Productivity, Investment in Human Capital and the Challenge of Youth Employment in the Global Market

Comparative Developments and Global Responses in the Perspective of School-to-Work Transition

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Abstract

Framing the issue. In an international and comparative perspective, access to the labour market on the part of young people is a complex issue with certain contradictory aspects reflecting the degree of development of labour law and industrial relations in the respective countries. In the most advanced economies there has been a steady increase in the age at which young people enter the labour market, giving rise to significant economic and social problems. The increase in levels of educational attainment is associated in some cases with an alarming rate of unemployment among those with academic qualifications, while employers encounter considerable difficulty in recruiting workers for unskilled and semi-skilled positions. The economies of developing countries, on the other hand, are characterised by different trends, that bring the mind the early stages of modern labour law, with the large-scale exploitation of young workers and children, many of whom join the flow of migrants towards the more highly developed regions of the world, with the consequent risk of impoverishing human capital in the country of origin. The question this paper aims to address is whether there is a way to draw a connection between these two trends, in order to overcome these imbalances in a global perspective.

Methodology. This study adopts a comparative approach, based on the latest economic data on youth employment from ILO and OECD surveys. The aim is to identify a perspective for tackling the issues of productivity and youth employment in a global dimension. It is proposed to make use of the school-to-work perspective, a concept that has so far attracted little attention from industrial relations and labour law scholars. The choice of this method follows on from an examination of the reasons for this marginal role. In the first place employment policies adopted until now have had a merely local and/or national application, whereas overcoming the gap between the wealthiest and the poorest regions of the world requires a global approach, strengthening the link between education and training on the one hand, and the labour market on the other. In the field of industrial relations and labour law, the school-to-work perspective seems particularly suitable for policy formulation and assessment. This perspective makes it possible to examine issues such as productivity, investment in human capital, youth unemployment and underemployment. Although it is innovative, and requires further verification, it is a perspective in line with the theoretical insights of recent labour law research aimed at extending the scope of labour law and industrial relations, underlining the key role that these disciplines can play, in contrast with an international trend to relegate them to a marginal role.

Findings. The ILO Report on “Global Employment Trends for Youth 2006” argues that for further expansion of the youth employment knowledge base, there is a need not to devise new indicators, but rather to find a way to make use of existing ones. Although data collection can always be improved, it seems that the real challenge is how to use the data in an operational and planning perspective. These indicators are of real value only if they are placed in a global perspective, considering the problems of both developing and developed countries, reflecting the global structure of the modern economy. The argument put forward in this study is that there is a common method, applicable to any context: the perspective of the school-to-work transition, providing lawmakers and industrial relations actors with the means to identify the legal and institutional measures for tackling the complex issues of youth employment.

Conclusions / Recommendations. When applying the school-to-work transition concept to legal and industrial relations methods, in a comparative framework, it becomes clear that the improvement of human capital, work productivity and effective measures to deal with the problems of youth employment can be achieved only if policies are designed to cover the phase prior to entry into the labour market, i.e. the education and training phase. In fact, the policies
applied to the labour market take into consideration only a given labour force, preventing the solution of the structural problems of youth employment, and particularly their impact on the gap between wealthy and poor regions. On the other hand, a method enabling us to tackle such problems at an earlier stage, in order to design education and training to respond to the demands of the global labour market, might contribute to solutions for the governance of international flows of labour in the long run. This strand of research will only develop its full potential if it succeeds in adopting a holistic vision linking the worlds of education and employment, moving beyond the traditional conception of legal measures and industrial relations, and education and training systems, that have until now been considered as two separate spheres, studied by specialised research groups who are separate from and not in communication with each other. A modern vision of the relations between education and training on the one hand, and socio-economic development on the other, leads to the development of policies and programmes that take account not only of the demand for labour, but also of the quality of the labour supply. It is only by means of integration between education and training, and the world of work, that it will be possible to deal in global and pragmatic terms with the problem of youth employment and a balanced development of human capital in all regions of the world. It is undoubtedly the case that the availability of adequate education and vocational training is a key factor in the allocation of resources on the part of investors, with an impact on the quality of employment. Investors do not set up businesses of good quality (that is to say, not aiming merely to exploit low-cost labour) in regions where there is a lack of personnel with the skills required to run the business. This means that the response to the problem of youth employment must be based on the construction of a system of education and vocational training. These are the real investment assets that generate income, productivity, development, social mobility and, last but not least, decent work.

