

# G20



International  
Labour  
Office

## Giving youth a better start

A policy note for the G20 Meeting of Labour and Employment Ministers

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# Contents

<b>Executive summary</b> .....	1
<b>Introduction: The key challenges</b> .....	3
<b>1. How are young people faring?</b> .....	3
<b>2. The role of initial education in ensuring a smooth transition to work</b> .....	8
<b>3. The role of labour market policy and institutions in facilitating access to employment</b> .....	17
<b>Conclusions</b> .....	26
<b>References</b> .....	27

## Executive summary

Youth are a key asset for society. Equipping youth with the skills needed today and giving them opportunities to become well-integrated into the labour market contributes not only to their own well-being but also to the productive potential of the economy and to social cohesion more generally. This is fully recognised by the G20 Leaders who, at their Summit in Pittsburgh in 2009, stressed the need to put quality jobs at the heart of the recovery and pledged to support robust training efforts in their growth strategies. In 2010, the G20 Employment and Labour Ministers in Washington also stressed the need to accelerate job creation while providing better support and access to social protection for disadvantaged youth.

In most G20 countries, transitions from school to work are all but smooth. Labour market outcomes for youth tend to be much worse than those of their older counterparts, both in terms of access to employment and job quality. Youth unemployment rates are two to three times higher than adult unemployment rates, and in several G20 countries 30 per cent or more of youth are neither in employment nor in education or training. Moreover, even when young people find jobs, they are much more likely than adults to be working in the informal sector or in temporary jobs. This is worrying, as these jobs have limited social security coverage and leave youth more vulnerable to fluctuations in labour demand.

Youth have also been hard hit by the global financial and economic crisis. Youth unemployment increased sharply in many G20 countries in the downturn and, even during the current recovery, access to jobs, and to good jobs in particular, remains difficult for many new labour market entrants.

While the challenge of giving youth a better start is common to all G20 countries, the barriers faced by young people entering the labour market differ across countries, as do the policy options to tackle these barriers. In some G20 countries, educational attainment is still lagging behind, with relatively large shares of

youth not completing secondary education. In other countries, the investment in human capital by large numbers of youth is not adequately rewarded, as they find themselves holding jobs that could be carried out with lower qualifications. Marked differences also exist in terms of the support youth receive once they leave initial education. While in a few G20 countries, unemployed youth can get access to unemployment benefits and effective re-employment support, in others they are left to their own devices when looking for work.

These differences suggest that improving youth labour market outcomes requires an in-depth understanding of country-specific issues. However, some common trends in terms of policy responses are also emerging.

First and foremost, policies that promote strong and sustainable growth are vital to give youth a fair chance in the world of work. Unemployment, under-employment and inactivity among youth are closely related to business cycle conditions and, especially in the aftermath of the global financial crisis, a boost in aggregate demand is key to encouraging employers to create more job opportunities for them.

Improving school-to-work transitions requires action on multiple fronts. In terms of the education system, it is of fundamental importance to ensure that youth acquire the basic foundation skills that they need to succeed in the labour market. Major progress has been made in promoting access to education, but many young people still do not have access to, or drop out of, education before completing an upper secondary education, even though this is considered a milestone for a smooth transition to work. Poor children and, among them, girls and those living in rural areas in particular, often face higher barriers to education. In this context, Conditional Cash Transfer programmes have proved useful as a tool in emerging economies to encourage school attendance among children from disadvantaged backgrounds.

Beyond expanding school enrolment, G20 countries are putting increasing emphasis on ensuring that youth leave education with the skills that are required by employers and needed for life-long learning. Consequently, vocational learning, including apprenticeship-type programmes, is being revamped and extended in several countries, in light of the positive effects it has proven to have on youth's labour market outcomes. In the design and implementation of these and other reforms to bridge the world of learning and the world of work, employers' and workers' organisations can play a decisive role.

On the labour market side, job-search assistance programmes are often the best way to help youth. Training programmes work best when they are carefully tailored to local or national labour market needs. Thus, social partners and community leaders should be fully involved in their design and implementation. Because action is needed on multiple fronts, several G20 countries are strengthening the support they provide to unemployed and disconnected youth by setting up comprehensive programmes that include classroom instruction, on-the-job training and adult mentoring. These types of programmes have yielded positive results in a number of countries, including Argentina, Brazil and the United States.

A number of labour market institutional settings such as employment protection regulations, social security programmes and minimum wages can play an important role in preventing the exploitation of youth in low-paid, precarious jobs. However, an appropriate balance must be found through social dialogue to ensure that these institutions support rather than hinder the creation of decent jobs for youth. To encourage employers to hire youth, some countries have introduced hiring subsidies. Experience in a number of G20 countries shows that, to be successful, these subsidies need to be targeted on the most disadvantaged – e.g. low-skilled youth – and on employers who are expanding their workforce. Sub-minimum wages for trainees also exist in some G20 countries; these have proven successful when the train-

ing requirements are properly monitored and enforced, notably in the context of apprenticeships.

Setting employment protection regulations that differ substantially in their treatment of permanent and temporary workers can create a two-tier or segmented labour market. This affects youth disproportionately, making it harder for them to make the transition from unprotected and unstable temporary jobs to permanent ones. A number of G20 countries are therefore considering reforms that tend to reduce such differences or eliminate them entirely.

Finally, these measures to improve labour market outcomes for youth are likely to be more effective if they are implemented as a coherent package of measures – a package that takes account of the multiple barriers facing youth as well as the linkages between different education, labour market and social policy settings. They also need to be implemented as part of a wider set of policies to promote stronger, sustainable economic growth, which will create more and better job opportunities for people at all ages.

Going forward, the G20 process can play a pivotal role in promoting better youth employment policies and in sharing knowledge about good practices. In particular, an action plan for youth could be envisaged that could comprise the following main elements:

- Identify a set of key indicators to monitor the labour market performance of young people;
- Monitor changes in labour market conditions for youth and promote adequate policy interventions;
- Establish a platform for the exchange of lessons learned and good practice in relevant policy areas, as well as promote cross-country cooperation on youth employment; and
- Develop proposals concerning the strategies and resources required to achieve the common goal of giving youth a better start in the world of work.

## Introduction: The key challenges

1. Youth are a key asset for society. Providing them with the skills and job opportunities to become well-integrated into the labour market is essential not only to contribute to their own well-being but also to improve the productive potential of the economy and social cohesion more generally. In this context, all G20 countries share the common objective of giving youth a better start in the world of work. While the challenges countries face in achieving this objective vary, they are generally significant, particularly in the aftermath of the global financial and economic crisis, as youth have borne a disproportionate share of job losses and many of them are still facing significant barriers to employment even in the current recovery phase. Going forward, some G20 countries face the daunting challenge of generating many more productive and rewarding jobs for large and growing numbers of youth. Others need to deal with declining job opportunities for low-skilled youth while mobilising potential labour resources to cope with the fiscal pressures arising from rapid population ageing.
  2. The main objectives of this paper are to: *i*) provide a review of the labour market situation of youth in G20 countries; *ii*) identify the main barriers to a smooth transition from school to work; and *iii*) put forward examples of good policy practices to tackle these barriers.
  3. This paper draws on the extensive expertise of the OECD and the ILO in the area of youth employment issues. In particular, it draws from a series of in-depth OECD country reviews and two comparative synthesis reports (OECD, 2010a; and OECD, 2010b) as well as recent ILO reports on global youth employment trends (ILO, 2008; and ILO, 2010a). The paper is organised as follows. Section 1 presents the key facts on youth labour market performance. Section 2 discusses policies to improve educational outcomes, while Section 3 focuses on policies to facilitate transitions from school to work.
- ### 1. How are young people faring?
4. This section presents an overview of youth labour market performance in G20 countries and identifies both general and country-specific policy challenges. It covers youth unemployment and employment rates across G20 countries and their changes over time, as well as the share of youth neither in employment nor in education or training. It also discusses the quality of jobs held by young people.
  5. Providing education and good job opportunities is a significant challenge everywhere, but particularly in those countries where youth account for a large share of the working-age population (figure 1). Differences across the G20 countries in the share of youth in the working-age population are large. For instance, youth aged 15–24 make up about one-third of the working-age population in South Africa, a share that has declined only slightly over the past 50 years. At the other extreme, the same youth cohort is about half the size in Italy, Japan and Spain, following major declines over the past half century. Other G20 countries facing small and shrinking youth cohorts include Germany and Korea. Over the coming years, population ageing is expected to slow in most countries with relatively small youth cohorts, while it is likely to accelerate in countries where the share of youth in the working-age population is currently rather large – notably, India, Mexico and South Africa.
  6. At the same time, and contrary to common belief, shrinking youth cohorts do not automatically guarantee better labour market opportunities for young people, just as early retirement does not help free up jobs for youth. Both these ideas rely on the *lump-of-labour fallacy*, according to which there is only a fixed number of jobs to be distributed between workers. In fact, across countries, the relationship between the employment rate of youth and that of older workers is positive (OECD, 2011a). In addition, while smaller youth cohorts in some countries may imply that the youth will have more job opportunities, young people can only benefit from them as long as they possess the skills required by the labour market.

## *Youth account for a large share of the population in some countries*

## *The proportion of youth who are working varies considerably across countries*

7. More than half of youth in Australia, Canada and China worked in 2010, compared with 20 per cent or fewer in Italy, Saudi Arabia and South Africa (figure 2). While this may reflect factors other than labour market performance, including enrolment rates in education and the likelihood of youth combining work and study, the differences across countries are striking.
8. Over the past decade, youth employment rates have remained stable in many G20 countries. However, in several countries the labour market situation of youth deteriorated significantly between 2000 and

2010. This is particularly the case in Spain, the United Kingdom and the United States, where youth employment rates declined by between 10 and 15 percentage points, mostly due to the negative impact of the recent global economic crisis.

*Youth are more affected than adults by unemployment*

9. In all G20 countries, the unemployment rate of youth is higher than that of adults. On average, youth who are in the labour force are two to three times more likely than their prime-age counterparts to be unemployed, and this ratio is even higher in Italy and Saudi Arabia where it reaches 3.6 and 4.3, respectively (figure 3).<sup>1</sup>
10. A number of factors help to explain the higher likelihood of unemployment among young people. First, youth entering the labour market for the first time lack labour market experience and this may hamper their ability to quickly find a job. Second, in some G20 countries youth tend to change jobs more frequently than adults as they go through the process of identifying the best match for their competences and aspirations, and these job changes are often interspersed with unemployment spells. Finally, youth are likely to be over-represented in precarious jobs – notably temporary and informal jobs – of short duration and limited stability. As a result, they are often the first to lose their jobs in times of adverse economic conditions and the last to be recruited during an economic expansion. Indeed, youth unemployment rates rose sharply between 2007 and 2010 in countries where the recent global economic crisis was most severe – notably, France, Italy, Spain, the United Kingdom and the United States – while they fell in Brazil and Indonesia, two countries largely spared by the crisis (figure 4).

*Among out-of-school youth, inactivity is a bigger problem than unemployment*

11. While the unemployment rate represents a good measure of the difficulties faced by young people in the labour market, it does not capture the situation of inactive young people who are not engaged in education or training – some of whom face a high risk of social and economic exclusion. A measure that captures both the risk of unemployment and inactivity is the share of youth neither in employ-

ment nor in education and training – the so-called NEET rate (figure 5). This share ranges from under 10 per cent in Australia and Japan to over 30 per cent in South Africa and Turkey. Unemployment accounts for a significant share of NEET youth in several G20 countries. However, inactive youth not engaged in learning make up an even larger share in most countries for which the NEET rate can be split into its key components. Some inactive youth may have chosen to withdraw from the labour market – notably, young women engaged in child bearing and rearing. But for many young people inactivity is the result of discouragement and marginalisation, which may reflect the accumulation of multiple disadvantages such as the lack of qualifications, health issues and poverty and other forms of social exclusion. In addition, evidence from the United States and some European countries suggests that NEET status can be very persistent (Quintini and Manfredi, 2009; and OECD, 2010c).

*Youth are often found in jobs of poor quality, compromising their future career prospects*

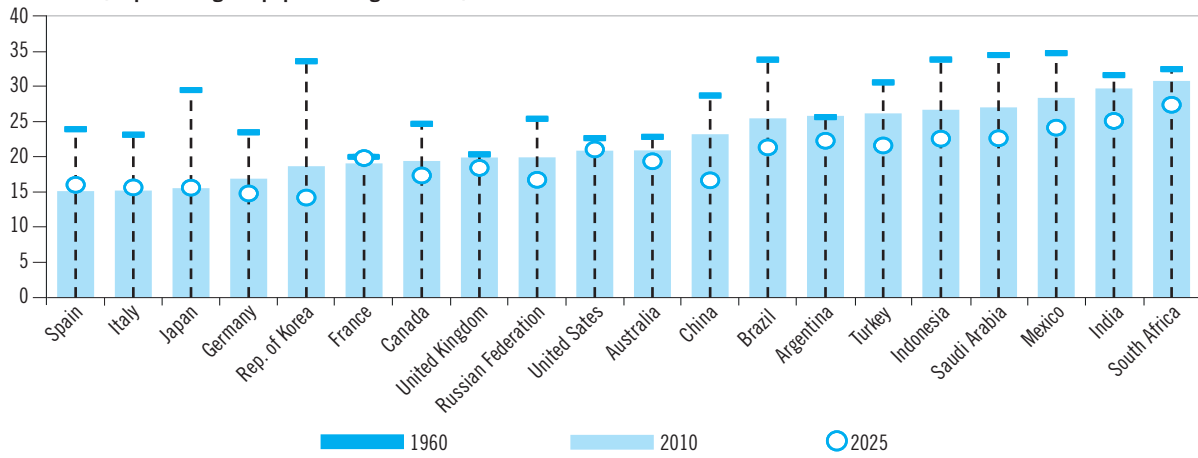
12. Not only are young people more likely to be unemployed than their prime-age counterparts but they are also more likely to be found in jobs that offer limited labour market stability, social protection and opportunities for training and career progression. In fact, as new entrants to the labour market, youth are frequently hired on temporary jobs or in the informal economy. In addition, in some countries, child labour is still a major concern, with its deleterious effects on children’s health and investment in education, which can undermine the quality of their employment throughout their working lives (see box 1).
13. In many G20 countries, youth tend to be more involved than their adult counterparts in situations of unprotected work in the informal economy (figure 6).<sup>2,3</sup> The gap between youth and adults is most striking in Argentina, with young people almost twice as likely as adults to engage in informal employment, but it is also sizeable in Mexico and Turkey.

