



**BRIDGES
TO WORK**



**18-20 Oct 2011
Antwerp (B)**

better chances for YOUNG PEOPLE on the labour market

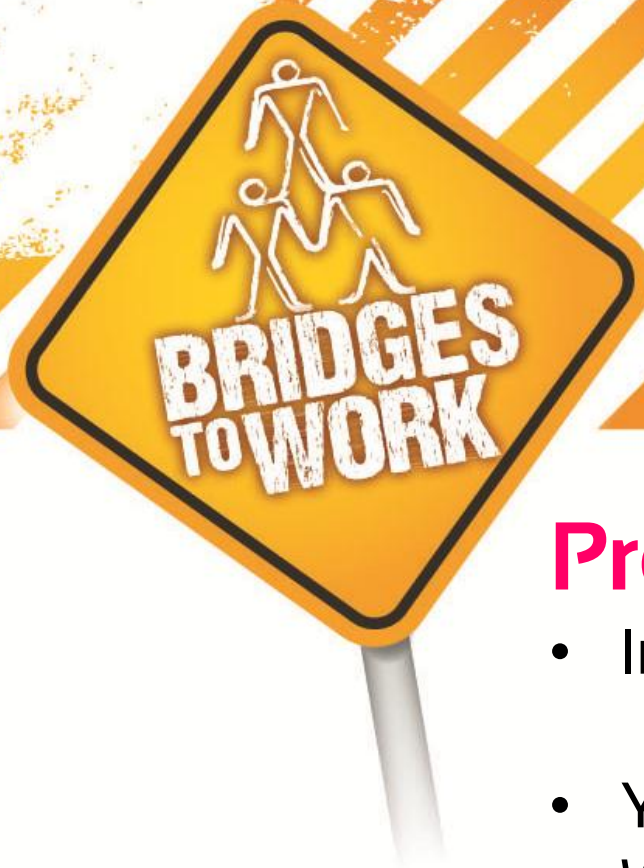
inspiration | networking | projects
inclusion | funding | visibility

**for people working on youth
employment & entrepreneurship**

[www.salto-youth.net/bridges to work](http://www.salto-youth.net/bridges%20to%20work)

YOUNG PEOPLE IN THE LABOUR MARKET

Niall O'Higgins



Presentation:

- Introduction: Concepts & Definitions
 - What is the youth LM problem?
- Youth & the Crisis
- Who is (most) affected?
- Causes of 'the' problem
- Policy responses - ALMPs

Who Is THE YOUTH?

Standard definition young people aged between 15 & 24 years old

Sense: captures those involved in the (School-to - Work) transition

- starting out on their 'working' lives
 - more generally, starting out in their 'adult' lives
 - Lower Age limit: minimum school leaving age
 - Upper Age Limit: finished tertiary education
- N.B. Adults means Prime-aged Adults (25-49)

YOUTH = TRANSITION

Transition from school to work

Transition from child to adult

THE UNEMPLOYMENT RATE—

A USEFUL INDICATOR?

Unemployed:

1. Not Working, AND
2. Willing and Able to Work, AND
3. Actively seeking to Work

UNEMPLOYMENT –

A USEFUL INDICATOR?

Restrictive definition

- Ignores the Discouraged
- More generally, those who, given labour market conditions, choose to do other things - e.g. Stay in school, leave the country
- Doesn't necessarily give an accurate idea of youth transition problems
- **Jobless Rate (NEET)**

