

Enhancing Youth Employment: Employer Actions

International Organization of Employers

June 1998.

Section 1

INTRODUCTION

In a great number of countries, the youth are increasingly finding it more difficult to enter the labour market¹. The transition from school to work has become longer and more complex. The extent to which young people are able to get a job has become a major policy concern of the decade.

Youth unemployment levels may reasonably be expected to be higher than adult unemployment for reasons such as young persons' lower attachment to the labour market and fewer skills. But in the 1990s, youth unemployment has reached alarming proportions. It is double the adult unemployment rate across many countries, and has shown little improvement².

Youth unemployment hampers the development of individual capacities and potentials. From the perspective of society, youth unemployment effectively excludes an important source of human capital. Moreover, high and persistent youth unemployment carries significant economic and social risks. Though evidence is not conclusive, studies suggest that early joblessness has a small but measurable effect on joblessness in later years, and a sizeable negative effect on wages. As the duration of non-employment increases, the probability of becoming re-employed declines sharply³. Joblessness among the young is also associated with social problems such as crime and drug abuse.

Youth employment has become a priority concern of employers' organizations across the world. The Union of Industrial and Employers' Organizations of Europe and the Ibero-American Employers' Organizations have committed themselves to undertake specific actions to fight youth employment.

¹ According to standard UN definition, youth comprises the age-group between fifteen and twenty-four inclusive. In practice the operational definition of youth varies widely from country to country depending on cultural, institutional and political factors. In industrialized countries the lower age limit usually corresponds to the statutory minimum school-leaving age; the upper limit tends to vary more widely.

² According to ILO definition, the unemployed are those people who have not worked more than one hour during the short reference period (generally previous week or day) but who are available for and actively seeking work. In most countries, students are treated as being outside the labour force; in others (e.g. Norway) if they are actively seeking work, they are included. There are several issues arising as a result of this definition, such as the use of a short reference period and the exclusion from the unemployed of those workers who have been discouraged from entering the labour market because of poor employment prospects.

³ Based on studies of youth employment in the United States and United Kingdom, the odds of becoming unemployed tended to be higher among young people who had been unemployed the year before. ILO, *Youth, older workers and social exclusion: some aspects of the problem in G-7 countries*. (Geneva: ILO, 1997), p.5.

Europe's employers mobilise to promote youth employment

Under the UNICE - Operation Youth Employment Declaration, representatives of Europe's employers made the following commitment:

*Affirm companies' willingness to be involved in shared efforts to combat youth unemployment,
Declare that the fight against youth unemployment is at the forefront of our priorities and hereby undertake to:*

Strengthen our efforts to integrate young people in the labour market in the light of successful experiments being developed across Europe;

Intensify cooperation with national and EU authorities to facilitate integration of young people in the labour market, and to raise the quality and image of vocational training;

Focus the dialogue with training institutes, with social partners and with relevant organisations on the search for innovative solutions;

Encourage companies to participate fully in this common effort, with a view to increasing as rapidly as possible the opportunities for young people to enter the world of work.

Excerpt from: **Operation Youth Employment. Europe's Employers Mobilise to Promote Youth Employment**, UNICE

The International Organisation of Employers (IOE) and member organizations are aware that youth employment is the result of the interplay of a host of factors, and that youth unemployment is, to a great extent, a reflection of aggregate unemployment levels and of the macroeconomic situation. Employment opportunities cannot be enhanced without economic growth and without a macroeconomic, educational and legislative framework that encourages unemployment creation.

Nevertheless, employers, like other stakeholders such as government, educators, workers' organizations and parents, can play an important role in promoting youth employment and addressing the problem of youth joblessness. The roles of employers will necessarily be diverse, depending on the perceived factors of youth employment, the national socio-economic and political context, and the role of social partners in social and labour policy making.

The purpose of this report is to review the efforts of employers and their organizations to promote youth employment across many countries, and to draw from these concrete experiences key elements and lessons which could further guide employers' actions. This report mainly uses information obtained from the IOE survey undertaken in 1997 in connection with the IOE Programme of Work on Youth Employment, and from some recent reports on youth employment. A total of 47 employers' organizations responded to the IOE Survey, and provided employment statistics, analyses of issues, and description of national

and employers' initiatives and actions on youth employment⁴. It must be mentioned however that the information provided varied in terms of scope and depth.

***The Presidents of Ibero-American employers' organizations
join the common fight against youth unemployment***

At their IX Meeting in October 1996, the Ibero-American employers' organizations recognized the gravity of the economic and social consequences of youth unemployment and strongly affirmed:

- *The determination of the employer community to intensify its contribution to the common effort to combat youth unemployment and to make this problem one of its basic priorities.*
- *The need for a macro-economic, educational and legislative framework which encourages private initiative, the setting up and development of small and medium-sized enterprises which, without any doubt, are the best source of employment - as well as the improvement of competitiveness, investments and labour market systems in order to promote the economic development capable of creating employment.*
- *The importance of quality education and appropriate vocational training, which enable young people who enter the labour market to acquire the knowledge and experience which will facilitate continuous vocational training throughout their working life.*

Moreover, they committed to:

- *Foster continuation of this debate within the International Organisation of Employers and the International Labour Organization, in order to define an international strategy in this area.*
- *Promote within their organizations specific programmes to encourage employer vocations among young people.*
- *Stimulate the participation of all business sectors in the planning of activities to combat youth unemployment.*

Excerpt from: **Conclusions**, IX Meeting of Presidents of Ibero-American Employers' Organizations. Santiago de Chile, 30-31 October 1996.

Brief Overview on Youth Employment

⁴ Responses came from the following countries: **North America:** Canada, United States; **Latin America and the Caribbean:** Argentina, Barbados, Bolivia, Chile, Colombia, Dominican Republic, Ecuador, Mexico, Peru, St. Lucia, Uruguay; **Western Europe:** Austria, Belgium, Cyprus, France, Germany, Italy, Luxembourg, Norway, Spain, Sweden, Switzerland; **Eastern and Central Europe:** Czech Republic, Latvia, Slovak Republic; **Asia and the Pacific:** Australia, Bangladesh, Japan, Republic of Korea, New Zealand, Singapore; **Middle East:** Bahrain, Israël, Koweit, United Arab Emirates; **North Africa:** Algeria, Morocco, Tunisia; **Sub-Saharan Africa:** Gabon, Republic of Guinea, Kenya, Mauritania, Mauritius, Nigeria, South Africa.

