

# Youth Employment

## Global Solutions for the Modern Economy

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## A Global View

The content of this paper was originally presented at the National Association of Workforce Boards' Annual Forum in Washington, DC in March 2014. Of 76 workshop sessions, "Youth Employment: Global Solutions for the Modern Economy" was ranked by attendees as the top session at the Forum. At the standing room-only event, the audience voice was clear. There is a distinct appetite for policy and practice-based knowledge on international solutions that work for young people.

Here's the news: **Innovation requires an internationalist's world view. Regardless of home country, domestic innovation can have its limits. Solutions exist and if we share a common labor market challenge, we must look beyond our own economy and incremental policy solutions to find them.**

We approach this report on the principle that youth unemployment cannot be solved by leaving a generation of young people to face the temperaments of market forces.

Purposeful, immediate, and continued labor market interventions are needed to avert the scarring effects of unemployment for 16-25 year olds. Policy-makers, businesses, educators and service providers must step in to create jobs, apprenticeships, modern credentials and opportunities for national service to dramatically alter the unemployment statistics for this age cohort. More than program solutions, this is directly linked to the economic growth of nations.

How to make it real? Quite simply, seeing is believing. If you're inspired by the narratives in this report, there's nothing more powerful than connecting with your counterpart in another country to learn how to solve a shared labor market challenge.

InclusionUS specializes in workforce development and equitable economic growth. Our International Knowledge Exchanges and research spark changes to policy and practice. Contact us to work with the expert team in this report to organize a visit for your local partnership. Join us in turning this conversation into dedicated, internationally-inspired action to transform your work at home.



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# 1 Youth Employment: A Global Focus

## Global Trends

- 1.1** As we continue to correct the persistent unemployment of the Great Recession, labor market outcomes for young people remain a challenge for policy and practice across the globe.
- 1.2** Today's world contains an estimated 1.2 billion young people between the ages of 15 and 24, nearly 25% of the world's working age population. But at 12.6%, the global youth unemployment rate stands at nearly three times that of the global adult unemployment rate. Put another way, in 2011, a youth's risk of being unemployed was 3 times that of an adult.<sup>1</sup>
- 1.3** In 2013, the World Economic Forum<sup>2</sup> determined these reasons for the extended global youth unemployment rate:
- **Population growth.** High population growth rates, especially in the Middle East, North Africa and sub-Saharan Africa, have increased the number of youth entering the labor market.
  - **Economic crisis.** During economic downturn, youth employees are the "last in" and the "first out of the labor market, since it is more costly for employees to lay off older workers. Young people are less likely to have had company training, have fewer skills, and are often on a temporary contract.
  - **Discouraged youth.** Prolonged unemployment causes higher risk of future unemployment, as prospective employers have a negative perception of youth who have been without employment for a long

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<sup>1</sup> ["Working with Youth: Addressing the Youth Employment Challenge."](#) May 2012, International Labour Organization, Geneva.

<sup>2</sup> See a very helpful visualization of trends at [Global Agenda Councils: Youth Unemployment Visualization from the World Economic Forum 2013](#).

period of time. Discouraged youth have given up looking for work altogether and are in danger of being alienated from society.

- **Lack of a comprehensive national policy framework.** Only 35 countries have adopted national action plans and only 4 countries have identified a budget in their national employment policies for the implementation of youth employment priorities.

## Countries Highlighted in this Report

**1.4** The global dialogue on how to reverse youth unemployment is based primarily on two themes:

- **Creating demand:** connecting or re-connecting young people to the workforce to prevent additional long-term damage to this generation's economic future, and
- **Focusing on skills:** improving this generation's skills to avoid an unemployment crisis over the longer-term.

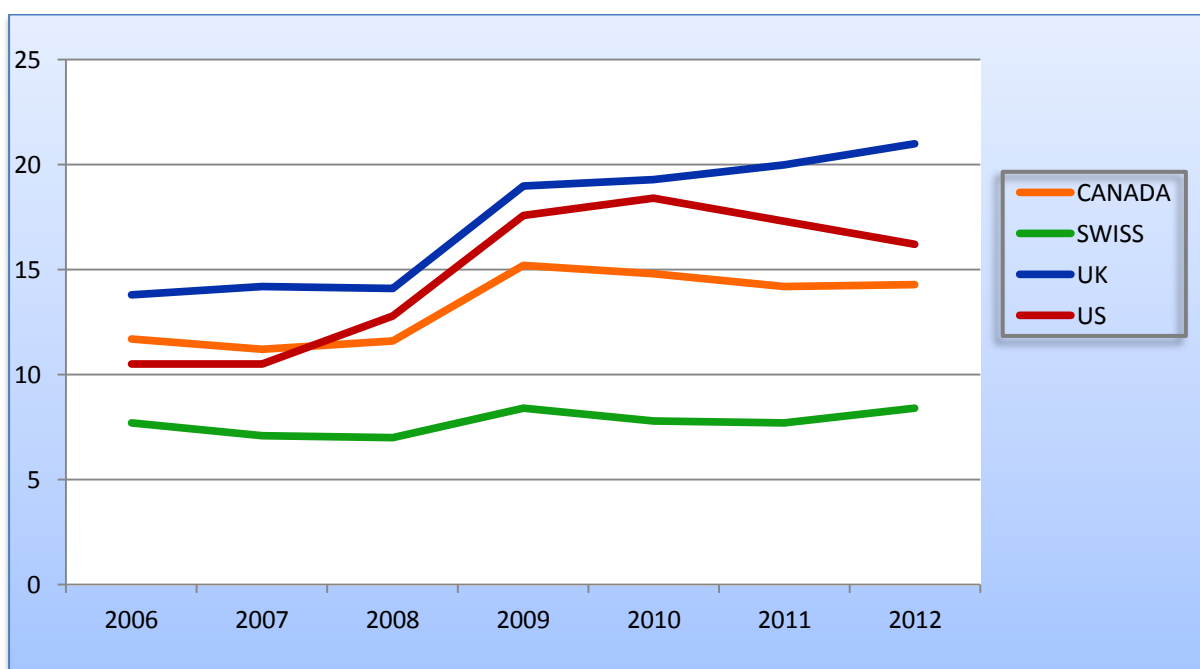
**1.5** This report highlights 5 approaches to youth unemployment that reflect these themes, from Canada, the United Kingdom (Liverpool City Region), Switzerland, India and the United States. Countries were chosen based on the considerable differences in their national youth unemployment rates, and for variations in their policy and practice designs.

