

EDITORIAL

Giving Youth a Better Start¹

The situation of young people in OECD countries today and their future prospects is of vital concern to us all. The reasons for concern are obvious: many young people face high unemployment or joblessness and serious difficulties in getting a firm foothold in the labour market; many leave school without the requisite skills or competences needed in today's economy and society; many are also experiencing falling relative (and sometimes real) wages and considerable uncertainty as to whether or not they will be able to settle into good careers. At the same time, with ageing populations in almost all OECD countries, our economies and societies need, more than ever before, to harness the potential of our young people.

Low skills, low pay and poor job prospects for many young people concern societies needing to harness the full potential of this generation.

The stylised facts about youth labour market performance over the past two decades make for sombre reading:

For young people:

- The average employment rate of youth aged 15-24 years in the OECD area has dropped from 53% in 1979 to 45% in 1998, only in part due to rising enrolment rates in education. Worryingly, out-of-school young men have fared particularly badly.
- The average youth unemployment rate in the OECD area stood at 13% in 1998, 3 percentage points higher than in 1979, and is in double-digits in most countries.
- A hard-core of young people experience prolonged periods of unemployment or joblessness interspersed with spells of low-wage employment. This group exists in most OECD countries and is characterised by multiple disadvantages, e.g. they often come from poor families, unstable family backgrounds, live in communities with high overall unemployment, tend to perform poorly in school and often drop-out of school early.
- Inequalities within the youth population, both in terms of employment prospects and earnings, have increased considerably in some countries, especially to the detriment of those with low levels of educational attainment.
- About one-fifth of all unemployed youths live in households with no one else in employment and that fraction has increased over the past decade.

Employment has fallen.

Unemployment has risen.

Job problems are concentrated among a core disadvantaged group...

... with inequalities rising...

... and more living in workless households.

However, the picture is not completely bleak. On the positive side of the ledger:

However, more stay on at school, and the number outside both school and work is stable.

- More young people are staying on longer in school and the proportion of drop-outs has declined virtually everywhere in the OECD area. For example, the proportion of 18-year-olds in school in 1997 was 67% compared with 50% in 1984.

1. This editorial is based partly on the lessons learned at the High-level Conference on "Preparing youth for the 21st century: the policy lessons from the past two decades", jointly organised by the OECD and the US Departments of Labor and Education, 23-24 February 1999, in Washington, D.C. and on the accumulated work on labour market, education and training policies carried out in the Directorate for Education, Employment, Labour and Social Affairs. A follow-up Ministerial-level policy conference is planned for 2000 in co-operation with the United Kingdom authorities.

More jobs need to be created across the economy, but this editorial focuses on specific policies to help young people.

- The percentage of youths neither in school nor in a job has at least remained relatively stable over the past two decades in the OECD area as a whole.

Targeted programmes, on their own, are not *the* answer to giving young people a better start in their careers. As long as overall unemployment remains high, it is unrealistic to expect significant improvement for young people as their employment and unemployment rates are highly responsive to the overall state of the labour market. Hence, there is a premium on designing and implementing policies which will lower overall unemployment on a durable basis. This is one of the main aims of the OECD *Jobs Strategy* which embraces a wide range of macroeconomic and structural policies. The latter include education, training, and targeted labour market programmes which aim to improve young people's prospects in general, and which help disadvantaged youth overcome serious labour market obstacles. The rest of this editorial concentrates on the lessons for the design and implementation of these policies.

Key challenges for policy in the domain of education and training

To reduce upper secondary school non-completion.

- *Preventing failure at school:* The minority of young people who fail to complete upper secondary education nowadays – roughly 25% – find themselves particularly penalised in the labour market in terms of both employment and earnings.

To improve employability, even among those who complete upper secondary schooling.

- *Ensuring that young people, including those who complete upper secondary, are employable, both when they first enter the labour market and over time:* completing upper secondary education is not always a sufficient condition for a stable entry into the labour market as many, perhaps up to 25%, as shown in results from the International Adult Literacy Survey, leave without the occupational qualifications or competences to compete in today's labour market.

Early and sustained interventions, involving everyone dealing with at-risk young people, is needed.

The evidence suggests that, in order to overcome these two challenges, it is vital to intervene *as early as possible* in favour of at-risk youths including education and care prior to the start of compulsory schooling, and *to persist* with these interventions in order to give these young people the best chance to overcome their multiple disadvantages. However, early and sustained interventions must not only focus on the young people in question, but also must involve their families, communities, teachers and social workers. This is the only way to overcome the range of disadvantages they face.