Youth unemployment rates are generally higher than adult unemployment rates. This is true across a wide range of countries, as well as across gender. There are few exceptions, for example, Germany, where female unemployment rates tend to increase with age whilst young male adults (20-24 years old) have unemployment rates higher than both prime-age adults and teenagers. In the Philippines and Indonesia, and for males in Finland, Portugal and Sweden, young adults tend to have higher unemployment rates than teenagers and prime age (25-54 years old) adults⁵.

There are large cross-country differences in youth unemployment levels. But youth unemployment rates have reached double-digit figures, and are twice that of adult rates in many countries. The problem of unemployment tends to be concentrated among identifiable groups, and the youth is one of the sectors which have been hit the hardest⁶.

For example, among OECD countries for which systematic and recent data on employment are available, young workers are on the average twice (with exception of Germany as from 1989) as likely to be unemployed than the overall average⁷. The gap between the unemployment rate of the young and that of prime-age workers has been particularly huge in Italy for both men and women since 1979, in Greece especially among teenage and young women, in Spain and in France. In 1994, only Denmark, Germany and Japan had teenage rates under 10 percent, while they were 30 percent and over in Belgium, Finland, Ireland, Italy and Spain.

There are some countries where young workers, along with the rest of the working-age population, have experienced negligible to low unemployment rates, such as Cyprus, Japan, Singapore, Kuwait and the UAE.

In general, youth employment and unemployment are highly sensitive to variations in the labour market and overall economic conditions. Unemployment among young people tends to be directly proportional to movements in the adult rate⁸. Since youth unemployment is almost invariably higher than adult rates, youth rates increase more than adult rates in recessions and recover more quickly during booms.

Strategies for dealing with unemployment must necessarily take into account the processes that make certain population groups more vulnerable to unemployment than others.

⁵ Niall O'Higgins, *The challenge of youth unemployment*. Employment and training Papers No. 7 (Geneva, ILO, 1997), p. 4.

⁶ For analyses of youth employment and unemployment situation, see following reports: O'Higgins, *ibid.*; OECD *Employment Outlook 1996* (Paris, OECD, 1996); UNICE, *Youth integration in the labour market. UNICE Survey, July-September 1995*; ILO, *Youth, older workers and social exclusion: some aspects of the problem in G-7 countries* (Geneva: ILO, 1997)

⁷ See Table 1, *OECD Employment Outlook 1996* (Paris OECD 1996); and Table 2, ILO, *Youth, older workers and social exclusion: some aspects of the problem in G-7 countries* (Geneva, ILO, 1997)

⁸ One study calculated the R-square correlation coefficient at .9, and the elasticity of youth unemployment rate with respect to adult rate of close to one. Source: O'Higgins, *ibid.*, p 6-16.

It is important to determine the specific patterns and features of the youth (un)employment situation prevailing in different countries and regions.

Main features of youth unemployment in OECD countries

- extension of the difficulties in moving from full-time education to full-time work from the 15-19 age group to the 20-24 age group;
- relatively high drop-out rate although young people tend to stay longer in school - up to one-fifth leave school without prerequisite knowledge, skills or qualifications necessary for employment;
- big increase in the proportion of teenagers and young adults not in paid work nor in education over the past decade despite the general rise in school attendance;
- proportionally more young people without a job today than two decades ago;
- decline in the employment rates among young, out-of-school men, who are likely to have the least educational qualifications;
- marked increase in the proportion of young unemployed in households where no other member is employed.

Source *OECD Employment Outlook 1996*

Declines in youth employment levels and high youth unemployment rates have been traced, in varying degree of importance according to national context, to several factors. On some issues (e.g. impact of labour cost of employing young workers versus adults) empirical findings are mixed and inconclusive⁹. There is sometimes disagreement among social actors on the relative significance of a particular factor on employment.

Among the factors which have been cited, there is strong agreement that aggregate demand or economic growth is a major determinant of employment. While education and training might improve the employment prospects of young people, these could not expand the number of jobs available to job seekers. Other major obstacles to youth employment which have been identified are: mismatch between the educational and technical qualifications of young job seekers and labour demand; problems of transition from full-time education to full-time work; the relative cost (wage and non-wage, direct and indirect costs) of hiring young workers vis-à-vis their adult counterparts; and changing composition of labour demand leading to losses in entry-level, unskilled jobs.

⁹ See for example Youcef Ghellab, "Minimum wage and youth employment", Labour Law and Labour Relations Branch, ILO, June 1997.

Section 2

EMPLOYERS' INITIATIVES TO PROMOTE YOUTH EMPLOYMENT

This section provides an insight into the range and types of actions that employers can do and have done in recent years in order to promote youth employment. It does not attempt to provide an exhaustive or comprehensive review of actions undertaken by employers or their associations. The section draws mainly from the responses of national employers' organizations to the IOE Survey on Youth Employment, and is supplemented by information from other relevant reports.

IMPROVING YOUTH'S PROSPECTS FOR EMPLOYMENT: EMPLOYERS' ACTIONS

1. Direct actions concerned with education and vocational training

- (a) participation in national vocational training systems and programmes
- (b) promotional measures
- (c) innovations
- (d) special training schemes
- (e) education-industry partnership

2. Direct actions concerned with creation of job opportunities

- job facilitation and placement
- special job creation schemes
- hiring

3. Policy advocacy and policy making

- representation in tripartite policy bodies and tripartite consultation
- representation on boards of educational and training institutions
- research
- dissemination of information to members
- lobbying

Some actions have been carried out by individual employers; others, by employers' associations and national employers' organizations. Some actions were initiated and executed solely by employers; many were undertaken by employers in collaboration with social partners, mainly government. Those actions which relied on the collective efforts and strength of an employers' organization would be the most interesting source from which to draw lessons for future youth employment programmes of IOE members. In certain situations as in

Bangladesh, employers' organizations participate in the implementation of employment and training programmes directed to the general population, poor and vulnerable sectors of the population and women regardless of age.

