



PROMOTING BETTER EMPLOYMENT PROSPECTS FOR YOUTH

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Introduction

1. Poor youth labour market outcomes go well beyond unemployment

2. Youth face a range of obstacles to finding good jobs

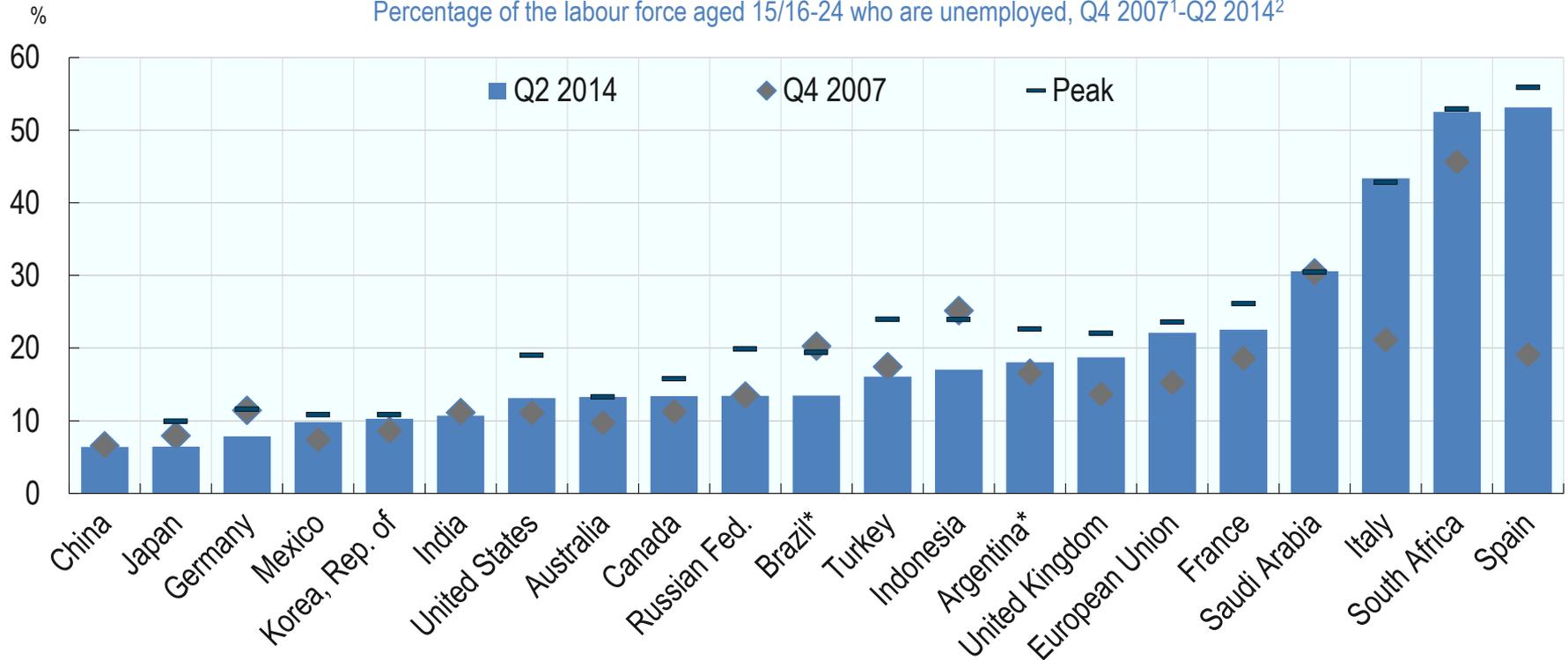
3. Comprehensive policies are needed as well as ambitious goals for improving youth employment prospects



High youth unemployment remains a major challenge in many countries

Youth unemployment remains stubbornly high in many countries

Percentage of the labour force aged 15/16-24 who are unemployed, Q4 2007¹-Q2 2014²



* Selected urban areas.

1. 2005 for China; 2007/08 for India and Q1 2008 for South Africa..

2. 2011/12 for India; 2010 for China; Q4 2013 for Argentina; and Q1 2014 for Brazil, Indonesia, the Russian Federation, Saudi Arabia, South Africa, Turkey and the United Kingdom.

