Youth Unemployment and Vocational Training

The World Development Report 2013

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Youth Unemployment

The youth unemployment rate for 1999 and 2009 years

Explaining youth unemployment

1. The labor market situation of young people is influenced by demographic factors, in particular cohort size and labor demand in the economy. **Youth integration into work is heavily influenced by institutional factors which can mitigate or aggravate obstacles of transition.**

2. The transition from school to work is structured in different ways across countries and world regions. Training, but also active labor market policies as well as regulatory policies such as minimum wages and employment protection are highly relevant institutional factors.

3. **Regulatory policies influence the availability of flexible entry jobs,** but a strong divide between flexible parts of the labor market and permanent jobs or between informal and formal work creates additional barriers to mobility.
Explaining youth unemployment

Average real GDP growth, 2005-2010
The contribution of general education and vocational training

1. In general, better educated young workers have better access to gainful employment and better jobs. Vocational education and training add to general education and bring young people closer to the labor market.

2. Rigorous evaluation of training schemes is less widespread than the evaluation of active labor market policy programs.

3. Comparing vocational schooling and dual apprenticeship models, a dual system tends to be associated with a smoother transition from school to work and low youth unemployment.

4. There is some evidence that complementary active labor market policy schemes addressing the disadvantaged youth can improve their situation on the labor market if these measures are designed and implemented effectively.
The contribution of general education and vocational training

Unemployment rate by educational achievement, 2007
General vs. vocational education, vocational schooling vs. dual apprenticeships

• In all developed countries and some countries of the developing world, the education system implies a two-step integration of school leavers into the labor market comprising participation in labor market-relevant training and education at the first stage and subsequent integration in the labor market at the second stage.

• Different forms of training may coexist within a country oriented towards different employment types and career paths. The place of training (school or work) and the degree of formalization, one can distinguish between general education on the one hand and vocational training on the other,

• Vocational training being divided in school-based training, the dual apprenticeship systems and learning on the job
General vs. vocational education, vocational schooling vs. dual apprenticeships

- **General knowledge and skills** are usually provided in the form of purely school-based or academic education at the **upper secondary or tertiary level**. The skills provided are characterized by a high degree of generality in the sense that they are aimed to improve the cognitive skills of youth with a low occupational or sectoral concentration, thereby providing the basis for further—more practically oriented—learning at the work place.

- While **often considered the best way to access higher paid jobs**, this type of education bears the **risk of being only weakly linked to labor market demand**. The societal costs of skill mismatch are often more severe as in the other education options due to the **long duration and high individual costs of studies** and graduates being unwilling to accept jobs below their formal level of education.

- Furthermore, as academic education does not impart practical work experience, the initial **integration into the labor market might become difficult**. Hence, in many countries there is a **strong tendency to bring university education closer to applied studies**.
General vs. vocational education, vocational schooling vs. dual apprenticeships

• Dual vocational education and training combines work place experience and training with school-based (vocational) education, usually within a particular occupation or sector of work. The provision of dual education is often divided between the public and companies: while firms offers and finances the work-place training, the state provides for the education in vocational schools.

• During vocational training, apprentices have a fixed-term employment contract with an employer at a reduced wage level.

• The aim of the duality is to complement the rather firm-specific technical skills acquired by learning on the job within a training company, with general skills that are transferrable across employers within the occupation.

• While practical work-experience within the firm is expected to provide higher motivation and higher return for practically-oriented youth, standardized curricula and central examinations are used to counteract overspecialization and low levels of transferability. Training standards in firms, as well as the alignment of skills taught in the schools and at the workplace, has to be ensured by collaboration with the employers, unions and the educational institutions.
General vs. vocational education, vocational schooling vs. dual apprenticeships

- Purely school-based vocational education or training is often delivered at training centers at the post-compulsory (upper) secondary level, or as a specialization track during compulsory schooling. In general, it is state-funded, and follows a formal curriculum that combines general skills with occupation-specific education.

- Being more practice oriented than academic studies, this training option is often aimed at medium-level, clerical positions or restricted to specific occupations not necessitating practical within-firm work experience.