Main areas of action

Employers' actions on youth employment may be grouped into three main categories: **direct actions concerned with education and vocational training; direct actions concerned with job creation and job facilitation; and policy advocacy and policy making at national and institutional levels.**

1. EDUCATION AND VOCATIONAL TRAINING

Most of the efforts and attention of employers appear to have focussed on vocational training and education, aimed at equipping school-leavers, new entrants into the labour force, and young unemployed workers with technical skills as well as proper behaviour and attitudes that would make them more "employable" or "suitable" to the labour market. This trend reflects the predominant concern among employers that youth unemployment and difficulties of transition from school to work can be traced to a low level of education and skills, mismatch of skills offered and demanded, and a general lack of preparation and orientation among young students for the world of work.

Employers' contributions to youth vocational education and training can be further divided into four major types.

(a) Enterprises' participation in national vocational training systems and training programmes

First, a major type consists of enterprises' participation in national vocational training systems and training programmes, which are state-administered, regulated and/or financed, but which may in certain cases be managed within a labour management or tripartite framework. National training systems vary tremendously across countries. These systems include a dual system as in Germany, Switzerland and Austria, a purely school-based training, and a combination of school-based vocational training and enterprise-based apprenticeship training. The range of training providers which operate within national training systems also vary from country to country. During the past two decades, in response to economic crises and transitional costs (e.g. job losses) of economic reform in developing as well as industrialised countries, supplementary and targeted skills development programmes for the youth have been implemented by governments alongside regular national training operations. Targeted skills training programmes are usually directed to disadvantaged segments of the youth population, such as the poor and the long unemployed. Two examples of such programmes in which employers have participated in terms of providing training within their enterprise are *Chile Joven* and *Peru's Pro-Joven*. In Mauritius, the government is setting up a *Skills Development Programme* for young graduates and unemployed school leavers, under which employers will

be encouraged to provide on-the-job training (traineeship and attachments) for a period of one year. Employers in the Republic of Guinea are helping a government agency, the *Agence Autonome d'Assistance Intégrée aux Entreprises*, launch and implement a programme for the youth in self-employment and entrepreneurship, "*Entreprenariat Jeunesse*".

In industrialised, developing and transition economies, and across regions, employers' participation in state-administered training programmes (regular and supplementary) has consisted of providing:

- (1) Structured entry-level, on-the-job training outside of the school system, for new entrants into the labour market, and unemployed or displaced workers. This is most commonly known as apprenticeship. In certain countries, several entry-level and on-the-job training arrangements or schemes exist, and come under different names to distinguish one from another.
- (2) Workplace learning for students as an integral part of formal education.

Enterprise-based training is one of the major means by which young people are put in first contact with the world of work.

(b) Promotional measures aimed at increasing the number and scope of training opportunities within the private sector

The second major type of employers' contributions to youth vocational education and training consists of promotional measures aimed at increasing the number and scope of training opportunities within the private sector. These include appeals to the private business sector to create or increase training places. For example, the *Fédération des Entreprises de Belgique* made such an appeal to its members in 1997. In Switzerland, the *Union Patronale Suisse* and the federal office of industry, of arts and professions, and of labour jointly invited enterprises in 1997 to offer young people opportunities for professional training. Some employers' organizations have also launched intensive and massive information dissemination to raise awareness among employers about youth (un)employment and vocational training, and have mobilized private enterprises to actually create more apprenticeship training places. Examples of such action are the project "*Berufsinformation*" of the association of enterprises of Basle-Campagne VBU in Switzerland, the *Cap sur l'Avenir* of the *Conseil National du Patronat Français*, Germany's *Action Plus*, and Norway's *Reform 94*.

PROMOTIONAL MEASURES

Encouraging private enterprises to create more training places:

“Cap sur l’Avenir”

The campaign, *Cap sur l’Avenir* was initiated in 1993 by the *Conseil National du Patronat Français* in order to facilitate the professional integration of young people. The campaign was re-launched with greater vigour in 1997, with sharper focus on two concerns: encouraging and obtaining commitments from enterprises to increase the number of training places under apprenticeship contracts and various other forms of work-based learning; and forging closer links between education and the workplace through the promotion of units of initial work experience within higher education courses ("*les unités de première expérience professionnelle* - UPEP").

The campaign has consisted of a nation-wide programme of events for employers to meet and discuss with young people in each of the 22 French regions, aimed at obtaining and firming up commitments from employers to create places on work-based learning programmes. Other bodies involved in the initiatives include regional councils, local authorities and the ANPE national placement agency.

A total of 400,000 training places (apprenticeship, qualification, adaptation, and orientation contracts) was expected to be offered to young people in 1997, as compared to 332,000 places offered in 1996. From January to August 1997, the total number of contracts offered to young people was 155,869, representing an increase of 5.5 percent over the same period in 1996.

Source: *Cap sur l’avenir*, brochures, EIRR 281 June 1997

PROMOTIONAL MEASURES

Schools and enterprises act jointly to provide more vocational training places:

Norway's "Reform 94"

The expansion of student enrolment in the vocational branch of upper-secondary education has given rise to rationing of vocational student places and apprenticeship contracts. This situation has prompted students to remain in the system, while queuing for a place in the field of study of their first choice. As a result, the effective study duration has tended to become excessively long, while the labour market is increasingly being confronted with shortage of graduates with vocational skills, especially in urban areas. These shortages are likely to increase in the medium run. The lack of absorption capacity in the vocational upper-secondary school system became evident to the authorities in the 1980s. This led the Government to initiate a far-reaching expansion and streamlining of the system as part of Reform 94. Reform 94 secures all persons aged between 16 and 19 (since 1997, those persons aged 16, 17 and 18 years old) an offer of three years upper secondary education.

Reform 94 is a joint effort of employers and educational authorities aimed at increasing vocational training places in school and apprenticeship places in enterprises.

The key objective of the reform is to facilitate the transition of pupils within the system of secondary education from the general "foundation classes" to vocational courses. Its target is for one-third of the relevant age group to receive education and training through this scheme. With the implementation of the reform, the municipalities running schools are legally committed to provide adequate numbers of student places and to seek apprenticeship contracts with private enterprises.

