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The challenge of youth employment

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Maria Lopez is one of the lucky ones. After a string of temporary jobs, interspersed with frustrating periods of unemployment, she finally managed to land an attractive permanent position in her native Spain. She was 27 at the time. Today, she looks back at this period of uncertainty and recognizes the string of temporary positions as the foundation for her career, helping her to define her ambitions and make the right career choices.

"I took on a range of temporary jobs as an associate at Adecco. People kept saying to me: 'you're overqualified for what you're doing.' But what could I say? I knew I needed the experience to improve my prospects."

Across Europe, and around much of the world, millions of young people can tell a similar story. The recession after the financial crisis was particularly devastating for young jobseekers - and especially those looking for their first positions. Even though youth unemployment has decreased in Europe since last year (February 2016 it lays on 19.3 now 17.3%) in countries such as Spain (41.5%) Greece (45.2%) and Italy (35.2%) the rate is still much higher than the European average and has been so for years.¹ Some younger job seekers, such as Maria, soldiered on, despite these difficult conditions, taking part time employment to earn a living and gain experi-

ence. Others may have lost hope. Entire communities drifted apart, or left "ghost villages" comprising only the elderly or immobile.

"Eventually I was so fed up I went to visit a friend in Singapore to see what opportunities were there. Finally I found a job at a small foundation in Spain. But it turned out to be almost entirely clerical", says Maria, who holds joint degrees in law and business administration. "Although I was desperate for something better, I felt I couldn't justify leaving the job just because I didn't like it. People told me: 'at least you have a job, unlike so many others'", she recalls.

Spain is now emerging from the deep crisis that followed the bursting of its property bubble. But unemployment, especially for young people, remains stubbornly high. Neighbouring Portugal's recovery has been more halting, with corresponding uncertainty for young people's employment prospects. And in Greece, where recession hit hardest, it may take an entire generation for youngsters to look forward to the sort of job prospects enjoyed by their grandparents. "Things in Spain are getting better. But there's still a real problem for people without qualifications or over a certain age", says Ms. Lopez.

¹ Euro area unemployment at 9.5%, Eurostat, February 2017



A “lost generation”?

Not as good as you think

So, if you thought the problems of youth employment were waning, think again. Global economic recovery may have gathered pace of late. But youth employment remains a blackspot for many.

The ILO estimated global economic growth in 2016 at around 3.2 per cent, followed by a “slight improvement” in 2017. But the outlook for youth unemployment is much less promising. After a number of years where the rate has decreased, the final rate for 2016 was projected to deteriorate to 13.1 per cent from 12.9 per cent in 2015 and remain the same in 2017. That’s only a whisker below 2013’s historic peak of 13.2 per cent. In real numbers, after falling by around 3m between 2012 and 2015, the number of young people without jobs around the world probably rose by 500,000 to 71m in 2016, where it will stay this year too.²

So it’s no surprise experts talk of a “lost generation” – an entire cohort of young people around the world who will never know regular labour, and whose prospects will be scarred, not just briefly, but potentially for most of their lives. The human tragedy is immense, but the possible impact on society could be even greater. **Employment is a pillar of a successful society. The prospect of a steady income is central to crucial life decisions like marriage, home ownership or starting a family.** Recent history highlights the dangers to social cohesion and political stability – and the potential rise of demagogues – when unemployment and economic difficulty spin out of control.

“We need to equip young people with the hard and soft skills that businesses require, and initial experience that is crucial for them to start their careers. Their future is our future. By helping them we can boost the prosperity for our countries, businesses, and organisations”, says Alain Dehaze, Chief Executive of The Adecco Group, the world’s leading workforce solutions provider.

Most troubling of all is the large – and growing – number of young people who are Neither Employed, nor in Education or Training, abbreviated to NEET in the jargon.

