Youth Unemployment and Joblessness

ADAPT LABOUR STUDIES BOOK-SERIES

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Youth Unemployment and Joblessness: Causes, Consequences, Responses

Edited by

Alfredo Sánchez-Castañeda, Lavinia Serrani
and Francesca Sperotti

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TABLE OF CONTENTS

List of Illustrations ix

List of Tables xi

Foreword xv
Tayo Fashoyin

Understanding the Causes and the Consequences of Youth Unemployment and Joblessness xvii
Alfredo Sánchez-Castañeda, Lavinia Serrani and Francesca Sperotti

Youth and the Labour Market Worldwide: The Current Scenario

Youth, Unemployment and Education 3
Héctor-Hugo Barbagelata

Young People in Worldwide Labour Markets: Structural Weaknesses and Various Forms of School-to-work Transitions 11
Francesca Fazio

Generations, Work and Social Cohesion 27
Patricia Vendramin

Chapter One: The Contribution of Education and Training to the Employability of Youth

What Forces Youth Out of Labour Markets? The Case of South Korea ... 47
Byoung-Hoon Lee and Jong-Sung Kim

The Role of Education in Reducing Poverty and Unemployment 81
Elda Onsomu and Boaz Munga

Labour Market Competitiveness of Young People in Russia: Does Education Protect Them from Unemployment? 109
Irina Soboleva

Chapter Two: The Transition from Education to the Labour Market: What Makes for Better Transitions?

Labour Market Transition Policies and Welfare State Models in Europe 127
Luísa Veloso, Luísa Oliveira, Helena Carvalho and Sérgio Estevinha

High Fliers versus Upstream Swimmers: Young Rural Workers in Canada and Ireland 151
Gordon B. Cooke

The School-to-Work Transition in Mexico 169
María Ascensión Morales Ramírez

Chapter Three: The Transition from Education to the Labour Market

The Reform of the Education System in Poland: The Impact on Youth Unemployment in Light of 1989 Political Events 189
Janusz Łyko

The Interplay of Education and the Labour Market in Mexico: An Overview 203
Gabriela Mendizábal Bermúdez

AgustaWestland Invests in Youth: A Case of Best Practice in the Transition from Education to the Labour Market 219
Maria Tuttobene

Vocational Training in Peru 229
Raúl G. Saco Barrios

Chapter Four: Future Scenarios for Young People

Alternative Patterns of Development as a Response to Youth Unemployment and Social Exclusion in Latin America..... 257
Juan Raso Delgue

Working towards Employment Policies for Young People in Mexico.... 275
Carlos Reynoso Castillo

Reading Instructions 293

Online Resources 295

Contributors 303

Index 305

LIST OF ILLUSTRATIONS

Fig. A-1. Francesca Fazio. *Youth and Adult Unemployment Rates (%) and Ratios, 2010.* Young People in Worldwide Labour Markets: Structural Weaknesses and Various Forms of School-to-work Transitions.

Fig. A-2. Francesca Fazio. *Employment Rate, Schooling Rate and Activity Rate (%), 2010.* Young People in Worldwide Labour Markets: Structural Weaknesses and Various Forms of School-to-work Transitions.

Fig. A-3. Francesca Fazio. *Incidence of Temporary Contracts on Employment in Different Ages (%). First Quarter of 2011*. Young People in Worldwide Labour Markets: Structural Weaknesses and Various Forms of School-to-work Transitions.

Fig. A-4. Francesca Fazio. A-4. *Mismatch Index (%) in 2008*. Young People in Worldwide Labour Markets: Structural Weaknesses and Various Forms of School-to-work Transitions.

Fig. A-5. Francesca Fazio. *Incidence of Apprenticeship Contracts (No. per 1000 Occupied) and Hourly Cost of Apprenticeship (in PPPs) in 2008.* Young People in Worldwide Labour Markets: Structural Weaknesses and Various Forms of School-to-work Transitions.

