



Business and Industry Advisory Committee to the **OECD**

Comité Consultatif Economique et Industriel Auprès de l' **OCDE**

## **OECD MINISTERS CONFERENCE ON YOUTH EMPLOYMENT**

**London, 8-9 February 2000**

### **BIAC Statement**

BIAC is pleased to submit this paper on behalf of the business community from OECD countries to the Conference on Youth Employment. High unemployment rates among young people is a serious concern in many OECD countries and has negative consequences for individuals, business and society. This conference presents a timely opportunity for BIAC to submit its views on effective transition policies for young people in the context of preparation for successful working life.

#### **1. Giving young people better preparation for working life**

There is a broad realisation that a high-quality initial education prepares individuals for lifelong learning throughout their career. The initial education system should enable each individual to obtain the highest possible qualification according to his or her ability. It should include "new basics" in the curricula, such as computer literacy, economics, science and technology. Awareness and motivation for these requirements should be encouraged at an early stage. In addition, key skills such as communication, team work, ethics, information handling, and learning to learn should be fostered as early on as possible by the system. Motivating students to continue learning throughout their lives should be expressed as a basic curriculum principle, and so should the desirability of teaching students how to be creative.

Public authorities have the main responsibility for initial education. Companies can support them, especially in the area of vocational education, by offering practical training in companies, guest teachers in schools etc. The key to effective education strategies is partnership and co-operation, which can take many different forms. There are a number of examples of alliances between companies and community colleges; consortia for skill-development where the public partner brings in land and building infrastructure while companies offer the courseware; as well as examples of regional training-bureaux, run by employers' organisations and functioning as a broker between supply and demand for training. The participation of companies in dual systems for vocational training is a very extensive form of partnership.

## 2. Offering effective transition policies

Effective transition policies are essential to facilitate young people's entry into the labour market. A flexible approach to the design of pathways based on the needs of the individual, the requirements of particular industries/job markets, as well as country and regional differences is essential. On the one hand, well structured and regulated pathways offer an advantage in that students who enter these pathways will most likely experience a smooth transition to the labour market. On the other hand, there may be capacity problems in one or several pathways at times and not everyone may succeed in qualifying for entry.

Professions are developing fast and job profiles are less stable than some decades ago. Although it is worth keeping a framework of well defined vocational and academic qualifications in order to have maximum transparency on the labour market, the velocity of developments in many sectors and changing job profiles have to be taken into consideration. The substantial basic element of curricula should be complemented by a more flexible part to allow schools to adjust to the needs of their changing environment.

The precise mix of youth training/apprenticeship policy should be left to the individual country, but the system should be based on the ability to respond rapidly to changing needs of modern economies. Programmes for youth in transition are often most effective when run at the local or regional level. Employment services, including private ones, can support these schemes very effectively. Besides decentralised programmes, generic measures at national level (such as tax incentives) can reinforce the work at regional level.

Students should be encouraged to assume more responsibility for their entry into the labour market (e.g., identify adequate training firms, project work for firms, junior-enterprises as part of the study, etc.). At the beginning of their career, young people frequently combine education (training courses, apprenticeship, etc.) with work, which makes pathways more flexible and facilitates the transition to the labour market.

Employability should be considered as an essential and feasible career goal taking into account that the required skill level in most jobs is rising, that self-reliance and flexibility imply a set of core transferable generic skills, that lifelong learning is now an ongoing requirement for all (not just the young) and that mobility will become increasingly important. In addition to encouraging the development of well-structured pathways, the following should be taken into consideration:

- Many young people prefer some job-hopping before they take a more stable career-path. This can contribute to a broader set of skills and competencies, bearing in mind that it is certainly better to be part of the labour market, even if it is at a lower level, than to remain outside. The use of part/fixed-term contracts is a useful means of getting young people into the labour market. Geographical mobility may also be required.
- Integration into the labour market may sometimes include a period of voluntary work in, for example, community or self-help organisations. This means in effect that a young person has contact with a variety of labour markets and customers/consumers and is thus well prepared to extend his/her networks and remain engaged with people and organisations.
- Youth entrepreneurship should be considered as a way to bring young people into the labour market. At the same time, it has the potential advantage that young entrepreneurs may be particularly responsive to new economic opportunities and trends and that new small firms may raise the degree of competition in the market. This requires that impediments to

entrepreneurship be removed and that the conditions be established in which innovation and risk-taking can flourish.