- It is less demanding in time and costs than general school-based training, and aimed to increase the participation of youths with higher budgetary constraints. By the provision of technical skills, participation in school-based vocational education is aimed at a direct entry into the labor market, requiring only little on-the-job training by employers, and might hence be thought to create incentives for employer hiring.
General vs. vocational education, vocational schooling vs. dual apprenticeships

• The success of the school-based training depends crucially on the alignment of skills taught in the schools to the labor market, and hence requires the close collaboration of employers, unions and the educational institutions.

• Pure on-the-job training allows for the direct transition from school to work - generally leading to better pay in the short run compared to participation in qualifying training programs in a first stage.

• However, as the acquisition of skills is restricted to learning on the job and done without certification, this type of learning is likely to be of less value when moving jobs. Due to the lack of general occupation skills, employability is more limited entailing a higher risk of ending up in a vulnerable labor market position.
The role of different types of young people’s vocational training varies significantly across clusters of countries as Figure shows. Only in a number of mostly continental European and Scandinavian countries vocational education is a prominent part of secondary education.
General vs. vocational education, vocational schooling vs. dual apprenticeships

Shares of vocational and general secondary education enrollment in selected countries, 2008

[Diagram showing the percentage of vocational and general education enrollment in various countries.]
Youth unemployment and the role of training: a summary of the findings

• Youth tends to be affected disproportionately from difficult demographic and economic conditions hampering access to the labor market and, in particular, to stable and well-paid jobs. **Public policies make a difference.** Well-designed pathways from school to work can help young people to make a successful transition and prevent societal and individual damages from spells of unemployment or exclusion at a young age.

• Flexible or informal entry jobs constitute a first step into the world of work. But they can only be **considered good jobs if they create options for mobility to better paid and more stable jobs.** This implies that institutional reforms need to overcome deeply segmented labor markets with high obstacles for transition from temporary to permanent jobs.

• **Education and training systems are a major factor structuring the pathway from school to work.** General education at the primary and secondary level provides the necessary foundation, but available evidence shows that **vocational training, in particular in a dual fashion, is able to establish an early link with employers,** acquire skills relevant in the labor market and to move to skilled permanent positions later on.
Youth unemployment and the role of training: a summary of the findings

- Comparing vocational schooling on the one hand and dual apprenticeship systems on the other, the evidence suggests that a smooth and timely transition from school to work without encountering major breaks can best be achieved via dual vocational training.

- Compared to fixed-term contracts without training, apprenticeships are better temporary contracts as they include systematic training and favorable prospects for subsequent job promotion, wages and employment stability.

- To be operational, vocational training needs to provide the right balance between general skills, occupation-specific skills and learning on the job so that the human capital acquired in these schemes is neither too general nor too specific and narrow. Furthermore, certification of occupation-specific skills makes qualifications more transferable and can therefore enhance mobility between employers in a given field.
Youth unemployment and the role of training: a summary of the findings

- Analysis of youth labor markets and the role of vocational training distinguishes different clusters of countries which, more or less, share a certain profile of economic development, performance regarding youth integration into work and core labor market institutions, in particular the dominant type of training received by young people.

- In Germany and many of its neighboring countries dual vocational training is the dominant pathway from school to work and provides young people with a relatively smooth transition in the labor market. This model relies on strong social partnership and government support as well as active participation of employers. However, major efforts have to be undertaken to help integrate young people unable to enter the vocational training system via active labor market policy schemes, involving preparatory training schemes.
Youth unemployment and the role of training: a summary of the findings

- In Anglo-Saxon countries such as the United Kingdom or the United States there is a clear divide between general and vocational schooling on the one hand and learning on-the-job on the other hand. Dual vocational training exists in some sectors, but is to implement at a larger scale given the lack of social partner structures. **In general, this model makes young people quite vulnerable in an otherwise flexible labor market setting.** To compensate for some of these deficits and contain youth non-employment become more important over time.

