

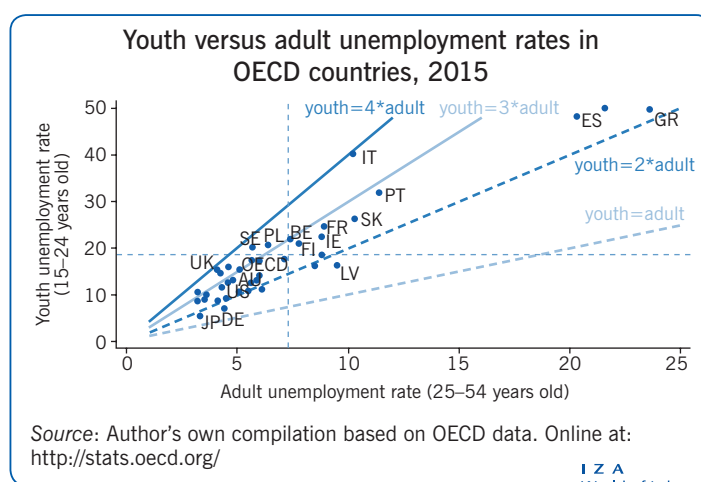
# Why is youth unemployment so high and different across countries?

Young people experience worse labor market outcomes than adults worldwide but the difference varies greatly internationally

Keywords: youth disadvantage, experience gap and trap, school-to-work transition, dual/sequential education

## ELEVATOR PITCH

In Germany, young people are no worse off than adults in the labor market, while in southern and eastern European countries, they fare three to four times worse. In Anglo-Saxon countries, both youth and adults fare better than elsewhere, but their unemployment rates fluctuate more over the business cycle. The arrangements developed in each country to help young people gain work experience explain the striking differences in their outcomes. A better understanding of what drives these differences in labor market performance of young workers is essential for policies to be effective



## KEY FINDINGS

### Pros

- ⊕ Countries differ dramatically in their ability to generate the work-related competences young people need to succeed in the labor market.
- ⊕ Central European, Anglo-Saxon, and several Asian countries perform better with respect to many youth outcomes.
- ⊕ Recent reforms are reducing cross-country institutional differences; the worst performing countries are learning from the best.
- ⊕ Education systems that integrate more with the labor market, through apprenticeships, job placement services, or direct hiring by firms, seem to set up their youth for success in the labor market.

### Cons

- ⊖ In most countries, the ratio of youth to adult unemployment is between two and three; in eastern and southern Europe, young people fare even worse.
- ⊖ Southern and eastern European countries were the hardest hit by the global financial crisis, with youth suffering most.
- ⊖ Temporary work does not solve the youth disadvantage; it helps only the most skilled workers and those in need of general, not job-specific, skills.

## AUTHOR'S MAIN MESSAGE

In a time of ever increasing educational attainment levels, young people still experience lower employment, income, and participation rates as well as higher unemployment compared to adults. The share of high school and tertiary graduates who accept jobs suited for lower education levels (skills mismatch) is high in many countries. The reason is the low level of work-related competences held by young people. Generating these competences should become a top priority for modern education systems. In addition, labor markets should be more flexible to allow earlier labor market entrance, though they should be wary of becoming over-reliant on the use of temporary contracts.