**Final remark.** In the new economy the main source of the wealth of nations is their endowment of human capital. Indeed, human capital is the key factor for growth and development, and the engine for change. From this point of view, compared to the European countries and the other western nations with a rapidly ageing population, most African nations are endowed with enormous wealth. In order to avoid wasting this precious resource, there is a need to manage it not simply by means of legal regulation that may or may not produce results, but also by means of a reform of the education and training systems on a global scale that should be entrusted to the social partners (unions and employers). This appears to be possible only if we are prepared to rethink the role and functions of industrial relations, that need to make a contribution to the modernisation of education and training, closing the traditional gap between school and work.
1. Framing the issue: rethinking the employment of young people in the global market

In a comparative perspective, access to the labour market on the part of young people is a complex issue, and for some time now\(^1\) it has attracted the interest of labour market specialists. In an awareness of this complexity, that is reflected in the relative lack of convincing proposals, even of an experimental nature, on the part of the academic community, and labour law scholars in particular, the analysis put forward in the present paper focuses on certain aspects of youth employment that are only apparently contradictory, not to say paradoxical.\(^2\) These aspects are still in need of in-depth examination, at least in an international context and in the global workplace perspective, reflecting not only the various levels of economic and social development\(^3\), but also the stage of development of labour law and industrial relations in the various countries considered in this study.

The most advanced economies are characterised, in general, by a progressive raising of the age at which young people enter the labour market, giving rise to significant social and economic problems in a context in which the population as a whole is ageing. The high level of academic attainment and well-being is in some cases accompanied by a significant level of intellectual unemployment, together with difficulties on the part of enterprises in recruiting employees with the right skills for positions that tend to be rejected by young people among the local population. The same goes for the management of small or micro enterprises and for the numerous trades taken up by immigrant workers who are willing to learn and hand down trades that are essential for the national economy and that may now be seen as a kind of endangered species. On the other hand, the economies and societies of the developing countries are characterised by the opposite trend, that may appear to be contradictory or paradoxical, bringing to mind the early stages of the Industrial Revolution and the emergence of modern labour law, marked by the large-scale and often brutal exploitation of the young workforce and by child labour\(^4\). Due to extremely high levels of unemployment and underemployment, this leads increasingly to large-scale migration towards the most developed regions\(^5\), that are characterised by a declining workforce, low birth rates, and an ageing population, giving rise to the risk of impoverishing the human capital in the country of origin\(^6\).

The question of youth employment has therefore become an extremely urgent matter which should play a key role on the agenda of political decision-makers and trade union leaders in all the regions of the world, including the most economically advanced ones.

In this connection, significant developments have been recorded in the countries of the Organisation for Economic Cooperation and Development (OECD). In these countries, although the younger age groups are less numerous and more highly educated than previous generations, there is increasing anxiety about their employment prospects, reflecting the alarming labour market statistics concerning young people in various countries, though these indicators are not necessarily the most appropriate\(^7\), with regard both to unemployment among young people

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\(^4\) The phenomenon of child labour exist nonetheless within developed countries as well, although in a lesser extent.

\(^5\) For a comprehensive evaluation see the *World Youth Report 2007*, Department of Economic and Social Affairs, United Nations, October 2005.

\(^6\) The issue of brain drain has been analysed lately by F. Docquier, *Brain Drain and Inequality Across Nation*, in IZA Discussion Paper, November 2006.

(Figure 1) and long-term unemployment for this age group (Figure 2). In addition, the issue of segmented labour markets or precarious employment, in the sense of work of a temporary nature and of low quality that is available to young people, is of central importance in the domestic debate in many countries, with an impact on election campaigns both at national and local level. A case in point, at least in Europe, is that of the revolt of young people in France at the end of 2005 and the beginning of 2006, in response to French government proposals to introduce a new type of employment contract known as the initial employment contract (CPE in French), with a view to boosting employment figures. Similar developments have been seen also in Italy, where the modernisation of the labour market, and the difficult negotiations between the government and the social partners over the measures to be adopted to deal with youth unemployment, has been characterised by and influenced by a return to domestic terrorism against an ideological backdrop.

