



Youth Employment in Southeast Europe: Improving Skills and Removing Barriers

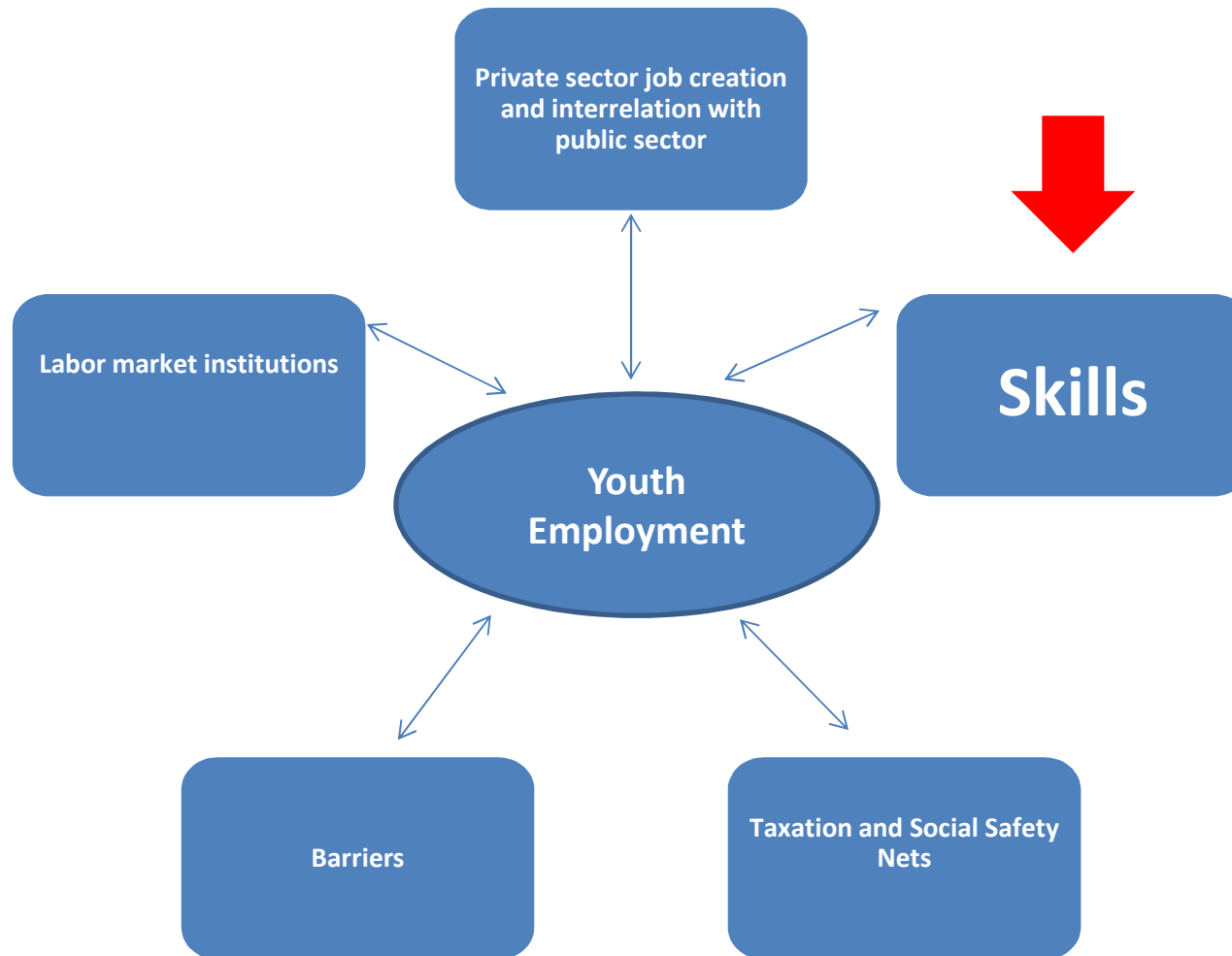
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World Bank

Vienna, October 2013



A Comprehensive Approach to Youth Employment





The role of skills in improving access to economic opportunities among youth...