- In the transition countries in Central and Eastern Europe, **dual vocational training dating from the times of the planned economy collapsed.** Nowadays mostly school-based vocational education dominates. Vocational training is still more relevant than in many other regions, but it lacks modernization and adaptation to cover growing sectors. **This could only be done by involving employers.** In general, youths are in a difficult situation in these countries as youth unemployment is considerable and labor markets are segmented, **with informal employment on the increase.**
Youth unemployment and the role of training: a summary of the findings

• In Mediterranean countries there is clear divide between different segments of the labor market, in particular between fixed-term and permanent employees, most notably in Spain. Mostly school-based vocational training only plays a marginal role. The educational structure is polarized between school dropouts on the one hand and a large share of university graduates on the other; both low-skilled and academically trained young people find it hard to enter into sustainable jobs under these circumstances.

• In the Middle East and North Africa (MENA) region strong demographic pressure and low economic growth lead to particularly difficult situation of youth. While participation in general secondary and tertiary education increased and the formal educational level is considerable, access to the labor market is highly problematic as the public sector, the traditional employer of university graduates, is overcrowded and the private sector is largely underdeveloped to create sufficient formal jobs.
Youth unemployment and the role of training: a summary of the findings

• In Sub-Saharan and South Africa there is a large informal sector still providing most of the employment opportunities for young people in the absence of a dynamic formal private sector and private companies as potential employers. The agrarian sector remains the main employer. **Existing vocational schooling is outdated, detached from the economy and perceived as inefficient and unattractive.** Attempts at implementing modernized vocational training show potential some. Hence, there is a strong preference and expansion of general secondary and subsequent tertiary education.

• Latin American countries have dated and declining industrial vocational training programs which are not up to date. In recent years, **temporary training programs targeting more at the disadvantaged youths have been most prominent, but Latin American countries still miss a stable and modern vocational education system.** Hence, there is growing mismatch between demands for skilled labor and current training and education activities, with employment and training in informal activities still being important.
8. Despite youth unemployment in Asia is low when compared to other regions, labor market entrants face major challenges in achieving decent job conditions. General education is predominant in most countries, often leading to informal employment and casual work on the one side and to the polarization of labor markets and educational structures on the other.
Main trends in typical regions: Germany

1. Germany and many neighboring countries are characterized by dual vocational training combining work experience, learning on-the-job and classroom education as the dominant pathway from school to work. Apprenticeship graduates generally have a smooth transition into employment.

2. This system depends on support in particular from employers, trade unions and the government regarding regulation and funding. It also depends on the acceptance of apprenticeship contracts paid below regular contracts by trade unions in exchange with the willingness of many employers to provide training according to occupational curricula, to send apprentices to vocational school leading to certified occupational qualification and to give them a credible prospect of sustainable employment.

3. Support from the government providing not only vocational schools and teachers, but also preparatory training for young people failing to enter apprenticeships, is crucial.
Main trends in typical regions Germany

4. Vocational training is accepted as a solid alternative to academic education by young people and their parents. The complex German institutional and cultural environment has grown over time and cannot easily be transplanted.

5. A major challenge is the labor market integration of young people failing to enter regular vocational training. To tackle this, a large set of publicly supported preparatory training programs has been established;

6. The distribution of the German working-age population between 25 and 64 years by the highest level of educational attainment shows that 85% of individuals have acquired an educational degree beyond the lower general schooling levels (ISCED 0-2). Among these 70% has an upper secondary degree (ISCED 3 and 4), and 30% a higher tertiary degree (ISCED 5 and 6).
Responsibilities in the field of vocational training in Germany

- Legislation
  - Federal Ministry of Economics and Technology or other competent ministry by agreement with the Federal Ministry of Education and Research

- Issuing of training directives

- Land committee
  - Land ministries
    - Curricula
  - Conference of Ministers for Education and Culture (KMK)
    - Framework curricula

- Federal Agency for Employment
  - Vocational guidance
  - Finding of training places

- Vocational schools part-time
- Training enterprises

- Federal Institute for Vocational Training (BIBB)
  - Main committee
  - Employer and employee representatives

- VET committee
  - Competent bodies
    - Examinations
    - Suitability of training venue
Main trends in typical regions: Germany

- The returns to obtaining a secondary or tertiary vocational degree are substantial. Individuals with an upper secondary qualification are only half as likely to be unemployed as individuals with no vocational qualification. Individuals with tertiary education three times less likely;

7. Vocational qualifications can be acquired by participating in one of the options of the highly institutionalized vocational training system. The different pathways available can be categorized into three different tracks which vary with respect to the weight of general and more specific skills provided:

(i) The dual vocational training system, with alternating school- and firm-based training.

