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Consultation document

Second-phase consultation of social partners under Article 154 TFEU on a possible action further improving the quality of traineeships

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Glossary

| Term or acronym | Meaning or definition |
|---|--|
| 2014 QFT Recommendation | Council Recommendation on a Quality Framework for Traineeships adopted in 2014 |
| ALMP traineeships | Traineeships which are offered to (young) unemployed or those at risk of becoming unemployed, and there is usually a public institution (most often a PES) acting as an intermediary between the training provider and the trainee. |
| СВА | Collective bargaining agreements |
| Education Curricula traineeships (ECT) | Traineeships which refer to work-based learning placements that are part of curricula of formal education and training (school, vocational or higher education and training). |
| EP | European Parliament |
| EPSR | European Pillar of Social Rights |
| NEETs | Young people neither in employment nor in education and training |
| Open-market traineeships (OMT) | Non-mandatory, bilateral agreements agreed between a trainee and a traineeship provider (public/private/non-profit) without the involvement of a third party and without a formal connection to education or training. |
| PES | Public employment services |
| 2014 QFT | The Quality Framework for Traineeships, consisting of 21 quality elements to be applied to open market and ALMP traineeships in the EU. |
| Reinforced Youth Guarantee | Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee |
| Traineeships that are a mandatory requirement to access specific professions (MPT) | Traineeships which are regulated under national law and whose completion is a mandatory requirement to access a specific profession (e.g., medicine, architecture, etc.). |
| Youth Guarantee (YG) | (Council Recommendation on establishing the) Youth Guarantee of 22 April 2023 |

1. INTRODUCTION: POLITICAL AND LEGAL CONTEXT

In the years before the COVID-19 pandemic, the youth unemployment rate (15-24) in the EU followed a decreasing trend from 23.5% in 2014 to 15.1% in 2019¹. Following the outbreak of the COVID-19 pandemic, it increased to 16.8% in 2020, before declining to 14.5% in 2022 and 13.9% in July 2023². At the same time, significant disparities exist among³ and within⁴ Member States.

The youth unemployment rate (15-24 years) is more than double the general unemployment rate (15-74 years) across the EU and over the years it has declined at a slightly slower rate than the general unemployment rate (15-74 years), which decreased from 11% in 2014 to 6.2% in 2022. This points to the structural challenges faced by young people. Such challenges include the lack of professional experience compared to older workers, and, if hired, being more prone to be employed under precarious conditions including temporary contracts.

The **long-term** (more than a year) youth unemployment (15-24 years) followed a downward trend between 2014 and 2020, dropping from 8.6% in 2014 to 3.6% in 2020, but rose again slightly to 3.7% in 2021, before dropping to 2.9% in 2022.

The rate of young people neither in employment, nor in education or training (NEETs) (15-29 years) followed the same trend as the youth unemployment rate, falling from 16.0% in 2014 to 12.8% in 2019, before slightly increasing to 13.1% in 2021 and then declining to 11.7% in 2022. Nevertheless, **NEETs still represent 8.36 million people in the EU**⁵.

A number of sectors and occupations in the EU are characterised by persistent labour shortages. Important underlying structural drivers include, among others, the influence of skills shortages and mismatches, new demands linked to the ongoing green and digital transitions, demographic trends, low labour market participation of certain population groups, occupational segregation by gender and poor working conditions in some sectors and occupations. According to available data⁶ the **job vacancy rate in the EU** rose to 2.9% in 2022, the highest rate ever recorded, with **labour shortage indicators showing increasing tightness in the labour market**. In Q1 2023, labour shortages were reported as a factor limiting production by 28% of employers in manufacturing and 31% in both services and construction in the EU. Around half of all occupations showing persistent labour shortages are male-dominated (men accounted for more than 80% of workers in 2021) including several STEM occupations, machinery mechanics and repairers, electrical equipment installers and repairers, and heavy truck and lorry drivers. Conversely, three occupations (nursing and midwifery professionals, personal care workers, and domestic and office cleaners), characterised by persistent labour shortages, are jobs in which

¹ Eurostat, Labour Force Survey, online database table LFSA_URGAN_custom_6785950

 $^{^{2}}$ For the reinforced Youth Guarantee, the age bracket 15-29 years is used. Whilst the trend for the youth unemployment rate for the age bracket 15-29 years was similar, the youth unemployment rate for this age bracket was a few percentage points lower.

³ Ranging from 1,9% in Czechia to 12,4% in Sweden (year 2022, 15-24 years).

⁴ For example, the EU outermost regions persistently experience some of the highest youth unemployment rates in the EU such as 37.8% in Guadeloupe, 41.9% in La Réunion, 38.7% in Martinique or 43.9% in the Canary Islands (year 2022, 15-24 years).

⁵ Eurostat, Labour Force Survey, online database table LFSI_NEET_A.

⁶ Eurostat [jvs_a_rate_r2].

women account for more than four-fifths of workers.⁷ While many of the current shortages (e.g. in science, technology, engineering and mathematics (STEM), including information and communications technology (ICT), construction, healthcare, hospitality) are long-standing, they are likely to have been further exacerbated by the creation of jobs and demand for additional skills linked to the ongoing the green and digital transitions⁸.

Traineeships are an important instrument which facilitates transitions in the labour market. As such, they could contribute to alleviating (future) labour shortages, by providing trainees with the skills needed on the labour market and by easing labour market transitions to the sectors faced by labour and skills shortages. This is particular important in the context of the shrinking working-age population, which underlines the need for activating the available talent, and in particular young people, and for continuing investment in skills across all generations. Importantly, **traineeships are a useful tool to employers**, as they can help equip trainees with targeted skills and competencies to match the particular needs of their companies. As, such traineeship, **also help employers** to attract, train and, if followed by an employment offer, retain young talent. However, the benefits of traineeships depend strongly on their quality and their impact on labour market integration, as well as on the capacity of companies, particularly SMEs to offer high quality traineeships.

As pointed out in the SME performance review⁹ through part of 2021 and 2022, SMEs faced difficulties in hiring new staff to meet an unexpectedly strong rebound in demand. This might offer more opportunities for young people.¹⁰ As noted in the Commission's 2023 European Semester Spring Package, the job vacancy rate for the overall economy is above its 2010-2019 average, despite a slight decline in the second half of 2022, and labour shortages are holding back production for a growing number of companies.¹¹ In the context of **more frequent job changes by younger generations**¹², the costs of a traineeship combined with its inherent temporary nature can further disincentivise an employer from investing in high-quality training, knowing the trainee may be likely to leave at the end of the traineeship and go to another employer (see section 3.2.1 for details). At the same time, employers may have an increased interest in providing for quality traineeships to secure skilled workforce.

In her political guidelines, President von der Leyen stressed the need to strengthen Europe's social market economy and to foster "growth which creates quality jobs, especially for young people".¹³ Accordingly, the Commission's Youth Employment Support package¹⁴ of July 2020

 ⁷ European Commission (2023), <u>Employment and Social Developments in Europe (ESDE)/</u>
 ⁸ Idem

⁹ European Commission (2023), <u>Annual Report on European Small and Medium Enterprises 2022/2023</u>.

¹⁰ European Commission (2022), <u>Employment and Social Developments in Europe. Young Europeans:</u> employment and social challenges ahead.

¹¹ European Commission (2023) 2023 European Semester – Spring Package <u>COM(2023) 600 final.</u>

¹² see for example OECD (2023), <u>Retaining Talent at All Ages</u>, Ageing and Employment Policies, OECD Publishing, Paris.

¹³ Political Guidelines for the Next European Commission 2019-2024. 'A Union that Strives for More. My Agenda for Europe.' Available <u>online</u>.

¹⁴ Commission communication (2020) Youth Employment Support: a Bridge to Jobs for the Next Generation (COM(2020) 276 final).

introduced the reinforced Youth Guarantee¹⁵, a modernised European framework for vocational education and training,¹⁶ and a renewed impetus for apprenticeships.

These initiatives aim to improve the quality and effectiveness of the EU's toolbox to promote youth employment and are supported by EU funding.¹⁷ They implement the fourth principle of the **European Pillar of Social Rights (EPSR)**, which establishes the right of young people to "*continued education, apprenticeship, traineeship or a job offer of good standing within four months of becoming unemployed or leaving education*". They also contribute to the **objective to decrease the rate of young people neither in employment, nor in education or training** (**NEETs**) aged 15-29 from 12.6% (2019) to 9%, namely by improving their employment prospects. This is particularly important given the negative impact of the COVID-19 pandemic and the increase of the cost of living on young people, including those with fewer opportunities and from vulnerable groups.

The **Council Recommendation on a Quality Framework for Traineeships**¹⁸ adopted in 2014 (hereinafter 2014 QFT) was to help young people to transition from education, unemployment or inactivity into the labour market, through quality traineeships that enhance their skills and allow them to gain work experience. It includes **21 quality principles**, along **10 key dimensions**, for traineeships outside education curricula that can ensure high-quality learning content and adequate working conditions. The 2014 QFT is also an important reference point for determining what constitutes a good quality offer of traineeships under the reinforced Youth Guarantee¹⁹.

As part of the commitment taken in the EPSR Action $Plan^{20}$, on 10 January 2023, the Commission published **an evaluation of the 2014 QFT**²¹. The evaluation assessed the extent to which the QFT is effective, efficient and coherent, provides EU added value and remains relevant to address current needs. While confirming the relevance of the 2014 QFT and its principles, the evaluation identified that there is scope for revising the framework. and indicated a need to reflect on the different types of traineeships covered by the 2014 QFT.

As announced in its 2023 Work Programme, the **Commission intends to present an initiative on a reinforced quality framework for traineeships**. This will include a comprehensive approach to updating and revising the 2014 QFT.

The European Parliament's Article 225 TFEU resolution of 14 June 2023²² "calls on the Commission to update and strengthen the 2014 Council Recommendation on a Quality Framework for Traineeships and turn it into a stronger legislative instrument". The resolution notably calls on the Commission to "submit a proposal for a framework directive on quality traineeships setting out minimum requirements for quality standards and adequate remuneration

competitiveness, social fairness and resilience (2020/C 417/01).

¹⁵Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (<u>2020/C 372/01</u>). ¹⁶Council Recommendation of 24 November 2020 on vocational education and training (VET) for sustainable

¹⁷ European Commission (2023) 2023 European Semester – Spring Package (COM(2023) 600 final).

¹⁸ Council Recommendation (2014) on a Quality Framework for Traineeships (<u>2014/C 88/01</u>).

¹⁹Council Recommendation (2020) on A Bridge to Jobs – Reinforcing the Youth Guarantee (2020/C 372/01).

²⁰ Commission Communication "The European Pillar of Social Rights Action Plan" (COM(2021) 102 final).

²¹ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships <u>SWD(2023) 9 final.</u>

²² European Parliament's Article 225 TFEU resolution of 14 June 2023 (2020/2005(INL)).

for open labour market traineeships, traineeships in the context of active labour market policies (ALMP) and traineeships that are a mandatory part of professional training" and to "submit a proposal for a decision of the European Parliament and the Council [...] for traineeships undertaken with the aim of obtaining educational qualifications".

On 29 June 2023, the **Commission welcomed the European Parliament's resolution** and highlighted its strong commitment to continuing its actions to combat youth unemployment in the EU. With regard to the Parliament's specific requests for legislative action and in line with President von der Leyen's political commitment, the Commission confirmed its intention to follow with a proposal for a legislative act as part of the initiative on a reinforced QFT announced in its 2023 Work Programme, in full respect of the proportionality, subsidiarity and better law-making principles.

The Commission further indicated that it would do its utmost to **take into account the various** elements of the European Parliament's resolution. However, some of the above mentioned requests for legal action by the EU need to be assessed in the context of the legal boundaries to EU competences set by the Treaties and in full respect of the existing EU social acquis. For example, the EU cannot legislate under Article 153 (1) (b) TFEU on the working conditions of unpaid trainees (see section 4.1).

The initiative on **Quality Traineeships is closely linked to the European Year of Youth 2022**²³. Within the framework of this Year, civil society organisations and trade unions²⁴ called for providing additional support for the promotion of quality traineeships and a ban on unpaid ones. The initiative will also be **an important contribution to the European Year of Skills**²⁵. The latter focuses on matching people's aspirations and skills-set with labour market opportunities, especially those offered by the green and digital transitions and the core sectors that need to recover from the pandemic. A particular focus lies on activating more people for the labour market, in particular women and young people, especially those not in education, employment or training (NEETs)²⁶.

The initiative will also form part of the **follow up to the Conference on the Future of Europe**²⁷. The report on the final outcome of the Conference includes the call to ensure that young people's internships and jobs adhere to quality standards, including on remuneration, and that unpaid internships on the labour market and outside formal education are banned through a legal instrument. A similar stance is also reflected during previous years in opinions adopted by the Economic and Social Committee and the Committee of the Regions. Finally, the Council has underlined the need to "promote equal access to quality jobs for all young people in the future, and to take measures against all forms of stereotyping that influence today's children job

²³ Decision (EU) <u>2021/2316</u> of the European Parliament and of the Council of 22 December 2021 on a European Year of Youth (2022).

²⁴ <u>Report of the European Youth Forum</u> "High Quality or Unpaid and Unregulated? Uncovering National Internship Policies in Europe".

²⁵ European Year of Skills 2023 (europa.eu).

²⁶ Decision (EU) <u>2023/936</u> of the European Parliament and of the Council of 10 May 2023 on a European Year of Skills.

²⁷ Conference on the Future of Europe. Report on the final outcome. May 2022.

aspirations and limit access to certain jobs, while also perpetuating discrimination and inequality in education and training, as well as in the labour market".

The initiative is also expected to **contribute to the United Nations (UN) Sustainable Development Goals (SDGs)** of ending poverty (Goal 1), promoting lifelong learning opportunities for all (Goal 4), promoting full and productive employment and decent work for all (Goal 8), and reducing inequalities within and among countries (Goal 10) and to their respective targets²⁸.

In line with Article 154 TFEU, the Commission is carrying out a two-phase consultation of social partners. During the first phase of the consultation, which ran from 11 July to 15 September 2023, social partners were consulted on the need and possible direction of EU action. 13 recognised social partners contributed with written replies during the first phase of the consultation. Their replies have been taken into account in the Commission's analysis of the challenges and policy solutions set out in this document.

In the second phase, social partners are consulted on the possible instrument and content of the envisaged proposal. This analytical document, prepared by the Commission services, accompanies the consultation document of the second phase, which contains a summary of the replies of social partners to the first phase consultation.

The remainder of the document is organised as follows: section 2 provides an overview of what traineeships are and who are the people taking up traineeships. Then, section 3 identifies the problems and the drivers that need to be addressed. Section 4 explains the EU competence in this area and the added value of its action to tackle these problems. The objectives of such action are described in section 5, the possible policy options in section 6, and their impacts in section 7.

2. OVERVIEW OF TRAINEESHIPS

2.1. What are traineeships?

According to the 2014 QFT, traineeships are understood as 'a limited period of work practice, whether paid or not, which includes a learning and training component, undertaken in order to gain practical and professional experience with a view to improving employability and facilitating transition to regular employment'. Four main types of traineeships can be identified²⁹:

- **Open-market traineeships (OMT)** which are non-mandatory, bilateral agreements agreed between a trainee and a traineeship provider (public/private/non-profit) without the involvement of a third party and without a formal connection to education or training.
- Active Labour Market Policy (ALMP) traineeships which are offered to the unemployed or those at risk of becoming unemployed, usually with a public institution (most often a PES) acting as an intermediary between the training provider and the trainee.
- Education Curricula traineeships (ECT) which refer to traineeships which are part of curricula of formal education (school, vocational or higher education and training).

²⁸ For more details see <u>https://sdgs.un.org/goals</u>.

²⁹ European Commission, <u>SWD/2016/0324</u> and <u>SWD(2023) 9</u>.

• Traineeships that are a mandatory requirement to access specific professions (MPT), which are traineeships regulated under national law and whose completion is a mandatory requirement to access a specific profession (e.g., medicine, architecture, etc.).

The 2014 QFT applies to OMT and ALMP traineeships. It does not apply to ECT and MPT.

There are significant differences in Member States' regulatory approaches to traineeships and in the legal status of trainees within Member States and across the EU, including regulation by means of full or partial application of general labour law, specific legal instruments or no regulation at all (see section 3.2.3 for more details).

2.2. How many people are taking up traineeships and what is their profile?

The 2023 evaluation of the 2014 QFT³⁰ identified a lack of systematic data collection at EU level regarding the prevalence of traineeships which prevents a robust quantification. An on-going study conducted to support the preparation of this initiative³¹ provides an estimate using microlevel data from the European Labour Force Survey (EU-LFS)³². However, data from the LFS only records detailed labour market information on trainees who are employees and are remunerated³³. Hence, the prevalence numbers discussed below only provide a lower bound on the actual total number of paid trainees³⁴. The Commission will continue its efforts to obtain an estimate of the number of unpaid trainees. An indication of the size of the population of unpaid trainees can also be obtained from the results of the 2023 and 2013 Eurobarometers (see section 3.1.2 for details). When analysing the data, while the latest year for which data is available is 2021, 2019 is taken as reference. This is because the years 2020 and 2021 are likely to be affected by the COVID-19 pandemic, also the 2021 data suffers from some quality issues. Also, for some Member States (BG, CZ, EE, LT, LU, LV, MT, NL and RO) a small sample size is available for trainees. To increase the sample size, Member States statistics by sociodemographic characteristics are always averaged over the 2016-2019³⁵ period (see section 2.2.3) for more information on methodological issue).

³⁰ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

³¹ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

³² The EU-LFS is the primary source for labour market statistics in the EU and offers harmonised information across Member States. It contains substantial information that can be used to compute estimates of traineeship prevalence for the four types of traineeships (OMT, ALMP, ECT and MPT).

³³ In LFS "employees/workers" are defined as '*persons who work for a public or private employer based on a written or oral contract and who receive a payment in cash or in kind* (...) *Employees normally work under direct supervision of, or according to guidelines set by the employing organisation or enterprise*'. This definition is consistent with the concept of "worker" developed in the case law of the CJEU. However, it should be noted that the concept of worker under EU law does not always match the definition of a "worker" in national legislation. Moreover, trainees who are workers are not necessarily granted the same working conditions, including in terms of pay, and/or access to social protection as regular employees.

³⁴ Identification of trainees relies on the LFS variable 'TEMPREAS' which records the reason for which the respondent reports being on a temporary employment contract.

³⁵ This period is selected for two reasons. First, during this period 13 out of the 27 Member States provided a data with a breakdown trainees and apprentices. Less observations are therefore missing and imputed. Second, the 2016-19 period corresponds to a period of steady recovery for EU labour market without very significant shocks compared to 2020 and 2021.

2.2.1. Prevalence and distribution of paid traineeships

An increasing trend has been observed in the number of paid trainees since 2013, except for the two years following the COVID-19 outbreak. According to LFS data, the total number of paid trainees (aged 15-64) increased from 1.3 million in 2013 to 1.6 million in 2019^{36} . This corresponds to an increase of 24.4% (+305 000) which was more than twice the percentage increase in the number of employees (+9%) (aged 15-64), over the same period³⁷ (Figure 1).

Following the COVID-19 outbreak early 2020, the number of paid trainees decreased to below 1.4 million in 2021 (latest available figures). As suggested by Stewart, A. et al. (2021)³⁸, trainees are likely to have been particularly affected by the disruptions created by the pandemic (e.g., school closures and stay-at-home orders) and evidence already suggest that young individuals were particularly affected by the pandemic. Evidence from the EU-LFS indicates that the number of paid trainees dropped more sharply than the number of employees. This holds for (almost) all sectors but is significant in the public administration, accommodation and education sectors.

The evolution in the number of trainees over the 2006-2021 period suggests a certain alignment with economic developments: The number of paid trainees peaked in 2008 at the onset of the Great Recession, decreased continuously until 2013 (Euro Area crisis) and then increased steadily until 2019, in line with the recovery of EU labour markets³⁹. Paid OMT tend to be more countercyclical, while paid ALMP traineeships seem to follow the economic cyclical trends.

³⁶ Unless mentioned otherwise, in this section the 2013-2019 period is used to present the prevalence of traineeships as this represented a "business as usual" scenario and it was not influenced by major economic shocks.

³⁷ The period 2013-2019 is taken as reference period given that it corresponds to the period from the minimum to the maximum number of trainees observed over the 2006-2021 period.

³⁸ Stewart, A., Owens, R., O'Higgins, N., & Hewitt, A. (2021). Internships: A policy and regulatory challenge. Edward Elgar Publishing/International Labour Organization.

³⁹ This result is consistent with evidence reporting increase in traineeships uptake over the last decade(s), for example see: Stewart, A., Owens, R., O'Higgins, N., & Hewitt, A. (2021). Internships: A policy and regulatory challenge. Edward Elgar Publishing/International Labour Organization.; Owens, R., & Stewart, A. (2016). Regulating for decent work experience: Meeting the challenge of the rise of the intern. International Labour Review, 155(4), 679-709; Saniter, N., & Siedler, T. (2014). Door opener or waste of time? The effects of student internships on labor market outcomes and Cerulli-Harms, A. (2017). "Generation internship: The impact of internships on early labour market performance".

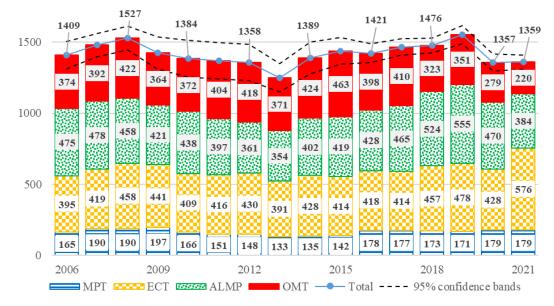


Figure 1: Stock of paid trainees in the EU27, by type of traineeship (2006-2021) Note: Stock of paid trainees at EU27 level in thousands, with 95% confidence obtained from the missing value imputation procedure. The EU27 level includes all MS except IE in 2006 (missing data). Source: Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

Regarding the **uptake of paid traineeships by type**⁴⁰, over recent years (since 2017) trainees in ALMP represent around one third of the number of paid trainees in the EU27, followed by ECT, with a share of around 30%. OMT represent slightly more than 20% and MPT about 10% of paid trainees. The growth in overall number of paid trainees between 2013 and 2019 results from an increase in the number of paid trainees doing ALMP traineeships, ECT and. ALMP traineeships increased by 56.5% (+200 000), ECT by 22% (+86 300)⁴¹ and MPT by 28.6% (+37 900) whereas OMT traineeships decreased by 5.3% (-5 300)⁴² (Figure 2).

⁴⁰ In line with CJEU case law. remuneration encompass benefits in kind or a scholarship if these forms of remuneration are paid in exchange for the services performed by the trainee. The level or source of the remuneration is irrelevant. See also CJEU Trojani, C-456/02 and Risak/Dullinger, The concept of 'worker' in EU law, ETUI Report 140, 2018, p. 38 with further references to the jurisprudence of the CJEU.

⁴¹ The increasing trend in the stock of ECT is consistent with evidence of the greater integration of work-based learning in educational curricula (Saniter, N., & Siedler, T. (2014). Door opener or waste of time? The effects of student internships on labor market outcomes).

⁴²An increase in the share of the OMT traineeships can be observed during the Euro Area crisis and the early phase of the labour market recovery until 2015.

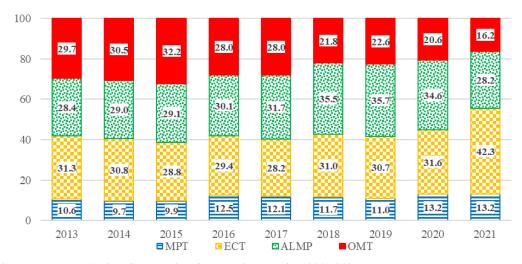


Figure 2: Composition (%) of paid traineeships by type of traineeship, 2013-2021 Note: Values in stacked bar charts are percentages of each type of traineeships out of the total number of paid traineeships

Source: Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

At Member State level, the estimates suggest important differences in the shares of paid traineeships, and in the distribution of the different types of paid traineeships. Five Member States represent almost 90% of the total number of paid trainees (ca. 1.4 million, 2019 data) in the EU (DE, ES, FR, IT, PL)⁴³, which are also the Member States with the highest population in the EU. At the same time, these Member States also demonstrate the highest prevalence rate of paid traineeships in the population of employees aged 15-64⁴⁴. This indicates that the high share of trainees in these countries is not only driven by population size but is a structural feature of these countries' labour markets. Seven other Member States each account on average for at least 10 000 paid trainees per year (BE, DK, IE, EL, HR, AT, FI). In the remaining Member States, the share of paid traineeships is comparatively low.

A significant variation exists among Member States regarding the composition of paid traineeships by type of traineeships. In one-third of Member States (CZ, DE, DK, EE, FR, LT, AT, MT and FI), the largest share of trainees is doing ECT, where the share of ECT is at least equal to 50% (or very close to) while it reaches 90% in DK. Trainees doing ALMP traineeships constitute a significant share of all trainees in almost every country, but the share is especially significant in BE, IT, PL and SE where they account for around 40% of traineeships (more than 50% in IT). The share of trainees doing OMT varies substantially across Member States, and is especially large in BG, IE, EL, ES, HR, LV, LU, NL, PL, PT, RO, SI and SK⁴⁵. In contrast, in a quarter of Member States, shares of OMT in recent years are very low (DK, DE, EE, FR, LT, AT and FI). Finally, the shares of MPT are relatively high, in DE, EE, EL, CY, HU and RO ranging from around 30% in DE, EE to more than 50% in EL and CY.

⁴³ DE (381 000), ES (128 000), FR (166 000), IT (431 000) and PL (273 000).

⁴⁴ For a discussion of the prevalence rates for other age groups see section 2.2.2.

⁴⁵ The shares vary from 35-40% (ES, IE, IT, PT) up to 50-60% in NL, SI and SK.

Looking at the **sector distribution of paid traineeships**⁴⁶, according to the LFS data, the highest share of the trainee population (2019 data) is found in the manufacturing sector (16.9%), followed by education (12.3%), wholesale and retail trade (12.2%) and real estate and professional and administrative support services (11.7%). In general, these patterns are aligned with shares of these sectors in the overall economy. For instance, manufacturing, is the sector with the largest share of employees in the EU27 and is also the one with the largest share of trainees.

Additional, evidence from the Labour Force Survey (2019 data) provides data on the prevalence of **paid traineeships per sector of economic activity**⁴⁷ (NACE 2). The highest prevalence of paid trainees is found in the education sector, with a prevalence rate of 1.4% in 2019, followed by real estate and professional and administrative support services (1.2%), public administration (1%); other services (1%); human health (0.9%); manufacturing (0.9%); and wholesale and retail trade (0.8%).

Data at Member State level show some variation regarding the sectors with the highest shares of paid trainees. Looking at the three sectors with the highest overall prevalence rates of paid traineeships, traineeships in the education sector make up large share of paid traineeships (around than 30%) in CZ, DK, DE and LU. Traineeships in the sector of real estate, professional and administrative services are particularly dominant in CY, where more than half of all paid traineeships are in the sector, while shares range between 10% and 20% in most other Member States. In the public administration sector, there is strong country variation, with large shares (more than 20%) of paid traineeships observed in HU, BG, LU and PT. It should be noted that the sector of human health also concentrates a high share of trainees (more than 20%) in a number of Member States, BG, DK, EL, FR, LT, AT, RO, SI and FI.

Paid trainees doing traineeship in the public administration constitute of 9% of the total trainees (2019 data). Looking at the composition by traineeship type, 9% of the trainees are doing an OMT in the public sector, whereas the respective share is higher among the trainees doing an ECT (13.7%). Smaller shares are recorded for ALMP traineeships (6%) and MPT (5%). A high share of trainees doing a traineeship in the public sector is recorded in HU (34.9%), BG (21.0%), PT (20.8%), LU (19.3%), MT (17.9%) and LV (17.0%).

Data on the share of paid trainees by occupational category (ISCO code) show that the largest share of paid trainees can be found in the managerial and professional occupations, which has been increasing over the years and ranges between 25% and 30% of all traineeships. Large shares of paid trainees can also be found in services and sales, technical and associate professional occupations and, to an extent, clerical support and skilled agricultural occupations. In contrast, the share of trainees is low in in elementary occupations and the occupation of plant/machine operators/assemblers. Overall, traineeships are therefore more common in highly skilled occupations. No significant variations can be observed among Member States. In 15 Member States managerial and professional occupations make up at least 40% of all paid

⁴⁶ <u>NACE Rev. 2</u>. Legend: Agri = NACE A-B, Manufacturing = NACE C-D, Construction = NACE E-F, Wholesale = NACE G, Accommodation = NACE I, Transport = NACE H, J, Insurance = NACE K, Real estate = NACE L-N,

Public administration = NACE O, Education = NACE P, Human health = Q, Other services = NACE R-U.

⁴⁷ Shares of paid trainees relative to employees in the population aged 15-64.

traineeships, but their share is less than 20% of all traineeships in only a few countries (BG, IT, LV, PL).

Data on the prevalence rates of paid traineeships by occupational category show that the rate is also the highest in managerial and professional occupations (1.1% in 2019) followed by services and sales (0.8%). Generally, prevalence rates for occupations other than managers and professional services tend to range between ca.0.5% and 0.8%.

Finally, data regarding the **composition of paid trainees by firm size**⁴⁸ shows that the smallest share (around 25%) of traineeships can be found in micro companies (less than 10 employees), followed by 30% in small companies (10-49 employees) and 45% in large companies (more than 50 employees). The share of traineeships is largest in large companies in almost all EU27 countries. Exceptions include BG, IT, SI and SK and SE where the largest proportion is found in small companies with 10-49 employees.

The results of the 2023 Eurobarometer⁴⁹ confirm these findings as they show that in terms of the size of the host company or organisation, the following distribution was found for young people's last traineeship: 20% is completed in a micro company (less than ten employees), 34% in small companies (10 to 49 employees), 24% in medium-sized companies (50 to 250 employees) and 18% in large companies (more than 250 employees). Also, the proportion of paid traineeships in micro companies (with 1 to 9 employees) was 48% and increases to 54% for traineeships in companies with between 10 and 49 employees and to 59%-60% in companies with 50 or more employees.

