



International  
Labour  
Office

# SKILLS FOR EMPLOYMENT

## Policy Brief

# INCREASING THE EMPLOYABILITY OF DISADVANTAGED YOUTH

Young people are in a vulnerable state in the labour market, many of them lacking the skills, work experience, job-search abilities and financial resources to find employment.

The global economic crisis has created even greater challenges for youth. Facing a premature end to education and deterioration of livelihoods owing to financial hardship, many find that the only work open to them involves poor working conditions and low wages. They suffer disproportionately from growing inequalities and decreasing labour force participation.

This brief looks at ways to improve the chances of young women and men already disadvantaged by their circumstances to enter or re-enter the labour market.

## What's at stake? The employment outlook for today's young people

Youth make up 25 per cent of the global working-age population; yet their share in total unemployment is 40 per cent. Young people are almost three times more likely to be unemployed as adults. Many of those who do have jobs work for long hours, on short-term and/or informal contracts, with low pay and little or no social protection.

Disadvantaged young people are at higher risk of marginalization and social exclusion than other youth. Recent figures demonstrate that the 15–24 year-old cohort faces higher risk of working poverty than adults. Disadvantaged youth lacking basic education often find it very hard to make up for a failure in their first attempt to break into the labour market, and the experience may have long-lasting effects.

### What is disadvantage?

Disadvantage refers not just to economic factors, such as income poverty, or lack of experience in and poor understanding of the formal job market, but also social factors such as gender, racial, ethnic or migrant background, and geographical isolation with poor access to quality education and job opportunities.

## The impact of the global economic crisis

Young people around the world have been hit especially hard by the financial and economic crisis that began in 2007. Demand for labour has fallen, with large-scale job losses in some sectors, rising unemployment and underemployment, and downward pressure on wages. Small and micro enterprises (SMEs) have suffered badly; the informal economy has expanded; reverse migration has increased. In these conditions there is a real risk that young people who do not stay attached to the labour market, or in education or training, will be lost to long-term un- or underemployment.

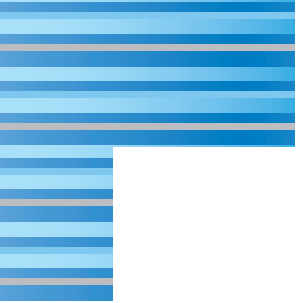
The number of young unemployed increased by 6.6 million between 2008 and 2009, the largest year-on-year increase in at least a decade. First-time jobseekers are likely to find themselves at a substantial disadvantage when competing for increasingly scarce employment opportunities with a rising pool of more experienced (and recently unemployed) jobseekers. Those young people already in the labour market with temporary jobs are facing a bleak short-term outlook, being among the first to lose their jobs. Low-skilled youth, who faced multiple barriers in finding work before the crisis, are now at particularly high risk of long-term inactivity and exclusion.