- **Canada: A National Youth Employment Strategy.** Canada's youth unemployment rate, while elevated during the height of the recession, has consistently run 3-4 percentage points below its neighbor the United States and 4-6 percentage points below the United Kingdom in more recent years. *What policy elements account for this?*
- **United Kingdom (Liverpool City Region): Community-Focused Employer Leadership.** UK youth unemployment shows a gap that has widened since the peak years of the recession compared to the OECD counterparts featured here. Liverpool's Local Enterprise Partnership, led by global company Jaguar Land Rover, emphasizes a community-focused, employer-led approach. *How are they doing it?*
- **Switzerland: Labor Market-led Vocational Education and Training (VET).** A glance at Switzerland's youth unemployment rate

prompts one to ask, “what recession?” as it remains almost constant at between 7.0% and 8.5%. Swiss Vocational Education and Training are viewed as the policy lever for keeping youth unemployment low. *What drives VET’s popularity and effectiveness?*

- **India: A National Framework for Skills.** India has set a target of skilling 500 million people by 2022, with 13 million new entrants to the labor market annually. This monumental effort is driven by the new government’s National Skill Development Policy. *How will they do it?*
- **United States. Unified Themes, Local Solutions.** Youth unemployment remains well above pre-recession levels in the US. The national task is to develop policy to accommodate 50 States and 20,000 cities and municipalities with vastly different economies. *What are the compelling national themes and policy recommendations?*

**Figure 1: Youth Unemployment 2006 - 2012<sup>3 4</sup>**



<sup>3</sup> That Canada, Switzerland, the United Kingdom and the United States are OECD member states makes it possible for statistical comparisons to be made with high degree of confidence. India is not currently part of this framework; however, India takes part in the OECD’s “advanced engagement” strategy that aims to make its labor market indicators measurable against other OECD partners.

<sup>4</sup> [Employment and Labour Markets](#), OECD Youth Unemployment, 18 July 2013

## Project Partners

**1.6** This report assembled project partners with a history of expertise that combines the principle of inclusive economic growth and the development of real opportunities for young people.<sup>5</sup> The partners are:

- **Millier Dickinson Blais**, an economic development firm based in Toronto,
- **Jaguar Land Rover**, the global premium automotive company in the Liverpool City Region, United Kingdom,
- **The Embassy of Switzerland in the United States**, the diplomatic representation of the Swiss government, based in Washington, DC,
- **Pathways to Careers (P2C Solutions)**, a research firm specializing in education and career pathways with a focus on developing skills frameworks in India, and
- **The Young Invincibles**, a new organization launched to amplify the voice of young adults in the United States, based in Washington, DC.

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<sup>5</sup> See [Global Lessons for Inclusive Growth](#) by Jason Furman, Chairman, United States Council of Economic Advisers, delivered at the Institute of International and European Affairs (IIEA), Dublin, Ireland, May 7, 2014.

## 2 Canada

- 2.1 Canada's economy.** Canada has a population of 35 million, with 76% of its labor force employed in the service industry. The country's economy is based largely on trade, and other major industries include manufacturing of automotive and transportation equipment, chemicals, and wood and paper products.

**Figure 2: Canada and the Provinces**



- 2.2 Recession and youth employment.** The country's disproportionate youth unemployment, exacerbated by the global recession, has spurred a policy focus on the lack of training and job mismatch amongst this group. Like most OECD countries, Canada has historically had a gap between youth (ages 15-24) and adult (25-54) unemployment. In 2012, the youth rate of unemployment was 2.4 times that of adults. This gap has widened as adult



unemployment has recovered from the recession at a faster rate than youth unemployment.

- 2.3** Twenty-eight percent of unemployed young people have never actually worked, compared to 5.4% for adults; this phenomenon is suspected to be caused by a lack of skills necessary to obtain a first job. The unemployment rate for youth with a post-secondary certificate has returned to pre-recession levels, but among young adults with a post-secondary degree (ages 25-29), 1 in 3 is working in a job for which they do not need their degree. This rate is 1 in 5 for the rest of the workforce.<sup>6</sup>
- 2.4 National policy response.** Unlike its neighbor to the south, Canada has a national economic plan, in which youth employment is a central focus. Canada's Economic Action Plan (2012 – 2014) includes a strand focused specifically on programs aimed at increasing youth career education and workforce participation at both the national and provincial level.
- 2.5** At the national level, the government has invested an annual \$46 million into its Youth Employment Strategy (YES). YES is split into three key policy themes:
- **Skills Link.** A Canadian federal program that provides funding to organizations to lead employment training and outreach programs. Companies, non-profits, municipal governments, Native American tribal councils, and educational institutions are eligible to apply. Funding can be used to carry out research on local labor market demand in the organization's specialization, for proactive outreach to underprivileged young people for job possibilities, and to deliver skills workshops. This broad-based program enables Canadian companies to actively participate in the labor market in a positive way without fear of displacement or cost to their bottom line and is expected to create a more knowledgeable workforce over time.
  - **Career Focus.** A federal initiative aimed at increasing the number and efficacy of "on-the-job" training for young people. Grantees are required to design a "work experience" for youth (defined as 15-30 year old Canadian residents who are post-secondary graduates). Participants split time between employment and skills development workshops, paid for by the government. The program is designed to

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<sup>6</sup> Statistics Canada: [Unemployment Dynamics Among Canada's Youth](#)

emphasize work experience that focuses on digital skills and more hands-on, real-world experience for youth who might otherwise be unable to access it.

- **Canada Summer Jobs.** Canada Summer Jobs is a program designed to subsidize the salaries of students in secondary and post-secondary education who work during the summer months. Any organization that is not part of government is eligible to apply, although private organizations must have fewer than 50 full-time employees. Students must be between 15 and 30 and must have been enrolled in school full-time the year before and intend to be enrolled full-time in the next year. Non-profits are eligible for subsidies of 100% the hourly minimum wage, and all other companies are eligible for 50%. Students are required to work full-time (30 - 40 hours per week). This program is designed to make it easier for students to gain meaningful paid work experience, while enabling companies to bring on students they might otherwise be unable to afford.<sup>7</sup>

**2.6 Ontario Youth Apprenticeship Program.** There is local flexibility within the Youth Employment Strategy as well. We point to Ontario, the largest Canadian province containing nearly 40% of the country's population, which has made a large investment in apprenticeships.

**2.7** The Ontario program is a co-op program for high school students, which enables them to work and simultaneously receive school credit for those employment hours. These programs represent a concerted effort by the Canadian government to narrow the gap between employment of youth people and the rest of the working age population, and to ensure there are qualified candidates for all types of professions.

## Key message from the Canada project partner:

### MillierDickinsonBlais

**2.8 What Canada does well and can share with global partners:** Canada's National Youth Strategy provides the necessary framework to support career exploration and career development among young people; it is an essential

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<sup>7</sup> Information on the Canadian Youth Employment Strategy can be found at [Service Canada](#).

planning tool guiding program development at the national and provincial level.

**2.9 Canada would benefit from hearing more about:** How are provinces, states or countries addressing the skills mismatch between supply and demand in local labour markets?

## 3 United Kingdom (Liverpool City Region)

- 3.1 The United Kingdom economy.** The United Kingdom has a population of 64 million, with the metro area of Liverpool accounting for 1.3 million of that number. The UK is largely a service economy, with 80% of the labor force participating in the service industry. The energy and manufacturing industries also remain important to the UK.
- 3.2** In Liverpool, over 60% of the labor force is employed in service industry jobs, while automotive manufacturing and shipping are two examples of major non-service sectors in the Liverpool City Region.