Fig. 1-1. Byoung-Hoon Lee and Jong-Sung Kim. Trends of Employment and Unemployment Rates for Youth

Fig. 1-2. Byoung-Hoon Lee and Jong-Sung Kim. *Share of Male Youth by Activity Status in 2010.* What Forces Youth out of Labour Markets? The Case of South Korea.

Fig. 1-3. Byoung-Hoon Lee and Jong-Sung Kim. *Share of Female Youth by Activity Status in 2010.* What Forces Youth out of Labour Markets? The Case of South Korea.

Fig. 1-4. Byoung-Hoon Lee and Jong-Sung Kim. *Trends in the Status of Youth Labour Market Activity by Gender*. What Forces Youth out of Labour Markets? The Case of South Korea.

Fig. 1-5. Irina Soboleva. *Unemployment Rate Dynamics by Age Group.* Labour Market Competitiveness of Young People in Russia: Does Education Protect them from Unemployment?

Fig. 1-6. Irina Soboleva. *Economic Activity Rate Dynamics by Age Group.* Labour Market Competitiveness of Young People in Russia: Does Education Protect them from Unemployment?

Fig. 1-7. Irina Soboleva. *Educational Profile of Employment Service Clients by Age Group.* Labour Market Competitiveness of Young People in Russia: Does Education Protect them from Unemployment?

Fig. 2-1. Luísa Veloso, Luísa Oliveira, Helena Carvalho and Sérgio Estevinha. *Unemployment Rates in the EU by Age Group and Country (2008).* Labour Market Transition Policies and Welfare State Models in Europe.
Fig. 2-2. Luísa Veloso, Luísa Oliveira, Helena Carvalho and Sérgio Estevinha. *Educational Structure of Youth Unemployment in the EU by Country (2008).* Labour Market Transition Policies and Welfare State Models in Europe.

LIST OF TABLES

Table A-1. Francesca Fazio. *Situation of 15-24 Year Olds in Italy, Europe and OECD Countries in the Period 2000 to 2010.* Young People in Worldwide Labour Markets: Structural Weaknesses and Various Forms of School-to-work Transitions.

Table 1-1. Byoung-Hoon Lee and Jong-Sung Kim. *Cross-national Comparison of Youth Employment and Unemployment (Unit: %).* What Forces Youth out of Labour Markets? The Case of South Korea.

Table 1-2. Byoung-Hoon Lee and Jong-Sung Kim. *Trends in Employment and Unemployment of Youth, 2000~2010 (Unit: Thousands, %).* What Forces Youth out of Labour Markets? The Case of South Korea.

Table 1-3. Byoung-Hoon Lee and Jong-Sung Kim. *The State of Youth Activities by Individual Attributes (Unit: thousands, %).* What Forces Youth out of Labour Markets? The Case of South Korea.

Table 1-4. Byoung-Hoon Lee and Jong-Sung Kim. *Trends in Labour Market Status of Youth (Unit: Thousands, %).* What Forces Youth out of Labour Markets? The Case of South Korea.

Table 1-5. Byoung-Hoon Lee and Jong-Sung Kim. *Trends in the Duration of Youth Joblessness (Unit: Thousands, %).* What Forces Youth out of Labour Markets? The Case of South Korea.

Table 1-6. Byoung-Hoon Lee and Jong-Sung Kim. *Duration of Youth Joblessness by Individual Attributes (Unit: Thousands, %).* What Forces Youth out of Labour Markets? The Case of South Korea.

Table 1-7. Byoung-Hoon Lee and Jong-Sung Kim. *Composition of Youth Activities in an Analysis Sample.* What Forces Youth out of Labour Markets? The Case of South Korea.

Table 1-8. Byoung-Hoon Lee and Jong-Sung Kim. *Description of Analysis Variables.* What Forces Youth out of Labour Markets? The Case of South Korea.

Table 1-9. Byoung-Hoon Lee and Jong-Sung Kim. *Results of Multi-nominal Logistic Regression Analysis.* What Forces Youth out of Labour Markets? The Case of South Korea.

Table 1-10. Elda Onsomu and Boaz Munga. *Unemployment rates in Kenya by age group in percentage (1978-2005/06).* The Role of Education in Reducing Poverty and Unemployment.