The first cohort of apprentices under the new system started only at the beginning of the school year 1996/97. Preliminary results indicated that the shortage of apprenticeship places has not yet been resolved.

Source: Response of the NHO (Confederation of Norwegian Business and Industry) to the IOE Survey.

PROMOTIONAL MEASURES

Employers make a public commitment to create new training vacancies:

Germany's "Action plus"

Since 1987 up to 1994, the number of applicants for training had declined along with the number of training vacancies in West Germany. In East Germany, where the middle class could grow only slowly, the State had to support training vacancies alone although training vacancies offered by private sector were increasing every year.

In March 1995, the national federations for German industry publicly undertook to reverse the declining supply of apprenticeships that year and in subsequent years. The aim was to provide a growth of around 10 percent in the number of these places by end of 1996. "Action Plus" was a voluntary agreement which did not directly affect the decision of a company to train or not. Nevertheless, it contributed to raising awareness about gaps in the training market. Legal obstacles that hindered the creation of new training vacancies were identified and reduced. The growth target was realised in East Germany for the period 1994 to 1996. This was not the case in West Germany, although the number of offered training places far exceeded the number of applicants.

Source: UNICE - Operation Youth Employment, *UNICE Survey July-September 1995*

(c) Innovative measures which employers have introduced or adopted in order to render national vocational training systems more effective and more relevant

The third major type of employers' contribution consists of innovative measures which employers have introduced or adopted in order to render national vocational training systems more effective and more relevant. These efforts are perhaps the most significant and interesting dimension of employers' contributions to national vocational training systems. There is a great variety of innovations initiated by employers. Some concepts were introduced by employers but were executed together with, or by, government institutions. For example, the CBI (United Kingdom) introduced the concept of a training credit scheme as a response to the lack of financial capability among school-leavers and unemployed youth to obtain training. Another example is a new form of enterprise-based training directed to unemployed job seekers. This was initiated by the *Fédération des Industriels Luxembourgeois* (FEDIL) but implemented by employers in collaboration with the employment agency, *Administration de l'Emploi* (ADEM).

INNOVATIONS

Credit for training: Youth Credit Scheme

The concept was initiated by CBI. This involves a financial credit available to all young, 16-19 year-old school-leavers; is intended to pay for the training course of their choice. If unemployed, the young person can buy a Youth Training programme; in which case, the government provides a Youth Guarantee for every young school-leaver unable to find work. The credit scheme provides 104 weeks of training. Youth Training offers access to a huge range of training programmes.

Source: UNICE, Operation Youth Employment, *Youth integration in the labour market, UNICE Survey, July-September 1995.*

INNOVATIONS

New form of enterprises-based training: "Stages pratiques en entreprise"

Practical enterprise-based preparatory apprenticeship, a new form of training initiated by the *Fédération des Industriels Luxembourgeois* (FEDIL) and based on an agreement with the *Administration de l'Emploi* (ADEM). *It aims to help young -- of less than 30 years old -- job-seekers who are registered with ADEM, to enter paid work.*

Training is provided only by enterprises covered by the FEDIL-ADEM agreement, and lasts for a maximum of one year. No contractual relation between the trainee and enterprise providing the training; the trainee remains registered with ADEM. The enterprise is thus free of administrative obligations such as declaration to the social security system. The trainee receives from ADEM an unemployment benefit equivalent to the minimum salary of young workers, 50-70 percent of which is contributed by the enterprise. The employer is nevertheless obliged to pay all other social security charges.

Source: Echo de l'industrie, "L'emploi des jeunes", N° IX, September 1997.

Other innovative measures introduced by employers have to do with making enterprise-based training more effective. There are measures which have improved the institutional framework for delivery of enterprise-based training by setting up group training arrangements and networks among employers and employers' associations, such as industry-specific group

training schemes in Australia. Group training arrangements have allowed enterprises to share training resources and costs whilst providing trainees wider range of practical on-the-job experience.

Other innovative measures are concerned with the way knowledge and skills are transferred to young people. For example, in Australia, apprenticeship training arrangements are increasingly flexible, and the *Small Business Traineeship* innovation lies in the fact that all required training can be delivered on the job.

Finally, some innovations are concerned with enhancing the technical capability of enterprises to provide skills training. An example is the Partnership for a Smarter Workforce in the United States that was set up by an employers' association to assist enterprises train workers. Another example is the back-up support programme for enterprises involved in providing Small Business Traineeship in Australia.

INNOVATIONS

New institutional framework for training delivery: Group training arrangements in Australia

Several employer associations operate or are closely associated with group training arrangements for their members. Apprentices and trainees are "leased" to various businesses (host trainers) where the former receive practical on-the-job training in addition to relevant trade course with a training provider. Industry-specific group training schemes exist in engineering, building and construction, plumbing and motor vehicle maintenance and repair. The benefit to apprentices and trainees is the wide range of experience acquired. The benefit to employers is the capacity to share training of apprentices and trainees with or without long term commitment. Employers pay only when an apprentice or trainee is with them. Administrative matters are handled by a training company.

Source: *Business Response to Youth employment: Need for a national strategy*. A Report commissioned for the Australian Chamber of Commerce and Industry

INNOVATIONS

Flexibility in enterprise-based training methodology

"Small Business Traineeship"

Apprenticeship is a well-established vehicle for structured entry-level training in manufacturing and construction. Traineeship is a more flexible form of structured vocational training than apprenticeship, which has grown in industries (e.g. retail and wholesale trade, finance, property and business services, tourism and hospitality) which have not had a tradition of externally recognised entry-level training. In 1995-96, apprenticeship and traineeship accounted for only 14 percent of full-time jobs available to 15-24 young workers.

Taking on an apprentice or trainee is becoming more attractive to employers because of increased flexibility. One example of such flexibility is the Small Business Traineeship. This was developed by an employer association to enable all the required training to be delivered on-the-job. The same on-the-job training arrangements has spread to another eight traineeships and will shortly be available for the retail industry. Available to employers who have taken in trainees in these occupations is a back-up support in the form of training adviser from the Traineeship Employer Assistance Program.