## The risks of unemployment and underemployment

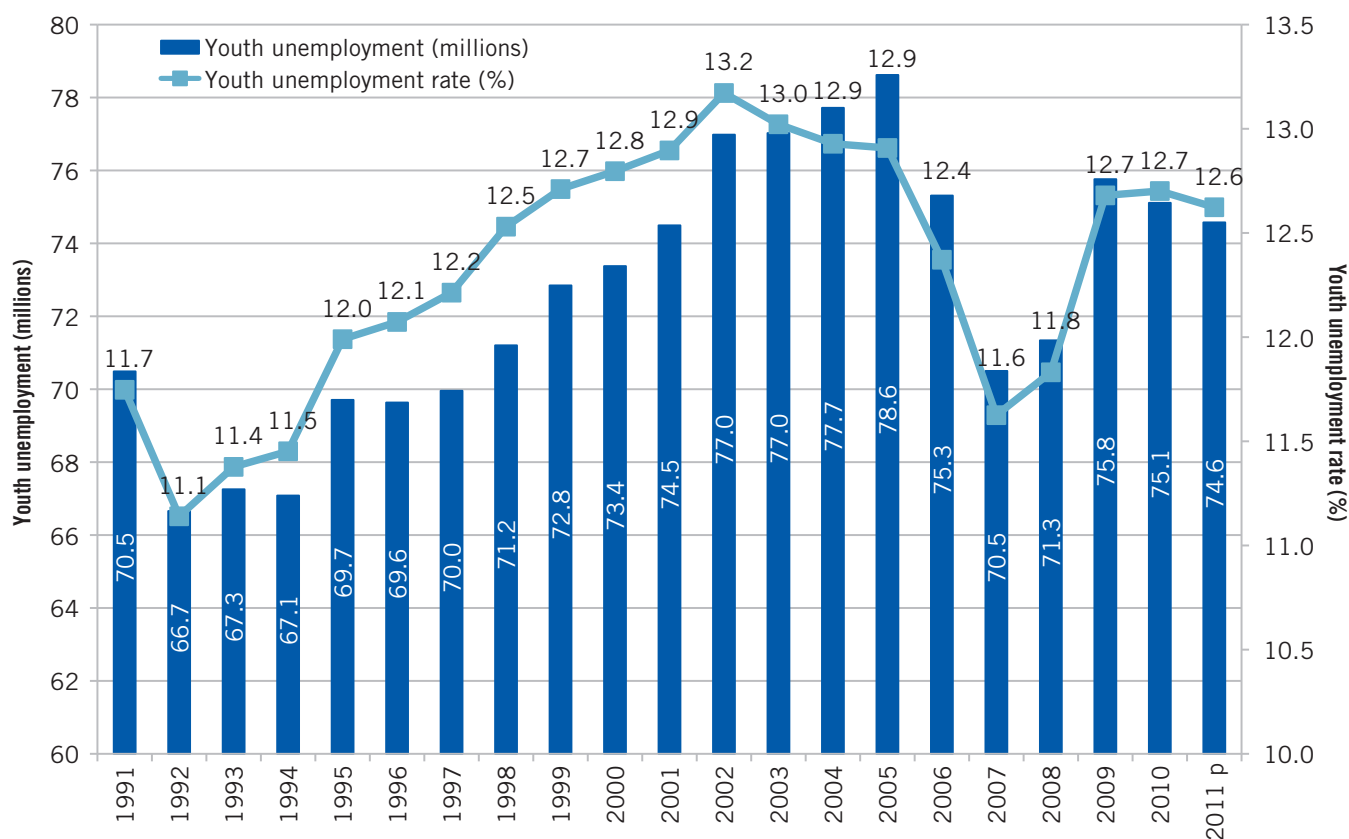
Young people un(der)employed for significant periods are more likely to face un(der)employment, economic exclusion and labour market withdrawal in adulthood. One of the best predictors of an individual's future risk of unemployment is his/her past history of unemployment.

With little financial security, young workers cannot wait out a downturn, and so frequently take whatever job is available, even if it pays less than a job that matches their skill level. The resulting loss of human capital

The ILO supports skills development to improve the employability of workers, productivity of enterprises and the inclusiveness of economic growth.



**Figure 1. Global youth unemployment and unemployment rate, 1991–2011**



Source: ILO, *Trends Econometric Models*, Sept. 2011; *Global Employment Trends for Youth: 2011 update*.

is one of the principal contributory factors in the long-run negative effect of recessions on the wages of young workers. It represents a serious drain on labour market potential, with lower earnings leading to lower output, lower productivity and the displacement of less educated workers.

In the same circumstances of recession many older workers choose to delay retirement and either continue to work or go back to work because they cannot afford to retire, reducing employment opportunities for job market entrants even further.

**What is working poverty?**

The ILO defines the working poverty rate as the share of workers living in households with per-capita expenditure below the \$1.25 a day poverty line. Working poverty rates among youth (15–24) exceed the corresponding adult rate (25+).

**The costs of youth un(der)employment – and the benefits of reducing it**

The costs of youth unemployment and underemployment are high – individually, socially and economically. The social and economic costs are not measured only in terms of income; they include loss of output, erosion of skills, reduced levels of activity and increased social divisions. Lost productivity magnifies over the course of the individual’s working life, representing a

significant loss of human capital. Unemployment erodes the stability of communities and threatens social cohesion. For individuals, prolonged unemployment can result in subsistence living, loss of personal autonomy, frustration, anger and/or low self-esteem.

Higher investment in education and training, and consequent higher attainment levels, increase productivity and generate wealth. Education and training increase the innovative power of an economy; increased knowledge of new technologies, products and processes promotes growth, and in turn facilitates the further diffusion and transmission of knowledge.

“Education, vocational training, core skills – including literacy and numeracy – labour market services and work experience and awareness of labour rights and OSH are essential components of a comprehensive policy to enhance the employability of young people.”  
*Conclusions on promoting pathways to decent work for youth*, ILC, 55th Session, 2005, para. 33.

tagged young people have been increasingly used with positive impact in the short, medium and long term.