Table 1-11. Elda Onsomu and Boaz Munga. *Summary of Poverty Estimates for Kenya, 1990 to 2006.* The Role of Education in Reducing Poverty and Unemployment.

Table 1-12. Elda Onsomu and Boaz Munga. *Summary Statistics.* The Role of Education in Reducing Poverty and Unemployment.

Table 1-13. Elda Onsomu and Boaz Munga. *Marginal Effects after Ordered Logit of Education and Training on Poverty Status*. The Role of Education in Reducing Poverty and Unemployment.
Table 1-14. Elda Onsomu and Boaz Munga. *Marginal Effects of Education and Training on Unemployment (open and under unemployment)*. The Role of Education in Reducing Poverty and Unemployment.
Table 1-15. Irina Soboleva. *Distribution of Answers to the Question "How Important Is it for You to Pursue the Received Profession when Choosing a Job?"*. Labour Market Competitiveness of Young People in Russia: Does Education Protect them from Unemployment?
Table 1-16. Irina Soboleva. *Distribution of Answers to the Question "Is it Probable that You will Lose Your Job in the Next 12 Months?"*. Labour Market Competitiveness of Young People in Russia: Does Education Protect them from Unemployment?
Table 1-17. Irina Soboleva. *Distribution of Answers to the Question "In Case You Lose Your Job Do You Think You will Find a New Decent One?"*. Labour Market Competitiveness of Young People in Russia: Does Education Protect them from Unemployment?
Table 1-18. Irina Soboleva. *Dynamics of the Number of Graduates from Different Levels of Vocational Education (index, 1990=100)*. Labour Market Competitiveness of Young People in Russia: Does Education Protect them from Unemployment?
Table 3-1. Janusz Łyko. *Unemployment Rates in Poland between 1992 and 2009 (%)*.The Reform of the Education System in Poland: The Impact on Youth Unemployment in Light of 1989 Political Events.
Table 3-2. Janusz Łyko. *Unemployment Rates in Poland by Age Group between 1992 and 2009*. The Reform of the Education System in Poland: The Impact on Youth Unemployment in Light of 1989 Political Events.
Table 3-3. Janusz Łyko. *Percentage of Students aged 19 to 24 years old in Poland between 1993 and 2010*. The Reform of the Education System in Poland: The Impact on Youth Unemployment in Light of 1989 Political Events.
Table 3-4. Janusz Łyko. *Unemployment Rates by Age*. The Reform of the Education System in Poland: The Impact on Youth Unemployment in Light of 1989 Political Events.
Table 3-5. Janusz Łyko. *LFS Unemployment Rates in the 15-24 Age Group*.
Table 3-6. Janusz Łyko. *Individuals Aged 15 to 24 Years Old as a Share of the Active Working Population (%)*.The Reform of the Education System in Poland: The Impact on Youth Unemployment in Light of 1989 Political Events.
Table 3-7. Janusz Łyko. *Registered Unemployed and Unemployed Graduates (thousands)*. The Reform of the Education System in Poland: The Impact on Youth Unemployment in Light of 1989 Political Events.
Table 3-8. Janusz Łyko. *LFS Unemployment Rates by Type of Education*. The Reform of the Education System in Poland: The Impact on Youth Unemployment in Light of 1989 Political Events.

Table 3-9. Gabriela Mendizábal Bermúdez. *National Income in Germany and Mexico.* The Interplay of Education and the Labour Market in Mexico: An Overview.

Table 3-10. Raúl G. Saco Barrios. *Peru: Type of Vocational Training Agreements Concluded Nationally in the Period 2008-2010*. Vocational Training in Peru.

Table 4-1. Juan Raso Delgue. *Unemployment Rates for the Year 2010 in Latin America.* Alternative Patterns of Development as a Response to Youth Unemployment and Social Exclusion in Latin America.

Table 4-2. Juan Raso Delgue. *Percentage of NEETs by Age (2010).* Alternative Patterns of Development as a Response to Youth Unemployment and Social Exclusion in Latin America.

