2012	2013	2014	2015
Preschool, primary, lower secondary education (levels 0-2) ³	17,7	15,4	16,2	15,2	13,8	13,6	13,2	13,4	13,1
Secondary education, Post-Secondary education (levels 3-4)	8,5	7,7	8,7	7,4	6,1	5,6	5,7	5,1	4,6
Tertiary education (levels 5-6)	5,1	4,4	4,9	4,4	3,1	3,4	3,5	4	3,8
Male									
Preschool, primary, lower secondary education (levels 0-2)	18	15,5	16,9	16	14	13,7	13,7	14,1	13,3
Secondary education, Post-Secondary education (levels 3-4)	9	8	9,9	8,2	6,8	6	6,1	5,5	5,3
Tertiary education (levels 5-6)	4,4	3,7	5,2	4,7	3	3,3	3,5	3,6	3,8
Female									
Preschool, primary, lower secondary education (levels 0-2)	17,4	15,2	15,2	14	13,5	13,4	12,5	12,3	12,7
Secondary education, Post-Secondary education (levels 3-4)	8	7,4	7,3	6,5	5,3	5,1	5,3	4,7	3,9
Tertiary education (levels 5-6)	5,7	5	4,6	4,2	3,1	3,5	3,6	4,4	3,8

Source: Eurostat (2016)

³ Educational categories refer to ISCED (International Standard Classification of Education) 2011

Executive Summary of the CUPESSE Project

The CUPESSE project is dedicated to the comparative analysis of youth unemployment in Europe. By taking issues related both to the demand and supply sides into consideration, the project aims to obtain a comprehensive picture of the causes and consequences of unemployment among young people as well as formulate strategies and recommendations for addressing this ever-growing issue. Eight EU Member States and two Associated Countries (Austria, Czech Republic, Denmark, Germany, Hungary, Italy, Spain, Switzerland, Turkey and the United Kingdom) represent the primary empirical focus of the project; however, attempts will be made to include all European states whenever possible. Kicking off in early 2014, the project brings together a broad network of researchers and practitioners from the fields of economics, political science, psychology, and sociology.

In examining young adults' pathways to economic self-sufficiency and entrepreneurship, CUPESSE pursues the following main objectives:

- Obtaining a comprehensive understanding of the supply side of youth unemployment by focussing on the intergenerational transmission of social capital and its influences on economic self-sufficiency and entrepreneurial behaviour
- Investigating how both supply and demand side factors affect unemployment among young adults and the extent to which young people's attitudes and skills align with employer demands
- Analysing the long-term consequences of youth unemployment, both with regard to the unemployed as well as for society as a whole
- Studying the effects of labour market policies (such as flexicurity, measures to promote business start-ups and entrepreneurship) and how they have been embraced by European states to combat youth unemployment
- Formulating policy ideas and strategies for addressing unemployment among young people in Europe

Relevance and background information

Scholars and the media alike have noted an increase in the amount of time today's young people need to successfully transition to adulthood; in other words, to become economically self-sufficient. More specifically, unemployment, especially among young adults (persons age 18 to 35), is a particularly vexing and persistent problem within Europe, despite the numerous efforts that have been made by national governments and the EU to encourage young people's labour market participation. At the same time, we are confronted by the reality that youth unemployment is by no means equally severe across Europe. In some countries young people encounter higher barriers to entering the labour market or may face different hurdles despite having attained a university degree. Entrepreneurship, moreover, is an equally important yet oft-overlooked component of youth employment and aids job creation and the overall economic climate. And although the European Commission has highlighted entrepreneurship as an indispensable tool for economic growth, we know very little about what drives or impedes entrepreneurship, particularly among young people

In analysing the complex and interrelated socio-economic challenges associated with youth unemployment, five complementary research objectives are pursued within the CUPESSE project. These objectives can be assigned to two dimensions: First, the causes and effects of youth unemployment are investigated. The second research dimension seeks to employ these insights to assess the effects and effectiveness of existing policy measures; that is, to sort out the factors and measures that make the greatest difference in order to improve existing programmes and to propose more effective policy responses to help overcoming youth unemployment in Europe.

The first dimension encompasses three objectives. First, the supply-side of youth unemployment, with an eye to the ways in which the values and norms that shape young people's economic self-sufficiency and entrepreneurship are handed down through the generations. Comprehensive surveys, completed by in-depth interviews of families will probe the question of intergenerational transmission, thereby examining the ways in which attitudes towards economic self-sufficiency and entrepreneurship are formed and transmitted as well as their overall impact on employability. The second objective brings together the supply and demand side of unemployment among young adults. More specifically, this objective examines the interaction between what employers are looking for when hiring young people and young people's awareness of employer expectations. Taking a broader view, the third objective seeks to uncover the consequences of youth unemployment over the long-term, looking both to the implications for individuals and for society as a whole.

Zooming out from more individual-centred perspectives, the fourth objective aims to assess the impact of labour market policies on young people's employment situation as well as the extent to which EU member states have embraced such measures. Flexicurity policies, policies supporting business starts-ups and self-employment as well as policies promoting education and training platforms are examined with regard to their effects as well as effectiveness in achieving economic self-sufficiency and entrepreneurship among young people. Closely related is the fifth and final objective, which will draw on the insights from the other objectives to propose recommendations for new policy measures and strategies to encourage the labour market integration of young people in Europe.

CUPESSE, as an innovative project connecting a diverse group of actors and institutions from all over the globe, will make a substantive contribution to understanding the complex processes regarding the employment situation of youth in Europe. With its multi-method, multidisciplinary and encompassing perspective, CUPESSE stands to make a significant impact not only in terms of the ways in which we comprehend the multifaceted concepts of economic self-sufficiency and entrepreneurship, but the project will also be able to draw on these findings to draft policy recommendations which will be relevant for meeting the goals of the Europe 2020 strategy.

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