THE GOOD, THE BAD, THE UGLY?...
...AND THE PROMISING

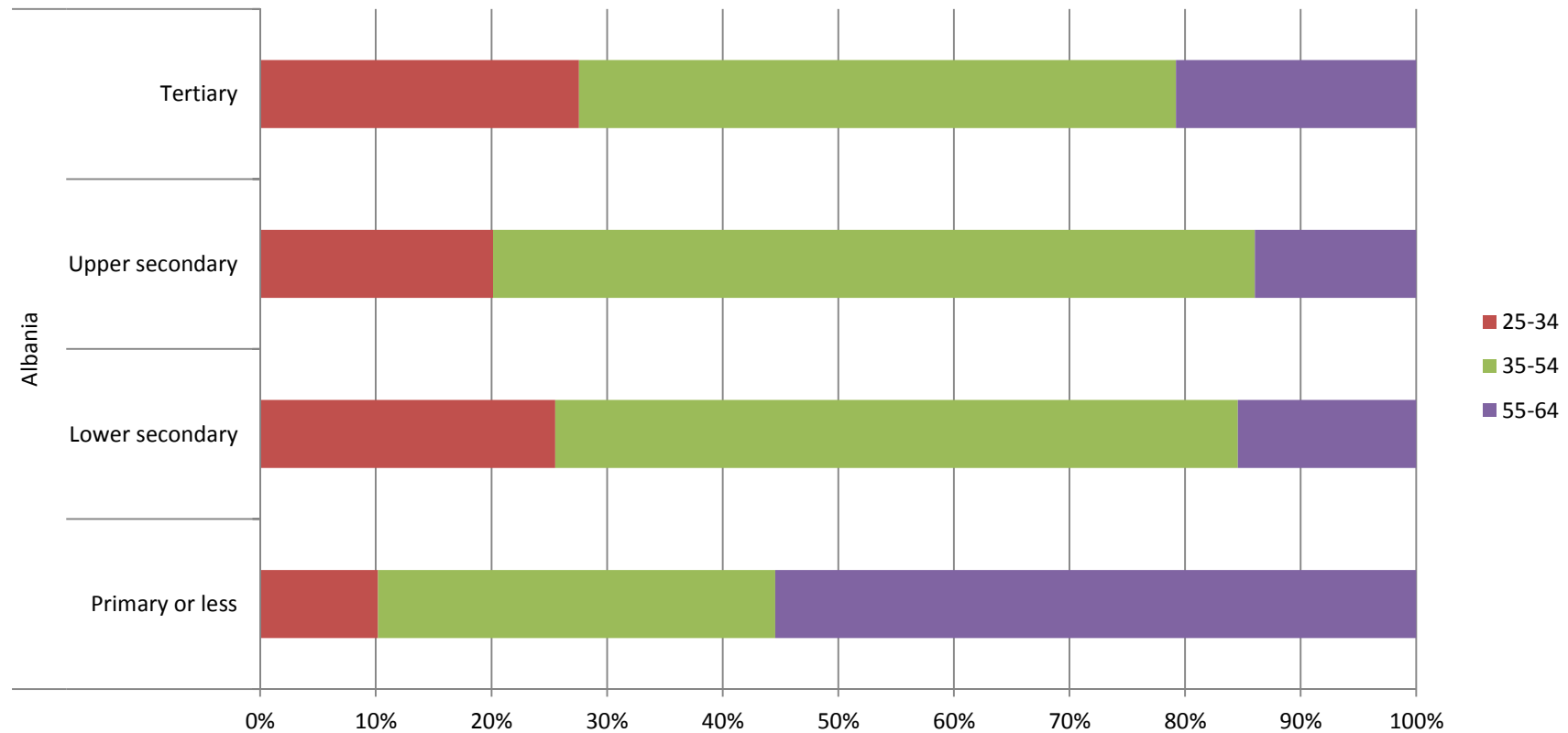


THE GOOD...



Younger generations have more formal education...

Albania: Population aged 25-64, by educational attainment

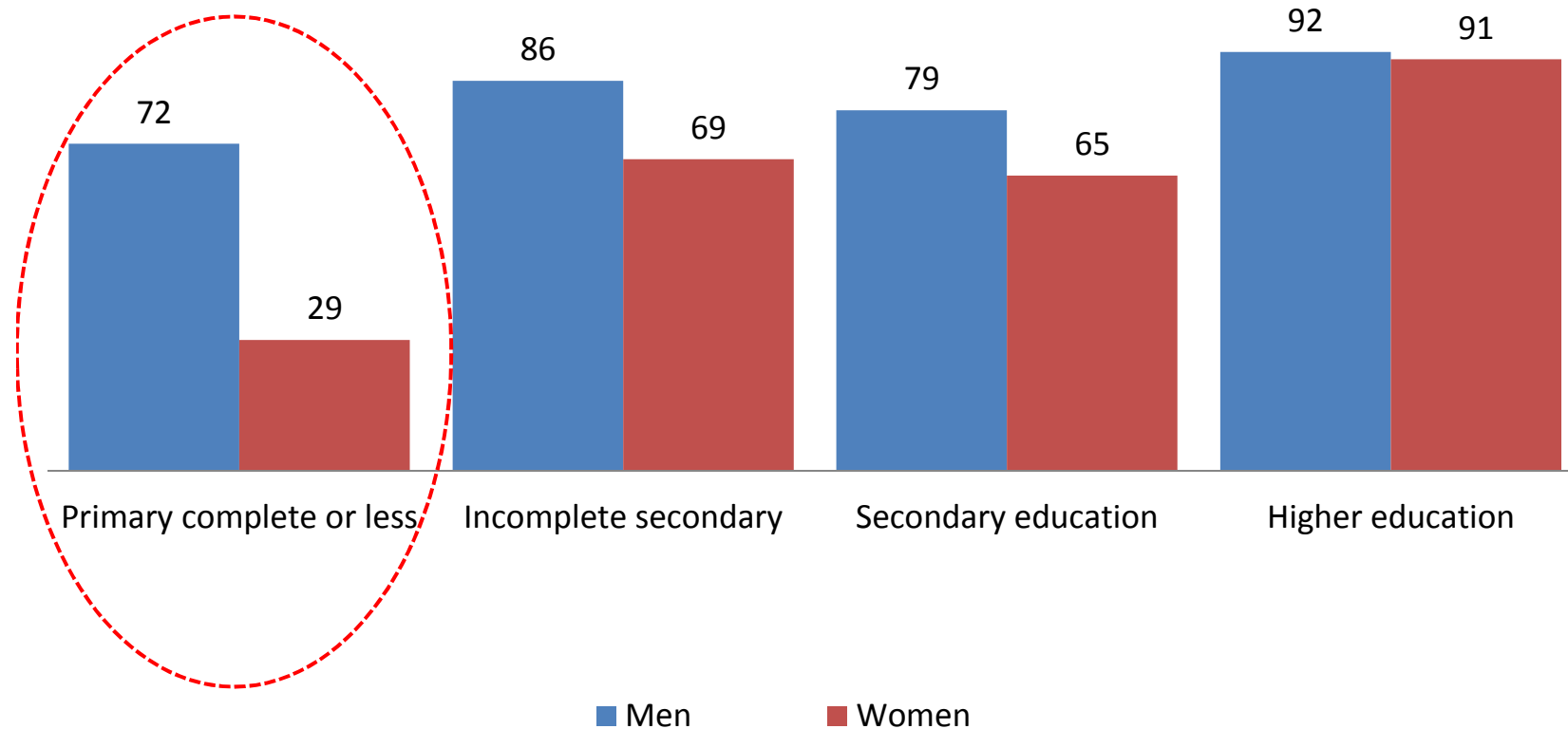


Source: World Bank staff, based on latest LFS.



Formal education pays off in the labor market... often, especially for women

FYR Macedonia: Labor force participation by gender and level of education (percent)
2011