Figure 1: Youth unemployment (age range 15-24 years) in a number of OECD countries (1995 – 2005)

Source: OECD database on Labour Force Statistics

who argues that “the unemployment rate becomes less and less appropriate for describing their situation as the length of time they spent in school increases and the average age at which they start working increases”. In similar vein see A. Rees, An Essay on Youth Joblessness, in Journal of Economic Literature, 1996, pp. 613-628, who suggests using the parameter of joblessness instead of unemployment – undoubtedly more reliable, though not so easy to use in comparative terms – as the main indicator of youth employment problems.


The problem of youth unemployment takes a totally different form in other regions of the world, particularly sub-Saharan Africa and South Asia, where the extremely high rates of poverty and low income levels are accompanied by a strong presence of young people, who account for 80 per cent of the young people of the world (Figure 3).

In the African countries, in particular, it is well known\footnote{International Labour Organization, \textit{Regional Labour Market Trends for Youth: Africa}, ILO Youth Employment} that youth unemployment is closely
linked with high levels of poverty, reflecting the apparently contradictory situation in which a low level of demand co-exists with the highest participation rates for young people in the world, with high rates of employment in the informal sector, and all the negative consequences that ensue in terms of unemployment, underemployment, lack of education, training and vocational skills. However, in spite of the decline in fertility rates and the impact of HIV/AIDS on overall population growth, Africa still has the highest rates of demographic growth in the world, with the population mainly consisting of young people. In 2005, some 62 per cent of the population were under the age of 25, with a projected rate of 60 per cent for 2015 (Tables 1 and 2). Such a strong growth of the young and under-age workforce gives rise to a major challenge for the countries of Africa, at least to the extent that this growth is not accompanied (a highly unlikely development) by a parallel growth in the economy, giving rise to opportunities for regular and quality employment in the official economy. On the other hand, the countries of East Asia\textsuperscript{12}, that are experiencing an unprecedented economic boom, with positive effects in terms of material well-being and the development of the education system, are still facing a number of problems, such as the gap between the urban and rural areas, and the mismatch between vocational training programmes and the requirements of the labour market, leading to an inappropriate use of human capital that has an impact on the younger generation.

*Table 1*: African population, youth population and youth labour force (1995, 2005, 2015)

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<tr>
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<th>1995</th>
<th>2005</th>
<th>2015</th>
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<tbody>
<tr>
<td>Total population</td>
<td>722,588</td>
<td>905,850</td>
<td>1,115,265</td>
</tr>
<tr>
<td>Population below 25 years ('000)</td>
<td>456,953</td>
<td>564,138</td>
<td>666,935</td>
</tr>
<tr>
<td>Share of &lt; 25 population in total population (%)</td>
<td>63.5</td>
<td>62.3</td>
<td>59.8</td>
</tr>
<tr>
<td>Youth population ('000)</td>
<td>142,12</td>
<td>188,581</td>
<td>224,973</td>
</tr>
<tr>
<td>Share of youth in total population (%)</td>
<td>19.7</td>
<td>20.8</td>
<td>20.2</td>
</tr>
<tr>
<td>Youth labour force ('000)</td>
<td>87,858</td>
<td>112,164</td>
<td>134,654</td>
</tr>
<tr>
<td>Share of youth in total labour force (%)</td>
<td>31.1</td>
<td>30.8</td>
<td>26.9</td>
</tr>
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Source: ILO, *Economically Active Population and Projections database*