The response of employers to the more flexible training arrangements has been very positive. For the financial year 1995/96, 8,258 traineeships (26 percent of all traineeships) were commenced in the finance, property and business services sector. An independent survey of employers using the Small Business Traineeship showed that 90 percent rated it successful and an equal number would recommend it to other employers. Similar proportions of the trainees themselves rated the traineeship as successful.

Source: *Business Response to Youth Employment: Need for a nationale strategy*. A Report commissioned for the Australian Chamber of Commerce and Industry, June 1997.

INNOVATIONS

Enhancing enterprises' technical capacity to provide training:

Partnership for a Smarter Workforce of the National Association of Manufacturers (United States)

To enhance the development of learning networks among enterprises and provide support to existing ones. The Partnership for a Smarter Workforce (PSW) was created by the National Association of Manufacturers/Manufacturing Institute (NAM/MI), the Council for Adult and Experiential Learning (CAEL), and the Corporation for Business, Work and Learning of Massachusetts.

PSW was designed to provide information and technical assistance to small and mid-sized manufacturing firms affiliated with large customer companies to upgrade the skills of their employed workers through participation in manufacturing networks. Manufacturing networks are viewed as representing a viable strategy for enabling enterprises achieve competitiveness and flexibility through economies of scale. Networks coalesce round business objectives that cannot be obtained by each enterprise alone or can be achieved more cost effectively in concert with others.

Source: Information sent by USCIB in reply to IOE Survey.

(d) Special training schemes

The fourth major type of employers' contributions to vocational education and training consists of special training schemes outside of the framework of national training systems. There are several examples of training schemes organized by employers, individually or collectively. Among these are schemes which aim to generate the skills required by a specific industry or company, such as the START programme of Volvo Cars in Sweden. Other schemes have channelled training assistance to disadvantaged segments of the youth population. Examples of such schemes are: the Asea Brown Boveri employment programme for young people in Sweden, a training project carried out by the Federation of Industry of Emilia-Romagne Region for young people of southern Italy, and a technical cooperation project of the *Confederación de Empresarios Privados de Bolivia* (CEPB).

SPECIAL TRAINING SCHEMES

Targeted training for unemployed youth: the ABB employment programme for young people

In April 1994, Asea Brown Boveri (Sweden) offered a 6-month practical traineeship at one of ABB's companies in Sweden, to young, 18-24 year old, unemployed persons, and to 25-29 year old unemployed with college diplomas. The rationale for the initiative was the high level of unemployment among young people. The programme was meant to reverse negative attitudes among the youth regarding work in industry, and to stimulate interest among them in applying for jobs in industry, thus also improving the recruitment base for ABB and other manufacturing enterprises.

The target set for the programme was to offer one place per 10 employees at ABB, or 3000 jobs for six months in 1994. In fact 1500 young people benefited, and the company felt it worthwhile to renew the experiment.

Rules for traineeships applied by labour market authorities were adopted. ABB offered periods of practice sandwiched with a training programme; it did not require trainees to engage in productive work. Trainees were not employed; but received unemployment support of 245 kronor or 388 kronor per day depending on age.

Some 1500 young people were given traineeships for six months at one or other of ABB's companies. The quantitative target was not attained. This was attributed to certain key factors: ABB's high demand that each trainee place should offer high quality training/practice with a varied content; the condition that each trainee would be given a capable and well prepared supervisor or sponsor in accordance with the master-apprentice principle; and the fact that it was not always easy to find interest and suitable applicants.

Evaluations made later showed that ABB companies were in general very satisfied with their trainees and that trainees were satisfied with their traineeships. ABB developed a good reputation among young people and a sound platform for later recruitment. ABB believed that most of the graduate trainees were offered or would be offered jobs with ABB or other companies. The experience was very encouraging that ABB planned to carry out a similar programme on a later time.

Sources: Swedish Employers' Confederation (SAF) response to the IOE Questionnaire; and; UNICE - Operation Youth Employment, *UNICE Survey, July-September 1995*

SPECIAL TRAINING SCHEMES

Targeted training for disadvantaged sectors of young population

Project “inside the employment and professional card” of the *Federazione dell’Industria Emiliano-Romagnola* (Italy)

The Emile-Romagne industrial federation, a member of CONFINDUSTRIA, implemented in 1995-1996 a training project for young people from southern Italy, namely, project “*Inside Employment and Professional Card*”. The project consisted of training-work contracts in center-northern regions of Italy, along with transportation support, lodging at reduced costs, and reimbursable credit.

Some 1500 young workers from southern Italy were placed in training-work contracts; 6000 curricula vitae were put at the disposition of enterprises. Employers found young people in a region where it was difficult to find skilled workers. Some 80 per cent of those placed in training-work contracts were subsequently employed with a permanent contract in the enterprise where they did their training. The federation and participating enterprises were satisfied with the results of the project.

The Emilia-Romagne Federation, an association of 3500 enterprises in the centre-northern regions of Italy, solicited the participation of employers through mass media, circulars and direct information. 127 companies participated in terms of offering training-work contracts. The cost of the project was shouldered completely by the enterprises: railways for transportation support; banks of credit; and the Federation for training-work contracts.

Source: response from the Confederation of Italian Industry (CONFINDUSTRIA) to the IOE Questionnaire.

Programa de Capacitación Laboral para Jóvenes y Trabajadores en Empresas (Bolivia)

This is a technical cooperation project of the Bolivian Government and the Inter-American Development Bank (IADB), which is executed by the *Confederación de Empresarios Privados de Boliva* (CEPB) under an agreement signed in April 1996. The project aims to enhance the productivity and competence of employed workers especially in micro and small enterprises, and to facilitate the development of skills and competencies of unemployed and underemployed young workers who desire to work.

One of its components, *Sub-Programa de Capacitación de Jovenes*, is directed to 15-19 year old persons who belong to a low socio-economic level, have dropped out from school, and have not found remunerative work. It provides theoretical training as well as practical work-based training in enterprises. A target of 3000 persons was set for the component on youth.

The role of the CEPB is to encourage, through its regional organizations, private employers to participate in the project. In order to enhance the chances of success of the project, the CEPB entered into agreement for inter-institutional cooperation with the *Federación Boliviana de la Pequeña Industria* (FEBOPI) and the *Central Obrera Boliviana* (COB).

