



Executive Summary

In 2013, 39 million 16-29 year-olds across OECD countries were neither employed nor in education or training (NEET) – 5 million more than before the economic crisis of 2008. And estimates for 2014 show little improvement. The numbers are particularly high in southern European countries that were hardest hit by the crisis. In Greece and Spain, for example, more than 25% of young adults were NEET in 2013. More worrying still: around half of all NEETs – some 20 million young people – are out of school and not looking for work. As such, they may have dropped off the radar of their country's education, social, and labour market systems.

These numbers represent not only a personal calamity for those individuals concerned, but a squandered investment, because the skills acquired during education are not being put to productive use, and a potential burden for their countries too: from lower tax revenues, higher welfare payments, and the social instability that may arise when part of the population is out of work and demoralised. Young people should be an asset to the economy, not a potential liability.

What lies at the root of this unacceptable waste of human potential? Among other things, too many young people leave education without having acquired the right skills and so have trouble finding work. According to the Survey of Adult Skills, a product of the OECD Programme for the International Assessment of Adult Competencies (PIAAC), 10% of new graduates have poor literacy skills and 14% have poor numeracy skills. More than 40% of those who left school before completing their upper secondary education have poor numeracy and literacy skills.

In addition, too many young people leave education with little experience of the world of work. Less than 50% of students in vocational education and training (VET) programmes, and less than 40% of students in academic programmes in the 22 OECD countries and regions covered by the Survey of Adult Skills, are participating in any kind of work-based learning.

Even young people with strong skills have trouble finding work. Many firms find it too expensive to hire individuals with no labour market experience. Indeed, young people are twice as likely to be unemployed as prime-age adults.

But even those young people who succeed in entering the labour market often face institutionalised obstacles to developing their skills and advancing their careers. For example, one in four employed young people is on a temporary contract. These workers tend to use their skills less and have fewer training opportunities than workers on permanent contracts. Meanwhile, 12% of employed young people are overqualified for their job. This means that some of their skills are left untapped and unused, and that their employers are not fully benefitting from the investment in these young people.

Given the slow rate of growth predicted for many OECD countries, particularly those in Europe, in the coming few years, the picture is unlikely to brighten anytime soon. What can be done in the meantime?

ENSURE THAT ALL YOUNG PEOPLE LEAVE SCHOOL WITH A RANGE OF RELEVANT SKILLS

Young people need to have a wide range of skills – cognitive, social and emotional – to be successful in all areas of their lives. The OECD Programme for International Student Assessment (PISA) finds a strong association between attendance in pre-primary education and better performance in reading, mathematics and science later on, particularly among

socio-economically disadvantaged students. Countries can offer high-quality pre-primary education for all children to help mitigate disparities in education outcomes and to give every child a strong start to their education careers.

Teachers and school leaders can also identify low achievers early on to provide them with the support or special programmes they may need to help them attain sufficient proficiency in reading, mathematics and science, develop their social and emotional skills, and prevent them from dropping out of school entirely.

HELP SCHOOL LEAVERS TO ENTER THE LABOUR MARKET

Educators and employers can work together to ensure that students acquire the kinds of skills in demand and that those skills are used from the beginning of a young person's working life. Work-based learning can be integrated into both VET and academic post-secondary programmes. This kind of learning benefits both students and employers: students become familiar with the world of work and the kinds of skills – including social and emotional skills, such as communication and working with others – that are valued in the workplace; and employers get to know potential new hires – people they have trained to their own standards.

DISMANTLE INSTITUTIONAL BARRIERS TO YOUTH EMPLOYMENT

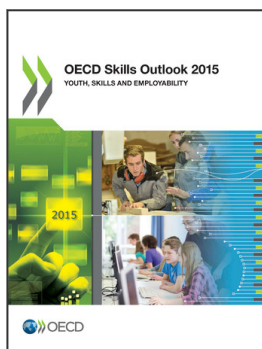
As many young people enter the labour market on temporary contracts, it is important to ensure that these temporary jobs are “stepping stones” into more stable employment, rather than a series of precarious situations that raise the risk of young people becoming unemployed. The asymmetry between job-protection provisions that make it costly to firms to convert fixed-term contracts into permanent contracts should be reduced. Minimum wages, taxes and social contributions should all be scrutinised and, if necessary, adjusted when trying to reduce the cost to employers of hiring youth with little work experience.

IDENTIFY AND HELP THOSE NEETS NOW “OFF THE RADAR” TO RE-ENGAGE

Governments need to identify the millions of young people who are NEET and who are having trouble entering the labour market or have become disengaged. Public employment services, social institutions and education and training systems can help these youth to find a job or re-enter some form of second-chance education or training. A system of mutual obligations between young people and employment and educational institutions can help to both identify and assist these NEETs. In return for receiving social benefits, young people would be required to register with social institutions or public employment services, and take actions to prepare for the labour market, including by participating in further education and training.

FACILITATE BETTER MATCHES BETWEEN YOUNG PEOPLE'S SKILLS AND JOBS

Anticipating the skills needed in the work force and ensuring that these skills are developed in education and training systems would limit the incidence of mismatch between young people's skills and jobs. And since many employers find it difficult to assess the skills of new young workers, especially in countries with complex education systems, education providers and the business sector can work together to design qualifications frameworks that accurately reflect the actual skills of new graduates.



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