



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

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

**BIAC STATEMENT TO THE OECD CONFERENCE
“PREPARING YOUTH FOR THE 21ST CENTURY”
Washington, D.C., 23-24 February 1999**

INTRODUCTION

BIAC is pleased to present this statement on behalf of the business community from OECD countries. The topic of youth employment has long been a pressing issue for OECD countries and for business and industry within those countries. With radical changes taking place in work organization, the nature of work, and the demands of employers, this conference presents a timely opportunity for BIAC to present its views on some of the topics that will be considered.

Much of the OECD and BIAC discussion on education over the last several years has focused on the issues surrounding lifelong learning (see 1996 OECD Education Ministerial; 1997 Labor Ministerial; 1998 Social Affairs Ministerial). This has proven to be a fruitful discussion and deserves to continue. BIAC applauds those OECD governments which, as a result of OECD work and recognition of market realities, have taken significant steps to address some of the shortcomings in either their labor market policies or education systems in order to encourage and facilitate lifelong learning.

However many employers have been aware that to fully prepare young people for the career opportunities and labor markets of the next millennium, attention must be paid to the quality of initial education, which BIAC defined in its 1996 statement to the Education Ministers as the first 10-12 years of schooling. Many corporations do not view building lifelong learning skills into initial education as a question of efficiency or profitability, but rather one of necessity if they are to have a workforce which can sustain global competitiveness.

In this statement we lay out a business position on the importance of a policy framework that encourages business participation and leadership in school-to-work initiatives and youth employment programs and that allows for flexible entry of youth into the labor market. We further note the importance of sound overall macro- and micro-economic policies that encourage private sector employment growth as well as a general reorientation of initial education systems to encourage attitudes, knowledge and skills required for successful transition to the workplace. Without such conditions, most youth employment policies will fall short of their goals.

The Job Market of the 21st Century

It is now commonly accepted that the following statements characterize jobs in the modern economy:

- Job profiles tend to be more dynamic and to require more skills;
- Individuals tend to occupy several functions during their careers;
- Flexible contracts and new forms of work organization are more common;
- Modern communications technology allows flexible work hours and non-traditional work places;
- Organizations have less formal hierarchy and require more individual responsibility.

As long as school systems are organized the way they are, some of these characteristics are difficult to transpose directly into school curricula. There is thus a need for a greater emphasis being given to generic skills that can be used as basis for more specific and continual acquisition of new knowledge and skills. Because rapidly changing technologies and markets make the prediction of specific skills almost impossible, these generic skills are essential as a basis for future employment and learning requirements. Indeed, generic skills are those which not only provide the essential foundation for managing one's life and further learning, but continue to be developed throughout one's life both in and outside the workplace.

INITIAL EDUCATION

To prepare individuals for the new economy, including for lifelong learning, the quality of basic, initial education is paramount. Business believes that government plays the lead role in providing a high quality basic education for all. BIAC further believes that generic skills - literacy, numeracy, technology, languages, communication, teamwork, problem-solving, etc., - should be a primary focus, and integrated throughout the curriculum. Education systems should encourage students to become more creative, constructive and innovative in their way of thinking. It is important to highlight separately the emphasis BIAC places on encouraging individual initiative, responsibility and entrepreneurship among students.

BIAC believes that governments should encourage school systems and individual schools to adopt best practices and display innovation and initiative in developing curricula, teaching methods, and partnerships to achieve the above-mentioned goals. New technologies should be embraced and incorporated into curricula, both as a tool to improve teaching effectiveness and to accustom students to using technologies. Schools and school systems could usefully benefit from a transparent qualification structure for teachers and a process where the staff takes part in activities for continuous improvement and the evaluation of goals. Teacher training, rigorous teaching standards, teacher qualification testing and teacher retraining as part of their lifelong learning should be part of any reform efforts.

As an example of partnerships in the United States, Motorola Corporation has developed a school-to-work program in a middle school with support from the U.S. Department of Education. The program has three components: (1) develop a curriculum that duplicates the knowledge and skills required in the workplace; (2) design a staff development program that provides actual workplace experience for teachers; and (3) establish a formal relationship between the school and the business community.

In order to properly serve our young people, education systems must remain flexible and, for as long as possible, present students with real options with regard to the acquisition of both cognitive and technical skills.

There is a broad realization that a high-quality initial education prepares individuals for lifelong learning throughout their career. Individuals who achieve a high level of education seek opportunities for continual education and training at a higher rate than those with a lower education. Thus BIAC believes it vital that education administrators refocus teaching and learning on this important connection, in particular the role of teacher training and retraining. Education policies and programs should reflect this overall strategic approach.