2.2.2. Profile of trainees

In terms of prevalence rates⁵⁰ of paid traineeships and composition of trainees' population by gender, men and women are in a similar situation in the EU. Namely, the prevalence rate is only marginally higher for women as compared to men in particular during recent years (2016-2019), e.g., for 2019 the rate was 0.96% for women compared to 0.90% for men. In terms of the composition of the trainees' population by gender, the differences are even less pronounced (e.g., the share was 50.4% for men and 49.6% for women, EU average 2016-2019). At Member State level the population of trainees is relatively evenly split between men and women. Exceptions include BG (67% women), CY (67% women), LV (70% men), NL (62% women) and RO (64% men). Regarding the gender composition of paid traineeships in the EU27 by type of traineeships data shows that MPT tend to have a higher share of women than men (around 60%). The other three types of traineeships are more evenly split between genders.

Trainees are usually young people, but they can also be people in a transitioning stage in their professional carrier. The vast majority of the trainees (85%) are in the age group 15-29, with trainees in the age group of 20-24 constituting almost 40% of the share of trainees followed by trainees aged 25-29 (31.3%). Trainees in the 15-29 age group also demonstrate high prevalence rates (5.2% for trainees aged 15-24 and 2.6% for those 25-29, 2019 data). The trainees in these groups are young people, who are entering the labour market, and are doing a traineeship

 ⁴⁸ Prevalence rates cannot be computed for this category, as the stock of employees by firm size cannot be computed.
 ⁴⁹ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

⁵⁰ Number of trainees as compared to the employed population of each gender.

as their first work experience. In fact, according to the results of the 2023 Eurobarometer⁵¹, about one in five respondents (19%) stated that their first work experience as a traineeship. Furthermore, according to the LFS data, 1 in 5 trainees (22.3%) were 30 years old and above (10.2% for 30-34 and 12.1% for 35+), however, the prevalence rates of these groups are much lower as compared to younger trainees (0.8% and 0.2% respectively). The latter is to be expected as these are mostly people who are transitioning from one job to another or starting a professional career in a new specific field and who they do not have sufficient professional experience in the same field of activity to secure an entry-level position as a permanent employee. Therefore, they form a small percentage of employees in their respective age groups (Figure 3).

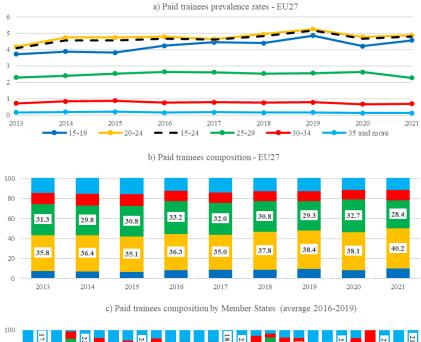
In most Member States, the majority of paid trainees are young people 20-29 years old, but also in all Member States there is a substantial share of trainees aged 30 years or older (this ranges from ca. 15% to 30% in most cases). There are also some exceptions. In LV, the dominant groups of trainees are in the age group 15-19 (31%), whereas in BG and NL, the majority of paid trainees are 35 years old and older (59.3% and 38.8% respectively)., It should be noted that these two countries are the countries with an overall very low share of trainees (and less reliable data) and very low prevalence rates for all age groups⁵². Also, in almost all Member States, prevalence rates of paid traineeships are the highest in the age group 15-24, except DK, where prevalence is highest in the 25-29 age group (Figure 3).

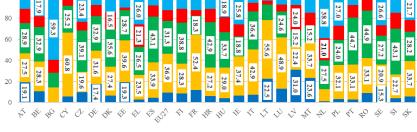
An increase can be observed in the prevalence rates of younger paid trainees (15-19 and 20-24), while the prevalence rates for trainees of 15-29 and 30 years and older are stable over time. An increase is also observed in the share of trainees aged 15-24 in the total number of trainees (from 44.0% in 2013 to 48.6% in 2019). The share of paid trainees aged more than 30 years old was the highest at the time of the economic crisis and declined subsequently (Figure 3 (a)).

Evidence on the **age composition of the different types of paid traineeships** show that for OMT, all paid trainees are older than 20 years old and most of them are in the age groups 35+ (33.6%) and 25-29 (31.7%). In fact, the share of trainees aged 35+ has increased substantially over the last years from 25% in 2013 to 33% in 2018 and it has remained high since then. On the contrary the share of trainees aged 25-29 has declined from 48% in 2013 to 29% in 2018 and it remained around 30% since then. Regarding ALMP traineeships, half of the trainees are in the age group 20-24 (50% in 2019), even though a decreasing tend can be observed over the years (59% in 2013) Since 2018) an increasing share is observed in the age group 25-29 (27% in 2019 compared to 13.% in 2013). The vast majority of trainees doing an ECT are below 30 years old: around half of them are in the 20-24 age group, around 1 in 4 in the 25-29 and around 15% in the 15-19. Regarding MPT, around half of the trainees are in the age group 03-34) and around 15% in the age group 20-24. All shares have been relatively stable over the last years.

⁵¹ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

⁵² Number of trainees as compared to the employed population of each age group. Very low prevalence rates for all age groups are also observed in HU, PT and RO.





■ 15-19 ■ 20-24 ■ 25-29 ■ 30-34 ■ 35 and more

Figure 3: Evidence on paid trainees in the EU27, disaggregated by age.

Notes: Prevalence rates are calculated as the sum of paid trainees divided by the stock of employees of the relevant age group. Results are displayed in percentages. Panels b) and c) on composition show the share of each age group among paid trainees. Data by Member States displays the average for 2016-2019. Percentages below 15% are not displayed in panels b) and c).

Source: Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

The EU population of paid trainees is clearly dominated by medium and highly educated individuals⁵³**.** Looking at the composition of the trainee population, individuals with a low level of education constitute the smallest share (around 12%) of all paid trainees. Around half of the paid trainees have a medium level of education (49.1%), while around 40% are highly educated Moreover, the share of highly-educated trainees has increased over time (from 37% in 2013 to 39% in 2019). In most EU countries, the share of low-educated trainees is well below 10% (see Figure 4 (c)).

Data on the prevalence rates of paid trainees shows that prevalence increases with the level of education. The prevalence rate of trainees with low education was 0.64% as compared to

⁵³ Low education: below secondary education, medium education: secondary education, high education: above secondary.

0.95% for trainees with a medium level education and 1.05% for highly educated trainees (2019 data) (see Figure 4 (a)).

Evidence on the **composition of the different types of paid traineeships by education level** show that regarding OMT, most trainees are highly educated (around 65%, 2019), a share that has significantly increased from 2018 onwards (45% 2013, 66% in 2018). 1 in 3 trainees doing an OMT are medium educated and around 5% have a low level of education. The share of both medium and low educated trainees decreased significantly from 2018 onwards . At the same time, highly-educated trainees are less likely to take up ALMP traineeships, where the large majority of trainees (around 75%, 2019 data) have a medium level of education, whereas around 1 in 5 trainees have a low level of education. The share of low educated trainees is the highest in ALMP traineeships among all the types of traineeships. ECT have substantial shares of trainees with both medium and high levels of education (50% and 38% respectively, 2019 data), while the share of low educated trainees is around 10%. Finally, highly-educated trainees are strongly dominant in MPT, where they constitute almost 85% of all paid trainees.

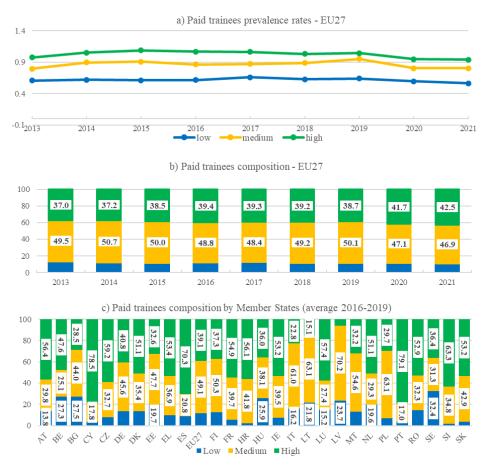


Figure 4: Evidence on paid trainees in the EU27, disaggregated by level of education.

Note: Prevalence rates are calculated as the sum of paid trainees divided by the stock of employees of the relevant education level group. Results are displayed in percentages. Panels b) and c) on composition show the share of each education level among paid trainees. Data by Member States displays the average for 2016-2019. Percentages below 15% are not displayed in panels b) and c).

Source: Study exploring the context, challenges, and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

The analysis of the profile of trainees responding to the 2023 Eurobarometer survey⁵⁴ confirms the analysis of the LFS data. The proportion of young people with traineeship experience is higher for respondents who completed post-secondary education (75%) than for respondents with a secondary (or lower) qualification (61%). Similarly, respondents currently working as a skilled employee or worker (85%) or being self-employed (86%) are more likely than respondents working as an unskilled worker or employee (70%) to have undertaken at least one traineeship.

2.2.3. Challenges in estimating the prevalence of paid traineeships

The section above presented data on the prevalence of paid traineeships in the EU. While interpreting the results there are a few methodological issues that need to be taken into consideration:

- For the year 2016-2020 disaggregated data for trainees and apprentices is available for only 16 Member States. Data on trainees for the other countries is based on imputations⁵⁵ as the variable 'TEMPREAS' aggregates these two groups into one category.
- LFS data for 2020 and 2021 should be interpreted with care given that the data collections of these two years were influenced by the COVID-19 pandemic and the entry into force in 2021 of Regulation (EU) 2019/1700 on European statistics relating to persons and households, based on data at individual level collected from samples.

3. PROBLEM DEFINITION

3.1. What is/are the problems?

The following sections describe the problem definition, which is subject to further evidence gathering, including stakeholders' consultation and analysis of available data to substantiate the scale of the issues in the context of a possible EU initiative.

Based on the 2023 evaluation of the 2014 QFT,⁵⁶ the responses received during the first phase of the consultation of EU social partners and the results of the on-going study carried out to support the development of this initiative⁵⁷, **problems can be identified as regards** (1) the **use** of traineeships by traineeship providers, (2) the **quality** of traineeships and (3) the **access** to traineeships. These problems are set out in detail in sections 3.1.1, 3.1.2 and 3.1.3.

Partially, these problems are influenced by drivers which are 'external' to the scope and reach of the initiative. They are described in section 3.2.1 and include the impact of the green and digital transition, the economic cycle, and the COVID-19 pandemic on labour market dynamics in the EU.

⁵⁴ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

⁵⁵ Statistical method to replace missing values with plausible estimates.

⁵⁶ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

⁵⁷ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August.

These problems are also influenced by 'internal' drivers" which have been preliminarily identified and are described in sections 3.2.2 to 3.2.5. If confirmed and further specified by the evidence gathering, these internal drivers are among the aspects of the problems that the potential EU initiative could aim at addressing. Figure 5 presents the problems identified in the area of traineeships, as well as their drivers and consequences.

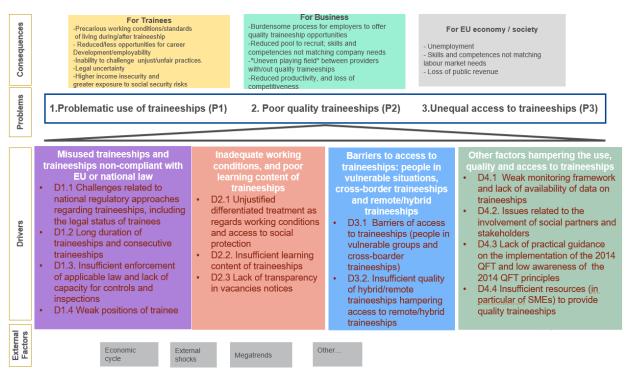


Figure 5: Problem tree

A cross-cutting question concerns **the scope of the QFT**. The 2014 QFT does not apply to ECT and MPT, which, as pointed out in chapter 2 represent a significant share of the total number of paid traineeships in the EU. ECT are usually embedded in education and training legislation. This category of trainees includes mostly students who are often not considered workers under national legislation. By contrast, trainees in MPT are considered workers in many Member States.

The European Parliament requested to include ECT and MPT in the scope of a reinforced (legislative) initiative on quality traineeships. The description of the problems and the problem drivers set out in this chapter therefore takes into account the extent to which they are relevant for the four types of traineeships (OMT, ALMP, ECT and MPT).

It is important to note that traineeships, as defined and covered by the QFT, should be differentiated from apprenticeships⁵⁸ which are covered by the provisions of the Council

⁵⁸ The Council Recommendation (2018) on the European Framework for Quality and Effective Apprenticeships (<u>2018/C 153/01</u>) defines apprenticeships as formal vocational education and training schemes that (i) combine learning in education or training institutions with substantial work-based learning in companies and other workplaces, (ii) lead to nationally recognised qualifications, (iii) are based on an agreement defining the rights and obligations of the apprentices, the employer and where appropriate, the vocational education and training institution, and (iv) the apprentice is being paid or otherwise compensated for the work-based component.

Recommendation on a European Framework for Quality and Effective Apprenticeships (EFQEA). The Commission's 2021 assessment of the EFQEA⁵⁹ concluded that it remains up to date and relevant. Moreover, Cedefop has shown that in many Member States there is a difficulty in distinguishing between apprenticeships and traineeships.⁶⁰

Including traineeships that are part of vocational education and training (VET) programmes in the scope of an updated QFT therefore bears a risk of creating an overlap in scope with the EFQEA, that could lead to legal uncertainties and negatively affect implementation and monitoring, as well as creating additional burden for companies and other organisations. Also, there are similarities between the current QFT and EFQEA definitions of traineeships and apprenticeships. Both combine learning and work-based experience, both have requirements on the need for an agreement, learning and training objectives, work, health and safety conditions, regulatory framework, or support for employers. Any EU action should therefore consider the risks of an **overlap** in scope between the QFT and the EFQEA.

3.1.1. Problematic use of traineeships (P1)

Evidence suggests the occurrence of **problematic uses of traineeships in the EU**. In the EU the legal status of trainees and the regulatory approaches to traineeships vary widely across Member States and amongst the different types of traineeships (see section 3.2.2 for details). Sometimes, different regulatory approaches can be in place within a given Member State. It might not always be clear which regulatory approach applies in individual cases. In this context, a number of different **problematic uses of traineeships** may occur, including **the misuse of traineeships** and genuine traineeships that may be **non-compliant** with **EU law, national law (including specific regulations), collective agreements or practice.** While legal remedies against breaches of labour law exist in Member States, trainees are unlikely to go to court, due to, for instance, their **weak bargaining position**, mainly because of lack of awareness of rights, resources and/or short duration of traineeships.

The lack of a commonly agreed definition of the problematic use of traineeships⁶¹ makes it difficult to quantify prevalence of the problematic use of traineeships, including the misuse of traineeships or non-compliant traineeships. This mainly arises because the identification of cases of problematic use of traineeships requires a case-by-case assessment of the individual employment relationship, which can only be done in individual cases and by the competent authorities⁶². However, from the existing literature sources/studies (see sections below), it is possible to get evidence on the existence of the problem.

P1.1 Misuse of traineeships

A first category of problematic use of traineeships concerns the misuse of traineeships. Misused traineeships are regular (entry-level) employee positions disguised as traineeships, whereby trainees are required to carry out tasks that are not differentiated from those performed

⁵⁹ Commission SWD "Putting into practice the European Framework for Quality and Effective Apprenticeships – implementation of the Council Recommendation by Member States" (<u>SWD(2021) 230 final</u>).

⁶⁰ Cedefop (2019). <u>Apprenticeship schemes in European countries: a cross-nation overview</u>. Luxembourg: Publications Office.

⁶¹ Eurofound (2017) Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK).

⁶² Eurofound (2016) Exploring the fraudulent contracting of work in the European Union.

by regular workers employed in the company⁶³. By disguising regular employee positions as traineeships, the employer enjoys a monetary advantage (in terms of lower labour costs), without necessarily providing proper learning/training content and adequate working conditions. Specifically, in such cases, the employer wrongly treats the person as a trainee instead of as a regular worker, which implies that the trainee will not benefit from the full set of workers' rights enshrined in labour law. The extent of the consequences for the trainee in terms of workers' rights depends on the regulatory framework governing the labour market status of trainees in each Member State (see section 3.2.2 for details). Misused traineeships do not provide a proper learning/training content nor adequate working conditions. Ultimately, these traineeships are unlikely to help persons enter or transition between jobs in the labour market. Such cases might be prosecutable in labour courts⁶⁴.

The attention to the misuse of traineeships has been increasing over the last years, also due to the increasing prominence of traineeships in the labour market over the last decades (see section 2.2). For instance, the ILO has repeatedly noted the risk of traineeships being used as a disguised employment relationship⁶⁵ and the issue has been also raised in other global fora, such as the G20⁶⁶. Also, social fairness for young people, including fair traineeships, is increasingly perceived as an important social objective and youth organisations have become vocal in recent years in denouncing unfair behaviours⁶⁷.

In 2017, the European Youth Forum (EYF) lodged a complaint with the European Committee of Social Rights (ECSR) on issues related to unpaid and misused traineeships in Belgium⁶⁸. On examining the complaint, the ECSR ruled⁶⁹ in 2022 that cases where an internship involves performance of real and genuine work without allowing for a real learning experience, i.e., misused internships, the trainee should be considered as a "worker" and remunerated as such. Fearing that disadvantaged young interns may not be aware of their rights or may not want to take legal action in order not to affect their potential for future employment, the ECSR noted a proactive approach to monitoring internships is needed by relevant national authorities to ensure internships allow for real learning experiences and are not used to replace regular workers. The committee also concluded that the Labour Inspectorate has proven to be inefficient in detecting and preventing abusive replacing of paid jobs with unpaid traineeships. Following the decision,

⁶³ See also Eurofound (2017) Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK).

⁶⁴ ILP (2012) Internships: Head start or labour trap?; Waas (2021) Rights and obligations in the context of internships and traineeships: A German perspective, in: ILO (2021) Internships, Employability and the Search for Decent Work Experience.

⁶⁵ See for example the 2020, ILO report which noted the risk of misused traineeships constituting disguised employment relationships (ILO (2020, Promoting Employment and Decent Work in a Changing Landscape, Report of the Committee of Experts on the Application of Conventions and Recommendations, Report III (B), International Labour Conference, 109th Session), based on evidence collected through an ILO comparative study on the regulation of internships (A. Stewart, R. Owens, A. Hewitt and I. Nikoloudakis: The regulation of internships: A comparative study, Employment Working Paper No. 240, ILO, Geneva, 2018).

⁶⁶ G20: Labour and Employment Ministerial Declaration: Preventing structural unemployment, creating better jobs and boosting participation. Melbourne, 10–11 Sep. 2014 <u>OECD and ILO report (2014)</u> "Promoting better labour market outcomes for youth".

⁶⁷ See for instance <u>European Youth Forum on 'Fair traineeships'</u>. Here fairness is mostly intended as paid traineeships and the financial and social costs associated with lack of pay.

⁶⁸ European Youth Forum (YFJ) v. Belgium, Complaint No 150/2017, available <u>here.</u>

⁶⁹ Idem

the Committee of Ministers, the Council of Europe's decision-making body, has found in favour of the EYF⁷⁰. This decision has led to increasing attention to the issue of unpaid traineeships.

A 2016 Eurofound study⁷¹ investigated the fraudulent contracting of work⁷² in the EU-27 Member States plus the United Kingdom and Norway, including by means of traineeships. The study relied on reports of national labour inspectorates, ad-hoc surveys and studies, as well as an analysis of the public debate. The results of the study have shown that, in out of 29 countries examined, the fraudulent use of traineeships and apprenticeships was significant in 9 Member States (EL, FR, IT, CY, NL, AT, PT, RO, SI) as well as in the UK and NO. Fraudulent use of traineeships was most reported in the tourism and catering sectors. The report highlights incidents of misused traineeships in certain countries (for example FR, CY and AT) where employers have been reported to replace regular workers with either trainees or apprentices, and as such not providing the required training while taking advantage of lower labour costs.

A follow-up Eurofound study from 2017⁷³ looks specifically at the fraudulent use of traineeships – excluding those regulated through labour contracts, ECT and MPT - in four countries (ES, AT, FI and the UK). The results of the study identified instances of fraudulent use of traineeships in all four countries where legal uncertainty about how to differentiate a trainee from a worker seems to work as an enabler of the fraudulent behaviour. In ES and FI, fraud was related to the inadequacy or lack of training content, guidance and supervision compared to actual programmes.). The study also identifies some sectoral differences, where the misuse of traineeships is particularly common, such as the media sector (ES) and high-paying sectors such as banking and finance (AT), and notes that vulnerable young people such as migrants are more likely to experience misuse of traineeships (FI).

In addition to these comparative reports, some research and case law highlights the issue of the misuse of traineeships in specific countries. In IT, stakeholders⁷⁴ have highlighted the increasing use of traineeships to disguise precarious forms of employment⁷⁵. In DE, cases against employers misusing traineeships have been successfully pursued in labour courts, ⁷⁶ and as mentioned above, BE has been found by the ECSR in breach of the European Social Charter as regards the issue of misused traineeships⁷⁷.

⁷⁰ Recommendation (<u>CM/RecChS(2022)20</u>) of the Committee of Ministers to member States on European Youth Forum (YFJ) v. Belgium, Complaint No. 150/2017.

⁷¹ Eurofound (2016) Exploring the fraudulent contracting of work in the European Union.

 ⁷² Defined as a specific employment or contractual arrangement used to hire workers or subcontract work activities, where the factual circumstances of the relationship do not correspond to the legal or formal requirements for that specific form of work.
 ⁷³ Eurofound (2016) Exploring the fraudulent contracting of work in the European Union and Eurofound (2017)

⁷³ Eurofound (2016) Exploring the fraudulent contracting of work in the European Union and Eurofound (2017) Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK).

⁷⁴ The main Italian trade union confederations (Cgil 2020) and other social actors such as the National Youth Council (Consiglio Nazionale Giovani) highlighted this issue, as reported in Jessoula, M., Pavolini, E., Natili, M. and Raitano, M. (2022) ESPN Thematic Report on Access to Social Protection for Young People – Italy.

⁷⁵ Jessoula, M., Pavolini, E., Natili, M. and Raitano, M. (2022) ESPN Thematic Report on Access to Social Protection for Young People – Italy.

⁷⁶ Waas (2021) Rights and obligations in the context of internships and traineeships: A German perspective, in: ILO (2021) Internships, Employability and the Search for Decent Work Experience.

⁷⁷ The decision on the merits in European Youth Forum (YFJ) v. Belgium, Complaint No.150/2017, available here

This issue was also investigated through a survey conducted under the supporting on-going study⁷⁸ of this initiative. The preliminary results of the survey showed that 45% of public authority representatives surveyed (N=38) stated that in their country, the replacement of regular employment by traineeships is common. This provides further evidence that the misuse of traineeships is an issue in EU Member States.

Indications of the misuse of traineeships

Distinguishing the misuse of traineeships from genuine traineeships is a challenging task. The 2014 QFT definition of traineeships (see section 2.1) highlights three important aspects:

- (1) the limited duration of the work experience (usually 6 months or less),
- (2) a learning and training component, and
- (3) the development of practical/professional experience to improve employability and facilitate the transition to employment.

These are **some key elements that allow a distinction to be made between a regular employee position and a traineeship**, with the latter aiming to ease access to the former through learning/training and meaningful work experience.

Based on the definition of traineeships, but also on evidence in the literature (see for example the 2016 and 2017 Eurofound studies⁷⁹) there are a **number of indications which may point to the misuse of a purported traineeship.**⁸⁰ In particular, as noted by Eurofound["]: "Differences between 'real' work and traineeship would be determined by the length and intensity of the activity performed and the existence of coaching and management" and "Fraud is also related to the inadequacy or lack of training content, guidance and supervision".

Each of these indications needs to be assessed on a case-by-case basis and the existence of only one indication will likely not be sufficient to detect a misused traineeship, but a combination of several indications may be considered as supporting the potential existence of a misused traineeship. The more indications are present, the higher the likelihood of the misuse of traineeships.

The fact that the **trainee is performing the same/similar tasks with the same intensity and having the same/similar responsibilities as regular (entry-level) employees** can be used as one indication of the misuse of traineeships.

The absence of a (meaningful) learning/training component from a traineeship could also serve as an indication of the misuse of traineeships. Learning and training form a crucial part of the quality of traineeships and a central element for assisting trainees in their transition to regular employment (see sections 3.1.2 and 3.2.3 for details). Indeed, as also discussed in section 3.1.2, there is still room for improvement regarding the learning and training components of traineeships in the EU.

⁷⁸ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

 ⁷⁹ Eurofound (2017) Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK).
 ⁸⁰ Idem

The **excessive duration of traineeships** can also be considered another indication of the misuse of traineeships, given that Principle 10 of the 2014 QFT states that, in principle, a reasonable duration does not exceed six months. However, an important aspect to consider when discussing the duration of traineeships, is the type of traineeship. In many countries, the duration of MPT is defined by law to be longer than 6 months (e.g., doctors).

According to the 2023 evaluation of the 2014 QFT^{81} , **22% of respondents** to the trainee survey⁸² stated that their traineeship lasted longer than 6 months⁸³. Around 40% of respondents reported that their traineeship had a duration of 4 to 6 months, while another ca.40% indicated a traineeship duration of 3 months or less.

These results are consistent with the results of the 2023 Eurobarometer⁸⁴ which suggested that **traineeships exceeding a duration of six months constitute 11% of traineeships** at the EU27 level (compared to 15% recorded in the 2013 Eurobarometer⁸⁵). This result is relatively consistent among the 4 types of traineeships, with the highest shares recorded for OMT (13% of OMT, 11% for the ECT, 12.5% for the MPT, 10.5% for the ALMP). In general, countries that have a higher overall share of traineeships that last longer than six months also have higher shares of such traineeships across the different traineeship types. Two-thirds of traineeships lasting longer than six months were paid, up from 52% in 2013. At national level, there is a large variation in the prevalence of these very long traineeships across the EU. In IE, HR, CY, NL, MT and PT 20% or more of respondents indicated that their last traineeship lasted more than six months (see Figure 6).

Results on the duration of traineeships can also be derived from the EU-LFS data, based on the contract duration⁸⁶. Based on the EU-LFS, the **estimated share of traineeships lasting more than six months is even higher** than in the Eurobarometer data (more than 60% at the EU27 level), with significant shares (ca. 40%) lasting longer than 12 months. In BG, EE, ES, LV, LU, MT, SI, SK, FI and SE more than 50% of the contracts are up to 6 months, whereas in the other countries, the percentage is above 50%. CZ, IT and RO stand out as the countries with the largest share of traineeships contracts of more than 24 months.

⁸¹ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

⁸² Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

⁸³ 17% of the respondents indicated that their traineeship lasted for a duration ranging from 7 to 12 months, while a further 5% reported having engaged in a traineeship that extended beyond a 12-months period.

⁸⁴ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

⁸⁵ Flash Eurobarometer 378 (November 2013) "The experience of traineeships in the EU" (<u>1091_378</u>). Please note that comparisons between the results of the 2023 and 2013 must be interpreted with caution, due to differences in the survey method and questionnaire used. Additionally, the EU averages calculated for 2013 include the UK and exclude Croatia.

⁸⁶ To be noted that this is different than the effective duration, which could be captured in the responses to the Eurobarometer.

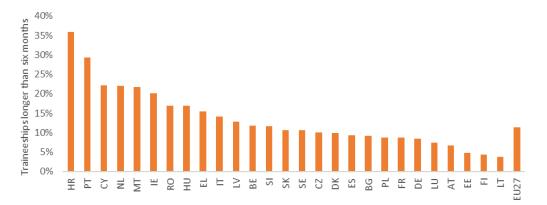


Figure 6: Flash Eurobarometer results - Proportion of individuals whose last traineeship lasted more than 6 months Note: Member States ordered based on the traineeships that last more than six months, lowest to highest percentage. Source: Flash Eurobarometer 2023 (FE 523)3; Study exploring the context, challenges, and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

In most of the countries with the highest shares of long traineeships, the largest proportion of these traineeships is found in MPT (e.g. IE, EL, HR, CY, HU, MT, PT). While EU-LFS data confirms that MPT tend to have the highest share of traineeships lasting longer than 6 and 12 months, a high share of ALMP traineeships, are often lasting longer than 24 months. For these ALMP traineeships, the duration should be closely monitored as these traineeships are typically supported by public funds, in the form of subsidies or tax benefits for hosting companies.

The fact that a trainee has already gained professional experience by completing one or several traineeships (or has already held regular job positions), in particular in the same field of activity may also serve as an indication of the misuse of traineeships, although other elements, such as the duration of each traineeship, as well as the quality and content of the learning component thereof, have to be taken into account. The main purpose of a traineeship is to serve as a stepping stone into the labour market, mainly for young people, by providing the skills that increase their employability and enhance their employment prospects but they can also help people transition between sectors, occupations. However, more than 1 in 2 (52%) of the respondents to the 2023 Eurobarometer did two or more traineeships; 1 in 3 respondents stated that they had done two traineeships, and 1 in 4 respondents reported the completion of three or more traineeships (Figure 7).

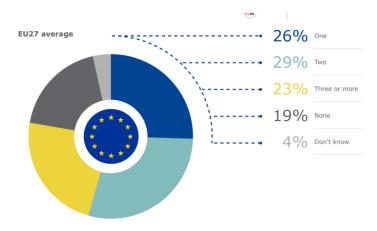


Figure 7: Flash Eurobarometer results - Repeated traineeships in the EU Source: Flash Eurobarometer 2023 (FE 523)

Analysis at Member State level (Figure 8) reveals that the majority of respondents in all Member States have done repeated traineeships (at least two traineeships), with shares ranging from around 85% in DE, LU and SE to around 80% in BE, CZ, EE, FR, AT, NL, SK and FI to around 70% in BG, ES, LV, LT, HU, MT, RO and SI and 60% in EL. Moreover, respondents in LU (44%), followed by those in DE (40%), are the most likely to have had three or more traineeships. The largest shares having had two traineeships are observed in DE (35%), FR (35%), the NL (33%) and ES (33%).