*Table 2*: Labour Market Indicators for Youth in Africa – 1995 and 2005

The global dimension of the problem, arising from the irreversible interdependence between the economies of the world, is reflected in the migration of young people leaving their country of origin to seek better training and employment opportunities abroad (at times unsuccessfully) in what has been called the “battle for brains”\(^{13}\) – has led analysts to examine the possibility of taking countermeasures on a transnational scale. Significant steps have been taken in this direction by the International Labour Organization, the United Nations and the World Bank\(^{14}\): starting from a comparatives study, they have gradually adopted measures to coordinate employment policies designed for young people. These initiatives, such as the Youth Employment Programme of the International Labour Organization, adopt measures of the type implemented in connection with the Employment Strategy of the European Union since the end of the 1990s, albeit with limited success. In particular, the approach is that of the Open Method of Coordination (OMC), consisting of the definition of common guidelines by a supranational body for the Member States, comparing the measures adopted by the various countries, providing for a periodic assessment aimed at identifying best practices, and where possible, their extension to other national settings (benchmarking)\(^{15}\).

However, the EU experience, together with the pressures that the global economy exerts on the national systems, highlights the limits of an approach in which regulatory powers remain in the hands of the nation states, albeit with a certain amount of transnational coordination (that may be more or less strict), without calling this traditional function into question. The attention of the institutions and scholars who are dealing with the legislative implications of economic internationalisation is now shifting from the external sphere of state sovereignty (the soft-law influence of transnational institutions) towards the internal sphere, concerning the national institutions, the actors in the industrial relations system, and the nature of regulatory provisions, based on the idea that in the context of globalisation, effective labour market policies require profound changes in legal techniques and fundamental legal principles.

When labour law and industrial relations scholars lose sight of the fundamental issues of labour

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### Table: Youth Unemployment and Employment Rates 1995 and 2005

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</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>13,074</td>
<td>7,664</td>
<td>5,406</td>
<td>17,538</td>
<td>10,512</td>
<td>7,024</td>
</tr>
<tr>
<td>North Africa</td>
<td>4,023</td>
<td>2,575</td>
<td>1,448</td>
<td>4,329</td>
<td>2,643</td>
<td>1,685</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17,098</td>
<td>10,259</td>
<td>6,839</td>
<td>21,865</td>
<td>13,156</td>
<td>8,709</td>
</tr>
</tbody>
</table>

productivity, investment in human resources, and the links between education, training and the labour market, then their main focus is on a formal, conceptual system that is in many cases largely self-referential. As a result they can make only a limited contribution to labour market institutions and the work of the social partners (both national and international) in their efforts to implement an organic action plan, taking account of the insights provided by the economic disciplines, relating to the improvement of employment conditions for young people\textsuperscript{16}. As a result it is possible to point to a plethora of international measures – such as the prohibition of child labour\textsuperscript{17}, measures relating to decent and productive work\textsuperscript{18}, and the definition of employment contracts as self-employment or salaried employment\textsuperscript{19} – that are of great symbolic value but largely ineffective in terms of their impact on the real economy, both in the advanced countries (that are characterised by high levels of employment protection) and in the developing countries (due to the brute force of circumstances and objective economic conditions). An important point that could be made in this connection, with all the necessary provisos, is that employment safeguards and standards that are imposed in a mechanical way on developing countries may act as a brake on their economic growth to the benefit of the more developed regions of the globe which, in the course of their development over the centuries, have benefited from the implementation of modern labour law. As a result, though it may appear to be a paradox, bearing in mind the historical role played by labour law, it could be argued that standards of international competition have been set that are disadvantageous for enterprises in the less developed economies.

However, considered in the context of the global labour market and in an interdisciplinary perspective, the apparently insoluble problems of each country can be taken as a great opportunity for development and growth in what is by no means a zero-sum game, provided it is properly governed in an integrated manner and evaluated in an interdisciplinary perspective. As rightly argued by the International Labour Organization, “the outflow of young migrants to the developed world presents a number of benefits for both receiving and sending countries. As regards the former, there is evidence that migrants have only slight negative effects on the wages of nationals, and tend to pay more taxes than they receive in tax-supported services. Conversely, little evidence exists that migration leads to a displacement of nationals in employment. Given the current demographic change, young immigrants are also likely to become part of the solution to the employment and welfare problems raised by aging in developed economies. Young migrants can also be a source of funding for development in their countries of origin. Their remittances help cover family expenses and investment for job creation. When they return, they bring back human, financial and social capital, thereby contributing to the development of their home countries”\textsuperscript{20}. While examining the possibility of adopting a global alliance\textsuperscript{21} to move from these contradictory aspects towards solutions to the problems of individual nation states, the International Labour Organization (ILO) has focused more closely on the other, more negative, side of the coin. Quite rightly, the ILO has pointed out that “African youth make up a large part of the 'brain drain' of educated and skilled labour that is migrating to the developed world to earn a living. This