Table 4-3. Juan Raso Delgue. *Young People's Educational Attainment in the 20 to 29 age group by Gender.* Alternative Patterns of Development as a Response to Youth Unemployment and Social Exclusion in Latin America.

Table 4-4. Juan Raso Delgue. *Youth Unemployment Rates by Gender.* Alternative Patterns of Development as a Response to Youth Unemployment and Social Exclusion in Latin America.

FOREWORD

TAYO FASHOYIN

The current global unemployment problem presents a particularly difficult labour market experience for young workers. The ILO estimates no less than 40% of all unemployed people are young. As available knowledge indicates, young people are disadvantaged in finding employment, especially in rigid labour markets. There are several factors, such as their relative lack of skills, unstable labour market experience and discrimination, which contribute to the difficulty usually faced by young people entering the labour market. Thus, unemployment among young people has become a major policy challenge for governments and employers in the 21st century. The fact that during this period countries have to deal with sluggish growth and economic activities has pressured public policy into creating opportunities for economic growth and employment. There is no shortage of ideas and policy initiatives for addressing the daunting challenge of youth employment, but the need for a comprehensive policy approach which combines dedicated strategy for youth employment must also include measures addressing systemic and institutional impediments to the sustainability of policies for the employment of young people. In addition to ensuring that young people stay in school longer, public policies must also create the enabling environment and avenues for skills acquisition and real work experience among young workers. Clearly, there is a strong case for governments and other stakeholders to put in place policies that encourage or motivate employers, particularly in the private sector, to recruit young workers, through various forms of public and private initiatives that are dedicated to the promotion of youth employment. There are many programmes of this kind across countries, but one that has the potential of creating the foregoing enabling environment is the devising of innovative apprenticeship schemes that depart from the traditional apprenticeship, which has proved inadequate in meeting the labour market expectations of prospective employers and young people. The present issue of the ADAPT LABOUR STUDIES BOOK-SERIES, *Youth Unemployment and Joblessness: Causes, Consequences, Responses* is dedicated to the employment challenge facing

young people, but also to the focus and extent of responsiveness of policies, both public and private, in tackling this global challenge of our time. Apart from sharing comparative experiences on policies, practices and trends, the volume seeks to contribute to a wider understanding of the scale of the challenge of youth employment.

UNDERSTANDING THE CAUSES AND THE CONSEQUENCES OF YOUTH UNEMPLOYMENT AND JOBLESSNESS

ALFREDO SÁNCHEZ-CASTAÑEDA,
LAVINIA SERRANI AND FRANCESCA SPEROTTI

For national governments and international organizations worldwide, youth unemployment and joblessness remain major issues. Undoubtedly, the global economic crisis has further exposed the fragility of the youth in the labour market. Between 2008 and 2009, the number of unemployed youth increased by an unprecedented 4.5 million; at the end of 2010, there were an estimated 75.1 million young people in the world struggling to find work – 4.6 million more than in 2007. Moreover, the number of youth who are not in employment, education or training is on the rise in most countries. These alarming trends, alongside recent youth-led political unrest, the persistent lack of job opportunities and ineffective programmes for school-to-work transitions, call for action on the part of political and social institutions at national and international levels.

In an awareness of the seriousness of the foregoing questions and consequences that ensue, the present volume aims to provide some valuable insights into these issues, compiling contributions of academics, researchers and practitioners who participated in the ADAPT-UNAM International Conference, *Youth Unemployment and Joblessness: Causes, Consequences, Responses* which took place on 29-30 August 2011 in Mexico City (Mexico).

The range of solutions provided in this volume is the result of the distinctive features of each national geopolitical context, but also of the interdisciplinary approach through which these topics are analyzed. Indeed, given the undergoing changes in the world of work, youth unemployment and joblessness are issues to be dealt with by different subjects such as economics, labour law, education, sociology and industrial relations. However, the set of proposals put forward does not imply the absence of shared views. On the contrary, there is broad consensus on the urgent need of investing in training and skills development as the

main levers to fight unemployment and overcome the current mismatch in the labour market.

