SOCIAL AND EMPLOYMENT ISSUES OF YOUTH

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Unemployment & NEET Issues
Unemployment Rates by Age Group

Source: Own calculations, OECD STAT
NEET rates have increased in nearly all countries from 2007 to 2012... and over half of all NEETs are not looking for a job
85% of NEETs do not have tertiary education
NEETs are 3 times as likely to experience poor health than youth overall

Share of individuals with poor health status in % among NEETs and all youth, 2012
NEETs are 3 times as likely to be poor than youth still in education or working.

Poverty rates in % among NEETs and youth in education and employment, 2012.

Graph showing poverty rates in % among NEETs and youth in education and employment, 2012.
Poverty Rates Influenced by the Living Situation of NEETs

- with adults
- single
- single parent
- with other youth
• **56% (60%)** do not even look for a job (inactive)
• **2(4) times** as likely to be lone parent
• More likely to have parents with lower educational attainment
• NEET status is **not temporary** – 1 in 4 of youth with NEET spell > 1 year
• Marshall (2012) : 82% Canadian inactive youth who did not want a job:

![Pie chart showing distribution of future work arrangements, permanently unable to work, non-traditional students, no known activity, young children, and no known activity, no children.]

- Future work arrangements: 6%
- Permanently unable to work: 7%
- Non-Traditional Students: 9%
- No known activity, young children: 24%
- No known activity, no children: 54%
What they think

Compared with those employed or in education, NEETs are

• **30%** less likely to trust other people
• **twice** as likely to show no interest at all in politics
• **less** likely to value work (depending on country)
• **1.5 times** more likely to think neediness is due to injustice
Employment Issues
Non-regular jobs – and particularly fixed-term jobs – are still disproportionately held by younger, less-educated and lower-skilled workers, and are not a voluntary choice for most employees (OECD 2014).

Equity & efficiency issues: Reduced job security. Insider/outsider theory. Lower firm investment in non-regular workers can depress productivity growth.

Non-regular employment may be a stepping stone to regular employment – but research shows that in Europe < 50% of those on temporary contracts were in permanent employment 3 years later (OECD 2014).

OECD Employment Outlook (2015) - long-term career prospects largely determined in the first 10 years of working life. Many young people who finished their schooling during the crisis and have been struggling to enter the labour market may impeded in climbing up the career ladder.
Precarious Employment

Temporary employment by age group, 2011-12

A. All fixed-term contracts
Share of employees with a fixed-term contract

Source: OECD 2014
Involuntary Underemployment

Proportion of Part Time Employment that's Involuntary - 15-24 years old

Source: Own calculations, OECD STAT
Field of Study Mismatch

Figure 1. Prevalence of field-of-study mismatch across countries

Source: Montt (2015)
Field of Study Mismatch

Why? Both supply and demand-side factors
- Workers’ inability to find jobs in their respective field because the field is saturated
- Mismatch is higher amongst workers who enter labour market during recessions
- Skills not recognised by employers in other occupations (i.e. credentials not transferrable)
- Preferences of workers – driven by career prospects, wages, working conditions etc

Should mismatch by field be a concern for students, workers or policy makers?
- Belief in the general value of education irrespective of the labour market opportunities?
- Problem when it leads to jobs in which a worker’s educational attainment is not recognised i.e. over-qualified (40% of mismatched workers). 25% lower hourly earnings when compared to graduates in the same field and with same education level that are well matched. Also at increased risk of unemployment & have lower job satisfaction levels.
- Over-qualification aggregates to substantial productivity losses for the economy & sunk education costs

What can be done?
- Correctly assessing the current and projected demand for specific fields can inform career guidance and the determination of places available for each field.
- Enhancing transferability - greater provision of general skills; competency-based occupational standards; flexible re-training programmes and ALMPs.
Social & Intergenerational Issues
Proportion of Youth with low cognitive & numeracy skills