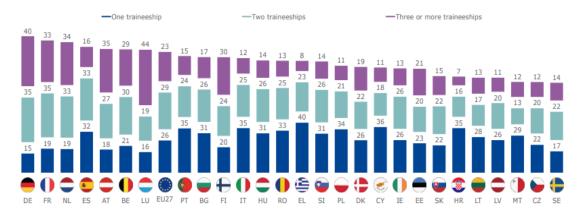
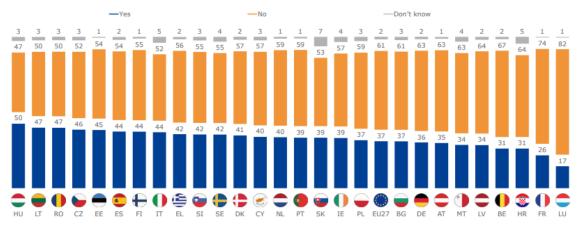


Figure 8: Flash Eurobarometer results -Repeated traineeships by country Source: Flash Eurobarometer 2023 (FE 523)

The number of recurrent, including **consecutive, traineeships** with the same employer can also constitute an indication of the misuse of traineeships. In the 2023 Eurobarometer⁸⁷, respondents who have completed more than one traineeship were asked if any of these traineeships were with the same employer. On average, across the EU, **37% of these respondents have completed recurrent traineeships with the same employer**. Across most countries, a considerable share of respondents who have had more than one traineeship reply that at least two of these traineeships were with the same employer. In fact, in 17 Member States (CZ, DK, EE, IE, EL, ES, IT, CY, LT, HU, NL, PT, RO, SI, SK, FI and SE) more than ca. 40% of respondents stated that they had done more than 1 traineeship with the same employer, with the highest share being observed in HU (50%) (Figure 9). In all the other Member States this share is above 30%, with the same employer are most common for MPT (45.7%). Regarding OMT, 1 in 4 respondents (25.7%) stated that they have done more than one traineeship with the same employer while the same employer with the same employer and ECT (around 35% for each respectively).

⁸⁷ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

Q5 Were any of these traineeships with the same employer? (% by country)



Base: Respondents who have had two or more traineeships (n=11 314)

Figure 9: Flash Eurobarometer results - Consecutive traineeships with the same employer in the EU Source: Flash Eurobarometer 2023 (FE 523)

Further indications for the existence of the misuse of traineeships could stem from formal elements, such as the absence of a written traineeship agreement (the first quality principle of the 2014 QFT), or from contextual elements, such as a particularly high ratio of trainees within an organisation. Regarding the latter, it should be noted that in a number of Member States legal provisions exist regulating the maximum share of trainees in a company, in particular for OMT (BG, LT, LU, HU, AT, PL, PT, RO) the highest number across the different types of traineeships. For MPT, there are a number of cases where caps exist only for certain sectors (PL, PT, RO, SK). LT is the only country where caps exist for all types of traineeships. The qualitative and quantitative evidence presented in this section confirm the existence of the misuse of traineeships in EU Member States. Individuals in misused traineeships perform the tasks of an employee without having full access to the rights associated with that status⁸⁸. The undermining of the labour rights of persons in disguised employment relationships is incompatible with EU fundamental rights.⁸⁹ Misused traineeships also conflict with the fundamental underlying rationale of traineeships and such practices constitute an obstacle to the successful transition of young people to the labour market and could have a long-lasting impact on the future career trajectory of those undertaking them.⁹⁰

P1.2 Genuine traineeships that are non-compliant with EU or national law

The second category of problematic traineeships refers to cases where the rules and/or conditions of the **traineeship are non-compliant with EU law, national law** (including specific legal norms other than labour law governing traineeships), **collective agreements or practice.** This

⁸⁸ Eurofound (2017) Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK).

⁸⁹ For instance, European Youth Forum (YFJ) v. Belgium, Complaint No. 150/2017, mentioned above, focuses on "voluntary internships" offered to young people in Belgium, which are frequently used to replace entry-level jobs, and argues that unpaid internships are in violation of the right to fair remuneration as well as the right of children and young persons to protection as defined in the European Social Charter. For further details see Feuerstein et al. (2017) The problem of unpaid internships: Legal guide to complaints under the European Social Charter, etc. ⁹⁰ Sae also acception adopted by the European Parliament (PO, TA (2023)0230).

 $^{^{90}}$ See also resolution adopted by the European Parliament (P9_TA(2023)0239).

occurs, for instance, in cases where, while trainees are classified as "workers", the contractual conditions offered by the traineeship provider do not comply with the legal standards in EU or national labour law or collective agreements applicable to "workers", e.g., in terms of remuneration, working time, annual leave, family-related leave or health and safety.

Non-compliance also arises in cases where a trainee is classified as 'worker' under general labour law, (partially) covered by general labour law provisions or covered by specific regulations, but the contractual conditions offered by the traineeship provider, or the actual working conditions of the trainee do not comply with the legal standards required by the applicable EU law, national law, collective agreements, or practice. The absence or the complexity of legal frameworks governing traineeships in the Member States may contribute to the non-application of relevant labour rights.

Literature on **non-compliance of traineeships with national or EU law** is limited. However, a recent report by the European Youth Forum⁹¹ details instances of non-compliance in several EU Member States, based on desk research and input from national youth councils. The report focused on seven EU countries (BG, DE, IE, FR, HR, AT and RO) and investigated the issue of trainees' rights relating to remuneration. Instances of non-compliance were documented in three of these countries. Unpaid traineeships outside university are illegal in FR but they do occur in rare occasions, while in RO, legislation against unpaid traineeships is sometimes circumvented by employers advertising unpaid positions. In IE, while unpaid work is illegal, unpaid traineeships are a common practice and evidence show that legislation on unpaid work is not enforced for trainees. In further four countries, unpaid traineeships are either legally possible (AT, DE, BG) or are illegal and do not take place (HR). This evidence⁹² does illustrate that non-compliance with EU or national law occurs in the context of traineeships.

3.1.2. Poor quality traineeships (P2)

As a second problem, evidence suggests the occurrence of **traineeships of poor quality**. This means that they are characterised by inadequate working conditions and training component or/and they do not fulfil the (non-binding) quality requirements set by the 2014 QFT. The Impact Assessment accompanying the Commission proposal for the 2014 QFT⁹³ also demonstrated a highly significant link between the quality of traineeships and the employment outcome. Quality traineeships bring direct productivity benefits, improve labour market matching and promote mobility, notably by decreasing search and matching costs both for enterprises and for trainees. Results of the 2023 evaluation of the 2014 QFT⁹⁴ have shown that there is a general need for improvement as regards the application of the 2014 QFT principles on the ground and that there is a need to adapt the content of the QFT in the context of the green and digital transformation of the labour market. Furthermore, the European Parliament has repeatedly condemned the practice of unpaid traineeships as a form of exploitation of young workers and a violation of their

⁹¹ European Youth Forum (2022) High Quality of Unpaid and Underregulated? Uncovering National Internship Policies in Europe.

⁹² Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

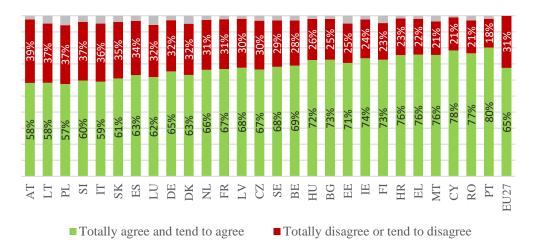
⁹³ European Commission (2013), Impact Assessment accompanying the proposal for a Council Recommendation on a Quality Framework for traineeships (<u>SWD(2013)495)</u>.

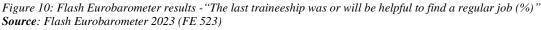
⁹⁴ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

rights and called for a common legal framework to ensure fair remuneration for traineeships to avoid exploitative practices⁹⁵. Also, trade unions and youth organisations consider that several essential quality features of traineeships, in particular on remuneration and access to social protection, are missing from the 2014 QFT which have a negative impact on trainees (see section 3.3 for details).

The quality of the traineeships is reflected in the professional outcomes after the traineeship. Poor quality traineeships do not fulfil their fundamental purpose of supporting labour market transitions. According to the results of the trainees' survey conducted for the 2023 evaluation of the 2014 QFT⁹⁶, 25% of the respondents overall disagreed that their traineeship was helpful in securing employment. Also, the results of the 2023 Eurobarometer³² show that at EU27 level, almost 1 in 3 trainees do not believe that their experience with the last traineeship was or would be helpful to find a regular job. Member States exhibit a certain level of heterogeneity. In 10 Member States (DK, ES, IT, LT, LU, NL, AT, PL, SI, SK), at least 1 in 3 respondents do not believe that their experience was conducive to finding regular employment, with the highest share recorded in AT (39%), LT (37%) and PL (37%) (Figure 10). Looking into the various types of traineeships at the EU27 level, 37% of the respondents who have done an OMT do not believe that their traineeship will help them find regular employment. The respective shares are lower for the other types of traineeships: ALMP traineeships (33%), ECT (32%) and MPT (27%).

At the same time, in the trainee survey conducted as part of the study supporting the 2023 QFT evaluation, the majority of the respondents (58%) stated that they were not offered a job after their traineeship. Further evidence from the 2023 Eurobarometer shows similar results: about 1 in 4 young people surveyed, and who have done at least one traineeship, replied that, in the six months following their last traineeship, they were not employed: 18% of respondents answered that they went back to study, while 6% replied that they were unemployed.





Note: The respondents who totally agreed and that tend to agree were summed up, as well as those who totally disagree or tend to disagree. Grey bar show "Do not know" answer.

⁹⁵ European Parliament's Article 225 TFEU resolution of 14 June 2023 (2020/2005(INL)).

⁹⁶ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

P2.1 Inadequate working conditions (incl. remuneration) and lack of access to social protection

A first important quality indicator of a traineeship concerns the trainee's **working conditions**, including remuneration, as well as the extent of the trainee's access to social protection. Evidence in the literature suggest that adequate working conditions are key to offering a proper environment in which the trainee can evolve and develop their skills. On the other hand, inadequate working conditions can prevent traineeships from fulfilling their purpose and can have potential long and lasting negative consequences on future labour market outcomes of individuals (see section 3.3 for details)⁹⁷.

The concept of 'working conditions' can be understood to denote various dimensions (in addition to pay). The questionnaire of the Eurobarometer⁹⁸ included, as an example, reference to working hours, workload, treatment and access to equipment. A considerable share (29%) of respondents in this survey indicated that they do not believe that (apart from pay) their situation was comparable to that of regular workers. In 13 Member States (BE, CZ, DK, ES, IT, CY, LV, LT, MT, NL, PL, SI, SK) the percentage of those who noted that their situation was not comparable to regular workers is higher than the EU average. There is no heterogeneity when considering the different types of traineeships. The highest share of trainees who believe that, apart their pay, their working conditions were not equivalent to those of regular employees were doing an OMT (34%) followed by ECT (32%) ALMP traineeships (31%) and MPT (27%). Respondents who were paid or offered financial compensation for their last traineeship are more likely to agree that, apart from their pay, their working conditions were equivalent to those of regular employees (76% vs 62% of respondents whose last traineeship was unpaid). Also, the results by sociodemographics show that respondents currently working in an unskilled job are more likely to disagree that the working conditions in their last traineeship were equivalent to those of regular employees than for respondents doing a job that requires a specialised education. These results indicate a considerable share of trainees who were not benefitting from equivalent conditions as regular employees.

Research has confirmed a positive association between traineeships with adequate working conditions, including remuneration, as well as with access to social protection, and beneficial future labour market outcomes.⁹⁹ Fair remuneration and access to social protection of trainees, whether legally defined as workers or not, can help fight against abuses and ensure the sustainability of traineeships as a pathway to stable employment opportunities and the build-up and take-up of social protection entitlements. They can also reduce the burden for public finance through reduced need for public support during and after traineeships. They can also facilitate the access of groups in vulnerable situations to traineeship opportunities.

⁹⁷ See e.g. Higgins and Pinedo Caro (2023) What makes for a 'good' internship? in: ILO (2021) Internships, Employability and the Search for Decent Work Experience; EPRS (2022) The quality of traineeships in the EU. European added value assessment.

⁹⁸ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

⁹⁹ See i.a. O'Higgins and Penedo Caro (2021). What makes for a 'good' internship? in: "Internships, Employability and the Search for Decent Work Experience," Books, Edward Elgar Publishing, number 20653; Hunt and Scott (2020) Paid and Unpaid Graduate Internships: Prevalence, Quality and Motivations at Six Months after Graduation.

One of the prominent issues in the public debate about the quality of traineeships is the **remuneration of trainees**. Remuneration usually consists of pay, but may also include benefits in kind (e.g., food vouchers), reimbursement of travel or accommodation costs or special allowances (e.g., for overtime or daily allowance).

The 2014 QFT recommends that Member States ensure that the rights and working conditions of trainees under applicable EU and national law are respected. It also recommends clarifying whether allowance or compensation is provided, this (including the amount) should be made clear by the traineeship provider in the written traineeship agreement as well as in the vacancy notice. The 2014 QFT does, however, not include a recommendation to provide remuneration to trainees.

The 2023 evaluation of the 2014 QFT¹⁰⁰ has shown that the European Parliament and certain stakeholders (trade unions and youth organisations) consider that **fair remuneration** is an essential quality feature of traineeships, which is missing from the 2014 QFT. However, not all employers consider remuneration an important aspect; they also highlight the negative consequences, such as additional costs for employers. At the same time, calls for remuneration have for long characterised the debate around traineeships, with unpaid or low-paid traineeships attracting interest from media and public opinion (e.g., ECSR' ruling on Belgium¹⁰¹). Whether traineeships are remunerated hinges on several country-specific aspects, including their classification in national (labour) law) and the different remuneration policies for different types of traineeships in the Member States).

Yet, lack of reliable data on the share of unpaid trainees prevents an evidence-based reflection on the actual size of this problem⁴¹. According to the findings of the trainee survey that was carried out as part of the study supporting the 2023 evaluation¹⁰², despite the increasing trend in paid traineeships, still less than 50% (47%) of respondents¹⁰³ received a monthly financial allowance or compensation, while 14% claimed that they received it only occasionally and not on a regular basis. On the other hand, 39% reported not having received any financial support during their traineeship. The survey, however, also showed that 54% of the allowance or compensation was below the national minimum wage, while 17% considered it was equal to and 12% that it was above the minimum wage. Importantly, almost two-thirds (62%) considered that compensation was not sufficient to cover the basic costs of rent and food. Similarly, the results of the 2023 and 2013 Eurobarometers, have also shown that the use of unpaid traineeships is decreasing. However, still, 44% of respondents to the 2023 Eurobarometer¹⁰⁴, stated that they did not receive financial compensation for their traineeship, compared to 59% in 2013¹⁰⁵. In 2023, in 70% of the cases where trainees received a financial compensation, the employer paid the salary or another financial compensation. This overarching figure, however, masks considerable cross-country variation, as well as a considerable diversity by traineeship type

¹⁰⁰ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹⁰¹ No. 150/2017 European Youth Forum (YFJ) v. Belgium, available here.

¹⁰² Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

¹⁰³ Sample of 1836 respondents doing a voluntary traineeship (excluding MPT).

¹⁰⁴ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

¹⁰⁵ Flash Eurobarometer 378 (November 2013) "The experience of traineeships in the EU" (1091_378).

(Figure 11). For example, in Belgium, 60% of respondents did not receive a compensation whereas in Croatia, the share was considerably lower (20%).

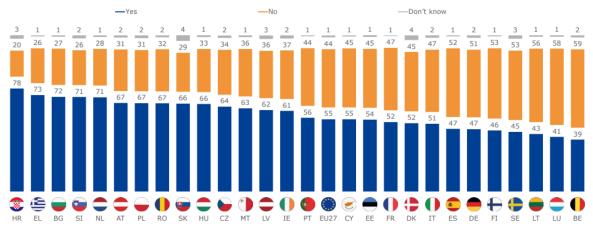


Figure 11: Flash Eurobarometer results on financial compensation in last traineeship (% by Member State) **Source**: Flash Eurobarometer 2023 (FE 523)

Looking at the differences between the different traineeship types, the results of the 2023 Eurobarometer show that people doing ECT are the less likely to be paid or receive financial compensation (52% stated that they did not get paid or received financial compensation¹⁰⁶). Looking at the respondents doing an OMT 42% stated that they did not get paid or received financial compensation. The share of unpaid trainees is less than 40% for both MPT and ALMP traineeships (Figure 12).

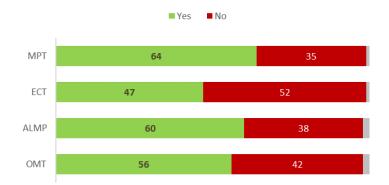


Figure 12: Flash Eurobarometer results on financial compensation in last traineeship (% by type of traineeship). Source: Flash Eurobarometer 2023 (FE 523) Note: Grey bar show "Do not know" answer

The 2023 evaluation of the 2014 QFT¹⁰⁷ noted that a recommendation for **access to social** protection was one of the elements missing from the 2014 QFT, while the existence of gap in access to social protection for trainees have been raised by the European Parliament, trade unions and youth organisations. As in the case of remuneration, the extent of access to social protection

¹⁰⁶ It should be noted that the Eurobarometer questionnaire did not ask whether trainees carrying out an ECT received support (e.g., a grant) for their studies.

¹⁰⁷ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

varies depending on the classification in national (labour) law and the national regulations governing the different types of traineeships (where they exist).¹⁰⁸

The 2023 Eurobarometer results indicate that more than a quarter of respondents (27%) did not have access to social protection when doing their traineeship, 33% of respondents reply that they had access to social protection like regular employees in the company/organisation and 28% that they had access to 'some elements' of social protection¹⁰⁹. At Member State level, in more than a quarter of the Member States (7) around 1 in 3 respondents stated that they did not have access to social protection (BE: 36%, CY: 35%, FR: 33%, LV: 32%, and EE, LT and DK: 30%)/ In the vast majority on Member States (all Member States except HR, AT, RO and FI) less than 40% stated that they had access to social protection like regular employees in the company/organisation, out of which in BE, DK, IT and CY the share is below 30%. The proportion of respondents answering that they had access to social protection like regular employees in the company/organisation is the lowest for OMT (25%), while the highest share was observed for MPT (39%). Respondents doing OMT are also the most likely to reply that they did not have access to any social protection (37% vs 18% for MPT). Also, the results of the Eurobarometer showed that, access to social protection increases with the duration of the traineeship. While only 28% for trainees doing a traineeship of less than one month have access to social protection, the share rises to 41% for those whose traineeships lasted for more than six months.

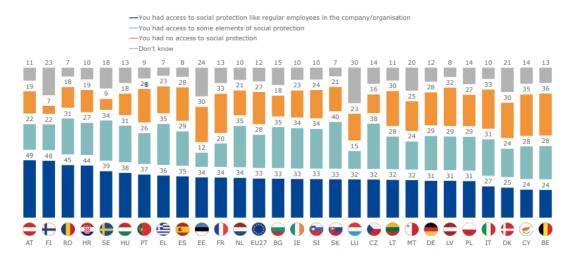


Figure 13: Flash Eurobarometer results on access to social protection (% by Member State) Source: Flash Eurobarometer 2023 (FE 523)

P2.2 Poor learning content of traineeships

Learning and training form a critical part of the quality of traineeships. Evidence from the literature, including empirical studies, points to the training content being central to whether

¹⁰⁸ 2022 Update of the monitoring framework on access to social protection (SPC/ISG/2022/1/2).

¹⁰⁹ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

trainees perceive their experience as being helpful in finding regular employment.¹¹⁰ Conversely, poor-quality traineeships, in terms of low learning content do not lead to transitions to stable employment, they are associated with low productivity gains and do not entail positive signalling effects¹¹¹.

The 2014 QFT recognises the importance of learning and training. It also notes the importance of having recourse to a supervisor who provides guidance, monitoring and assessment of progress. The 2023 evaluation on the 2014 QFT¹¹² highlighted that the QFT principles related to the learning objectives of traineeships are among the most relevant for supporting future employment. These principles are closely intertwined with the learning and training content of traineeships. Ensuring proper learning content of traineeships improves the prospects of the trainees and facilitates their transition to the labour market.

However, according to available evidence, **there is a problem with ensuring an adequate learning content of traineeships.** Namely, issues with the learning component were identified through the trainee survey conducted for the 2023 evaluation of the 2014 QFT¹¹³. In their responses, 13% of the respondents stated that they do not believe that they learnt things that are useful professionally; 15% stated that they did not acquire real-life work experience, 16% stated that they did not acquire skills and competences specific to the sector, while 19% did not believe that they acquired transversal skills (e.g., communication, leadership, teamworking skills, etc.). In addition, almost 1 in 4 respondents of the 2023 Eurobarometer¹¹⁴ report that they do not believe that they 'learnt things that are useful professionally' during their traineeships, a value that has almost doubled from the corresponding share in 2013 (10%)¹¹⁵. Moreover, despite the specific labour-market oriented character of traineeships, this share is not lower than the share of respondents (23%) to a 2014 Eurobarometer¹¹⁶, who felt that their (general) education or training had not provided them with the skills to find a job in line with their qualifications.

¹¹⁰ Higgins and Pinedo Caro (2023) What makes for a 'good' internship? in: ILO (2021) Internships, Employability and the Search for Decent Work Experience; Comyn and Brewer (2018) Does work-based learning facilitate transitions to decent work?

¹¹¹ Stewart (2021) The nature and prevalence of internships, in: ILO (2021) Internships, Employability and the Search for Decent Work Experience.

¹¹² European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹¹³ Idem

¹¹⁴ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

¹¹⁵ Flash Eurobarometer 378 (November 2013) "The experience of traineeships in the EU" (<u>1091_378</u>).

¹¹⁶ Special Eurobarometer 417. European area of skills and qualifications (S2015_81_3_417).

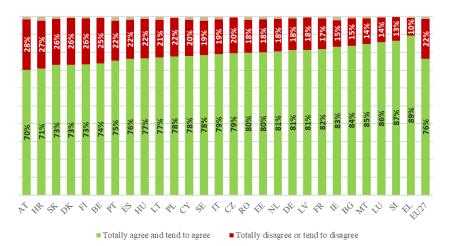


Figure 14: Flash Eurobarometer results - "During the last traineeship, learnt things useful professionally?" Note: Totally agree and tend to agree replies have been merged, as well as totally disagree and tend to disagree. Member States ordered based on the respondent that totally agrees and tends to agree, lowest to highest percentage. Grey bar show "Do not know" answer.

Source: Flash Eurobarometer 2023 (FE 523).

Principle 5 of the 2014 QFT invites Member States to encourage traineeship providers to designate a supervisor for trainee. However, the 2023 evaluation of the 2014 QFT¹¹⁷ also identified **having a supervisor or a mentor as a critical element of quality**, linked to the learning component, contributing to better post-placement outcomes. Empirical evidence in literature also supports this finding, as having a mentor is associated with better learning and labour market outcomes¹¹⁸. **Available evidence also shows that there is a need for improvement in the area of mentorship.** The concept of mentorship denotes providing help and advice and actively following up on the trainees' progress in conducting their tasks, without necessarily having a subordinate relationship between the mentor and the trainee¹¹⁹. The comparison of the results of the 2013 and the 2023 Eurobarometer reveals a 16 percentage points drop (from 91% in 2013 to 75% in 2023) in the share of respondents having access to mentors. Furthermore, the trainee survey showed that that despite 69% (1.267 out of 1.836) of trainees surveyed reporting they had a mentor or supervisor, 43% (789 out of 1.836) of them disagreed that their supervisor was specifically trained for a supervisory role.

¹¹⁷ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹¹⁸ Higgins and Pinedo Caro (2023) What makes for a 'good' internship? in: ILO (2021) Internships, Employability and the Search for Decent Work Experience.

¹¹⁹ It should be noted that the 2014 QFT includes a provision on supervision. Principle 5: "Encourage traineeship providers to designate a supervisor for trainees guiding the trainee through the assigned tasks, monitoring and assessing his/her progress".

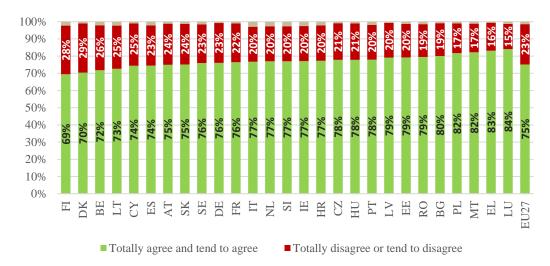


Figure 15: Flash Eurobarometer results – "During the last traineeship, did you have the possibility to turn to a mentor?" Note: Totally agree and tend to agree replies have been merged, as well as totally disagree and tend to disagree. Member States ordered based on the respondent that totally agrees and tends to agree, lowest to highest percentage. Grey bar show "Do not know" answer.

Source: Flash Eurobarometer 2023 (FE 523).

3.1.3. Unequal access to traineeships (P3)

While acknowledging the negative consequences of unpaid traineeships for persons from vulnerable and less favourable backgrounds, the **2014 QFT does not contain specific principles on inclusiveness**. The problem of unequal access to traineeships includes, first, the specific barriers faced by **people in vulnerable situations**. Second, it concerns the obstacles in taking up **cross-border traineeships** in the EU. Third, the increase in **remote and hybrid working arrangements** may create new traineeship opportunities, but may also bring new challenges for trainees, in particular groups in vulnerable situations.

P3.1 Groups in vulnerable situations

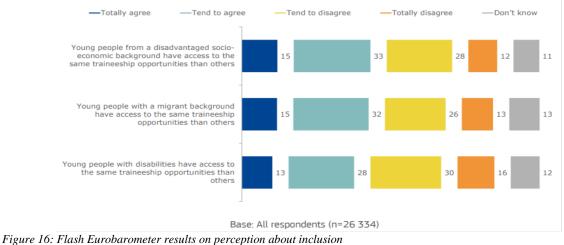
People in vulnerable situations are likely to face additional barriers (compared to others) to access quality traineeship opportunities according to the 2023 evaluation of the 2014 QFT¹²⁰. For example, young people from rural areas and in the outermost regions¹²¹, with disabilities, from a vulnerable socio-economic background, with a migrant background, from the Roma community, or with lower educational attainment were identified by a large variety of consulted stakeholders (including national authorities, public employment services, youth organisations and organisations representing persons with disabilities) as groups that may face obstacles in access.

Taking into account that the 2023 Eurobarometer did not provide any indication of the respondents' backgrounds it includes indications as regards the accessibility of traineeships. Only

¹²⁰ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹²¹ Guadeloupe, French Guiana, Martinique, Mayotte, La Réunion, Saint-Martin (FR), Azores and Madeira (PT), Canary Islands (ES).

around half of the respondents (48%¹²²) of the respondents overall agree that people from a disadvantaged or with a migrant background have the same access traineeship opportunities as others. Moreover, slightly less than half of the respondents, (46%) overall disagree that people with disabilities have access to the same traineeship opportunities (Figure 16).



Source: Flash Eurobarometer 2023 (FE 523)

At Member State level, in seven countries (AT, BG, EE, IE, EL, FR, and NL) almost half of the respondents believe that people from a disadvantaged economic background do not have equal access to traineeship opportunities. In the remaining 20 Member States, the share is between 30% and 43%. Similar finding holds when looking at people with a migrant background. In twelve Member States (BE, BG, DK, EE, IE, EL, LV, LU, NL, AT, PT and FI) more than 50% of respondents believe that people with disabilities face barriers for equal access to traineeship opportunities (see Figure 17). This issue was also raised in the consultation linked to the 2023 evaluation of the 2014 QFT by a large spectrum of stakeholders, including national authorities, youth organisations and the European Disability Forum.

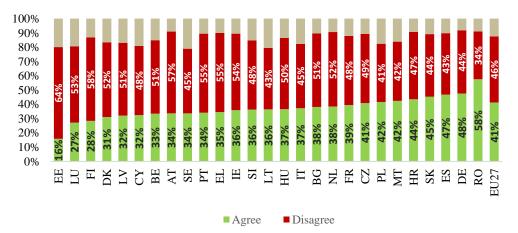


Figure 17: Flash Eurobarometer results – "People with disabilities have access to the same opportunities than others %" Note: Grey bar show "Do not know" answer. Source: Flash Eurobarometer 2023 (FE 523)

¹²² Due to rounding, the share of respondents agreeing that young people with a migrant background having access to the same traineeship opportunities is (also) 48% (and not 47% as adding up the relevant figures in Figure 16).

In addition, people with lower educational attainment who have faced or are facing barriers to further education attainment (e.g., due to lack of financial means or because of caring responsibilities) also encounter barriers to taking up traineeship opportunities. As discussed in section 2.2.2) the share of people with a low degree of education undertaking a traineeship is lower than those having a medium of higher educational attainment.

P3.2 Cross-border traineeships

The 2014 QFT (principle 16) recommends that **cross-border mobility of trainees** in the European Union be facilitated inter alia by clarifying the national legal framework for traineeships and establishing clear rules on hosting trainees from, and the sending of trainees to other Member States and by reducing administrative formalities.

According to available evidence, cross-border traineeships seem to have increased over the years. The 2023 Eurobarometer showed that 21% of respondents who had done at least one traineeship had completed at least one of them in another EU Member State, a share which is 12 percentage points higher than in 2013 (9%). The findings are supported by the trainee survey conducted within the framework of the 2023 evaluation of the 2014 QFT¹²³, which showed that almost 20% (363 out of 1,912) of the respondents had undertaken a cross-border traineeship.