**Figure 3: The United Kingdom and the Liverpool City Region**



- 3.3 Recession and youth employment.** As a result of the global recession, the UK's rate of youth unemployment increased from 14.1% in 2008 to 19.0% in 2009. The rate has remained stubbornly high, climbing to 21% in 2012 according to OECD figures.
- 3.4 National policy response.** The Coalition Government elected in 2010 has made changes to previous national youth unemployment policy, first by ending the Labour Party's Future Jobs Fund and replacing it with an Apprenticeship program. In 2012, Deputy Prime Minister Nick Clegg unveiled the Youth Contract, a set of programs including a wage incentive for companies to hire 18 - 24 year olds, work experience opportunities, grants for unemployed young people to start small businesses, and increased online information resources for young people and the companies looking to hire them.<sup>8</sup>
- 3.5** These dramatic revisions take place amongst the government's controversial workfare policies, in which the unemployed are required to work unpaid jobs in order to receive their unemployment benefits. The UK Department for Work and Pensions' research has previously determined there is little evidence supporting the idea that workfare helps people to become permanently employed and may actually be harmful.<sup>9</sup>

## Employer as Leader: Jaguar Land Rover

- 3.6** Global premium automotive company Jaguar Land Rover is the project partner for this report. As an employer whose global operations are based in the Liverpool City Region, JLR has been particularly active in helping to reduce youth unemployment locally at its Halewood location.
- 3.7 The global business.** Jaguar Land Rover is now one global premium automotive business which joins two great British car brands. JLR boasts global sales across 177 countries, with 11 car lines designed, engineered and manufactured in the UK. It is the only volume manufacturer of premium / luxury vehicles in the UK.

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<sup>8</sup> [Helping Young People Into Work: support available, real life stories, information for employers and other supporting documents](#), Gov.UK, Crown Copyright, June 2014.

<sup>9</sup> See UK Department for Work and Pensions, [A Comparative Review of Workfare Programmes in the United States, Canada and Australia](#) by Richard Crisp and Del Roy Fletcher (August 2008), located at the UK National Archives.

**3.8** The company employs over 26,000 people in the UK and supports 170,000 jobs in total (through direct employment, dealers, suppliers and the broader dependent economy.) The business has ambitious plans for growth and investment, topping \$2.4bn a year over the next few years.

**3.9 Halewood Operations.** Halewood includes the body and assembly plant, the press shop, body and white assembly, paint shop, trim and final across 300 acres of manufacturing space. The facility houses 4,500 employees and runs 24 hours (3 shifts) across the plant.

**3.10** Halewood Operations has won 5 awards in the past 12 months:

- Northwest UK Manufacturer 2013 - Northwest Business Masters Awards
- Liverpool City Region Apprentice Employer of the Year Award 2013 - Liverpool City Region Apprenticeship Awards 2013.
- Outstanding Contribution To North West Manufacturing Award - Insider Made in the North West Awards 2013
- International Inward Investment Award - Insider Northwest International Trade Awards 2012
- Judges Choice Award for Business - Knowsley Business & Regeneration Awards 2012

**3.11** Jaguar Land Rover's Director of Operations, Richard Else, is the Chair of the Liverpool City Region Employment and Skills Board. JLR also holds a seat on the Local Enterprise Partnership (LEP).

**3.12 Changing perceptions about job loss.** JLR addressed the recession head-on by using a "skills protection" strategy as a means for averting redundancies and managing economic recession. The strategy involved identifying creative ways to retain the jobs that were most vulnerable at the height of the recession.

**3.13** For JLR, this wasn't just about potential job loss, it was about losing the skilled workforce it had recruited, trained and valued. The potential loss threatened JLR's international reputation as a global business, and would have been detrimental to the community relationships it had built over time. JLR's badge of honor is that all of its workforce was preserved. In other

words, JLR did not suffer job loss during the highest-unemployment years of the recession.

**3.14** JLR's approach to developing and protecting skills is articulated in a strong business case: "Skills protection was the best business decision we've made in 3 decades. Traditionally the story of manufacturing is one of job loss. It's now a very different story for us in the Liverpool City Region. We need to continue to find ways to communicate that."

**3.15 Jaguar Land Rover is focused on youth employment: apprenticeships and community involvement.**

- **An award-winning Apprenticeship offer.** In 2011, the company hired 1,500 new employees and delivered on the promise that ALL would be trained to Apprenticeship level over 9 months. As a result, they were named Liverpool City Region Apprentice Employer of the Year at the Apprenticeship Awards of 2013.
- **A strong desire to address youth unemployment.** To add to their engagement on youth unemployment in the City Region, JLR brought on 200 young people with assistance from the Future Jobs Fund (a national fund initiated by the Labor Government specifically to address youth unemployment). According to JLR, 90% are still employed either at the Halewood location or with other employers in the LCR.
- **Partners with Business in the Community (BITC).** JLR recognizes the importance of offering workforce awareness programming for students. JLR brings in teams of 9-10 year olds to engage in **on-site role playing** to understand customer preferences, design and manufacture JLR vehicles, and work with the dealer supply chain to offer products in the marketplace.
- **Engaged in promoting STEM Education.** JLR also participates in the **MerseySTEM Ambassadors program**, a volunteer network of professionals with a STEM background who promote STEM professions and technical education in local schools. MerseySTEM also delivers Robot Days in schools and on-site at employer locations.

## **Key message from the UK project partner:**

### **Jaguar Land Rover**

**3.16 What Jaguar Land Rover does well and can share with global partners:** Jaguar Land Rover values engagement with youth in the UK and is committed to developing the next generation of engineers needed for the auto industry.

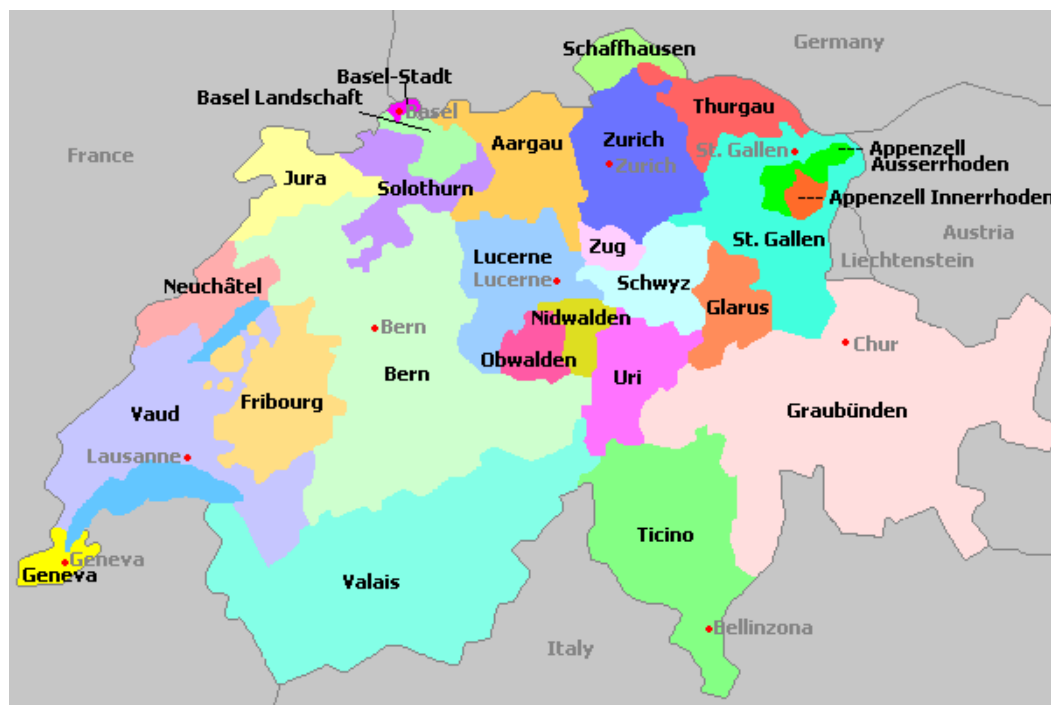
**3.17 Jaguar Land Rover benefitted from hearing more about:** Other approaches to community engagement and skills development from the United States and global partners at the NAWB conference in Washington, DC.



