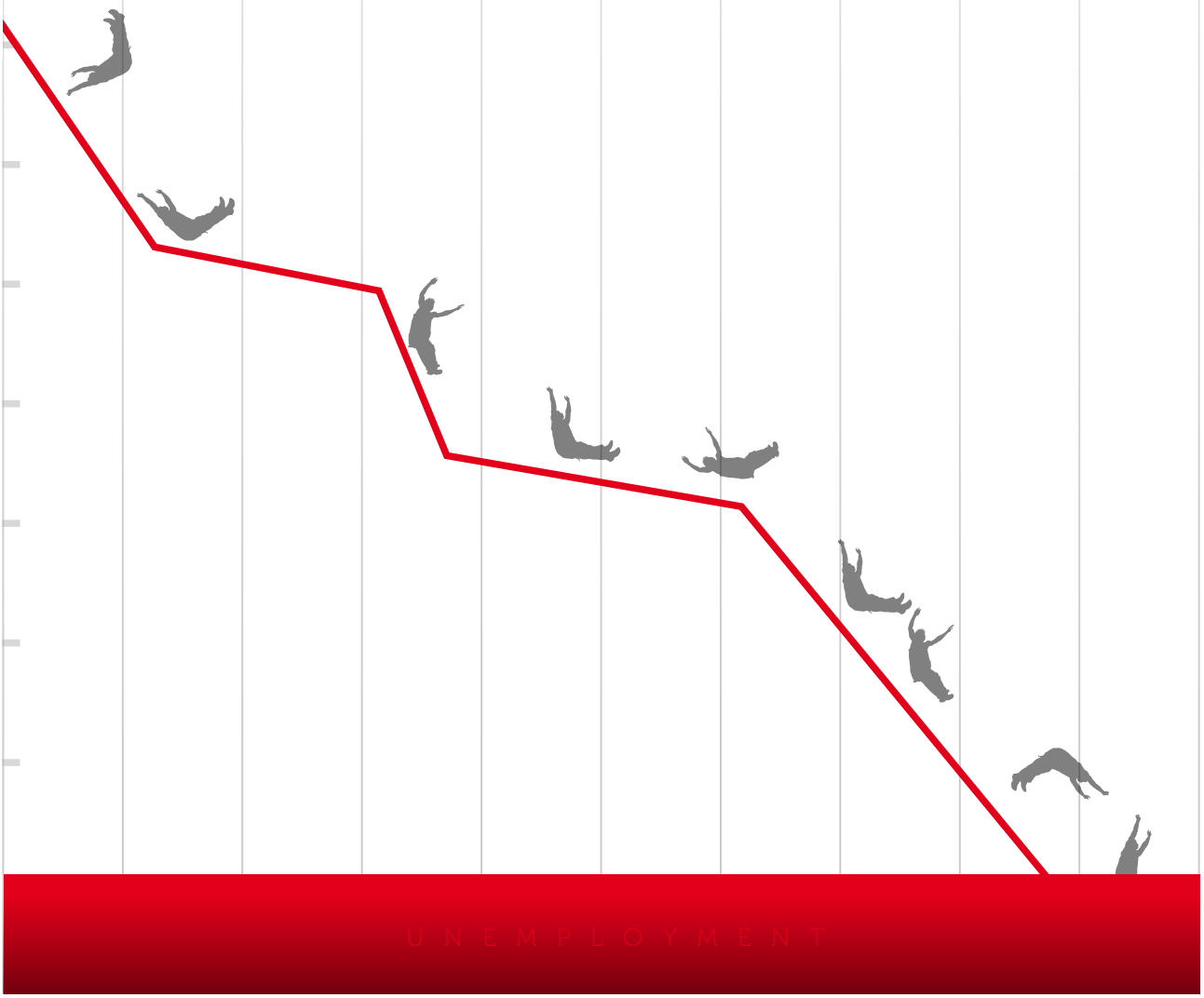
The future of work?

How can we tackle the current youth labour market crisis – where millions are unemployed at the same time as employers seek desperately to fill vacancies? **Peter Vogel** has some suggestions



The world is facing major labour market challenges. According to the International Labour Organisation more than 61 million jobs have been lost since the onset of the recent financial crisis in 2008, leaving over 200 million individuals worldwide without a job. Roughly 40% of these unemployed are below the age of 25, even though this age group only makes up 17% of the world's overall population.

Figure 1 (like Figure 2 reproduced from *Generation Jobless*, Palgrave McMillan, UK, 2015) shows the youth-to-adult unemployment ratio in selected European and OECD countries, illustrating a major misalignment with regard to who is unemployed, and Figure 2 (overleaf) illustrates youth unemployment rates around the world.

It is estimated that 500 million new jobs will have to be created as soon as 2020 in order to provide work for the unemployed and to keep up with population growth, thus putting even greater pressure on the labour market. However, creating more jobs will not alone magically solve the youth unemployment challenge. Many of the factors are much more fundamental than simply a lack of jobs. In the European Union, for example, there are six million unemployed young people but only four million unfilled positions.

At the same time businesses are struggling to fill job positions that are vacant with adequately qualified personnel. According to a recent study by Manpower, a global employment research, consultancy and labour provider, 38% of the world's employers report difficulties filling jobs. They complain that young entrants to the job market are not equipped with the skills and capabilities that would add sufficient value to an employer.

This clearly illustrates that there is a mismatch between the skills and job needs of businesses and what young people bring with them when they move from the education system into the labour market.

While we need to boost overall aggregate demand, the provision of jobs alone will not solve the youth unemployment crisis. Unfortunately, we are going through tremendously challenging times that will require adaptation by the various stakeholders involved.