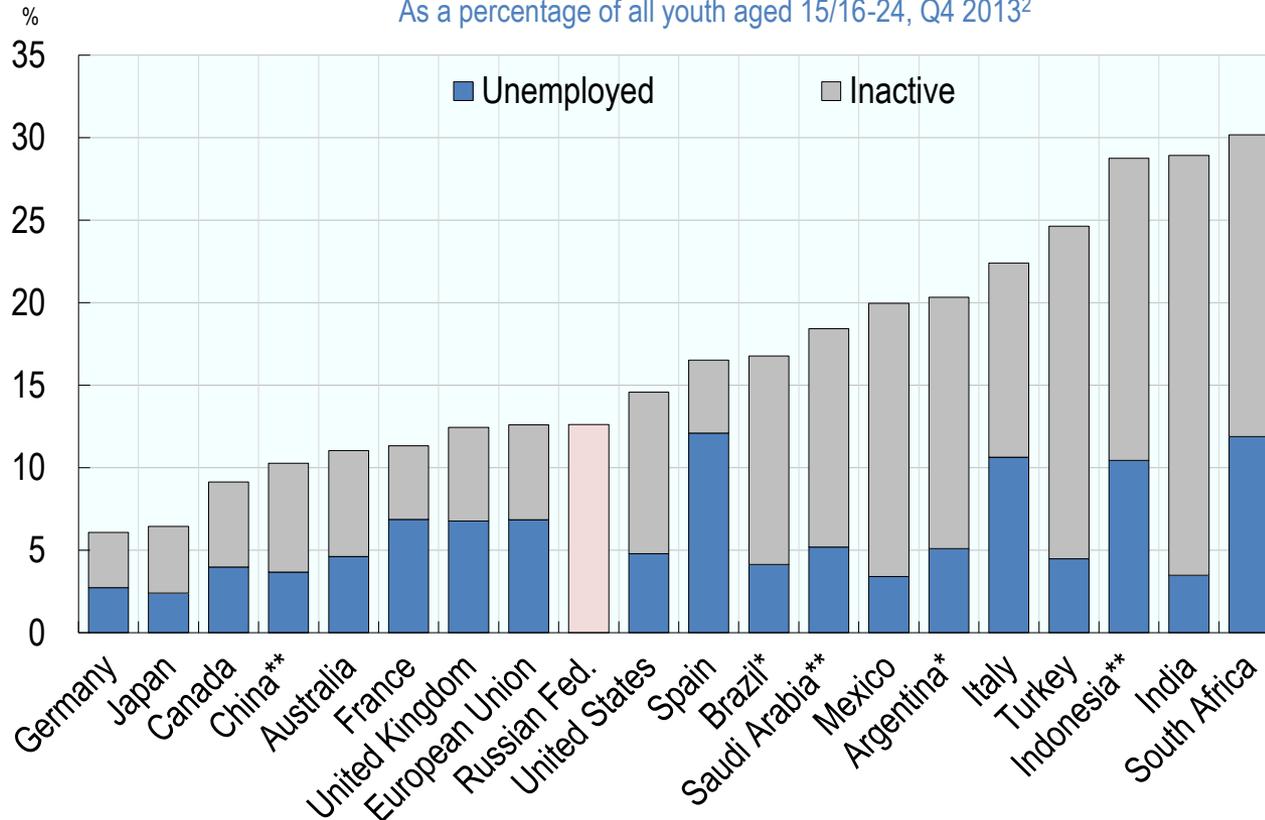
Source: OECD calculations based on *OECD Short-Term Labour Market Statistics Database*; ILO, Short-term Indicators of the labour Market; Census data for China and National Sample Survey for India.



But a key focus for policy should be on youth who are out of work and not in school

Youth not in employment, education or training (NEET)

As a percentage of all youth aged 15/16-24, Q4 2013²



* Selected urban areas.

** NEET rate may include some unemployed people who are in education.

a) 2010 for China; 2011/12 for India; October 2013 for Australia; Q3 2013 for Indonesia and Saudi Arabia.