Source: Response from the *Confederación de Empresarios de Bolivia* (CEPB) to the IOE Questionnaire.

SPECIAL TRAINING SCHEMES

Company-specific training programme:

START programme at Volvo Cars

In autumn 1995, Volvo launched START, a programme which aimed to recruit and train unemployed youths, 20-30 years old, unemployed people with a view to employing them in the company at the rate of 70 to 100 persons a year.

The training programme would open four times a year, and would consist of 23 weeks preparatory training (7 weeks theoretical training, 5 weeks practical training across various jobs in the company, 11 weeks specialist vocational training during which trainees choose one of three sectors). During training, trainees do not receive wages but a training grant from the County employment authority. While the purpose was to employ the trainees afterwards, there was not guarantee of continued employment.

The programme was implemented in cooperation with the *County Labour Board*.

Sources: Swedish Employers' Confederation (SAF) response to the IOE Questionnaire; and UNICE - Operation Youth Employment, *UNICE Survey, July-September 1995*

(e) Education - Industry partnership

Finally, some employers' actions are directed towards the improvement of the quality of education, more specifically, making students better prepared to enter the world of work after completion of schooling. Employers have done this by establishing closer school-industry linkages and by providing workplace (enterprise-based) training to students in partnership with educational institutions and state authorities. In recent years, increasing emphasis has been placed on the importance of school-to-work training, or workplace learning within the educational framework, as a way of enhancing the relevance of education and easing young people's transition from school to work.

An example of school-industry partnership and workplace learning arrangement for students is the "*Molkom Model*", which is actively promoted by the Swedish Employers' Confederation. In Spain, an agreement between the Confederation of Basque Business and educational institutions to provide, on experimental basis, joint vocational training has spread to many more schools, teaching centres and companies. In Australia, a variety of school-

industry partnerships has emerged to provide students workplace learning. Some partnerships have involved agreements between individual enterprises and individual schools. Others have involved industry- and statewide employers' associations and networks of schools and enterprises. In Kenya, the Federation of Kenya Employers in collaboration with the Government of Kenya, University of Nairobi and the United Nations Development Programme, is executing the *Otto Essien Young Professional Programme*. This programme aims to promote a sustainable link between academic training and industry, enhance student marketability, and contribute to national capacity building through exposure of university students to the work environment. In Mauritania, an education-industry partnership involving the *Confederation Générale des Employeurs de Mauritanie*, the *Partenariat Université-CGEM-Enterprises*, is also on-going.

EDUCATION-INDUSTRY PARTNERSHIP

Workplace learning for students: The Molkom Model (Sweden)

The Molkom Model is being promoted by the Swedish Employers' Confederation as a model of well-functioning cooperation scheme between schools and businesses aimed at providing young students an exposure to the world of work.

In Molkom, a small community in Varmland, a project has been going on for some years to give young people an opportunity to learn about technology at school and then to test their acquired skills at selected workplaces. The experiences from Molkom can also be used to integrate theory and practice in other subject areas. The general objectives of the model are to improve relations between school and industry, acquisition by teachers and pupils of a realistic view of the employment market, and better awareness among students especially girls about alternative occupations.

Source: Response from the Swedish Employers' Confederation (SAF) to the IOE Survey.

EDUCATION-INDUSTRY PARTNERSHIP

Shared vocational training - an experiment in Spain:

An experiment carried out by the Confederation of Basque Businesses (CONFEBASK), on the basis of an agreement in June 1991 for stable relations between the educational system and industry. The experiment spread to 46 agreements, 27 teaching centres, 400 companies and 1,184 students. Of the 400 companies involved, 96 percent wish to continue with the experiment.

Source: UNICE - Operation Youth Employment, *UNICE Survey, July-September 1995*

EDUCATION-INDUSTRY PARTNERSHIP

Australia -- diversity in form and scope

Enterprises such as ALCOA, General Motors Holden, BP, BHP, Marven Poultry, Barcaly Mowlem and Email Ltd. have initiated programmes for school students where workplace training is managed and delivered within the firm. Students on placement are often rotated through a number of jobs and departments. The firm develops a programme, including curriculum and other course materials. Where the curriculum has been centrally developed by the school system, the firm has often customised course delivery to suit its requirements.

There are also examples of large firms cooperating with other large and small firms in the region to foster and share work placements. Often a broker organization supports such sharing (e.g. Kwinana Skills Council in Western Australia). The Kwinana Industry Skills Council represents a group of 9 large companies and 20 associated companies which joined together to do work in environmental monitoring and community relations. It is now working with seven schools to coordinate a cross-sectoral approach to student workplace learning.

Many state wide industry bodies such as employer associations and industry training boards (such as in fishing industry in South Australia, timber industry in New South Wales and South Australia, furnishing industry in NSW, recreation, racing and construction in Queensland, community and business services in ACT) are also involved in industry-education partnerships. Industry bodies promote or locate work placements within its membership.

There are examples of a cluster of schools with an established and effective work placement network. This usually allows strongest level of employer involvement; local employers have been observed to provide strong leadership and involvement. A management committee may be in place, often with an industry person in the chair; a number of local community and business organizations as well as key school representatives, participate.

Training for Retail and Commerce (TRAC), is a highly regarded and successful example of workplace delivery partnership. TRAC won an international award in 1996 for its achievements. It was established in 1989 by the Dusseldorp Skills Forum, an independent, non-profit association, as a national demonstration project to show better ways of learning for young people in the retail industry. Today, TRAC has expanded to hospitality, office, automotive, tourism, and sport and leisure industries in almost 80 local programme partnerships. There are over 2000 students, 2500 business and 200 schools involved with TRAC.

Source: *Business Response to Youth Employment: Need for a National Strategy*. A Report commissioned for the Australian Chamber of Commerce and Industry, June 1997.

2. CREATION OF JOB OPPORTUNITIES

Employers are aware that the growth of job opportunities for young people in the private sector on a sustainable basis will require more than special, *ad hoc* measures.

JOB FACILITATION SERVICES

Employers and government join efforts: Youth Employment Job Search (New Zealand)

This scheme was a joint venture of the *New Zealand Employers' Federation* and the *New Zealand Employment Service* (NZES) from September 1995 to September 1997. Briefly, with support from, and in close collaboration with, regional employers' organizations and members, Employment Liaison Officers (ELOs) searched for jobs for 16-20 year old unemployed workers referred by the Employment Service. 800 youths were placed.