## 4 Switzerland

- 4.1 The Swiss economy.** Switzerland is a country of 8 million people, with 73% of the workforce employed in the service industry. Banking is a major industry and alone employs 6% of the workforce. Tourism, manufacturing, and agriculture are the other central sectors of the Swiss economy.

**Figure 4: Switzerland and the Cantons**



- 4.2 Recession and youth employment.** Switzerland enjoys a youth unemployment rate far below the OECD average (8.4% in 2012 as opposed to 16.2% on average for the OECD countries). Switzerland was also far less affected by the recession than the OECD at large; its increase in youth unemployment at the height of the recession, between 2008 and 2009, was only 1.4 percentage points, whereas the OECD countries increased 4 percentage points on average.
- 4.3 National policy response.** Switzerland starts from, and maintains a position of strength on measures of youth unemployment. The Swiss model of highly utilized and effective vocational education and training (Swiss VET) is touted

as its national policy protection against the labor market shock of the recession. Swiss officials credit the Swiss VET program as their answer to preventing youth unemployment.<sup>10</sup>

**4.4** In Switzerland, VET programs are the most popular form of advanced secondary education among young people finishing state-required schooling, with two-thirds of this demographic entering a VET track. Among these students, a large majority enrol in a “dual-track” program, which consists of part-time classes and part-time apprenticeship in their program vocation.<sup>11</sup>

**4.5** The dual-track system is designed on two key principles to ensure near-full employment:

- the programs are created specifically for industries in which the skills taught are applicable, and
- the programs are entirely based on labor market demand for skilled workers.

**4.6** The confluence of a demand-driven program and its popularity amongst young people cannot be over-emphasized. There are 230 different VET programs, but the top 20, in high-demand fields such as health care and IT, make up 60% of the total enrolment, which strongly suggests that students are choosing to enter fields where jobs are more plentiful.

**4.7** The Swiss VET program is a direct path to obtaining employment: young people enter VET programs after finishing secondary education, choose a program in a field that has a high labor demand, and practice skills specifically for this field in both the classroom and on the job.

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<sup>10</sup> Swiss portion of “Youth Employment: Global Solutions for the Modern Economy” delivered by the Embassy of Switzerland in the United States at the National Association of Workforce Boards’ Annual Forum 2014.

<sup>11</sup> [Vocational and Professional Education and Training in Switzerland 2012: Facts and Figures](#). The Swiss Federal Department of Economic Affairs, Federal Office for Professional Education and Technology.

## **Key message from the Switzerland project partner:**

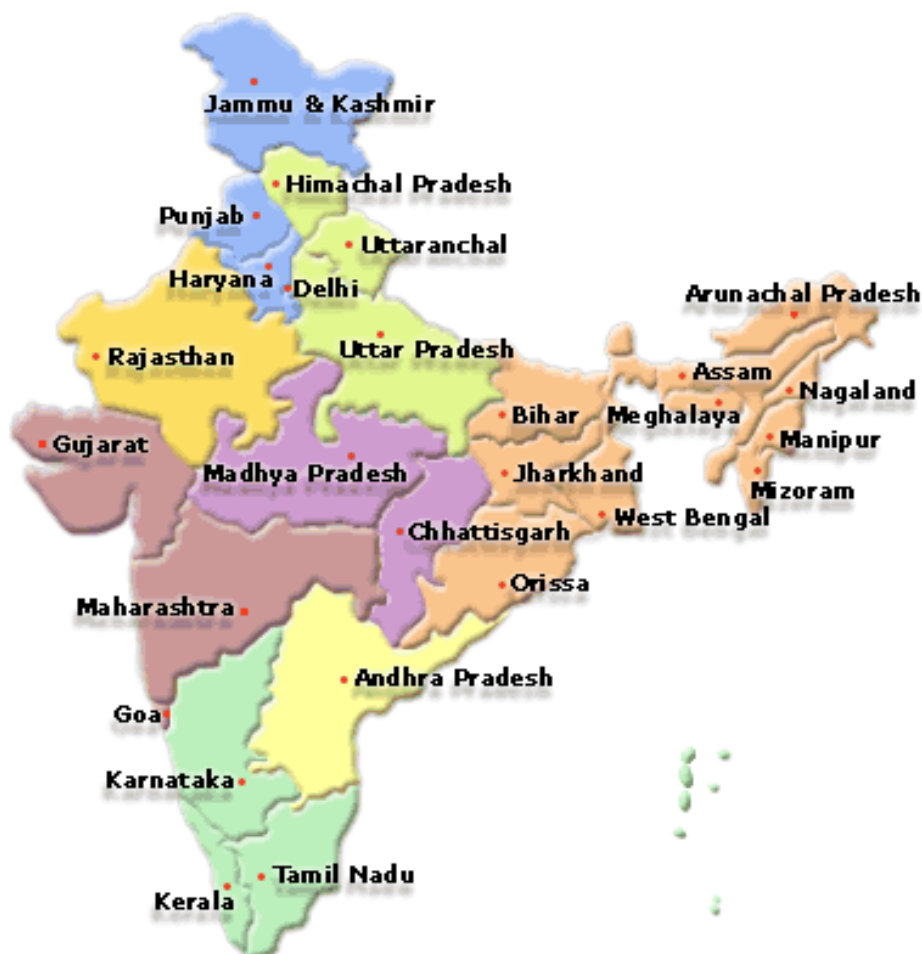
### **Embassy of Switzerland in the United States**

- 4.8 What Switzerland does well and can share with global partners:** A culture of innovation that influences the success of the VET program and acts as protection against economic contraction.
- 4.9 Switzerland would benefit from hearing more about:** Skills development in the areas of science and education.