(ii) Full-time vocational schooling with a predominantly application-oriented curriculum.

(iii) Tertiary education at colleges, vocational academies or universities
Main trends in typical regions: Germany

Technical/Vocational enrolment in ISCED 2 and 3 as % of total enrolment in ISCED 2 and 3

Source: Unesco Institute for Statistics
Main trends in typical regions: Spain and other Mediterranean countries

1. Young people in Spain and other Mediterranean countries face particular difficulties when trying to enter the labor market successfully. Long-standing problems have been aggravated by the recent economic crisis;

2. One major factor is the deep segmentation of the labor market between permanent and flexible, in particular fixed-term contracts which can be attributed to strict dismissal protection and largely liberalized temporary employment. Transition to a permanent position is difficult.

3. The educational structure of younger cohorts is highly polarized in particular in Spain with both low-skilled youth and university graduates facing significant problems when trying to move into jobs. One particular issue is wage compression in low-skilled occupations.

4. Vocational training only plays a marginal role and is mainly school-based. Better integration of employer-provided training could provide a viable bridge but this is largely underdeveloped.
Main trends in typical regions: Transition Countries, Russia and Eastern Europe

1. Young people in Eastern Europe were among the losers of the transition to a market economy. The situation remains difficult. Among those young people who work, many do so in jobs with lower wages and high turnover or in the informal labor market;

2. The returns to education have risen rapidly. The employment prospects have improved with education, leading to an increase in secondary and tertiary education enrollment;

3. With the industrial restructuring, the communist vocational training system came to an end, and the dual apprenticeship system of the socialist era was replaced by school-based training;

4. The lack of on-the-job training or coordination of employers and training providers led to an increase in skill obsolescence and mismatch as well as increasing skills shortages.

5. The poor labor market prospects combined with the increased returns to education and the inadequacies of the vocational training system set in place during the transition explain the increase in the relative demand of general secondary education granting access to tertiary education.
Main trends in typical regions: The Middle East and North Africa

1. The demographic — youth bulge creates significant challenges for labor markets in the Middle East and North Africa (MENA) region that are often unable to provide sufficient labor demand in the formal private sector. Spells of unemployment and informal work shape the transition patterns of young labor market entrants.

2. Mismatch in labor supply and demand is aggravated by a general and vocational secondary and the tertiary education system failing to provide labor market relevant skills and competencies - thereby leaving increasing numbers of high-skilled youths unable to access formal jobs outside the public sector.

3. Vocational education and training do not play a significant role due to a missing link with the labor market and the traditional perception that they are inferior to participation in tertiary education. Formalized dual vocational training does not exist on a significant scale. Large scale enrollments risk being hampered by an absence of institutionalized involvement with employers
Main trends in typical regions: Latin America

1. Young people in Latin America face particular difficulties in entering the formal labor market, more than facing challenges in the transition from school to work;

2. Vocational training has traditionally been part of the education system in Latin America, but the original system has been unable to adapt to the changing structure of the economy, producing a cohort of unemployed youth or informally employed youth in the 1970s-80s;

3. Training systems are no longer part of the long-term development strategy, but training programs and interventions have been.
Main trends in typical regions: **China and East Asia**

1. In East Asia youth unemployment is around **10%** but despite the relatively —low numbers there is a question of in work poverty;

2. In particular in China the labor market context is characterized by four major interconnected causes:
   (i) the one child policy,
   (ii) rural to urban migration,
   (iii) rise of educational enrollment and
   (iv) downsizing of state owned enterprises.