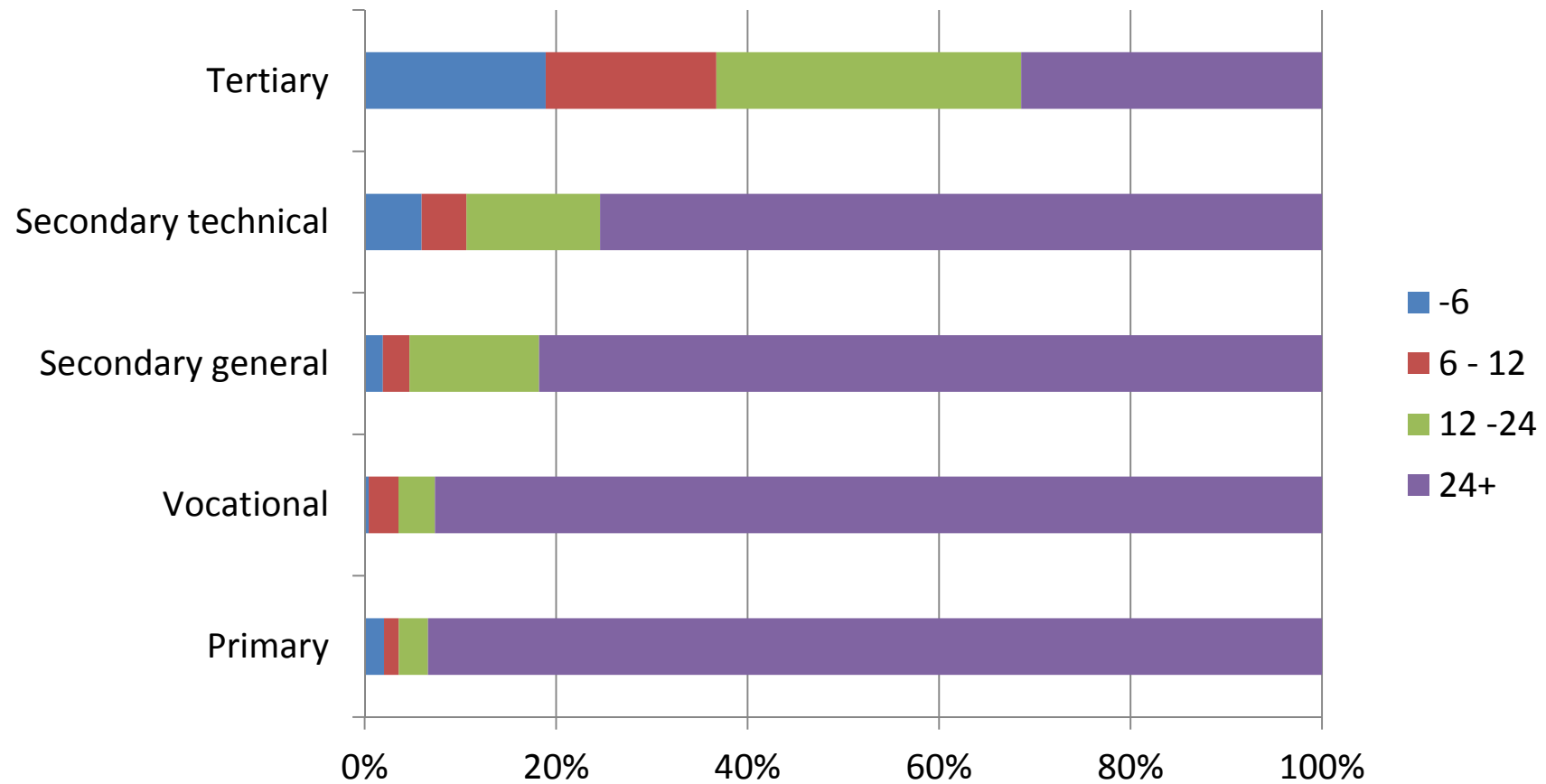


Source: World Bank staff, based on LFS and Gamberoni and Posadas (2011).



Education also makes it more likely to move out of unemployment

Montenegro: Unemployment duration among new labor market entrants, by education (in months)

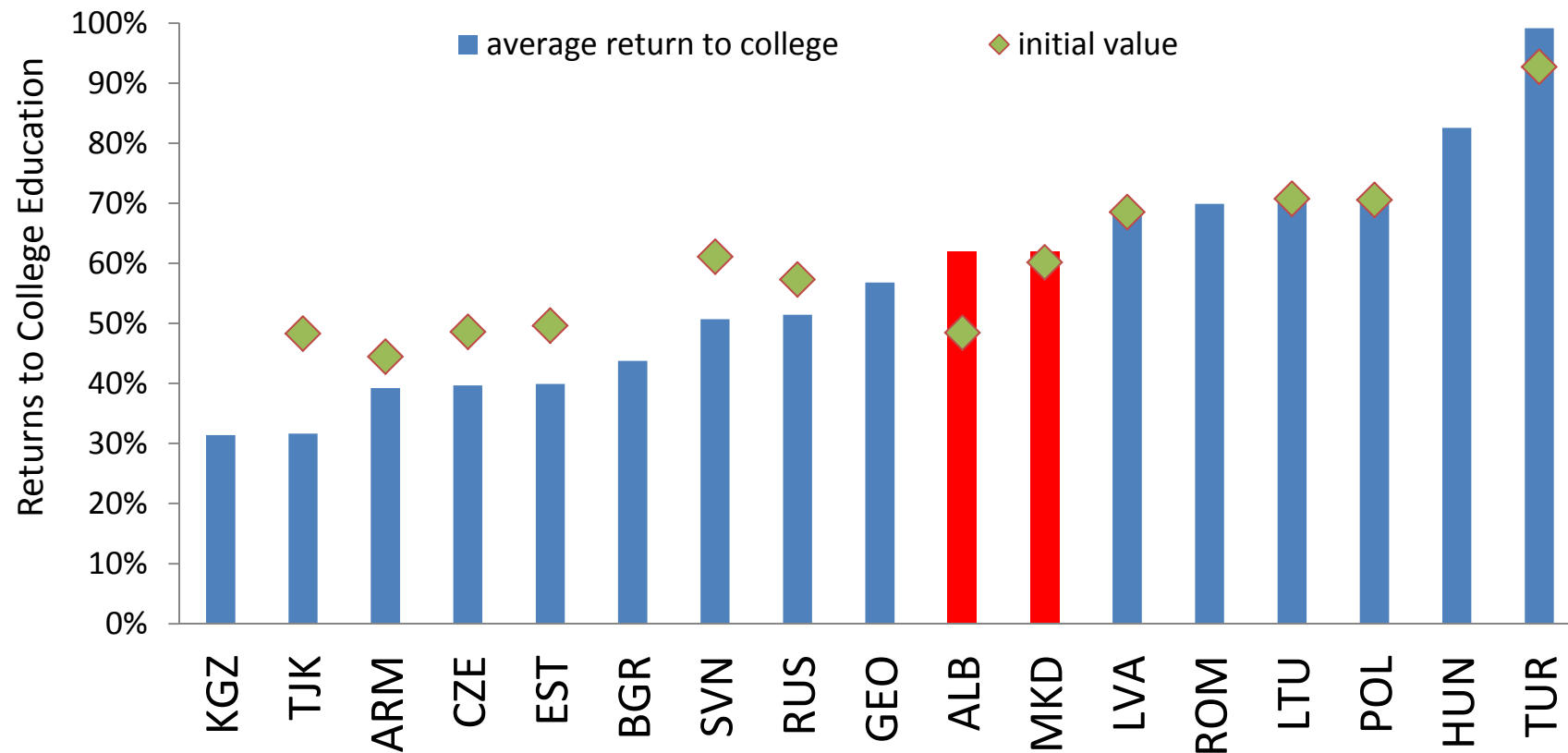


Source: World Bank staff, based on LFS.



Average tertiary education wage premia remain high

Average wage premia for tertiary education in early and late 2000s, salaried workers, Age 25-64



Source: World Bank staff, based on LFS.