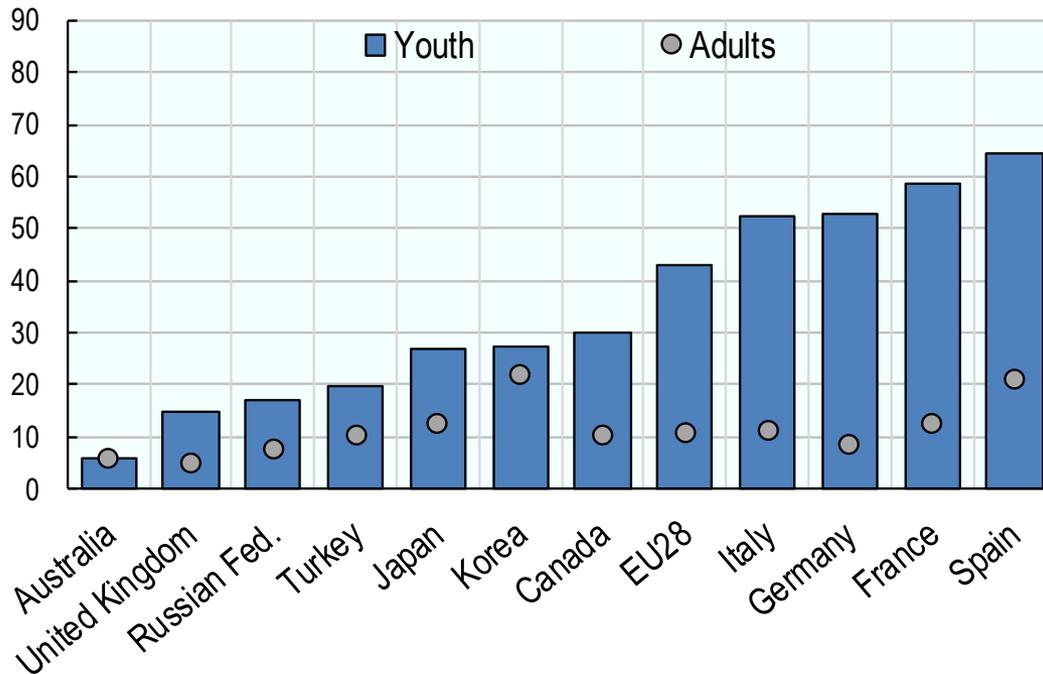
Source: OECD estimates based on national labour force surveys and, for China, census data.



Even when employed, many youth are stuck in poor quality jobs

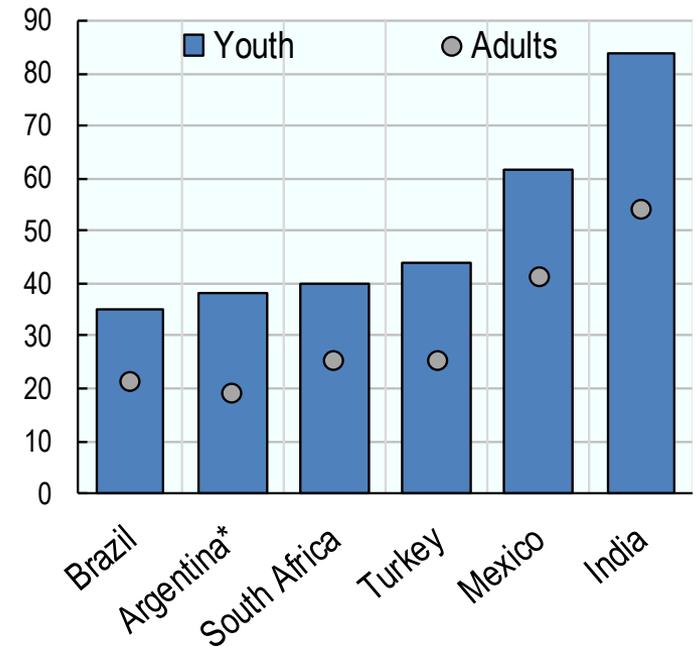
Incidence of temporary employment, 2013

As a percent of all employees in each age group^{a,b}



Incidence of informal employment, 2011

As a percent of all employees in each age group^{a,b}



*: Selected urban areas only.

a) Youth aged 15-24 and adults aged 25 and over.

b) Figures refer to 2009/10 for India and 2012 for Australia and Japan.