<sup>2</sup> The definition of informal employment used here is in line with that provided by the 17th Conference of Labour Statisticians in 2003 and encompasses: *i*) unprotected wage workers in formal firms as well as those who work for households (as domestic servants), for no fixed employer (as casual day labourers), or under sub-contracts (as industrial outworkers); and *ii*) employment in the informal sector, including both the self-employed and wage earners. It is important to underline that making cross-country comparisons is complicated by the lack of harmonised data. Nevertheless, the data presented in the table do allow reasonable cross-country comparisons of the relative likelihood that youth and adults are employed in the informal economy.

<sup>3</sup> See also Gasparini and Tornarolli (2009), OECD (2008a), and Reis *et al.* (2009) for evidence that the likelihood of informal employment declines with age.

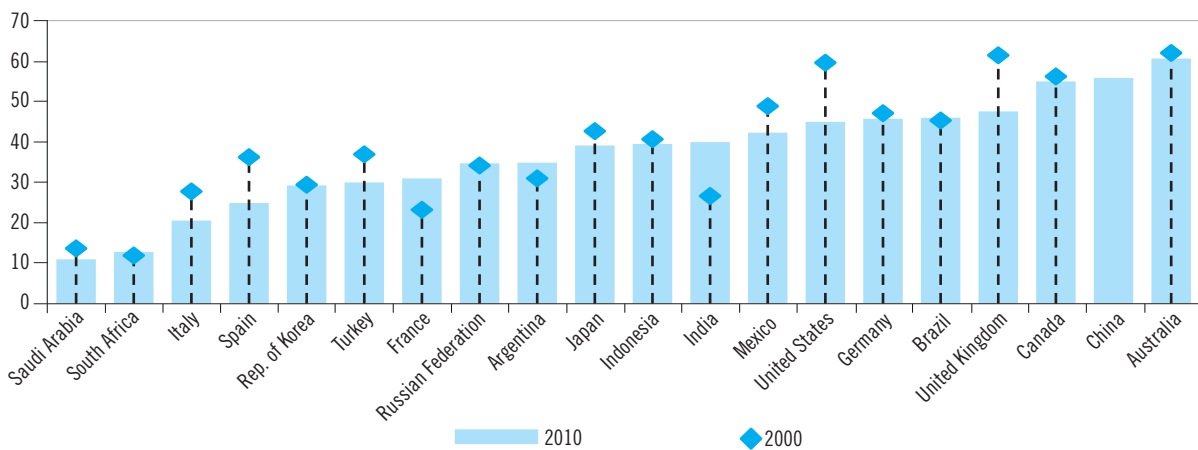
<sup>1</sup> It is noteworthy that youth and adult unemployment are highly correlated, as they both vary along the business cycle. However, youth unemployment is more sensitive than adult unemployment to GDP fluctuations – *i.e.* it rises more rapidly during a downturn (see OECD, 2010a and Scarpetta *et al.*, 2010).

**Figure 1. Share of youth aged 15–24 in the working-age population in G20 countries, 1960–2025 (as percentage of population aged 15–64)**



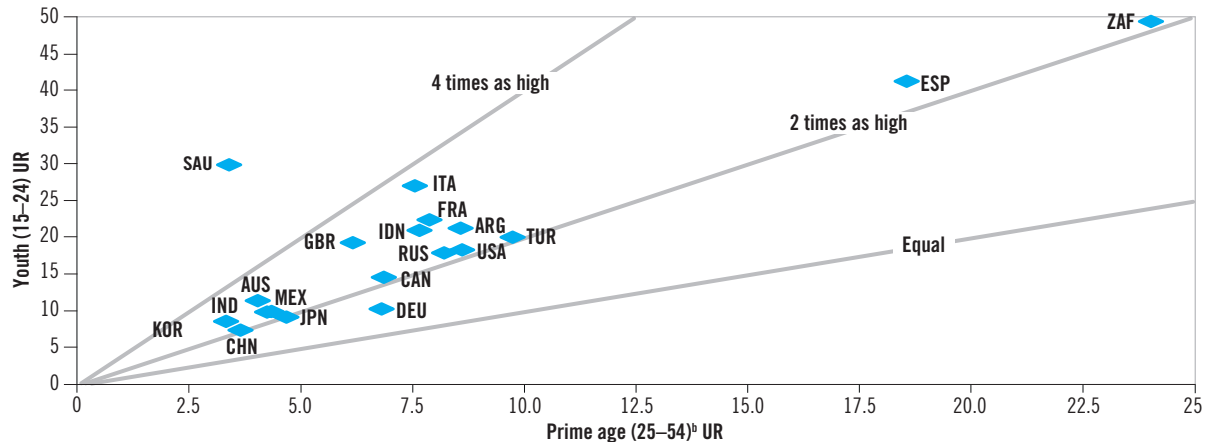
Source: UN World Population Prospects, 1950–2050.

**Figure 2. Youth employment rates, 2000–2010<sup>a</sup> (percentage of population aged 15–24)**



<sup>a</sup> 2009 instead of 2010 for Argentina, China, India, Indonesia, Russian Federation and Saudi Arabia; 2002 instead of 2000 for Russian Federation; 2003 instead of 2000 for South Africa. Source: OECD calculations based on *OECD Main Economic Indicators Database* and ILO, LaborSta; and Saudi Arabia National Statistical Institute.

**Figure 3. Youth and adult unemployment rates, 2010<sup>a</sup> (percentage in the labour force)**

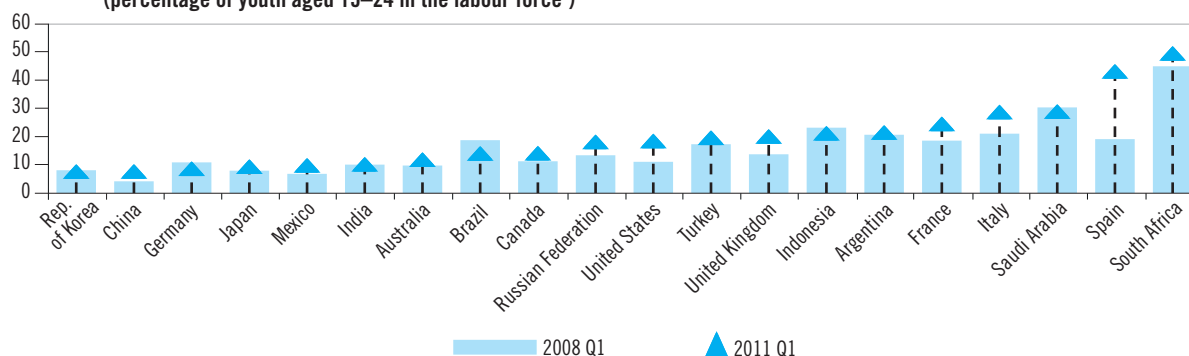


<sup>a</sup> Data refer to 2009 for China, India, and Saudi Arabia.

<sup>b</sup> Data refer to the total (instead of prime-age) unemployment rate for Argentina, China, India, Russia, and South Africa.

Source: OECD calculations based on *OECD Main Economic Indicators Database*; and ILO, LaborSta.

**Figure 4. Youth<sup>a</sup> unemployment rates in the recent global economic crisis, 2008 Q1–2011 Q1<sup>b</sup> (percentage of youth aged 15–24 in the labour force<sup>c</sup>)**



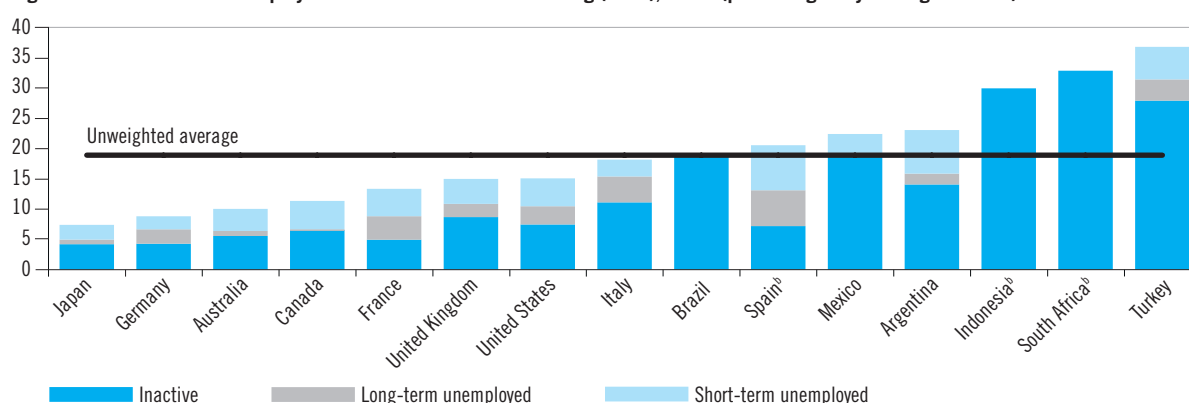
Countries shown in ascending order of the youth unemployment rates in 2011 Q1

<sup>a</sup> Persons aged 15–24 (16–24 for Spain and the United States).

<sup>b</sup> 2007 Q4–2010 Q4 for Argentina; 2007 Q3–2010 Q3 for Indonesia; and 2007–09 for China, India and Indonesia.

<sup>c</sup> Selected urban areas for Argentina and Brazil.

**Figure 5. Youth neither in employment nor in education or training (NEET), 2008<sup>a</sup> (percentage of youth aged 15–24)**

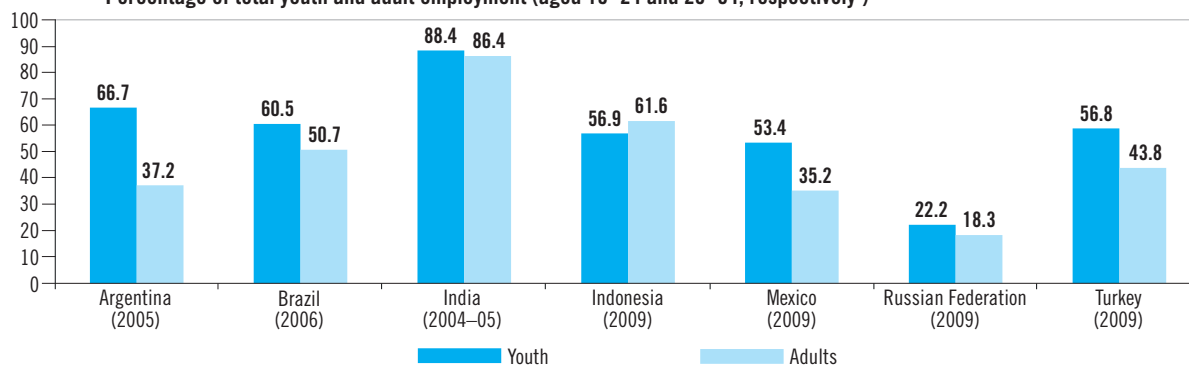


<sup>a</sup> Data for Indonesia refer to 2007; for Japan and South Africa to 2008.

<sup>b</sup> Data refer to total NEET rate.

Source: OECD, Education database for OECD countries and Brazil; Encuesta Permanente de Hogares (EPH) for Argentina; Indonesia Family Life Survey, fourth wave for Indonesia; General Household Survey for South Africa.

**Figure 6. Informal employment, by age group, selected G20 countries<sup>a</sup> (Percentage of total youth and adult employment (aged 15–24 and 25–64, respectively)<sup>b</sup>)**



<sup>a</sup> The figures refer to both unprotected work in the formal sector or informal employment in the informal sector. Data for Argentina refer to salaried workers only. Data relate to various years as indicated in parenthesis beside each country name.

<sup>b</sup> For Turkey and India, the adult rate refers to the total population; for Mexico, the adult rate refers to 30–59-year-olds and the youth rate refers to 15–29-year-olds.