#### **Message 5. Training alone is not enough**

To give young people the best chance in the labour market, education and training need to incorporate innovative approaches to skills acquisition that combine training with employment- and income-generating opportunities. Support services including literacy and remedial education, vocational and job-readiness training, job search assistance, and career guidance and counselling can also help young people to find their way into work.

### **Policy challenges: Some key messages**

#### **Message 1. A good start is essential**

Young people need to complete at least the basic education cycle, which is essential for further skills training and prospects of getting a decent job.

#### **Message 2. Diversify training opportunities and extend outreach**

There is a wide variety of training providers whose potential needs to be explored. These include publicly owned and managed institutes; private, for-profit providers; institutions offering both higher education and vocational training; community-based organizations; schools which offer training as well as education; non-government organizations; and employers who conduct their own in-house training.

#### **Message 3. Do not lose sight of education and training outcomes**

High-quality education and training are essential to enable all individuals to acquire the skills that are relevant not only to the labour market, but also for social inclusion and active citizenship.

#### **Message 4. Targeted interventions are undervalued**

Active labour market training programmes targeted at disadvan-

“Members should ... ensure that education and pre-employment training programmes are relevant and that their quality is maintained.” Human Resources Development Recommendation, 2004 (No. 195), para. 8(e)

### **What does this mean in practice? Priorities for action**

Strategies to improve the employment chances of disadvantaged youth need to address both country-specific circumstances and the general challenges noted above.

#### **Priority 1: Delay exit from formal education**

An OECD study (2009) has established that young people who do not have a secondary school qualification are more likely to experience unemployment. So it is important to prevent students dropping out of school early.

Approximately 71 million adolescents (defined as official lower secondary school age), 54 per cent of whom were girls, were not in school in 2007 because they had not completed primary school or could not make the transition to lower secondary school. For many adolescents the education system is not sufficiently flexible to adapt to their needs: either the quality of their basic education is insufficient to enable them to make the transition or they simply cannot afford it.

Policies that support expansion of quality primary and secondary schooling are essential. Improved social protection measures are necessary to mitigate the negative effects of poverty on education by help-

ing poor households to ensure an adequate livelihood without compromising on education.

Comprehensive and timely information is needed to identify and reach the young people at risk of dropping out. This requires improved cooperation between guidance and counselling services and the education system.

Transfers of cash or food to poor households can mitigate both the short-term impact of an income crisis and its long-term negative effects, including the withdrawal of children from school. Given adequate investment of time and financial resources, and the creation of an institutional framework, these means-based programmes can have positive results: Latin American countries such as Brazil, Costa Rica and Mexico have increased the school attendance of poor youth through cash transfer programmes.

#### **Box 1. Providing a second chance**

For those who dropped out early or never attended school, a second chance at formal education could provide the opportunity to acquire basic knowledge and competencies. Most likely to be effective in this respect are programmes that engage adolescents by offering practical curricula, flexible schedules and less formal instruction methods.

To improve the cost-effectiveness of second-chance initiatives, programmes need to target the poor, particularly girls. Increasing the proportion of young women with secondary education by one percentage point can boost annual per capita income growth by 0.3 per cent on average, according to a 100-country study by the World Bank. An extra year of schooling beyond the average for girls boosts women's eventual wages by 10–20 per cent.

The social, health and economic benefits of educating girls and young women range from delayed marriage, reduced rates of domestic violence and lower infant mortality to healthy behaviours and lowered HIV risk. Providing second-chance education in combination with early childhood development programmes could encourage adolescent mothers to take part and also serve the development needs of their children.

To expand the reach of formal education, distance learning strategies using a combination of printed materials, remote study and face-to-face teaching are being applied in many remote areas. Adapting print-based learning materials can speed up implementation of such programmes while reducing their cost. Additional investment in technology can make a basic study centre an effective mechanism for providing access to information.

School attendance and literacy rates have increased and the gender gap is closing in most countries, yet approximately 125 million young people lack the basic reading, writing and numeracy skills needed in everyday life. Many of them are emerging from education without these basic abilities, making it difficult for them to obtain the technical skills needed to compete in the labour market – and also to pursue sustainable livelihoods, to fully understand the elements of a healthy lifestyle or to deal with business and legal systems (UNESCO, 2010).