However, as shown by the 2023 evaluation of the 2014 QFT, while the cross-border mobility of trainees in the EU has increased, young people still face difficulties in accessing them due to a lack of financial means and the unavailability of relevant and sufficient information. This finding was supported by the 2023 Eurobarometer, where almost one third of the respondents (30%) cited the lack of enough financial resources as the main reason for not doing a traineeship abroad, while 22% of the respondents mentioned that they felt they were not well-informed about traineeships abroad. The lack of (sufficient) financial means to take up a traineeship opportunity abroad tends to affect people in vulnerable groups more, in particular those who are socio-economic disadvantaged. The view that information on cross-border trainees is not readily available suggests that the number of cross-border traineeships undertaken could have been higher.

Principle 17 of the QFT recommends examining the possibility to make use of the extended EURES network and to exchange information on paid traineeships through the EURES portal. The 2016 EURES regulation¹²⁴ introduced an obligation for Member States to share on the EURES portal information and guidance on (paid) traineeships at national level as from 2018. However, only 13% of the respondents to the above-mentioned trainee survey made use of the EURES portal to find cross-border traineeship opportunities.

P3.3 Remote/hybrid traineeships

The digital transition is creating new opportunities for quality traineeships, including at a distance and across borders. With the increased prevalence of teleworking and the importance of

¹²³ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹²⁴ Regulation (<u>EU) 2016/589</u>) on a European network of employment services (EURES), workers' access to mobility services and the further integration of labour markets.

digital skills, remote or hybrid work is increasingly common in a number of sectors and companies.

While the share of EU workers working exclusively from home is now declining (from 34% in 2020 to 12% in 2022), hybrid work has gained ground, rising from 14% in 2020 to 18% in 2022.¹²⁵ The case studies from Bulgaria and Ireland conducted within the framework of the study supporting the QFT evaluation¹²⁶, show that employers have had to adapt to this new reality: almost 87% of traineeship offers during the pandemic were for online work-based learning.¹²⁷ The COVID-19 pandemic highlighted the importance of anticipating adaptable learning and working arrangements for accessing quality employment, including quality traineeships. According to the 2023 evaluation of the 2014 QFT¹²⁸, evidence exists that the rise of remote/hybrid work as a result of the pandemic may require adjustments to the QFT to ensure it remains relevant. Whilst the 2014 QFT principles can be applied to remote or hybrid traineeships, the addition of specific provisions that directly address remote and hybrid working may be important in this context.

Remote traineeships may bring opportunities, such as overcoming distance to the physical workplace and reducing associated costs, for example in the context of cross-border traineeships as well as for vulnerable groups residing in rural and remote areas. However, enabling conditions need to be in place. These could include appropriate equipment, adequate access to training and learning opportunities remotely, sufficient network connectivity and network security, arrangements in work organisation that support the tasks to be carried by the trainee (including supervision, guidance and mentoring), as well as a sufficient level of digital skills. In cases where enabling conditions to which financial costs are linked (e.g. equipment, network coverage and security and other expenses related to working from home) are absent, the impact is likely to be greater on vulnerable groups, including those from a disadvantaged socio-economic background.

Looking at the employers' side, extending the pool of trainees could lead to better employertrainee matching. However, those companies that are not able to offer remote/hybrid opportunities¹²⁹ (e.g., SMEs) are exposed to fewer candidates.

In addition, remote/hybrid traineeships present several risks, including the fact that digital learning may not suit the learning styles of all trainees; lack of socialisation negatively affecting motivation and engagement, and, in turn, trainees' wellbeing; further marginalisation of disadvantaged groups lacking digital skills and/or access to adequate ICT equipment; increased costs for traineeship providers. Trainees, just like other teleworkers, may face the physical and psychosocial risks associated to working remotely and the prolonged use of digital tools, such as musculoskeletal disorders, eyestrain, headache, digital overload, as well as the feeling of loneliness and isolation. The latest Eurofound survey on the effects of COVID-19 on living and

¹²⁵ Eurofound (2022), <u>Fifth round of the Living, working and COVID-19 e-survey.</u>

¹²⁶ Study supporting the evaluation of the Quality Framework for Traineeships (VC/2021/0654), Final Report, January 2023.

¹²⁷ Stefanelli, C. & De Giorgi F (2021). Experiences of Virtual Internship in Europe.

¹²⁸ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹²⁹ Hybrid or remote working arrangements, are increasingly priced by workers and this is a factor that can affects workers choice to work in a certain place, see among other McKinsey (2023).

working in the EU confirms that the mental wellbeing of young people (of age 18-29) has been and remains to be the most affected by the pandemic restrictions¹³⁰.

To estimate some of the consequences of digital transformation on traineeships, the Eurobarometer 2023 included two specific questions regarding the quality of hybrid/remote traineeships, namely on **necessary equipment**, and adequate guidance and mentoring.

According to the results of the 2023 Eurobarometer¹³¹, around half of the respondents agree that they received adequate guidance and mentoring to carry out their tasks remotely (54%, with 15 Member States showing a higher percentage¹³²) and that they were provided with all the necessary equipment to do so (50%, with 12 Member States showing a higher percentage¹³³). It should also be noted that about one in five respondents replied that their traineeship could not be carried out remotely.

Within the framework of the 2023 evaluation of the 2014 QFT¹³⁴, EU level stakeholders and national authorities, trade unions, and PES expressed fears that remote/hybrid traineeships present risks which the QFT should address. However, the EU level employer organisations participating in the validation workshop believed there are no problems regarding remote traineeships under current rules . The possibility for remote traineeships might only exist in certain sectors. They also pointed to the lack of data on the number of traineeships being offered remotely.

3.2. What are the problem drivers

3.2.1. External drivers

Partially, and sometimes indirectly, the problems outlined above in section 3.1 are influenced by global megatrends affecting labour markets in general, such as globalisation, digitalisation and ongoing societal shifts and changes. These drivers, while having some impact on the problems the EU initiative aims at tackling, are 'external' to its scope and reach.

The **twin green and digital transformations** have the potential to increase productivity and living standards but may leave behind current and future workers. Increased automation, digitisation, and robotisation have significantly contributed to job polarisation, but new, greener economies and industries could also benefit lower-skilled workers¹³⁵. Globally, the ILO predicts some 71 million jobs to be lost and around 79 million to be created by 2030 due to the green transition. In the EU, some 2.5 million net jobs will be created by 2030. Besides job creation and destruction, the combination of such transformations is reshaping the workforce by creating new

¹³⁰ Eurofound, 5th edition of the living, working and COVID-19 survey, <u>Fifth round of the Living, working and</u> <u>COVID-19 e-survey: Living in a new era of uncertainty (europa.eu).</u>

¹³¹ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (2964/FL5235).

¹³² From lowest to highest percentages: Cyprus, Slovakia, Malta, Lithuania, the Netherlands, Spain, Poland, Bulgaria, Hungary, Croatia, Slovenia, Czechia, Ireland, Portugal, and Romania.

¹³³ From lowest to highest percentages: Malta, Belgium, Croatia, the Netherlands, Slovakia, Poland, Hungary, Slovenia, Czechia, Ireland, Portugal, and Romania.

¹³⁴ Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

¹³⁵ ILO, (2019), <u>Skills for a greener future: a global view</u>, International Labour Office, Geneva.

occupations, modifying existing roles, and emphasising the importance of new skills. Up- and re-skilling have become critical to embracing these technological and environmental advancements, increasing the need as well as the demand for training among both young and mid-career professionals. Traineeships can, potentially, be an important measure to bring about the twin transition, but this depends on their quality.

The **shrinking of the EU working age population** is particularly stark for young workers aged 15-29, whose share of the total population has declined from 18.1% in 2011 to 16.3% in 2021¹³⁶. Such a demographic trend is tightening already tight labour market conditions, through a (relative) decline in the supply of labour, especially of young workers. Employers increasingly have therefore to compete to attract young talented employees by improving traineeship conditions and quality.

In periods of economic downturn or recession, youth unemployment increases faster than total unemployment (see Figure 18), as (young) employees who tend to have shorter-term contracts are often the first to be let go. In line with this, evidence suggests that the prevalence of traineeships tends to be pro-cyclical.

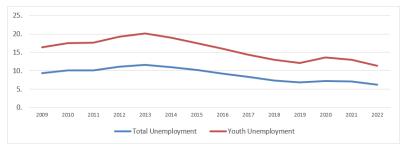


Figure 18: EU youth unemployment (15-29) in thousands and total unemployment, as a proportion of the workforce. **Source**: Study exploring the context, challenges, and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

As trainees' negotiating power is lower (due to the over-supply and competition for limited opportunities) and companies' pressure to minimise costs is higher, the potential for traineeships to exploit (young) individuals by offering low or unpaid work without significant educational value increases.

The **rise of remote and hybrid working arrangements**, spurred by digitalisation and the COVID-19 pandemic, has disrupted organisational structures and reduced social interaction and face-to-face communication. Some studies have even found that this may lead to a deterioration of the effectiveness of knowledge transfer and learning at the workplace, which is especially relevant for young people and trainees.

'Job-hopping', which refers to the practice of changing jobs frequently, typically within a short period, has become more relevant in the recent years. Recent OECD research¹³⁷ has illustrated an increase in job-to-job transitions in OECD countries for all age groups over the period 2012-2019. However, the evidence shows that mature workers are less likely to change jobs compared

¹³⁶ European Commission (2023), The impact of demographic change – in a changing environment (SWD(2023) 21 final).

¹³⁷ OECD (2023), <u>Retaining Talent at All Ages, Ageing and Employment Policies</u>, OECD Publishing, Paris.

to younger workers. According to the OECD, this likely reflects older workers' preferences for fewer job changes as they are more likely to have settled into a good 'match' with their employer and have more stable life circumstances. It could also reflect reservations on the part of employers for hiring older workers. A 2022 survey in nine European countries¹³⁸ revealed that one in three workers was considering quitting in the following three to six months. A growing stream of evidence suggests that young workers (mostly millennials and gen Z-ers) are forgoing the traditional career ladder, and instead jump from role to role. The job-hopping approach has been supported by evidence of faster pay rises and acceleration in career progression. However, high turnover comprises a negative human capital externality, where the company does not receive the full benefit of having trained its job-hopping employee. On the aggregate, particularly when the employee has high-demand skills, this can lead to the under-provision of learning opportunities, and a socially inefficient market outcome, as employers are disincentivised from investing in training.

3.2.2. Internal Drivers related to the problematic use of traineeships (D1.1 - D1.4)

Internal drivers refer to the root causes of the problems identified regarding the use, quality and access to traineeships that will be tackled by the initiative. This section discusses the internal drivers related to *Problem P1: problematic use of traineeships*. These drivers relate mainly to factors which may explain the occurrence of misused and non-compliant with EU or national law traineeships.

D1.1 Challenges related to national regulatory approaches regarding traineeships, including the legal status of trainees

The absence, complexity, lack of transparency, and diversity of regulatory frameworks for traineeships and/or trainees increases the risk of the problematic uses of traineeships. These allow for the emergence of the different categories of problematic uses of traineeships and in particular misused and non-compliant traineeships (see 3.1.1 for details)¹³⁹. While such problems can be relevant for all types of traineeships, OMT and ALMP traineeships are more at a risk, given that in the case of ECT and MPT the necessary involvement of educational authorities, professional associations, but also the specific national frameworks governing the requirements of MPT, can prevent the problematic use of traineeships. However, this does not exclude the possibility of problematic use for all four types of traineeships.

The results of the 2023 evaluation of the 2014 QFT¹⁴⁰ have highlighted the complexity and divergence of national regulatory approaches regarding traineeships, which still exists today, despite the existence of a QFT since 2014. Also, the lack of regulatory clarity was cited by national authorities and traineeship providers as **one of the main reasons for a weak application of the 2014 QFT.** The results of the legal analysis, undertaken within the framework

¹³⁸ Eight EU member states (AT, BE, FR, DE, IT, PL, PT, ES) and Switzerland. The figure cited is based on a subset of ~11 000 respondents. Survey done by McKinsey, see: European talent is ready to walk out the door. How should companies respond? | McKinsey.

¹³⁹ Eurofound (2017), 'Fraudulent contracting of work: abusing traineeship status (Austria, Finland, Spain and UK)'. Eurofound, Dublin.

¹⁴⁰ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

of the on-going study supporting this initiative¹⁴¹, presented in the sections below, confirm this result pointing to clear differences within and across Member States.. The variety of rules, and the fact that relevant dimensions may be defined and regulated in many different ways, increases the complexity of the relevant frameworks applying to traineeships and raises uncertainty about the relevant regime.

The absence, complexity, lack of clarity and transparency and diversity pose challenges for trainees, employers and the national authorities. In the Member States where a legal framework governing traineeships and/or trainees exists, it offers variable levels of protection to different types of trainees in terms of working/engagement conditions (e.g. access to social protection, minimum wage, collective agreements, other specific rules), while it may also allow for abuse practices. In Member States where such legal frameworks do not exist there is an increasing risk for high prevalence of misused traineeships. In particular, the absence of worker legal status for trainees has been identified as an enabling condition for the misuse of traineeships through the creation of legal uncertainty about the applicable rules¹⁴². The diversity and complexity of the regulatory systems also poses challenges to employers who might not be always aware of their obligation and the rights of trainees, giving rise as such to "unintended" misused traineeships. At the same time, the complexity of the system poses challenges to the national authorities in ensuring application of the relevant legal provisions.

In addition, the **weak position of trainees in the labour market is compounded by the** different interpretations of the legal status of trainees.. Due to the diversity and complexity of the legal rules, the trainees may not be aware of the benefits they should get nor of the tools available to them to **complain about the lack of enforcement of rules**. Therefore, while legal remedies against breaches of labour law exist in Member States, trainees are unlikely to go to court (for details see driver D1.4 below)

Moreover, it should be noted that such **diversity is also associated with unequal access to traineeships.** First, unequal access to trainees by traineeship providers situated in different Member States can result from differing requirements across countries. The same applies to uptake of traineeships. Prevalence rates in EU countries, including the variation in the different traineeship types provide ample evidence of the effect of regulatory diversity. This heterogeneity is likely to constitute barriers to cross-border traineeships, which are a potential vehicle for a more efficient EU labour market (better matching of skills and demand).¹⁴³.

Finally, as regards the potential **non-compliance of traineeships with the rights conferred to 'workers' by EU law**, an important question relates to the interaction between EU and national law. The considerably **different regulatory approaches by Member States**, including per **type of traineeship**, result in **different legal classifications and corresponding rights of trainees across the EU.** However, these classifications may not always be in line with **the qualification of 'workers' under EU law**.

¹⁴¹ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

¹⁴² See Eurofound (2017) Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK).

¹⁴³ European Commission (2013), Impact Assessment accompanying the proposal for a Council Recommendation on a Quality Framework for traineeships (<u>SWD(2013)495)</u>.

The **concept of "worker" in EU law** is defined by the case law of the Court of Justice of the European Union, often synthesised in the Lawrie-Blum¹⁴⁴ and Levin¹⁴⁵ "formulation" (O'Brien et al. 2016)¹⁴⁶. The Lawrie-Blum formulation states that a person can be considered as worker given that "the person (1) pursues activities that are real and genuine¹⁴⁷ which are performed (2) under the supervision of another person (3) in return for remuneration".

At **national level**, there is a vast diversity of national systems with regard to the classification of trainees which is reflected in their very different corresponding labour rights (including remuneration), and access to social protection, laid down in national law and collective agreements, where they exist.

For example, specific regulatory provisions relating to OMT exist in 12 Member States (BE, BG, DE, ES, CY, LT, LU, HU, PL, PT, SI, RO). Such specific regulations may consist of dedicated provisions for trainees in the Labour Code, specific regulatory acts, or the extension of rights stemming from (components of) national labour law. In 13 other Member States, (CZ, DK, EE, IE, EL, HR, LV, MT, NL, AT, SK, FI, SE) there is no specific regulation on traineeships. The working conditions are agreed bilaterally between the trainee and the employer/traineeship provider. If the traineeship is considered to fulfil the conditions of an employment relationship, then the trainees are considered as workers, and they are fully covered by the provisions of EU and national labour law. Nevertheless, in 2 of these Member States (CZ, AT), specific regulation exists for certain types of traineeships. In CZ the labour law allows for 2 specific types of more flexible traineeship contracts with lower protection for trainees and in AT special rules apply to traineeships with the state. Regardless of the applicable legal framework, most of the Member States also allow for the possibility to engage in OMT traineeships which are not regulated and are usually unpaid. In FR, OMT are forbidden by law, while in IT OMT are never considered employment relationships but there are guidelines to be followed agreed between the States and the Regions (soft law).

This shows the complexity and diversity of the legal frameworks governing the legal status of trainees across the EU, with most of the Member States not legally regulating the status of unpaid trainees. However, it should be noted that paid trainees, regardless of their classification in national law, are likely to qualify as workers under EU labour law.

D1.2 Long duration of traineeships and consecutive traineeships

The 2014 QFT includes a number of principles on reasonable duration of traineeships (Principles 10-12). The principles were included with aim to limit distortions to the labour market, particularly in terms of the risk of substituting regular jobs with traineeships¹⁴⁸. The 2014 QFT states that in principle a **reasonable duration does not exceed six months, but it does not recommend a minimum duration for traineeships**.

¹⁴⁴ Judgment of the ECJ in Lawrie-Blum, 66/85, EU:C:1986:284.

¹⁴⁵ Judgment in Levin, C-53/81, EU:C:1982:105.

¹⁴⁶ O'Brien, C. R., Spaventa, E., & De Coninck, J. (2016). Comparative Report 2015: The concept of worker under Article 45 TFEU and certain non-standard forms of employment.

¹⁴⁷ As long as such activities are genuine and effective and not on such a small scale as to be marginal and ancillary.

¹⁴⁸ European Commission (2013) Impact Assessment accompanying the Proposal for a Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2013) 495 final</u>).

The results of the on-going legal analysis show that **legal requirements for the duration of traineeships exist in most Member States** for all types of traineeships (see Table 1). However, several exceptions exist, for example: EE regulates duration for medical MPT and ALMP traineeships, but not other types. BE has no requirements for ALMP traineeships, ECT and MPT. AT does not place such obligations on ALMP traineeships, EL for OMT, and CZ and SK on ECT.

| Types of traineeships | Yes | No |
|--------------------------|--|-----------------------|
| OMT | BE, BG, CZ, DK, IE, ES, HR, CY, LT, LU, HU, NL, AT, PL, PT, RO, | EE, EL [2 MS] |
| | SE, SI, NL [18 MS] | |
| | BG, CZ, DK, DE, EE, IE, EL, ES, | AT, BE [2 MS] |
| ALMP | FR, HR, IT, CY, LV, LT, LU, HU, | |
| | PL, PT, RO, NL, SK, FI, SE [23 MS] | |
| ЕСТ | DK, ES, IE, IT, CY, LV, LT, LU, | CZ, EE, SK, BE [4 MS] |
| | HU, AT, PT, RO, SI [13 MS] | |
| | CZ, DK, EE (medical) IE, ES, IT, | BE, EL [2 MS] |
| MPT | CY, LV, LT, LU, HU, PT, RO, AT, | |
| | PL, SI, SK [17 MS] | |

Table 1: Legal requirements on the duration of traineeships (maximum or minimum)

Note: OMT are prohibited in FR.. For ALMP, in SI there are no formal traineeship contracts. For ECT, in HR these traineeships are conducted on a free market basis.

Source: Study supporting the evaluation of the Quality Framework for Traineeships (VC/2021/0654), Final Report, January 2023

The existence of legal requirements on duration does not mean that these are in line with the 2014 QFT recommendation. In fact, the 2023 evaluation of the 2014 QFT¹⁴⁹ identified that this principle was among the ones that were the least¹⁵⁰ implemented in legislative frameworks of Member States, for both OMT and ALMP traineeships. In particular, the evaluation showed that in 7 Member States this principle was not at all implemented in national legislation for both OMT (BG, DK, DE, IE, ES, AT, and PT) and ALMP traineeships (BG, IE, ES, IT, LU, PL and PT). Views on the relevance of limiting the duration of traineeships diverge. On the one hand, a limited duration can prevent the replacement of regular jobs by traineeships. On the other hand, sufficiently long traineeships can allow employers to see them as an investment in their future workforce and enable people to acquire relevant competences¹⁵¹.

The overall duration of traineeships can also be prolonged through repeated, including **consecutive, traineeships** with the same employer. The **EU Directive on fixed-term work**¹⁵² requires Member States to implement at least one of the following measures in their national

¹⁴⁹ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹⁵⁰ The number of Member States not having implemented at all were counted to assess which principles have been implemented the least.

¹⁵¹ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships ($\underline{SWD}(2023) 9 \text{ final}$).

¹⁵² Council Directive (<u>1999/70/EC</u>) of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP.

laws to prevent misuse of successive fixed-term contracts: (1) objective reasons for the renewal of fixed-term contracts; (2) maximum total duration of successive fixed-term contracts or (3) maximum number of renewals of fixed-term contracts. The Directive applies to fixed-term workers, who have an employment contract or relationship as defined in law, collective agreement or practice in each Member State. Nevertheless, it also applies to trainees, if they meet the criteria to be considered workers under EU law and provided that Member States have not made use of the possibility of excluding initial vocational training relationships, apprenticeship schemes or employment contracts and relationships which have been concluded within the framework of a specific public or publicly-supported training, integration and vocational retraining programme. Nevertheless, there is a great heterogeneity in the national legal provisions implemented in the Member States following the transposition of the Fixed-term Directive, and these national rules may not be always fit-for-purpose in the case of trainees.

The results of the on-going legal analysis have shown that in most **Member States there are no legal restriction on consecutive traineeships**, at least for one type of traineeships. In six Member States (BG, CZ, DK, EE, IE, CY), no legal restrictions exist on consecutive traineeships, for any type of traineeship. Legal restrictions on consecutive traineeships exist in AT only for ECT; in HR, HU, IT, PL and PT, they exist only for ALMP traineeships; and in RO and SE only for OMT. In ES and SK, restrictions exist for all traineeships except ECT, LT and LU are the only countries with legal restrictions on consecutive traineeships exist for all traineeships.

While the 2014 QFT includes a provision on transparency concerning the renewal or extension of traineeship agreements, it does not address the potential abuse of successive traineeships with the same traineeship provider to circumvent general labour law requirements or to replace regular employment.

The lack or fragmented regulation of traineeship duration, including the, often non-existent, requirements to ensure that traineeship duration does not exceed six months, as recommended by the 2014 QFT, is a key driver of the misuse of traineeships. Equally, the lack of restrictions on consecutive traineeships with the same employer does not prevent the existence of such types of traineeships. Both factors leave trainees in a weaker position when negotiating their contracts, but also allow for traineeships of longer overall duration and prevent transitions to stable employment.

D1.3 Insufficient enforcement of applicable law and lack of capacity for controls and inspections

The weak integration of the 2014 QFT principles in national legislation and the insufficient implementation and enforcement of national legislation on traineeships on the ground were among the main issues identified in the 2023 evaluation of the 2014 QFT¹⁵³. The evaluation highlighted that discrepancies exist between the integration of the 2014 QFT principles in national legislation and their implementation on the ground – even in Member States where QFT principles were included in national legislation. The 2023 evaluation of the 2014 QFT¹⁵⁴ also concluded that **there has been a slight improvement** over the years in this area, but substantial

¹⁵³ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹⁵⁴ Idem

differences exist between OMT and ALMP traineeships, with the latter generally found to be more aligned with the 2014 QFT principles. At the same time, the **practical application of the QFT principles on the ground** is lagging behind the regulatory adaptation in the majority of Member States, indicating significant monitoring and enforcement challenges. However, the scope of this driver – and to a large extent also the analysis of the 2023 evaluation of the 2014 QFT – goes beyond the 2014 QFT and relates to general issues linked to the **enforcement of the national legal frameworks governing traineeships**.

There are several factors underlying the insufficient enforcement and implementation of the QFT and national legal frameworks. These factors, which are discussed in this section, include (i) the lack of quality enforcement mechanisms and the insufficient capacity of labour inspectorates (ii) the lack of procedures for registering complaints or reporting malpractice and (iii) the lack of awareness of QFT principles. The main enforcement challenges identified by the 2023 evaluation of the 2014 QFT¹⁵⁵ are linked to the lack of quality enforcement mechanisms as well as to the insufficient capacity of labour inspectorates. The evaluation results show that the monitoring and the enforcement of the relevant national legislation governing traineeships are in many cases not fit for purpose. Regarding OMT, in 6 Member States (CZ, HR, LT132, LV, NL, PL) there is no evidence of any monitoring and enforcement mechanisms, while in 9 other Member States (BE, BG, DK, IE, ES, CY, HU, AT, PT) only weak mechanisms exist. Regarding ALMP traineeships, monitoring and enforcement systems exist in all 27 Member States however, in 4 (CZ, ES, IT, CY) these are weak (see Table 2 for details). These results are confirmed by the survey carried out within the framework of the on-going study supporting the development of this initiative 156 as 24% of public authorities filling in the survey indicated that in their countries, there is no enforcement mechanism to ensure that quality principles are implemented in their countries.

Moreover, there are **considerable differences in the effectiveness of these mechanisms across Member States**. The case studies¹⁵⁷ and interviews (as part of the targeted consultations)¹⁵⁸ carried out for the study supporting the 2023 evaluation of the 2014 QFT¹⁵⁹ suggest that even where such mechanisms exist for OMT, they have a limited impact on ensuring the practical application of regulations. This can be attributed to an insufficient capacity of labour inspectorates or a less systematic monitoring by labour inspectorates in cases where traineeships are regulated as a specific employment relationship (instead of being covered by general labour law, which is more systematically monitored).

Table 2: Existence and effectiveness of monitoring and/or enforcement mechanisms

| Type of traineeship | Evidence of effective | Evidence of | No evidence of |
|------------------------|------------------------|-----------------|----------------|
| | monitoring and/or | weak monitoring | any monitoring |
| | enforcement mechanisms | and/or | and/or |

¹⁵⁵ Idem

¹⁵⁶ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

¹⁵⁷ In particular those on IT and ES

¹⁵⁸ Study supporting the evaluation of the Quality Framework for Traineeships (VC/2021/0654), Final Report, January 2023.

¹⁵⁹European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

| | | enforcement mechanisms exits | enforcement mechanisms |
|------|---|---|----------------------------------|
| OMT | DE, EL, LU, RO, SI [5 MS] | BE, BG, DK, IE, ES, CY, HU, AT, PT [9 MS] | CZ, HR, LV, LT, NL, PL [6 MS] |
| ALMP | BE, BG, DK, DE, EE, IE, EL, FR, HR, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE [23 MS] | CZ, ES, IT, CY [4 MS] | - |

Note: The 2023 evaluation of the 2014 QFT considers that in seven Member States, OMT do not exist or are rare (EE, FR, IT, MT, SK, FI, and SE).

Source: Study supporting the evaluation of the Quality Framework for Traineeships (VC/2021/0654), Final Report, January 2023

Indeed, as identified in the 2023 evaluation of the 2014 QFT¹⁶⁰, **monitoring appears to be restricted by the limited resources of labour inspectorates.** In 2017, the average number of employed people per labour inspector was close to 16 000, which is considerably above the 10 000 target set by the International Labour Organisation (ILO)¹⁶¹. There is also considerable cross-country variation in the resources available across Member States. The above figure ranges from 36 000 in Ireland to 6 100 in Belgium¹⁶². This is particularly worrying in light of the 2016 Eurofound study ¹⁶³ investigating fraudulent work contracts, which explicitly notes that 'costs and difficulties in detecting fraudulent use' are one of the main enabling factors for the 'fraudulent' use of traineeships.

The issue of inadequate inspection systems was also highlighted in the decision of the Council of Europe's Committee of Social Rights on the case brought by the European Youth Forum regarding the possibilities under Belgian law allowing for unpaid internships. The decision noted that the "labour inspectorate is not sufficiently effective in detecting and preventing "bogus internships"¹⁶⁴. Moreover, point 163 of the decision explained that "[t]he Committee found that the inspection system which solely depends on individual complaints by interns, considering their disadvantaged situation, cannot be considered as sufficiently efficient in preventing misuses of unpaid internship contracts in violation of Article 4§1 of the Charter."¹⁶⁵

The insufficient enforcement of national legislation and the lack of capacity for controls and inspections is one of the fundamental factors that allow the problematic use of traineeships. As noted in 3.1.1 above, the issue of misuse of traineeships as disguised employment relationships can be taken up in labour courts. With trainees being in a weak position, controls and checks by labour inspectorates and/or PES would be critical in preventing

¹⁶⁰ Idem

¹⁶¹ Impact assessment accompanying the document Proposal for a Regulation of the European Parliament and of the Council establishing a European Labour Authority (<u>SWD(2018) 68</u>).

¹⁶² Williams and Puts (2017) 2017 Platform Survey Report: organisational characteristics of enforcement bodies, measures adopted to tackle undeclared work, and the use of databases and digital tools.

¹⁶³ Eurofound (2016) Exploring the fraudulent contracting of work in the European Union.

¹⁶⁴ The decision of the European Committee of Social Rights (ECSR) in European Youth Forum (YFJ) v.

Belgium, Complaint No. 150/2017, which became public on 16 February 2022.

¹⁶⁵ Idem. The Charter refers to the Revised European Social Charter. Article 4§1 of the Charter refers to the right of workers to "a remuneration such as will give them and their families a decent standard of living".

and eliminating such practices. Furthermore, for the same reasons, weak mechanisms of enforcement, controls and inspections increase the prevalence of the second category of problematic traineeships, those that are non-compliant with EU or national law.

Another **enforcement challenge** is the **lack of clarity on who is responsible for it**. The study supporting the 2023 evaluation of the 2014 QFT¹⁶⁶ highlighted the cases of BE where there are ambiguities on which level of government is responsible and IT, where enforcement between different national authorities makes it difficult to carry out controls effectively.