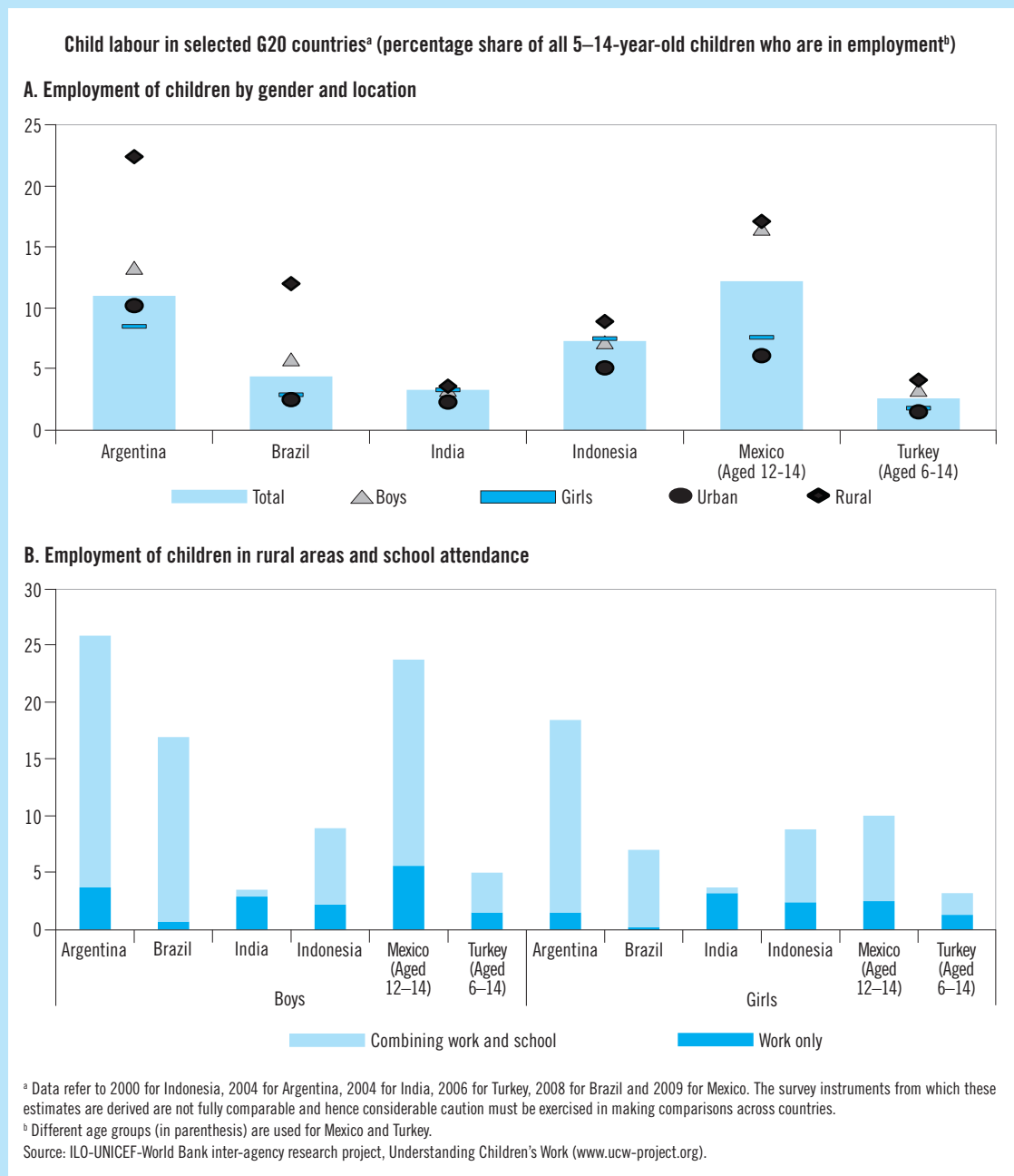
Source: ILO calculations based on Continuous Permanent Household Survey for Argentina; ILO (2009) for Brazil; National Commission for Enterprises in the Unorganised Sector (2010) for India; National Labour Force Survey for Indonesia; ILO (2010c) for Mexico; Federal State Statistics Service for Russia; and Turkish Statistical Institute for Turkey.



### Box 1. Child labour in G20 countries

In 2008, an estimated 176 million children aged 5–14 were in employment worldwide (ILO, 2010b), and child labour poses significant challenges in a number of G20 countries. To gauge the size of the phenomenon, Panel A in the figure below shows employment rates (as a proxy of child labour) among 5–14-year-old children in selected G20 countries for which official statistics are available. The share of children who work is found to vary significantly across countries, ranging from just 2 per cent in Turkey to 11 per cent in Argentina. Also, male children and children living in rural areas are more likely to work than their female and urban counterparts.

The majority of working children combine economic activity and some schooling. However, in some cases, working prevents children from attending school, undermining their literacy and numeracy as well as their future labour market outcomes. As Panel B of the figure below shows, around 5 per cent of boys aged 12–14 in rural areas of Mexico were working and not attending school.



14. Informal employment leaves many young people without the social protection and entitlements enjoyed by employees in the formal economy. For instance, in Argentina in 2006, only 34.7 per cent of young workers benefited from a pension scheme, compared to over 55 per cent of older workers (ILO, 2010d). Similarly, in both Argentina and Brazil, only about 45 per cent of young workers enjoyed health insurance coverage in 2006, with the youngest workers (15–17 years-old) being substantially less protected in both countries. Finally, there is evidence that youth working in the informal economy suffer larger wage penalties than their adult counterparts and compared to workers in the formal economy.<sup>4</sup>
15. Recent experience in Argentina and Mexico suggests that informal workers are also more vulnerable to economic cycles. In Argentina, during the major economic crisis that began in 2000, the share of youth employed in the informal economy reached 77 per cent and that of adults attained 44 per cent. Robust post-crisis economic recovery, coupled with significant reforms of labour market institutions (see box 2), managed to curb informality among both adult and young workers. By mid-decade, the incidence of informal employment among young employees in Argentina had declined to 60 per cent (figure 6). Although the recent global economic crisis slowed the fall somewhat, the share of employed Argentinean youth in informal employment has continued to decline. The share of Mexican young workers in the informal economy increased during the recent economic crisis, however.<sup>5</sup>
16. Job quality for young workers is also an issue in those countries where there is a high incidence of temporary work. In the European Union, youth are on average nearly four times more likely than their adult counterparts to be in fixed-term and

temporary work agency (TWA) jobs, often lacking the stability and social protection that is granted to workers hired on permanent contracts. This also makes young people more vulnerable to business-cycle fluctuations, as hiring freezes, non-renewal of temporary contracts and layoffs of temporary workers are often the first steps taken by employers facing economic difficulties. In addition, as the recovery phase is often accompanied by uncertainty, firms are wary of hiring on permanent contracts and prefer temporary ones, especially for youth.

17. Figure 7 shows the incidence of involuntary temporary work in the G20 countries for which comparable data are available, before and after the recent economic crisis. The incidence of temporary work among employed youth was extremely high in Spain and Turkey in 2007, exceeding 70 per cent, and it remained so in the aftermath of the recent economic crisis. In Spain, the crisis brought about a 10 percentage point rise in the share of young workers in temporary jobs, probably because of the combined effect of the collapse of youth employment and the fact that most job creation has led young people to accept temporary jobs because of the scarcity of vacancies in stable employment. Temporary work is also relatively widespread in France, Italy and the United Kingdom where it concerned over a third of employed youth. Outside Europe, temporary contracts often take on a different significance. In Australia, so-called *casual work* can in some instances involve a long-term continuous employment relationship with the same employer. In the United States, the *employment at will* norm, by which either employer or employee can terminate a work relationship at any time, blurs the distinction between permanent and temporary workers.

## 2. The role of initial education in ensuring a smooth transition to work

18. Investment in human capital is a key factor in facilitating the transition from school to work and putting youth on promising career tracks. This section highlights the importance of educational attainment for labour market outcomes and presents some key challenges faced by G20 countries concerning access to schooling, educational attainment and participation in vocational education. It also identifies examples of good practice in addressing these issues and describes schemes that have been successful in engaging the most disadvantaged youth, such as those who have dropped

<sup>4</sup> The European Commission's report on the Eurobarometer undeclared work survey (European Commission, 2007) noted that undeclared 15–24-year-old workers are paid significantly lower hourly wages than their older undeclared counterparts. Evidence of a wage penalty for younger workers in informal employment in South Africa was also found by Bargain and Kwenda (2010).

<sup>5</sup> This is the share of young Mexicans engaged in informal employment, and thus not covered by the provisions of the Federal Employment Law, including a written contract and social security entitlements. Even though this law stipulates that there should be no prejudice concerning worker entitlements in the absence of a written contract, the actual reality can be different. In general, the lack of a contract creates an unclear employment relationship and can reduce labour protection, especially among young workers. This can negatively affect the entitlements foreseen by labour law (e.g. remuneration, hours of work, paid days of weekly rest, annual leave and sick leave, and contribution to social security).

## Box 2. Labour market reforms to support youth transitions to formal employment: The case of Argentina

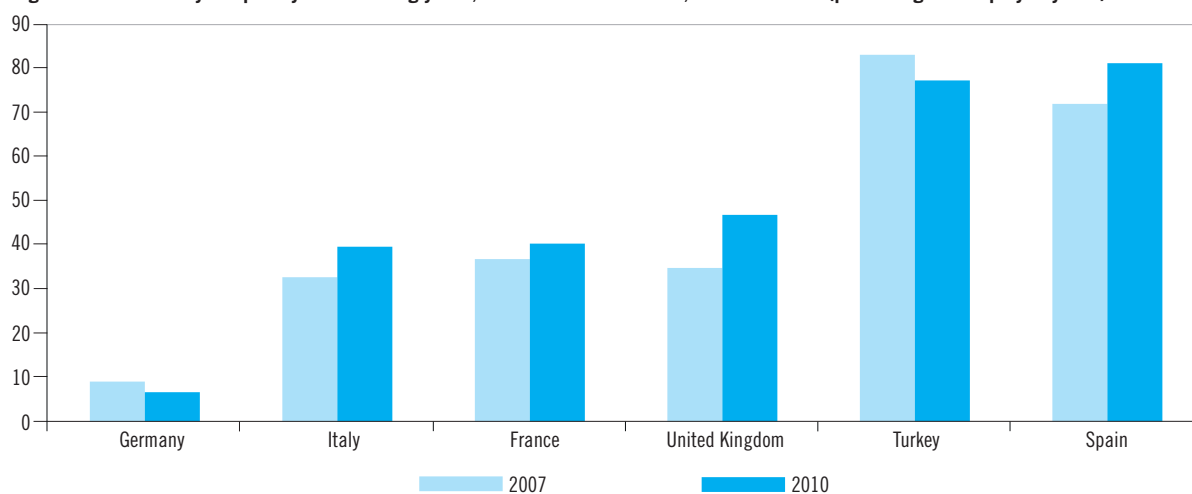
After the deep economic crisis of the early 2000s, the Argentine government introduced a number of reforms to address high levels of informality. These included Law No. 25.877 that provides for an initial 12-month reduction in social security contributions for new recruits by small and micro enterprises. In parallel, the “Programa de Simplificación Registral” simplified administrative procedures through the establishment of a single worker registration system. To improve compliance by enterprises, in 2005 the government adopted the “Plan Nacional de Regulación del Trabajo” and increased the resources allocated to the Labour Inspectorate. During the first two years of this programme, about one-third of the informal workers identified through labour inspections were registered.

These reforms resulted in a reduction of informality among young employees. In addition, Law No. 26.427 established sanctions for enterprises exploiting apprenticeships and young workers. This law required the issuance of a fixed-term contract with detailed provisions for training, social security contributions and wages.

Specific measures were adopted to curb informality in the most affected occupations. These measures simplify the registration of domestic workers and allow the deduction of social security contributions from taxes paid by employers. Another measure, known as “mono-tributo social”, was introduced to target low-earning self-employed people in the informal economy. These measures also allowed for the extension of social security to include workers who had formerly been excluded.

Source: ILO (2011).

Figure 7. Involuntary temporary work<sup>a</sup> among youth, selected G20 countries, 2007 and 2010 (percentage of employed youth)



<sup>a</sup>The figures refer to the share of youth who reported being in temporary jobs because they could not find a permanent job.  
Source: Eurostat.

out of school without any qualification, those who live in disadvantaged communities, those who engage in anti-social behaviour (drug and alcohol abuse, criminal activity, etc.) and disabled youth.

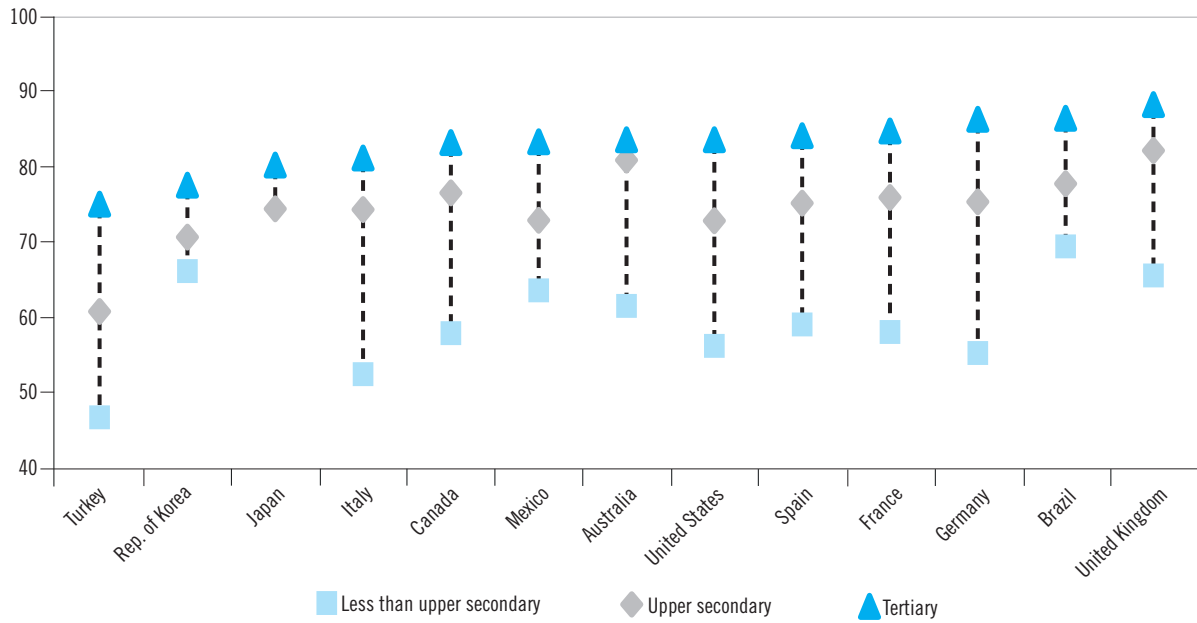
### Improving educational attainment for better labour market outcomes

- Access to productive and rewarding jobs improves as the level of education increases. In many G20 countries, completion of upper-secondary schooling (*i.e.* high school, usually between the age of 15 and 18) is becoming a key policy goal due to its

importance for a smooth transition to work, for participation in life-long learning and for career progression. The employment rates by educational level presented in figure 8 confirm this view. Employment opportunities for young workers without an upper-secondary qualification are particularly poor in most G20 countries. But even in countries where the demand for the low-skilled remains substantial – notably Brazil, Korea, Mexico and the United Kingdom – the employment rates of tertiary graduates are much higher than those of youth without an upper-secondary qualification.