## 5 India

- 5.1 The Indian economy.** India has a population of 1.2 billion people. Half of the working age population are employed in the agriculture sector, 20% work in manufacturing jobs, and 30% work in the service sector. The Indian economy had extremely high growth rates of around 9% between 2003 and 2007. Since the recession, the growth rate has settled to around 4.5% annually.
- 5.2** To emphasize the point: in comparison, from 1980 to 2011 India increased its share of economic output from 2.5% to 5.7%, while at the same time the United States fell from 25% to 19%.

**Figure 5: India and the States**



- 5.3 Recession and youth employment.** India's youth unemployment figures have on the surface remained fairly consistent before and after the global recession, with a 10% unemployment rate in 2005 and a 10.2% rate in 2010. However, this may be partly due to many young people staying in school because of a lack of jobs and therefore not being counted in the unemployment figures.
- 5.4** Dedication to youth employment will be a necessity for India. Various sources estimate that India needs to create between 10 and 13 million jobs per year just to absorb youth entering the workforce.
- 5.5** Comparing India's youth unemployment rate to its OECD counterparts is not an exact science. March 2013 research by the International Labour Organization highlights the labor market characteristics of young people in this developing country, such as: participation in the "unorganized sector;" differences between "rural" and "urban" employment; social attitudes around female employment; and the intersection of tribal and caste categories with aspirations toward employment that meets respective consumption patterns.<sup>12</sup>

**Table 1: Labor Market Participation Rates Among Youth in India by Social Category 2009-2010**

SOCIAL CATEGORY	RURAL			URBAN		
	Male	Female	Person	Male	Female	Person
<b>Scheduled Tribe</b>	74.2	47.5	60.6	53.8	20.6	38.0
<b>Scheduled Caste</b>	72.1	31.1	52.1	66.4	20.1	45.0
<b>Other Backward Class</b>	66.8	29.1	48.4	62.6	17.2	41.2
<b>General</b>	63.8	23.1	44.3	57.9	15.0	37.5
<b>Total</b>	68.0	30.2	49.6	61.0	16.8	40.1

<sup>12</sup> International Labour Organization Asian-Pacific Working Paper Series, ["Youth Employment and Unemployment: an Indian perspective,"](#) by Arupa Mitra and Sher Verick, March 2013.

**5.6 National policy response.** Narendra Modi won the election for Indian Prime Minister in May 2014 by a wide margin. He was buoyed to office on the youth vote, the result of having emphasized throughout the campaign his successes in the field of youth career and skills education during his tenure as the Chief Minister of the Gujarat<sup>13</sup> state. He pointed to his leadership on the creation of 165 skill development centers, online training programs, and an employment center for citizens working overseas, as indicative of his dedication to addressing the deep-rooted challenge of youth unemployment.

**5.7** In a speech to the Indian Parliament in early June, Indian President Mukherjee expanded on Prime Minister Modi's strategy for tackling youth employment, with plans to:

- establish Massive Open Online Courses (MOOCs) and virtual classrooms for training youth online,
- create a new National Educational Policy to make up for deficiencies in education,
- build Indian Institutes of Technology and Management in every Indian state, and
- re-design the current "Employment Exchanges" into "Career Centers" that emphasize training and technology usage.

**5.8** In his short time in office, Prime Minister Modi has created several new programs aimed at combating youth unemployment via direct job creation. For example, a program to plant trees along the 100,000 kilometers of national highway is aimed squarely at unemployed youth. The new government has also developed a smart phone app that lists jobs available to youth in different areas of the country, encouraging both economic opportunity and geographic mobility. The Prime Minister is leading the development of national apprenticeships, with the recently announced National Employability Through Apprenticeship Program, the first federal program to provide school credit and job-based instruction.<sup>14</sup>

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<sup>13</sup> Gujarat has a strong manufacturing base, and experts believe Prime Minister Modi's time in office at the state level will lead to more market-based reforms (Source: [indiatimes.com](http://indiatimes.com)).

<sup>14</sup> Read more about [India's National Skill Development Policy](#).

## 5.9 A National Skills Framework.

The national task of upskilling the Indian workforce is a monumental one. The National Skill Development Corporation (NSDC)



is a public-private partnership set up by the Ministry of Finance that has been established to contribute significantly (approximately 30%) to the overall target of skilling or upskilling 500 million people in India by 2022. NSDC's primary goal is to foster private sector and industry participation in development of the Indian workforce.<sup>15</sup>

**5.10** NSDC has worked closely with the new government to determine a list of high priority sectors. We list them here, to draw the distinction between India's national approach to skills development and more dated strategies such as those in the United States, where qualifications frameworks are less likely to be aligned at the national level.

**Table 2: India's Priority Skills Sectors**

-- Automotive	-- Leather
-- Security	-- Electronics
-- Retail	-- Food Industry
-- Media & Entertainment	-- Telecom
-- IT & ITeS	-- Agriculture
-- Health Care	-- Logistics
-- Rubber	-- Plumbing
-- Gems & Jewellery	-- Capital Goods
-- BFSI	-- Construction
-- Life Sciences	-- Aerospace & Aviation
-- Iron and Steel	-- Mining
-- Power	-- Apparel, Made-ups and Home
-- Beauty & Wellness	-- Textile & Handloom
-- Handicrafts & Carpets	-- Tourism & Hospitality
-- Sports, Physical Education, Fitness	-- Earthmoving & Infrastructure
-- Management and Management	-- Hydro Carbon

<sup>15</sup> Read more about India's new [National Skill Development Corporation](#).

## **Key message from the India project partner:**

### **Pathways to Careers (P2C)**

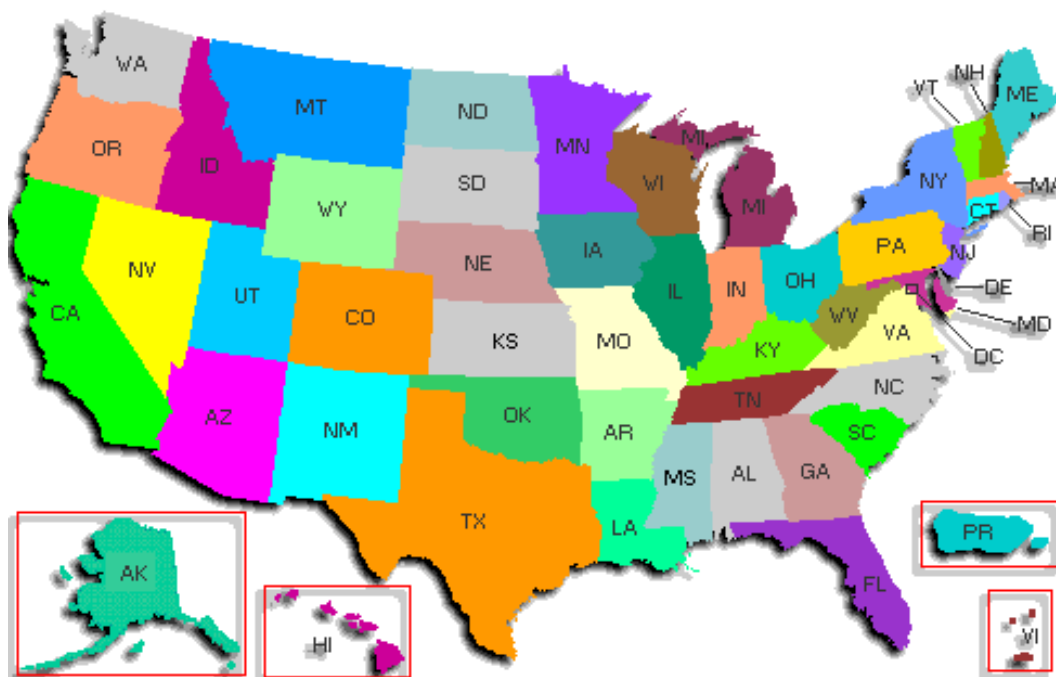
- 5.11 What India does well and can share with global partners:** India has taken a sectoral approach to skills development. Rather than working within solely regional areas, the country has coalesced around industries, with the major companies within each industry sector leading the initiative for their own sector. This approach has led to nationally implemented qualifications frameworks as well as hiring assessments used to assess potential employees.
- 5.12 India would benefit from hearing more about:** While the sectoral approach has been strongly supported in India, the local/regional needs for economic development and skills development are largely not part of the overall plan. India would benefit from learning more about the regional workforce approach, which would allow a greater pan-sectoral focus in areas of the country that are in the most need of skills development.