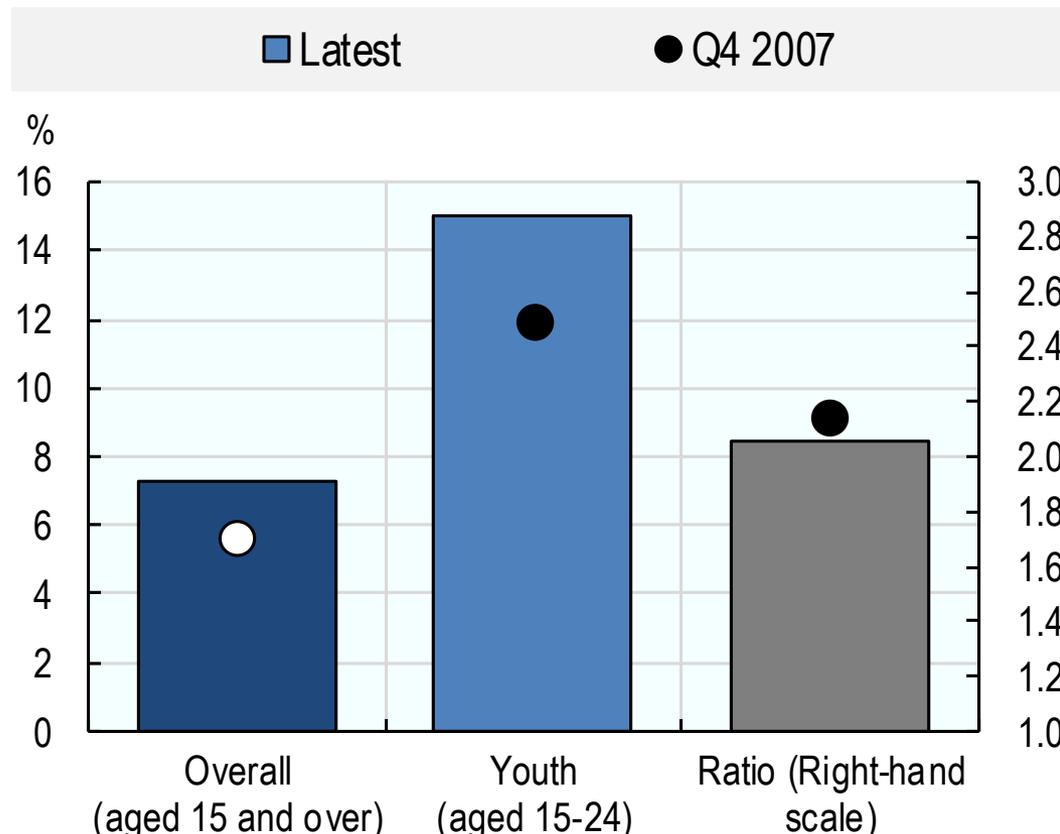
Source: OECD estimates.



