

How Business is making a difference for young people

Integrating young people into the labor market is an essential pillar to the dynamism of labor markets and critical for the cohesion and sustainability of our economies and societies at large.

While we have achieved progress in advancing youth employment opportunities and integration into labor markets in OECD countries over recent years, the impacts of Covid-19 have had deleterious effects on our youth. In the current Covid-19 environment, young people in OECD countries are confronted with a double challenges as they face both disruptions in access to education, workplace learning and unprecedented challenges to enter the labor market.

Global business, including national business and employers' organizations are taking important actions to support young people making their perspective more promising. Our initiative "Business for Youth" aims to provide OECD with evidence and advice on how business is working together with governments and relevant institutions to support and integrate youth into the labor market.

In this context, we asked our global business network to share examples of the actions they are taking to support and empower youth in response to the Covid-19 crisis. In the context of our campaign, we have compiled youth-related initiatives received from our *Business at OECD* Member organizations and individual companies, with the aim to better identify how policy and international collaboration can further encourage and advance implementation of youth employment, education and training initiatives.

The initiatives our members have shared with us highlight a number of major trends and policy messages to help inform potential international coordination efforts going forward. We have drawn on the case examples included in this paper to identify major trends—identifying how the business community innovates to include young people into the labor market—and policy messages to advise future policymaking efforts.

Dialogue among governments, educational institutions, students and the business community is important to address youth unemployment. Cooperation is essential to tailor career orientation, bridge the skills gap, and show future students what it means to engage in higher education and what the real demands in the labor market are.

The OECD plays an important role in identifying and promoting policies that can help young people equip themselves with relevant skills and facilitate their inclusion into the labor market. We look forward to working in partnership with the OECD on this important endeavor.

Main trends and recommendations

1. School-to-work transition

Supporting students as they enter the labor market is critical. Educational institutions and government policies have a significant role to play in equipping future generations with new skills, including hard skills, soft skills and transversal ones early on. Business and entrepreneurs need policies that can address current challenges and reinforce access to training opportunities. Business collaboration with governments will be essential to address emerging skills gaps and ensure skills are targeted to the requirements of rapidly changing labor markets.

Key Recommendations

1. *Foster the ability for young people to be better prepared for their educational choice, to ensure a greater understanding of what job opportunities individual academic curricula may provide and what competencies are acquired through them.*
2. *Promote opportunities for high-school students to engage in work experiences before graduating, with the objective to learn new skills, explore career paths and gain both work and life experiences.*
3. *Encourage educational and training systems to improve learning experiences, update training models, and enhance opportunities for lifelong capability building.*
4. *Establish flexible education and training systems considering the digital transformation and green transition processes, enabling students to combine education and professional work experiences.*

2. Access to apprenticeships

Apprenticeships are essential components to gain real world insights into entrepreneurial processes and economic activity. At the same time, they allow employers to recruit and develop a workforce with the skills set corresponding to their needs. Unfortunately, company closures and nation-wide lockdowns due to Covid-19 have reduced practical training activities in the form of apprenticeships and work-based learning. Government support schemes in the form of financial incentives to implement apprenticeship opportunities within a company can play an important role to encourage companies to offer apprenticeships. Adapting to a changing world, Vocational Educational Training (VET) institutions need to be responsive to employers' and individuals' needs and offer remote training opportunities when needed and possible or consider hybrid options.

Key Recommendations

1. *Encourage vocational schools to connect companies with students as well as promote VETs as an attractive learning option via clearly defined routes with well-designed progression routes to higher qualifications within VET, as well as bridge programs into universities.*
2. *Recognize vocational training as an indispensable pillar of dual training and an important partner for companies. Vocational schools should partner with governments and the private sector to provide the skills that are needed for the labor market and tailor vocational training curricular.*
3. *Strengthen collaboration with the private sector and key stakeholders to foster apprenticeship systems and enhance flexibilities, increasing employers' capabilities in hiring young people and/or providing job learning opportunities.*
4. *Promote policies that facilitate virtual or hybrid national and international apprenticeship schemes.*
5. *Consider financial incentives for employers to support apprenticeship programs.*