& Not the the whole problem

- **Job Quality**

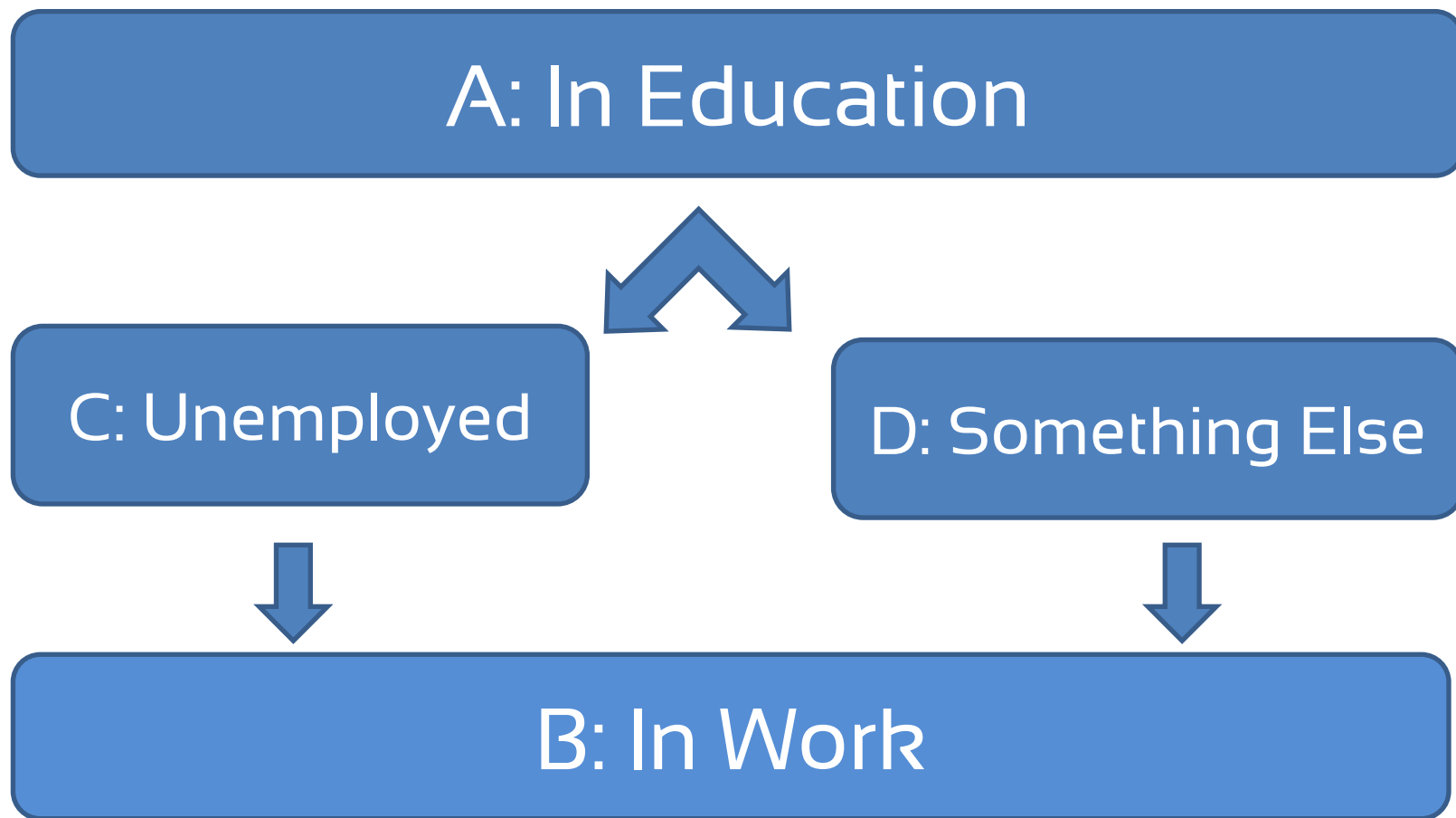
SCHOOL-TO-WORK TRANSITION

A: In Education



B: In Work

SCHOOL-TO-WORK TRANSITION



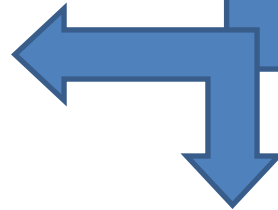
UNEMPLOYMENT RATE: $C/(B + C)$

A: In Education (OLF)

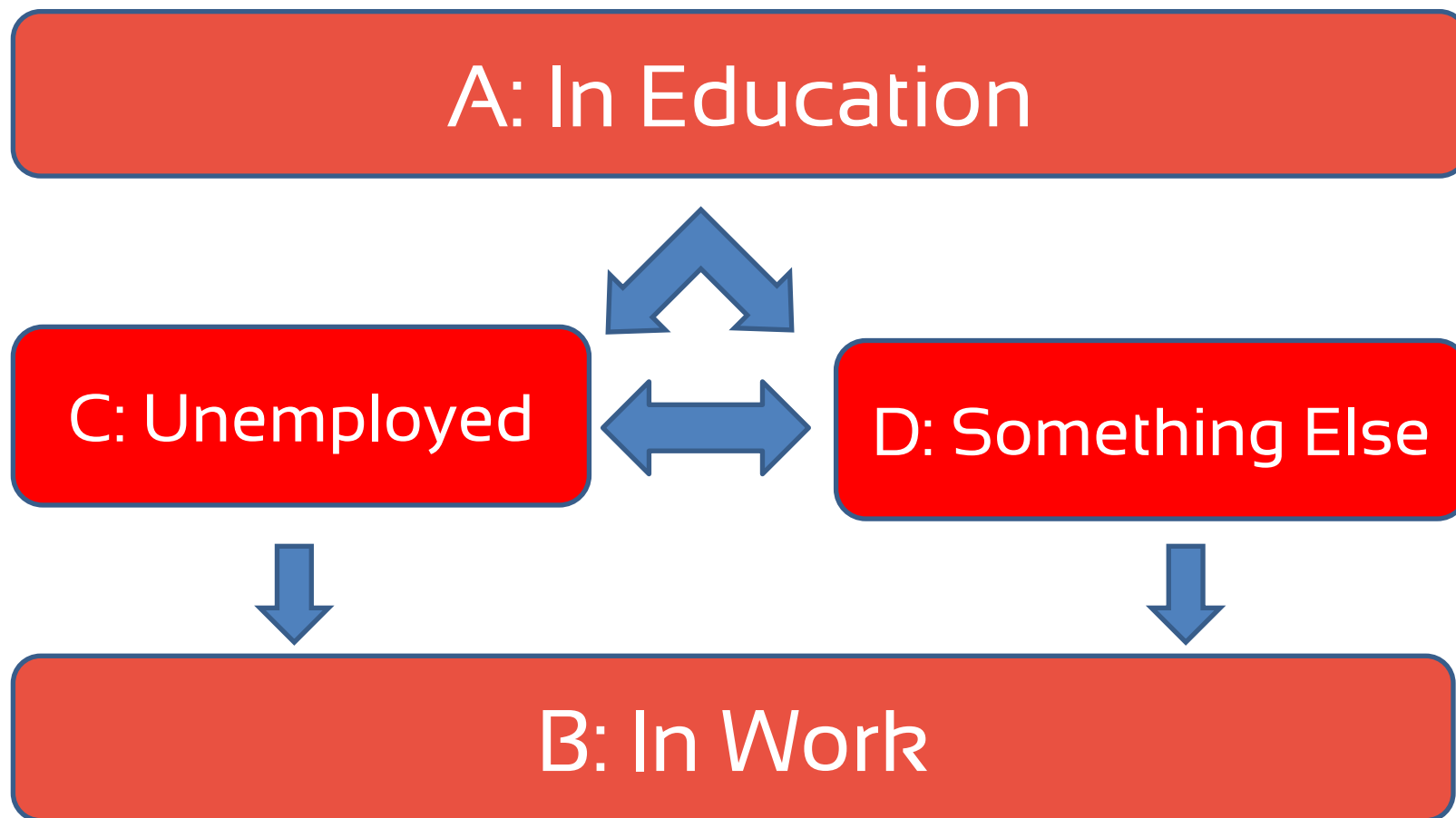
C: Unemployed (LF)