Equal attention should be paid to the shift from education to work, which in many countries proved to be a complex process, affected by variables such as the length and quality of the education received, national traditions, the state of the labour market, and economic and demographic issues. In considering different flexible forms of work, apprenticeship appears to be one of the most effective tools for ensuring a successful transition, and also the integration between education, training, and employment. Indeed, apprenticeship provides for a win-win solution: securing the transition towards employment for young people with appropriate skills, as it is up to the employer to train young workers, while eventually reducing labour costs. Such a reduction in labour costs is another positive effect for employers and not necessarily a direct consequence of training.

In view of the above, the set of proposals examined in the present volume is intended to gain a better understanding of the causes and the consequences of youth unemployment and joblessness, and to disseminate the main findings discussed over the ADAPT-UNAM International Conference.

YOUTH AND THE LABOUR MARKET WORLDWIDE: THE CURRENT SCENARIO

YOUTH, UNEMPLOYMENT AND EDUCATION

HÉCTOR-HUGO BARBAGELATA

1. Introductory Remarks[1]

The difficulty in finding employment as a means for securing a livelihood experienced by young people is an ongoing issue, along with the sense of frustration arising from failing to meet their work expectations. Indeed, youth unemployment has always been one of the major concerns of governments, and this is exhibited—among other things—by the rate of migration reported in different regions.[2]

Nevertheless—and unlike the past—the question is given more relevance[3] and wider media coverage, also because of the impact of youth unemployment.[4] As a result, although unemployment for young people is not a recent issue, it has gained unprecedented significance, calling for an in-depth study of the several facets to be dealt with, in order to address the matter and determine adequate solutions.

There is broad consensus that inadequate training—or the lack of training more generally—is one of the reasons why[5] young people struggle in their search for employment. Accordingly, the focus should be on reviewing the functioning and structure of the education system in a number of countries. In this regard, special attention should be paid to the

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[1] Translation from Spanish by Pietro Manzella.

[2] Naturally, the migration process involves people of all ages. However, the majority of immigrants are young people who have left their places of origin in search of new job opportunities.

[3] According to a survey carried out in September 2011 on occasion of the Tunza Conference for children and youth in Bandung, Indonesia, almost 40% of those unemployed are young people in the 15-24 years age group.

[4] The UGT Global Bulletin No. 76/2011 issued a document titled *The Fight of Young People*, according to which "young trade union leaders would meet in Singapore on the 27th and 28th of September 2011 to discuss the serious difficulty faced by the youth in finding a job".

[5] The lack of correspondence between adequate training and job opportunities has recently been highlighted by the spokesperson of the General Council of the Judiciary, Gabriela Bravo.

provision of effective training and education, in order to meet the needs of young jobseekers, their parents, the employers and society. On this subject, one should also consider the positive impact resulting from the supportive role of the family, as well as the discouraging effects on young people ensuing from uninvolved parents in terms of advice and guidance.

Another issue that is gaining considerable attention at the moment, as regarded as thorny and complicated to deal with, is that of young people in the 15-18 years age group who are not in employment nor in education or training (NEETs).

At the time of discussing measures to tackle unemployment, considering gender issues is likewise important, also in modern and more developed societies. This is even true in cases of women performing better than men in terms of educational attainment.[6] Of equal significance is the difficulty faced by people with disabilities in securing employment, even though national legislation usually provides protection to this category of workers.[7]

On the basis of what has been pointed out so far, it can be argued that the issue of youth unemployment has an international dimension and presents some common features, although different circumstances in cultural and economic terms are clearly to be taken into account. In this sense, national newspapers refer to young people struggling to find a job, and this news is usually accompanied by some relevant statistics. Further, data and comments are routinely provided on the percentage of early-school leavers in any grade, or repeating students in primary and secondary education—due to a lack of commitment or inadequate support —the reasons of which are often unclear. As already stressed, although acknowledging the relevance of an investigation carried out at an international level, it is necessary to highlight the nuances of national and local differences and put forward some proposals to limit the scope of the issue and minimise its effects.