\begin{itemize}
  \item International Labour Organization, \textit{Global Employment Trends for Youth} 2006.
  \item See the International Labour Organization Convention C182, \textit{Worst Forms of Child Labour}, 1999.
  \item See the Green Paper released by the European Commission \textit{Modernising labour law to meet the challenges of the 21st Century}, COM(2006) 708 final, which puts into question the persistent relevance of such a distinction. For an outline of the debate developed throughout Europe on the issue see European Commission, \textit{Outcome of the Public Consultation on the Commission's Green Paper “Modernising labour law to meet the challenges of the 21st century”}, SEC(2007) 1373.
  \item \textit{Youth Employment: From a National Challenge to a Global Development Goal – Background paper contributed by the ILO to the G8 Labour and Employment Ministers’ Conference}, cit., esp. p. 8.
  \item See the remarks by the Secretary-General of the United Nations, Kofi Annan, to the Millennium Assembly (27 May 2004) entitled \textit{A Global Alliance for Youth Employment: Recommendations to the High-Level Panel on Youth Employment}.
migration is depleting sending countries of their investment in human capital. Research has shown, for example, that in a five-year time span (1985-1990) some 60,000 professionals (doctors, university lecturers, engineers) left Africa to find work elsewhere\textsuperscript{22}. At the other end of the scale, a large number of Africans, especially young women, are going overseas to work – mainly as domestic workers, care-givers or in the entertainment industry. Their exposure to exploitation and abuse, including being trafficked, is a concern that features increasingly highly on national and international agendas\textsuperscript{23}.

The present paper, summarising the initial findings of a wider research project currently under way at the School for Advanced Studies in Industrial and Labour Relations, set up by the ADAPT Association and the Marco Biagi Foundation, outlines a perspective for the evaluation of this phenomenon on a global scale as the possible basis for rethinking institutional strategies for the labour market, and in particular the role of the actors in the industrial relations system. This paper will argue that the main limits to the ‘traditional’ approach to labour law are the result of a ‘static’ conception of labour markets on a global scale, whereas forward planning, in the sense of a complete rethinking of the transition and links between education and the world of work on the part of the institutions and the social partners, could contribute in a dynamic way to a better and more sustainable balance on a global scale.

It is proposed to make use of the school-to-work perspective, a concept that has until now been relegated in a secondary role by industrial relations and labour law scholars. This approach considers the reasons for the lack of attention that it has received. First of all, the fact that employment policies adopted so far have had a merely local and/or national application, whereas closing the gap between the wealthiest and the poorest regions of the world requires a global approach, by strengthening the link between education and training, on the one hand, and the labour market, on the other. The school-to-work perspective, applied to industrial relations and labour law, seems particularly well suited to the need to develop more effective policies and policy evaluation tools. This perspective makes it possible to include the various actors relating to productivity, investment in human capital, youth unemployment and underemployment.

When applying the school-to-work transition concept to the legal and industrial relations methods in a comparative framework, it becomes clear that human capital improvement, work productivity and effective measures to deal with the problem of youth employment can be achieved only if policies are designed to cover the period before entry into the labour market, i.e. the education and training phase. In general labour market policies focus mainly on a given labour force, preventing the solution of the structural problems of youth employment, and particularly their impact on the gap between wealthy and poor regions. On the other hand, a method enabling us to tackle such problems at an earlier stage, dealing with how to design education and training to respond to the demands of the global labour market, might contribute to solutions for the governance of international flows of labour.