D: Something Else (OLF)

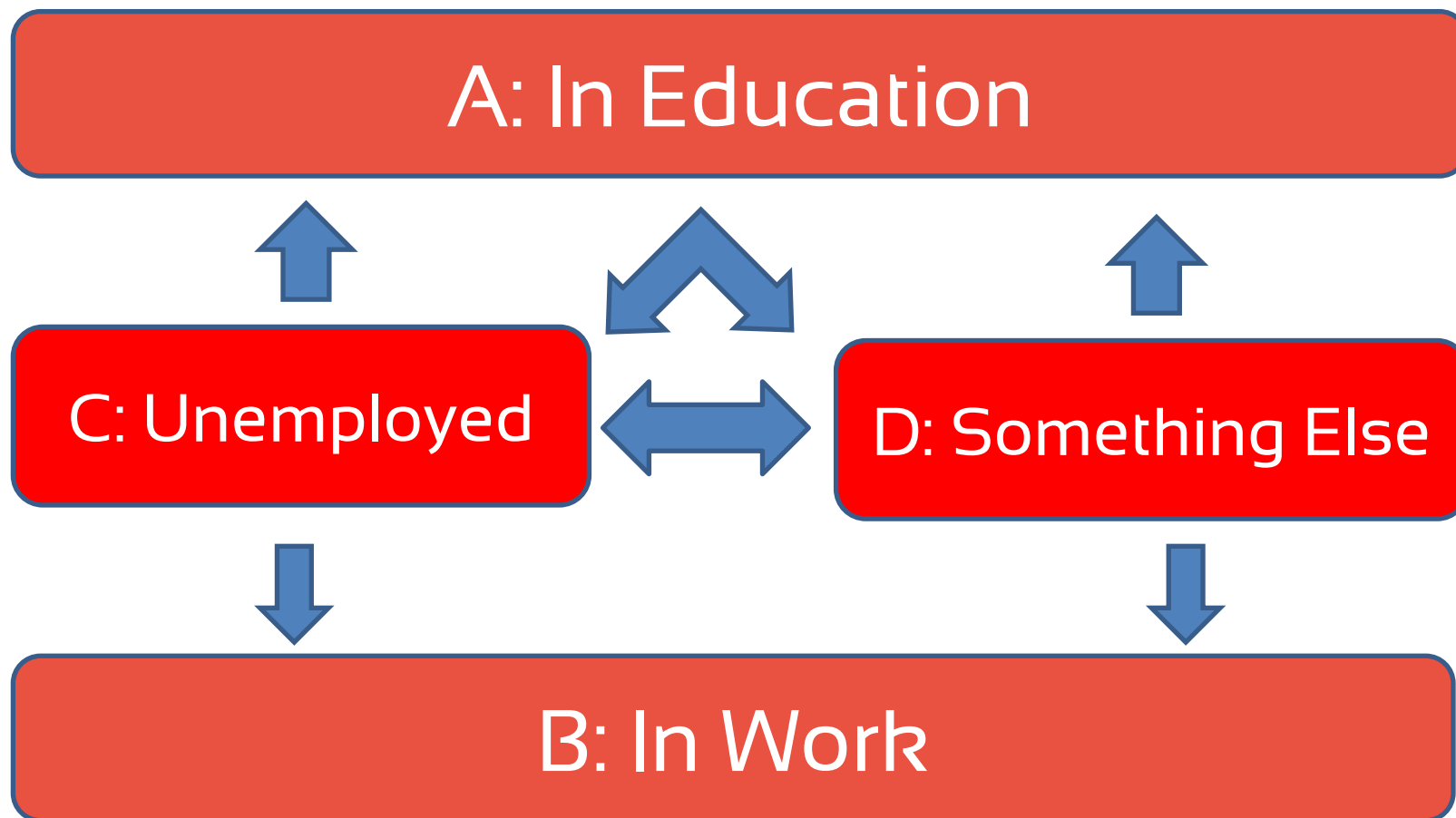
B: In Work (LF)



