

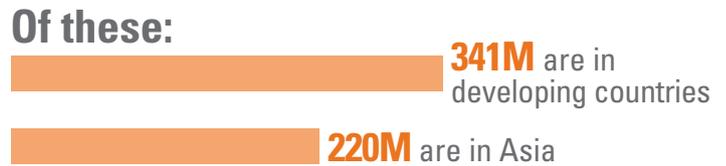
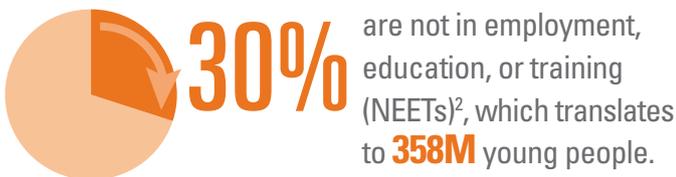
You can't do it alone:

Partnerships the only way to help the world's young job seekers

As leaders and young people around the world are acutely aware, youth unemployment levels are already disturbingly high and the problem is getting worse. An exploding youth population¹ and lag in job growth are key causes. Population pressures from increasing numbers entering the labor market every year, particularly in Africa and Asia, create opportunities for 'demographic dividends', but in turn will only continue to drive the need for higher levels of job creation. Other factors such as the global financial crisis, the 2009 Eurozone crisis, and longer term trends in global trade, technology, and competition, have also increased pressure points on this crisis.

A complex issue of epic proportions

Out of 1.2 billion youth aged 15 to 24:



nearly **75 million** are unemployed (looking for work)³



1 human figure = 10 million

Every year, it is estimated that over **120 million** adolescents reach **16 years** of age and are looking to enter the labor market.⁴



1 birthday cake = 20 million

This is a global concern



Greece and **Spain** had youth unemployment rates of over **50 percent** in 2013.⁷ In the **US**, it was over **15 percent**.

Unemployment rates for young women are higher than for young men in **Latin America** and the **Caribbean**, **South Asia** and **South-East Asia** and the **Pacific**.⁶

In **Namibia**, **Saudi Arabia** and **South Africa**, nearly **9 out of 10** youth is outside of the labor force.⁵

Source: KPMG International, 2014.

The consequences of youth employment



Exacerbation of poverty and inequality



Reduced earnings and employment in the long term⁸



Longer job search periods and lower job quality in advanced economies⁹



High levels of crime and political instability, particularly among young men¹⁰

Seeking solutions at the nexus of government, the private sector and civil society

In developing countries, where the vast majority of youth live, economic growth, stability, and social progress all depend on young people having the opportunity to contribute productively to society. The United Nations is currently leading the effort to articulate sustainable development goals that “will leave no one behind”. However, this is not just an issue for developing countries. Across the world, governments, employers, and civil society organizations have recognized the need to take action on this problem. They are currently pursuing a menu of supply and demand policy prescriptions. The supply interventions include improving the quality of skills and attributes of those seeking work and the demand includes increasing the provision of quality jobs for young people. Action can be taken simultaneously on both as Figure 1 illustrates.

Measures such as improving general skills within the education system, providing apprenticeships, creating employer incentives and encouraging entrepreneurship can play a part. **Regardless of the direction, one thing is clear: these three sectors must work together to create meaningful change.**

Figure 1: Measures to address youth unemployment

	Supply measures	Demand measures	Evidence of success
Government	<ul style="list-style-type: none"> • Job search • Conditionality on unemployment benefits • Measures to improve job and life skills of young people • Tailor training more closely to the labor market 	<ul style="list-style-type: none"> • Employment guarantee programs • Exemptions from labor regulations and taxes for hired youth workers (e.g minimum wages, labor taxes, job security) • Financial incentives for job creation for youth • Expand public sector recruitment of young workers 	<ul style="list-style-type: none"> • The Government of Canada’s Economic Action Plan includes a range of strategies such as skills training and apprenticeship grants to equip Canadians, including youth, with the skills they need to get high-quality, well-paying jobs.¹¹
Private sector	<ul style="list-style-type: none"> • Provide financial and business development services to young entrepreneurs • Invest in upgrading skills of young employees • Expand opportunities for work experience placement and traineeships 	<ul style="list-style-type: none"> • Develop innovative training and apprenticeship schemes to bridge the move into work • Create more opportunities for flexible piece and part term work for young people • Redesign work practices so that older workers are mentoring new recruits 	<ul style="list-style-type: none"> • Historically, apprenticeships have helped avoid the youth unemployment gap. Germany, for example operates a highly developed apprenticeships system and boasts the lowest youth unemployment rate in Europe in 2013 at 7.9 percent.¹² More recently, the UK government’s focus on apprenticeships yielded 1 million apprentices in 2013.¹³ • Many corporations are opening up their own training schemes for employees including Reliance Industries Limited in India and Tata Steel. The Tata-Dhan Academy targets young graduates specifically.¹⁴
Civil society and NGOs	<ul style="list-style-type: none"> • Provide job search advice and counseling of youth • Support to youth in self employment and business start-ups • Work with schools and universities to strengthen education to work transition and better skills • Offer more volunteer roles with skill development for young workers 	<ul style="list-style-type: none"> • Create more jobs in the 3rd sector which are suitable for young workers and young professionals • Work with business to help private sector overcome real and perceived barriers to employing young workers • Facilitate and offer more secondments roles for young workers 	<ul style="list-style-type: none"> • Civil society has undertaken many initiatives to encourage skills transfer. The Network for Teaching Entrepreneurship, for example, teaches young people, particularly those in underprivileged areas, to create their own job openings.