Barriers: Overall health of the economy matters

Youth unemployment fluctuates in line with overall unemployment

Youth and total unemployment rate in the G20 area



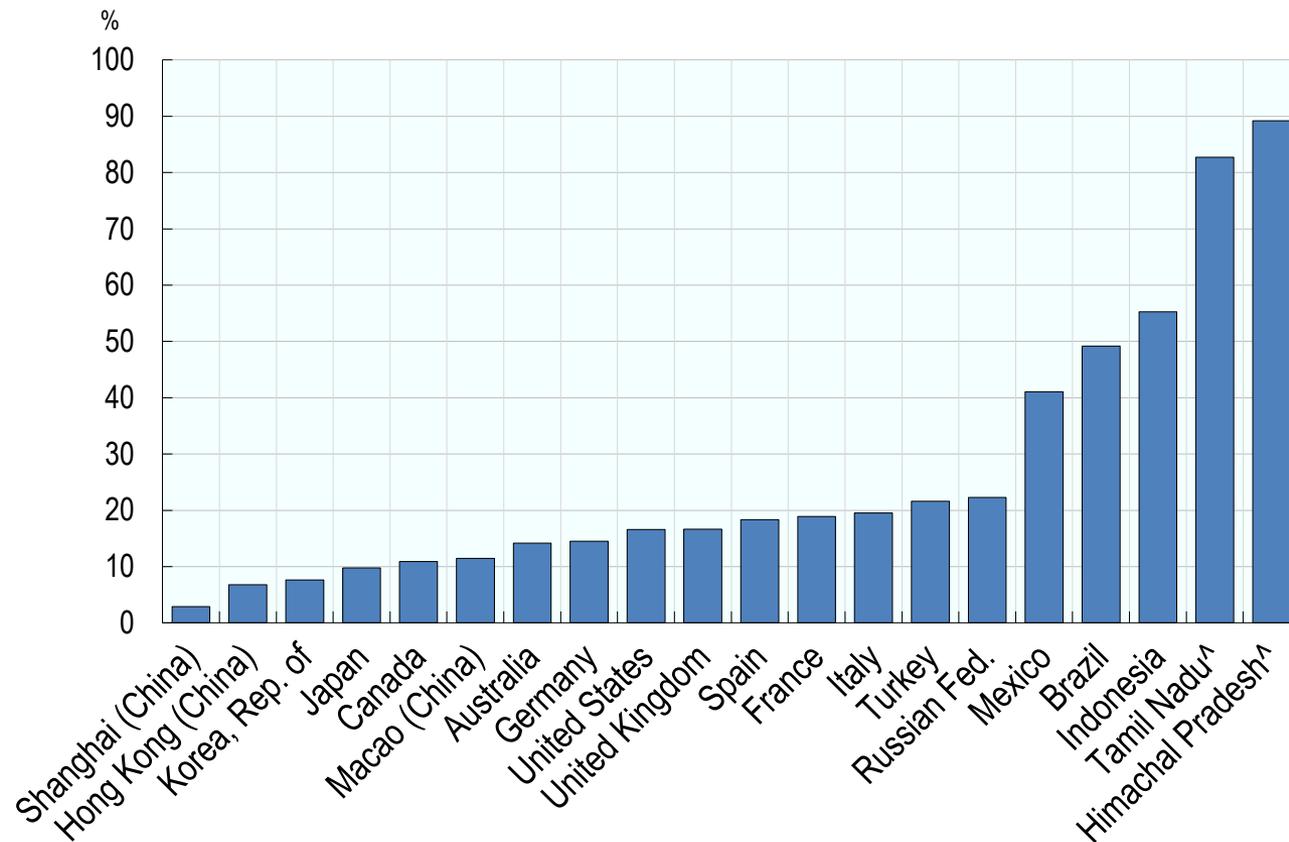
Source: OECD Short-Term Labour Statistics database.



Barriers: A lack of basic skills

Too many youth have poor foundation skills

Proportion of 15-year-old students scoring at Level 1 and below in literacy, 2012



[^] PISA results for Tamil Nadu and Himachal Pradesh (India) correspond to PISA 2009+. They are on the same scale and fully comparable to those of PISA 2012.