JOBLESS RATE: $(C+D)/(A+B+C+D)$

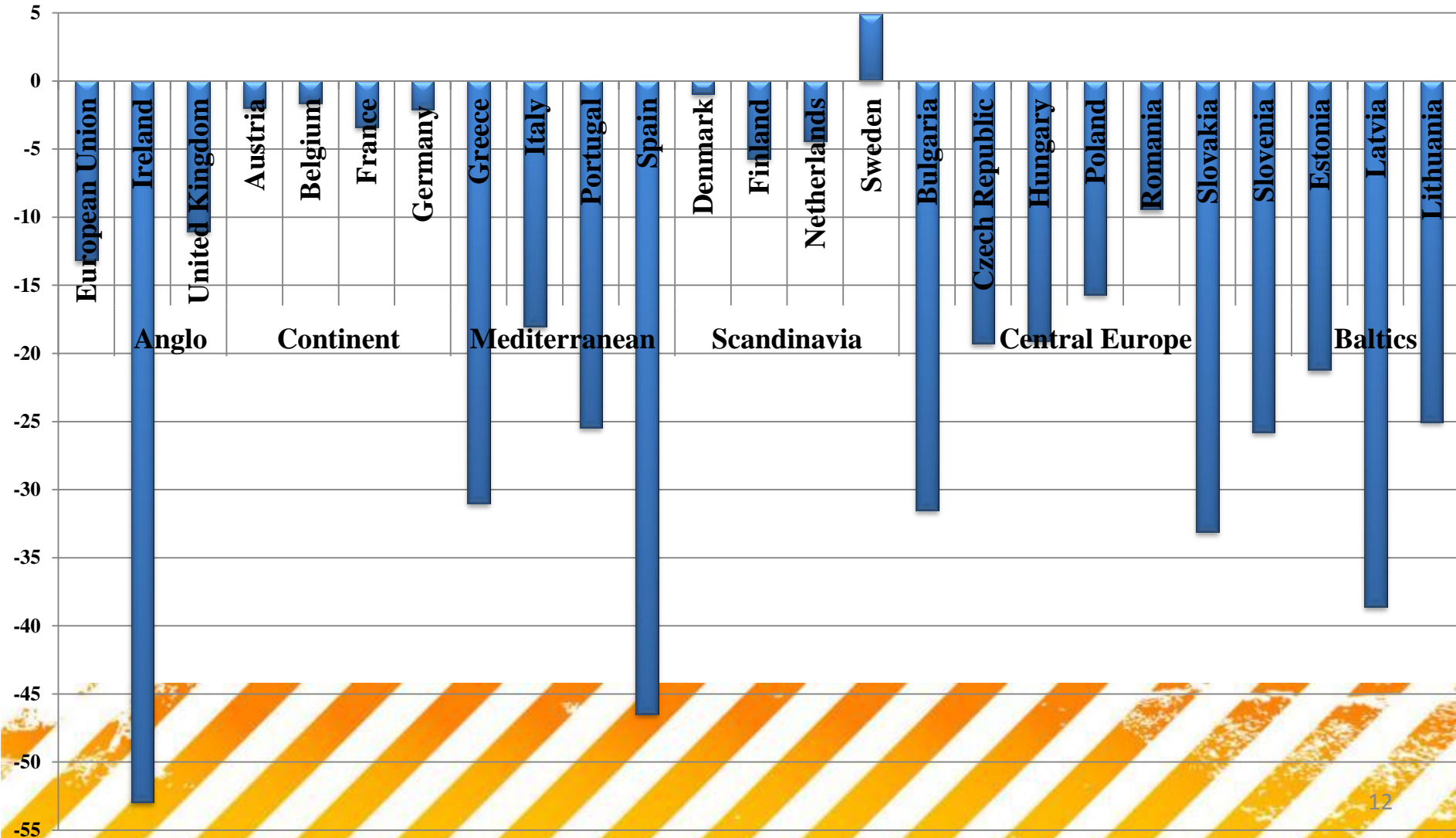


JOBLESS RATE: $(C+D)/(A+B+C+D)$



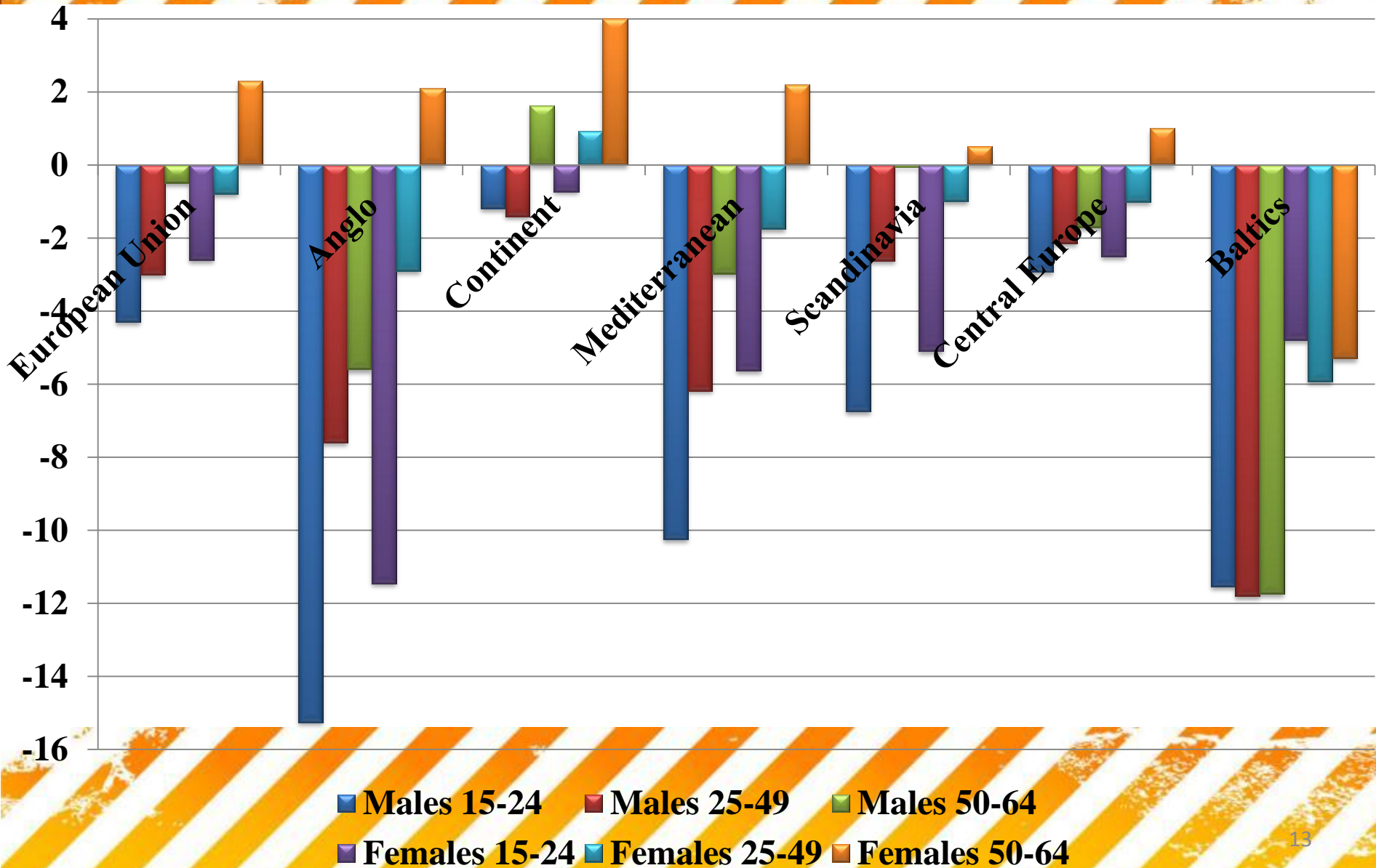
THE CRISIS & YOUNG PEOPLE

% change in employment of Young People 2007Q1 - 2011Q1



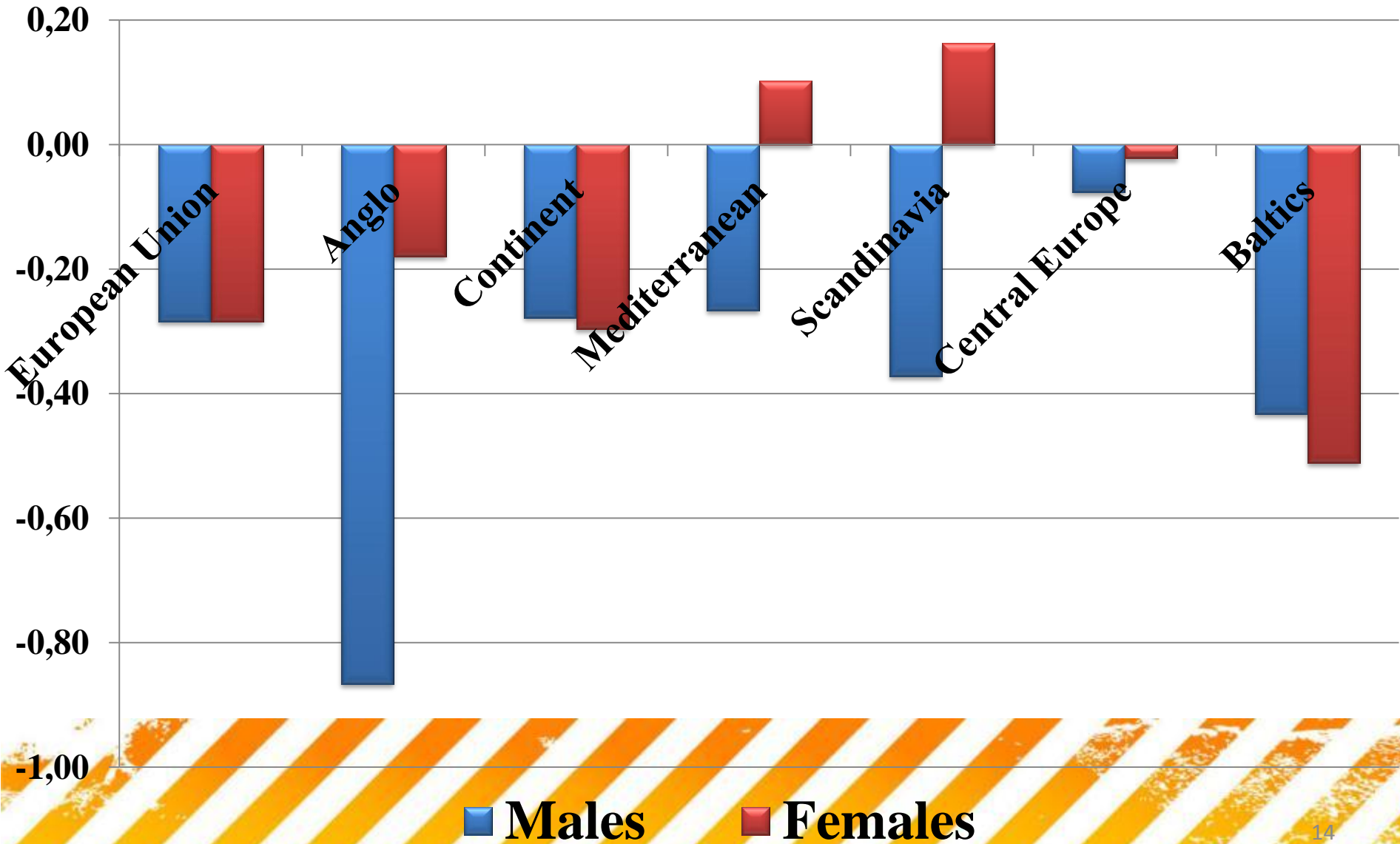
YOUNG PEOPLE VS. ADULTS I: EMPLOYMENT

% CHANGE 2007Q3 – 2010Q3



YOUNG PEOPLE VS. ADULTS II: UNEMPLOYMENT

CHANGE IN RATIO OF YOUTH TO ADULT UNEMPLOYMENT RATES 2007Q3 – 2010Q3



WERE YOUNG PEOPLE MORE AFFECTED BY RECESSION THAN ADULTS?