This strand of research will only develop its full potential if it succeeds in adopting a holistic vision linking the worlds of education and employment, moving beyond a traditional conception of labour law provisions and industrial relations, and education and training systems, that have until now been considered as two separate spheres, to be studied by specialised research groups who are separate from and not in communication with each other. A modern vision of the relations between education and training on the one hand, and socio-economic development on the other, leads to the development of policies and programmes that take account not only of the demand for labour, but also of the quality of the labour supply. It is only by means of integration between education and training, and the world of work, that it will be possible to deal in global and pragmatic terms with the problem of youth employment and a balanced development of human capital in all the regions of the world. It is undoubtedly the case that the availability of

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\textsuperscript{23} \textit{Youth Employment: From a National Challenge to a Global Development Goal – Background paper contributed by the ILO to the G8 Labour and Employment Ministers’ Conference}, cit., pp. 8-9
adequate education and vocational training is a key factor in the allocation of resources on the part of investors, and as a result of the quality of employment. Investors do not set up businesses of good quality (that is to say, not aiming merely to exploit low-cost labour) in regions where there is a lack of personnel with the skills required to run the business. This means that the response to the problem of youth employment must be based on the construction of a system of education and vocational training. These are the real investment assets that generate income, productivity, development, social mobility and, last but not least, decent work. In the new economy the main source of the wealth of nations is their endowment of human capital. Indeed, human capital is the key factor for growth and development, and the engine for change. From this point of view, compared to the European countries and the other western nations with a rapidly ageing population, the African nations are endowed with vast wealth. In order to avoid wasting this precious resource, there is a need to manage it not simply by means of legal regulation that may or may not produce results, but also by means of a reform of the education and training systems on a global scale that should be entrusted to the social partners. This appears to be possible only if we are prepared to rethink the role and functions of industrial relations, in order to make a contribution to the true modernisation of education and training, closing the traditional gap between school and work.

2. Indicators of youth employment in a comparative perspective: the question of “decent work” and productive employment

Evidence in support of the argument outlined above is to be found, with all the necessary provisos, in the report by the International Labour Organization on Global Employment Trends for Youth published in 2006. In this report the ILO underlined the fact that the indicators for youth employment currently available are sufficient to provide an analytical framework on the condition of young people in the labour market in the various regions of the world. In the words of the Report, “for further expansion of the youth employment knowledge base, the need is not one of developing new indicators, but rather finding a way to make use of the indicators that already exist labour force participation rates, employment ratios, unemployment rates, employment by status and sector, long-term unemployment, underemployment, hours of work and poverty”. With specific reference to the African case, taking account of the dramatic employment situation for young people and of the mediocre performance of the plethora of small-scale programmes designed to increase rates of youth employment, the Regional Office for Africa of the International Labour Organization has called for new proposals to be made, with practical measures and innovative thinking with a view to providing a response to a problem that over the years has not been addressed in an adequate manner.

The present paper argues that to respond to the challenge in an analytical industrial relations perspective, there is a need to move from the indicators of youth unemployment towards a common denominator that all the actors can support, providing a basis for initiatives that are coordinated at a transnational level. In other words, there is a need to adopt a set of fundamental concepts, that are comprehensible at all latitudes, in order to bring the social partners together, taking a common analytical viewpoint and shared objectives, in an awareness that in the global

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26 See International Labour Organization – Regional Office for Africa in its note It is High Time to Rethink – Youth Employment in 2008.
27 International Labour Organization – Regional Office for Africa, It is High Time to Rethink etc., cit.
economic context, actions taken in one place are destined to have an impact well beyond the confines of the national institutions. It does not seem to be sufficient, in this connection, to apply the concept of “decent work” developed by the ILO and included among the Millennium Development Goals in 2000. Although the fundamental importance of this concept cannot be disputed, it may be argued that it is too broad a concept to provide tangible results in an analytical framework and at a practical level in transnational dealings between the industrial relations actors.

Clearly, the employment situation of young people in the different regions of the world is subject to wide variation, and it is generally recognised that the solutions to specific problems are to be found at the local level, by those who have an in-depth knowledge of local conditions and the various regional stakeholders. It may be argued, however, that by means of a series of analytical steps, it is possible to identify a general interpretative approach, by which the problem of youth employment at regional level can be related to various other local problems, rather than considering them as separate phenomena.

