

**BUSINESS PRIORITIES FOR YOUTH EMPLOYMENT**  
**IOE-BIAC Statement to the G20 Task Force**  
**on Youth Employment**  
**Mexico City, 15 December 2011**

Addressing youth unemployment is a shared priority for business, governments and trade unions throughout the G20 and globally. Business welcomes the G20 focus on youth employment, and the commitment to developing practical and comprehensive policy approaches to tackle this serious challenge for young people and the economies and societies in which they live.

The establishment of the G20 Intergovernmental Task Force on Employment provides an opportunity for focused technical discussion on priority policy issues. The engagement of the Social Partners in the work of the Task Force will bring important experience and perspectives. Business is enthusiastic to be a part of what should be a highly constructive process, and we warmly welcome the initial focus of the Task Force on Youth Employment.

It is in the interests of all to ensure that young people get the best possible start to their working lives. Successful, career-long labour market participation is critical, not only for self-fulfilment and personal prosperity; society as a whole benefits from young people successfully transitioning into work and becoming tomorrow's workers, consumers, investors, and citizens. The alternative risks undermining social and economic stability.

As recent OECD and ILO studies show, high youth unemployment can have significant negative social and economic consequences. Persistent high school dropout rates, skills mismatches and unsuccessful school-to-work transitions, rigid labour markets, and labour market duality for youth are some of the main factors contributing to this phenomenon.

A more successful approach to employing young people must take into account each national context as well as the range of interdependent policies necessary to create sustainable employment opportunities for young people and to foster youth entrepreneurship.

To achieve this, labour market policies must be effectively linked with education, economic and social policy, to activate young people into work and to address those most disadvantaged. Particular policy considerations for the employment of young women need to be taken into account, including effective access to education and training and targeted interventions such as mentoring programmes.

Business has a key role in this process, and unique opportunities and responsibilities to ensure broadly agreed policy goals are delivered upon and that more young people successfully transition into formal employment.

## PRIORITIES FOR THE G20 TASK FORCE ON YOUTH EMPLOYMENT

An effective youth employment strategy must have as its starting point the comprehensive set of policies necessary to better support economic growth and sustainable job creation generally. There will be no labour market demand for youth if there is no employment creation for job seekers of all ages.

This will remain a challenge as we work to exit the current economic and financial crisis. The Task Force must consider any youth employment strategy as part of an overall strategy for strong, sustainable and balanced growth. Where there is fiscal space available, youth employment should remain a top priority for public policy action.

In this general context, business emphasises three key topics that should be addressed by the Task Force to give young women and men a better start, and to deliver to the G20 Ministers and Leaders effective ideas and policy options that will lead to demonstrable employment outcomes for more young people:

### 1. Enhance Youth Employability: Education, Skills and Lifelong Learning

Education and training are the most important foundation for working life. 21<sup>st</sup> century skills and competencies, and the motivation to continue learning throughout life, are critical to the employability of young people, fostering the ability to adapt to increasingly demanding and dynamic labour markets. Science, technology, engineering and math skills (STEM) in particular are critical for opportunities in emerging industries driven by new technologies, as are the fundamental employability skills that underpin specific vocational competencies in all workplaces.

Education and training systems must be efficient and effective to meet the challenges of evolving skills demands. Policies should support successful school to work transition, but also transition back to school and training when necessary or beneficial.

Key priority issues the Task Force may address under this topic include:

- Access to quality education, including initial, early childhood and basic education.
- Identification of 21<sup>st</sup> century curricula focused on skills, knowledge and competencies (soft skills) and STEM.
- Skills matching and reducing mismatches.
- Vocational Education and Training (VET) and Apprenticeships, including innovative and flexible approaches.
- Enhancing internship and work experience opportunities for young people.
- Effective, relevant career guidance for opportunities in the workplaces of the future.
- Partnerships for learning between business, academic institutions, trade unions and governments.

- Financing education and training for young people.
- Reducing the costs to employers of hiring and retaining young people.

The ILO Training Strategy and OECD Skills Strategy provide an important foundation for this work.

Business stands ready to play its part in ensuring young people are positioned to take advantage of potential work opportunities.

We look forward to engaging with governments on (for example) improving the quality and relevance of work experience programmes and career guidance, and working with educators to more clearly communicate the skills and competencies needed to maximise employability. Building better links between schools and businesses at the community level will also be critically important.

## **2. Active and Inclusive Labour Market Programmes for Young People**

Active labour market programmes should be designed to specifically target improved employment outcomes for young people. Governments should identify and reduce obstacles to hiring young people, especially legislative, administrative or statutory barriers and disincentives. It is also important that governments share with each other positive experiences that have generated real results. The Task Force is an important vehicle for identifying best practices, successes and failures in active labour market policies targeted at youth.

Employment, education, and social policies must be effectively linked to maximize opportunities for young people to move into work. These frameworks should support labour market participation for all young people, including young women and migrants.

Key priority issues the Task Force may address under this topic include:

- Effective employment search services.
- Improving incentives and supports for participation in work.
- Ensuring taxation and social benefit systems support youth employment, including reducing benefit traps that can discourage taking up work.
- Harnessing the role of employers in the design and delivery of active labour market policies.
- Examining the impact of employment protection legislation on youth employment.
- Harnessing the benefits of more flexible working arrangements for youth.
- Assessing the situation of young women and migrant youth across G20 countries.

Business can and will play its part by working with governments to ensure that policies and programmes encourage companies to take on young people, and by identifying specific barriers and concerns with the operation of employment services. Businesses stand ready to more actively participate in the oversight and administration of employment services, and to partner with governments and others in this area.

### **3. Foster Youth Entrepreneurship**

Not all of today's young people will work for others. Youth entrepreneurship offers great potential for our economies and societies, and must be a component of meeting the challenge of ensuring more young people are gainfully, productively and successfully employed.

This potential should be stimulated by policies that support business creation and innovation. Many of today's transformative technologies and business models have been developed by young people. This trend must continue, not only to create jobs, but to foster innovation.

Young entrepreneurs need to be given support all the way along the process from start-up until their business is fully sustainable. They need access to technical advice on issues such as marketing, business planning, taxation, finance, accountancy and employment law. Young people need to see a ladder upon which they can progress and to see where others have succeeded (and failed).

Key priority issues the Task Force may address under this topic include:

- Entrepreneurship education and training.
- Policy frameworks to sustainable business creation by young people.
- Access to finance for start ups.
- Networks for youth entrepreneurs.

Business stands ready to play its part by, for example, sharing its experience in running businesses, through mentoring, and by advocating for a policy and regulatory environment that encourages enterprise creation by young people. Networking for young entrepreneurs can be facilitated using the skills and resources of existing business organisations. Local business communities also have an important role to play in promoting the normality of work to jobless communities and promoting aspirations for self employment and initiative to more young people.

### **Dialogue with Business on Youth Employment**

Business has a key role to play across each of the topics outlined above. Policy makers have an opportunity to more effectively harness the commitment of business people and their organisations to see better outcomes for young job seekers.

More generally, youth employment policies must be addressed in a comprehensive manner, with the input of all relevant parts of government and the social partners. This dialogue is critical, and must also take into account the perspectives of young people themselves who see issues through the lens of their generational experience, education and aspirations.

## Going Forward

It is important that the Task Force:

- Focus on common objectives.
- Make impactful, practical policy recommendations.
- Identify clear priorities for action that can be taken up at the national level.

We see the engagement and commitment of social partners as a key opportunity for the Task Force as it approaches its work on youth employment. Business looks forward to engaging with governments, trade unions, the ILO and OECD in the work of the Task Force going forward.