Qualified Yes

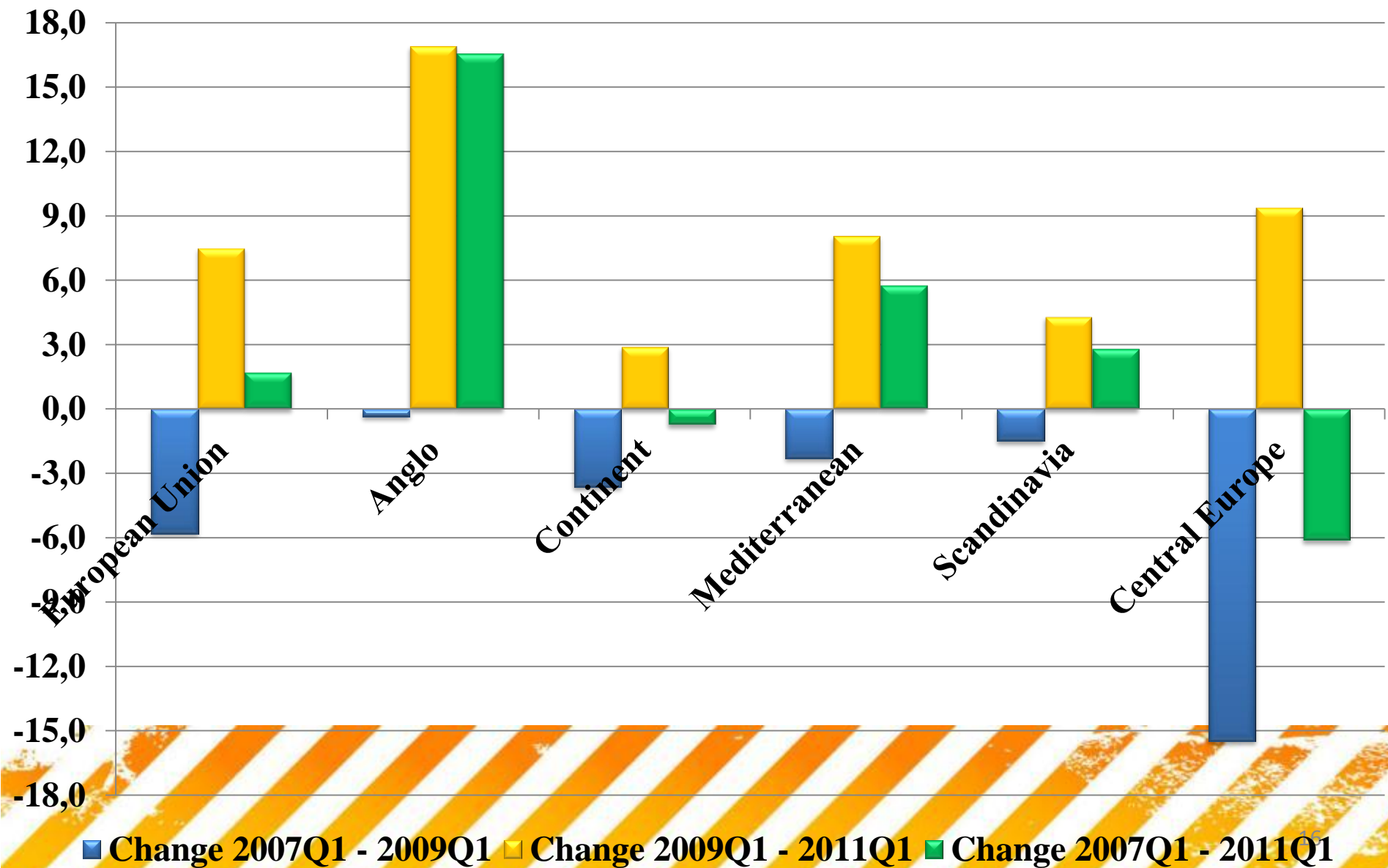
- Typically youth employment rates fell more than adult employment rates; but often,
- Ratio of youth to adult unemployment rates also fell

BUT

- This ignores different significance of unemployment for young people
 - importance of long-term Unemployment

Long-Term Unemployment:

Percentage point change, Young people, 2007Q1 -- 2011Q1

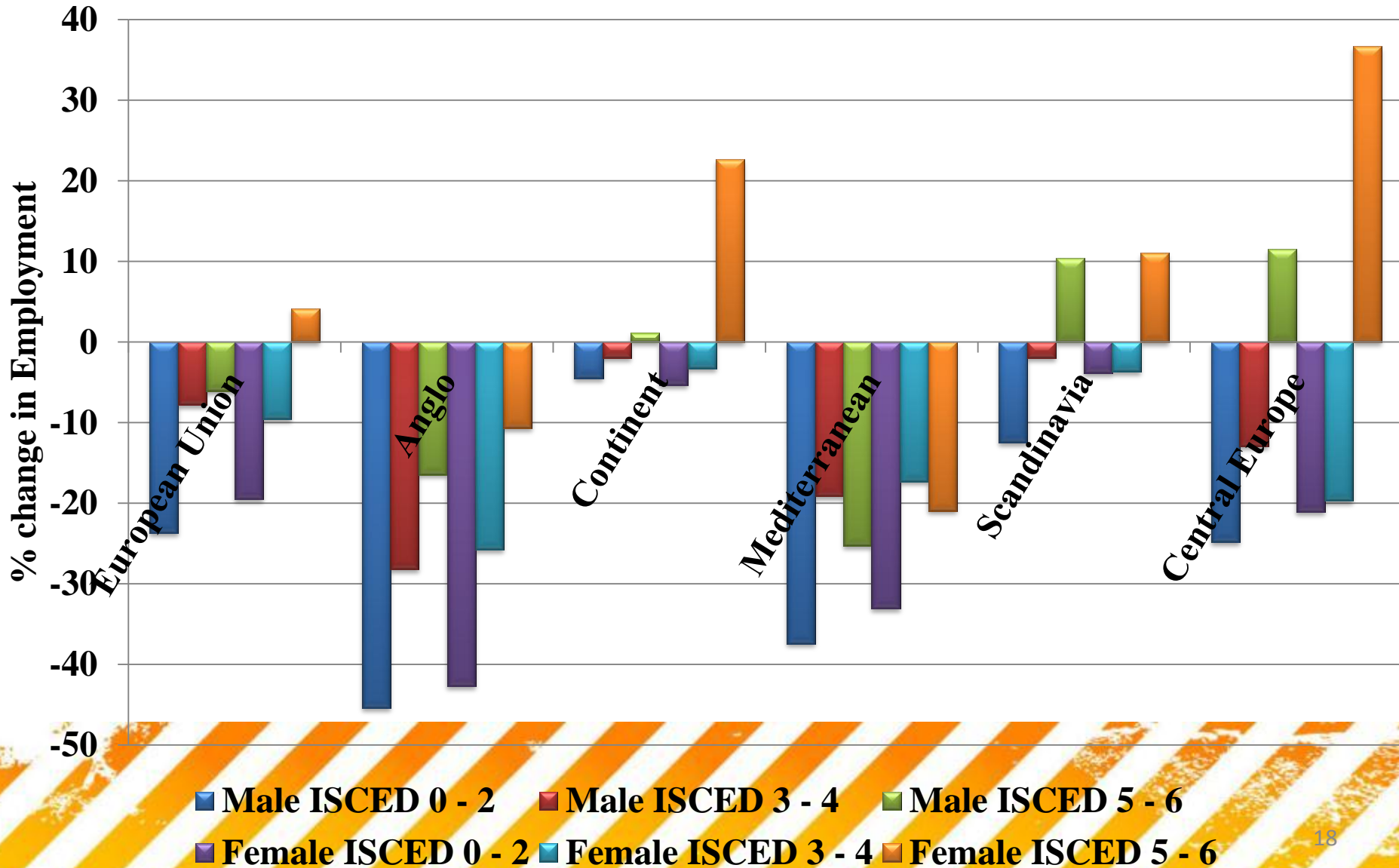


THE CRISIS & YOUNG PEOPLE

- 'More' young people affected by the crisis than 'adults'?
- More significant - Young people MORE affected by the crisis than others
 - The consequences of un/non-employment early on is likely to be more serious for young people (at least compared to prime age adults)
 - Key issue is what is happening to long-term unemployment

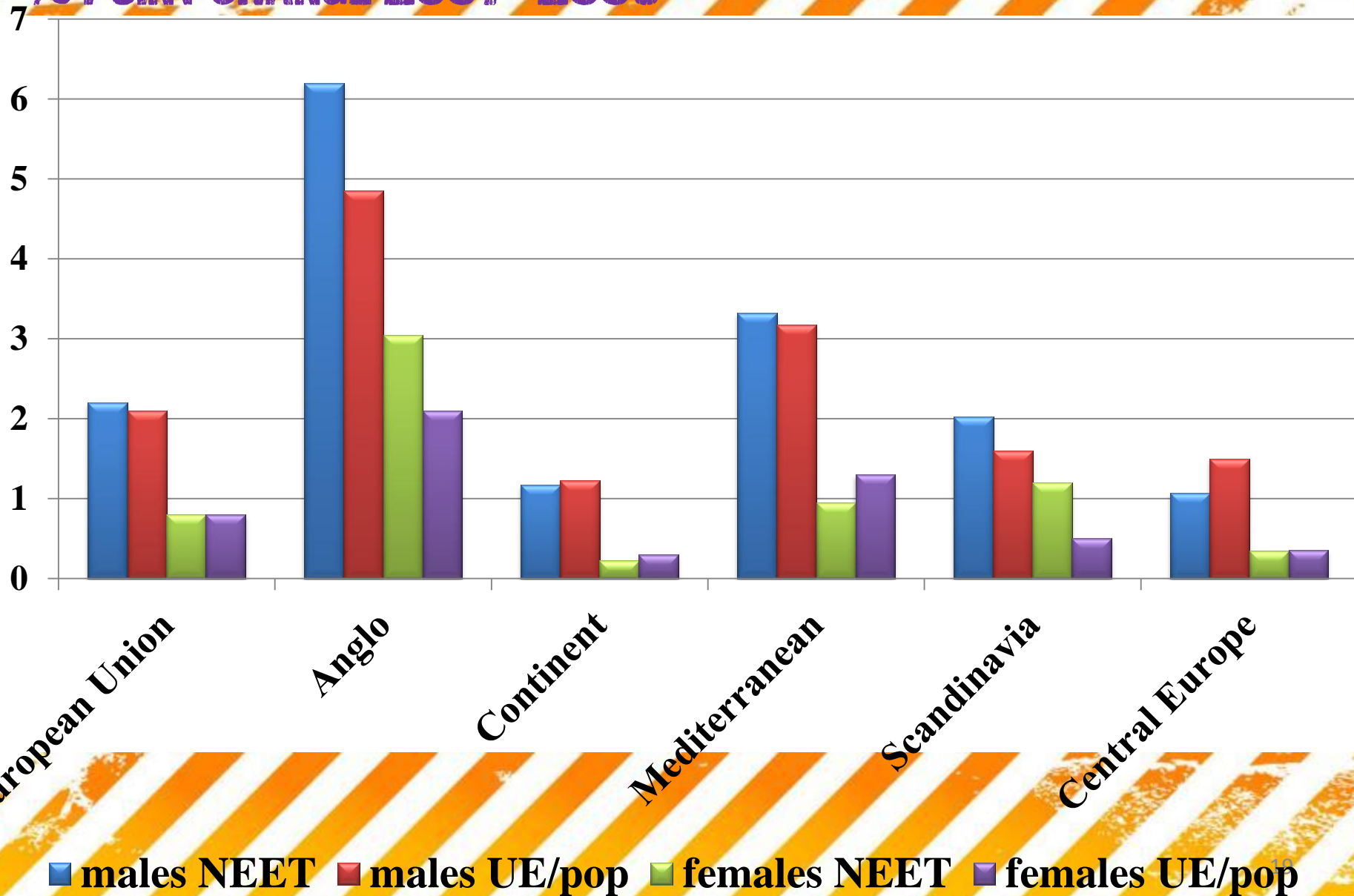
Which Young People?

% Change in Employment by Education 2007Q3 – 2010Q3



JOBLESSNESS VS. UNEMPLOYMENT?