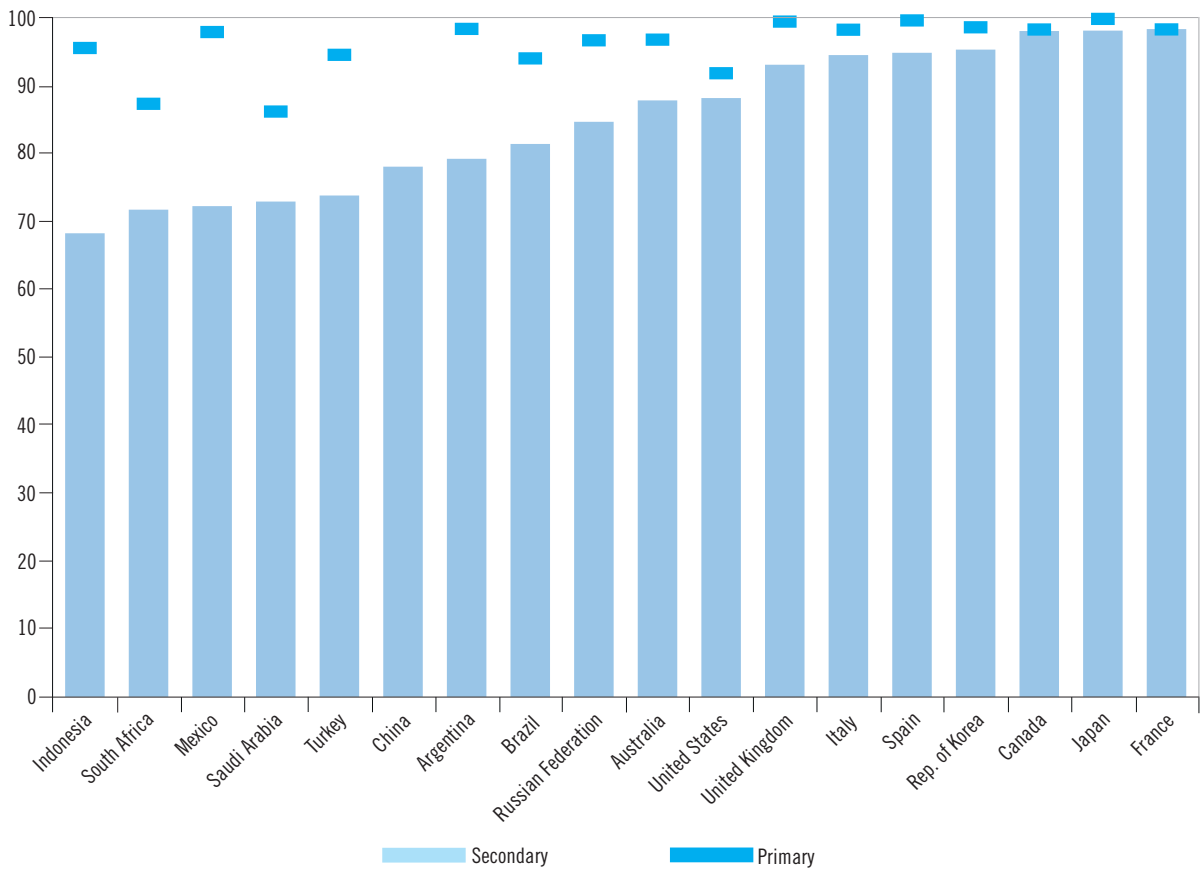
20. In some G20 countries, low educational attainment rates reflect low enrolment rates. Figure 9 shows that while there has been some convergence over time across G20 countries in the proportion of youth enrolled in upper secondary education, significant gaps remain. For instance, in Canada, France and Japan, enrolment in secondary education is close to universal, while in Indonesia it stands at 70 per cent. Also, while most G20 countries have attained close to universal enrolment in primary education, in South Africa and Saudi Arabia, 13 per cent and 14 per cent of children, respectively, are not enrolled in school. Moreover, in some G20 countries, enrolment varies markedly with household wealth, is significantly lower in rural areas and is lower for girls than for boys.
21. The policy responses needed to deal with low educational attainment rates differ, depending on whether these reflect low enrolment rates, or high dropout rates after enrolment, or both. In G20 countries where enrolment in education through lower secondary education (*i.e.* up to age 15 or 16) is almost universal, the focus has been on improving retention in upper secondary education, in some cases by raising the age of compulsory participation in learning. This is the case in the United Kingdom, in some Länder in Germany, in some Australian and US states and in two Canadian provinces. In the most recent reforms – notably in the United Kingdom – attendance obligations have been linked to the age of 18 or to achieving an upper-secondary qualification, whichever comes earlier (OECD, 2008b).
22. In other G20 countries, interventions are needed earlier in the education system, before the focus turns to upper secondary achievement. While in most G20 emerging economies primary education is generally available in every local community, secondary education may require travelling or moving to bigger towns, making attendance more difficult for children who are from disadvantaged households in rural areas and for girls who are expected to spend time working or helping with household duties. The lack of role models for girls and entrenched social roles hamper the reduction of the gender gap in education in several emerging economies (Chimombo, 2005). Furthermore, the language of instruction may also represent a key barrier to the educational attainment of some ethnic groups (*e.g.* in India). To encourage educational enrolment of children from disadvantaged socio-economic backgrounds, some countries have added school attendance as a condition for the receipt of cash transfers through so-called Conditional Cash Transfer schemes (CCTs). Many of these schemes have proved successful at improving school enrolment and attendance as well as child nutrition and health (box 3).
- Promoting vocational learning to boost educational attainment and improve labour market outcomes*
23. There is a range of evidence which suggests that high-quality vocational education pathways in upper secondary education can help engage youth who have become disaffected with academic education and thereby improve graduation rates and ensure smoother transitions from school to work (Quintini and Manfredi, 2009). However, in several G20 countries vocational education accounts for only a small share of students. For instance, just 10 per cent or fewer upper secondary students attend vocational courses in Brazil, Canada, India and Mexico (figure 10). This share is also low in Japan and Korea.
24. In light of this evidence, several G20 countries have recently undertaken reforms to strengthen their vocational education routes in order to improve retention rates of at-risk youth who have disengaged from academic education. In this context, *dual* schooling systems that combine class-based learning with work-based apprenticeships have received significant attention. This is partly because countries with a long tradition of apprenticeship systems – notably Austria, Denmark, Germany and Switzerland – have a good performance in terms of low youth unemployment. There is also evidence that apprenticeship training helps make transitions from school to work smoother even for youth who are not subsequently retained by the firm providing the training (Quintini and Manfredi, 2009). Indeed, youth leave apprenticeship programmes with skills that can be immediately used at work with no or little need for further training by their prospective employer.
25. However, it is important to keep in mind that even well-established apprenticeship systems face challenges. In the early 2000s, acting on an alarming drop in the number of apprenticeship places available, the German government engaged with the social partners to upgrade the dual vocational education and training system. The outcome was a National Pact for Training and Young Skilled Staff signed in June 2004. The Pact committed employers to offer sufficient apprenticeship places over the following three years and the government to re-

**Figure 8. Educational attainment and labour market outcomes, 2005 (employment rates of people aged 25–64 by educational**



Source: OECD, Education database.

**Figure 9. Net enrolment rates by education level, 2008 (%)**



Source: UNESCO Institutes for Statistics.

### Box 3. Conditional Cash Transfers (CCTs) can boost investment in human capital

CCT programmes started to emerge in the late 1990s in countries such as Argentina, Brazil and Mexico. Today they represent an important component of social protection in many developing and emerging economies. In certain cases, such as *Bolsa Familia* in Brazil and *Oportunidades* in Mexico, they cover a significant proportion of the total population. CCTs have multiple objectives: they provide income support to poor families in the short run, but also aim to increase school enrolment, attendance and performance as well as to improve the health of children and pregnant women, hence promoting investment in human capital among future labour market entrants.

The positive effects of CCTs on child nutrition, health, school attendance and enrolment have been well established for various programmes in different countries (see OECD, 2010d; and Annex 2.A3 in OECD, 2011b for a review of relevant studies). Evidence from Mexico, Brazil and South Africa suggests that CCT receipt reduces child labour, possibly because it reduces the opportunity cost of having the children attend school rather than work (Skoufias and Parker, 2001; Ferro and Nicollela, 2007; Williams, 2007; and Edmonds, 2004). However, the effects of CCTs on school performance are less clear-cut, possibly reflecting the limitations of the test measures that have been used and the importance of non-monetary factors that affect the learning capacity of children (e.g. nutrition, parenting skills and the value placed on education). The longer-term impact of any improved educational outcomes at a young age also remains an open question, as beneficiaries of the first wave of CCT programmes are only now beginning to enter the labour market (Rodríguez-Oreggia and Freije, 2008; and McKee and Todd, 2011).

CCT effects are found to be larger among poor households (Fizbein and Schady, 2009; Williams, 2007; and Edmonds, 2004) and for children at transition grades, *i.e.* those moving from primary to secondary education or from lower secondary to upper secondary (Schultz, 2004). The limited evidence available also suggests that the impact of CCTs may be larger for girls than for boys (Hamoudi and Thomas, 2005), especially where initial enrolment is low, which is often the case for girls. The characteristics of the beneficiaries of cash transfers also seem to matter for the impact of the transfer on children's outcomes: a majority of CCT programmes make payments to mothers, as they are thought to have a stronger preference for investing in children than fathers do and because they may place a relatively higher value on investments in girls relative to boys (Fizbein and Schady, 2009). Evidence from the UK's Education Maintenance Allowance (Ashworth *et al.*, 2002) also suggests that paying the benefit directly to adolescents may yield higher positive effects than paying the allowance to their parents.

CCTs can also be helpful in adjusting to temporary shocks. For example, the existing CCT schemes have made it easier for many developing and emerging economies to respond to increased needs stemming from the recent global economic and financial crisis and/or to face the consequences of natural disasters (OECD, 2010d). In particular, through the conditionalities they impose, CCTs can mitigate the long-term effects of economic and natural shocks on school attendance and on children's health status. Such programmes also allow for additional transfers to those already receiving benefits in case of temporary shocks.

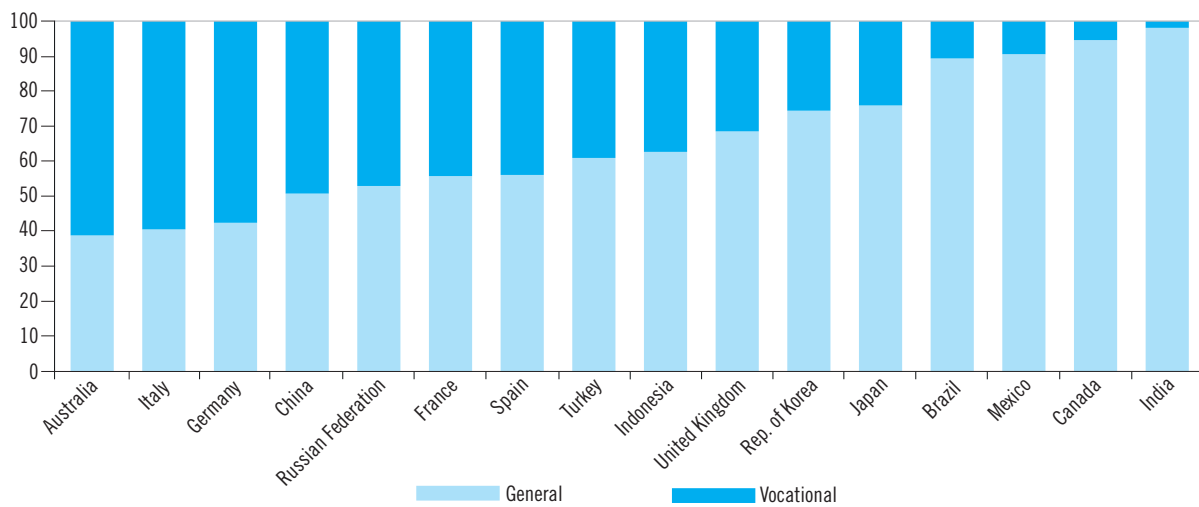
Despite these positive aspects, CCTs still face several challenges associated with their administration and effectiveness (OECD, 2011c). For instance, the effectiveness of the conditions imposed on children and pregnant women depends crucially on compliance with these conditions and on the enforcement of sanctions in the event of non-compliance. In most cases, the monitoring of compliance and the enforcement of sanctions are rather limited due to weak administrative capacity and budget constraints. Also, fairly generous means-tests which are rarely re-assessed are likely to increase the extent to which better-off groups receive benefits (*i.e.* errors of inclusion) and thus reduce the efficiency of the scheme.

shape the apprenticeship framework so as to pay more attention to employers' training needs and to adapt to new skill requirements and work organisation practices. Other countries – notably, Australia and the United Kingdom – have undertaken similar modernisation initiatives to re-launch their apprenticeship schemes (box 4). The participation of employers' and workers' organisations has often been crucial to the successful development and im-

plementation of these initiatives, and more generally can serve to ensure a better fit between the world of learning and the world of work.

26. Finally, a number of G20 countries have introduced specific measures to support apprentices in the context of the recent economic downturn. For example, in Australia, the government awarded additional retention bonuses to avoid the dismissal

**Figure 10. Distribution of upper secondary students by programme orientation, 2008 (%)**



Source: OECD (2010e), *Education at a Glance*.

of apprentices by troubled firms. In France, the government granted one-year exemptions from paying social security contributions to firms that hire apprentices and it introduced an additional subsidy for SMEs. Mexico increased funding for training grants offered by the public employment services and introduced a new internship programme to support students who are completing vocational placements or work experience for up to six months.