- Information technology offers major opportunities while at the same time adding a further challenge to lifelong learning as employees (and employers) increasingly need continued training and retraining in order to keep up with changes in technology and the marketplace. Familiarisation with information technologies should start during initial education and continue throughout the working life. Early and continued contact with these technologies is also essential to facilitate a smooth transition to the labour market.

### **3. Evaluating active labour market policies**

The discussion of active labour market policies (ALMPs) should be conducted with the understanding that they cannot be expected to substitute on a lasting basis for good policy in other areas which affect job creation. The experience from countries having a high structural unemployment rate and a high rate of active measures is mixed. On the one hand, ALMPs enable young job-seekers to join the labour market, which is good. On the other, they distort the functioning of the labour market. Research shows that little recruitment will be made without a subsidy once the subsidy is known to exist. ALMPs should not be evaluated in isolation, but in the broader policy context affecting incentives to provide, seek or retain jobs, which includes, in particular, the compensation provided by unemployment insurance and through income support.

It is crucial to focus on active and rapid job search assistance, in addition to improving the quality of general job placement systems. Contacts with young people must be frequent involving at the same time closer liaison with companies. Employers' organisations are willing to be more deeply involved in initiatives to develop such conditions. We encourage the OECD to continue with comparative reviews of the performance in the conception and operation of ALMPs.

### **4. Ensuring greater coherence and partnership**

Coherence in policy, targeting a smooth transition for school-leavers is essential. Effective cooperation between government portfolios and the complementarity of government action at central, regional and local levels in reorganising transition pathways for young people is often found to be insufficient. Clarity about objectives and responsibilities, including about the roles and responsibilities of governments, schools, industry and individuals in organising young people's transition to work is crucial. The ultimate objective should always be that in the end everyone finds a regular job. Schemes that create jobs artificially are not sustainable. The fight against youth unemployment can only be won by creating jobs in the private sector operating under competitive conditions and by improving skills and employability of young job-seekers.

Government, individuals, employers as well as education and training providers need to play an effective role maintaining and improving employability of young people. Among other issues, Government must set the right framework conditions to promote sustained economic growth, fund an effective learning foundation and foster lifelong learning. Young job seekers need to be aware of the necessity of increasing their employability to meet changing requirements and accepting work where possible. Employers must encourage lifelong learning by helping staff develop their potential and plan their careers. Education providers must help individuals to develop their competencies, provide high quality careers education and advice for all and make sure that delivery is flexible and in line with changing market requirements. Trade unions should promote continuous professional development and help individuals understand the need for employability.

## **5. Conclusion**

A policy framework that encourages business participation and leadership in school-to-work initiatives and youth employment programmes and that allows for flexible entry of youth into the labour market is an important prerequisite to successfully tackle youth employment. A number of conditions need to be met for effective transition systems for young people, including a healthy economy, well organised pathways and high-quality information and guidance. Familiarisation of young people with information and communication technologies is of crucial importance. It is vital that school-to-work programmes be sufficiently tied to the needs of enterprises so that when a student leaves school, he/she has the skills that are required. It is therefore important that students enter into contact with business throughout their education life.

Business involvement in the development of any school-to-work or apprenticeship programme is essential. The sharing of information on existing programmes which have proven to be successful would help other countries introduce such systems. The OECD can make a valuable contribution in this area. BIAC would be pleased to co-operate with governments to identify new innovative solutions to effectively engage young people in the working world.