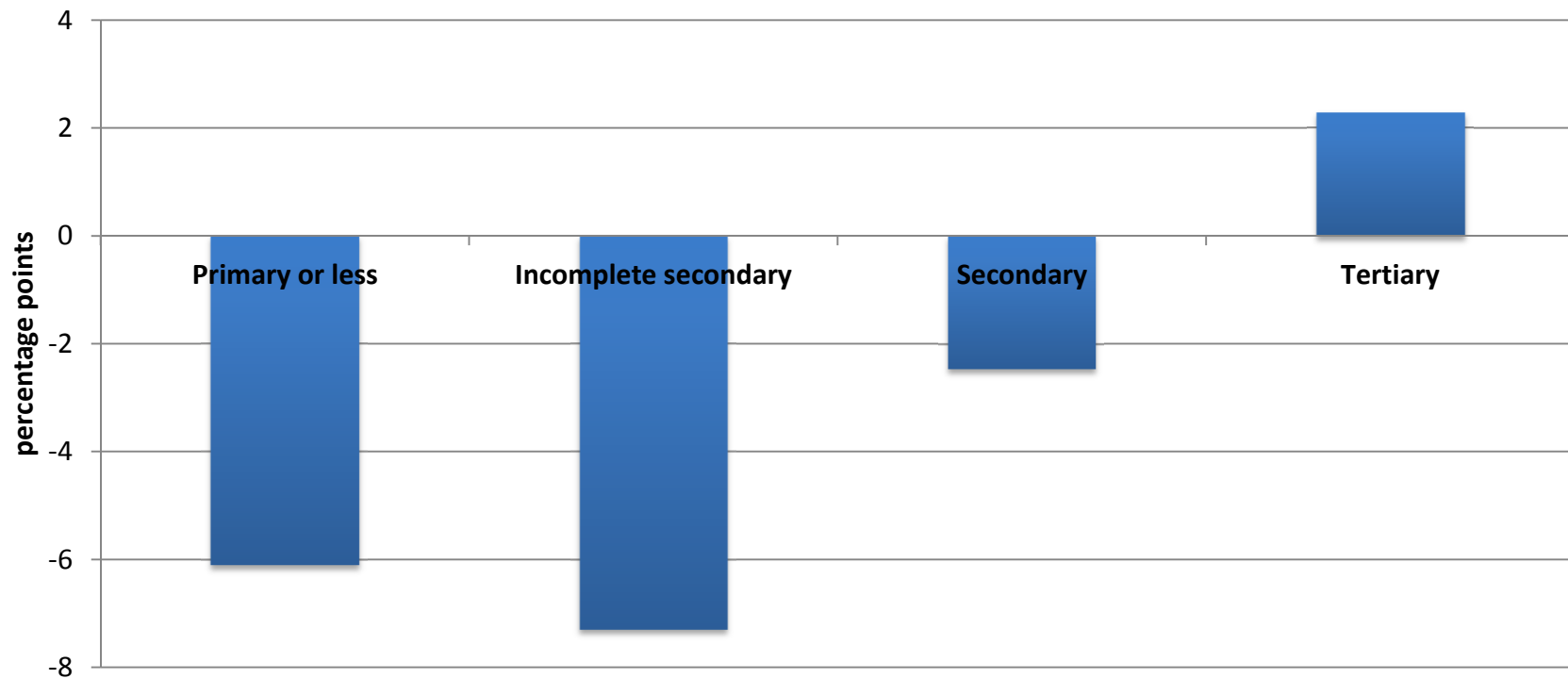


THE BAD...



While more people have tertiary education, many cannot find a job after their studies

FYR Macedonia: Changes in the unemployment rate, by educational attainment (2007-2011)

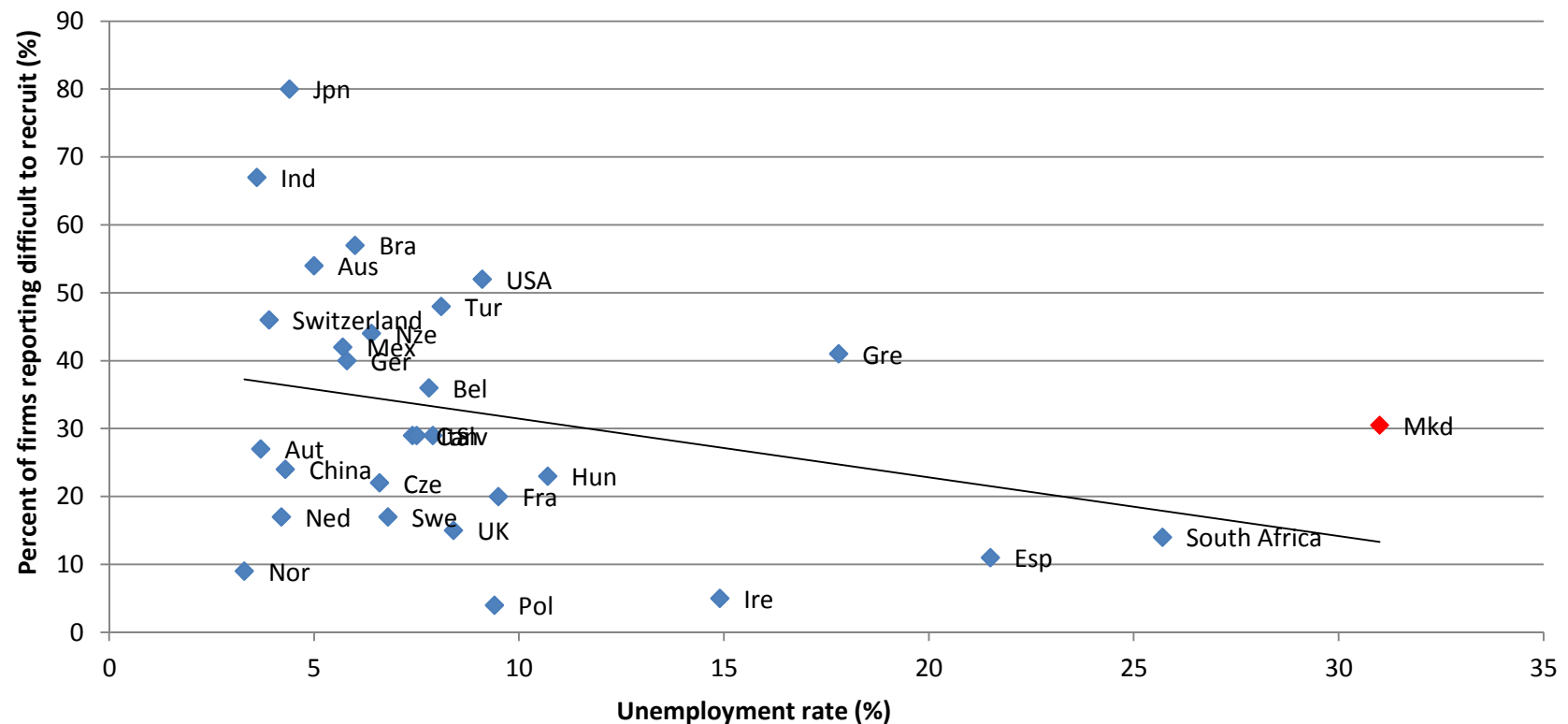


The tertiary educated is the only group which has seen an increase in unemployment rates since 2007



Despite high unemployment and rising levels of education, it is often hard for firms to find workers