Available evidence also shows that procedures for registering complaints or reporting malpractice are lacking in a number of Member States and types of traineeships. Results of the legal analysis conducted within the framework of the on-going study supporting the development of this initiative¹⁶⁷ provided information in this area (see Table 3) The results show that, on the basis of available data, only four Member States (IE, LT, LU and SK) there are procedures for registering complaints and reporting malpractice for all four types of traineeships. In eight Member States (CZ, DE, EL, HR, CY, AT, PL, SI), no procedures were identified for any type of traineeship. In some Member States such procedures exist only for certain types of traineeships (for example, ALMP, ECT and MPT are covered in DK, IT LV and HU only ALMP in PT and only legal MPT in RO.).

| Type of traineeship | Yes | No |
|------------------------|--|---|
| OMT | IE, ES, LT, LU, SK [5 MS] | CZ, DK, DE, EE, EL, HR, CY, HU, AT, PL, PT, RO, SI [13 MS] |
| ALMP | DK, EE, IE, IT, LV, LT, LU, HU, PT, SK [10MS] | CZ, DE, EL, ES, HR, CY, AT, PL, RO [9 MS] |
| ЕСТ | DK, IE, IT, LV, LT, LU, HU, SK [8MS] | CZ, DE, EE, ES, CY, AT, PL, PT, RO, SI [10 MS] |
| МРТ | DK, EE, IE, IT (medical), LV, LT, LU, HU, SK, RO (law) [10MS] | CZ, DE, EL, ES, HR, CY, AT, PL, PT, SI [10 MS] |

Table 3: Existence of procedures for registering complaints & reporting malpractice in the Member States by type of traineeship

Note: OMT are prohibited in FR. For ALMP, in SI there are no formal traineeship contracts. For ECT, in HR these traineeships are conducted on a free market basis.

Source: Study exploring the context, challenges, and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

In most Member states there are no systems for inspections or guidance for labour inspectorates with specific reference to traineeships, for any of the four traineeship types. Results of the legal analysis conducted within the framework of the on-going study supporting the development of this initiative¹⁶⁸ showed that only four Member States have in place systems of inspections or guidance for all traineeships (LT, LU, HU, SK). In 5 Member States (DK, IE,

¹⁶⁶ Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

¹⁶⁷ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

¹⁶⁸ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

EL, IT and PT) such systems exist at least one type of traineeship (e.g., ALMP, ECT and MPT in DK and IE; and IT (medical only for MPT in IT); ALMP only in PT) (Table 4).

| Type of traineeship | Yes | No |
|------------------------|---|---|
| OMT | EL, LT, LU, HU, SK [5 MS] | CZ, DK, DE, EE, IE, ES, HR, CY, AT, PL, PT, RO, SI [13 MS] |
| ALMP | DK, IE, IT, LT, LU, HU, PT, SK [8 MS] | CZ, DE, EE, EL, ES, HR, CY, LV, AT, PL, RO [11 MS] |
| ЕСТ | DK, IE, EL, IT, LT, LU, HU, SK, [8 MS] | CZ, DE, EE, ES, CY, LV, AT, PL, PT, RO, SI [11 MS] |
| MPT | DK, IE, IT (medical), LT, LU, HU, SK, [7 MS] | CZ, DE, EE, EL, ES, HR, CY, LV, AT, PL, PT, RO, SI [13 MS] |

Table 4: Existence of systems of inspections or guidance for inspectorates

Note: OMT are prohibited in FR. . For ALMP, in SI there are no formal traineeship contracts. For ECT, in HR these traineeships are conducted on a free market basis.

Source: Study exploring the context, challenges, and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

D1.4 Weak position of trainees in the labour market

As discussed in section 3.1.1 of the problem definition, the weak position of trainees vis-á-vis employers is an important driver, especially for problematic uses of traineeships, and to an extent poor quality traineeships. There are several reasons why trainees could face an asymmetrical power dynamic against employers.

An important first consideration is how this driver is intrinsically linked to the legal status of the trainee. Trainees not classified as workers are exposed to precarious conditions because they only benefit from limited labour rights. Evidence from the literature suggests that the written form of a traineeship agreement does not always provide sufficient protection to the trainee¹⁶⁹. Moreover, besides the problems of weak enforcement and capacity, labour inspectorates and trade unions might lack legal competence in cases where trainees are not officially classified as workers.¹⁷⁰

The complexity of agreements between the traineeship provider and the trainee can be another cause for an asymmetric power dynamic between the employer and the trainee. Trainees are sometimes simply unaware of their rights due to a lack of legal training, experience in dealing with contracts and the complexity of agreements presented to them.¹⁷¹ In this respect, the fact that some types of traineeships (e.g. when educational obligations must be fulfilled, or in the case of ALMP if PES are involved) imply an interaction between a formal and a substantive employer, further complicates the position of trainees¹⁷². Moreover, trainees are often not in a position to influence the conditions of their traineeship¹⁷³.

The position of 'dependency' in which trainees might find themselves - be it real or perceived - is yet another factor putting them in a relatively weaker position. Rosin (2016)¹⁷⁴ argues that "Even if direct economic dependency is weak, social dependency on the employer in obtaining education or entering the labour market is stronger. Additionally, the receipt of only job-specific training can increase the trainee's dependency".

The weak position of trainees also results from additional elements, including the relatively short duration of traineeship, the need to secure a more stable labour market position, the potential low awareness of rights, real or perceived dependency or the fear of negative repercussions from taking legal action or filing a complaint, and the complexity of regulations in Member States. Therefore, trainees are unlikely to go to courts to enforce their rights. There are initiatives by trade unions supporting and considering the interests of trainees. However, often trade unions as well face capacity problems in supporting trainees¹⁷⁵. Furthermore, the problem may be exacerbated in cases where the trainee is not classified as a worker and may not have access to the support of trade unions and labour inspectorates¹⁷⁶.

¹⁶⁹ Rosin (2016) Precariousness of Trainees that Work in the Framework of a Traineeship Agreement.

¹⁷⁰ Eurofound (2022) Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK) ¹⁷¹ Idem

¹⁷² Eurofound (2022) Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK)

¹⁷³ Rosin (2016) Precariousness of Trainees that Work in the Framework of a Traineeship Agreement 174 Idem

¹⁷⁵ Eurofound (2022) Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK) ¹⁷⁶Idem

Finally, the **relative bargaining position of trainees also depends on the characteristics and labour market dynamics specific to different sectors**. The 2023 evaluation of the 2014 QFT¹⁷⁷ pointed to a few sectors where low-quality traineeships were more prevalent. These sectors included arts, entertainment and recreation, health and social work and education. Neither the evaluation nor other studies bring conclusive evidence as to why such differences exist. One of the reasons might be that a larger supply of trainees, compared to the relative demand, in these sectors, makes it possible for traineeship providers to pick from a larger pool of candidates while being less exposed to reputational risks.

3.2.3. Internal Drivers related to the poor quality of traineeships (D2.1 - D2.3)

This section discusses the internal drivers related to *Problem P2: poor quality traineeships*. These drivers relate mainly to factors which lead to inadequate working conditions for trainees, including remuneration, access to social protection and poor learning content of traineeships.

D2.1 Unjustified differentiated treatment as regards working conditions and access to social protection

The absence, lack of transparency and complexity of national regulations on traineeships (as discussed in Section D1.1) is a significant driver of poor quality traineeships, in particular as regards working conditions (including remuneration) as well as access to social protection.

D.2.1 Remuneration

Whether traineeships are remunerated hinges on several country-specific aspects, including their classification in national (labour) law and the different remuneration policies for different types of traineeships in the Member States. Data collected through the legal analysis taking place under the on-going study supporting the development of this initiative¹⁷⁸ allows to identify and explore the different legal provisions that exist in Member States regarding the remuneration of trainees across the different types of traineeships. The results of the analysis show that considerable variation exists across Member States and across the four types of traineeships.

Fixed-term and part-time trainees are covered by the EU Directives on Fixed-Term and Parttime Work¹⁷⁹, provided if they meet the criteria to be considered workers under EU law¹⁸⁰. These Directives provide that that **fixed-term and part-time workers (inc. trainees) shall not be treated less favourably** in their employment conditions than comparable permanent or full-time workers, unless the difference is justified on objective grounds. The **provisions of these Directives as regards equal treatment also apply to remuneration**, which means that fixedterm and part-time trainees considered as workers under EU law should not be treated less

¹⁷⁷ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (SWD(2023) 9 final).

¹⁷⁸ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

¹⁷⁹ Council Directive (<u>1999/70/EC</u>) concerning the framework agreement on fixed-term work; Council Directive (<u>97/81/EC</u>) on the Framework Agreement on part-time working.

¹⁸⁰ Regarding the Fixed-term Work Directive, Clause 2.2 allows Member States the possibility of excluding initial vocational training relationships, apprenticeship schemes or employment contracts and relationships which have been concluded within the framework of a specific public or publicly-supported training, integration and vocational retraining programme.

favourably as regards remuneration than comparable permanent or full-time workers, unless the difference in remuneration is justified on objective grounds. Such trainees would also be covered by the Minimum Wage Directive¹⁸¹, which establishes a framework for setting adequate levels of minimum wages and access of workers to minimum wage protection, in the form of wages set out by collective agreements or in the form of a statutory minimum wage, where it exists.

However, different treatment of trainees and regular workers in a comparable situation, including as regards remuneration, may be justified due to objective grounds related to the characteristics of the traineeship, such as different tasks, a significant learning component and lower responsibilities or intensity. However, if the different treatment is disproportionate or trainees have no access at all to certain rights, such as remuneration, it may result in poor quality traineeships with precarious working conditions. Moreover, for those trainees who are workers under EU law, such a situation may also not be compatible with the EU labour law acquis, including, for example, with the Directives on Fixed-Term Work and Part-Time Work. Also, Article 6 of the Directive on adequate minimum wages in the EU allows for variations in the statutory minimum wage for specific groups of workers, if these respect the principles of non-discrimination and proportionality, the latter including the pursuit of a legitimate aim. However, recital 29 notes that it is important to avoid variations being used widely, as they risk having a negative impact on the adequacy of minimum wages.

The regulatory situation in Member States, as presented in section 3.1.1, indicates **considerable differences within and between Member States** in terms of trainees' access to the labour rights, including remuneration, which apply to regular workers. The sections below provide details on the regulatory provision on remuneration for OMT in the Member States.

In those Member States where trainees are can be considered to be in an employment relationship (13 MS: CZ, DK, EE, IE, EL, HR, LV, MT, NL, AT, SK, FI and SE), they are entitled to full protection under EU and national labour law and collective agreements, including minimum wage provisions, where they exist. At the same time, in 14 Member States specific regulations exist for OMT (BE, BG, CZ, DE, ES, CY, LT, LU, HU, AT, PL, PT, RO, SI), regulating all or some traineeship types. For example, in BE, BG, ES, CY, LT and SI the specific law states that that traineeships are considered as employment relationships, providing full coverage to trainees by EU and national labour law. In 7 of these Member States (BG, DE, ES, CY, LT, HU and SI) trainees are entitled at least the minimum wage (MW)¹⁸², while in ES and SI additional provisions exist providing for proportionate remuneration. In ES, the remuneration of trainees should be at least 60%-75% (depending on duration) of the remuneration of a comparable worker¹⁸³ as established in the respective collective agreement. In SI the law states that the trainee has the right to at least 70% of the remuneration of a comparable worker. Other Member States set the minimum level of remuneration to a proportion of the minimum wage. For example, in BE and RO this level is set to 50% of the MW, in LU at 40%-75% of the MW (for unskilled trainees depending on duration) and in Portugal at 80% of the MW. In Poland, trainees can be paid or unpaid, but their remuneration cannot exceed 200% of the MW. In CZ the labour

¹⁸¹ Directive (EU) (<u>2022/2041/EC</u>) on adequate minimum wages in the European Union. The Directive allows for justified and non -discriminatory variations in the minimum wage, the latter including the pursuit of a legitimate aim.

¹⁸² In CY, DE and PT very short traineeships are excluded from the minimum wage law.

¹⁸³ A worker who performs the same or equivalent job.

law allows for 2 specific types of traineeship contracts¹⁸⁴ with greater flexibility, which provide lower levels of protection, nevertheless, under both of these contracts the minimum wage is guaranteed. In AT special regulatory provisions exist for traineeships with the state, which have their own pay scale. It should be noted that, in most of the Member States, there is also the possibility to engage in traineeships which are not regulated and are usually unpaid. In some Member States (for example BG, DE¹⁸⁵, CY and RO) unpaid traineeships do not seem to be legally possible.

D.2.2 Access to social protection

Social protection serves to protect people against the financial implications of social risks, such as ill health, old age or job loss, and it contributes to prevent and alleviate poverty. Social protection can take the form of in-cash benefits (unemployment benefits, pensions, sickness benefits, child benefits) and/or in-kind benefits (healthcare, child-care, training or job search assistance). Well-designed social protection systems are also important to facilitate labour market participation in a world of rapid and growing labour market transformations. The 2014 QFT encourages transparency on coverage in terms of health and accident insurance as well as sick leave but **does not include recommendations addressing access to social protection as such**. Similarly, to remuneration, **trainees who are workers under national law also benefit from access to social protection in accordance with national schemes**. However, their access to social protection also depends on whether they are in a standard employment relationship which assumes a long-term, full-time work relationship between a worker and a single employer¹⁸⁶. In certain Member States, there are important exceptions relating to specific categories of non-standard employment relationships, including trainees.

In addition, gaps or obstacles for trainees to access social protection schemes may also be caused by shorter work histories (which might occur due to participation in traineeships and/or delays in accessing stable jobs) and the fact that traineeships are more common in certain types of jobs where formal coverage by access to social protection is not always fully guaranteed or not effective or adequate¹⁸⁷.

The study supporting the 2023 evaluation of the 2014 QFT¹⁸⁸ noted that diverse regulatory strategies regarding traineeships, alongside variations in the definitions of "trainee" and "traineeship" at the domestic level, **result in uncertain eligibility for social protection of trainees**. In line with this, the impact assessment for the recommendation on access to social protection for workers and the self-employed¹⁸⁹ found that in certain EU Member States, particular groups of non-standard workers – among which trainees were especially mentioned -

¹⁸⁴ Agreement to complete a job (DPP) and Agreement to perform work (DPC).

¹⁸⁵ if the internship exceeds three months.

¹⁸⁶ Analytical Document accompanying the second Phase Consultation of Social Partners under Article 154 TFEU on a possible action addressing the challenges of access to social protection for people in all forms of employment in the framework of the European Pillar of Social Rights (C(2017) 7773 final), Eurofound (2016), Sixth European Working Conditions Survey – <u>Overview report.</u>

¹⁸⁷ Ghailani et al '<u>Access to social protection for young people</u>, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union.

¹⁸⁸ Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

¹⁸⁹ European Commission (2018), Impact Assessment accompanying the proposal for a Council Recommendation on the access to social protection for workers and the self-employed (SWD(2018) 70 final).

are not officially included in specific or all branches of the social security system and therefore are in a disadvantaged position compared to regular (standard) employees.

The results of the legal analysis conducted under the on-going study supporting this initiative¹⁹⁰ show that indeed trainees have access to different branches of social protection, albeit with varying conditions, but indeed trainees not legally considered as workers are more likely to lack access to some (or all) branches of social protection.

The results of the analysis show that the two most widespread protection branches available to trainees are "Accidental & Occupational Injuries" (for all four types of traineeships) and sickness benefits. In most of the Member States (DK, DE, CY, MT, SI, SK and SE for OMT; BG, DK, CY, MT, AT, RO, and SE for ALMP; DK, CY, HU, SI, SK, and SE for MPT) the same protection is granted as regular employees. In exceptional cases having the status of worker does not grant social protection, (e.g., in FR where trainees in ALMP and MPT do not have access to social protection. In line with what the literature suggests, unemployment benefits are more rarely granted to trainees. In some cases (e.g., IE and LT for OMT; IE, FR, LV and LT for ALMP; LT for ECT; CZ, LT, MT, and RO for MPT), unemployment benefits are denied to trainees.

In conclusion, the results show, that trainees have access to different branches of social protection, albeit with varying conditions (i.e., based on trainee, employer or state contributions)¹⁹¹.

D2.2 Insufficient learning content of traineeships

Ensuring proper learning content of traineeships improves the prospects of the trainees and facilitates their transition to the labour market, thus helping to fulfil the fundamental rationale for traineeships¹⁹². The 2014 QFT recognises the importance of learning and training with two of its principles relating to it (Principles 4 and 5). However, in national legislation, provision on specific requirements ensuring that trainees work towards learning and training objectives and are assigned a supervisor are limited.

• Issues related to the implementation of the 2014 QFT principles on the learning component of traineeships

Principle 3 of the 2014 QFT indicates that the learning objectives should be clarified in the written agreement between the trainee and the traineeship provider. Principle 4 invites Member States to 'promote best practices as regards learning and training objectives in order to help trainees acquire practical experience and relevant skills; the tasks assigned to the trainee should enable these objectives to be attained'. Thus, a written traineeship agreement, indicating educational objectives, as well as adequate working conditions, rights and obligations, and a reasonable duration for traineeships can be considered a particularly

¹⁹⁰ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

¹⁹¹ These differences will be further detailed when discussing impacts of measures as this data is available. For the sake of simplicity in presentation and because of the main argument here, these details were simplified into a binary yes or no.

¹⁹² European Commission (2013), Impact Assessment accompanying the proposal for on a Quality Framework for Traineeships, (<u>SWD (2013) 495 final</u>).

important element for the quality of traineeships¹⁹³. In fact, the 2023 evaluation of the 2014 QFT¹⁹⁴ for OMT and ALMP traineeships showed the **2014 QFT principles most relevant for supporting future employment are those related to learning objectives and the existence of a written agreement.** These principles are closely intertwined with the learning and training content of traineeships. Representatives from public employment services highlighted that having a traineeship contract, with clearly defined educational objectives and standards, helps trainees understand what is expected from them, so that they can meet workplace requirements and increase their chances of obtaining employment following their traineeship. It should be noted that, for the **trainees who are considered as workers under EU law**, Article (4) of the Directive on transparent and predictable working conditions (TPWC)¹⁹⁵ obliges employers to inform workers of the essential aspects of the employment relationship, including. Article (3) of the TPWC Directive does not include the learning component in the list of essential aspects of the employment relationships that need to be communicated to workers in writing.

Over the last years progress has been observed in the implementation of the 2014 QFT principles on the written agreement (Principles 2 and 3). The 2023 evaluation of the 2014 QFT¹⁹⁶, which examined the implementation of the 2014 QFT principles in national legislation for OMT and AMLP traineeships, has shown that these were the 2014 QFT principles that were the most commonly¹⁹⁷ implemented by legislation (either fully or partially) across the EU-27, for both across OMT and ALMP traineeships. Namely, by law, the traineeship was based on a written agreement in 17 Member States for OMT¹⁹⁸ and in 27 Member States for ALMP traineeships. Also, the results of the 2022 trainee survey carried out under 2023 evaluation of the 2014 QFT¹⁹⁹ show an important increase in the share of trainees with a written agreement. Namely, in 2023, 17% of the respondents stated that they had not signed such a written agreement, compared to 38% in 2013²⁰⁰.

In addition to the implementation of the 2014 QFT principles on the provision of the written agreement, the 2023 evaluation of the 2014 QFT²⁰¹ for OMT and ALMP traineeships also examined²⁰² the degree of implementation of Principle 4 of the 2014 QFT (see above) and

¹⁹³ This was the reason why it constituted the main element of the 2014 QFT (Principles 2 and 3), which recommended that traineeships are based on a written agreement concluded at the beginning of the traineeship between the trainee and the employer.

¹⁹⁴ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹⁹⁵ Directive EU (2019/1152) on transparent and predictable working conditions in the European Union

¹⁹⁶ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

¹⁹⁷ The number of Member States having implemented fully or partially were counted to assess which principles have been implemented most commonly.

¹⁹⁸ Fully implemented in AT, BE, BG, CY, CZ, DE, ES, HR, HU, LU, LV, PL, PT, RO and SI and partially implemented in LT and NL. The 2023 evaluation of the 2014 QFT considers that in seven Member States, OMT do not exist or are rare (EE, FR, FI, IT, MT, SE and SK).

¹⁹⁹ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²⁰⁰ Flash Eurobarometer 378 (November 2013) "The experience of traineeships in the EU" (<u>1091_378</u>).

²⁰¹ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²⁰² For OMT and ALMPS traineeships.

in particular, whether the tasks performed by the trainees allowed them to attain their education objectives, where relevant, as defined in the written agreement²⁰³. The results of the 2023 evaluation of the 2014 QFT²⁰⁴ indicate that, despite the fact that the 2014 QFT recommends including in the written agreement the learning and training objectives, the **principle on alignment of tasks with learning objectives was among the QFT principles that were the least implemented in national legal frameworks in Member States, with this trend in place for both OMT and ALMP traineeship regulation. Regarding OMT, this principle is not implemented in 6 Member States (DK, IE, CY, HU, AT and PL) but it has been partially implemented in 6 other countries (CZ, DE, EL, HR, PT and RO)²⁰⁵. Regarding ALMP traineeships, the principle has not been implemented in all countries²⁰⁶, except HU, even though the implementation is only partial in CZ, EE, CY, PL and RO.**

Further evidence, collected from the legal analysis carried out under the on-going study supporting the development of this initiative²⁰⁷, provided information on the legal provisions which exist in Member States to ensure that the tasks of the trainees are aligned with their training objective, for all four types of traineeships. The results show that the largest gaps in legal provisions in this area are found in the case of OMT. In contrast, the other three types of traineeships tend to be more regulated in this regard, with provisions for MPT found in all, but 2 (CY, HU) countries for which data is available and for ALMP and ECT in the majority of the Member States (Table 5).

| Member | Yes | No |
|--------|---|-------------------------|
| State | | |
| OMT | BE, CZ, DE, ES, HR, LV, LT, LU, PL, PT, | DK, EE, IE, CY, HU, AT, |
| UMI | RO, SI [12MS] | PL, SK [8MS] |
| | BE, BG, CZ, DK, DE, EE, IE, ES, EL, FR, | CY, HU [2MS] |
| ALMP | HR, IT, LV, LT, LU, MT, AT, PL, PT, RO | |
| | SK, FI, SE [23MS] | |
| ЕСТ | BE, DK, IE, EL, ES, IT, LV, LT, LU, HU, | CZ, EE, CY, SI [4MS] |
| ECI | AT, PT, RO, SK [14MS] | |
| | BE, CZ, DK, EE (Medicine), IE, ES, HR, | EL, CY [2MS] |
| MPT | IT, LV, LT, LU, HU, AT, PL, PT, RO, SI, | |
| | SK [18MS] | |

Table 5: Legal provisions to ensure that tasks allow trainees to work towards their learning and training objectives

Note: OMT are prohibited in FR. For ALMP, in SI there are no formal traineeship contracts. For ECT, in HR these traineeships are conducted on a free market basis.

Source: Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

²⁰³ "Tasks allow the trainee to work towards their learning and training objectives" – see Table 8 of the study supporting the evaluation of the Quality Framework for Traineeships (VC/2021/0654), Final Report, January 2023 ²⁰⁴ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (SWD(2023) 9 final).

²⁰⁵ The 2023 evaluation of the 2014 QFT considers that in seven Member States, OMT do not exist or are rare (EE, FR, FI, IT, MT, SE and SK).

²⁰⁶ No data for NL.

²⁰⁷ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

• Issues related to mentorship, supervision and evaluation

Principle 5 of the 2014 OFT invites Member States to encourage traineeship providers to designate a supervisor for trainees, thereby guiding the trainee through the assigned tasks, and monitoring and assessing their progress. However, it does not refer to mentors, nor does it clearly distinguish the two concepts. At the same time, the TPWC Directive, despite outlining in great detail different aspects of working conditions that need to be communicated to the employee in writing, does not include arrangements for mentorship, supervision and evaluation among those. The 2023 evaluation of the 2014 QFT²⁰⁸ also identifies having a supervisor or a mentor as a critical element of quality, contributing to better postplacement outcomes. Empirical evidence in the literature also supports this finding, showing that having a mentor is associated with better learning and labour market outcomes²⁰⁹. In addition, most respondents of the survey conducted for the 2023 evaluation of the 2014 OFT²¹⁰ indicated that guidance and/or support from a supervisor (76%) are extremely helpful in finding a job. The results of the 2023 Eurobarometer²¹¹ support this assessment, as there is also a strong and statistically significant correlation between being able to turn to a mentor and perceptions of learning²¹². Additionally, evidence from stakeholder consultations carried out as part of the 2023 evaluation of the 2014 OFT underlines the importance of defining the learning and educational objectives of the traineeship, including appropriate mentoring²¹³. This suggests the need for a greater focus on this aspect, while considering the impact of the potential additional costs for small and micro enterprises.

In addition, as already discussed in section 3.1.2 according to the results of the 2013 and the 2023 Eurobarometer there was a 16 percentage points drop in the share of respondents having access to mentors. Such a drop could be related to the weakness of the regulatory framework guiding traineeships or to lack of enforcement of the principle. However, there is not sufficient evidence to attribute it to either. It is also possible that the decrease is linked to changing perceptions of younger workers on what constitutes an acceptable amount and quality of mentorship. The more recent results show that 23% of respondents believed they had no or insufficient access to guidance.

In national legislation, while legal requirements ensuring that trainees are assigned a supervisor are quite common among Member States this is not the case for mentors. The results of the legal analysis carried out under the on-going study supporting the development of

²⁰⁸ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²⁰⁹ Higgins and Pinedo Caro (2023) What makes for a 'good' internship? in: ILO (2021) Internships, Employability and the Search for Decent Work Experience.

²¹⁰ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (SWD(2023) 9 final).

²¹¹ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

²¹² Correlation coefficient of 0.83.

²¹³ It is important to draw a distinction between supervisors and mentors. A supervisor or line manager is formally in charge of the trainee. However, ensuring learning content requires that besides supervisors acting as employers, access to mentorship is also ensured. The concept of mentorship denotes providing help and advice and actively following up on the trainees' progress in conducting their tasks.

this initiative²¹⁴, showed that legal provisions on supervision exist in most Member States. As regards **mentorship**, respective legal provisions are missing in most Member States. In the case of OMT more than half of countries, for which data is available, do not have provisions on mentorship while such provisions do not exist in eight Member States in the case ALMP and six for ECT. MPT are covered by mentoring provisions in most countries (Table 6), with some exceptions (EE, HR, HU, and LV).

Example of such provisions on mentorship include the law in RO (Law 335/2013) which imposes specifically to the mentor to explain the assigned tasks and provide support to the trainee during their traineeship. Learning objectives are also discussed and agreed at the beginning of the traineeship and additional training can be considered throughout the duration of the traineeship. In other Member States, this principle is implemented more broadly. For example, in LT, the nature of the activities should be included in the written agreement but there is no specific regulation stipulating that the trainee should work towards leaning and training objectives.

| Type of traineeshipLegal provisions exists supervisor | | ist for | t for Legal provisions exist for mentor | |
|---|---------------------|---------|---|-----------------|
| traineesinp | Yes | No | Yes | No |
| | BE, BG, CZ, EE, ES, | IE, LV, | ES, IT, LT, LU, HU, | BE, CZ, DK, |
| ОМТ | HR, CY, LT, LU, HU, | AT, PL | PT, RO, SI [8MS] | EE, IE, HR, CY, |
| UNII | NL, PT, RO, SI [14 | [4MS] | | LV, AT, PL |
| | MS] | | | [10MS] |
| | BE, CZ, DK, EE, IE, | AT | DK, ES, IT, LT, LU, | BE, CZ, EE, |
| | ES, HR, IT, CY, LV, | [1MS] | PL, PT, RO [8MS] | HR, CY, LV, |
| ALMP | LT, LU, HU, PL, PT, | | | HU, AT, SK |
| | RO, SI, SK [18MS] | | | [9MS] |
| | DK, IE, ES, IT, CY, | EE, RO | DK, IE, ES, IT, LT, | BE, EE, CY LV, |
| ECT | LV, LT, LU, HU, AT, | [2MS] | LU, PT, RO, SI | HU, AT, SK |
| | PT, SI, SK [13MS] | | [9MS] | [7MS] |
| МРТ | BE, CZ, DK, IE, ES, | AT | BE, CZ, DK, IE, ES, | EE, HR, LV, |
| | HR, CY, LU, HU, PT, | [1MS] | IT, CY, LT, LU, AT, | HU, SK [5MS] |
| | RO, SI, SK [13MS] | | PL, PT, RO, SI and | |
| | | | SK [15MS] | |

Table 6: Legal provisions on provision of a supervisor and/or mentor for trainees

Note: OMT are prohibited in FR. For ALMP, in SI there are no formal traineeship contracts. For ECT, in HR these traineeships are conducted on a free market basis.

Source: Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

D2.3 Lack of transparency in vacancy notices

The 2014 QFT recommends employers to be transparent in their vacancy notices about the terms and conditions of the traineeship (Principle 14). It explicitly refers to certain financial conditions, namely an allowance and/or compensation, as well as health and accident insurance. It also recommends transparency about recruitment policies. These serve to allow aspiring trainees to make a well-informed decision on applying to a traineeship, trading-off financial

²¹⁴ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

considerations and career prospects. Vacancy notices that are clear on the conditions are vital as they help to ensure that potential trainees are not engaged in poor quality traineeships, they can also indirectly help preventing the misuse of traineeships.

In the trainee survey conducted for the study supporting the 2023 evaluation of the 2014 QFT^{215} , when asked what elements respondents would like to find in a vacancy notice advertising a traineeship, respondents ranked the tasks/job description of the traineeship as the most important element (68%), followed by the traineeship duration (65%), terms and conditions (60%), and the traineeship working hours (57%) (see Figure 19).

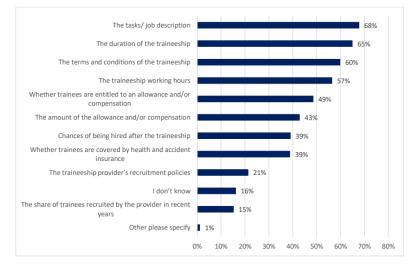


Figure 19: Results of trainees' survey. Question: "Which of the following elements would you like to find in a vacancy notice advertising the traineeship?"

Source: Study supporting the evaluation of the Quality Framework for Traineeships (VC/2021/0654), Final Report, January 2023. N=449

However, the evidence below shows that, on the ground, there is a lack of transparency in the vacancy notices which can be considered as a driver of poor quality traineeships.

