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**Youth employment and enterprise:
International 'talent growing' initiatives
(DRAFT)**

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Future Foreign Policy is a student and graduate led initiative that was set up to engage young people in a fresh and innovative forum for progressive policies, and allow them to promote their ideas on the future direction of UK foreign affairs. By communicating, contributing and cooperating with a variety of political decision makers and professionals in the field, students can shape the world they live in, become mobilised around key international issues, and fight for the policies and campaigns they believe in.

Background to the paper

In today's climate of economic hardship, the issues of youth employment and enterprise take on particular significance. In addition to its contemporary importance, a successful and engaged youth of today will provide a foundation of prosperity for tomorrow's world. Youth unemployment is an issue in all nations of the Commonwealth, and is also a challenge in developing nations, despite advances in educational qualifications.

Young people are three times more likely to be unemployed than adults, and over 75 million young people worldwide are looking for work. Although at first the issue may seem inextricably linked to the financial crisis, the International Labour Organisation shows that this is not the case. Global youth unemployment peaked in 2002 at 13.1% and was actually at its lowest in 2007, at 11.6%. However, this is not reflective of world trends: Developed countries' unemployment rates far outstrip those of the world as a whole. This has some knock-on effects for youth in the developed world. So-called 'occupational downgrading'- workers taking on jobs below their level of qualification- is a great concern for young people, since they rely on training and experience before or during the early part of their careers. Young people find themselves unfortunately placed because they cannot fall back on such 'occupational downgrading', whereas more experienced workers can, if need be.

It may appear that the growth of emerging economies will be able to keep down world unemployment levels, but this is not entirely correct either. Figures are expected to remain low due to the spill-over of the crisis in the Eurozone. Youth unemployment figures as a whole will further increase up to 2017, according to a UN report.

This problem is not confined to Europe. In South Africa a report detailed similar findings to the International Labour Organisation, mainly that young people find themselves trapped because they either do not possess the skills to secure work, or that employers are unwilling to risk hiring unskilled young people as opposed to older, over-qualified workers.

The Youth Unemployment (Commonwealth) Debating Bill was presented to Parliament by the Commonwealth Youth Parliament in 2012 and set about discussing proposals to set annual targets for a reduction in youth unemployment, as well as steps to incentivise companies to take on paid interns and apprentices.

A variety of start-up grants and incentives for young people seeking to create their own businesses has been in use in several Commonwealth countries. The Commonwealth Youth Credit Initiative (CYCI) has focused on micro-credit and training to aspiring young people.

Yet young people, several of whom with higher education backgrounds, are still struggling to make the most of these opportunities.

Recommendations:

The Commonwealth Business Council could be included in the process of international 'talent growing' initiatives by the Commonwealth, with a focus on long-term youth development and employment. This can be in the form of such paid internships as proposed previously, but allowing young people to intern in businesses both in their own and in other Commonwealth countries.

This can help to inform young people about the advantages of doing business between Commonwealth countries (similar ideals, administration, language etc) but also can practically help to develop cross-cultural business expertise in the next generation, equipping youth with international experience, which is becoming more sought-after amongst businesses. In turn this can provide an incentive in itself for businesses looking to expand into other markets, and will increase trade within the Commonwealth. For young people this is an opportunity for cross-cultural exchange and for developing their employability in a globalising world.

In order to foster the development of necessary skills before graduation, students should be encouraged to consider searching for an internship (3 months) during summer holidays. This additional focus on university students can address the issue that graduates are often unequipped with practical skills for the job market.

In addition to internships, exchanges between higher education institutions can also foster the development of a wide variety of skills relevant to the international job market. Much like the Erasmus scheme has benefitted European students, a similar emphasis on student mobility within the Commonwealth, with a focus on business and commercial skills, can help develop employability skills. If young people can see for themselves that aspects such as a common language, similar administrative procedures and ideals provide

a good opportunity for business development, they will begin to see their own employability from a wider perspective, so as to see chances for entrepreneurship and employment beyond their borders.