#### *Improving the quality of learning provision and equality of access*

27. Increasing participation in education cannot be an end in itself. Rather, it is a means to improving learning outcomes and the employability and competences of the workforce. Unfortunately, measuring learning outcomes is not easy. Some comparable information is available on the level of the cognitive skills of 15-year-olds for those G20 countries/regions included in the OECD Programme for International Student Assessment (PISA), and it shows a marked variation in cognitive outcomes. In some countries – notably, Argentina, Brazil, Indonesia and Mexico – 15-year-olds perform well below the G20 average in mathematics (figure 11) as well as in the other two cognitive domains covered in PISA (reading and science), while youth of the same age in Japan, Korea and Hong Kong and Shanghai, in China, perform well above average.
28. While poor outcomes are partly explained by socio-economic characteristics – including, in particular,

family background – the low quality of education unquestionably affects students' performance in many G20 countries. In some cases, critical inputs for students and teachers, including infrastructure, textbooks and other learning material are lacking. Figure 12 shows expenditure on education as a percentage of GDP in the G20 countries for which data are available. Total expenditure is highest in the United States, where it exceeds 7 per cent of GDP, but is also sizeable in the Russian Federation and Korea. On the other hand, Turkey, Indonesia, India and China spend less than 4 per cent of their GDP on education. The breakdown by education level is also interesting. While the United States and Korea spend almost as much on tertiary education as on education at or below the lower secondary level, expenditure in Brazil, Indonesia and Mexico is very much focused on the education of children up to 16 years of age. While higher expenditure on education may help raise the quality of provision, the link is not straightforward and depends on how the extra funding is used. For instance, while the United States spends close to one-and-a-half times as much as Japan as a percent of GDP on education at the lower secondary level and below, 15-year-olds in Japan perform better on average than their US counterparts in terms of PISA results.

29. Finally, in many emerging economies, unequal opportunities significantly affect student performance. Poor children frequently enter formal schooling with serious nutritional deficits and inadequate levels of cognitive and socio-emotional development. These findings suggest that more

#### Box 4. New trends in apprenticeship training in G20 countries

Over the past decade, several G20 countries have undertaken reforms to improve their apprenticeship systems, with the following two objectives: *i*) address shortages in core vocational occupations resulting from the long-term decline in apprenticeships (see Toner, 2003); and *ii*) engage young people who have become disaffected with academic education in order to achieve better learning outcomes in a work-based environment.

In the United Kingdom, as part of the reform of upper secondary education, the government has introduced an apprenticeship entitlement, whereby every suitably-qualified young person who wants to pursue an apprenticeship will be entitled to a placement as of 2013.<sup>a</sup> By 2017, the government aims for one in five young people to be undertaking an apprenticeship. The Apprenticeship, Skills, Children and Learning Act of 2009 includes several provisions to help with the implementation of this requirement. Notably, in order to ensure that enough apprenticeship places are available, the Act places responsibility on bodies that deal with a number of training/skills-related issues at the local level (the Learning and Skills Council and its successors, the Young People's Learning Agency and the Skills Funding Agency). The Act also legislates on the *certification of apprenticeship training* to ensure that apprenticeships lead to qualifications that are recognised and valued by employers. Finally, it introduces the obligation of an apprenticeship agreement, setting out, among other things, the training content of the apprenticeship. In its latest 2011 budget, the government has reinforced its commitment to strengthen apprenticeships by providing funding for an additional 50 000 apprenticeship places. The government is also planning to raise the amount and quality of training provided to apprentices in the service sector and to encourage SMEs to form group-training organisations for the provision of off-the-job training to apprentices (OECD, 2008b).

Australia is another G20 country that has recently reformed and strengthened its apprenticeship system. To do this, it has put increasing emphasis on *flexibility*. Part-time and school-based apprenticeships are now encouraged. Also, competency-based progression and completion has been introduced as an alternative to time-based completion, based on evidence that employers favour shorter schemes or schemes that allow apprentices to graduate early if they have acquired the key competencies required by their trade. Additional financial incentives have also been introduced for both youth and employers in occupations with skills shortages and in the context of the recent economic slowdown.

Overall, although countries have pursued different routes, some common patterns are starting to emerge:

- The types of training offered are being adapted to ever-changing labour market demands;
- Co-operation with social partners is sought to ensure that sufficient apprenticeship places are created;
- Employers' training efforts are compensated by setting appropriate levels for apprenticeship pay as well as through some public subsidies for the fixed costs;
- Competence-based completion rules are replacing time-based completion;
- Service-sector apprenticeships are being monitored and improved with the aim of matching the quality of traditional trade apprenticeships;
- Group-training organisations are emerging as a way to help SMEs join forces and organise off-the-job training for their apprentices;
- Pre-apprenticeship class-based programmes are being set up in a number of countries to prepare disadvantaged youth to take up apprenticeship training.

These innovations are promising, but still need to be evaluated.

a) This entitlement was approved as part of the Education and Skills Bill that, starting from 2015, raised the age of compulsory participation in learning to either 18 or the attainment of an upper secondary qualification.

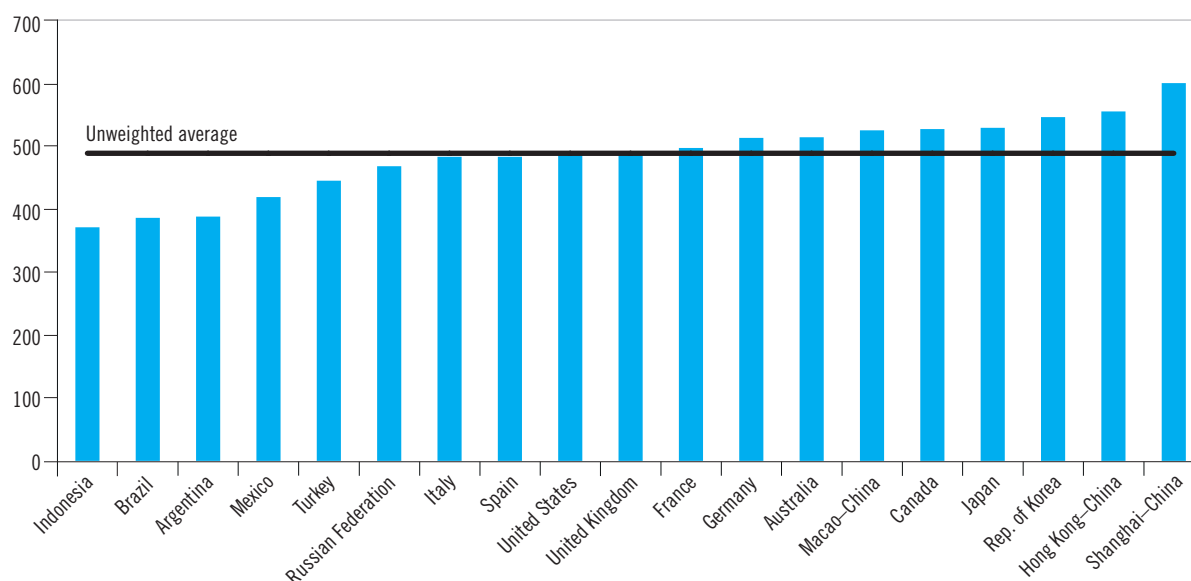
and better distributed key education inputs and incentives – *e.g.* infrastructure, learning resources and instructional time – have the potential to improve learning outcomes, especially for disadvantaged children and youth. They also justify allocating additional resources to schools that serve disadvantaged students, such as poor, rural and ethnic minorities.

#### *Improving educational choices to ensure that youth are well prepared for the labour market*

30. Many youth leave the education system unprepared for the labour market, even in G20 countries with low school drop-out rates, high expenditure on education and high PISA scores. In some cases, this is due to an excessive focus on academic

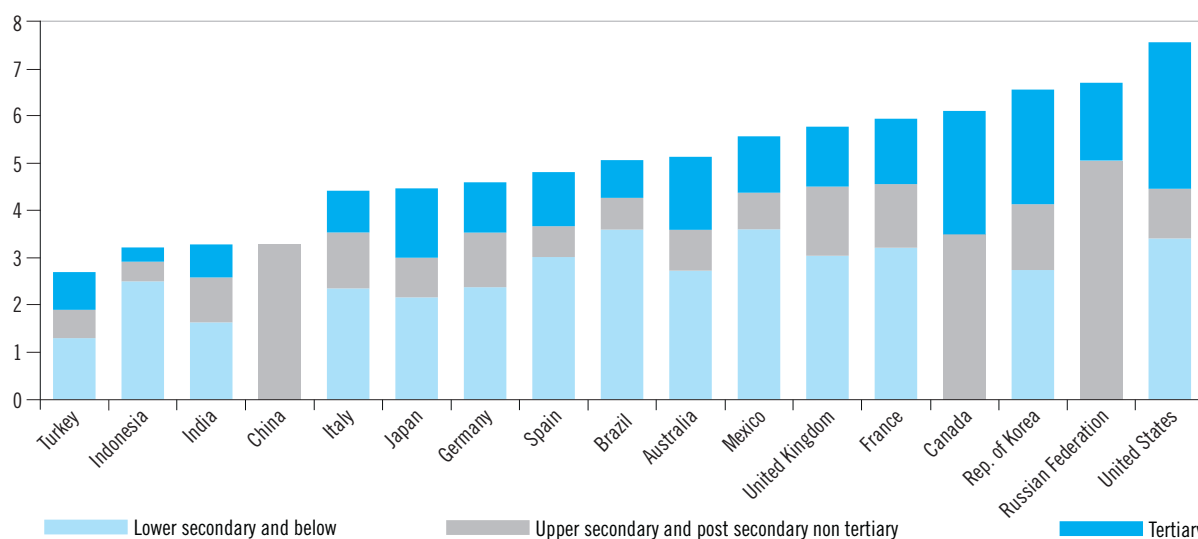


Figure 11. PISA scores in mathematics, G20 countries, 2009 (proficiency level)



Source: OECD Programme for International Student Assessment (PISA).

Figure 12. Expenditure in education by education level,<sup>a</sup> 2007 (as a percentage of the GDP)



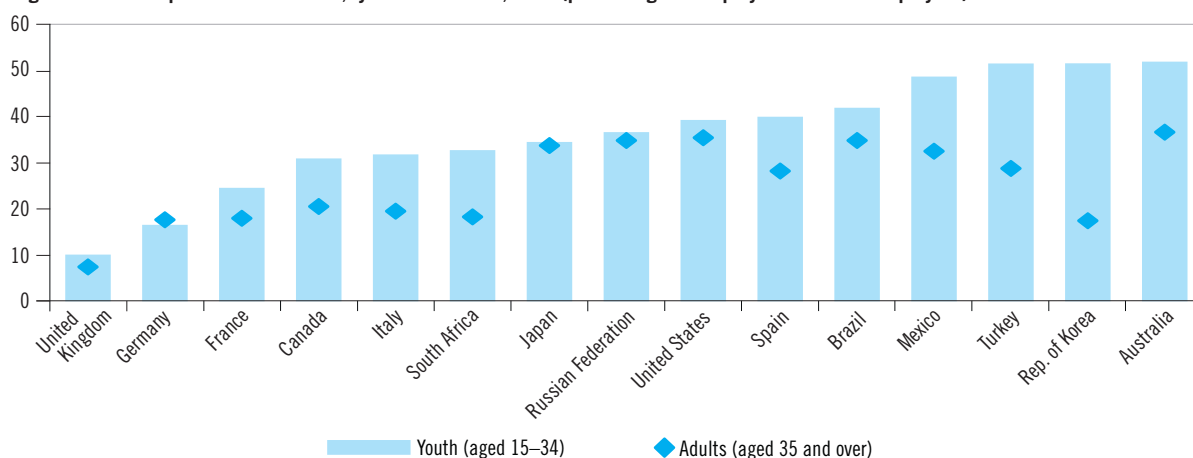
<sup>a</sup> No breakdown available for China and for below-tertiary education in Canada and the Russian Federation. Figures reported refer to the total (China) or below-tertiary sub-total (Canada and Russian Federation) expenditure.

Source: OECD (2010e), *Education at a Glance*.

learning within the education system and/or to the small share of youth who combine work and study. In others, it is the youth themselves – particularly those from disadvantaged backgrounds – who make unwise educational decisions or have little effective choice about the education and training courses open to them and embark on courses for which there is only limited labour market demand.

This can result in high youth unemployment rates but also in large shares of youth working in fields unrelated to what they have studied. The latter is a major source of *over-qualification*. Indeed, in several G20 countries, a large share of youth are over-qualified – *i.e.* they work in jobs that require lower qualifications than those they possess (figure 13). In Turkey, Korea and Australia, this concerns

Figure 13. Over-qualification at work,<sup>a</sup> youth and adults, 2005 (percentage of employees and self-employed<sup>b</sup>)



<sup>a</sup> Over-qualified workers are those whose qualifications are higher than those required by their occupation. The modal qualification in each occupational group at the two-digit level is used to measure qualification requirements.

<sup>b</sup> Trainees and apprentices are excluded.

Source: International Social Survey Programme (2005) for Australia, Brazil, Canada, Japan, Korea, Mexico, Russian Federation, the United States and South Africa. European Survey of Working Conditions (2005) for all other countries.

about half of employed youth, but rates of 30 per cent or higher are observed in most other countries for which data are available. With the exception of Japan, the Russian Federation and Germany, youth are more likely than their older counterparts to be over-qualified. The field-of-study mismatch explains about 40 per cent of over-qualification (OECD, 2011c). In addition, as students' ability varies even for those holding the same qualification in the same field of study, those of low ability are more likely to be hired in jobs that normally require lower qualifications – *i.e.* they are more likely to become over-qualified.<sup>6</sup>

31. High-quality career guidance can help youth make better informed decisions about their future (OECD, 2004; OECD, 2010d; and OECD, 2011c), but requires: *i*) early action in lower secondary education; *ii*) highly qualified guidance personnel; and *iii*) timely and high-quality data on local labour market needs and employment prospects by occupation. Unfortunately, most existing career guidance programmes suffer from severe under-funding, are provided by untrained teachers and cannot rely on accurate labour market statistics and projections by region and occupation.
32. The combination of work and study would also help youth acquire some of the skills required in the labour market before they leave the education

<sup>6</sup> Of course, there are other factors that may influence the likelihood of over-qualification and are unrelated to education outcomes. For instance, in some countries the demand for high-level skills may take time to adjust to an increase in supply.

system (box 5). To encourage the acquisition of work experience, some G20 countries are considering whether to apply the apprenticeship model to students pursuing academic pathways. Internships are being strengthened and expanded in a number of countries, and some guidelines have started to emerge. To prevent abuses and ensure that internships are true learning experiences for students rather than a cheap form of labour for employers, several countries have introduced a number of requirements, including: *i*) internship agreements can only be entered into with students, *i.e.* an agreement is required between an educational establishment and the employer; *ii*) tutors from school and at work are appointed to follow closely the development of the work-experience spell; *iii*) the training content of the internship is documented and verified; *iv*) interns are paid a moderate wage, at least beyond a certain period; and *v*) participation gives rise to certification or credits towards the intern's qualification.