In my recent book *Generation Jobless?* I outline various changes that we are currently witnessing.

To name just a few, these include:

- a demographic shift, with an ageing population in some countries and an increasingly young population in others
- ongoing economic and political turbulence in many regions of the world
- a global rebalancing of political and economic power
- global migration patterns, with a decrease in population in some countries and a massive increase in others
- growing diversity within countries, with more nationalities, cultures, religions and languages jammed into urban areas
- the introduction of novel technology that is changing our everyday life
- the changing generational traits that will dictate the way future generations live, think and work
- new industries and jobs emerging
- "virtual" space partly replacing real life

500M

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61M

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40%

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Figure 1:
Reproduced from Generation Jobless, Palgrave McMillan, UK, 2015

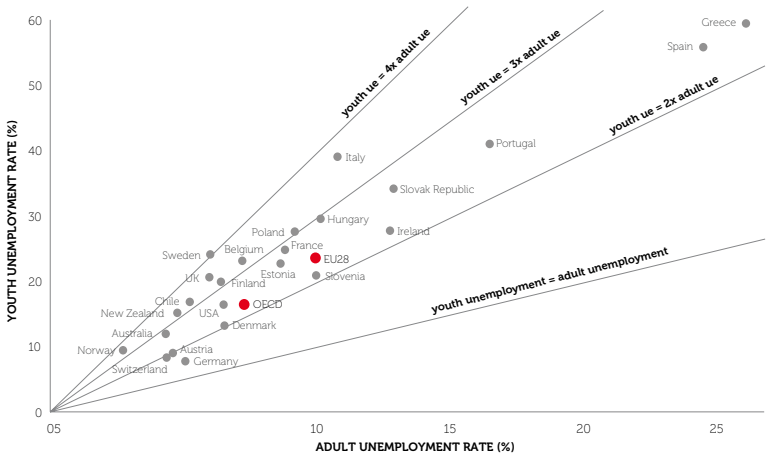

Figure 2:
Reproduced from Generation Jobless, Palgrave McMillan, UK, 2015

In particular the technological revolution – often referred to as the "Fourth Industrial Revolution" – seems to cause disproportionate stress on both the labour market and the education system. The rate of change is so great that employers cannot adequately foresee which skills they might need in two or three years' time and hence cannot build a skills supply chain.

Instead, they are recruiting for current (or sometimes even past) skills requirements. Schools and universities are teaching 20th century material to young people who will enter a 21st century labour market. In order for educational institutions to provide young people with the right skills, they need to predict skills requirements on the labour market five to 10 years ahead – a great challenge given today's unparalleled uncertainty.

So what can we do to tackle this issue and close the gap between the education system and the labour market and help more young people successfully join the world of work?

The Fourth Industrial Revolution brings with it systematic changes in the ways we learn, live, work and even think. As a consequence, both the education system and the labour market need to adapt. There are various changes that need to happen:

- First, educators need to realign the curriculum to teach students the skills that the labour market demands. By creating a skills framework, educators can ensure that students are more flexible, mobile and better prepared for work.

While, historically, teaching was centred on core knowledge-creating subjects such as languages, maths , natural sciences, arts, music, history and geography, there are various new skill-centred approaches that educators need to consider. Recently, for example, the Finish government announced that it will drop "subjects" in school and replace them with "topics".

- Second, employers have to make sure that they provide jobs that are suitable for young people and that allow young people to enter the world of work. Job requirements are becoming increasingly complex and demanding, which leaves many young people without a real chance of fulfilling even part of these requirements. "Youth-compatible" jobs are essential.
- Third, employers must also play a role in training young people and getting them ready for the job market. Employers need to be better integrated into the education system and to collaborate with schools and universities on curricula development and be part of the training process. Sharing practical knowledge from the world of work will help students contextualise what they are learning in school.

5+ yrs

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• Fourth, in order to actually add value to the education of young people, employers need to better understand the types of skills and capabilities they are looking for – not yesterday, not today, but tomorrow. Building up a skills supply chain is a critical, though highly demanding, task for employers. But only if they can clearly spell out what types of skills they are likely to need in five years' time can the education system adapt and start preparing young people adequately.

Moreover, employers need to build a 21st century workplace – one that "speaks" to the next generation of employees and allows employers not only to attract them to their organisations but retain them once they are there. Big data will allow employers to become better at forecasting where the job market is moving and which skills shortages are to be expected in the near and far future.

• Fifth, schools and universities must change their strategies. They should not only focus on teaching young people certain subjects but also on actually getting them ready for the world of work. The transition into the workplace must be better facilitated by universities and they should be held accountable for their success (or otherwise) in positioning their students in the labour market.

• Finally, both the education system and labour policy need to be disrupted. As pointed out by Keith Breene in a recent blog post for the World Economic Forum, while "there has been impressive progress in improving access to education, the quality and relevance of learning has rarely been improved on any scale. At the same time, government policy has lagged behind when it comes to skilling the national workforce. Education and labour policy need to be re-examined to make them more reactive and relevant to the ever-changing market realities".

If we want to solve the youth unemployment dilemma, we need to find both short-term and long-term solutions.

Two of the core stakeholder groups involved are educators and employers. They both play a central role and closing the gap between these two entities is one essential strategy to resolve the problem. Better alignment of the skills that young people bring with them when entering the job market and the skills that the job market actually requires at that point in time will be critical.

It is a big task, but not an impossible one. However, it is imperative that the different stakeholders work together in order to be successful.

In *Generation Jobless?* I highlight over 100 solutions from across different stakeholder groups. They should serve as a reference for others who want to get involved in tackling the issue. Let us collectively work on improving the state of the world for our children.

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ABOUT THE AUTHOR

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