   *These factors have created an oversupply of low-skilled workers which have turned to the informal sector;*

3. **Similarly, in the rest of the region, there is no considerable evidence of vocational training systems and programs.** It is difficult to make a judgment of what works and what the challenges are in the area.

4. The training programs that are in act were instituted in the last decade, present indicative evidence of effectiveness **but are very limited in their coverage of the youth population**
Vocational Training: Albania

Tentative personal considerations
Vocational Training: Albania

Tentative personal considerations
Vocational Training: Albania

• **Issues to be considered:**

  • What is system of education: System of education is an organized system for transferring knowledge, competencies and skills. System of education aims to better serve the public, ensure a sustainable development of economy and society as a whole. It is a public responsibility and obliged to continuing changes and improvement to meet needs of a evolving society. The education system is supposed not to be the only system of transferee of knowledge, but the most efficient.

  • Why do people go to schools: To have better expectancies for a better living, both moral and material, better social position etc.
Vocational Training: Albania

- Reforming an education system must be considered as new “business” project; it must start with a feasibility study: what we are aim to achieve, what are the initial data, which are the interested communities, which is the cost and which are expected outcome, which are known experiences etc. Do we have the necessary information? Do we have the needed feasibility study?

1. Which is the number of job opportunities for students finishing high school vocational schools and which is future expectancy.
2. Which is the support offered by employers and their willingness for long term employment.
3. How interested are young people to follow education in a vocational schools and continue career in the field
4. Which are the possible job expectancies of students graduatet in bachelor degree in engineering.
Vocational Training: Albania

- Nëse do të ndërmerret një reformë e arsimit profesional, apo arsimit në tërësi është domosdoshmëri një analizë gjakftohte, racionale, tërësore dhe vizionare e të gjithë elementeve teknik e shoqërorë të gjendjes aktuale dhe pritshmërive sa më afatgjata. Nëse do të vazhdojmë me “perceptime” nuk ajo qe do te bëjmë nuk do te jete gjë tjeter vecse një rrugëtim i ri nga “asgjëkund” në drejtim të “askërkwnd”. Perceptimet publike janë instrument i politikanëve por jo i studiuesve. Detyra e studiuesve është të ofrojnë vlerësime objektive dhe racionale.

- **Kujtoni pasojat tragjike të reformës së tufëzimit apo reformës se sistemit të instituteve kërkimore. Të dy reformat u promovuan si instrument të “rritjes së efektivitetit” por përfunduan në shkatërrim ekonomik, në njërin rast, dhe një errësire e plotë informacioni për shtetin dhe shoqërinë në rastin e dyte.**
Vocational Training: Albania

• Universitete private sot po përjetojnë periudhën e konsolidimit të tyre duke u luhatur ndërmjet "mbijetesës" dhe përpjekjeve për përmirësime cilësore, dy sfida qe jo gjithnjë lëvizin ne te njëjtin drejtim, e jo rrale përjashtojnë njëra tjetrën.

• Suksesi i tyre për të zënë vendin e tyre të natyrshëm në sistemin arsimor, atë të institucioneve cilësisht të zhvilluar dhe të diplomuarit e tyre prestigjijn e të parapëlqyerit në tregun e punës, varet nga shume faktor e do kohën e domosdoshme. Jo të gjithë mund të jenë të suksesshëm.
Vocational Training: Albania

• Nuk duhet të harrojmë që sistemi arsimor është e do të jetë një nga shërbimet më të rëndësishme shoqërisht të domosdoshëm, dhe si tillë, suksesi do te varet si nga struktura dhe infrastruktura e brendshme e tyre ashtu dhe nga cilësia e produktit shoqëror që siguron, sa i pranueshëm dhe i kërkuar është në tregun e punës.

• Duhet të kemi mirë parasysh që shkollimi i vazhdueshëm, në sistemin që jetojmë, nuk të siguron domosdoshmërish punësim, por vetëm probabilitet progresiv për punësim. “Reformimi”, nëse është i nevojshëm, duhet te mbështetet mbi këto parime bazë.
Thank you for your attention