33. More generally, measures to improve the labour market skills of youth should be seen as part of a broader strategy to promote cost-effective skill development policies and measures that foster deeper investments in human capital and stronger links between learning and the skills requirements of the labour market. The building blocks for this broader strategy have been laid out in both the ILO report on a Training Strategy for the G20 countries (ILO, 2010e) and the OECD's initial report on its Skills Strategy (OECD, 2011d).

### Box 5. Combining study and work: Achieving the right balance

The impact of combining study and work on future labour market outcomes has been thoroughly studied. The number of hours worked is recognised in most analyses as being the key factor, with positive returns emerging when work is half-time or less. The fact that it provides students with some income is also important, as this may help cover part of the costs of their studies or the cost of living while studying.

#### Impact of early work experience while in high school

On the one hand, evidence suggests that early work experience, while enrolled in high school, may hinder school performance, as working students fall behind in their schoolwork to the point where dropping out of school and entering the labour market becomes the preferred option. Working students may also simply lose interest in schoolwork and enter the labour force early on a full-time basis.

On the other hand, some moderate exposure to the labour market *via* internships, summer jobs or in jobs of no more than 15 hours a week during the school year should not compromise school achievement. It could actually improve teenagers' prospects of graduating from high school, as it might lead them to develop life-skills, such as a greater sense of responsibility, improved work ethics, and better discipline. It might also help teenagers decide what they intend to do later.

Whether high-school employment is beneficial or not has been extensively researched in the United States over the past three decades. While some of the earlier studies (e.g. Greenberger and Steinberg, 1986) tend to find negative impacts, more recent work shows that modest involvement in work activities actually leads to positive outcomes. In particular, Ruhm (1997) finds strong evidence that early work experience leads to higher future wages and better fringe benefits. Additionally, he finds that students working ten hours per week during their senior year have a higher probability of graduating from high school than those who do not work at all, although a heavier work commitment is associated with a lower probability of graduation.

#### Impact of student jobs while in tertiary education

In a number of countries, tertiary students work to off-set the costs of their studies. However, it is not the only reason for student work. Countries where student work is very widespread are not necessarily those where tertiary fees are high. In Nordic countries, where all students receive a study allowance and tertiary studies are free, almost all students work to be financially independent and to leave the parental home. By contrast, in France where tertiary fees are low, student work is perceived as a necessity for students not lucky enough to benefit from the financial support of their parents and constitutes a source of additional income on top of public scholarships for young people from disadvantaged backgrounds.

Overall, most analyses provide evidence that working a moderate number of hours helps youth in post-school labour market outcomes without compromising school achievement (Dundes and Marx, 2006).

In some European countries, emphasis is also put on the relation between work content and the student's field of study. Evidence from France (Befy *et al.*, 2009) shows that work experience acquired while studying has a clear positive effect on future labour market outcomes only if the job is related to the student's field of study.

### 3. The role of labour market policy and institutions in facilitating access to employment

34. While leaving education with the skills required on the labour market is important to facilitate transitions to work, labour market policies and institutions can play a major role in supporting youth in their job search and in promoting labour demand. Labour market policies can assist the job search by providing adequate income support combined with effective employment services. At the same time, institutional features affecting labour demand may also have an important impact on the job prospects of young people and the quality of

the jobs they are offered. This section discusses the role of labour market policies in supporting the job search and the acquisition of the necessary skills for those already in the labour market as well as policy and institutions affecting labour demand.

#### *Programmes for unemployed youth and those facing specific challenges*

35. Youth who leave school without an upper secondary qualification as well as youth facing multiple disadvantages find it difficult to access stable, formal employment. While the educational policies described above address the problem at its root, unemployment benefits and active labour market programmes represent important sources of finan-

cial help and re-employment support. However, not all G20 countries have well-functioning benefit and employment services, and not all those that do have them give young people access to them. Also, in countries where there is no formal distinction in eligibility requirements based on age, youth are often excluded from unemployment benefits on the basis of their insufficient contributory history.

36. The situation has changed somewhat in the context of the recent economic crisis, with some advanced G20 countries deciding to temporarily broaden the benefit support available to laid-off youth. For instance, the United States offered states additional federal funding to expand unemployment benefits to individuals with a shorter and patchier employment history, including youth. Similarly, the Japanese government reduced the number of months of work required to be eligible from twelve to six in 2009 and to just one in 2010, thus increasing the coverage of young workers. In addition, for job seekers facing particular re-employment difficulties, the duration of unemployment benefit payments was extended by 60 days in 2009. France also changed the eligibility conditions for unemployment insurance benefits from six months worked in the previous 22 months to four months worked in the previous 28 months. Moreover, as of September 2010, youth under 25 who have worked at least two years in the previous three are eligible for the *Revenu de solidarité active* – a social assistance payment to top-up low incomes subject to the requirement of looking for better-paid work.
37. More generally, in recent years, access to safety nets in advanced G20 economies – including the extensions mentioned above – has increasingly been made conditional on an active job search, following the “mutual obligations” principle whereby income support for the unemployed is combined with strict job-search requirements and compulsory participation in effective re-employment programmes under the threat of moderate benefit sanctions in the event of non-compliance.
38. Unfortunately, even in countries where the “mutual obligations” principle works well, identifying effective re-employment programmes for unemployed and other disadvantaged youth is far from easy, and many programmes have yielded disappointing outcomes. Summing up what works and what does not is not straightforward, and the outcomes of different programmes may reflect broader institutional settings that are specific to each country.

Nevertheless, drawing on the literature evaluating programmes in many G20 countries, successful programmes appear to share the following characteristics (Martin and Grubb, 2001; O’Higgins, 2001; Betcherman *et al.*, 2007):

- *Job-search assistance programmes* are often found to be the most cost-effective for youth, providing positive returns in the form of higher earnings and employment. Some wage and employment subsidy programmes have yielded positive returns, but these measures tend to perform poorly in terms of their *net* impact on overall employment levels, unless they are designed very carefully.
- *Training programmes* work best when they are carefully tailored to local or national labour market needs. In this respect, it is important to mobilise and involve the private sector, the social partners and community leaders to assess local or national demand for skills. In Argentina and a number of other Latin American countries, youth programmes that combine training with other services, such as job readiness and job-search assistance, have shown that they improve the employment and earnings prospects of participants (see box 6 as well as Pagés *et al.*, 2009). In the US, the YouthBuild programme for disadvantaged youth focuses on training in the construction sector and has been replicated in a number of other G20 countries (see box 7).
- *Good targeting* of the programmes is important. For instance, there is a need to distinguish between teenagers and young adults, and to devote particular attention to early school leavers. The most desirable solution to the employment problems of teenagers is to help them to remain in (or return to) school to acquire a useful qualification, whereas for young adults in their twenties, it is more important to help them to acquire work experience.
- To the extent possible given administrative capacity, it would be important to *make participation in programmes compulsory* for youth after a certain period of job search (*e.g.* six months). While this may imply an increase in costs and possibly a reduction in the average effectiveness of the programmes, making participation compulsory is likely to be the only way to ensure that the programmes reach the youth who are most at risk of social exclusion.
- Programmes that integrate and combine services and offer a *comprehensive package* adapted to individual needs seem to be the most successful (*e.g.* Job Services Australia).

### Box 6. Training programmes for disadvantaged youth in Argentina and Brazil

The *Proyecto Joven* in Argentina was launched in 1993 to improve the labour market outcomes of disadvantaged 16–29-year-old youth, including youth with low educational attainment living in low-income households and young workers in the informal economy. The programme combined classroom-based learning with on-the-job training. Training institutions provided foundation skills, such as literacy and numeracy, as well as vocational and employability skills – notably, communication and interpersonal skills. On-the-job training was contracted from private enterprises working under the supervision and coordination of the public agency managing the programme. Job-search assistance and self-employment training complemented these training modules, as well as follow-up training after recruitment, if required.

A similar youth programme – *Capacitación Solidaria* – has been running in Brazil since 1996. It is financed by the State, and funding is granted through competitive bidding to private training institutions and civil society organisations, as well as trade unions. These institutions are required to ensure ex-ante that training services are linked to work experience and opportunities for internships.

Programme evaluations have shown an improvement in the employment opportunities and earnings of participants. For instance, impact evaluation of the *Proyecto Joven* in Argentina has shown that it increased the probability of employment of young adult women (21 years and older) by 10 percentage points and raised the monthly wages of participants by 10 per cent, with more favourable results for young men and young adult women (Aedo and Nuñez, 2001; de Moura Castro, 1999; and Elias *et al.*, 2004). The common characteristics identified as contributing to the success of programmes of this kind are: *i*) effective coordination between the State, social partners, private companies and civil society; *ii*) outreach to the targeted population; *iii*) decentralised implementation through competitive bidding; and *iv*) an integrated package of training services.

- For the most disadvantaged youth at high risk of social and labour market exclusion, *residential programmes* with a strong focus on remedial education, work experience and adult mentoring – e.g. the Job Corps programme in the United States – have shown some positive outcomes, particularly for young adults (Schochet *et al.*, 2001; and Schochet *et al.*, 2008).

#### *Employment protection regulations could affect the quantity and quality of jobs for youth*

39. Regulations concerning the hiring and firing of workers play an important role in ensuring the fair treatment of workers. By increasing employment security, they simultaneously give employers incentives to invest in human capital through on-the-job training and employees incentives to participate in firm-specific training and co-operate with the implementation of productivity-enhancing work practices or new technologies.<sup>7</sup> In addition,

<sup>7</sup> Theoretically, the effects of employment regulations on productivity are uncertain. On the one hand, the effects on human capital investment point to a potential positive role of employment protection regulations on labour productivity. On the other hand, there is a risk of a negative effect, as these regulations tend to restrict the movement of labour into emerging, high-productivity activities, firms or industries. Overall, there is evidence that overly strict employment protection regulations have a negative effect on labour turnover and, given the importance of labour mobility to promote reallocation of resources to the most productive uses, on productivity growth (see Martin and Scarpetta, 2011, for a review).

tion, regulations protecting workers against firing contribute to a better balance of power between employers and employees.

40. However, designing and enforcing employment protection regulations involve trade-offs between the degree of effective protection for the workers and the incentives for firms to hire, particularly among inexperienced youth and other new labour market entrants.<sup>8</sup> In particular, strict and uncertain procedures concerning the firing of permanent workers along with high severance payments tend to make employers reluctant to hire youth on an open-ended contract. Figure 14 shows an index of employment protection regulations compiled by the OECD for a number of G20 countries based mostly on legislation and collective bargaining outcomes. In 2008, according to this indicator, there were large differences in the degree of employment protection across the G20 countries. It is important to note that, as it stands, this OECD indicator does not incorporate any information concerning the enforcement of employment regulations. This implies that in

<sup>8</sup> Although evidence on the impact of employment regulations on the overall level of employment remains mixed, cross-country evidence suggests that strict employment protection regulations tend to be associated with higher youth unemployment, even when controlling for a host of other factors that could affect youth employment (see e.g. Bassanini and Duval, 2006; and OECD, 2006).

### Box 7. The YouthBuild programme in the United States

The YouthBuild programme in the United States helps 16–24-year-olds from low-income families who are disconnected from the labour market to obtain a high-school diploma or GED – a test-based upper secondary qualification – and provides occupational training in the construction field. The programme was initially introduced as Youth Action in East Harlem in 1979. It was originally operated by the Department of Housing and Urban Development but was transferred to the Department of Labor in 2006. This change led to a change in the main focus of the programme, from community development and building affordable housing, to the employability of disconnected youth. Since 2006, the programme has been subject to performance measures set by the Department of Labor, including follow-up of participants up to 90 days after leaving the programme. The programme lasts between six months and two years, and participants spend at least 50 per cent of their time in education and related services and at least 40 per cent of their time in workforce investment activities (work experience, occupational skills training, job search, internships, etc.). In addition, beneficiaries participate in counselling, peer support groups, and life-planning exercises that encourage them to pursue life goals and develop their leadership skills while providing community services.

Funding is provided mainly by the Federal government, but other government agencies, private foundations and individual donors also contribute. All initiatives are linked through a centralised national office that provides implementation support, including staff training and information on best practices and programme innovations. In 2009, the YouthBuild budget doubled as a result of US\$50 million in additional funding that the programme received as part of the US Recovery Act, which included several measures aimed at limiting the consequences of the economic downturn. The budget was expanded further to US\$120 million in 2010 and 2011. However, the cost per participant is high at between US\$15 000 and US\$18 000. The programme serves approximately 10 000 youth per year, but the high cost per participant means that, despite the generous budget, about 14 000 applicants are turned down every year because of a lack of funds.

Available evidence suggests that YouthBuild is a successful alternative education programme. More than one-third of its participants move from the programme to post-secondary education and hence increase their chances of successful labour market entry.<sup>a</sup>

Although the vast majority of YouthBuild centres are based in the United States, the programme's model has been replicated in other G20 countries, including Brazil, Canada, Mexico, South Africa<sup>b</sup> and the United Kingdom.<sup>c</sup> Outside the United States, YouthBuild programmes are managed/funded by government, NGOs or private initiatives. The cost of running YouthBuild outside the United States varies, mostly due to differences in the cost of living across countries.<sup>d</sup> The length of the programme also varies and is shorter in emerging countries where youth cannot afford to train and be out of work for too long.

a) The Department of Labor has funded a rigorous national evaluation of the programme to be undertaken by MDRC, Mathematica Policy Research and Social Policy Research Associates. The evaluation will use a random assignment design to measure the impact of YouthBuild on employment, educational attainment, criminal justice involvement, and other important outcomes, and will be completed in 2017.

b) The content of the programme varies slightly across countries. For instance, in South Africa, YouthBuild students construct affordable housing and provide trauma counselling to refugees.

c) In addition, YouthBuild International is currently working with private sector, government, education and training systems in China, Indonesia and India to build or redesign youth employment support.