Schools in many developing countries are in a poor state and teachers are in short supply. To create a good learning environment for all children by 2015, the poorest countries need to recruit some 1.9 million additional primary school teachers, including 1.2 million in sub-Saharan Africa. More equitable deployment of teachers is also vital; all too often, the poorest regions and most disadvantaged schools have the fewest and least-qualified teachers. Several countries have introduced programmes targeting schools that serve disadvantaged communities. Governments can also raise standards by constant monitoring and early years reading assessments.

#### **Priority 2: Strengthen the link between education and training systems and the world of work**

The diversity of young people's learning needs requires an equally diverse range of training provision from the full spectrum of registered training organizations. These may include publicly owned and managed institutes; private, for-profit providers; dual-sector institutions which deliver both higher education and technical and vocational educational and training (TVET) courses; community-based organizations; schools which offer training as a strategy to assist students to pursue employment when they leave; and employers that conduct their own in-house training and are able to issue qualifications for their workers.

TVET can offer the combination of training and work experience that appeals to many young people and also many employers. TVET needs to be well coordinated and regulated in order to

respond appropriately to geographical, gender and economic diversity and meet the needs of industry. In many countries there is a need to acknowledge and address poor public perception of TVET, weak monitoring and evaluation mechanisms, inadequate financing, poor management and ill-adapted organizational structures.

Countries are adjusting their approach to TVET to ensure relevance to the newly emerging economic circumstances. TVET systems are also addressing the needs of youth already in the labour market who wish to train to improve their careers or improve their job prospects in case of, or as a result, of layoffs.

### **Box 2. TVET developments in China and Viet Nam**

In China, “skilled workers’ schools”, a comprehensive vocational training base, offer long- and short-term training courses. By the end of 2008 there were about 3,075 skilled workers’ schools (including 50 technician schools and 485 senior skilled workers’ schools) nationwide, with nearly 400 million registered students. After studying and practical training, nearly 95 per cent of students find jobs.

Viet Nam is diversifying its vocational training to include full-time and regular training; mobile training; training in enterprises; and traditional occupational villages. It is also expanding its reach to particular target groups such as farmers who have lost their land and ethnic minorities.

Information and communication technologies (ICT) have a central role to play in bridging the TVET learning environment and the world of work. The increasing scope of Internet and mobile phone connectivity and continuously declining hardware costs brings the integration of ICT into TVET within reach. Training systems should harness the possibilities for efficient deployment of ICT to modernize TVET curricula, increase the relevance of skills provision and expand the enrolment capacity of institutions.

Apprenticeship and on-the-job training schemes also combine training with hands-on experience. Structures and systems of apprenticeship vary within and between developed and developing countries.

In several developed countries, formal apprenticeship and on-the-job training schemes have been strengthened. Incentives are being offered to employers to take apprentices and retain them. Companies are encouraged to recruit under contracts combining training with work experience; convert work placements to permanent employment contracts; or offer disadvantaged youth additional training and job opportunities, leading to a qualification.

In many countries formal TVET is an option for only a small minority of young people. Here, apprenticeships in the informal economy offer many more young people an opportunity to learn a trade and enter the world of work. In many developing countries, informal or traditional apprenticeship is the largest provider of skills for the – mostly informal – labour market, far surpassing the output of formal education and training institutions.

The drawbacks of informal apprenticeships are widely recognized, yet for many growing up in the informal economy this may

### **Box 3. Improving apprenticeship in Australia, Canada and France**

Australia has increased funding for pre-apprenticeship training and has expanded job training through the Productivity Places Programme, which will offer openings to 711,000 new entrants over five years. France set out to offer apprenticeships and other training schemes to half a million young people in 2010.

Canada's Apprenticeship Incentive Grant scheme is designed to encourage more apprentices to complete their training in a designated Red Seal trade. The Inter-provincial Standards Red Seal programme represents a national standard of training excellence in the trades and is highly valued by employers. The programme covers 50 skilled trades, representing approximately 88 per cent of registered apprentices in Canada and a substantial portion of the trades' workforce.

The French plan includes a one-year exemption on social security charges for firms that recruited young apprentices by mid-2010. Small businesses, where a large proportion of the apprenticeships take place, receive an additional subsidy.

prove to be the first, indeed often the only, available option. Efforts are needed to improve the system and expand it to reach more youth, in particular by

- complementing learning at the workplace with more structured institutional learning;
- upgrading the skills of master craftspersons, e.g. by introducing them to modern technology;
- involving business associations and labour organizations, especially those representing the informal economy;
- introducing standardized contracts and certification;
- including literacy/numeracy training and livelihood skills;
- strengthening community involvement, especially with a view to increasing opportunities for young women.