One response is to reform schooling itself, creating new relationships between vocational and general studies...

One *policy response* to these challenges has been to attempt to make schooling diverse, flexible and attractive enough to meet the interests and aspirations of the widest possible range of young people. Various strategies have been adopted to this end:

- *The development and re-appraisal of the vocational stream* within the initial education system: a few examples are Australia, Canada, Spain and the United States.
- The broadening and strengthening of advanced general studies within the vocational stream, thus *further blurring the boundaries between vocational and general or "academic" education*, as in Norway and Sweden.
- The development of *double-qualifying pathways* which provide, in principle, qualifications for both work and tertiary education, offers the opportunity to increase the attractiveness of the vocational stream. In response to such a development, overall participation rates in vocational and technical education have risen in Austria, the Netherlands and Norway.

Another *policy response* seeks to create better linkages between education and employment. This trend, which is underway in many countries, is partly in response to the empirical evidence which shows that the so-called “dual” or traditional apprenticeship systems in Austria, Denmark, Germany and Switzerland have been much more successful in integrating non-college-bound young people into stable employment and jobs, although these systems are also facing challenges and undergoing reforms.

... another is to strengthen linkages between learning and working...

This renewed interest in work-based learning is very welcome, but it is unrealistic to expect many countries to be able to emulate the wide range of specific conditions and institutions that have contributed to the success of the traditional apprenticeship countries. These include: a statutory framework for the definition of and the rights of apprentices; strong links with the educational system; a set of agreed-upon standards of certification of skills which is externally assessed; joint administration of the system by governments, educational authorities, employer organisations and unions; and significant co-financing of the costs via public subsidies and apprentices being paid below the market rates for adult workers. Recognising this, countries attempting to emulate the success of apprenticeship countries have taken many routes:

... but the specific conditions of apprenticeship countries are hard to duplicate, so:

- In countries with a less developed vocational education sector, emphasis has been placed on the development of *unified qualification frameworks*. Such a system of national standards helps employers to both inform training providers and prospective employees of their skill needs and evaluate the skill levels of applicants. It also helps to provide the informational and incentive structures needed to spur pupil achievement, encouraging higher educational aspirations and skill outputs.
- The introduction of *work-based learning* within schools. Many countries are trying to revive or develop their apprenticeship system. Some countries – Australia, Canada, the Netherlands, Norway, Sweden and the United States – have been attempting to reinforce the workplace component within secondary education. But participation in programmes that combine work-based learning with school-based education in Canada and the United States remains low.
- Whatever the type of links between work skills and the content of education, the *involvement of employers or employer organisations in the design of occupational qualifications* is very important in tailoring curricula and programmes to match current and emerging labour market needs. This is done either through advisory committees that assist educational authorities or through tripartite decision-making bodies with strong employer and trade union engagement, as in the apprenticeship countries.

some countries use national skill standards and equivalent qualifications to lead change...

... others strengthen work-based learning for students...

... in all cases strong employer involvement is crucial.

The goals of these policies are both quantitative, *i.e.* to increase enrolment rates at secondary and tertiary levels, and qualitative, *i.e.* to provide young people with the basic skills and competences relevant to the world of work. The available evidence shows that countries that ensure broad pathways with multiple exit points and increase the range of opportunities for young people to cross from one pathway to another have managed to raise the attractiveness of vocational pathways, and thus to increase participation rates. This is a positive development, but more needs to be done to improve the parity of esteem between vocational and “academic” streams. However, the big unanswered question is: What, if any, will be the labour market impacts of these reforms? It will take some time before this question can be answered, but in the meantime it is important that policy reforms are carefully monitored and the requisite data for proper evaluations be gathered and analysed.

In countries with wider options for young people, more are staying in education, but the quality and outcomes of their learning must be carefully monitored.

Key challenges for active labour market policies targeted to disadvantaged youths

Labour market programmes to help disadvantaged young people into jobs have had limited success...

Much optimism was expressed in the past that well-designed and targeted active labour market programmes (ALMPs) could do much to help at-risk youths. Today, we know how difficult it is to develop effective labour market policies for this group. Evaluations of past policies have been fairly discouraging in the sense that few remedial or employment-insertion programmes targeted at disadvantaged young people appear to have resulted in significant gains in employment or earnings after they have participated in the programmes.