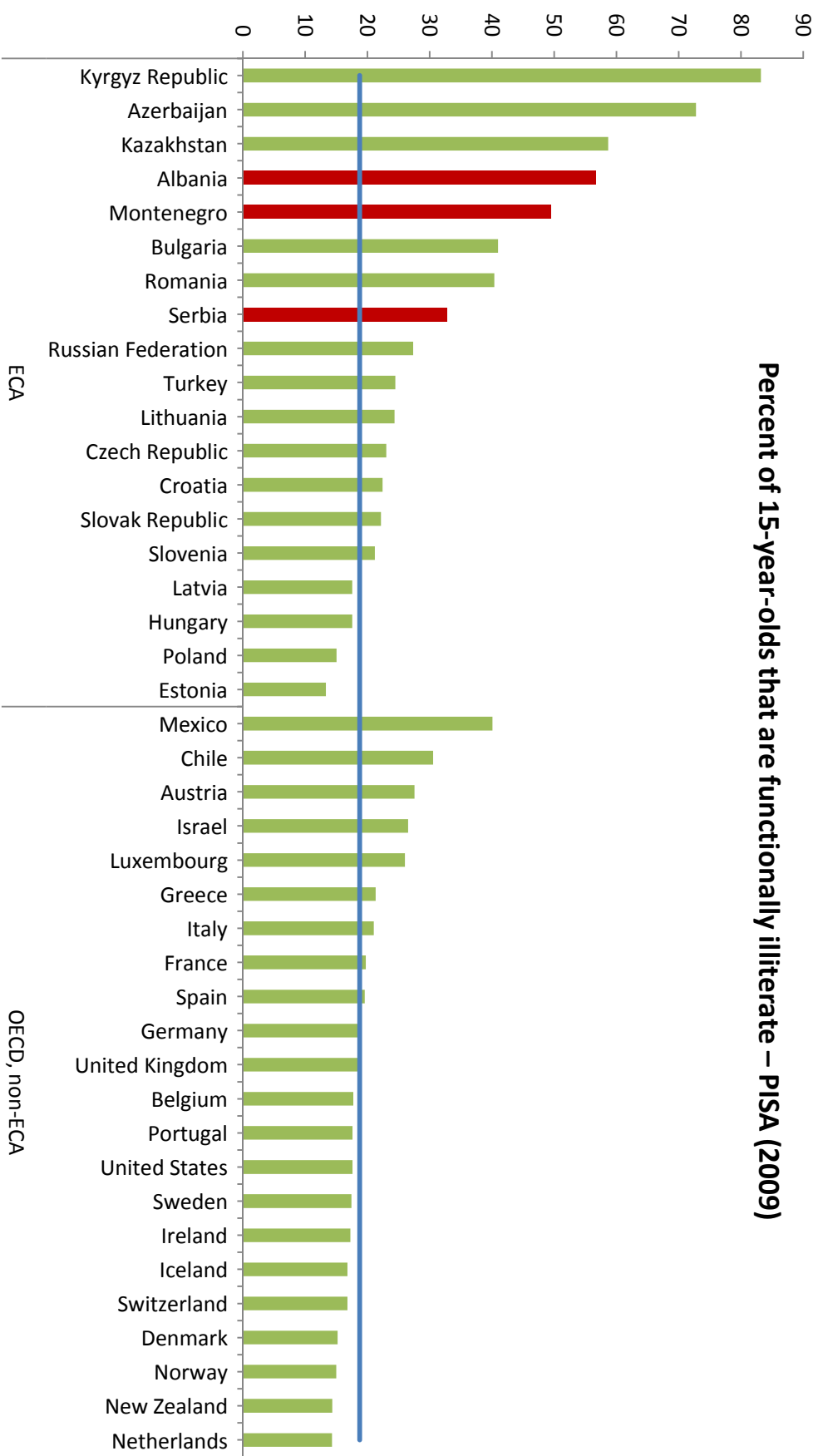
FYR Macedonia: Percent of firms reporting difficulties to recruit versus unemployment rates (2010, 2011)



Source: World Bank staff, based on OECD (2012) "Better Skills, Better Jobs, Better Lives". For Macedonia: World Bank Skills Demand Survey.



Partly, this reflects the fact that many young students in SEE lack basic foundational skills...



Notes: % students scoring “below level 2” on reading test.

Source: “Skills Not just Diplomas”, based on OECD PISA 2009



THE UGLY...?



Skills go beyond basic cognitive and technical skills

Cognitive

Involving the use of logical, intuitive and creative thinking

Raw problem solving ability vs. knowledge to solve problems

Verbal ability, numeracy, problem solving, memory (working and long-term) and mental speed

Socio-Emotional

Soft skills, social skills, life-skills, personality traits

Openness to experience, conscientiousness, extraversion, agreeability, emotional stability

Self-regulation, perseverance, decision making, interpersonal skills

Technical

Involving manual dexterity and the use of methods, materials, tools and instruments

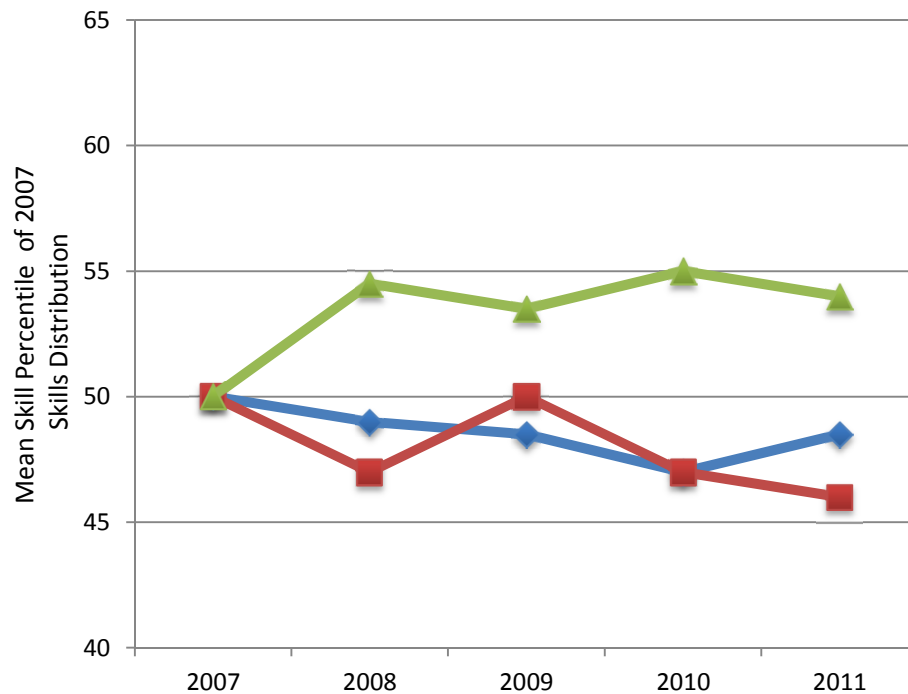
Technical skills developed through vocational schooling or acquired on the job

