

Youth labor market interventions

Comprehensive programs that focus on skills can reduce unemployment and upgrade skills in OECD countries

Keywords: active labor market programs, youth unemployment, training

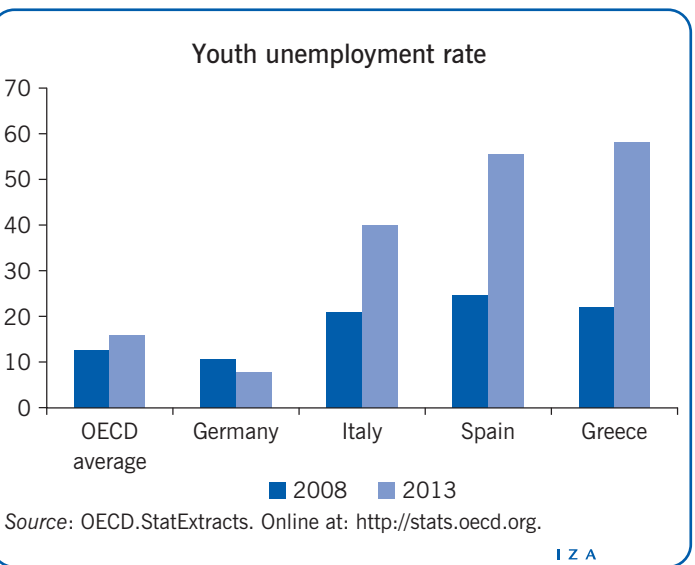
ELEVATOR PITCH

Reducing youth unemployment and generating more and better youth employment opportunities are key policy challenges worldwide. Active labor market programs for disadvantaged youth may be an effective tool in such cases, but the results have often been disappointing in Organisation for Economic Co-operation and Development (OECD) countries. The key to a successful youth intervention program is comprehensiveness, comprising multiple targeted components, including job-search assistance, counseling, training, and placement services. Such programs can be expensive, however, which underscores the need to focus on education policy and earlier interventions in the education system.

KEY FINDINGS

Pros

- ⊕ Unemployed youth are a population at risk in many countries.
- ⊕ The average youth unemployment rate is twice the overall unemployment rate in most OECD countries.
- ⊕ Labor market programs that enhance human capital, such as training programs, can be an effective tool for increasing employment opportunities for disadvantaged youth, particularly in the long term.
- ⊕ Comprehensive labor market programs combining several components—job-search assistance, counseling, training, and placement services—can be effective.



Cons

- ⊖ Training and other active labor market programs for youth are frequently not effective in bringing them into employment in the short term.
- ⊖ Restrictive labor market institutions such as employment protection legislation and a minimum wage impede the effectiveness of active labor market programs.
- ⊖ Effective youth labor market programs are expensive.
- ⊖ The low success rate of youth active labor market programs underlines the importance of earlier interventions through the education system to improve school-to-work transitions.

AUTHOR'S MAIN MESSAGE

Unemployed youth are a population at risk in many countries. In most OECD countries, the average youth unemployment rate is double the overall unemployment rate. This gap can be attributed to the lack of work experience and the weaker job search skills of young people and to structural problems, including inadequate education and training and overly restrictive regulation of labor markets. Active labor market programs can help, if they are comprehensive—including job-search assistance, counseling, training, and placement services—but they are expensive. Even more important may be earlier education system interventions to improve the school-to-work transition.