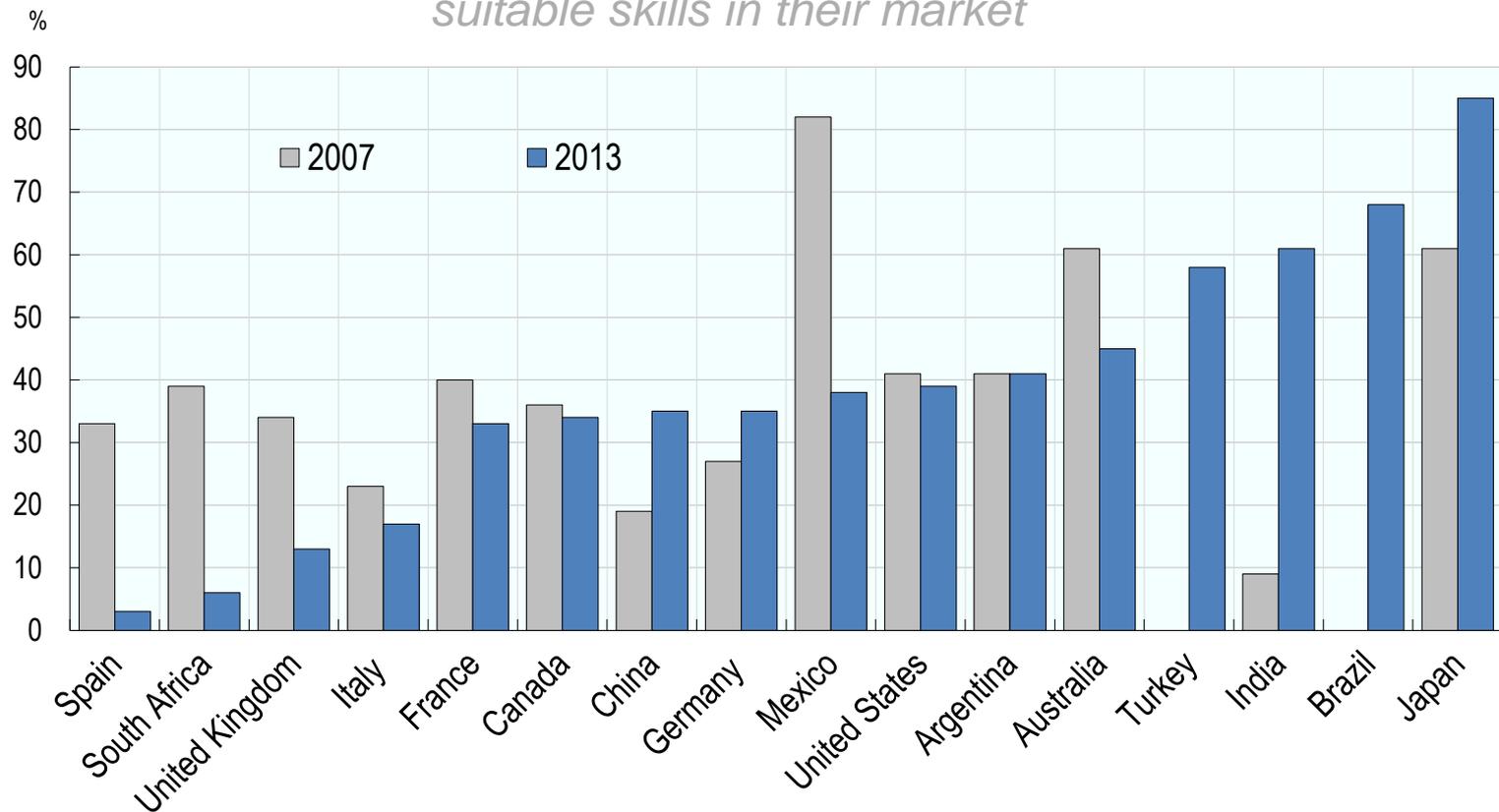
Source: OECD PISA Survey.



Barriers: Not having the right skills

Many employers can't find the skills they need

Share of employers reporting difficulties filling positions due to the lack of suitable skills in their market



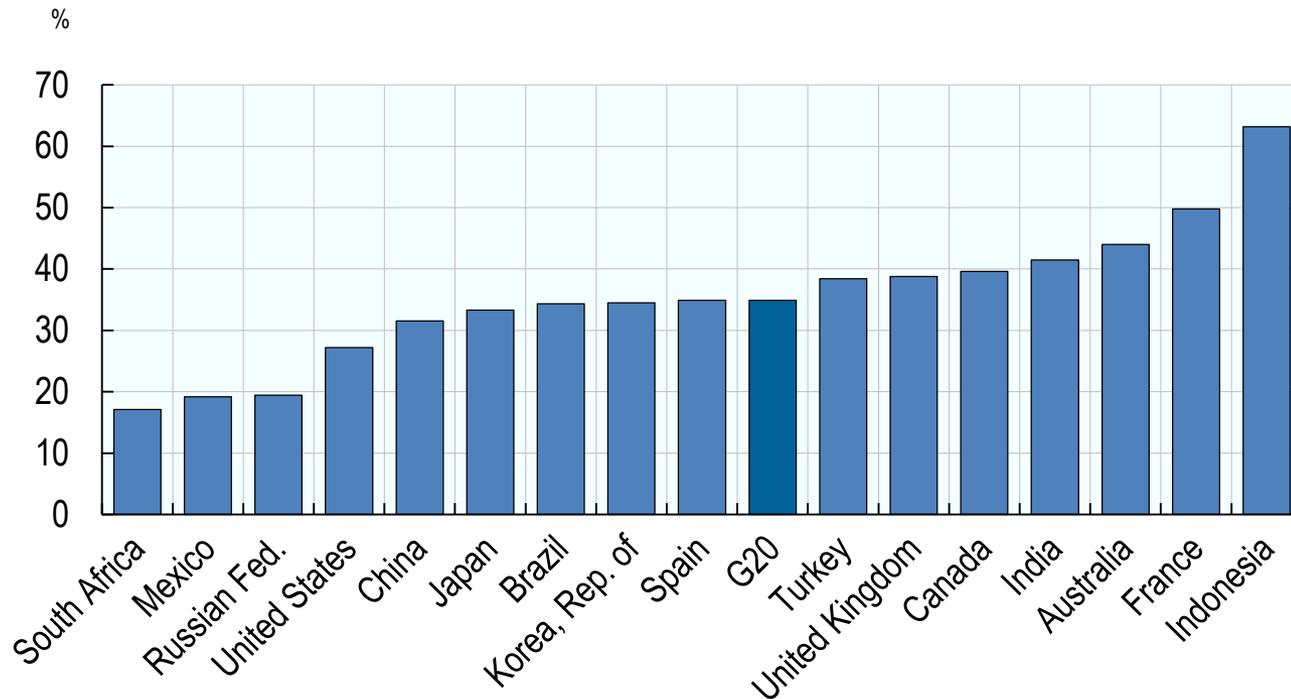
Source: Manpower Talent Survey.