## 6 United States

**6.1 The US economy.** The United States is a country of 314 million people with a mixed economy fueled by abundant natural resources and high productivity. The private sector constitutes 87% of the economy, with federal government activity accounting for 4% and state and local government activity the remaining 9%. While the economy has reached a post-industrial level and the service sector constitutes 68% of GDP, the US remains an industrial leader. The main business field by gross business receipts is wholesale and retail trade; by net income it is manufacturing.

**Figure 6: The United States**



**6.2 Recession and youth employment.** The youth unemployment rate reached its peak in 2010 at 18.4% and although it has shown a very gradual decline since that time, the rate is still far above the pre-recession level of 10.5%. The movement is attributed in small part to the US stimulus package which placed immediate funding into employment programs, however the maintenance of this funding remains a heated Congressional debate.

- 6.3** US research shows that graduating from secondary or postsecondary education into an economic downturn leads to lower wages for over a decade. Nationally, over 6 million young people are considered “disconnected” because they’re neither working nor in school, a long-term problem that is not simply a result of the Great Recession.
- 6.4** In the United States, much of the research on youth employment and the framing of policy recommendations has been articulated in generational terms. The focus is on “millenials,” those with birth years ranging from the early 1980s to the early 2000s.
- 6.5 National policy response.** The US federal government utilizes several different programs to combat youth employment. The US Job Corps is a free program that offers vocational training and the opportunity to get a high school equivalency degree<sup>16</sup>. The federal government also offers Registered Apprenticeships, in which eligible employers give young people over the age of 16 both on-the-job training and classroom support.<sup>17</sup> The Obama Administration designed the American Recovery and Reinvestment Act of 2009 (the US economic stimulus plan) to provide funding for Summer Jobs and Summer Jobs+, which was specifically focused on creating employment for low-income students. These programs placed 367,000 young people into jobs between 2009 and 2010.<sup>18</sup>
- 6.6** The voice of American young people is growing ever louder on the challenge of youth unemployment, as the rate remains elevated well above the pre-recession level. The Young Invincibles, a new organization in Washington, DC, has been launched “to amplify the voice of young adults in the United States and expand opportunity for our generation.” Its main focus is on employment, health care and higher education.
- 6.7 Calculating the cost.** In an era of restricted budgets, nearly every policy challenge and subsequent recommendations come with a cost calculation, and youth unemployment is no exception. In their latest report “In This Together: The Hidden Cost of Young Adult Unemployment,” Young Invincibles and the Georgetown University Center for Employment and the Workforce (CEW) have calculated the cost of youth unemployment in the US.

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<sup>16</sup> Find out more about [Job Corps](#).

<sup>17</sup> Find out more about [youth employment programs](#) financed by the US Department of Labor.

<sup>18</sup> Find out more about [Summer Jobs and Summer Jobs+](#).

**6.8** If youth unemployment were reduced to its prerecession rate, the federal government would recoup \$7.8 billion, or \$53 per taxpayer, and state and local governments would recoup \$1.1 billion. If all those discouraged young people who are not counted as unemployed because they are not actively seeking work, were also in the labor force, the total figure would be larger: \$25 billion. About 93% of that number comes from taxes that would have been collected, and the rest from averting social spending. The estimated effect for the state taxpayer was greatest in Alabama, Kentucky and North Carolina.

**Table 1: The Cost of High Youth Unemployment in America (USD)**

COHORTS	FEDERAL COST	STATE COST	TOTAL COST
<b>18-24 yr olds</b>	\$3.59 bn	\$573 m	\$4.16 bn
<b>25-34 yr olds</b>	\$4.21 bn	\$528 m	\$4.74 bn
<b>18-34 yr olds</b>	\$7.80 bn	\$1.1 bn	\$8.90 bn
<b>Avg cost per taxpayer</b>	\$53.32	\$7.53	\$60.84

**6.9 The National Jobs Tour: A country-wide scan for local solutions.** In 2013, the Young Invincibles launched “GET THE FACTS,” a National Jobs Tour of roundtable discussions with youth participants in national and local workforce development programs to highlight what is working in communities across the US.<sup>19 20</sup>

**6.10** Armed with evidence from the tour, Young Invincibles made the following policy recommendations based on success in local areas:

- **Design “Career Internships.”** Career Internships are designed to bring about fair standards to the existing internship systems which is declining in quality and lacking in uniformity. A year-long

<sup>19</sup> See more about Young Invincibles’ [GET THE FACTS](#)

<sup>20</sup> See also the [Young American Ideas Book](#)

apprenticeship-like program that builds skills and connects to education, would improve existing internships considerably.

- **Expand AmeriCorps.** Create 500,000 additional AmeriCorps<sup>21</sup> jobs so young people can serve the US and get valuable work experience. AmeriCorps is the largest national service program in the country, and for every dollar spent on national service, American society receives \$2.50 in benefits. In 2012, 600,000 people applied for 80,000 AmeriCorps jobs. (Young Invincibles notes that creating these jobs would cost \$6.5bn USD, equivalent to what is spent some months in Afghanistan or Iraq.)
- **Bring Back the Youth Opportunity Grant (YOG).** The Youth Opportunity Grant was once part of the Workforce Investment Act, which sets the funding architecture for US employment and training programs. Workforce development professionals told Young Invincibles that the YOG at one time created 23,500 internship opportunities, placed 46,000 young people in jobs, and provided work-focused training to 23,500 participants. Evaluation showed the grant was particularly effective in the communities in which it was used.
- **Expand Registered Apprenticeships.** Registered Apprenticeships (RAs) require 2,000 hours of on-the-job training and 144 hours of classroom training per year. Apprentices are paid incremental wages, starting with minimum wage, allowing companies to train employees at a fraction of the cost of a full-time employee.