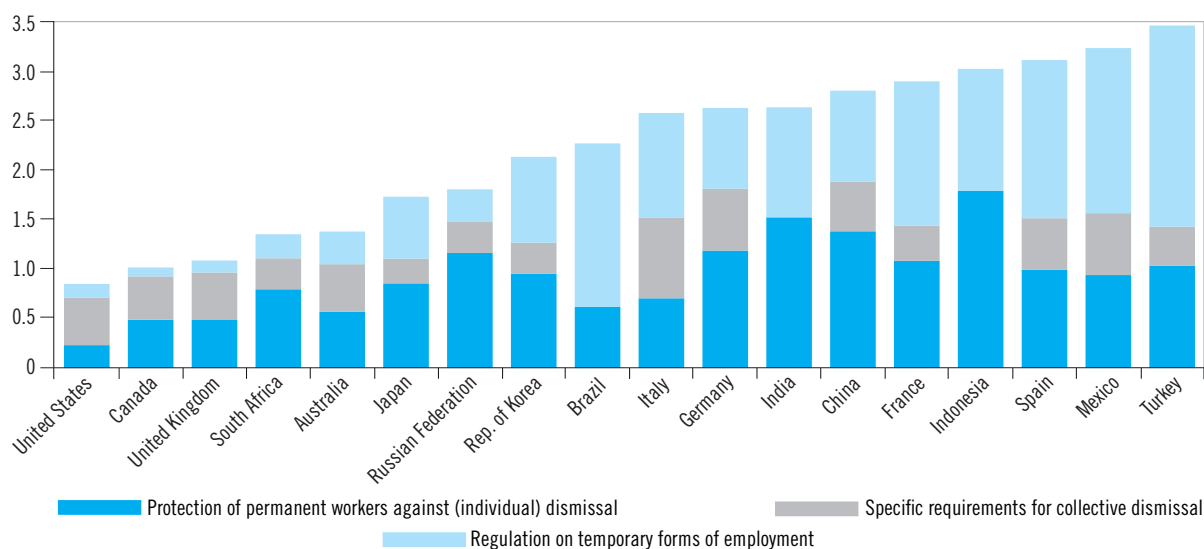
d) In Mexico, the YouthBuild network raised US\$7 in public funding for every US\$1 invested by the Kellogg Foundation, its main funder.

countries where labour inspections are not systematic and sanctions are low or where many youth are involved in the informal economy, the actual degree of employment protection is much lower than what is stated by the indicator.

41. In countries where strictly-regulated permanent contracts are combined with easy-to-use temporary ones, inexperienced young people tend to be hired on short-term contractual arrangements, notably fixed-term and temporary work agency contracts (see figure 7). These temporary contracts

may represent a stepping stone into the labour market, opening the door to more stable employment later on, or they may become traps whereby short-term work and unemployment spells alternate through one's working life. Overall, as the nature and duration of temporary contracts as well as their training content vary, both effects are likely to co-exist, with longer temporary contracts facilitating the access of youth to career jobs and shorter ones more likely to become dead ends. On balance, countries that have enhanced the adaptability of the labour market mainly by

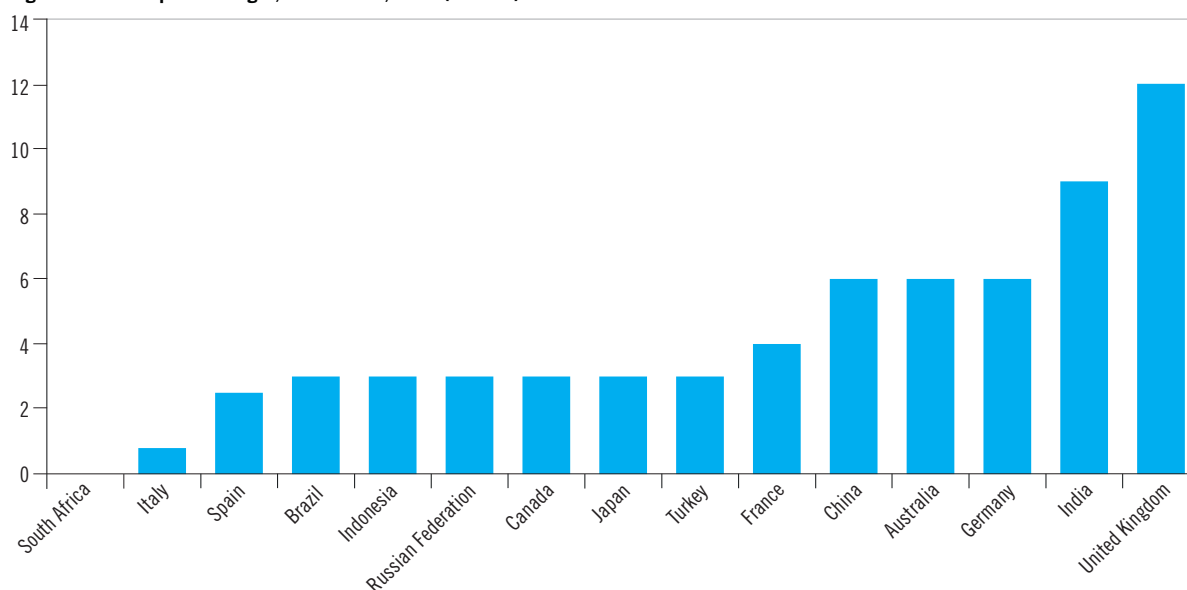
Figure 14. Employment protection regulation, OECD index, 2008 (scale 0–6)



Source: Venn (2009) based on the OECD's Database of Indicators of the Strictness of Employment Protection Legislation.

- easing regulations on temporary (or other atypical) contracts while leaving in place strict regulations on permanent contracts have often seen an increase in labour market dualism, with no significant reduction in youth unemployment. Consequently, in these countries youth are considerably over-represented in temporary work and, as a result, more vulnerable to economic downturns (Blanchard and Landier, 2002; and Dolado *et al.*, 2002).
42. In some other G20 countries, strict regulations on permanent contracts are also accompanied by strict rules on the use of temporary forms of employment, and this is likely to result in high and persistent youth unemployment or in a high incidence of informal employment among youth (see figure 6).
  43. One aspect of employment protection regulation that is particularly relevant to the hiring of youth is the duration of the trial period, *i.e.* the initial period during which regulations protecting workers against unfair dismissal are not applicable. Across G20 countries, the length of the trial period varies between 12 months in the United Kingdom and none at all in South Africa (figure 15). Both these extremes have potential drawbacks. While overly-long trial periods could be used by employers to rotate new hires and reduce firing costs, very short ones may discourage the hiring of young people without experience for fear of incurring high firing costs should the new hire turn out not to be a suitable match for the position.
  44. Re-balancing the protection offered by different types of contracts would have positive effects for many low-skilled workers and those with intermittent employment spells, and youth are likely to be among the main beneficiaries. This would help youth (as well as other workers with limited work experience) to move gradually from entry jobs, which are very often atypical, to more stable career jobs. In this context, some countries have either introduced (Turkey) or are considering (Spain) a system of individual unemployment savings accounts that complement or substitute severance pay schemes. Distinct from the severance pay, the benefits are paid regardless of the reason or the initiator of the separation, and thus tend to reduce firms' defaults on severance payments. Moreover, since payments are prepaid, they do not hinder employment adjustment and simplify separation procedures. Less radical options include the possibility of limiting the use of temporary contracts more narrowly to jobs/projects of a temporary nature. However, this is already the case in some countries with a very high incidence of temporary work – notably Spain – which suggests that moving further in this direction would require a significant increase in labour inspections and much stronger sanctions for non-compliance. Finally, youth may benefit from trial periods of moderate length – approximately six months. This would encourage employers to hire young people

Figure 15. Trial-period length, OECD index, 2008 (months)



Source: OECD Employment Protection Database, [www.oecd.org/employment/protection](http://www.oecd.org/employment/protection).

on permanent contracts, as it would allow sufficient time for the skills of new hires to be tested.

*Labour costs can be a barrier to youth employment in some G20 countries*

- 45. Total labour costs can significantly affect labour demand. Part of these costs, notably non-wage costs associated with the payment of social security contributions, play an important role in financing essential social services, in particular in countries where the tax base for income tax is limited. However, if non-wage labour costs are too high, they risk dampening labour demand, particularly for the low-skilled and for new labour market entrants whose productivity is not easily assessed at hiring by employers.<sup>9,10</sup>
- 46. One indicator of the importance of these non-wage labour costs is the overall tax wedge on labour, which is calculated as social security contributions (both employer and employee con-

tributions) and taxes on labour income as a share of labour costs – wages plus employer social security contributions. The tax wedges are presented in figure 16 for the G20 countries for which data are available, and correspond to the situation of a single person without children earning 67 per cent of the average wage. The tax wedge varies from about 45 per cent in Germany and France to just 17 per cent in Korea. Employers’ social security contributions make up a large part of the total tax wedge in France, Italy and Spain, and this may represent a barrier to the hiring of inexperienced youth. This is particularly the case in Spain and Italy, where employers’ social security contributions are regressive – *i.e.* they are lower for those hired at a wage equivalent to 100 per cent of the country’s average than for those hired at 67 per cent of the average wage. On the other hand, these contributions appear to be progressive in France, where employers of low-wage earners pay two percentage points less.<sup>11</sup>

- 47. To counter the effect of high non-wage labour costs, some G20 countries have chosen to encourage employers to hire young people by lowering social security contribution rates.<sup>12</sup> In some coun-

<sup>9</sup> Cazes and Nesporova (2007) found that unemployment, and in particular long-term and youth unemployment, tends to rise with higher payroll taxes. However, they also found no evidence that employment protection regulation affects youth unemployment. Bassanini and Duval (2006) also found a negative effect of the total tax wedge on youth employment.

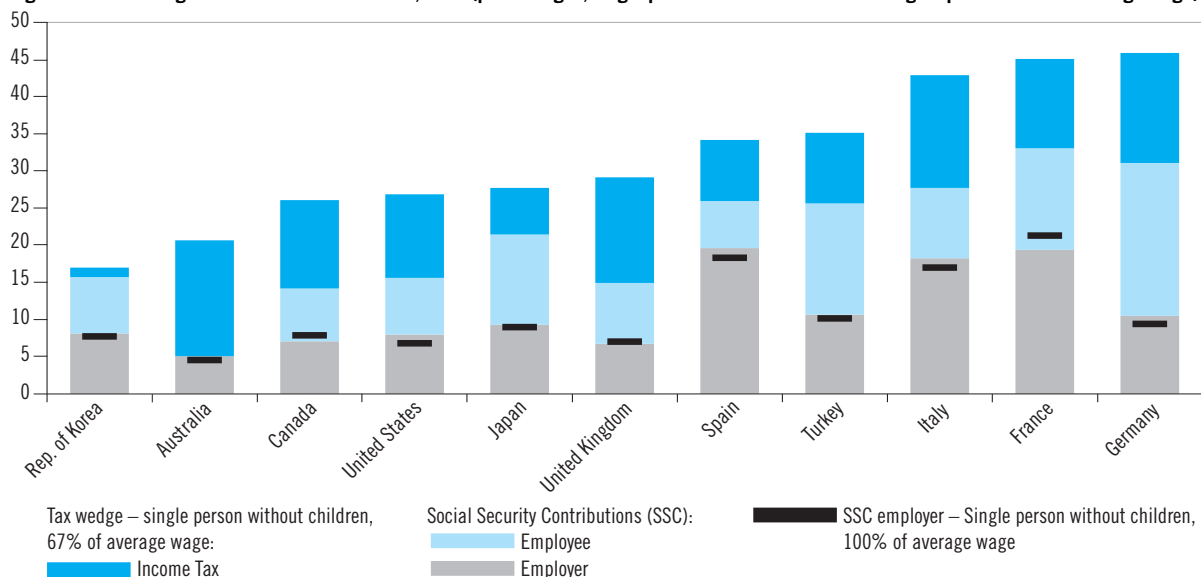
<sup>10</sup> Theoretically, the role played by labour taxes in reducing employment depends on the extent to which employers can shift the cost onto workers in the form of lower wages. If this is possible, the effect on employment will be limited, as wages will adjust accordingly. However, the presence of a wage floor (*e.g.* statutory minimum wages) can prevent employers from passing on increases in labour taxes through lower wages, hence reducing employment, *ceteris paribus*.

<sup>11</sup> Only in the United Kingdom does the rate of employee social security contributions increase with income. Unsurprisingly, income tax rates are progressive in every country shown in figure 16.

<sup>12</sup> Since the early 1990s, the public authorities in France have sought to lower labour costs at the minimum-wage level by reducing employer social security charges on low wages.



**Figure 16. Tax wedge in selected G20 countries, 2010 (percentages, single person without children earning 67 per cent of the average wage)**



Source: OECD *Taxing Wages Database*.

tries, new or reinforced measures along these lines were introduced to stimulate employment in the aftermath of the recent economic crisis, although most were not specifically targeted on young people (OECD, 2010d). In terms of implementation, across-the-board reductions risk incurring significant dead-weight losses, *i.e.* employers exploiting subsidies to hire youth they would have hired anyway, and substitution effects, *i.e.* employers firing other workers in order to qualify for subsidies when hiring youth. To ensure effectiveness, reductions in labour costs could be targeted on low-skilled or other disadvantaged youth and could require that no workforce reduction occurs around the time of hiring (see box 8).<sup>13</sup>

### Setting the right minimum wage

48. The primary objectives of a minimum wage are to ensure fair wages are paid and to help prevent poverty among workers. Redistributing income to workers at the low end of the pay scale is also likely to boost aggregate demand through a multiplier effect. Finally, minimum wages play an important role in preventing labour market discrimination on any grounds.
49. If set too low, a minimum wage may miss its main objectives. However, if set too high it could discourage employers from hiring low-skilled youth

<sup>13</sup> It is noteworthy that substitution effects could be smaller in countries with strict firing regulations.

or encourage them to hire youth informally.<sup>14</sup> It is hard to pinpoint the appropriate level of the minimum wage. This will depend on several factors, such as the wage distribution, the degree of employer power in setting wages and the nature of other labour market institutions. Keeping this in mind, figure 17 shows the ratio of the minimum wage to the average wage in G20 countries that have a statutory minimum wage and for which this ratio is available.<sup>15</sup> The ratio of the minimum to average wage is just 18 per cent in Mexico, 23 per cent in the Russian Federation and 25 per cent on average across Chinese cities. At the other extreme,

<sup>14</sup> While there has been considerable controversy and mixed empirical results concerning the impact of a minimum wage on employment, the international empirical evidence suggests that, on balance, the impact is negative for youth employment if the minimum wage is set at a high level, and especially if it is combined with high non-wage labour costs (*e.g.* OECD, 1998; Neumark and Wascher, 1998 and 1999; and Kramarz and Philippon, 2001). However, it should be added that analysts are not unanimous on this and some studies have failed to find significant negative employment effects (*e.g.* Card and Krueger, 1995; Stewart, 2003; and Hyslop and Stillman, 2004). An excessively high minimum wage may also have a negative effect on educational enrolment (Neumark and Wascher, 1995; Landon, 1997; Chaplin *et al.*, 2003; and Pacheco and Cruickshank, 2007). Empirical evidence on the effect of higher minimum wages on the provision of on-the-job training is more mixed: some authors find statistically significant negative effects (Neumark and Nizalova, 2007) while others find that minimum wages increase training provision (Arulampalam *et al.*, 2002).