As Maria’s story shows, when unemployment is high and jobs scarce, a vicious circle can arise, with young people growing increasingly distanced from the labour market and disillusioned with their prospects. Survey evidence quoted by the ILO covering 28 countries suggests around 25 per cent of young people aged between 15-29 are NEET. Troublingly, the group expands as individuals get older: developed countries above all show a steep increase in NEET rates for people aged over 20 compared with those between 15 and 19.³

Such data highlight the urgency of improving youngsters’ access to the labour market. But the evidence suggests the problem is not so much a lack of openings – vacancy rates can often be counter intuitively high – but the unsuitability of candidates for the jobs available. **Some 40 per cent of employers say they cannot find young people with the right skills for their business. Thus, lack of experience is often identified as the main reason for such entry level vacancies.**⁴ **It is interesting to note that over 40 per cent of European workers actually believe their skill levels do not match those required in their job profile.**⁵ **Which acts to perpetuate the situation.**

² World Employment and Social Outlook 2016: Trends for youth International Labour Office – Geneva: ILO, 2016

³ World Employment and Social Outlook 2016: Trends for youth
⁴ McKinsey&Company, Education to Employment: Designing a System that Works, 2013
⁵ OECD, Getting Skills Right: Assessing and Anticipating Changing Skill Needs, 2016

It's skills that matter

That mismatch reflects a range of woes, from problems in many countries' educational systems, to the need for greater efforts to facilitate young people's transition from learning to labour. Attempts have, of course, been made to relieve the pain. The European Union, for example, has created its Youth Guarantee, aiming to ensure that everyone under 25 is offered a good quality job within four months of leaving education or losing their existing job. Resources from the European Social Fund have also been reallocated to help tackle high unemployment levels.

But such efforts, no matter how worthy and well intentioned, may not be enough to address deeper barriers to youth employment – obstacles that may, indeed, become more formidable as the current labour market undergoes unprecedented change.

“In a world of ambiguity and unpredictable change, five key drivers are shaping the labour market. First, in today's global and volatile economy, a contingent workforce has become essential to meet businesses' growing need for flexibility. Second, digitalization has triggered a profound automation of work, with the impact shifting from routine and repetitive functions to 'knowledge workers'”, observes Mr. Dehaze.

“Thirdly, demographics - in the form of longer life expectancy and lower birth rates - is transforming employment requirements and leading to more open borders and greater labour mobility to meet skills gaps and productivity issues. Fourth, the 'sociology of work' is also changing, as employees become more mobile and flexible, turning increasingly into independent contractors, while 'jobs for life' become rarer and the workplace becomes ever more diverse. And finally, regulatory constraints can increase complexity, while we have seen countries which innovate and reduce bureaucracy benefitting from significant competitive advantages.”

The answer, he argues, is root and branch reform, not just of school curricula, which need to become more attuned to the requirements of business, but also labour market regulation and perhaps even our broader attitudes to work.

That may sound odd, given today's younger generation is actually the best educated in history.

“Tertiary education, for example, is booming. But the problem is not that young people are not learning. Rather, in a fast moving world where digitalization and globalization are transforming work, there is a mismatch between what's learnt and the skills required”, says Shanthi Flynn, The Adecco Group's head of Human Resources.

“Information and communication technologies are a classic example. With demand far outstripping supply, it takes four months on average to fill an ICT post. Yet from Vienna to Vancouver, there are coffee shops brimming with barristas with PhDs”, she notes.



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“People skills” are paramount

Academic studies, university qualifications and higher degrees will remain essential in many disciplines, notably science. But school curricula must be reviewed and adjusted to produce school leavers who can offer the right mix of skills to potential employers.

Some of those will be “hard skills”, notably in the so called STEM disciplines of science, technology engineering and mathematics, to meet employers’ growing demand for digitally and technically savvy staff. The Global Talent Competitiveness Index (GTCI), a meticulous annual study produced by INSEAD, Singapore’s Human Capital Leadership Institute and The Adecco Group, highlights the essential role of formal education, alongside experience based learning systems, in producing a suitable workforce to boost countries’ competitiveness.

Undoubtedly, there have been improvements. Primary schools in many countries are getting better at embracing the digital age and teaching ‘people skills.’ Children are being taught how to present and do homework collaboratively on Google docs.

They use classic business tools like Six Thinking Hats. And in their spare time they make Musica.lys and iMovies. But such steps have not gone nearly far enough, nor are they implemented as widely as necessary.

“Clearly, our current education systems cannot keep up with market needs. In the world of work, constant upskilling is essential. For this to become

a reality, governments and companies need to act. That doesn’t mean just hard skills like STEM,” says Ms Flynn.