The project's objectives were: (1) help registered unemployed young people in ages 16-24 (under the first project agreement), and in ages 16-20 (under second agreement) to obtain employment; (2) improve employer awareness and understanding of the NZES and of related employment and training opportunities for the target group; and (3) raise the awareness of the NZES and young job seekers of the skill needs of employers.

Two employers' organizations provided operational management and support to four ELOs, including vehicles, office accommodation and full use of all relevant facilities, assistance with wider networking opportunities, and all reasonable employment-related expenses.

Well over the required number of employers were contacted. The target for job placements was set at 500 under the first project agreement, and 350 under the second. 67% of the placements target was achieved in the first year; and 63% in the second. The below-target achievement was mainly attributed to: slowdown in the economy in the second year; lack of skill and experience of young unemployed for many of the jobs which were available; a gap between the types of jobs available and the target group's expectations or perceptions of "desirable", "attractive" jobs; and time needed to build trust between employers and NZES personnel in some cases.

But numbers aside, the project succeeded in giving employers a more positive experience with the NZES than before, and increased the youth's understanding of entry level requirements of employers. The project was a cost effective way of reducing the unemployment register, and on the whole opened job opportunities for unemployed youth. From an employer organization perspective, the project provided an additional membership service and helped enhance the public image of the organization and employers in general.

Source: Response from the New Zealand Employers' Federation to the IOE Survey.

JOB FACILITATION SERVICES

KEF Manpower Bank

Established in 1984, it covers Seoul, Pusan, Taegu, Kwangju and Incheon through its centre in Seoul and branch offices in the other cities. As of September 1997, the KEF Manpower Bank has placed 6,000 new entrants into the job market.

The Bank collects applications from job seekers, mostly college and high school graduates with licence for special skills, and matches them with job offers from small and medium companies, free of charge. Any employer wishing to hire can choose candidates three times the number he wants to hire for better results, and directly contacts applicants.

Executive Employment Centre

Established in 1996 in cooperation with the Ministry of Labour, its main task is to place highly qualified retired workers free of charge. This service is currently operating only in Seoul. Most applicants are former senior business executives, high-ranking government officials and middle managers with average 15 years of experience. The database can be accessed through networks of local information service providers. As of end 1997, 3798 applicants have been placed.

Source: Response of the Korea Employers Federation to the IOE Survey.

Nevertheless, employers have undertaken measures aimed at improving the employment of young workers, and facilitating their integration into the labour market. **Job facilitation services** organized by employers' organizations are one way. Examples are provided by the Manpower Bank, the Executive Employment Centre of the Korea Employers Federation, the Youth Employment Job Search joint project of the New Zealand Employers' Federation and the New Zealand Employment Service.

A second way of helping unemployed youth is **special job creation schemes**. In Greece, employers and workers agreed to set up a special fund, generated from employers' and workers' contributions, for the purpose of financing the creation of employment and training opportunities.

SPECIAL JOB CREATION SCHEMES

Greece: Special Fund for employment creation (not only for youth)

On the basis of two collective agreements in 1993 and 1994, a special fund, administered and managed by employers and workers, was set up to combat unemployment and increase training opportunities. The Fund comes from company contributions equivalent to 0.45 percent of wages. In addition, 0.36 percent of the wage bill was contributed (0.26 percent by employers, 0.10 by wage

earners) on behalf of certain categories of workers, amongst them young workers. The aim in 1995-96 was to create 40,000 new jobs and to promote self-employment of 12,000 jobs.

Source: UNICE - Operation Youth Employment, *UNICE Survey, July-September 1995*

A third means is hiring young workers under a special arrangement that provides for a lower cost of hiring young people, specifically through **subsidies or incentives**. For example, in Belgium in 1993, employers and workers set up a recruitment plan for young workers that provided for reduced employers' contributions. Financial incentives and subsidies for hiring young workers necessarily require the agreement of workers' representatives and government.

SPECIAL INCENTIVES FOR RECRUITMENT

Belgium - Employers and workers agree on financial incentives

In 1993, employers and workers set up a recruitment plan for young workers. It provided for a reduction in employers' contributions on the hiring of young persons who had been unemployed for a certain period. Almost 71,000 persons benefited from the plan by end 1994.

Source: UNICE - Operation Youth Employment, *UNICE Survey July-September 1995*

3. POLICY ADVOCACY AND POLICY MAKING

Employers, specifically through their national organization, have participated, directly and indirectly, in the formulation of policies in support of youth employment. The direct involvement of employers in policy making has been made possible by the existence in many countries of **tripartite national policy making bodies and tripartite consultations** concerned with employment, vocational training and education.

In some cases, industry is represented on the **boards of educational and training institutions**, for example, in Nigeria.

POLICY ADVOCACY AND POLICY MAKING

Employers in tripartite policy bodies: some examples

Slovak Republic: Tripartite Council of Economic and Social Agreement

Morocco:	Conseil National de la Jeunesse et de l' Avenir
Colombia:	Consejo Directivo de Servicio Nacional del Aprendizaje
Uruguay:	Junta Nacional del Empleo
Mexico:	Comisiones Nacional y Metropolitana de Relaciones de Trabajo; Comision Nacional de Education, Comisión Nacional de Empresarios
Ecuador:	MESA del Pacto Social sobre el Empleo

In addition to membership in policy-making bodies, employers have participated in the policy-making process through indirect means, such as **research and policy review**. For example, the Australian Chamber of Commerce and Industry commissioned in 1997 a paper "*Business Response to Youth Employment: Need for a National Strategy*" which focussed on the business sector's role in youth employment promotion within the context of prevailing policy issues and strategies. The New Zealand Employers' Federation prepared in 1997 a substantive issues paper "*Towards full employment*", which analysed obstacles to employment. The Japan Federation of Employers' Association (NIKKEIREN) collaborated with the Education Ministry on a study of the American intern system which gives students the opportunity of engaging in real work while studying. The Latvian Employers' Confederation recently carried out research on labour market demands.