... but are more likely to work if:

But this disappointing record does not mean that we should give up on this front. First, some programmes have worked. Second, we are now beginning to know more about what does and what does not work, why and in what circumstances:

... they collaborate with local employers to improve the quality of the jobs...

- *Close contact with the local labour market.* Effective programmes work closely with local employers, doing their utmost to target jobs with relatively high earnings, strong employment growth, and opportunities for individual advancement. Some job programmes do this by assessing the local job market carefully. Tying training to employment in large, stable firms – albeit, in some cases, in relatively low-level jobs – is another path. Programmes that fail to consider adequately the quality of those jobs for which they provide training are more likely to place youths in positions with few prospects for advancement, with inevitable negative effects on their motivation. Programmes that understand the hiring practices of local employers, or to try actively to change these practices through, for example, establishing strong employer support for the programme, are likely to be particularly effective.

... they ensure an appropriate mix and intensity of education and on-the-job learning...

- *An appropriate mix and intensity of education and work-based learning.* Programmes must contain an appropriate mix of academic (or remedial, or basic) education, occupational skills, and work-based learning, in the best cases integrated with one another. These are complementary as they facilitate the development of the full range of competences required in employment. Furthermore, the intensity of both academic and vocational education must be appropriate to the jobs being targeted. Short-term job training lasting 12 weeks on average has, for example, usually been ineffective, and very short 3 to 4-week programmes cannot possibly do better. Short and non-intensive programmes for disadvantaged youths will almost invariably produce disappointing results.

... they ensure that instruction is of high quality...

- *Pay close attention to what is being taught or learned.* Good programmes pay attention to the pedagogy of everything they teach, whether classroom-based or work-based. Poorly-taught basic skills, or occupational education, do not really help individuals master the competences they need for long-run independence. Only well prepared and inspired teachers and trainers will be adequate to the teaching challenges in such programmes, and the lack of attention to teacher training in many programmes is an indication that the quality of instruction is likely to be poor.

... they provide ladders to further learning...

- *Provide opportunities for further education and training.* Effective programmes attempt to provide their students with pathways or “ladders” of further education opportunities, so they can continue their education and training when able. When short training programmes are entirely independent of further education possibilities, the possibilities of such ladders are destroyed.

- *Provide a range of supportive services tailored to individual needs.* Effective programmes also provide a variety of supportive services, tailored to the specific needs of the disadvantaged. This precept has been incorporated in many programmes providing services such as child-care, counselling, and placement services, and caseworkers also act to provide (or find) a variety of services. Of course, there are limits to the range of services a programme can provide. However, a programme that fails to consider the need for supportive services may have low completion rates and be a failure for that reason alone.
- *Evaluate programmes rigorously and use the information to improve quality.* Effective programmes collect appropriate information about their results and use these to improve their quality. This precept has been embedded in job training programmes in a few countries, with performance measures required as a way to monitor and enhance effectiveness. While accountability requirements are expanding, they are still often viewed as requirements to be circumvented, rather than mechanisms that might enhance performance. Indeed, rigorous evaluations remain far too few and have not spread to enough countries yet, especially in Europe.

... they address related needs of participants such as childcare and counselling...

... they use evaluation more constructively than has often been the case...

These are formidable “guidelines” for programmes aimed at helping at-risk young people to meet. In addition, it is likely that they are not the only factors that need to be considered. But the key point is that they are a good starting point in any attempt to design and implement effective programmes.

...none of which is easy...

It is, in this context, important to emphasise that countries are clearly not discouraged by the past disappointing record of targeted labour market programmes for disadvantaged young people. Some new large-scale initiatives have recently started in a number of countries, usually spelling out the rights and obligations of youth, often also targeted at other at-risk groups. Examples include the “New Deal” in the United Kingdom, the social assistance scheme for youth in Denmark, “*Wet Inschakeling Werkzoekenden*” (WIW) in the Netherlands and the programme “*Nouveaux services-emplois jeunes*” in France. It is too early to make any judgement on the effectiveness of such programmes, but it will be crucial to carefully monitor and rigorously assess them.

...but several countries have embarked on ambitious new programmes, which should be watched closely.

Policy imperatives do not, of course, change overnight. They will require *sustained* and *coherent* development involving education, training and labour market authorities, among other actors, working together. To resolve the problems facing disadvantaged and low-paid youth necessitates broad and comprehensive reforms to reduce the large, and in some cases widening, educational and labour market inequalities they face.

Efforts to help disadvantaged young people should above all be co-ordinated and sustained.

3 May 1999