Registered Apprenticeships are extraordinarily profitable for the federal government, bringing in \$50 for every federal dollar invested, an eye-opening 5,000% return-on-investment. RAs are profitable for businesses too: every dollar invested in an apprentice returns \$1.40 to the employer. Then the social returns: US Department of Labor research shows young people who complete an RA make \$240,000 more in lifetime earnings. Expanding RAs by 600,000 would add \$74bn to the economy over the lifetime of each graduating class.<sup>22</sup>

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<sup>21</sup> AmeriCorps engages 80,000 Americans in intensive service each year at nonprofits, schools, public agencies, and community and faith-based groups across the country. Since its founding in 1994, 800,000 AmeriCorps members have contributed 1 billion hours in service across the US while tackling pressing community challenges.

<sup>22</sup> ["DOL Study Finds Substantially Higher Earnings for those Who Participate in Registered Apprenticeship "Up to \\$240,037 over Lifetime." Workforce3One, accessed August 17, 2012](#)

- 6.11 Uniting the generations.** Finally, a recent approach to messaging, and ultimately on budget allocations, would “unite the generations on employment and skills strategies.” Generations United, by way of the Generations Initiative, is raising awareness about the “demographic revolution” taking place in the US. The goal is to show that demographic shifts are an asset for the country’s collective economic future. The Generations United approach helps to re-frame policy discussions so that the priorities of older and younger Americans are not pitted against one another in budget debates.
- 6.12** The workforce development component of the Generations United Strategy calls for a cost-benefit analysis by the Government Accounting Office of public and private-sector work-based models. This would make a national statement on “Encore Careers” (positions for Americans age 55 and over at companies that maximize social welfare and societal good), Registered Apprenticeships, and Career Internships, all considered promising practices that would “strengthen the labor market and effectively engage people of all ages.”<sup>23</sup>

## **Key message from the US project partner:**

### **The Young Invincibles**

- 6.13 What the United States does well and can share with global partners:** The United States has a youth employment policy structure that empowers local communities to draft solutions that fit their specific populations and labor market needs. Local and State Workforce Investment Boards made up of educational institutions, local businesses, unions, community organizations and youth advocates can work together to provide employment and training opportunities for their young people. Additionally, states are free to pass financial incentives to promote programs like apprenticeships within their borders.
- 6.14 The United States would benefit from hearing more about:** The United States would benefit from learning more about national strategies to promote apprenticeships: specifically, tools used in other countries like tax

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<sup>23</sup> Find out more about Generations United and [“Out of Many, One: Uniting the Changing Faces of America.”](#)

incentives and grant programs that allow local businesses to develop apprenticeship and marketing strategies to change the perceptions of young people. National plans like the Youth Contract in the United Kingdom are possible models of what could be instituted in the United States to address youth unemployment.

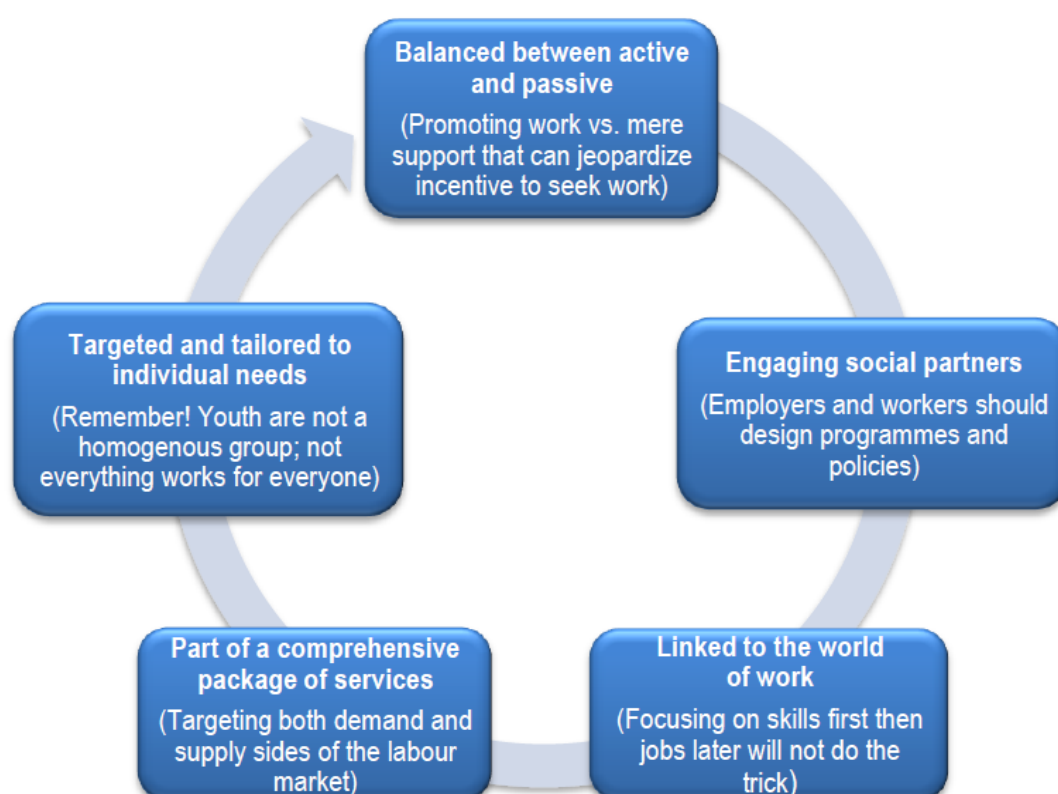
## 7 Conclusion

**7.1** The international examples in this report demonstrate two key themes:

- **Creating demand** for youth employment by actively re-connecting them to the workforce, and
- **Focusing on skills** to prevent a longer-term labor market crisis.

**7.2** As a starting point for evidence-based action, we present the diagram below which has been developed by the International Labor Organization to highlight the key characteristics of high-performance strategies for young people.

**Figure 7: Characteristics of Good Youth Labor Market Policies<sup>24</sup>**



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<sup>24</sup> [The Youth Employment Crisis: Highlights of the 2012 ILC Report](#), International Labor Organization, Youth Employment Forum, Geneva, 23-25 May 2012.

**7.3** We draw on the evidence in this report to complement the ILO diagram with the key recommendations from the project partners:

- **The importance of a national strategy.** A national strategy provides the necessary framework to support career development among young people. Canada's national strategy is an essential planning tool that guides program development at all levels.
- **Employer leadership on developing a generation of workers.** Employers have a business and community interest in developing the next generation of skilled employees. In 2011, while the country was still recovering from the recession, the UK's Jaguar Land Rover hired 1,500 new employees and all were brought to Apprenticeship level over 9 months. It can be done.
- **Job-led vocational education and training as protection against youth unemployment.** A modern VET program directly linked to jobs will attract young people and prevent against future unemployment. With two-thirds taking up the Swiss model of vocational education and training directly linked to jobs, it is declared to be the country's national policy protection against an economic downturn.
- **A national skills framework based on sectors driving the economy.** A national employment strategy must be underpinned by a national skills framework. India is taking a sectoral approach to skills development, with its major companies leading the initiative for their own sector. This approach has led to nationally implemented qualifications frameworks to be recognized throughout the country.
- **Local flexibility and an awareness of long-term costs of youth unemployment.** National strategies require the right amount of flexibility to reflect the needs of local economies. The United States has a youth employment policy structure that empowers local communities to draft solutions that fit their specific populations and local labor market needs. A calculation of the taxpayer costs of youth unemployment makes the case for designing policies that are guided by a return on investment through targeted job creation and inclusive economic growth.