Share of individuals with low literacy skills

Share of individuals with low numeracy skills

Source: OECD 2015a
The share of youth in the population is projected to fall

Projected change in the ratio of 15-29 year-olds over the whole population between 2013 and 2020

Across the OECD the ratio of working age (15-64) to retirees (65+) is currently 4.3. This is anticipated to fall to 2.3 by 2050 [4.5 to 2.5, Canada]

Source: OECD 2015a
People born more recently experience more severe income drop at retirement

Proportion of various birth cohorts who have net replacement rates below 75 percent at age 70 in Canada by average annual lifetime earnings (percent)

Source: Wolfson (2013), Not-So-Modest Options for Expanding the CPP/QPP
In most OECD countries, youth are more exposed to the risk of poverty.

Relative poverty rate of the 18-25 year-olds; entire population in each year = 100

Source: OECD 2015a
Poverty rates and inequalities have shifted across cohorts

**Relative poverty rates by age group**

![Graph showing relative poverty rates by age group.](image)

**Gini coefficients by age group, OECD average (*)**

![Graph showing Gini coefficients by age group.](image)

(* over 24 countries for which data are available

Source: OECD Income Distribution Database

Source: Luxembourg Income Study (LIS)
Contact: Claire.Keane@oecd.org

OECD Directorate for Employment, Labour and Social Affairs, via www.oecd.org/els

Thank you!
OECD ongoing work

• “Investing in Youth”: Country reviews focusing mainly on the difficult groups which may vary across countries.

• “Ageing Unequally”: extensive analysis of social protection and health systems, labour market and migration policies, and take into account intergenerational aspects, with the aim of reducing inequalities.

• “Skills Outlook”: 
  - Identify with more precision the risk factors, needs and barriers to training and labour market transition for youth.
  - Map existing policies: income-support but also housing, health, education, counselling/mentoring, mobility and special training/work experience programmes.
  - Evaluate how these policies help reduce high-school drop out rates and improve successful participation in vocational training and apprenticeship programmes.
References


Additional slides
Income support: about 30% of NEETs living without parents do not receive transfers

Percentage of NEETs who do not receive any social transfers
Averages over the period 2007 - 2011
Objectives: Improving non-cognitive skills (self-esteem, conscientiousness, emotional stability) as much as knowledge. Impact on educational attainment, labour market performance, health outcomes, crime.....

Timing: Earlier interventions are more efficient

Successful interventions: targeted at disadvantaged / at risk youth
  - innovative school programmes
  - after-school support
  - health prevention programmes
  - mentoring
  - special apprenticeship schemes
  - second-chance programmes, offering accommodation

But:

- Human resource intensive/costly. Quality of workers also an issue.
- Need to reach out, integrate with schools & have one-stop shops (co-ordination)
- Need to measure the effectiveness of programmes
Share of students combining studies and work (16-29, 2012)

Source: OECD 2015a
Mental health

• Childhood and adolescence are crucial periods for promoting good mental health. Every second mental illness has its onset before the age of 14.

• Those suffering from mental ill-health are more likely to leave school early with poorer education outcomes and consequently have greater difficulty accessing the labour market.

• Policies to prevent early school leaving and enable smooth transitions from school to work are essential if young people’s education outcomes and adult working lives are not to be adversely affected.

• Policy conclusions:
  - Develop mental health competencies among teachers and education authorities.
  - Ensure timely access to co-ordinated support for students suffering from mental ill-health.
  - Invest in the prevention of early school leaving and early action for school leavers.
  - Provide effective support for the transition from school to work.

Source: OECD 2015b
Look at


- Fit Mind, Fit Job From Evidence to Practice in Mental Health and Work


• ‘price tag’ on the NEET problem: NEETs
  Young people not in employment, education or training: Characteristics, costs and policy responses in Europe

• ‘Back to Work’ Canada -

• Employment Outlook
  http://www.oecd.org/employment/oecd-employment-outlook-19991266.htm and

• http://www.oecd.org/employment/action-plan-youth.htm