Compounding the picture is the problem of children who are employed in different tasks[8] despite their young age. Their rights are violated and,

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[6] Surveys provided in the press seem to uphold this statement. In Uruguay, 65% of students enrolled in the University of Montevideo are women, yet the number of female jobseekers is twice as high as the number of males looking for a job (Source: *La República*, Montevideo, 28 September 2011, 17)

[7] In many countries, the law provides that a number of positions in the public sector should be reserved for people with disabilities. Nonetheless, many cases of non-compliance with these provisions have been reported.

[8] The majority of national legislation and international labour laws provide that children under the age of 15 are not allowed to work. Unfortunately, the inspection

what is worse, they are not able to enjoy their childhood in a light-hearted fashion. This crucial point— the fulfilment of children rights—has been the subject of a number of provisions, particularly at an international level.[9] Children are employed—especially in rural areas—in family-run farms and contribute to the livelihood of their family. In other cases, however, they are engaged in activities concerning waste collection and recycling, with the latter that is regarded as one of the most dangerous forms of child labour.[10] The need to help their family, alongside the efforts of parents to provide children with prosperity and adequate levels of education at a later stage of their life, seem to somehow justify the recourse to child labour and the negative consequences that ensue. Nonetheless, this is not always the case, as these children are often deprived of their rights, and they are not allowed to access education, with a serious impact on their lives.[11]

At an international level, organised crime-related activities represent another major challenge to cope with. For instance, sexual exploitation of youth through prostitution is a widespread phenomenon in many countries, the seriousness of which is amplified by adults engaged in sex tourism. These practices are closely connected to other forms of exploitation—e.g. trafficking of human beings and slavery—which concern above all individuals under age.

In the context of this paper, aside from the foregoing questions, it seems worth pointing out another aspect. Indeed, tackling youth sexual exploitation is just one of the problems, as only in a few cases can jobs children are engaged in be labelled as legal and decent.

This section has provided an outline of some of the obstacles faced by young people of working age at the time of seeking work. Far from comprehensive, this first part has drawn attention to the factors that can affect the search for a job in a serious and inconvenient way, causing

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systems monitoring the compliance and enforcement of such provisions are often insufficient and, to some respects, ineffective.

[9] This aspect is stressed in par. 1, Art. 32 of the International Convention on the Rights of Child issued by UNICEF as well as in the legislation of some countries, such as in the last paragraph of Art. 162 of the Code on Childhood and Adolescence of Uruguay. The document makes provision for the well-being of both children and adolescents.

[10] Art. 3 of ILO Convention No. 182 on the Worst Forms of Child Labour.

[11] A case which is worth mentioning is the one concerning talented kids who play sports, particularly soccer. Their parents conclude contracts with overseas institutions which legally bind their children—who are very young and usually do not complete secondary school—to practice for these teams. This situation *de facto* leads only to the father enjoying the advantages of the agreement.

children under age to carry out working activities that are unappealing. After this descriptive section, an investigation of the most practical aspects related to vocational training that might help boost employment among the youth now follows.

2. Vocational Training: Recent Developments in Academic Programmes and Legislation

A major innovation in the field of education which is increasingly met with approval is the scope for students to change and select different academic courses, with a view to making school more engaging. This is particularly the case of junior high school, where priority is given to educational paths that smooth the transition into the labour market.

Unfortunately, the commendable attempt on the part of the legislator to stimulate children's interests in education—by way of reforms or new programmes—did not provide the expected results. If anything, such an effort has become a source of confusion in terms of the objectives to be met, above all in reference to students' actual needs, guidance provided, and the levels of commitment, *de facto* facilitating the admission to the following grade and not contributing to further education.

The review of academic programmes in junior high school in order to ease access to the labour market has been, to varying degrees, more promising. Numerous courses that focus on practical and technical skills have been established, also with a view to fill in the gap between institutions providing general education and technical schools, and stimulate the students' interest in these kinds of studies.