Amid fast, continuous and unpredictable change and constant communication, people (or so-called “soft”) skills matter as much, she argues. “Creativity, adaptability, problem solving and the ability to work in teams become crucial when scenarios change quickly and companies need to manage uncertainty”, she concludes.

The inaugural 2014 edition of the GTCI published in 2014, highlighted the demand for broad “global knowledge skills”, but also pinpointed a looming “digital divide”, with millions of people around the world unable to master even the most basic computer tasks, such as using a mouse. More generally, it noted a dangerously high number of young people were leaving secondary school with insufficient literacy, numeracy, social and team skills – precisely the effective educational tools needed to reach their full potential.

The experts argue that employers require youngsters who are more than good mathematicians. **“I believe firmly in the adage of hiring for attitude and training for skills”**, comments Mr. Dehaze.

What's required?

Attitude research in 2016 by Le Fonds de Formation pour les Intérimaires, a Belgian agency funding training for temporary workers, showed the top five soft skills for youngsters were: having the right attitude; flexibility; good oral communication abilities; the capacity to present oneself professionally - and being punctual. Some 46% of youngsters were not hired because they had the wrong attitude. And no less than 30% failed because they did not arrive on time!

“Further important soft skills include the ability to adapt to very different and fast evolving business conditions”, says Mr Dehaze. **“To those, I'd add an eagerness to learn continuously and improve, networking and active collaboration skills, creativity, conflict management skills and an ability to influence.”** Last, but definitely not least, he notes the need for young people to embrace mobility, which can boost both hard and soft skills. That includes searching for international experience, developing international networks and nurturing foreign language skills.

Young people must also be encouraged and guided to understand what's on offer. Many have no idea about the wealth of jobs available in engineering, electronics or IT. And youngsters need to help themselves and seek

experience as early as possible. “Earning while learning” is a powerful incentive, say the experts.

“There's absolutely a need for change. There's not enough practical education, just a lot of theory, even today”, says Ms Lopez of Spain's school system. “I don't think in Spain we're prepared. I have many friends aged around 30 who just don't know how to market themselves.”

The question then remains. How can such skills be engendered in today's youngsters?

Some suggestions for action

The private sector can offer some answers, either operating on its own, or in public-private partnerships with national authorities.

The Adecco Group has found that the biggest barrier, ironically, to young people's finding a job is their very lack of experience. **“Beyond formal education, labour markets need to offer young people the opportunity to gain work experience. There is clear evidence that the lack of such experience is one of the main barriers to entering the workforce”,** observes Mr. Dehaze.

A temporary job is a better option than being unemployed. **Evidence suggests temporary work can help youngsters take their first step onto the career ladder or into permanent positions. With a temporary job, young people can start to build the experience all employers seek.** In France, for example, data show 66 per cent of people find employment after a year of temporary work; in Britain, the corresponding figure is 48 per cent. Young people's willingness to accept exible job assignments, or job opportunities abroad, is essential to bringing them into the labour force.

southern European countries prompted a degree of greater mobility as workers sought regions with better employment prospects. But this is still a relatively rare event.

The Adecco Group has tried to set an example. It has a range of initiatives within its Adecco Way to Work banner aimed at helping young people to gain their first job experiences. The schemes include global ventures such as Experience Work Day and CEO for One Month, purely national initiatives, and projects linked to particular activities, notably sport.

The evidence suggests that economic crisis in many



What our sector can do

Such schemes show that not just The Adecco Group, but workforce solutions providers in general, can play a pivotal role here. **“Agency work not only helps people to move from unemployment into work, it also provides a stepping stone leading to long lasting forms of employment”**, notes the World Employment Confederation, the industry association for workforce solutions groups. **“This stepping stone function to the world of work helps to bring access to work for those who would otherwise not secure a job. By providing people with decent work and exposure to labour markets, private employment services increase the wider employability and mobility of workers”**, the WEC adds.