Employers' organizations strengthen their role in the policy process by **keeping their members well informed about policy issues**; and by **lobbying**. The Confederation of Industry of the Czech Republic set up a Working Committee responsible for informing members on policy matters, lobbying in parliament and government agencies, and formulating specific proposals.

The role of employers' organizations in policy making is particularly critical in the transition economies of Eastern and Central Europe and in South Africa where labour policy and institutional frameworks are undergoing radical changes. In South Africa and Latvia, the national employers' organizations are involved in the reform of the national vocational training system.

In several OECD countries, policy reform is a major concern of employers' organizations as governments and social partners seek ways to reverse the trend of high youth unemployment levels. The *Confederación Española de Organizaciones Empresariales* (CEOE) entered into agreement with the trade unions CC.OO. and UGT in 1997 which, among others, introduced reforms in various aspects of the labour law (Estatuto de los Trabajadores) with the aim of promoting employment stability and encouraging enterprise creation, especially by the young.

In many countries of Latin America, where labour legislation can be very rigid, laws governing terms and conditions of employment, including that of young workers, have

undergone major reform as countries seek to make their economies more competitive in the global market.

Section 3

POINTERS FOR FUTURE ACTION

What can employers do?

The preceding review of some of the efforts made by employers and their organizations during the current decade underscored that employers can play a significant role in promoting youth employment, and that there is a wide range of actions open to employers.

Cross-country experiences have demonstrated employers' substantial contribution in *vocational education and training*. Employers are in a position to prepare young people to enter the world of employment, particularly through three means:

- ◆ Provision of enterprise-based training for young entrants into the labour force and job seekers;
- ◆ Provision of workplace learning for young students;
- ◆ Orientation of educational and training institutions, as well as young people, towards real demands of the private sector.

Employers and their organizations can strengthen their role in vocational education and training through several means, among others:

- ◆ Raising awareness among employers of the importance of their role in vocational education and training, and in youth employment promotion;
- ◆ Increasing the number and scope of training places in enterprises;
- ◆ Establishing concrete partnerships with educational and training institutions;
- ◆ Setting up technical assistance schemes designed to build up the technical capability of enterprises in the provision of work-based training;
- ◆ Networking and systematic exchange of information and experiences among employers;
- ◆ Setting up group training arrangements;
- ◆ Development of special, targeted training schemes;
- ◆ Research into actual and emerging skill requirements in the private sector;
- ◆ Active engagement in the review and formulation of vocational education and training policies.

The strong emphasis that is increasingly being placed in many countries on student workplace learning, career guidance, apprenticeship, and other forms of enterprise-based, on-the-job training provides employers greater opportunities for contributing to vocational education and training.

Employers also have a contribution to make in *facilitating job search* by young people. While the previous review did not cover as many concrete experiences as those in vocational education and training, the few examples suggest at least three ways by which employers can assist:

- ◆ Establishment of a job bank by an organization or network of employers;
- ◆ Provision of technical and logistical support to existing job facilitation services;
- ◆ Research into, and dissemination of information on, actual and emerging job requirements in the private sector.

Ultimately, it is the availability of jobs and the overall labour market situation which will determine the level of youth employment. The private sector is increasingly being relied on to be the primary *generator of jobs*, as the wave of privatization sweeps the globe, and as governments streamline their bureaucracy and reduce public deficits. Paradoxically, while employers have a direct role in job creation, and, as regards to youth employment, in providing young people their first jobs, employers cannot effectively fulfil this role without a macroeconomic environment, and investment and employment policy framework that promote stable economic growth and employment generation. On this, collaboration and social dialogue among employers, government and the workers' sector are essential. In many countries, this social dialogue and partnership are being made possible by the existence of tripartite policy bodies and consultative mechanisms.

Employers, through their organizations, can enhance their role in this social partnership, and effectively engage in *policy-making*, by:

- ◆ Carrying out policy research and initiating policy dialogue;
- ◆ Building up their technical capacity in policy analysis and policy dialogue;
- ◆ Setting up institutional mechanisms (e.g. committees, networks) among employers which would encourage and facilitate information exchange, lobby, carry out research.

Employers' associations: Making employers' actions feasible

In most of employers' actions on youth employment, the intermediation of employers' organizations is essential and valuable in rendering such actions feasible. Employers' organizations can perform at least three strategic functions:

- ◆ First, organizations and networks enable employers to pool and share resources (e.g. financial, technical, institutional), minimize costs to individual employers, and achieve economies of scale on a wide range of undertakings, such as apprenticeship programmes, workplace learning, technical support to enterprises, job bank and research. The allocation of resources in support of these efforts is indispensable, although employers do not possess the same capacity to carry out certain activities.
- ◆ Second, employers' representation is a necessary element in school-industry partnership, in collective bargaining over terms and conditions of employment of young workers and apprentices, in legislative reform, in policy advocacy and making at the national level, and in forging collaboration with other institutions and sectors.
- ◆ Third, awareness-raising, information dissemination, replication of successful experiments (e.g. Molkom model), and mobilization of employers towards national objectives can best be done by organizations.

Social collaboration

While the role of employers is undeniably important in enhancing the relevance and effectiveness of vocational education and training, in facilitating the integration of new job seekers and young workers into the world of employment, and in creating employment opportunities, the responsibility for actualizing this role lies not solely with employers themselves and their organizations. It also lies with governments and other social partners. Educational and training institutions have to open their doors for contributions from the private sector, and seek out meaningful partnerships with industry. Together with employers, workers' organizations and governments must foster a meaningful dialogue on issues, policies and legislation. Governments must provide employers opportunities to innovate, and develop efficient and effective ways of performing their expected roles.

Continuing search for best practices

There have been some efforts at documenting and assessing employers' contributions to youth employment, for example, the UNICE Survey and the report commissioned by the Australian Chamber of Commerce and Industry. But systematic and in-depth data on performance and outcomes of programmes of action, experiments, special training and employment schemes carried out by employers are still scarce. Much can still be done in terms of gathering and analysing systematically information on concrete experiences and outcomes, culling key practical lessons and sharing experiences at national, regional and cross-regional levels. National and regional employers' organizations and the IOE are best placed to encourage and support efforts along this line.

* * *