3. Internships

Employers in today's world heavily rely on resumes that illustrate relevant work experiences. Internships are a first step allowing students to gain practical experience and can be a win-win opportunity for students and companies. They provide students with real life experience and first-hand exposure to the workplace. For employers, internships offer an important opportunity to collect fresh ideas and look out for future employees. However, internship programs have suffered from Covid-19 as work placements have been limited, underlining the importance of showcasing best practices in the face of economic challenges.

Key Recommendations

1. *Support initiatives aimed at encouraging companies to offer internship opportunities for youth.*
2. *Identify investment and incentive programs that allow employers to provide internship and other training programs, including in growth sectors such as digital technology, green energy, and health.*
3. *Foster remote and hybrid internship experiences to alleviate disruptions caused by the Covid-19 pandemic.*
4. *Promote the benefits of adopting internship programs for companies and engaging with educational institutions.*
5. *Showcase employers who successfully implement internship programs.*

4. Addressing skills gaps

While employers already expressed concerns about the skills gap before the Covid-19 crisis, ensuring the right skills are available has become increasingly important to support the digital transformation and address shifts in the economy brought about by the Covid-19 pandemic. We need concerted policy action and close public-private dialogue to identify how educational institutions can align curricula more closely to current in-demand skills from the corporate world.

Key Recommendations

1. *Identify and implement programs to address known skill gaps, related to both hard and soft skills, for which relevant classes could potentially be introduced at appropriate levels and provide valuable job experience to workers, post-secondary students, and youth in general.*
2. *Foster regular dialogue with employers' organizations and incorporate feedback from employers on the practical needs of the labor market in education and training programs.*
3. *Promote university-level programs tailored to in-demand skills for future positions, open to youth and adults through physical and digital platforms.*
4. *Promote careers in Science Technology Engineering and Math (STEM) with a particular focus and effort to overcome gender stereotypes in this context.*
5. *Conduct field research and create a predictive database of skills in order to redesign the content, method, frequency, and target audience of training programs in the most efficient and results-oriented manner.*
6. *Promote training initiatives that allow students from diverse background to participate in them, in particular with a view towards providing equal opportunities to students from different socioeconomic backgrounds, geographical conditions, age, education level, and employment history.*

5. Youth entrepreneurship

Another promising way of integrating young people into the labor market is to foster youth entrepreneurship. However, young entrepreneurs who want to start a business can face significant challenges related to awareness, skills, finance, and networks for entrepreneurship given their lack of experience in the labor market and lack of a credit history. Tailored training and mentoring opportunities can help future young entrepreneurs better understand how labor markets work and what is needed to succeed.

Key Recommendations

1. *Encourage the infusion of entrepreneurial thinking into non-business disciplines at all levels of the education system from an early age and help nurture students' entrepreneurial skills, attitudes, and motivations.*
2. *Raise awareness about national and international programs that support and promote youth entrepreneurship.*
3. *Improve access to finance for young entrepreneurs through programs such as the provision of grants or financial incentives to start a business.*
4. *Foster mentorship-based and tailored training schemes for students and young adults entering the labor market or starting their own business.*

6. Embracing digital transformation

Data driven innovation and emerging digital technologies are significantly impacting production processes and delivery of goods and services. The employability of young people depends on their ability to successfully navigate the demands of a rapidly digitalizing economy and the opportunities the digital transformation provides across sectors.

Key Recommendations

1. *Foster digital technologies and ways to use them to meet the demand for new skills by providing customizable learning materials for students and improving schools' technology infrastructure.*
2. *Encourage digital mentoring, through education digitalization processes anchored in the development of digital culture, enabling young people to connect with teachers and prospective employers.*
3. *Increase investment in training teachers and managers, conducting pedagogical and technological mentoring needed to advance and thrive in the digital transformation.*



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