A UN report on youth unemployment specifically recommends job training and employment guarantees which are financed by governments, helping to offset the costs incurred by employers on taking on untrained young people. Amongst European countries such programmes can cost less than 0.5% of their budget. This is a small cost, as a report by the Economist points to long-term negative prospects for youth who struggle to find work: "In Britain a young person who spends just three months out of work before the age of 23 will on average spend an additional 1.3 months in unemployment between the ages of 28 and 33 compared with someone without the spell of youth joblessness". In light of the future risk to stable job growth, government-led initiatives are worthwhile, if economically costly in the short-term.

Another issue is that of 'occupational downgrading', that is, that due to a lack of employment opportunities across the board, that guaranteeing youth employment may then leave older workers stranded in the job market. One option is to actively encourage apprenticeship-based work and make the most of the economic conditions; more experienced workers who perhaps are over-qualified for a role can use some of their time to supervise and support young workers, training them and imparting some of their experience. In addition to simply making it financially viable for companies to take on young workers, they could be 'paired' with experienced workers to help develop useful skills further and propel them into the job market upon completion of an internship.

Implementation

Members of the Commonwealth Business Council specifically to be encouraged to hire interns as described above. Rather than exclusively financing this through offering internship grants to businesses, governments can incentivise companies to become involved with the council by offering reduced costs of its membership and other benefits, dependent on the amount of interns taken in. The creation of a website, allowing prospective interns to sign up and to apply to the businesses involved would allow for the process to be conducted centrally and transparently, also giving businesses a platform to raise their profiles amongst young people. This would make it seem more accessible to interns, too, and provide a mechanism for governments to conduct assessments to ensure conditions are being met by the businesses and interns (such as centrally-conducted evaluations). The website can be used to promote such opportunities through testimonials of interns, as well as informing youth about the advantages of taking such internships.

Such a website with a similar scheme has been implemented in Ireland, known as the 'National Internship Scheme', where unemployed young people suffering from a lack of experience can sign up for 6- to 9-month internships. Young people receive an additional €50 over and above social welfare payments. Since its implementation in July 2011 over 11,000 interns have taken part, and over 50% are currently in paid employment. A similar scheme in the UK, the Graduate Talent Pool, has also reported success and a rate of 40% of interns who swiftly progress from an internship to full-time employment. This programme specifically cites issues pertaining to lack of previous experience prior to completion of higher education as a prohibitive factor in securing employment.

With reference to higher education, several young people in the UK take a year out before commencing their university studies. Although it is hard to get reliable statistics, UCAS information shows that over 24000- or 5.2% of all successful applicants- chose to spend the 2012-13 academic year out of education before starting at university. This is not including students who take a year out **before** such application procedures.

Advertising internships throughout the Commonwealth- not just in the applicant's home country- may convince applicants that if they choose to take such a year out of studying, they can gain valuable work experience that increases their chances of employability whilst at the same time spending time in another country.

There are several financial implications to such an ambitious internship scheme. However, in principle the financial costs of businesses required to support interns financially should not differ vastly between countries. Expenditure for interns- accommodation, living costs, transport- is also likely to be a factor in their home country. A focus on paid internships can help to guarantee its feasibility for young people, and for businesses the returns of offering such internships should be stressed: reduced costs for membership for the Commonwealth Business Council, enhanced presence through promotion of being an 'investor in young people' and the fostering of internationally-minded, business-aware young people who can act as both ambassadors in their home countries and as potential future employees. From governments the expenditure is not significant either. To help enhance mobility between Commonwealth countries, governments can

contribute to a 'Commonwealth young workers' fund' allowing for grants and scholarships for people who may otherwise be unable to afford to undertake work experience in another Commonwealth country.

Mobility in higher education should also be encouraged through grants to institutions which send and receive students abroad to other Commonwealth institutions. Emphasis on the Commonwealth is an untapped resource. For example, the UK in 2005 sent 7214 students to other EU member states with the Erasmus programme. Yet 2965 of these students were foreign language students (over 40%). In France this figure was 15.90%, 17.46% in Germany and 15% average across all states. British students do not study elsewhere in Europe for the same reasons other Europeans do- and the creation of a Commonwealth-wide educational exchange programme can help to encourage students from participating countries to study abroad, gaining skills relevant to business and commerce. Several Commonwealth institutions already are engaged in exchanges, and more support at government level would give great stimulus to the developments of the sorts of skills that are required in today's globalised world.

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