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## Annex 2: About the Authors

**InclusionUS** is a social enterprise that provides research and consultancy dedicated to equitable economic growth and inclusion. Our expertise is sought in the areas of national and international policy analysis, economic development, labor market planning, social innovation and philanthropy. Our international knowledge draws on trends in the global economy: effective policies and practice on employment, skills and inclusion to enhance your work at home.

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Natalie is Chief Executive at InclusionUS. Recent projects include:

- **The Edinburgh – Toronto Trade Mission Series.** International delegation visits focused on foreign direct investment, equitable economic development and the social impact of creative industries in both cities.
- **Suited for Start-Up.** A new business incubator for low-income women in the highest-unemployment wards in Washington, DC.
- **Social Enterprise: New Business Models for Workforce Investment Boards.** A new national training series to align the social mission and business culture of America's 600 local Workforce Boards.

Natalie works with the team to develop and implement the InclusionUS International Knowledge Exchange Series, with plans to visit Australia and India this year.

She has worked directly for members of the US Congress, Tony Blair's Cabinet Minister for Employment and Welfare Reform, and the Dutch Council on Work and Income. She has also contributed to workforce and economic development policies

in the US, UK, Canada, Australia, New Zealand, France, Spain, and the European Commission in Brussels.

InclusionUS is affiliated to the Centre for Economic & Social Inclusion in London, where Natalie was Senior Policy Advisor for 5 years during the Blair and Brown Premierships. There she coordinated “City Strategies” among 10 UK cities whose partnerships worked with Inclusion to design long-term improvement targets for employment, skills, income and child poverty.

While launching InclusionUS, Natalie was Senior Advisor to the British Ambassador to the United States at the British Embassy in Washington, DC during the major economic and social policy changes that took place during the transition to the Obama Administration and the Coalition Government in the UK.

Increasingly her skills are sought for designing new economic development models as a result of the global recession, and for maximizing the impact of philanthropy on equitable economic development and inclusion. She recently took part in the global pilot of Warren and Doris Buffett’s GiveWithPurpose course, the first ever online course designed to improve the effectiveness of large-scale charitable giving. This follows a one-year appointment to the UK Ambassador for Philanthropy.

Natalie has dual citizenship in the US and the UK. She has an MSc in Employment Policy from the University of Edinburgh, a joint BA in Political Science and Communication from Rutgers University in New Jersey, and a Certificate in Criminology from the Rutgers University School of Social Work. She’s originally from New Jersey and would follow Springsteen just about anywhere.

### **Luke Ross**



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Luke Ross is a Research Intern with InclusionUS. He is a junior at Northwestern University in Evanston, Illinois, pursuing a dual degree in Learning and Organizational Change and Economics. He began working for InclusionUS during his time as a research intern at the National Association of Workforce Boards. His

subject areas of interest include the intersection of policy and vocational training and increasing the efficiency of employer-employee matching in the labor market.

His latest projects with InclusionUS are:

- **Youth Employment: Global Strategies for a Modern Economy.** A 5-country comparison of youth unemployment and the reversal of social exclusion in Canada, India, Switzerland, the United Kingdom and the United States.
- **Pay for Success: Implications for the new Workforce Innovation and Opportunity Act (WIOA).** An analysis of how the new Pay for Success incentives will affect local markets for employment service delivery. This work draws on existing Pay for Success / Payment by Results evaluations in the United Kingdom.

## Annex 3: Conference on Swiss VET



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Education,  
Research and Innovation SERI**

### International Congress on Vocational and Professional Education and Training Skills for the future



Switzerland stands out as place of business thanks to low unemployment, high competitiveness and a strong innovation capacity. Our country owes this success, among others, to its much advanced education system, in which vocational and professional education and training plays an important role. Vocational and professional education and training allows for the creation of a hub of qualified professionals and managers and guarantees high employment and prosperity. Traditionally, the private and public sector share the responsibility for vocational and professional education and training. To enshrine this success as enduring, Switzerland depends on a prosperous and organised vocational and professional education and training based on this partnership.

In 2014, Switzerland will launch an international congress devoted to vocational and professional education and training. The main themes featured will be image building of vocational and professional education and training, exchanges between businesses and policymakers, as well as the presentation of best practices in use in training companies and vocational schools.

By organising this congress in Winterthur, the partners in vocational and professional education and training that are the Confederation, the cantons and the professional organisations aim to contribute to the position of the vocational and professional education and training on a large scale and promote exchanges between major players of vocational and professional education and training on a national and international level. The establishment of a dialogue should achieve the creation of better frameworks in view of an international cooperation in this field.

As host to this event, Switzerland will share its expertise with interested parties and showcase the Swiss know-how in vocational and professional education and training.

I am very much looking forward to welcoming you to the International Congress on Vocational and Professional Education and Training in September 2014 in Winterthur.

**Federal Councillor Johann N. Schneider-Ammann**

Head of the Federal Department of Economic Affairs, Education and Research EAER

### **Information**

The International Congress on Vocational and Professional Education and Training will take place in Winterthur (Switzerland) from 15 to 18 September 2014. We have the pleasure to present you WorldSkills International as a special guest for this first of three editions of the congress.

The congress is supported by the State Secretariat for Education, Research and Innovation (SERI), several cantons and professional organisations, and the Zürcher Hochschule für Angewandte Wissenschaften (ZHAW) and the Swiss Federal Institute for Vocational Education and Training (SFIVET).

### **Target audience**

The congress is intended for an international audience from political, economic and scientific circles responsible for decision-making on vocational and professional education and training matters.

### **Programme**

15.09.2014: Welcome event: cocktail party

16.09.2014: Official opening; speeches from key players in politics, economy and science; panel discussion; thematic seminars

17.09.2014: The Swiss vocational and professional education and training system in a first-hand experience: visits of host companies, vocational schools and other training schemes

18.09.2014: Speeches from key players in politics, economy and science; visit of SwissSkills Bern 2014, the first edition of the Swiss vocational education and training competitions on national level

### **General conditions**

The congress is limited to 400 participants.

Attendance fee excluding travel and accommodation expenses: CHF 700.–.

Languages: English (main), German, French (simultaneous translation will be provided).

Online registration will be possible from March 2014.

Information and registration: [www.vpet-congress.ch](http://www.vpet-congress.ch)

### **Organised by**

Standortförderung Region Winterthur, [www.standort-winterthur.ch](http://www.standort-winterthur.ch)