Skills related to a specific occupation (e.g. engineer, economist, IT specialist, etc)

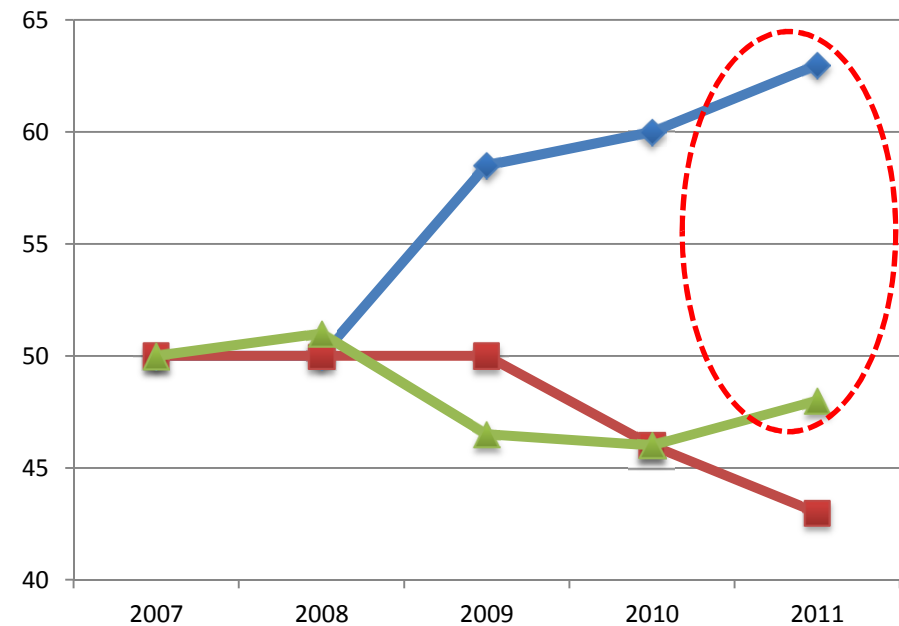


Growing demand for “new economy” skills, ... especially among youth

FYR Macedonia, Cohort born after 1955



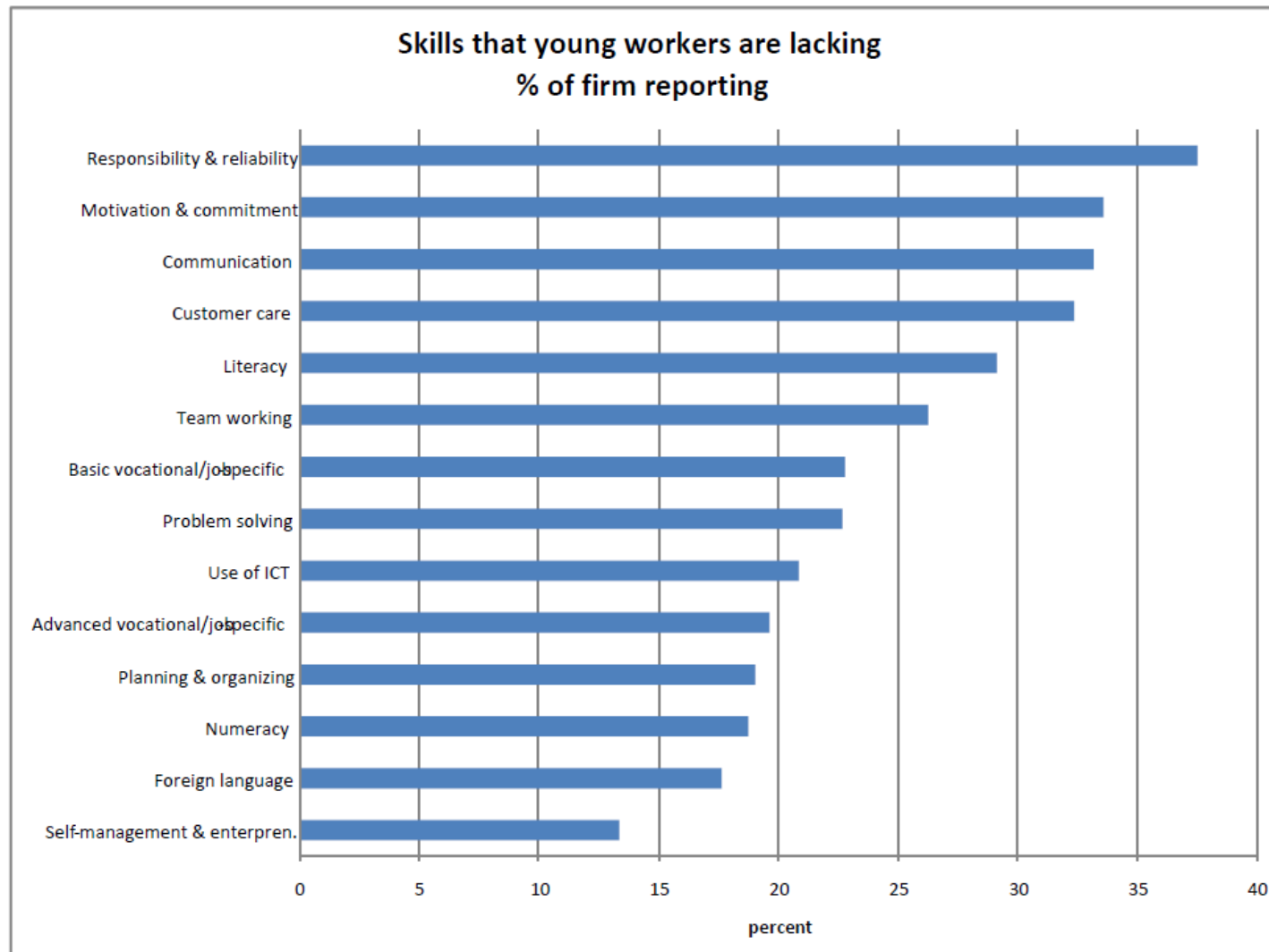
FYR Macedonia, Cohort born after 1974



◆ New Economy Skills ■ Routine Skills ▲ Manual Skills



Many firms report that young workers miss these socio-emotional skills





Youth often do not sufficiently recognize these skills as critical for succeeding in today's labor market

Serbia: Skills most needed to for finding a job (Number FG, 2013)