Barriers: High labour costs

Minimum wages are much higher in some countries than others

Ratio of minimum to mean wage of full-time employees, 2012^a



a) Average wage of full-time workers for Australia, Canada, France, Japan, Korea, Mexico, Spain, Turkey, the United Kingdom and the United States; average wage of all employees for the Russian Federation; average wage of employees in the business sector for South Africa; average wage of all employees in urban areas for Argentina and Brazil; average wage of employees of the manufacturing sector for India (firm with 10 employees or more) and Indonesia (firms with 20 employees or more); and average wage of employed persons of the state owned, urban collective, and other ownership units in urban units for China.

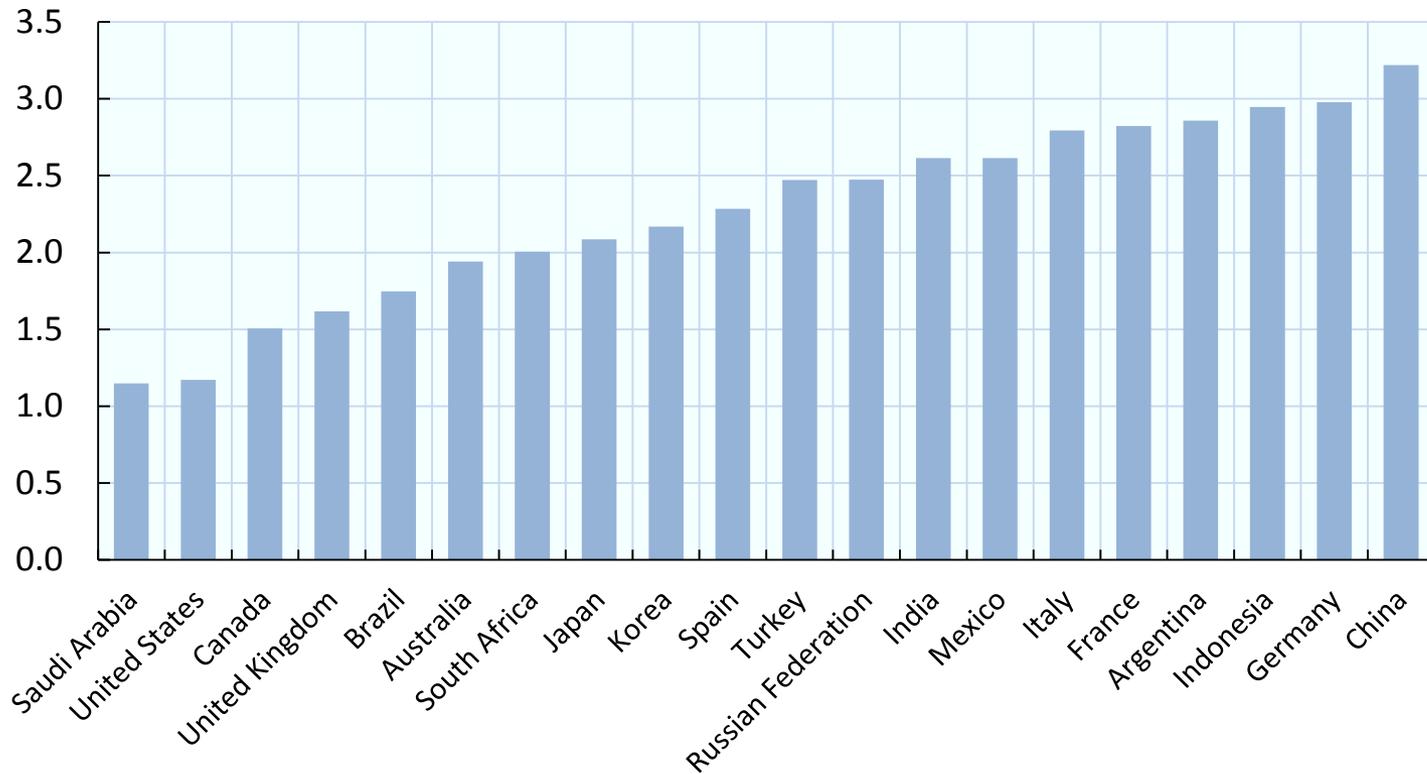
Source: OECD Earnings Database and ILO Global Wage Database 2012.