The 2023 evaluation of the 2014 QFT²¹⁶ identified that **Principle 14**, **on transparency of vacancies, is among the principles that are the least²¹⁷ implemented in legislative frameworks of Member States, for both OMT and ALMP traineeships.** Namely, this is not implemented at all in seven Member States (DK, DE, IE, ES, HR, AT and PT) for OMT and in nine (DK, DE, IE, ES, IT, LV, SI, SK and SE) for ALMP traineeships. Across Member States, traineeship providers are generally not required to include information in their vacancies on the conditions of the traineeship. The reasons for this are twofold. Firstly, in some Member States (such as DK, EE, LV, SI) vacancies for ALMP traineeships are not available as trainees find traineeship positions through a PES consultant on a case-by-case basis. Secondly, in other Member States it is not compulsory to provide details about the objectives and the requirements

²¹⁵ Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

²¹⁶European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²¹⁷ The number of Member States not having implemented at all were counted to assess which principles have been implemented the least.

of an ALMP or an OMT (e.g., IE, FR, IT, LT, HU). Nevertheless, it was identified that in a few Member States the responsible national authorities check ALMP vacancies and ensure that the required details are provided before being published (e.g. CZ, BG, HR, PL) and thus ensure full compliance with this principle. For example, in HR, ALMP measures, the conditions for using the funds and implementation rules shall be adopted annually by the PES Administrative Council, that also checks the vacancy to ensure all required information is provided.

Furthermore, a **vacancy analysis** conducted as part of the study supporting the 2023 evaluation of the 2014 QFT²¹⁸ examined almost 2,000 vacancies²¹⁹ in the 27 Member States on their alignment with the QFT principles on transparency (i.e., providing information in the vacancy notice on the terms and conditions of the traineeship). Out of the total analysed vacancies:

- Less than half (42%) of the analysed OMT vacancies and 59% of the ALMP traineeship vacancies mentioned allowance or compensation. 21% of OMT vacancies and 44% of ALMP vacancies indicated the amount.
- A very small share of vacancies mentioned information on social protection:
 - 10% of OMT and 4% of ALMP traineeships mentioned health insurance
 - $\circ~~5\%$ of OMT and 10% of ALMP traineeships mentioned accident insurance and
 - 2% of both OMT and ALMP traineeships mentioned sick leave.
- 63% of the analysed OMT vacancies and 40% of the ALMP traineeship vacancies did not mention the duration of the traineeship, while 86% of OMT and 92% of ALMP traineeships did not mention the conditions for an extension or renewal of the traineeship.
- Around 40% of the analysed OMT vacancies and 58% of the ALMP traineeship vacancies did not clarify the learning and training objectives, while only 11% of OMT and 8% of ALMP traineeships mentioned assigning a supervisor for the trainees.

3.2.4. Internal Drivers related to unequal access to traineeships (D3.1-D3.2)

This section discusses the internal drivers related to *Problem P3: unequal access to traineeships*. These drivers relate mainly to factors which lead to unequal access to traineeships for people in vulnerable situations and to quality of cross-border traineeships but also to insufficient quality of remote/hybrid traineeships.

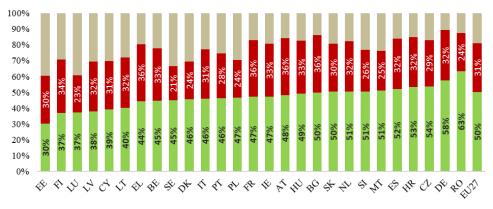
²¹⁸ Study supporting the evaluation of the Quality Framework for Traineeships (VC/2021/0654), Final Report, January 2023.

²¹⁹ of which 1,272 were on OMT and 700 concerned ALMP traineeships.

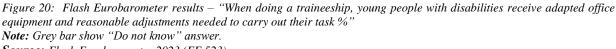
D3.1 Barriers of access to traineeships (people in vulnerable groups and crossborder traineeships)

D3.1.1 People in vulnerable situations

The 2023 evaluation of the 2014 QFT²²⁰ showed that young people from rural areas or from lower socio-economic backgrounds, or young people with disabilities, with a migrant background or with lower educational attainment can be identified as groups deserving special attention as regard access to traineeships. The **main barriers** experienced by these groups include discrimination, insufficient outreach, a lack of (adequate) payment/compensation, a lack of standards regarding transparency of recruitment policies and a lack of a personal network. Another barrier for groups in vulnerable situations to access traineeships is the lack of traineeship programmes tailored to their needs, for example catering for specific training or upskilling needs or accessibility requirements in the case of disabilities. The 2023 Eurobarometer showed that in most countries, a significant number of respondents believe that people with disabilities do not receive adapted office equipment nor a reasonable adjustment to their tasks (see Figure 20).







Source: Flash Eurobarometer 2023 (FE 523)

According to the 2023 Eurobarometer, 10% of those who never had a traineeship did not have enough financial resources to undertake one. These respondents are likely to belong to groups in vulnerable situations.

In practice there are several reasons why access to traineeship opportunities is likely to be more difficult for potential trainees who come from a disadvantaged socio-economic background. The first reason can be linked to differences in the social environment. Traineeships are often secured through personal connections and networking.²²¹ Individuals from disadvantaged backgrounds may have fewer connections in professional circles, making it more challenging to access

²²⁰ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²²¹ In the trainee survey carried out as part of the 2014 QFT evaluation study, the most commonly reported way of finding a traineeship was via the trainees' own networks, i.e. through friends, acquaintances, or families (33% of respondents).

information about traineeship opportunities and secure positions. In addition, they may have limited access to mentors or role models who can provide guidance and support in navigating the traineeship application and selection process.

Other reasons can be associated with educational disparities and financial constraints. Socioeconomic disadvantages can impact the quality of education received, resulting in unequal skill sets and qualifications. Some traineeships require specific educational backgrounds or qualifications, which may be harder for individuals from disadvantaged backgrounds to fulfil. In addition, traineeships which are unpaid or offer limited financial support can pose a significant obstacle for individuals from disadvantaged backgrounds who may rely on income-generating activities to support themselves or their families. The financial burden can make it difficult for them to pursue traineeships that do not offer adequate compensation.

D3.1.2 Cross-border traineeships

Despite the increasing uptake of cross-border traineeships, **barriers still remain in terms of cross-border traineeships** which are mainly linked to the lack of (financial) resources and information. Namely, almost one third of the respondents (30%) to the 2023 Eurobarometer cited the lack of enough financial resources as the main reason for not doing a traineeship abroad. Furthermore, not enough financial resources to cover the additional expenses linked to travel and accommodation were considered an obstacle three times bigger in the case of cross-border traineeships, compared to traineeships in general.

Also in the 2023 Eurobarometer, 22% of the respondents mentioned that they felt they were not well-informed about traineeships abroad. Similarly, in the trainee survey conducted for the study supporting the 2023 evaluation of the 2014 QFT²²², 37% (478 out of 1,293) of the respondents indicated that a lack of financial resources limits their possibilities to undertake a traineeship abroad, while 27% felt that they were not well-informed about cross-border traineeships. Other issues mentioned by respondents were complex administrative procedures and legal and administrative barriers, such as different taxation systems, social security and pension entitlements.

At the same time, the regulatory fragmentation and the lack of transparent and clear information on the applicable rules in the Member States also hamper the objective to **facilitate and stimulate the cross-border mobility** of trainees. Only 13% of the respondents to the abovementioned trainee survey made use of the EURES portal to find cross-border traineeship opportunities. This can be partly explained by the findings of the study supporting the Commission's ex-post evaluation of EURES,²²³ which indeed highlighted difficulties in providing specific support services targeting young people, including on traineeships, mostly due to persisting **differences in and a lack of harmonisation of national legislative frameworks** for traineeships outside of education (e.g., legislative uncertainties regarding the definition of trainees).

²²² Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

²²³ European Commission, Directorate-General for Employment, Social Affairs and Inclusion, Study supporting the <u>ex-post EURES evaluation and the second biennial EURES report</u>, Publications Office, 2021.

D3.2 Insufficient quality of hybrid/remote traineeships hampering access to remote/hybrid traineeships

The QFT does not address some of the key developments related to the ongoing **digital transformation**. The impact of the pandemic on the labour market has increased the relevance of the QFT whilst also bringing about a need to consider adjustments to the QFT to ensure its continued relevance given the increasingly central role of remote working and digital skills.

However, as shown by the 2023 evaluation of the 2014 QFT²²⁴ in practice, remote/hybrid traineeships bring new risks of in terms of access to quality traineeships. Such risks include precarious working conditions, inadequate access to social rights, inexistent or insufficient socialisation and mentoring support and poor learning content.

In addition, trainees, just like other teleworkers, may face the physical and psychosocial risks associated to working remotely and the prolonged use of digital tools, such as musculoskeletal disorders, eyestrain, headache, digital overload, as well as the feeling of loneliness and isolation. The latest Eurofound survey on the effects of COVID-19 on living and working in the EU confirms that the mental well-being of young people (of age 18-29) has been and remains the most affected by the pandemic restrictions.

As a result, this can also have a negative impact on the above-mentioned access barriers to traineeships for groups in vulnerable situations or disadvantaged areas, for example remote or rural areas. Unequal access to remote traineeship opportunities arises when certain enabling conditions are not in place. Such conditions include adequate access to training and learning opportunities remotely, adequate equipment, network connectivity and security, arrangements in work organisation that support the tasks to be carried by the trainee as well as a sufficient level of digital skills.

Based on the legal analysis under the on-going study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU²²⁵, it appears that five Member States (DE, EE, EL, AT, RO) do not have formal teleworking arrangements for any type of traineeship. CZ and SK have no such arrangements for ECT and BG and PL for MPT. Overall, it appears that most countries have introduced formal teleworking arrangements and, most often, the arrangement are applied to all types of traineeships.

²²⁴ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²²⁵ Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023.

Table 7: Legal analysis - existence of teleworking arrangements

| Type of traineeship | Yes | No |
|------------------------|---|--------------------------------------|
| OMT | BG, CZ, DK, IE, ES, CY, LT, LU, HU, PL, PT, SI, SK [13 MS] | DE, EE, EL, AT, RO [5 MS] |
| ALMP | BG, CZ, DK, IE, ES, CY, LT, LU, HU, PL, PT, SK [12 MS] | DE, EE, EL, AT, RO [5 MS] |
| ЕСТ | BG, DK, IE, ES, CY, LT, LU, HU, PT, SI [10 MS] | CZ, DE, EE, EL, AT, RO, SK [7 MS] |
| МРТ | CZ, DK, IE, ES, CY, LT, LU, HU, PT, SI, SK (medical) [11 MS] | BG, DE, EE, EL, AT, PL, RO [7 MS] |

Note: OMT are prohibited in FR. For ALMP, in SI there are no formal traineeship contracts. For ECT, in HR these traineeships are conducted on a free market basis.

Source: Study exploring the context, challenges and possible solutions in relation to the quality of traineeships in the EU, forthcoming (VT/2022/047), Draft Final Report, August 2023

3.2.5. Other internal drivers hampering the use, quality and access to traineeships (D4.1-D4.4)

The 2023 evaluation of the 2014 QFT²²⁶ also revealed that the implementation of the 2014 QFT is hampered by a series of issues and in particular the weak monitoring framework and the lack of data on traineeships, the issues related to the involvement of social partners and other stakeholders and the insufficient resources (in particular SMEs) to provide quality traineeships. These drivers are relevant to all the three problems (P1-P3) identified in section 3.1.

D4.1 Weak monitoring framework and lack of availability of data on traineeships

The 2023 evaluation of the 2014 QFT²²⁷ provided a **strong conclusion about the lack of monitoring based on comparable definitions**. Besides the inexistence of a common EU level monitoring framework – which may be too burdensome to achieve – monitoring does not exist in most countries and data are often not available at national level. Lack of monitoring is an obstacle to the production of reliable data that could be used to assess the effectiveness of policy interventions and the regulatory framework, either at EU or national level. Also, lack of or limited data availability makes the design of policy interventions increasingly challenging. These challenges , in turn, makes it even more difficult to enforce existing rules and ensure compliance with quality standards and relevant legislation²²⁸.

Therefore, the lack of monitoring – and the resulting lack of effective implementation – contributes not only to poor quality traineeships but also potentially non-compliant ones. It could also indirectly limit access to traineeships by failing to provide information on issues such as socio-economic background and vulnerable groups. Finally, it should be noted that, according to the interviews with national authorities and traineeship providers within the framework of the

²²⁶ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²²⁷ Idem

²²⁸ see 'Lessons learnt' of Study supporting the evaluation of the Quality Framework for Traineeships (VC/2021/0654), Final Report, January 2023.

2023 evaluation of the 2014 QFT²²⁹, the non-existent or ineffective monitoring and evaluation mechanisms are one of the main reasons for a weak application of the 2014 QFT.

D4.2 Issues related to the involvement of social partners and relevant stakeholders

The 2014 QFT (Principles 21 and 22) recommends promoting the active involvement of **key stakeholders**, including social partners, public employment services, education institutions and training providers in applying the QFT.

The 2023 evaluation of the 2014 QFT^{230} gave indications that the active **involvement of social partners and key stakeholders** in **implementing** quality traineeships was considered very important or important by some stakeholders (i.e. rated as very important by all six trade union respondents (100%), two out of three business associations respondents (66%), important by 32 out of 85 public authorities (38%), 12 out of 34 former or current trainees (35%), and 23 out of 56 academic/research institutions (41%)). This aspect is deemed particularly relevant by social partners, with employer organisations and trade unions valuing stakeholders' engagement the most (67% and 100% respectively).

The involvement of social partners through **collective agreements** (e.g., ES, AT, FI) tends to focus on working conditions. The case study on AT observed that improvements for trainees mainly related to establishing a minimum remuneration in certain sectors (not a QFT principle), but that in the Information Technology sector the collective agreement also required a training plan to be defined (relevant to the QFT principle of defining learning and training objectives). In Finland, trade unions at sectoral level are involved in collective agreements, which also cover traineeships as regards remuneration, quality issues, rights and working conditions. The case study on Spain found that trade unions regularly engage in negotiations with employer organisations and/or the government in relation to traineeship relevant legislation, such as the recently adopted labour market reform (RDL 32/2021). This reform specifies the need for supervision and individual training plans.

Besides collective agreements, only in a few Member States **social partners** are involved in discussions on **regulation and/or policy-making** with regards to traineeships (IE, HR, IT, LU, FI) and in **monitoring** the implementation of policies relevant to traineeships (DK and FI). It was not possible to deduce from the evidence gathered in the study supporting the 2023 evaluation of the 2014 QFT²³¹ whether such involvement has had an impact on the application of the QFT principles.

In all Member States, the case studies and interviews conducted in the targeted consultations²³²found that PES are actively involved in the design, delivery and promotion of ALMP traineeship programmes, at times in cooperation with other national authorities and employers/employer organisations. PES also develop guidance and support for key actors (such as traineeship providers) on how to implement high quality traineeships.

²²⁹ Evaluation of the Council Recommendation on a Quality Framework for Traineeships (SWD(2023) 9 final).

²³⁰ Idem

²³¹ Idem

²³² Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

D4.3 Lack of practical guidance on the implementation of the 2014 QFT and low awareness of the 2014 QFT principles

Lack of practical guidance on the overall implementation of the 2014 QFT as well as low awareness of the 2014 QFT principles is another challenge regarding insufficient implementation on the ground is linked.²³³ The 2023 evaluation of the 2014 QFT²³⁴ pointed out that providers often suffered from a lack of practical guidance on how to navigate and implement the QFT. In particular, guidance on regulations on hiring trainees from other countries, carrying out a skills assessment and providing adequate supervision would be necessary according to the evaluation's findings. Insufficient awareness of 2014 QFT **principles** has been pointed out numerous times by the 2023 evaluation of the 2014 OFT^{235} as hindering implementation on the ground and limiting the efficiency of the 2014 QFT. Both of these issues are particularly relevant in the case of **SMEs**, given their broader challenges they are facing (see driver D4.4 below for more details). It should also be noted that according to the 2023 Eurobarometer, 78% of respondents responded that their last traineeship provider was a SME. According to the 2023 evaluation of the 2014 QFT²³⁶, sectors with a higher proportion of small businesses were found to be less likely to implement QFT principles on the ground. This observation can be explained by the 'limited human and financial capacity to handle the administrative burden - or the perceived administrative burden - of ensuring quality traineeships'237.

D4.4 Insufficient resources (in particular of SMEs) to provide quality traineeships

SMEs accounted in 2022 for the majority of total employment in most industries, and for more than 80% of total employment in construction, accommodation and food services, real estate activities, and professional, scientific and technical activities. It should be noted that since early 2020 the 24 million EU 27 SMEs have faced unprecedented economic uncertainty and turmoil.²³⁸ The inflation rates augmented drastically, especially during 2022, also provoking rises in interest rates, which in turn reduces access to finance. The increased energy costs and the increased raw material prices put extra pressure on enterprises.

SMEs and smaller organisations in general have considerable constraints in the resources that can be allocated to enhancing the quality of traineeships offered. Very small companies are more likely to face limited resources for recruitment and talent acquisition. They may also face challenges in promoting their trainee programmes effectively and reaching a wide pool of potential candidates, but also in offering competitive compensation and/or benefits. Finally, if traineeships are seen as an opportunity for companies to train and develop individuals in specific areas relevant to their business, a company must know their skill needs. This cannot be taken for granted in very small companies, which tend to see training (in a broad sense) more as a burden

²³³ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²³⁴ Idem

²³⁵ Idem

²³⁶ Idem

²³⁷ Idem

²³⁸ Augmented inflation and interest rates, with reduced access to finance. Increased energy costs and raw material prices. Termination of the government financial aid linked to the pandemic. Many EU SMEs were also impacted by the war-related developments triggered by the illegal Russian invasion of Ukraine.

rather than an opportunity²³⁹. In addition, SMEs might struggle to offer remote/hybrid opportunities²⁴⁰ due to a lower degree of digitalisation.²⁴¹

The imbalance in the level of resources to be allocated to this end is an important driver for all problems identified in section 3.1, but in particular to unequal access (P3) among traineeship providers and poor quality traineeships (P2).

The 2023 evaluation of the 2014 QFT²⁴²pointed to issues for SMEs in offering traineeships that provide remuneration.²⁴³ Notably, the study argues that such costs discourage SMEs from offering traineeships altogether. If confirmed, such a disincentive could clearly indicate an issue for tapping into the potential supply of trainees and in particular those that can only afford to take up paid opportunities. Furthermore, according to the interviewed national authorities and traineeship providers, limited human and financial resources to cope with the additional costs (mainly linked to the need to provide supervisors, to define learning objectives and to cooperate with the public employment services in the case of ALMP traineeships) was cited as one of the main reasons for a weak application of the 2014 QFT. In targeted consultations, which took place during the 2023 evaluation of the 2014 QFT²⁴⁴, employer representatives in particular emphasised that the implementation of the 2014 QFT principles is also likely to be less efficient in small companies and micro-enterprises than in larger firms²⁴⁵.

3.3. Consequences of the identified problems

The consequences of the above problems are diverse, affecting different actors differently. The following section presents the consequences for trainees, employers, and for the society at large.

3.3.1. Consequences for trainees

Precarious working conditions and standards of living during (and after) traineeship: Precarious working conditions can affect the trainee's standards of living not only through inadequate remuneration, but also qualitatively²⁴⁶ undermining the trainee's self-esteem and mental health, future productivity and therefore normalising precarious working conditions in particular as regards remuneration, as well as access to social protection, in the future. As presented in the sections above there is still many trainees who do not benefit from remuneration or any type of financial compensation, do not have access to social protection, and/or are exposed to sub-standard working conditions.

²³⁹ See for instance <u>Baiocco et al. (2020).</u>

²⁴⁰ Hybrid or remote working arrangements, are increasingly priced by workers and this is a factor that can affects workers choice to work in a certain place, see among other McKinsey (2023).

²⁴¹ See for instance <u>OECD (2021).</u>

²⁴² European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships ($\underline{SWD}(2023) 9 \text{ final}$).

²⁴³ Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

²⁴⁴ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²⁴⁵ Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

²⁴⁶ see, for example, Rosin, A. (2016), "Precariousness of Trainees Working in the Framework of a Traineeship Agreement", *International Journal of Comparative Labour Law and Industrial Relations*, 32(2), p. 131-159.

Reduced opportunities for career development/employability: Poor learning content and working conditions may limit the professional skills development of the trainees. This impacts their future employability, a principal objective of traineeships. Further, it increases the size of the opportunity cost, including the indirect consequence of deadweight loss if the trainee would have obtained employment even without the traineeship. The risk may be higher for those with vulnerable/disadvantaged backgrounds.

Inability to challenge unjust/unfair practices. To the extent that the trainee's contractual and socio-economic capacity is limited, their ability to appeal to the relevant authorities in settling disputes with the employer is also limited. At the same time, weak enforcement is likely to contribute to poor quality traineeships and cause divergence among the opportunities offered to trainees across Member States.

Legal uncertainty. Particularly regarding limited contractual capacity, which, coupled with inadequate working conditions and/or misuse of traineeships, leaves trainees vulnerable and their employment status uncertain. Regulatory divergence between different Member States exacerbates this issue, particularly regarding specific rules that apply differently across different Member States, thus impacting in particular cross-border traineeships.

Higher income insecurity and greater exposure to social security risks may prevent people in vulnerable situations from taking up traineeship opportunities. Inadequate working conditions in terms of (fair) remuneration as well as access to social security contribution can lead to income and social security vulnerability, it can contribute to in-work poverty and have an impact on trainees' physical and mental health.

3.3.2. Consequences for employers/traineeship providers

Burdensome process for employers to offer quality traineeship opportunities, in particular small and medium-sized enterprises (SMEs) due to the regulatory complexity and fragmentation of the regulatory systems governing traineeships and/or the legal status of trainees in the EU.

Reduced pool to recruit; skills and competencies not matching company needs. Poor quality learning content, unequal access to traineeships, including cross-border and remote/hybrid traineeships, and low numbers of cross-border traineeships reduce the size of the pool employers can recruit from. This has negative effects on the level of actual productivity compared to potential. **"Uneven playing field" between providers with/out quality traineeships (across countries).** Differences between the regulatory frameworks governing traineeships across the 27 Member States yield different conditions for traineeship providers to offer opportunities. This leads to an unlevel playing field between the entities offering traineeship as they are faced with different requirements for comparable positions (traineeships) than their peers and/or competitors in other EU countries. Also, employers who comply with the (non-binding) QFT may experience unfair competition from non-compliant employers.

Reduced productivity, and loss of competitiveness. Poor learning content provided to trainees does not enable future employers to fully exploit their potential. Overall, wasteful use of employer and trainee time does not lead to productivity gains and might even reduce it. Loss of competitiveness then occurs due to an insufficiently skilled workforce. This consequence is further exacerbated by the twin transition, which requires developing digital, green and transversal skills.

3.3.3. Consequences for society at large

Unemployment. Low-quality traineeships fail to sufficiently develop the trainee's employability and thus lead to sub-optimal labour market outcomes. When the traineeship ends, the ex-trainee may remain unemployed, with reduced chances of finding a new job as compared to peers benefitting from higher quality traineeships. In turn, this implies higher social expenditure and lower tax revenues with a negative impact on public finances.

Skills and competences not matching labour market needs. Low-quality traineeships, especially regarding matching the right employees to the right positions, can be considered opportunity costs for the labour market and increasing productivity. When there are widespread low-quality traineeships, there is an insufficient supply of high-quality ex-trainees to meet the demand for them from employers. Some employers will be forced to hire workers who are a less good fit for the role. There is evidence pointing to skill shortages hampering private investments²⁴⁷, and therefore overall economic growth in the EU. While low quality traineeships are not a (significant) cause for such skill shortages, they certainly represent an opportunity cost to society.

Loss of public revenue. The problematic use of traineeships and persisting access barriers for people in vulnerable situations result in the loss of public revenue. First, the replacement of regular contracts by misused and non-compliant traineeships may result in the loss of potential tax revenues and social security contributions. Second, persisting access barriers to (paid) traineeships may prevent the labour market inclusion of people in vulnerable situations, also resulting in the loss of potential tax revenues and social security contributions. At the same time these challenges can also exacerbate dynamics of in-work poverty and social exclusion, thereby negatively impacting intergenerational solidarity and burdening public support budgets.

4. WHY SHOULD THE EU ACT?

4.1. Legal basis

According to Article 3 TEU, the Union aims at promoting the wellbeing of its people and works in particular for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress.

Title X of the Treaty on the Functioning of the European Union (TFEU) contains the legal bases at the disposal of the Union for pursuing these objectives in the area of "**Social Policy**", commensurate with the competences conferred upon it by the Treaties (Article 5(2) TEU). The use of these competences is governed by the principles of subsidiarity and proportionality (Article 5(3) and 5(4) TEU).

In this title, **Article 153(1) TFEU** has a wide personal and material scope, providing the legal basis for the EU "to support and complement the activities of the Member States" in a number of fields both inside and outside the labour market. The objective is to improve working conditions, social security and social protection, workers' health and safety, information and consultation of workers, and the integration of persons excluded from the labour market. In those

²⁴⁷ see EIB Invest Report 2022/2023 and the 2023 Strategic Foresight Report.

areas, Article 153(2)(b) TFEU empowers the European Parliament and the Council to adopt – in accordance with the ordinary legislative procedure – directives setting minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States.

This legal basis would enable the Union to set minimum standards regarding the working conditions of people doing traineeships. However, any EU action under Article 153 TFEU is subject to strict legal limitations. Under Article 153(1)(b) TFEU, the EU can only take measures on working conditions with regard to trainees, regardless of the type of traineeship, if they are either "workers" within the meaning of EU law or covered by measures under that provision addressing "workers" which are extended to trainees in an ancillary way (e.g., OSH acquis²⁴⁸). As the existence of a remuneration is an essential feature of the definition of a 'worker' in the jurisprudence of the Court of Justice of the European Union (CJEU), unpaid trainees in principle cannot be considered 'workers' within the meaning of EU law (unless the fact that they are not paid constitutes a form of abuse).

Article 153(5) TFEU excludes an EU measure which would directly require that an activity such as a traineeship has to be performed for pay. Article 153(5) has been interpreted by the CJEU in such a way that the exclusion on 'pay' "must be construed as covering measures - such as the equivalence of all or some of the constituent parts of pay and/or the level of pay in the Member States, or the setting of a minimum guaranteed wage - that amount to direct interference by EU law in the determination of pay within the European Union". "It cannot, however, be extended to any question involving any sort of link with pay; otherwise, some of the areas referred to in Article 153(1) TFEU would be deprived of much of their substance.²⁴⁹

Article 166 TFEU could be considered as legal basis for non-legislative measures, since both Articles 165 and 166 TFEU exclude any harmonisation of the laws and regulations of the Member States. Article 166 TFEU states that the Union shall implement a vocational training policy which shall support and supplement the action of the Member States, while fully respecting the responsibility of the Member States for the content and organisation of vocational training. Furthermore, in the case that is decided that the scope of this initiative should also cover ECT then Article 165 TFEU might also need to be added. Article 165 TFEU states that the Union shall contribute to the development of quality education by encouraging cooperation between Member States and, if necessary, by supporting and supplementing their action, while fully respecting the responsibility of the Member States for the content of teaching and the organisation of education systems and their cultural and linguistic diversity.

As regards **social protection, the EU's legislative competence is limited by Article 153(4) TFEU**, which states that the measures under Article 153 TFEU "shall not affect the right of Member States to define the fundamental principles of their social security systems and must not significantly affect the financial equilibrium thereof". Moreover, according to Article 153(2) TFEU, the Council would have to act unanimously under Article 153(1)(c) TFEU, in accordance with a special legislative procedure.

²⁴⁸ Health and safety at work (more information <u>here</u>).

²⁴⁹ see Case C-268/06, Impact, point 124-125; Case C-307/05, Del Cerro Alonso, point 41.

4.2. Subsidiarity: Necessity of EU action

Member States are confronted with common challenges as digital, green and demographic transitions exacerbate existing labour shortages, skills gaps and skills mismatches across the EU. Overall, the population in the EU is ageing which leads to a shrinking of the working-age population²⁵⁰. This underlines the need for activating the available talent and continued investment in skills. As skills shortages become more prevalent, additional efforts will be needed to activate more people for the labour market. This applies in particular to underrepresented groups, including young people, women and people with disabilities. To **address these structural challenges**, it is even more important to harness, through coherent action at EU level, the **full potential of traineeships to support the labour market integration of young people and to address employers' skills needs, and thereby filling gaps that exist on the labour market.** Quality traineeships can enhance the labour market integration of young people, but also facilitate job-to-job transitions to ensure that the potential of the working age population is best used.

However, as shown in section 3 of this document, the **majority of Member States are affected by challenges in the use, quality and access to traineeships.** The quality of traineeships and the effectiveness of the national inspection and enforcement mechanisms differ across EU Member States, and thus not all trainees are benefiting from genuine, good quality traineeships while many do not have access to the protection which they are entitled to as workers by labour law. These challenges also have a negative impact on the effectiveness of relevant instruments at EU-level, in particular the reinforced Youth Guarantee, which is often supported by EU funds.

Evidence suggests that there is a need for a strengthened EU initiative on quality traineeships. The 2023 evaluation of the 2014 QFT²⁵¹ and a recent Eurobarometer survey²⁵² have indicated generally positive trends in the level of quality of traineeships across the EU since the adoption of the Council Recommendation. However, the results of the 2023 evaluation, have shown that, almost 10 years after the adoption of the Recommendation, national action has not been sufficient to address the identified problem and different quality issues still remain regarding trainees' working conditions. Namely, the evaluation has shown that the objective of the Recommendation to encourage more coherent regulatory approaches across Member States has been achieved only to a limited degree, particularly for OMT. In fact, the principles of the 2014 QFT have been enshrined only to a moderate degree in national legislation/frameworks for traineeships, with key differences across Member States and between types of traineeships²⁵³. At the same time, the mere fact that changes were made to national legislation or frameworks on traineeships does not mean that national legislation or frameworks have fully integrated all 2014

²⁵⁰ European Commission (2023), The impact of demographic change – in a changing environment ($\underline{SWD}(2023)$) 21 final).