Figure 23 Necessary skills for finding employment

Open-ended question, 24 focus groups (all groups), counts



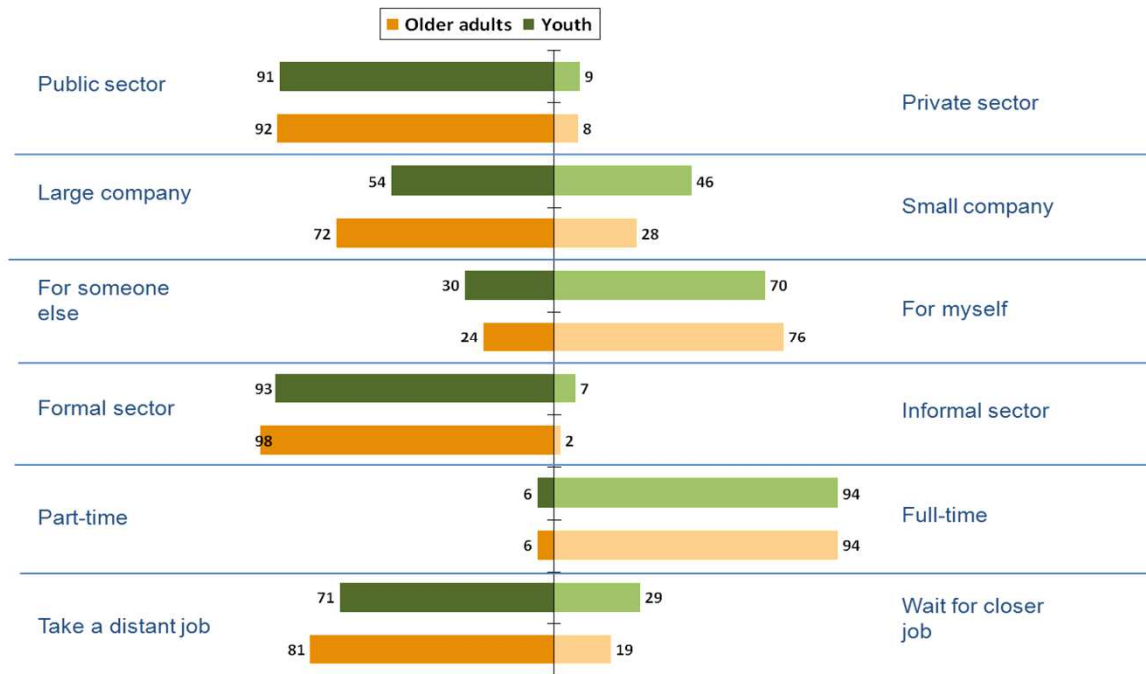
OFW3.10, OFN2.32 What kinds of skills do workers most need to land a job these days?
OFY2.28 What kinds of skills do young workers like you most need to land a job these days?



Although, motivation/attitudes/aspirations clearly play a role in the labor market

Serbia: Job preferences (Number individuals, 2013)

Figure 21 Preferred job
Close-ended question, share of ratings by members of 24 focus groups, percentages



- Early exposure to private sector and entrepreneurial learning (tours, internships, mentors)?
- Academic and career counseling early on?

OFN2.36 - OFN2.41 Is it preferable to work: in public or private sector; in large company or small company; for someone else or yourself; in formal or informal sector; part-time or full-time; take a distant job or wait for closer job?.



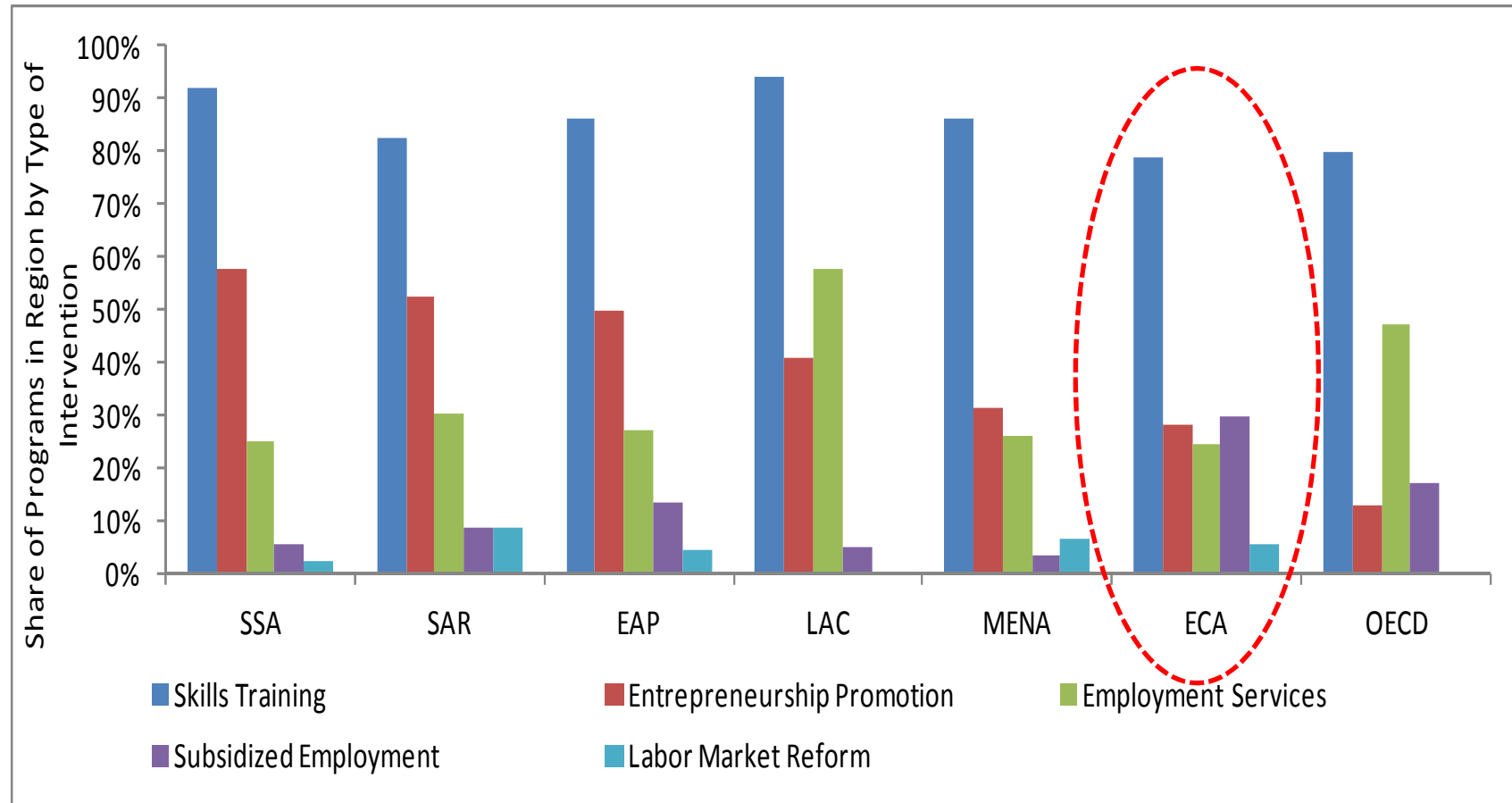
So...what to do?