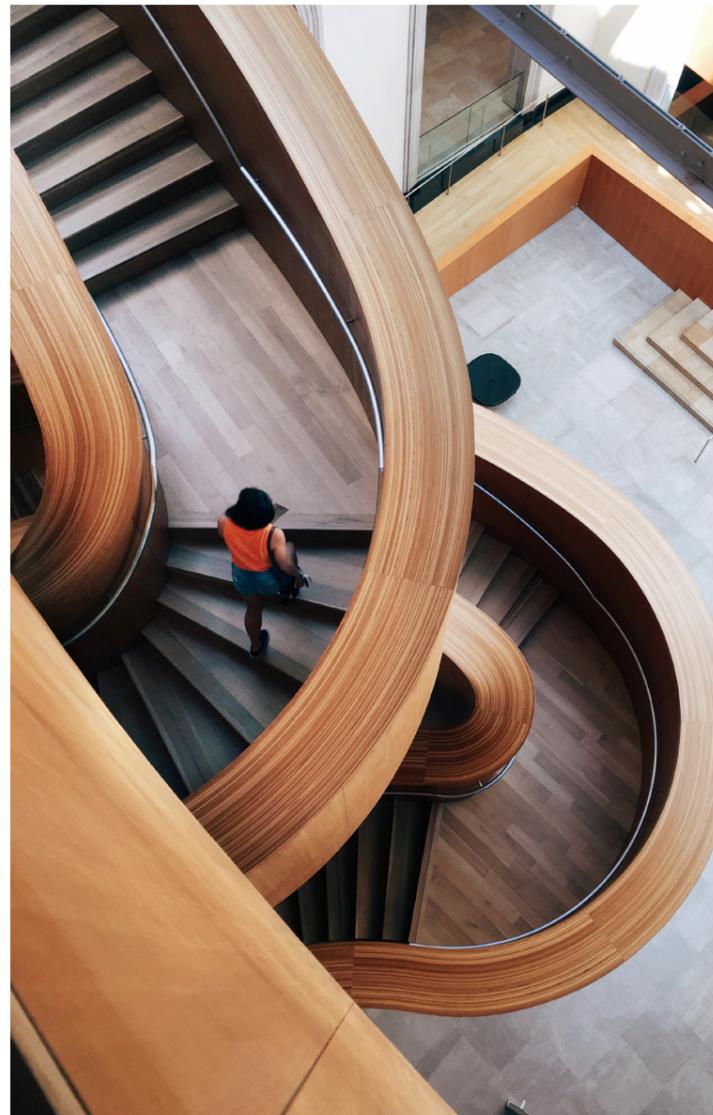
In 2012, nearly 36m people worked for workforce solutions groups, occupying 11.5m full time positions. On average that accounted for around 0.9 per cent of the total working population. Significantly, a large proportion of such workers were, on average, young, with 61 per cent under 30. The fact that only 32 per cent had previously been in work spotlights how private workforce solutions providers can ease the transition from school to work and from unemployment to jobs.

Of course, there have been issues with temporary employment in the past. Even today, not all countries are entirely comfortable with the concept. That is despite copious data showing private workforce solutions companies have, over the years, actually played a key role in upholding working conditions. And they have helped in reducing illegal and undeclared labour, nurturing ‘decent’ work as defined by the ILO and invariably meeting the strict requirements of the ILO’s global conventions.

Some critics have even coined the term “precariat” – a curious combination of a lack of predictability and insecurity – to define an alleged new social class of people facing an unsettled existence in new types of labour. Such attacks are belied, of course, by the meteoric rise of the ‘sharing economy’, with immensely popular dis-

ruptors such as Uber, Deliveroo and like all depending on a new type of independent ‘contractor’ relationship with staff, who are apparently entirely at ease with the innovative workstyle.

Such once unimagined hiring, sharing and communicating businesses now loosely grouped together under the ‘sharing economy’ moniker have skyrocketed in value, surging by close to 140% since 2012. Investment has soared 20 fold between 2010 and 2014. Professional services group PwC reckons the traditional rental market and the sharing economy will be almost head to head in value by 2025.



A new working relationship

Of course, the traditional ‘job’ does not face extinction. And many youngsters will still opt for the stability it implies. But it is clear that business today increasingly demands flexibility - and that a growing number of young people are willing to oblige.

Many of them are more mobile and flexible in their approach to work than their parents or grandparents. Rather than a single job for life, such youngsters prefer a “multi career” concept, where stability and a regular paycheck are outweighed by the broader and richer prospect of variety and continuous learning through different jobs and locations. Such characteristics may, in fact, boost youngsters’ long-term employability by helping them gain diverse skills and become more ‘future-proof’ because the sharing economy obliges people to embrace experimentation, innovation and rapid change.