% POINT CHANGE 2007-2009

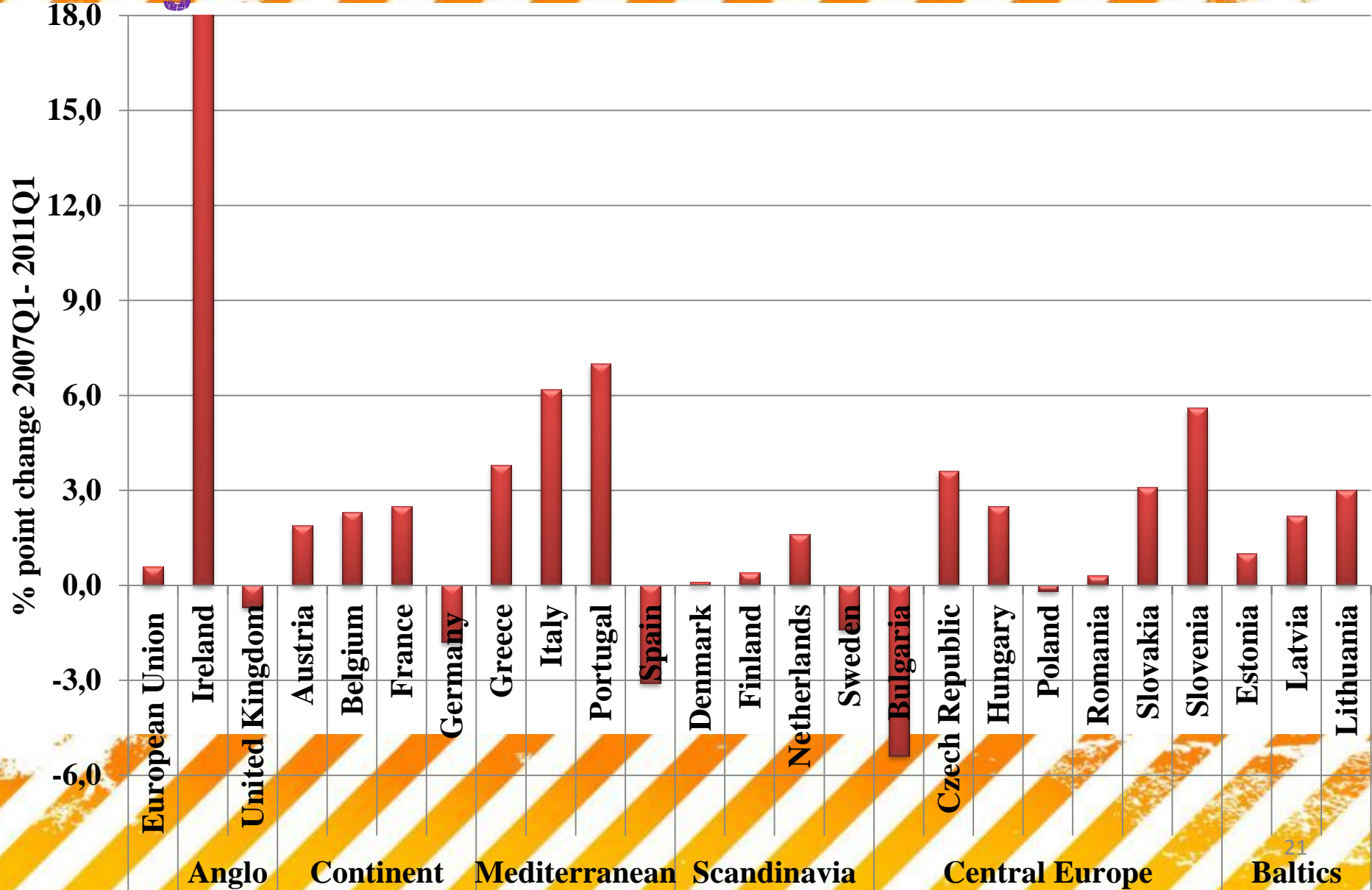


WHICH YOUNG PEOPLE?

- Less Educated
- Ethnic minorities - e.g. Roma, African-Caribbean
- Disabled
- Gender - not so much in this recession

Job Quality - Temporary employment?

Change in Incidence 2007 - 2011



WHAT CAUSES YOUTH NON/UNEMPLOYMENT?

Macro

- Aggregate Demand - young people particularly susceptible
- Labour market regulation - not as important as some think

Micro - characteristics of young people

- Demographic characteristics
- Education & Skills - employability

POLICY RESPONSE: GENERAL

Policies

- Demand Management & LM regulation Both important but not for today - n.b. Danger of creating permanent instability
- Formal Education & Training:
 - recession = ideal time to encourage YP to remain in/undertake education and training
- Active Labour Market Programmes (ALMPs)



POLICY RESPONSE: ALMPs

Types of programme

- Programmes to enhance human capital usually through training and/or education;
- Programmes to promote employment in particular, employment subsidies and support for business start-ups and/or expansion; and,
- Job search assistance.

What works (or doesn't)?

- *Business Cycle* - training programmes appear to be less useful in times of recession – wage subsidies **relatively** more useful
- *Targeting: Differing Views* – helpful when aimed at ‘disadvantaged’ young people
- *Comprehensive (& targeted) interventions* : more effective
- *Training Context* : On-the-Job training
- *Public vs. Private* : interventions involving the private sector more useful
- *Job Search Assistance*: generally thought to be very effective – less useful in times of recession
- *Start-up assistance*: range of services; N.B. Not everyone can be an entrepreneur

Concluding comments

- Much Cross-country variation in the effects of the recession but some regularities
- Problem of low skilled, low educated young people risk of emergence of a hard-core of 'unemployable' youth
- Problem of permanent instability?
 - Role of EPL needs to be examined more carefully not at all clear that greater flexibility helps cyclical adjustment



THANK YOU!