THE PROMISING...



Countries already do a lot...but how to do it better?

Youth Employment Policies and Programs (2012)



Notes: SSA= Sub-Saharan Africa; SAR=South Asia Region; EAP=East Asia and the Pacific; LAC= Latin America and the Caribbean; MENA= Middle East and North Africa; ECA= Europe and Central Asia.

Source: Global Partnership for Youth Employment.



An Agenda for Skills, Not Just Diplomas

1. Managing the expansion of tertiary education

- ✓ Quality assurance
- ✓ Information on labor prospects of various careers
- ✓ Support expansion of access for low-income youth

2. Incentivizing more on-the-job firm training and strengthening links between VET/universities and the private sector

3. Creating the conditions for the development of a market for adult education and training services



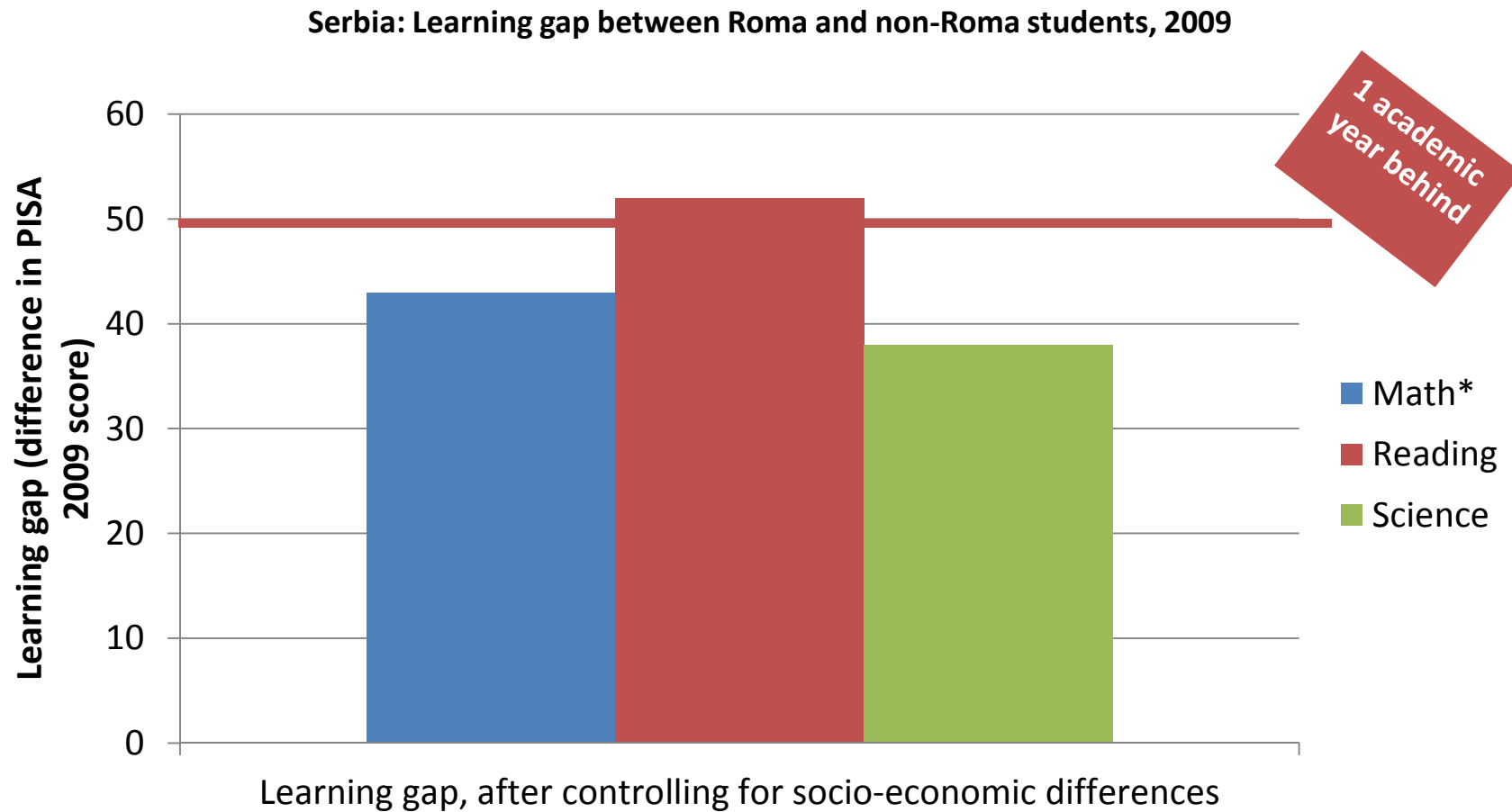
An Agenda for Skills, Not Just Diplomas

4. Turning the lights on: evidence-based policies

- ✓ E.g. Measuring skills gaps, program impacts, system needs
- ✓ Learning from successes and misses
- ✓ Using analysis to inform policy



Using tests to shed light on systemic problems





An Agenda for Skills, Not Just Diplomas

5. Preparing new entrants (youth) with strong generic skills

- ✓ Postponing early tracking in vocational training (e.g. Poland)
- ✓ Early childhood development and quality preschools
- ✓ Quality basic education focused on generic skills

- Curricula, learning standards and pedagogic practices increasingly incorporate socio-emotional skills (e.g. Colombia, Germany, Portugal, UK, USA)
- Programs like “Tools of the Mind” and “PATH” improve school-age children’s self-regulation and other socio-emotional competences
- Incorporating socio-emotional skills in ALMPs, and other interventions such as youth mentoring (e.g. Dominican Republic)



An Agenda for Skills, Not Just Diplomas

6. Addressing technical or job specific skills gaps of youth also when out of the education system

- ✓ More effective training as part of Active Labor Market Policies
- ✓ Targeted programs focused on disadvantaged groups (e.g. Year up, CCT FYR Macedonia)



Targeted assistance to stay in school and then transition into the labor market: CCT FYR Macedonia

1 Transfer conditional on enrollment and attendance to secondary school

- ✓ Rigorously evaluated
- ✓ 10 percentage points increase in enrollment
- ✓ Effect due to a decrease in the dropout rates among older youth

2 Being followed by activation CCT

- ✓ School to work transition
- ✓ Hiring subsidies matched by employment continuation



Main Messages

- i. Skills play a key role in improving access to economic opportunities for youth
- ii. Despite increasing levels of formal education, the education system lags behind developments in the labor market
 - ✓ Socio-emotional skills, which could be particularly important for youth with some but poor cognitive skills
- iii. Beyond skills, many youth face additional (and often multiple barriers to employability)
 - ✓ Women, ethnic minorities, youth from vulnerable backgrounds or from lagging regions
- iv. There are some promising lessons from the international experience on what can be done
 - ✓ Start early
 - ✓ Be holistic
 - ✓ Measure, learn and adapt



Thank You!

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