As said, the task to review the school system appears to be an arduous one. The complexity lies in the duration of the academic year, as it is not workable to provide for additional courses or lengthen the school day to carry out practical activities without negatively affecting the management of courses of a more general nature. Indeed, the classes providing knowledge labelled as "general"—e.g. Philosophy, History, Social Sciences, Music and Arts—are still attached great importance in the process of imparting knowledge to young students, with this set of circumstances that makes the rethinking of the school system more challenging. Furthermore, the extension of school hours, in principle regarded as a reasonable alternative to the reduction of general education course material, would shorten the time needed to study, an activity that is to be carried out individually and that cannot be replaced by in-class joint activities. Aside from that, planning so many activities at the beginning of the academic

year inevitably reduces the scope for students—mainly teenagers—to put forward proposals on their own initiative.

One should also consider that reforms of this kind usually concern technical institutions in disadvantaged areas, thus widening the social gap between those who enrol in schools where general education is prioritised and young people receiving vocational training. In other words, students engaged in training activities will have access to fewer job opportunities and will not be adequately prepared to attend university.

The same holds true for vocational training provided by programmes other than those included in traditional education.

With regard to legislation governing education, a comparative analysis of the laws regulating vocational training in a number of countries revealed some common features, with special reference to contractual arrangements providing for the alternation of theory and practice:[12]

- as for vocational training in a strict sense, national legislation usually gives priority to on-the-job learning, although this could have an impact on general education.
- In considering new ways to promote training contracts, it emerges that there is a limited use of this contractual scheme, as preference is given to apprenticeship contracts. This state of affairs leads to a high level of precariousness, because frequently young workers hired through this employment relationship do not maintain their jobs at the end of the apprenticeship period.
- In order to boost youth employment, employers are provided with incentives and financial support at the time of hiring apprentices. For instance, workers under this contract are paid less than permanent employees performing the same tasks, with employers that have a number of benefits also with regard to social contributions and training costs, which are partly or totally borne by the state.
- These contractual schemes are intended to ease the access to the labour market, although they seem to overlook the quality of education provided, which in most of the cases binds holders to undesirable positions.
- In a number of countries, the age group of those who can enter into these contracts is increasingly widening, moving beyond the

[12] In this connection, a more detailed study is provided in Barbagelata, H-H. 2002 (second ed.). *Formación y legislación del trabajo.* Montevideo: Cinterfor/ILO. The English version is available for the first edition: Barbagelata, H-H. 1997. *Training and labour legislation.* Montevideo: ILO, Poliform-Cinterfor.

traditional notion of "young". For instance, in Belgium vocational training can be provided to young people in the 18-25 age group, while in Italy the age cohort is 19 to 31 years old and—in some cases—these contracts also apply to people of the age of 35.

- Although contractual arrangements which provide vocational training are employment relationships *per se*, they often fall within the labour law sphere.
- The same holds true for social security benefits, in the sense that the law hardly provides protection against occupational injuries and work-related diseases.
- Finally, governments that have given priority to apprenticeship have also devised other forms of training and education.

On the basis of the above considerations, it is not difficult to imagine, with the exception of those countries where traditional vocational training-particularly apprenticeship- is well established, that young people are not interested in entering this form of work. This has led countries with traditional forms of training to adapt their legislation to make it more appealing.

3. Concluding Remarks

1) In social terms, youth employment has always been a thorny issue, but nowadays it has acquired considerable relevance as it affects an increasing number of young people worldwide.

2) At the time of addressing the problem of unemployment among youth, it is also pivotal to review traditional paths in education in order to supply adequate training.

3) In exploring different education systems, the attempt to attract the students' interest in education has emerged, with special reference to technical subjects. This attempt proved difficult in practical terms, and the outcomes reported are often unsatisfactory.

4) Whereas adequate education and training facilitate access to better positions on the part of young people under normal economic conditions, doubts are cast on the effectiveness of training programmes in times of crisis.

5) Notwithstanding the seriousness of unemployment for the youth, special attention should also be given to the precarious nature of their occupations, e.g. young people working in family-run companies.

6) Governments and employers worldwide are mostly concerned with initiatives aimed at providing the young with in-company training, often overlooking the side effects of these policies.

7) Domestic laws often set forth several incentives for employers that provide in-company training.