### **Priority 3: Undertake targeted interventions**

Active labour market programmes (ALMPs) are increasingly being used to target disadvantaged young people by offering a package of support services including literacy and remedial education, vocational and job-readiness training, job-search assistance, and career guidance and counselling.

Young people who go through combined classroom and workplace training are 30 per cent more likely to get a job than those who have only a classroom education; but those who take part in programmes that combine in-classroom and workplace training and other services are 53 per cent more likely to find work than those with classroom-based training alone (Fares and Puerto, 2009).

Programmes need to target both urban and rural areas. To date, ALMPs have had an urban bias, despite the pressing needs of adolescents in rural areas for access to second-chance education and training in the skills they need to earn a living (particularly in agriculture and services).

Discrimination against the young is often compounded by discrimination based on gender, ethnicity, socio-economic status, disability, and migrant or refugee status. To date, discriminatory practices have most often been addressed through affirmative action measures. However, programmes that recognize the heterogeneity of young men and women and target the interventions to the particular needs of individuals are more successful.

ALMPs should not be seen as replacements for effective programmes and services provided by national education and training institutions and employment services.

Evidence demonstrates that programmes that combine learning with earning, developing an understanding of the value of saving and investing to maximize the benefits, are more

successful than those that focus on learning alone. Thus a range of training opportunities is needed to offer young people assistance with core work skills and job search, counselling and information, and employers' financial incentives such as wage subsidies.

Recent reviews of ALMPs for youth vary in their conclusions. The World Bank inventory of Interventions to support young workers finds that such programmes are more likely to help young people in the labour market in developing and transition countries than their counterparts in industrialized ones. The analysis concludes that interventions oriented towards disadvantaged youth are as good as, if not better than, programmes with no particular orientation.

Programmes based on the premise that 'youth' is a homogeneous category fail to address the specific hurdles that certain groups of young women and men face. To have greatest success, ALMPs must directly target the disadvantaged. Profiling is a valuable tool in developing effective targeting mechanisms. The most common variables used by the profiling models to compute risk are: age and sex; educational attainment; geographical location; family status and income; disability/medical condition; unemployment history; and access to transport.

Evaluations of ALMPs tend to focus on short-term outcomes such as entry into the labour market and earnings, ignoring the medium- and long-term impacts of employment such as social benefits and the associated economic returns. This is a serious shortcoming. Intergenerational poverty, the social and economic costs of unemployment, and the social stigma attached to worklessness make these investments in young people's employability essential.

In the context of the global economic crisis since 2007, packages of training, job-search assistance and job placement have been introduced or expanded in countries including Argentina, Germany, Greece, Hungary, the Netherlands, Peru, the United Kingdom and the United States. Peru, for example, has extended the coverage of its Projovent training programme for disadvantaged youth, the United Kingdom has established the Flexible New Deal for disadvantaged youth involving public-private partnerships, and the United States has increased funding for Job Corps, a residential programme for disconnected youth. Some countries are adopting a mutual obligations approach in income support schemes. Australia, for example, has introduced a new requirement that young unemployed be in full-time school or training to receive benefits. In the Netherlands, young people applying for social assistance are offered an option of work, training or a combination of both in order to receive the cash benefit.

#### **Box 4. Youth employment programmes in Latin America**

In Latin America the Chilean Joven programme, combining education, demand-driven job training and internships, was initiated at the beginning of the 1990s in response to the negative effects on young people of the economic downturn of the previous decade. Since then youth employment programmes based on the same model have been introduced, with some variants, in Argentina, Colombia, the Dominican Republic, Haiti, Panama, Paraguay, Peru, Uruguay and Venezuela. All are designed to address constraints faced by poorly educated young people from poor families in entering the labour market.

Effects on employment across the Latin American programmes are generally positive, especially in improving engagement in formal employment or in employment offering non-wage benefits. The benefits vary among youth groups: the largest effects on earnings, employment and likelihood of being in formal employment in the Chilean programme are for those under the age of 21; significantly positive effects on employment and earnings for women were found in Peru's ProJoven, Panama's ProCaJoven and Colombia's Jóvenes en Acción.

### Key ILO resources

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