Source: KPMG International, 2014.

Similarly, governments can take action to encourage increased hiring of youth by offering employment guarantees or reducing the costs and risks to employers of hiring young workers. According to the ILO, “findings suggest that youth guarantees can be effective in achieving the primary objective of ensuring a smooth transition of young people into the labor market. They can play an important role in keeping young people connected to the labor market or in education, thereby preventing the scarring effects arising from long-term unemployment, including those related to negative wage effects.”¹⁵ While these tactics are effective means, they must be considered in light of available public funding, which continues to constrain governments.

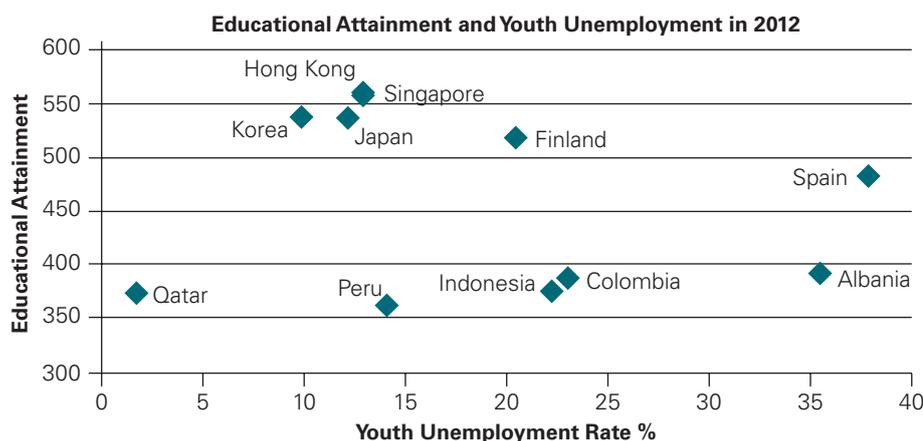
Young people can also directly contribute to addressing the challenge by not only creating jobs for themselves, but also by helping others with their job search. In the African country of Burundi, for example, 94 percent of jobs come from the informal private sector (e.g. agriculture, trades and sole traders) which makes it very difficult for youth to find employment. In response, a young entrepreneur created Burundi 3.0, a mobile phone service that makes it easier to find work by providing daily job alerts.¹⁶

The importance of the right education

On the supply side, measures to improve the skill set of those entering the labor market are an important part of tackling youth unemployment. For example, in 25 of 27 developed countries, the highest unemployment rates are for people with primary education or less.¹⁷ Many countries have sought to improve the quality of their education system to equip students of today with the right skills, including crucial numeracy and language skills, so they can be the workers of tomorrow.

At the aggregate level, there is no simple relationship between educational attainment and youth employment, as illustrated by Figure 2 below which shows the relative performance of higher and lower performing countries in an index of educational attainment against the youth unemployment rates.

Figure 2: Comparison of educational attainment and youth unemployment rates



Source: KPMG International, 2014.*

Education that equips youth for the job market is fundamental. While there are examples in some developed countries of young people being overqualified, on a global basis the bigger issue is lack of appropriate education. As such, there is a growing focus on basic skills and equality. Vocational training, such as apprenticeships, can also be effective in helping to provide young workers with appropriate skills, but this will require sustained investment¹⁸ and employers to offer employment opportunities.

Fundamentally, the task is to find solutions which are scalable so that not just the lucky few are reached. It is critical that the substantial numbers living in countries facing high levels of unemployment are given hope for the future. For countries in the developing world that are currently experiencing a youth explosion, this is critical to capitalizing on their ‘demographic dividends’.

In summary

Youth unemployment is an acute global endemic that requires a mix of global and local solutions. Governments, the private sector, and civil society and equally important, the young people and parents themselves, must all work in partnership to develop innovative solutions to ensure that we offer hope to the world’s young people.

* Data for Figure 2 was sourced from CIA Factbook and OECD PISA Avg. score respectively.

Endnotes

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