Finally, BIAC believes that the evidence is clear, as presented most recently in the OECD June 1998 Employment Outlook, that students who achieve a high level of education have much better employment and career opportunities in the future. Higher levels of education reduce the risk of unemployment and increase chances of a full-time, permanent position, while lower levels of

education are associated with diminished job and career opportunities. Thus, encouraging students to seek high levels of education should be a paramount goal.

SCHOOL-TO-WORK

Worldwide, a great variety of education/enterprise partnership arrangements are being undertaken, designed, in part, to enhance learning for young people and to provide opportunities for them to apply their theoretical knowledge in real life situations. School-to-work programs of various kinds have been a staple of education and labor policies in some OECD countries for decades, notably in the form of apprenticeships. The precise mix of youth training/apprenticeship policy should be left to the individual country, but the hallmarks of the system should be flexibility and the ability to respond rapidly to the changing needs of modern economies. Systems that become overly institutionalized or bureaucratic, or are too slow to respond to market needs, do not serve any constituency well. The demands of the new workplace, and in some cases, the failures of initial education, have necessitated innovative approaches towards preparing students.

It is important that students enter into contact with business throughout their educational life. Employers have a major interest in the development and successful application of school to work programs. It offers employers the chance to improve the workforce pool, thereby decreasing recruitment and training costs. Pairing employees with students also motivates those employees and offers students a stimulating environment in which to apply their knowledge.

Rigidities in certain apprenticeship schemes have prevented them from changing rapidly enough to respond to changing labor market demands. It is vital that all school-to-work programs be sufficiently tied to the needs of enterprises so that once the student leaves school, he or she has the skills that are demanded. Ford Motor Company, for example, has developed a two-year program that prepares high school students for careers in manufacturing and engineering. A partnership between a school and local manufacturers, the Ford Academy of Manufacturing Sciences consists of accredited courses and work experience.

BIAC opposes government directed “make work” schemes which misallocate valuable resources and produce individuals whose skills are inappropriate to labor market demands. Business involvement in the development and implementation of any school-to-work or apprenticeship program is essential. The sharing of information on existing programs which have proven to be successful would be extremely valuable to help other countries to introduce such systems. BIAC also emphasizes that the role of the government should not be to impose such programs on employers, but to facilitate, through flexible regulatory frameworks and qualification schemes, and innovative financing and partnership agreements, the development and implementation of school-to-work programs.

LABOR MARKET POLICIES

Although perhaps self-evident, BIAC believes it is important to emphasize that in order to ease the transition from school to work, and in order to ensure a high rate of youth employment, the overall labor market must be functioning smoothly and real incentives to work must be given. This requires government policies that, for example, encourage job creation through entrepreneurial activity by reducing taxes and eliminating regulations that needlessly impede starting or expanding an enterprise. BIAC believes that implementing the 1994 OECD Jobs Study and its follow-up recommendations would serve the cause of economic growth and job creation.

Specifically, BIAC agrees with the OECD that the use of part-time work and fixed-term contracts is a useful means of getting young people into the labor market, and certainly more beneficial, in both the

short and medium term, than leaving school with no employment prospects. BIAC also agrees that reducing the administrative and financial burdens of hiring new employees would lead to the creation of more permanent employment situations for those seeking them. OECD research has demonstrated that overly strict employment protection hinders youth employment rates. Special consideration should also be given to wages for young workers to avoid youth exclusion from the labor market. Minimum wages should under no circumstances prevent young job-seekers and students from entering the labor market

CONCLUSION

BIAC believes that enormous strides have been taken by Member states and by enterprises in improving the quality and delivery of education and training programs. Through innovative partnerships and a greater understanding of some of the barriers to economic and employment growth, some of the challenges presented by school-to-work transitions and youth unemployment are being met.

Much more needs to be done, however. Our statement notes the fundamental need to refocus the strategic approach of education systems to take into account the link between initial education and lifelong learning. Teacher training and qualification systems should be updated in this regard. BIAC believes that the role of government is to provide that high quality initial education. This can be significantly enhanced through innovative approaches to partnerships with both large corporations and SMEs. Such partnerships also ensure high-quality and useful school-to-work programs. BIAC believes that government should not impose such programs on enterprises, but instead should facilitate their creation and growth.

Government plays a vital role in creating the economic conditions for sustainable employment growth. BIAC supports broad deregulation not only in the labor market, but in product and capital markets as well. Thus existing barriers to entry for young people into the labor market should be removed. The potential offered by young job seekers and employees is of great importance to the business community. BIAC would therefore be pleased to cooperate with governments to identify new innovative solutions to effectively engage young people in the working world.