²⁵¹ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²⁵² Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

²⁵³ Since 2014, 14 Member States (BE, BG, DK, EL, EE, ES, HR, IE, IT, LT, LU, PT, RO, SK) have adapted or introduced legislation (either on OMT or ALMP traineeships or both) integrating quality principles of the QFT in their legislative or policy frameworks.

QFT quality principles. The results of the 2023 evaluation of the 2014 QFT²⁵⁴ have shown only a slight improvement in terms of conformity for OMT, with seven Member States fully/mostly aligned with the 2014 QFT principles in 2021 versus four in 2016 versus seven Member States in 2021. A larger improvement is observed for ALMP traineeships, with 18 Member States fully/mostly in conformity in 2021 versus 15 in 2016. Furthermore, the 2023 evaluation of the 2014 QFT also noted that even when national legislation shows high implementation of the QFT, this does not always translate into quality traineeships on the ground. The evaluation also highlighted that the QFT might not sufficiently address changes in the labour market, including the increasing role of remote working and digital skills. In the absence of EU action, the challenges identified are likely to persist, as the existing 2014 QFT is not sufficiently equipped to effectively address neither them nor the challenges of tomorrow.

4.3. Subsidiarity: Added value of EU action

EU action to improve the use, quality and access to traineeships would contribute to promoting employment and improved living and working conditions, objectives which are clearly set in the EU Treaties. It will also contribute to the implementation of the European Pillar of Social Rights, notably of the principle on active support to employment (Principles 4), on equal opportunities (Principle 3), on information about employment conditions (Principle 7) as well as on education, training and life-long learning (Principle 1). It would also improve the enjoyment of rights set out in the Charter of Fundamental Rights of the EU in relation to workers' right to fair and just working conditions (Article 31). The initiative would send a clear signal to citizens, and in particular to young people, about the role played by the EU in protecting their working conditions and living standards, against the background of current and future challenges, while demonstrating awareness of the firms' needs, notably SMEs'.

EU action should trigger **upward social convergence** and enhance the coherence of the Single Market by reducing the **fragmentation of regulatory approaches** across Member States. EU action would aim to **combat the possibilities for misuse of traineeships, increase the quality of traineeships and improve the access to traineeships**, by updating and strengthening the QFT. Such action would **improve the labour market outcomes of traineeships** and thereby contribute to the implementation of the European Pillar of Social Rights, its Action Plan and the 2030 headline targets on employment, skills and poverty reduction. It should moreover support the **application and enforcement of existing social rights**.

EU action would also address one of the key obstacles for **cross border mobility** of trainees: the lack of information on the national regulatory approaches. People would find it easier to accept a traineeship in another country if the existence of standard practices or rules gave them a clear understanding of what they can expect.

The different regulatory approaches at national level combined with weak monitoring and enforcement mechanisms result in very **different levels of protection for trainees** depending on the Member State of employment. Moreover, not all trainees who are workers enjoy effective access to the protection they are entitled to under EU law, national law and collective agreements. **EU action would bring particular value added in Member States with a non-existent and/or**

²⁵⁴ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

poor regulatory framework for traineeships. It will also mostly benefit **Member States with weak national inspection and enforcement mechanisms**. EU action leading to reinforced national regulatory frameworks for traineeships and strengthened inspection and enforcement mechanisms will help to ensure a more harmonised protection of trainees in an employment relationship.

Provided that unnecessary burden for businesses, in particular SMEs, is avoided, a possible EU action would provide added value by **ensuring a level-playing field between different economic operators**, by preventing companies from lowering their labour costs through the problematic use of trainees and via a consistent level of protection of trainees across the EU. It will also enlarge the pool of (future) workers with at least some experience.

In line with the **proportionality and subsidiarity principles**, a possible EU action should not exceed what is necessary to achieve its objectives and would need to respect the competences of Member States and social partners.

5. OBJECTIVES: WHAT IS TO BE ACHIEVED?

In November 2017, the European Parliament, the Council and the Commission proclaimed the European Pillar of Social Rights, comprising twenty rights and principles. The Pillar is aimed at guiding social developments in the EU and to support convergence of living and working conditions. On 4 March 2021, the Commission put forward the European Pillar of Social Rights Action Plan to turn the principles into concrete actions, which was endorsed during the Porto Social Summit of 7 May 2021 as the guidance for the implementation of the Pillar.

The initiative would contribute to the implementation of the fourth principle of the European Pillar of Social Rights, which establishes the right of young people to "continued education, apprenticeship, traineeship or a job offer of good standing within four months of becoming unemployed or leaving education. High-quality traineeships should contribute to achieving the EU's 2030 headline targets set by the European Pillar of Social Rights Action Plan, in particular achieving an employment rate of 78% and having at least 60% of all working age adults participating in training every year. In addition, they can contribute to the objective of reducing the rate of young people neither in employment, nor in education or training (NEETs) aged 15-29 from 12.6% (2019) to 9% (the EU level target set for 2030), namely by improving their employment prospects. This is particularly important given the negative impact of the COVID-19 pandemic and the increase of the cost of living for young people, including those with fewer opportunities and in vulnerable situations.

The initiative would also constitute the Commission's follow-up to the European Parliament's resolution and to the Conference on the Future of Europe, in line with the objectives of European Year of Youth and the European Year of Skills and taking into account the legal boundaries set by the Treaties.

Traineeships are an important avenue, in particular for young people, to gain practical and professional experience and access the labour market. They can be an opportunity for employers to contribute to equipping the workforce with appropriate skills to help address labour shortages by attracting, training and retaining talent. However, the benefits of traineeships depend greatly on their quality and their contribution to labour market integration.

The general objective of this initiative is to improve the use, quality and accessibility of traineeships across the EU, so that they provide a genuine learning experience which will result in successful education-to-work or work-to-work transitions.

The **specific objectives** through which the general objective will be addressed are:

- 1. To support the **prevention**, detection and combating of the problematic use of **traineeships** and to **support trainees in accessing the rights they are entitled to**;
- 2. To **improve the quality of traineeships** by supporting **fair working conditions**, including remuneration and access to social protection, and an **adequate learning and training component**;
- 3. To foster the inclusiveness of traineeships and equal access to traineeship opportunities in the EU.

6. WHAT ARE THE AVAILABLE POLICY OPTIONS?

6.1. What is the baseline from which options are assessed?

This section depicts the 'no-policy change' scenario against which the proposed policy options will be compared. The identification of the baseline scenario builds on the problem definition to identify key drivers, problems and consequences of the future of traineeships in the EU. In order to extrapolate insights on future expected developments of the drivers and problems of traineeships and their impacts in the EU, the analysis covers current and expected EU and national policy initiatives relevant in the traineeship context. In addition, the analysis of the baseline scenario relies on the ongoing gathering of quantitative evidence on the prevalence and quality of the different types of traineeships.

In the absence of policy changes, the Council Recommendation on a **Quality Framework for Traineeships will continue to represent** the EU framework to improve the quality of traineeships in the Union. Given the non-binding nature of the Recommendation, Member States do not have a legal obligation to apply the principles set out by the Recommendation. Evidence from the study supporting the 2023 evaluation of the 2014 QFT²⁵⁵ suggests that the degree of conformity of national regulatory systems with the principles of the QFT gradually improved in recent years²⁵⁶. This development might continue in the next years, but without EU intervention it will be at a slow pace, as it was the case during the years after the adoption of the 2014 QFT. Nevertheless, differences in the legal status of trainees, weak regulation and lack of adherence to the 2014 QFT principles between and within countries persist (see section 3.2 for details) and, without reinforced EU action, will continue to persist.

In addition, the 2023 evaluation of the 2014 QFT²⁵⁷ identified a number of gaps in the 2014 QFT which relate mainly to the absence of principles on remuneration and access to social protection, but also of principles related to telework/hybrid traineeships, better addressing the needs of

²⁵⁵ Study supporting the evaluation of the Quality Framework for Traineeships (<u>VC/2021/0654</u>), Final Report, January 2023.

²⁵⁶ Between 2016 and 2021, the number of Member States fully or mostly aligned with the QFT increased from four to seven and from 15 to 18 for OMT and ALMP traineeships, respectively.

²⁵⁷ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

groups in vulnerable situations, and support to trainees during and after the traineeship (e.g., through mentorship and post-placement support). Such gaps will continue to persist without reinforced EU action.

In terms of coverage, **ECT and MPT** will continue being out of scope of the 2014 QFT. Importantly, these two types of traineeships, and in particular educational traineeships, represent a significant share of traineeships in the EU²⁵⁸ and are likely to increase in the future as the share of people with tertiary education increases over time²⁵⁹. These trends reflect both socio-economic dynamics as well as the impact of policy initiatives. Indeed, the **Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021-2030)²⁶⁰ sets an EU level target of 45% of persons aged 25-34 years with tertiary educational attainment²⁶¹.**

It is expected that **monitoring and enforcement schemes on the implementation of the legislation applicable to trainees and of the quality framework for traineeships will remain weak and not fit for purpose**. This issue was already highlighted in the 2013 Impact Assessment accompanying the proposal for a Council Recommendation on a quality framework for traineeships²⁶², which noted **challenges in the enforcement** of legislation applicable to traineeships in the Member States in which it existed. Ten years later, the 2023 evaluation of the 2014 QFT²⁶³ showed that the problem still exists, despite the adoption of the 2014 QFT. This shows the need for a strengthened instrument.

Furthermore, the **lack of systematic data collection** on traineeships at EU level, in particular on OMT will continue and the comparability of data and analysis will be hampered due to varying definitions of traineeship across Member States.

The prevalence of traineeships, especially ALMP traineeships, is expected to increase as a result of the implementation of the **Reinforced Youth Guarantee**²⁶⁴ and the use of the resources of the ESF+. Since these initiatives target disadvantaged young people at risk of social exclusion, improvements are expected for what concerns the inclusiveness and accessibility of traineeships

²⁵⁸ The 2023 Eurobarometer results indicate that 71% of the traineeships in the EU could fall outside the scope of the QFT being either ECT (44%) or MPT (27%). Similarly, estimates based on the EU-LFS data show that, between 2016 and 2019, 40% of traineeships in the EU14 took place during education.

²⁵⁹ The share of people aged 25-74 years with tertiary educational attainment increased from 24.5% in 2012 to 31.8% in 2022. Similarly, in 2022 the share of people aged 25-54 years in the EU with at least an upper secondary level of education was 81.9% compared with 68.4% of those aged 55-74 years. Those with tertiary education amounted to 37.7% of those aged 25-53 years and 22.7% of those aged 55-74 years (source: Eurostat, statistics explained: Educational attainment statistics).

²⁶⁰ Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021-2030) (2021/c 66/01).

²⁶¹ Within the EU the share of the population aged 25-34 years with tertiary education was 42 % in 2022. Almost half of the Member States already reached the target for 2030 (the highest shares were found in Luxembourg and Ireland, over 60%; the lowest shares of people with tertiary educational attainment were observed in Romania and Italy, below 30 % (source: Eurostat, statistics explained: Educational attainment statistics).

²⁶² Impact Assessment accompanying the proposal for a Council Recommendation on a quality framework for traineeships (<u>COM(2013) 857 final, SWD(2013) 496 final</u>).

²⁶³ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²⁶⁴ Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (2020/C 372/01).

in the EU. The Reinforced Youth Guarantee can be expected to produce larger impacts on traineeship prevalence and quality compared to the prior Youth Guarantee since (i) it extends its coverage to all young people aged 15-29 years old, compared to the 15-24 age group previously targeted; (ii) it mobilises a significantly larger amount of financial resources, in particular though the European Social Fund Plus (ESF+).

Over the years the **European Union has built a floor of rights for workers, including trainees,** in the Union who have an employment contract or employment relationship as defined by law, collective agreements or practice in force in each Member State, with consideration to the caselaw of the Court of Justice of the European Union. These encompass both individual rights (information about working conditions; health and safety; working time; discrimination and abuse of non-standard employment; equal treatment at workplace; posting of workers), and collective rights (European Works Councils; information and consultation in relation to company changes, collective redundancies, transfers of undertakings).

The Fixed-Term Work Directive (1999/70/EC)²⁶⁵ and the Part-Time Work Directive (1997/81/EC)²⁶⁶ are applicable to trainees qualifying as workers under EU law. The Fixed-Term Work Directive aims at ensuring equal treatment for fixed-term workers and requires Member States to introduce either a justification for renewing fixed-term contracts or limits on the maximum total duration and the permitted number of renewals to prevent abusive practices. The Part-Time Work Directive sets out a list of principles to prevent discriminatory practices towards part-time workers. Despite these legal provisions, according to the results of the 2013²⁶⁷ and 2023²⁶⁸ Eurobarometers, the share of trainees who did a traineeship with a duration exceeding six months remained roughly stable in the past ten years. Furthermore, the share of trainees who did multiple traineeships in the same company is on the rise: Almost 40% (37%) of the respondents to the 2023 Eurobarometer²⁶⁹ reported having had at least two traineeships with the same employer, which is considerably higher than the share of respondents (23%) who in the 2013 Eurobarometer²⁷⁰ reported having an extension or renewal of their traineeship with the same employer. However, the results of the Eurobarometer do not provide information on the total duration of these traineeships, and if this exceeded 6 months. Therefore, without EU intervention it can be expected that the number of trainees under contracts longer than 6 months or undergoing consecutive traineeships could remain high, for all types of traineeships.

The recently adopted legal initiatives are expected to have some positive impact on the quality of remunerated traineeships. The Directive on Transparent and Predictable Working Conditions (2019/1152)²⁷¹ includes the obligation for employers to inform in written form workers about the essential aspects of the employment relationship. Thus, the Directive

²⁶⁵ Council Directive (<u>1999/70/EC</u>) of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP.

²⁶⁶ Council Directive $\frac{97/81/EC}{E}$ – the Framework Agreement on part-time working concluded by UNICE, CEEP and the ETUC (trade unions).

²⁶⁷ Flash Eurobarometer 378 (November 2013) "The experience of traineeships in the EU" (<u>1091_378</u>).

²⁶⁸ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

²⁶⁹ Flash Eurobarometer FL523 (April 2023) "Integration of young people into the labour market with particular focus on traineeships" (<u>2964/FL5235</u>).

²⁷⁰ Flash Eurobarometer 378 (November 2013) "The experience of traineeships in the EU" (<u>1091_378</u>).

²⁷¹ Directive (EU) <u>2019/1152</u> of the European Parliament and of the Council of 20 June 2019 on transparent and predictable working conditions in the European Union.

contributes to the effective integration of Principles 6 to 9 of the 2014 QFT (on respecting working conditions applicable to trainees and the clarification of rights and obligations of the traineeship agreement) into national legislation and to the harmonisation of national regulations. However, the Directive does not include any obligations on improving the transparency of the learning objectives and arrangements for mentorship, which have been identified by the 2023 evaluation of the QFT²⁷² as areas where there is room for improvement. Principle 3 of the 2014 QFT recommends to Member States to require that traineeship agreements indicate the educational objectives, but as discussed in section 3, this principle was among the QFT principles that were least implemented for OMT in national legal frameworks in Member States²⁷³. Therefore, it can be assumed that gaps in the transparency of the learning and educational objectives of the trainees will persist without stronger EU intervention.

The **Directive on adequate minimum wages in the European Union** (2022/2041)²⁷⁴ establishes a framework to improve the adequacy of statutory minimum wages and enhance effective access of workers, including trainees qualifying as workers, to minimum wage protection, including through collective bargaining. The Directive allows Member States to set different rates of statutory minimum wage for specific groups of workers, but they shall ensure that principles of non-discrimination and proportionality, the latter including the pursuit of a legitimate aim.

As for the access to social protection, the 2019, the **Council Recommendation on the access to social protection for workers and self-employed (2019/C 387/01)**²⁷⁵ calls for Member States to "provide access to social protection to all workers and self-employed persons in the Member States" and explicitly mentions trainees among the categories of workers that are excluded from social protection in some Member States.

The EU legal and policy initiatives are expected to improve some aspects of the quality of traineeships for trainees who are considered workers. Nonetheless, many trainees who do not classify as workers, but also those should have been classified as workers (but are not) would continue to face challenges in terms of working conditions, including remuneration, and access to social protection. In the coming years, the number of such trainees can be expected to increase given the popularity of traineeships in the youth labour market.

Challenges related to the poor learning content of traineeships and the transparency of traineeships vacancies are also expected to persist. The **Council Recommendation on individual learning accounts** (2022/C 243/03) may contribute to filling some learning gaps by supporting the access of all working-age adults (irrespective of their labour force or professional status) to training, however it will depend on the implementation of the Recommendation by the Member States.

²⁷² European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²⁷³ Not implemented at all in six Member States : AT, CY, DK, HU, IE and PL.

 $^{2^{74}}$ Directive (2022/2041) on adequate minimum wages in the European Union.

²⁷⁵ Council Recommendation on the access to social protection for workers and the self-employed (2019/C 387/01).

6.2. Avenues for EU action

This section presents possible options for an EU initiative to **improve the use, quality and access to traineeships**, providing an overview of the measures under consideration for addressing the problem and meeting the objectives outlined above (see Table 8 for a summary) All options should be complementary to existing (or proposed) EU legislation, which is not focused *per se* on traineeships but partly covers the challenges in the working conditions of trainees set out above. These measures can form part of a package of **binding and non-binding instruments** (see section 6.3 for more details), taking into account the wide variety of existing national provisions and the need to respect the principles of subsidiarity and proportionality as well as the legal boundaries of the Treaty. They address different challenges relating to traineeships and can be combined in various ways as they are not mutually exclusive. A possible EU initiative would be designed in full respect of national competencies, the diversity of Member States' labour market traditions and social partners' autonomy. An EU initiative would fully take into account the impact on job creation and competitiveness, including in particular for small and micro enterprises.

6.2.1. Policy options for addressing the problematic uses of traineeships

Several options could be envisaged to achieve the *Specific Objective 1:* to support the prevention, detection and combating of the problematic use of traineeships and to support trainees in accessing the rights they are entitled to, with a particular focus on misused and non-compliant traineeships.

PO1.1 Detect the misuse of traineeships

An EU initiative could **contribute to developing a common understanding of the main features of misused traineeships**. by defining a set of elements which may point to the misuse of a purported traineeship. A common understanding at EU level of the essential features of misused traineeships could facilitate **the detection of such cases** by the competent national authorities. The EU initiative could notably define a binding or an indicative list of elements pointing at the existence of a misused traineeship. These elements can be either exhaustive or non-exhaustive. These elements would assist competent enforcement authorities in Member States in their overall assessment of the nature of traineeships to identify traineeships that are in fact disguised regular employment positions.

These elements would relate to (1) the nature of the traineeship, in terms of the training and learning component and the nature of the activities performed; (2) the profile of the trainees and (3) the prevalence of trainees in the organisation. Specifically, they could include, but are not necessarily limited to, the following aspects:

- an excessively long duration of a traineeship or (multiple) consecutive renewals of the traineeship with the same employer/traineeship provider;
- lack of a meaningful learning or training component of the traineeship;
- vacancy notices that refer to similar responsibilities and similar (intensity of the) tasks of the trainee compared to those of regular employees;
- vacancy notices that require previous professional experience by the trainee in the field of activity, acquired through previous traineeship(s) or similar jobs; high ratio of traineeships to regular employment contracts in the organisation.

The presence of a combination of these elements would increase the probability of detecting a misused traineeship, subject to a case-by-case assessment by national authorities (see also PO1.3 for link with enforcement action).

PO1.2 Prevent the misuse of traineeships

To **prevent the misuse of traineeships,** the EU initiative could also propose additional targeted measures affecting some of the elements identified in section PO1.1, limiting as such the problematic use of traineeships. For example, the EU initiative could propose to **limit the maximum duration of traineeships**. This could refer to a single traineeship, or to the total duration of repeated traineeships with the same employer, including consecutive traineeships. Exceptions could be considered for duly justified cases (e.g., for some traineeship types which may, for objective reasons, require a longer time frame, in particular ECT and MPT).

The 2014 QFT states that in principle a **reasonable duration does not exceed six months**. The 2023 evaluation of the 2014 QFT²⁷⁶ pointed out that limiting the **duration of traineeships** is an important element in ensuring the positive impact of traineeships on people's employability and in avoiding the misuse of traineeships to replace regular employment. However, this principle was one of the least implemented in Member States' legal frameworks, indicating a need for a reinforced guidance. Stakeholders have divergent views on the optimal duration, with no clear trends between types of stakeholders. On the one hand, a limited duration can prevent the replacement of regular jobs by traineeships. On the other hand, longer traineeships can allow employers to fully assess trainees, which is necessary for future workforce investments, and for better enabling people to acquire relevant competences. In this regard, some traineeships may, for objective reasons, require a longer time frame, in particular ECT and MPT, which would need to be catered for.

The QFT also includes a provision on transparency concerning the renewal or extension of traineeship agreements, but it does not address the potential abuse of repeated traineeships, including **consecutive traineeships**, with the same or different employer to circumvent general labour law requirements or to replace regular employment.

Limiting the **overall duration of a traineeship** (including the overall duration of the sum of repeated, including consecutive, traineeships) would help address the issue of abuse of repeated traineeships with the same employer.

The EU initiative could also stipulate that **employers must in principle, not require candidates for traineeships to have previous work experience in the field of activity**, except in duly justified cases. Such a provision would make it more difficult for employers to advertise regular jobs as traineeships and to replace regular employees by trainees.

PO1.3 Combat the misuse of and non-compliant traineeships

Effective and adequate controls and inspections are essential to detect and take enforcement action against misused and non-compliant traineeships. The EU initiative could require Member States to ensure that their competent authorities carry out dedicated controls and

²⁷⁶ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

inspections in this area. This could entail the provision of the necessary human, technical and financial resources and the laying down of specific rules on penalties and procedures in the defence of trainees' rights.

In addition to introducing the indications facilitating the detection of misused traineeships laid out in section PO1.1, the EU initiative could also aim to ensure the **correct classification of the contractual relationship between the employer and the person doing a traineeship**.

The EU initiative could also set out a number of **supporting measures** (including e.g. avenues to report malpractice or lodge complaints) to ensure that trainees, including those in a situation of disguised employment (misused traineeships), can effectively access all the existing labour rights they are entitled to by Union law, national law, collective agreements or practice (e.g. on fixed-term work, working time, minimum wages, family-related leaves, information and consultation, etc) as well as any possible new material rights conferred by the EU initiative.

6.2.2. Policy options for improving the quality of traineeships

Several options could be envisaged to address *Specific Objective 2:* to improve the quality of traineeships by supporting fair working conditions, including remuneration, as well as access to social protection, and an adequate training component. These can address the challenges identified in relation to working conditions, poor learning content, duration of traineeships, and lack of transparency of vacancies, as well as the other factors hampering the implementation of the 2014 QFT.

These measures can form part of a package of binding and non-binding instruments. However, due to legal constraints some of the binding measures may only be possible for trainees who are workers under EU law. They address different challenges related to the quality of traineeships and can be combined in various ways as they are not always mutually exclusive.

PO2.1 Ensuring fair remuneration and access to social protection for trainees

A fair remuneration is an incentive for trainees to stay and complete their traineeship and contributes to equal opportunities on the labour market. Moreover, if the level of remuneration is too low and not adjusted to the cost of living, traineeships can have a negative impact on people's physical and mental health and be detrimental to equal opportunities.

Multiple stakeholders have called for a ban of unpaid traineeships. They include the Conference on the Future of Europe, civil society organisations²⁷⁷ and trade unions²⁷⁸ who, within the framework of the 2022 European Year of Youth, called for additional support for the promotion of quality traineeships and a ban on unpaid ones²⁷⁹ and the European Parliament which re-iterated the issues in its Resolution of 16 February 2022, 'Empowering European youth:

 ²⁷⁷ European youth forum report (2022), "<u>High Quality or Unpaid and Unregulated? Uncovering National Internship</u>
 <u>Policies in Europe</u>" Statement of Young European Federalists, available <u>here</u>.

²⁷⁸ ETUC Resolution European Year of Youth – <u>Empowering young workers through actions</u>.

²⁷⁹ In this regard, see also the ruling of The European Committee of Social Rights on banning unpaid internships in Belgium, available <u>here</u>.

Post-Pandemic Employment and Social Recovery²⁸⁰. However, the **EU competence in the area of working conditions, including for trainees, is subject to strict legal limitations** (see section 4.1).

While the Treaty limitations prevent the EU initiative to legally address the issue of unpaid traineeships, the EU initiative could give non-binding guidance to Member States in the area of remuneration. In particular, the update of the 2014 QFT could introduce a new principle recommending to Member States to ensure that trainees are fairly remunerated, in full respect of the contractual freedom of social partners.

At the same time, the initiative could introduce provisions to **ensure minimum rights for trainees who are workers under EU law in terms of working conditions**. This can help fight against abuses and to ensure the sustainability of traineeships as a pathway to stable employment opportunities. The proposal could potentially complement the existing EU acquis, including the Fixed-Term and Part-time Work Directives. These directives provide that such workers may not be treated less favourably in their employment conditions (including remuneration) than comparable permanent or full-time workers unless the difference is justified on objective grounds. The proposal could clarify how such provisions apply to trainees: while different treatment, the different treatment has to be proportionate to these grounds.

Alternatively, or in addition, the EU initiative could include the principle of **fair remuneration**. The European Social Charter contains Article 4 on the 'right to fair remuneration', in which the parties undertake 'to recognise the right of workers to a remuneration such as will give them and their families a decent standard of living'; and 'to permit deductions from wages only under conditions and to the extent prescribed by national laws or regulations or fixed by collective agreements or arbitration awards'. The principle of **fair remuneration** does not mean that trainees should be paid equally to regular workers. It means that it should be proportionate to the economic value of the work provided by the trainee in an equitable manner, taking into account the learning/ training and working components, the level of tasks and responsibilities, the value / intensity of work and working hours. This should directly help protect trainees with worker status from unfairly low levels of remuneration.

Alternatively, or in addition, the initiative could include obligations for employers to increase the transparency regarding the pay structures for trainees (in comparison with regular workers). This option would contribute to decrease information asymmetries on remuneration and would empower trainees in their choices. On the basis of the information received, trainees would be able to make informed decisions regarding their traineeships and it could enable them to evaluate whether or not they are engaging in a misused traineeship.

Concerns were also expressed by multiple stakeholders regarding **gaps in access to social protection for trainees**, whereas the EP resolution "calls on the Commission to propose a directive [...] to ensure minimum quality standards, including [...] access to social protection in

²⁸⁰ European Parliament resolution (2022) on empowering European youth: post-pandemic employment and social recovery (<u>2021/2952(RSP)</u>).

accordance with national law and practices as well as remuneration ensuring a decent standard of living as outlined in Annex I in order to avoid exploitative practices".

As already discussed in section 3.2.3, **access to social protection for trainees** depends on the relevant provisions in each Member State, which differ significantly across the EU. For trainees who are workers under EU law this also depends on whether they are in a standard employment relationship, which usually grants them full access.

An EU initiative could **request Member States to ensure access to social protection for trainees**. However, Article 153(1)(c) TFEU only allows the EU to take measures on social security and social protection of workers, which means that any EU Directive in the area would apply to trainees only if they are either 'workers' within the meaning of EU law or covered by measures under that provision addressing "workers". Therefore, a legislative initiative could only apply to paid trainees. Also, taking into account the national competences in the area of social security as foreseen in Article 153 (2) TFEU, a legal instrument could establish clear policy goals but would not be able to provide detailed guidance on the specific design and financing of social security systems²⁸¹. At the same time Article 153 (4) TFEU states that measures adopted under Article 153 TFEU "shall not affect the right of Member States to define the fundamental principles of their social security systems and must not significantly affect the financial equilibrium thereof".

Furthermore, trainees who are workers under EU law are already covered by the Council Recommendation on access to social protection²⁸² which aims to improve social protection coverage for workers and the self-employed. Implementing the Council Recommendation with regards to trainees with worker status would ensure access to six social protection branches²⁸³. As discussed in the impact assessment accompanying the Council Recommendation on access to social protection, support for a legislative instrument in this domain was limited, including among Member States, taking into account the different national points of departure, traditions, political preferences and budgets.

Alternatively, the EU initiative could give non-binding guidance to Member States in this area. In particular, the update of the 2014 QFT could **introduce a new principle recommending to Member States to ensure that all trainees have access to social protection**, in full respect of the contractual freedom of social partners.

PO2.2 Improving the learning component and transparency regarding working conditions.

The 2014 QFT (Principle 2 and 3) recommends to Member States to require that traineeships are based on a written agreement which indicates the educational objectives, the working conditions, whether an allowance or compensation is provided to the trainee, and the rights and obligations of the parties under applicable EU and national law, as well as the duration of the traineeship.

²⁸¹ Impact assessment accompanying the Commission proposal for a Council recommendation on access to social protection for workers and the self-employed ($\underline{SWD}(2018)$ 70 final).

²⁸² Council Recommendation on the access to social protection for workers and the self-employed (2019/C 387/01)

²⁸³ Unemployment, sickness and healthcare, maternity or paternity, accidents at work and occupational diseases, disability and old age.

The 2023 evaluation of the 2014 QFT²⁸⁴ concluded that the **provisions of the QFT on learning and educational objectives of the traineeship and the written agreement are perceived as most impactful on young people's labour market integration**. Evidence from stakeholder consultations carried out as part of the 2023 evaluation of the 2014 QFT²⁸⁵ also underlines the importance of defining the learning and educational objectives of the traineeship, including appropriate mentoring. However, evidence from the literature show that the recommended written form of a traineeship agreement does not always provide sufficient protection to the trainee.²⁸⁶

As already discussed in section 3.2.3 the TPWC Directive²⁸⁷ (Articles (3) and (4)) obliges employers to inform workers, in writing, about the essential aspects of the employment relationship (duration, remuneration, tasks, etc.). These provisions also apply to trainees who are defined as workers under national and/or EU law. However, **Article (4)** which outlines the essential aspects of the employment relationship **does not require the provision of information on the learning objectives and the arrangements for mentorship, supervision and evaluation**. The EU initiative could **introduce new rights in these areas** which would be specific to trainees, who are defined as workers under EU law, building upon and in full consistency with other existing instruments. This measure would lead to better transparency but could also lead to better enforcement and compliance as it will provide clarity on the rights of trainees and the obligations for employers.