8) In a number of cases, job-training contracts envisage limited to no forms of protection in terms of health and safety at the workplace and social security benefits.

9) As a result, those who take no interest in education do not think that these employment arrangements supply on-the-job training, thus resulting in an alternative to traditional schooling.

10) In sum, the search for measures to tackle youth unemployment and the consequences that ensue is a challenging task to national governments, educational bodies, experts of social sciences, and more generally to those who are attentive to the needs of their communities.

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YOUNG PEOPLE IN WORLDWIDE LABOUR MARKETS: STRUCTURAL WEAKNESSES AND VARIOUS FORMS OF SCHOOL-TO-WORK TRANSITIONS

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1. A *Caveat* to Youth Labour Markets most Revealing Indicators and Peculiarities

It is common practice for the media to treat the problems faced by the youth—usually those between the ages of 15 to 24 years old—in the labour market by only considering youth unemployment indicators. This approach, although useful, is not sufficient to provide a complete understanding of the condition of young people in the labour market. Indeed, the number of young who actively seek employment is not an exhausting indicator, nor alarming, especially if one looks at both the structural features of young people in the labour market and the Italian labour market *per se*. With regard to the first *caveat*, economic literature has discussed the topic extensively, with scholars who have tried to explain, in both theoretical and empirical terms, the high rates of unemployment among the youth, particularly if compared to adults (two to four times higher). One reason for this is that young people, usually hired under fixed-term contracts, are most affected by the "super-cyclical" trend of the labour market. Their unemployment rate is more sensitive to the economic cycle than that of their adult counterparts, for making them redundant is easier and less expensive. Further, young people are usually less experienced and possess lower levels of job tenure. In this sense, the smaller investment in human capital in terms of general and special knowledge provided to young workers will translate into a lower cost at the time of terminating their contract. Such a situation can also be explained in consequential terms, taking account of two main aspects. First, as a reaction on the part of young people to the deterioration in labour market prospects, that is determined by the decision to postpone

their entry into the labour market and to increase their investment in human capital.[1] Secondly, as the fact that young people stay in their parental home longer, with this state of affairs that is both the cause and the consequence of the difficulty in the labour market. If labour demand is considered, a significant number of studies have pointed out that young people experience discrimination at the time of applying for a position, because of their lack of experience and the uncertain nature of their career path.

In many respects, the transition from school to work of young people is marked by certain constraints in the labour market—which involuntarily lead to an alternation of periods of employment and unemployment—and by the explicit attempt on the part of school leavers to move between jobs in order to benefit from occupational guidance, and look for their preferred occupation, personal and professional growth, to satisfy their desire to "shop around" and in search of the best match for themselves..[2]

For a number of reasons, the unemployment rate *per se* represents a partial—and rather static—tool to assess the condition of the youth in the world of work. First off, low unemployment rates should not be necessarily seen as problematic or negative, provided that alternative employment opportunities and a sufficiently dynamic labour market are provided. This is because unemployment in this case would be the result of the latency period between two jobs. Furthermore, these statistics leave out inactive and discouraged people, that is those who are not in employment, nor are they engaged in any job search. A more complete picture can be obtained by examining trends in employment and unemployment—in order to get an idea of the labour force participation rate of young people—and above all the NEET rate (i.e. the share of youth not in Education nor in Employment or Training), a true social emergency that deteriorates the occupational future prospects and postpones the emancipation of young people from their parental households.[3] It is likewise important to assess the trend of human capital utilisation for this category of workers and their levels of education, through the employment rates and data on their educational attainment. With regard to Italy, the interrelation between the foregoing structural difficulties and the features

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[1] Blanchflower, D. G., and R. Freeman. 2000. *Youth Employment and Joblessness in Advanced Countries.* Chicago: University of Chicago Press and NBER.

[2] Clark, K. B., and L. H. Summers. 1982. *The Dynamics of Youth Unemployment*, NBER Chapter 2, 72.

[3] Card, D., and T. Lemieux. 1997. "Adapting to Circumstances (The Evolution of Work, School, and Living Arrangements among North American Youth)," NBER Working Paper No. 6142.