Private workforce solutions groups can also cooperate with governments, stimulating and reinforcing active labour market policies and cooperating with working together with public sector employment agencies. **“One area already established but well worth expanding is the use of private providers for training schemes to develop or upgrade skills and boost workers’ employ-**

ability”, observes Mr Dehaze.

Companies like The Adecco Group are particularly well placed, given their deep knowledge of labour market needs based on their close contacts with employers.

“Private sector workforce solutions groups have unique insights into employment trends and developments. Working more closely with public employment agencies would allow speedier and more effective implementation of government policies, whether aimed at exposed groups, like the young unemployed, or focused on raising labour participation rates in general”, adds Mr Dehaze.

As the classic working relationship transforms under global structural trends, so the role of workforce solutions providers may rise. Industry data demonstrate that countries with above average penetration rates of private workforce solutions providers consistently perform better and show more efficient labour markets than those with less developed or more restricted systems.



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Apprenticeships strikes back

An important, more formal, way of giving youngsters experience of labour is through apprenticeships. Once commonplace in developed countries, such schemes fell out of favour in some places in recent years while remaining popular and respected elsewhere, but are now very much back in vogue virtually across the board.

Germany, Switzerland and Austria, for example, which always retained their strong national apprenticeship schemes, have youth unemployment rates that are actually in line with overall joblessness, rather than much higher. Switzerland and Germany boast youth unemployment rates of just 3.6% and 6.9%, respectively.

Outstanding among the many factors behind their success is an educational model combining top notch formal schooling with established training and apprenticeship schemes. Governments, companies and educators work together to provide the knowledge and experience young people need to succeed. By linking the classroom with workplace training, youngsters become familiar with technology and understand how markets and business works.

'Apprenticeships are like university, without debt', says Tom Perez, US Labor Secretary in the Obama administration. Studies show that for every \$1 spent on an apprenticeship, employers receive \$1.47 in increased productivity, reduced waste and greater front-line innovation.

After all, not every chief executive boasts a university degree: Sergio Ermotti, the boss of Switzerland's UBS, one of the world's leading banks, started as an apprentice. He is now one of the most respected CEOs in banking. Talking to the Global Apprenticeships Network (GAN - see separate story) of his own time as a bank apprentice, he says: "Not only did I understand that banking was something I liked to do, but I probably got to mature faster than my peers who were still at school because I was exposed faster to the adult world."

Other leading GAN representatives ambassadors include Stephan Howeg, The Adecco Group's Chief Marketing & Communications Officer, another former apprentice. **"At the end of my apprenticeship, I became a certified mechanic for machines. Those four years of training were formative for my personality and later professional career. What I learnt during that time, still guides me today"**, he says.

"My apprenticeship was undoubtedly the springboard for all that I went on to achieve. Early work experience and taking responsibility are key. My experience allowed me to test the water and to find my career path. I went on to take a bachelor's degree and a master's in history, philosophy and sociology, once again following my heart and doing what I loved."

Clearly, there is no single answer to improving young people's employment prospects. And broader economic and social trends may even be gradually eroding the position and status of the former lifelong labour model for a single employer, in favour of a much more complex and varied pattern.

But no matter the employer or the precise labour contract, certain basic requirements remain. A combination of hard and soft skills is paramount in the workplace, whether of today or of tomorrow. It is for the advancement of those talents that The Adecco Group is striving.

About The Adecco Group

At The Adecco Group, we help economies thrive and societies prosper through the power of work. Each year, we provide over 1 million people in more than 60 countries with career opportunities, guidance and insights. Through our global brands, including Adecco, Badenoch & Clark, Lee Hecht Harrison, Modis, Pontoon and Spring Professional we are the world leader in providing organisations with the temporary staffing, permanent placement, career transition, talent development, and outsourcing solutions they need to navigate change and be successful.

The Adecco Group is a Fortune Global 500 company, based in Zurich, Switzerland, with more than 33,000 full-time employees in 60 countries and territories around the world. Adecco Group AG is registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN).



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