Alternatively, the EU initiative could strengthen Principles 2 and 3 of the 2014 QFT and turn them into a legal obligation for trainees who are workers. This means that the EU initiative would **require employers to provide to trainees who are workers a written traineeship agreement**, including, for example, on the expected tasks and the learning content including information on supervision, mentorship and evaluation, working conditions, remuneration and social protection. In this regard, it should be noted that the TPWC Directive only requires employers to provide information to workers in writing and it does not require a written employment agreement. Nevertheless, the legal requirement for written traineeship agreement for trainees could be justified, given their weak position in the labour market.

Finally, in addition to the above provision, in order to **improve the transparency of the working conditions of the trainees**, the EU initiative could oblige employers to provide, in the **vacancy notices**, information on the working conditions of the trainees, including expected tasks, learning content, working conditions, and provisions remuneration and social protection. This will empower trainees to take informed decision regarding the vacancy and could contribute to address the misuse of traineeships.

6.2.3. Improving inclusiveness and ensuring equal access to traineeships

This section presents the measures envisaged to addressed *Specific Objective 3:* to foster the inclusiveness of traineeships and equal access to traineeship opportunities in the EU, in

 $^{^{284}}$ European Commission (2023) Evaluation of the Council Recommendation on a Quality Framework for Traineeships (<u>SWD(2023) 9 final</u>).

²⁸⁵ Idem

²⁸⁶ Rosin (2016) Precariousness of Trainees that Work in the Framework of a Traineeship Agreement.

²⁸⁷ Impact assessment accompanying the Commission proposal for a Council recommendation on access to social protection for workers and the self-employed (<u>SWD(2018) 70 final</u>).

particular for people in vulnerable situations, cross-border traineeships and remote/hybrid traineeships. It also presents options for aligning the rules between different types of traineeships. These measures will aim to support trainees (legally defined as workers or not). These measures are not mutually exclusive.

Regarding the goal of **ensuring equal access to traineeships for groups in vulnerable situations** it should be noted that this initiative will not propose legislative measures regarding equal treatment / non-discrimination in accessing traineeships specifically, as this is already covered by the Employment Equality Directive²⁸⁸ (2000/78/EC), the Race Equality Directive (2000/43/EC)²⁸⁹ and the Gender Equality Directive (2006/54/EC)²⁹⁰. In particular, regarding people with disabilities, it should also be noted that the CJEU has in Case C 354/13 already established that the concept of "disability"²⁹¹. The Court emphasises that this concept must be understood as referring not only to the impossibility of exercising a professional activity, but also to a hindrance to the exercise of such an activity. The protection under the Directive is already very broad. It covers not only cases where access to a traineeship is not made impossible but also when the access is made difficult.

Therefore, in order to **ensure equal access to traineeships for groups in a vulnerable situation**, the EU initiative could also propose to reinforce the 2014 QFT by adding a principle on inclusive traineeship opportunities, in terms of outreach and equal treatment both during the recruitment phase and the traineeship, in particular for vulnerable groups. A principle on ensuring that workplaces are adapted to be accessible for trainees with disabilities could also be considered.

In order to **ensure equal access to cross-border traineeships**, the EU initiative could propose to maintain the current principles 16 and 17 of the 2014 QFT and reinforce this area by adding new principles calling for improved information provision on cross-border traineeships and for facilitating cross-border traineeships, using the potential of the European cooperation network of employment services (EURES) and Erasmus+.

Finally, in order to **ensure equal access to remote and hybrid traineeships** a new principle can be added to the QFT calling on Member States to facilitate remote and hybrid traineeships through an appropriate working environment including equipment and mentoring and ensure quality criteria apply to remote and hybrid traineeships.

²⁸⁸ Council Directive (<u>2000/78/EC</u>) of 27 November 2000 establishing a general framework for equal treatment in employment and occupation.

 $^{^{289}}$ Council Directive (2000/43/EC) of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin.

²⁹⁰ Directive (<u>2006/54/EC</u>) of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation.

²⁹¹ Which within the meaning of this Directive must be understood as referring to a limitation which results in particular from long-term physical, mental or psychological impairments which in interaction with various barriers may hinder the full and effective participation of the person concerned in professional life on an equal basis with other workers.

6.2.4. The scope of the QFT

As indicated in the first phase consultation document²⁹², a wider scope of the QFT (including also ECT and MPT, which are currently explicitly excluded from the scope of the 2014 Council Recommendation) could help achieve a common set of quality standards covering all types of traineeships.

A potential EU action by means of a directive would cover trainees who have an employment contract or employment relationship as defined by the law, collective agreements or practice in force in each Member State with consideration to the case law of the Court of Justice of the European Union, regardless of the type of. In light of Member States' different regulatory provisions on ECT and MPT outlined in sections 3.2.2, an EU directive would therefore likely cover a significant share of these trainees.

It could also be considered to include ECT and MPT in the scope of a potential EU action by means of a reinforced Council Recommendation. However, due consideration should be given to the need to avoid creating overlaps with other non-legislative frameworks, including in particular the Council Recommendation on a European Framework for quality and effective apprenticeships (EFQEA).

6.2.5. Support/accompanying measures

In addition to the measures above, a number of accompanying/supporting measures could be envisaged. These could include improving monitoring and data collection, strengthening awareness raising at on the QFT principles, exchange of best practices between Member States and stakeholders in the area of high-quality traineeships and the provision of (financial and nonfinancial) support (including hiring incentives), guidance and assistance, to employers, in particular small and micro enterprises. Close cooperation between Member States, social partners and other stakeholders could further support the implementation of the initiative.

²⁹² First-phase consultation of social partners under Article 154 TFEU on a possible action further improving the quality of traineeships ($\underline{C(2023)}$ 4785 final).

Table 8: Overview of possible avenues for EU action

| Challenges | Possible EU-level actions |
|---|--|
| Problematic use of traineeships Misuse of traineeships Non-compliant traineeships (national / EU law) Lack of enforcement & inspection | Detect: Develop a common understanding of the misuse of traineeships (list of elements) Prevent: Limit the overall duration of traineeships, including repeated and consecutive traineeships Prevent employers from requiring previous experience in vacancy notices Combat: Ensuring controls and inspections Supporting measures: avenues to report malpractice or lodge complaints |
| 2. Poor quality traineeships Inadequate working conditions and lack of social protection Poor learning content of traineeships | Working conditions and social protection Ensure minimum rights for trainees Ensure principle of fair / proportionate remuneration Increase the transparency of remuneration structures Recommend access to social protection Learning content Require the provision of written information to trainees on learning objectives and mentoring, supervision and evaluation Require a written traineeship agreement (incl. info on learning objectives & working conditions) Ensure that vacancy notices include information on working conditions and learning objectives |
| 3. Unequal access to traineeships | Groups in vulnerable situations - Strengthening outreach and equal treatment - Improve adaptability and accessibility of workplaces |
| Groups in vulnerable situations Cross-border traineeships Remote & hybrid traineeships | Cross-border traineeship Improved information on cross-border traineeships and national legal frameworks Facilitate information sharing through EURES network and portal Remote & hybrid traineeships Access to an appropriate remote working environment Apply all QFT principles to remote traineeships |
| Scope of the QFT | Include ECT in the scope of the QFT Include MPT in the scope of the QFT Include ECT and MPT in the scope of the QFT |
| Supporting measures | Improved monitoring and data collection Strengthen awareness raising on the QFT principles Exchange of best practices between Member States and stakeholders Support and assistance to employers in particular small and micro enterprises. Closer cooperation between stakeholders, including social partners |

6.3. EU legal basis and instruments

The initiative on quality traineeships could take the form of a Directive, an update of the current QFT Council Recommendation, or a combination of the two.

Directive

In line with Article 288 TFEU, a Directive would give certainty about the legal obligations to be applied by Member States. To this end, the proposal would contain a set of minimum requirements and procedural obligations to be necessarily complied with, but the Directive would leave room for Member States to decide on the way to implement them.

Article 153 (2) TFEU provides the possibility of adopting a **Directive in the area of 'working conditions**' involving minimum requirements for implementation by Member States²⁹³. This legal basis would enable the Union to set minimum standards regarding the working conditions of trainees who are considered as workers (including trainees doing misused traineeships and regardless of the type of traineeship), as explained in Section 4.1.

Council Recommendation

An **update to the QFT Council Recommendation may be proposed**, replacing the 2014 QFT, which would provide policy guidance and an updated common policy framework at EU level for quality traineeships, while not setting specific mandatory requirements. The updated common set of principles contained in the Recommendation would therefore provide a basis for action by all Member States with a view to improving the use, quality, inclusiveness and access of traineeships.

Envisaged tools for monitoring implementation of such a non-binding instrument might include, for example, increased monitoring in the context of the European Semester or, where relevant, increased exchange of best practices and mutual learning between Member States, and joint work with Member States and social partners on the development of appropriate monitoring tools.

7. WHAT ARE THE IMPACTS OF THE POLICY OPTIONS?

This section presents an overview of the expected impacts of the different policy options on a variety of stakeholders, including employers/traineeships providers, trainees and public authorities. For each policy area, the direct and indirect impacts are identified from the social and economic perspective. Impacts on fundamental rights and the UN SDGs are also discussed.

The social dimension examines the impacts on individuals and society, including aspects related to working conditions, social mobility, education and learning. The economic dimension covers economic impacts from a macro- and microeconomic perspective, as well as the costs and benefits for EU and national authorities competent for implementing, monitoring, and enforcing the provisions. No relevant environmental impacts were identified at this stage of the analysis.

²⁹³ Art 153(2) (b) also states that "Such directives shall avoid imposing administrative, financial and legal constraints in a way which would hold back the creation and development of small and medium-sized undertakings"

7.1. Social impacts

7.1.1. Social impacts of measures to address the problematic uses of traineeships

From a social perspective, the potential social benefits linked to the introduction of measures to **address the problematic uses of traineeships (policy options linked to Specific Objective 1)**, i.e., measures to detect, prevent and combat the misuse of traineeships as well as traineeships that do not comply with EU and national law, are mostly connected to the benefits of preventing and decreasing the number of misused and non-compliant traineeships. These measures will also increase the number of workers enjoying correct working conditions, which is likely to benefit the working population in general in terms of better working conditions.

The decrease of fraudulent practices would have a direct impact on trainees, who are the victims of the misuse of traineeships. The measures would result in their correct classification as regular workers, which implies that they would start enjoying all the rights associated with the worker status (including remuneration and full access to social protection). In turn, this would affect the entire youth workforce thanks to a reduction in the downward pressure that these practices exert on working conditions in general²⁹⁴. The supportive measures for trainees, envisaged by this initiative, would contribute to strengthening their position in the labour market and to ensuring that trainees, including those in a situation of disguised employment, can effectively access all the existing labour rights as well as any possible new material rights conferred by the EU initiative. Measures on limiting the maximum duration of traineeship, as well as measures to prevent abuse of repeated, including consecutive, traineeships with the same or different employer, would have a positive effect on decreasing the precariousness among trainees, as they will help break the vicious cycle of being trapped in repeated traineeships. This is expected to increase their long-term labour market prospects and reduce the risk of poverty over life. In addition, these measures would indirectly also improve the overall accessibility to traineeships since people in vulnerable situations are the ones who are more likely to be victims of abusive practices. At the same time, measures to reduce the problematic use of traineeships could potentially reduce the traineeships opportunities.. Preventing employers to use trainees to fill regular (entry-level) positions will take away their monetary advantage (in terms of labour costs) which might reduce their demand of trainees.

From the **perspective of employers/traineeship providers**, those employers who will substitute misused traineeships with regular employees could enjoy the benefits of a potentially higher productivity of employees benefitting from better conditions. In addition, they also forego the potential reputational damage of having their traineeship policies questioned.

7.1.2. Social impacts of measures for improving the quality of traineeships

The measures for **improving the quality of traineeships (policy options related to Specific Objective 2)** which relate to ensuring better working conditions, including fair remuneration to trainees, as well as to improving transparency of traineeships in terms of learning component, can be expected to produce several social benefits. Overall, these policies would directly lead to

²⁹⁴ Arrizabalo Montoro X, del Rosal Crespo M, and Murillo Arroyo FJ (2023). <u>False self-employment and bogus</u> <u>internships in Spain</u>. The Economic and Labour Relations Review 34, 314–327

a general improvement in traineeships' quality and indirectly to a decline in the number of misused traineeships.

Trainees would benefit from better working conditions and improved learning opportunities. Access to fair remuneration and/or social protection will in general improve living standards of trainees and make traineeships more easily accessible to people in vulnerable situations, including from low-income groups. This will potentially improve social mobility and combat underrepresentation of specific groups in a variety of professions. At the same time the improved learning content of traineeships can be expected make the transitions to entry-level positions easier.

From the **perspective of employers/ traineeship providers**, these measures could incentivise employers to adopt a more structured and formalised approach to traineeships, by including, for instance, better working conditions, including fair remuneration, the presence of a supervisor and a mentor and access to social protection (e.g., health insurance). In turn, all employers (both traineeship providers and non-traineeship providers) would enjoy the benefits of hiring more competent individuals (both trainees and regular workers).

7.1.3. Social impacts of measures to improve the inclusiveness and accessibility of traineeships

Social benefits stemming from measures **improving the inclusiveness and accessibility of traineeships** (**policy options linked to Specific Objective 3**) can be expected to produce benefits for society from different perspectives. Initiatives on traineeships accessibility contribute to the effective application of the principle of equal opportunities regarding employment, social protection and education of marginalised and under-represented groups as stated in the European Pillar of Social Rights. Consequently, the number of people at risk of poverty is also expected to decrease.

Regarding **trainees**, measure to ensure that traineeships are accessible to a larger public, including groups in vulnerable situations, would improve social mobility and combat underrepresentation of marginalised and disabled minorities in a variety of professions. Improvements in social mobility are likely to reduce inequalities and foster the integration of disadvantaged individuals into the labour market.

Measures to **support cross-border traineeships** will lead to higher cross-border mobility which in turn will allow for free movement of individuals. Trainees would benefit from better learning opportunities that allow them to improve their skills and competences and embark in careers with better employment prospects. In addition, they could enjoy additional benefits from acquiring international experience, such as learning new languages, becoming more independent and developing strong self-esteem and more open attitudes towards other EU citizens.

Measures on **hybrid/remote traineeships** could ensure fairer working conditions for trainees in remote or hybrid traineeships programs, including better learning opportunities. By supporting access to an appropriate working environment including equipment and mentoring, these measures could contribute to making remote traineeships more accessible to individuals. Nonetheless, young people without basic digital skills could face difficulties with this form of work. The incidence of this problem can be expected to vary across-countries since the share of

individuals with basic or above-basic digital skills is highly heterogeneous across Member States ²⁹⁵.

Employers/traineeship providers could enjoy the benefits of a more diverse workforce, including a better and more stimulating working environment. Measures to support cross-border and hybrid/remote traineeships would increase the supply of trainees to employers/traineeship providers and would also benefit them by providing access to a more international workforce and better job matching with trainees, which could allow for a more stimulating and productive working environment.

7.2. Economic impacts

7.2.1. Economic impacts of measures to address the problematic uses of traineeships

Measures **addressing the problematic use of traineeships** (**policy options linked to Specific Objective 1**) are likely to lead to a decline in the number of fraudulent traineeships through by detecting, preventing and combating the misuse of traineeships and traineeships that do not comply with EU and national law are. The types of traineeships that would be most affected by these interventions are OMT, which tend to be more associated with trainee exploitation and with replacing regular staff with trainees who are used as cheap or free labour²⁹⁶, and ALMP traineeships, but risks also exist for the other two types of traineeships (ECT and MPT).

As misused and non-compliant traineeships become more rear, **trainees** will be more likely to enjoy better learning opportunities and acquire more relevant skills on the job. This in turn could increase their productivity in future occupations and ease their entrance into the labour market. In addition, limits to the duration of traineeship contracts and provisions on limiting repetitive, including consecutive traineeships, could reduce the negative signalling effects (due to the fact that a high number of consecutive traineeships could be viewed with suspicion by potential future employers) and further support trainees' entrance into the labour market.

For **employers/traineeship providers**, benefits linked to measures addressing the problematic uses of traineeships will lead to fairer market competition²⁹⁷ by preventing companies from lowering their labour costs through the use of trainees. They also relate to higher productivity, as existing evidence suggests that inexperienced trainees might be a sub-optimal solution to replace regular workers since they do not have their same level of competences and better business reputation²⁹⁸. These benefits could be larger for organisations operating in sectors in which misused or non-compliant traineeships are more pronounced²⁹⁹.

²⁹⁵ Among EU Member States, Croatia had the highest share of individuals aged 16 to 24 with basic or above basic overall digital skills (97%), followed by Estonia, Lithuania and the Netherlands (all three 93%) as well as Greece (92%). By contrast, the lowest shares were observed in Romania (56%), Bulgaria (58%), Italy (65%), Hungary (68%), Latvia and Luxembourg (both 75%). (Source: Eurostat, "Do young people in the EU have digital skills?").
²⁹⁶ International Labour Organization. The Regulation of internships: A comparative study. 2018. Employment Working Paper No. 240.

²⁹⁷ Importantly, this impacts also non-traineeships providers.

²⁹⁸ Eurofound (2016). Exploring the fraudulent contracting of work in the European Union.

²⁹⁹ Idem

At the same time, companies that were offering misused or non-compliant traineeships will sustain **costs** to substitute trainees with regular employees which may lead to of a reduction of traineeship offers. The proposed measures would also **introduce direct adjustment costs** for employers/traineeship providers. In addition to the costs of familiarising with the new provisions, these would concern adjustment costs to revise existing contracts and change the content of vacancies already published. In contrast, measures to strengthen monitoring and enforcement mechanisms and to support trainees entail could also imply costs for employers/traineeship providers who will need to collect data and report to national authorities.

Public authorities could benefit from policy interventions related to addressing the problematic use of traineeships in two main ways. First, in the long term, monitoring and enforcement costs could decline as the prevalence of the problematic use of traineeships decreases over time. By the extent to which misused or non-compliant traineeships are replaced with regular employment contracts, the social security contributions paid by employers and workers could have a positive impact on social security revenues. In this regard, it should be noted that there is a risk that the total number of (contributory) position in a company could decrease, as the costs of hiring regular workers instead of trainees will be considered too high by some employers. In terms of costs, these initiatives will introduce one-off enforcement costs for public authorities connected to the implementation of the provisions of the policy measures into the national regulatory frameworks of the Member States. These costs will vary across countries depending on whether such provisions were already in place and on the costs entailed by the legislative mechanisms. For instance, countries with already strong inspection and enforcement systems can be expected to sustain lower additional costs. The reinforced capacity of labour inspectorates in terms of technical, human and financial resources constitute an increase in enforcement costs for public authorities. At the same time, additional capacity and more controls could increase the effectiveness of monitoring and enforcement mechanisms.

7.2.2. Economic impacts of measures to improve the quality of traineeships

Measures to **improve the quality of traineeships (policy options linked to Specific Objective 2**), depending on the scope of the initiative, could impact all the four types of traineeships differently across countries depending on the national jurisdiction. Access to fair remuneration and social protection could greatly affect ECT and OMT given existing evidence that these forms of traineeships are those that more often do not provide compensation or social protection. In contrast, ALMP traineeships are often considered of better quality because of the intermediary's supervisory function. Nonetheless, these traineeships, especially when aimed at lower skilled individuals, often provide only generic work experience to benefit the community rather than enhancing skill levels. Hence, they would also be affected by the requirements on transparency of working conditions related to the learning content.

From the **perspective of trainees**, more structured traineeships can ensure a better learning experience, ease their entry into the labour market and potentially lead to higher earnings, especially in the short term³⁰⁰. In addition, access to fair remuneration and social protection could

³⁰⁰ Section 3.2 in O'Higgins, N., & Pinedo Caro, L. (2021). What makes for a "good" internship?. Internships, employability and the search for decent work experience, 35-54.

create traineeship opportunities to individuals from lower socio-economic backgrounds who cannot afford to work without receiving any remuneration.

In terms of **benefits** for **employers/traineeship providers**, improvements in traineeships quality could increase trainees' productivity for two reasons. One the one hand, trainees enjoying better working conditions could be more motivated at work. On the other hand, the shift towards traineeships ensuring fair remuneration or access to social protection could stimulate employers to pay more attention to trainees' productivity , as traineeships will stop being a "free resource"³⁰¹. Thus, employers could benefit from higher trainee productivity and better working relations. Also, employers/traineeship providers could benefit by providing higher quality traineeships in terms of training component. This will provide the trainees with the specific skills required by the employer, which could in turn increase the retention rate of trainees as regular employees in the same company, lowering as such recruitment costs for employer/traineeship provider.

As far as **costs** are concerned, employers/traineeship providers would have to sustain adjustment costs to get informed on the new provisions and to modify existing contracts and traineeship relations to comply with new provisions. In order to guarantee better working conditions to trainees, including fair compensation and/or social protection, employers/traineeship providers would have to sustain some costs in the form of higher labour expenses. In addition, providing a genuine training experience could result in higher labour costs/or lower productivity of the management staff in charge of the trainee. Importantly, these costs would represent an additional economic expense only for organisations offering traineeships that do not already meet these minimum quality standards. Measures on transparency would introduce an additional adjustment cost to inform trainees of their pay structures and to reformulate vacancies. Some of these adjustment costs could be expected to be relatively lower for large companies compared to SMEs, due to the benefits of economies of scale. These higher cost for employers/traineeship providers bear the risk of a reduction of traineeships offered, and in particular the reduction of paid traineeships.

As far as **public authorities** are concerned, a decline in the number of low quality traineeships could reduce enforcement costs in the longer term. In addition, these policy measures could reduce public expenditure on last resort safety nets (such as social assistance) by supporting the integration of people, especially those in vulnerable situations, into the labour market.

In terms of **costs**, in the short term, these policy options would introduce enforcement costs connected to the revision of national regulatory frameworks. In addition, the necessity to monitor and ensure the enforcement of the new obligations could increase the enforcement costs for the competent authorities. The policy measures ensuring trainees' accessibility to social protection could increase expenditures in social security. The magnitude of such increase would depend on the number of new trainees who would start benefitting from these provisions, the types of social benefits included, and the financing schemes adopted. Importantly, the contributions in social security paid by employers and trainees could counterbalance the increase in social security

³⁰¹ Impact Assessment accompanying the document Proposal for a Council Recommendation on a Quality Framework for Traineeships, (<u>SWD(2013)495 final</u>).

expenditures. At the same time, more trainees enjoying worker rights would increase tax revenues and reduce social expenditure.

7.2.3. Economic impacts improve traineeships inclusiveness and accessibility

Measures to improve traineeships inclusiveness and accessibility (policy options linked to Specific Objective 3) contribute to make traineeships more accessible to a larger public.

For **trainees**, measures to improve traineeships accessibility contribute to increase traineeships opportunities for people in vulnerable situations. Thus, these policy options allow disadvantaged individuals to acquire relevant skills, improve their productivity, enter into the labour market and enhance their employment prospects.

Measures supporting **cross-border traineeships**, by allowing a better job matching, ensure that trainees find opportunities aligned with their backgrounds and motivations. In addition, trainees could benefit from the positive signalling associated with having international work experience. At the same time, they could have to sustain higher expenses for travelling and accommodation.

Trainees could benefit from measures supporting the quality of **hybrid/remote traineeships** in multiple ways. First, they could enjoy better working conditions and learning opportunities despite the absence of face-to-face exchanges with their colleagues. In addition, they could take advantage of remote working to consider a larger pool of opportunities in line with their skills and aspirations without having to sustain the costs of relocating. In addition, remote forms of work could remove commuting barriers to the benefits of people with disabilities. Nonetheless, remote forms of work can also induce technology related stress and could hinder the experience of adaptation to the new role for trainees. Lastly, cross-border and remote traineeships conducted in companies in other Member States introduce administrative costs to familiarise with the taxation and social security rules for cross-border trainees.

From the perspective of **employers/traineeship providers**, policies increasing **traineeship accessibility** could guarantee a more diverse workforce and better working environment for all employees and trainees. In terms of costs, these measures could require adjustment costs connected to designing and implementing ad-hoc training plans for people with disabilities or lower skills levels, as well as to removing mobility barriers or creating equipment adapted to physically disabled individuals. These costs could be larger for small companies since they could have less financial and human resources to supervise, mentor and train their trainees.

Measures enhancing **cross-border traineeships** could allow for better job-matching between trainees and employers thanks to the higher degree of mobility of trainees across Member States. This in turn could reduce personnel recruitment costs sustained by the employers/ traineeship providers, improve the effectiveness of the trainings and the productivity of the trainee (as trainees perform tasks better aligned to their education and interests). Cross-border traineeships, including remote cross-border traineeships, introduce adjustment and administrative costs to familiarise and comply with the rules on taxation and social security contributions for cross-border trainees. In addition, some providers could face difficulties related to the recruitment process (e.g., identifying right communication channels, posting vacancies in international platforms or foreign websites to reach out to candidates based in other countries) or language barriers (e.g., use of English instead of the national language). Importantly, the EURES portal

contributes to reduce the recruiting costs. Additional types of costs could be connected to the contribution to accommodation or travel expenses of the trainees.

Last, measures to promote **remote/hybrid traineeships** could support employers to reach out to a wider pool of candidates, reduce travel and accommodation expenses, better integrate trainees in the organisation. In terms of costs, traineeship providers would face adjustment costs to adapt to remote forms of traineeships (e.g., providing the trainee with appropriate equipment) and to ensure training and good working conditions to trainees working remotely or in hybrid. In addition, it should be kept in mind that hybrid and fully remote traineeship arrangements could negatively impact the productivity of the trainee and hence of the organisation as participation in team's activities and face-to-face exchanges with colleagues are considered one important source of learning.

From the perspective of **public authorities**, measures ensuring **traineeship inclusiveness and accessibility** could increase employability of marginalised groups and lead to a decline of public expenditures in last resort safety nets such as social assistance. At the same time, they would introduce one-off adjustment and enforcement costs arising from the design and implementation of specific measures to implement the guidance. Measures on **cross-border traineeships** could incur costs for competent national authorities to design and disseminate guidance and information material to potential trainees. An additional type of cost would come from monitoring the effects of the initiative on the take-up of cross-border traineeships, including evaluation studies.

Last, measures to **promote hybrid/remote traineeships** could entail adjustment costs to design and implement new provisions on remote/hybrid traineeships and monitoring costs to assess their effectiveness.

7.3. Impacts on fundamental rights

The measures proposed under this initiative contribute to strengthening social rights in the EU and to deliver on the principles of the European Pillar of Social Rights. The various measures contribute to addressing the principles of training (principle 1), equal opportunities (principle 3), adaptable employment (principle 5), wages (principle 6), information about employment conditions (principle 7), social dialogue (principle 8), work-life balance (principle 9), social protection (principle 12), minimum income (principle 14) and inclusion of persons with disabilities (principle 17) of the European Pillar of Social Rights.

In addition, the proposed measures contribute to sustaining several fundamental rights of the EU Charter of Fundamental Rights. For example, the measure for **addressing the problematic use of traineeships (policy options linked to Specific Objective 1)** support the right to fair working conditions (Article 31). The measures for **improving the quality of traineeships (policy options linked to Specific Objective 2)** contribute to ensuring the right to workers' equality before the law (Article 20), the right to fair working conditions (Article 31), access to adequate social protection (Article 34) and healthcare (Article 35).

By supporting traineeships' accessibility to groups in vulnerable situations, the measures relating to **inclusiveness and accessibility of traineeships** (**policy options linked to Specific Objective 3**) contribute to ensuring the right to equal opportunities and treatment of under-represented groups and non-discrimination (Article 21). The provisions to facilitate cross-border traineeships

also promote the freedom of movement within the EU (Article 45) while the initiatives on remote traineeships can facilitate the right to family life (Article 7).

7.4. Impacts with respect to the SDGs framework

The impacts of the policy options described above would contribute to making progress towards some of the UN Sustainable Development Goals (SDGs).

By directly combating the misuse of traineeships, the measures for **addressing the problematic use of traineeships** (**policy options linked to Specific Objective 1**) ensure an improvement of the working conditions of trainees exposed to abusive practices and therefore contribute to the goal of ensuring decent working conditions for all (SDG 8). Since individuals from vulnerable socio-economic backgrounds suffer more from misused or non-compliant traineeship practices, a decline in the number of misused traineeships would also reduce inequalities within countries (SDG 10) and would contribute to reducing the number of people at risk of poverty and social exclusion in the EU Member States (SDG 1).

Similarly, the measures for improving the **quality of traineeships** (**policy options linked to Specific Objective 2**) support access to better working conditions (SGD 8) by ensuring that trainees have access to equal treatment in terms of working conditions, fair remuneration, social protection, and transparent working conditions. In turn, access to remuneration and social protection would contribute to making traineeships more accessible to individuals from disadvantaged socio-economic backgrounds, thus contributing to reducing inequalities in the EU Member States (SDG 10). Importantly, these measures are also expected to improve the learning component of traineeships and promote the goal of lifelong learning opportunities for all (SGD 4).

The measures relating to **inclusiveness and accessibility** of traineeships (**policy options linked to Specific Objective 3**) aim at improving traineeships accessibility to disabled and vulnerable individuals and thus would contribute to reducing inequalities (SDG 10) and the number of people at risk of poverty and social exclusion (SDG 1). In addition, measures promoting cross-border traineeships could contribute to ensuring full and productive employment for all (SGD 8). Similarly, policies ensuring the quality of hybrid/remote traineeships would ensure a good learning component and good working conditions of this form of work (SDG 4 and SDG 8).