Barriers: Strict employment protection rules (EPL)

Overly strict EPL can lead to labour market segmentation

Scale of protection of permanent workers against individual and collective dismissals





Comprehensive policies are needed: the OECD Youth Action Plan

Tackle the current youth unemployment crisis

- Tackle weak aggregate demand and boost job creation
- Provide adequate income support to unemployed youth but subject to strict mutual obligations
- Maintain and where possible expand cost-effective active labour market measures
- Tackle demand-side barriers to the employment of low-skilled youth
- Encourage employers to continue or expand quality apprenticeship and internship programmes

Strengthen the long-term employment prospects of youth

- Strengthen the education system and prepare all young people for the world of work
- Strengthen the role and effectiveness of Vocational Education and Training
- Assist the transition to the world of work
- Reshape labour market policy and institutions to facilitate access to employment and tackle social exclusion



The key areas identified to promote quality apprenticeships

Ensure access to quality programs

- ✓ Open to all age groups
 - Do not restrict programmes to specific ages, allow flexibility by recognising prior work experience
- ✓ Pay special attention to disadvantaged youth
 - Provide alternative pathways (pre-apprenticeships, recognise work experience)
 - Offer subsidies to employers hiring disadvantaged youth
- ✓ Expand coverage to a wider range of sectors and occupations
 - Including emerging sectors and those with skills shortages
 - Will encourage broader participation, including by women

Enhance value to youth

- ✓ Ensure effective career guidance
 - Start early!
 - Provide information on availability and outcomes
- ✓ Offer a strong training component
 - Good balance of generic and job-specific skills
 - Ensure certification
- ✓ Ensure good working conditions through good governance and proper incentives
 - Make sure pay is competitive and no abuses

Make more attractive to employers

- ✓ Involve social partners in the development and governance of programs
 - Ensure off-the-job training is relevant to employers and apprentices
- ✓ Reduce rigidity in training programmes
 - E.g. competence-based completion versus time-based completion
 - Ensure administrative burden of taking on apprentices is minimised
- ✓ Share costs equitably



OECD is working actively with countries to implement the Youth Action Plan

Country reviews: *Investing in Youth*

To identify key education and labour market reforms required to help youth get off to a better start in the labour market, e.g. *Investing in Youth: Brazil*.

Short policy notes

Which identify the key policy challenges and action to be taken.

Advice on specific youth policies

In-depth advice on specific policies to improve youth outcomes, e.g. *Options for an Irish Youth Guarantee*

International workshops

To discuss country experience of what works, e.g. on topics such as apprenticeships, wage subsidies and tackling informal work, e.g. G20-OECD-EC Conference on Quality Apprenticeships, Paris, April 2014.



Setting ambitious goals for improving youth employment prospects

Reducing
early school
drop out

Lower
unemployment
and NEET rates

Better opportunities
for quality workplace
experience & training

Reaching
minimum
proficiency in
basic skills

Greater
gender
equality in
educational
choices

Better quality
jobs – less
precarity and
informality



Thank you

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OECD work on youth:

❑ Country reviews on:

- Jobs for Youth
- Learning for Jobs
- Skills beyond School
- Investing in Youth

❑ Work on skills:

- *OECD Skills Outlook*
- *OECD Skills Strategy*

❑ Background reports for G20 on:

- Youth employment

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