<sup>15</sup> Although a wage policy may be regarded as less relevant in countries where most young workers are in the informal economy, evidence from some countries (*e.g.* Argentina, Brazil and Mexico) suggests that minimum wages can affect wage determination in both the formal and the informal economy.

### Box 8. Duration and targeting make wage subsidies work better for youth

Wage subsidies and other financial incentives (e.g. tax or social security exemptions for a limited period of time) for employers who recruit young people can help improve school-to-work transitions. Indeed, these financial incentives can offset the cost of the initial training that young workers require or can compensate for their limited work experience and initial lower productivity (Rosas and Rossignotti, 2005; and Betcherman *et al.*, 2007).

In G20 countries, there is a wide array of measures for sharing initial hiring costs between employers and government. The main features include: the duration of the contract, the amount of subsidy or employer's compensation, and the type of contractual arrangement. In some countries, subsidies are paid for the hiring of young people on limited-term employment contracts, on the grounds that these contracts can serve as stepping stones onto the labour market. In France and Italy, financial incentives are granted to employers who recruit and provide on-the-job training to young jobseekers.

Overall, in advanced and emerging economies, wage subsidies have in general had positive effects on the employment outcomes of youth. Existing evaluations of wage subsidies show that wage subsidies work best when they are designed and targeted to address specific labour market disadvantages faced by young people and when they are provided for a limited period of time.<sup>a</sup> Therefore, generalised subsidies that target young people mainly on the basis of their age are unlikely to have a long-term impact on their employment and earnings. If not targeted, these subsidies often result in labour market distortions in terms of deadweight and substitution effects, with employment lasting only as long as the subsidy is perceived. Evaluation results also stress the benefit of combining subsidies with on-the-job training and other measures in the form of comprehensive service packages offered to young workers. An efficient monitoring system is also essential to avoid abuses associated with wage subsidies and to achieve the policy objective of improving the employability of young workers, rather than turning them into a cheap source of labour.

a) For instance, in 2010, South Africa introduced a wage subsidy scheme aimed at improving youth employment rates in formal-sector firms. The subsidy is worth ZAR 5 000 – approximately, EUR 670 – and is paid over a period of six months. This compares with a national median monthly wage for 20-24-year-old youth of approximately ZAR 1 500, *i.e.* slightly less than twice the monthly amount of the subsidy. However, the impact of the subsidy on the hiring of young people has not been evaluated yet.

the highest ratio is found in Indonesia where, on average across provinces, the minimum wage corresponds to 65 per cent of the average wage.<sup>16</sup> Australia and France also have relatively high ratios, at about 45 per cent and 48 per cent, respectively.

50. To compensate for a relatively high ratio, France allows for lower rates to apply to youth with limited work experience (and for lower employer social security contributions for low-wage workers). Other G20 countries with sub-minimum wage rates for youth include India, the United Kingdom and the United States. In India, reduced youth rates have been established in some sectors (e.g. agriculture, tea plantations). In the United States, state-level sub-minima are allowed provided they are higher than the federally-set rate. In addition, a lower rate applies to youth under 20 in the first 90 days of work with a new employer. The United Kingdom has two sub-minima rates applying to young

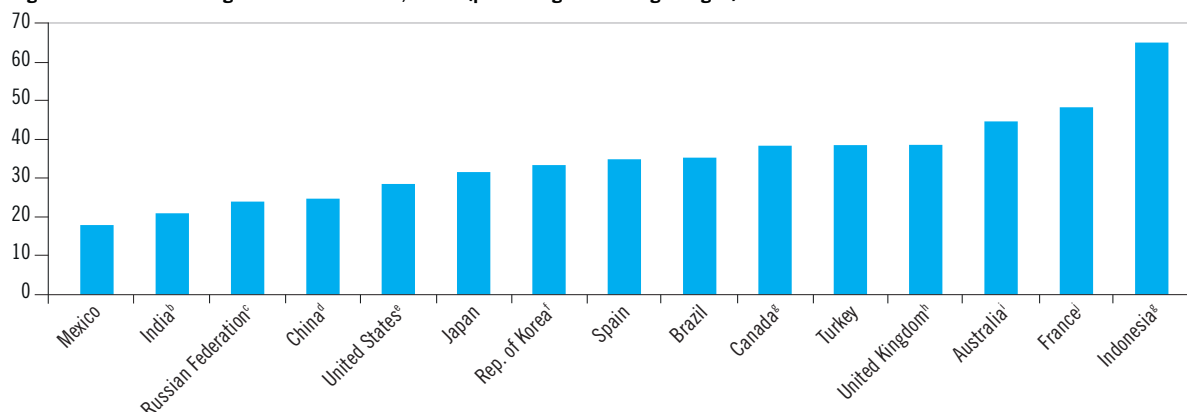
people according to age: around 83 per cent of the adult rate for youth aged 18–20 and around 61 per cent for youth aged 16–17.

51. The application of lower wages to young workers may be justified when the job offered requires higher skills. In this event, a differentiated wage would have the specific purpose of encouraging enterprises to invest in training and to share the costs with young workers. Examples of this include apprenticeship programmes in Germany and the United Kingdom, where salaries are initially lower in recognition of the lower productivity expected during the training period and are adjusted as the training programme progresses.<sup>17</sup> If a sub-minimum wage is introduced, the critical issue is to determine how much lower it should be compared to the adult rate in order to compensate for lower productivity. The social partners have an important role in determining a suitable level of remuneration. Furthermore, sub-minima wages subject to

<sup>16</sup> In Indonesia, legislation provides for exceptions to be made for companies that are not in a position to pay minimum wages, and these exceptions seem to be granted fairly easily. As a result, the minimum wage can be seen as an effective wage-floor in the formal economy but not at the low end of the labour market in the informal economy (Saget, 2008).

<sup>17</sup> In the United Kingdom, an Apprentice Minimum Wage (initially equivalent to 42 per cent of the adult rate) was introduced on 1 October 2010 and applies to apprentices under the age of 19 and those aged 19 and over in the first 12 months of their apprenticeship.

Figure 17. Minimum wages in G20 countries, 2009<sup>a</sup> (percentage of average wages)



<sup>a</sup> All ratios refer to 2009, except for Brazil (2010), China (2008), and India (2008). These ratios represent approximations, as most of the countries are characterised by specific exceptions, regional or state differences, etc., though these should not affect the ratio too much.

<sup>b</sup> Federal rate; state rates exist but should be higher than Federal rate; special rates for adolescents (14–18-year-olds) and children (under 14-year-olds) can be set.

<sup>c</sup> National rate; regional rates exist.

<sup>d</sup> Average of about 286 cities.

<sup>e</sup> Federal rate, state rates above the federal minimum are allowed. Sub-minima for youth can be applied at the state level but must be above the Federal minima (in 2009, only Illinois had a binding youth sub-minima). A federal sub-minimum for youth under 20 during the first 90 days of work with a new employer also exists and is equivalent to 65 per cent of the adult wage.

<sup>f</sup> Up to 2006, workers under 18 were entitled to 90 per cent of the adult minimum wage (MW) for the first six months of employment. In 2007, the age criteria was abolished on discrimination grounds, and all workers with less than three months of tenure (probation period) are entitled to 90 per cent of the MW.

<sup>g</sup> Average of provincial rates.

<sup>h</sup> Sub-MW applies to youth under 21 of around 83 per cent of the adult rate for youth aged 18–20 and around 61 per cent of the adult rate for youth aged 16–17.

<sup>i</sup> Youth are subject to a reduced MW to be set in collective agreements.

<sup>j</sup> Youth aged 17 and 18 with less than six months experience receive 90 per cent of the adult MW and youth 16 or younger receive 80 per cent of the adult MW.

Source: OECD Minimum Wages Database for Australia, Canada, Spain, France, Japan, Korea, Mexico, Turkey, United Kingdom and United States; ILO minimum wage database for Brazil and Russia; OECD (2007) for India; OECD (2010f) for China; and [http://dds.bps.go.id/booklet/boklet\\_mei\\_2010.pdf](http://dds.bps.go.id/booklet/boklet_mei_2010.pdf) for Indonesia.

training provision call for regular monitoring to avoid abuses.

### *Policies to reduce informal work among youth and improve access to formal-sector employment*

52. Section 1 highlighted the fact that youth are more likely than their adult counterparts to work in the informal sector (figure 6). This limits their social security coverage, reduces their job security and wages and makes them more vulnerable during economic slowdowns.
53. Combating informal employment requires a comprehensive approach in order to reduce the costs and increase the benefits to businesses and workers of operating formally and to ensure that regulations are adequately enforced. OECD (2008a) looks at informality in a number of G20 countries – Korea, Mexico and Turkey – among others and identifies some key determinants. Some of the findings are particularly relevant to young workers.
54. First, in some countries a high wage floor as well as high non-wage labour costs create incentives for informal employment or for an under-declaration

of earnings among employees. For instance, in Turkey, high labour costs result from the combination of binding minimum wages in the formal sector and high labour taxes, partly driven by generous pension systems.

55. Second, the characteristics and complexity of tax systems are found to play a key role in the growth of informal employment. For instance, granting preferential tax treatment to the self-employed, notably through taxes on turnover instead of net income, is found to encourage false declarations of self-employment and under-declaration of income. It is easier for the self-employed to evade taxes than it is for wage earners, and it can be difficult for the tax authorities to detect their true income accurately. Simplified taxes for small businesses may, however, be appropriate in countries where many self-employed are not equipped to use proper book-keeping procedures. However, these simplified tax regimes should be designed to provide incentives to declare employees' wages. In addition, complex tax systems increase compliance costs for taxpayers and encourage under-declaration. For instance, while Korea has a relatively simple tax system, handling the complex social contribution

collection – involving different funds, income bases/ceilings and payment periods – is costly for firms. Proposed reforms to contribution collection in Korea should go some way to alleviating this problem.

56. Third, there is a close link between informality and the rules governing the use of temporary contracts. Relaxing restrictions on the use of temporary or fixed-term contracts and reducing firing costs for young or inexperienced workers may improve incentives for firms to hire formal workers. In fact, informal employment is used by firms to increase internal flexibility in some emerging economies, where regulations limit the use of temporary and fixed-term contracts. Introducing probationary periods for new workers on permanent contracts could reduce informality, especially among young workers.
57. Finally, workers' perceptions of the value of the benefits that they are likely to receive from social protection schemes may be a factor encouraging formal work or the full declaration of earnings if workers have some say in whether or not they are employed formally. Along similar lines, improving trust in government and the quality of public services can play an important role in reducing informality by increasing the perceived benefit to taxpayers of paying taxes.
58. Along with the measures listed above to improve incentives for formalisation, the effective enforcement of labour, tax and social security regulations is essential to combat informal employment. Existing enforcement resources in G20 countries where informality is a major issue can be used more efficiently by implementing or increasing the use of risk-assessment processes to target inspections and by increasing coordination and information-sharing between enforcement agencies. Combating informality also requires broadening the current focus of most enforcement bodies from revenue maximisation (for tax authorities) and occupational health and safety (for labour inspectorates) to include formalisation by: *i*) targeting new groups, such as small firms or the service sector, where informal employment is prevalent; *ii*) providing advice and technical assistance to small firms; and *iii*) improving income detection among small firms and the self-employed.

## Conclusions

59. Young people, especially those who have low skills and live in economically backward areas, are a particularly vulnerable group in most G20 countries. Their labour market outcomes tend to be below those of their older counterparts, both in terms of employment rates and the quality of the jobs they hold. As they tend to be over-represented in informal and temporary jobs, youth have limited social security coverage and are more vulnerable to changes in labour demand.
60. Improving transitions from school to work and ensuring better career opportunities for youth after they enter the labour market can contribute to raising the productive potential of the economy and to increasing social cohesion. This requires action on several fronts. On the education side, access to and completion of upper secondary school are key requirements to ensure that youth leave school with the minimum competences needed to enter the labour market and embark on a career. But diplomas alone are not enough. It is important that youth leave school well equipped for the labour market, hence they must acquire strong foundation skills – notably, literacy and numeracy skills – as well as the job-specific competences and soft skills that are valued by employers and best acquired through work experience while in education. On the labour market side, out-of-school youth who are unemployed or face multiple disadvantages require support through the benefit system and through targeted re-training and employment programmes. Specific measures to encourage employers to hire youth – ranging from wage subsidies to more balanced employment protection – are also likely to improve youth's chances on the labour market.
61. To be effective, these measures for youth need to be seen as a package rather than viewed in isolation, and they need to be adapted to each country-specific situation. This requires further in-depth analysis of the barriers that youth face in individual G20 countries and a rigorous evaluation of existing youth programmes in order to ensure that limited resources are put to their best use. Finally, these measures also need to be part of wider policies to promote stronger, sustainable economic growth that will create more and better job opportunities for people at all ages.

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