The ILO report mentioned above reflects this analytical process, underlining the fact that a fundamental step consists of a characterisation of youth employment in the global labour market. The first step is to take account of the fact that unemployment is not the most important factor. Nowhere in the world can it be said that the lack of employment is the only problem, or even the most important problem, for young people. The issue that concerns analysts above all is that of the quality of career prospects. This issue concerns both the regions with lower levels of youth unemployment (East Asia, 7.8% and South Asia, 10.0%) and those with the highest levels (Middle East and North Africa, 25.7%; non-EU Central and Eastern Europe, 19.9%).

This leitmotiv can be identified at the global level with a wide variation, not only in terms of the critical aspects, but also with regard to the underlying factors (see the Table in the Appendix, from the International Labour Report, Global Employment Trends for Youth 2006). Apparently similar unemployment rates may coexist with extremely divergent employment situations. For example, whereas the youth unemployment figure of 19.9% for non-EU Central and Eastern Europe reflects the existence of a significant number of young people classified as NEET (not in employment, education or training) due to the effect of discouragement arising from the lack of employment matching their vocational aspirations, the 18.1% youth unemployment rate in sub-Saharan Africa fails to highlight the fact that the number of unemployed includes those who cannot afford to remain outside the labour market. This point serves to underline the fundamental role that the general conditions of the national or regional economy play in determining employment choices or opportunities for young people. It may therefore be said that the less developed economies, with a large informal sector, such as those in Africa, Latin America and South Asia, are characterised by access to the labour market by young people at a very young age, and in conditions of severe poverty, without any real prospect of personal growth or vocational advancement (as shown by the high turnover rates), whereas in the more developed countries (the OECD area), there is a trend towards an increase in the age at which people complete their education and training and leave their family of origin, due to complex phenomena of economic growth not accompanied by a corresponding increase in the number of jobs.

Against this backdrop, an issue emerges that is common to all the regions cited, a constant factor

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28. Cfr. International Labour Organization, Global Employment Trends For Youth 2006, cit., p. 8: “A young person born in Burundi cannot be compared to a young person in, say, China in terms of the opportunities and constraints placed before them. And even within countries, there are numerous subgroups of youth that face discrimination based on their ethnicity, age, family background or geographic location”.

29. Cfr. International Labour Organization, Global Employment Trends For Youth 2006, cit., p. 9: “Youth unemployment is only the tip of the iceberg. Although more difficult to quantify, there are two other groups that together outnumber the unemployed youth but suffer from the same frustrations as the unemployed: the discouraged youth and the working poor”.

which, added to the specific economic, demographic, cultural and social characteristics of each region, results in the emergence of distinct employment issues. This factor consists of the lack of human capital, in the sense of sufficient vocational skills for economic development and labour productivity. On close examination, this is the key factor among those that the International Labour Organization has described as the main problems of youth unemployment, having taken account of poverty, discouragement and underemployment.

The first of these problems appears to be inextricably linked to the informal conditions and the low level of specialisation in which enterprises operate in depressed regions. The lack of specialisation in terms of demand for labour, and the use of labour-intensive methods of production, requiring low-cost labour, tends to reduce the training and employment prospects for young people in a vicious cycle with no chance of promotion, also giving rise to migratory trends which the globalisation of the economy has accentuated.

On the other hand, the phenomenon of discouragement, which arises from the perceived lack of employment opportunities, resulting in the exit of young people from the labour market (either to pursue further studies in order to improve their employment prospects, or simply to remain without work), is indicative of asymmetrical information relating to the supply and demand for labour, with the result that education and training are incapable of responding to the needs of the system of production. In a comparable way, the widespread phenomena of underemployment, or employment in positions with a lower level of specialisation than the skills of the individual, and graduate unemployment (particularly widespread, according to the International Labour Organization, in non-EU Central and Eastern Europe, South East Asia and the Pacific, the Middle East and North Africa, and sub-Saharan Africa), are indicative of the same critical factors.

A paradigmatic case in this connection is that of the countries of East Asia, that have achieved record growth in recent years with the rapid expansion of the Chinese economy. Here, as underlined by the report of the International Labour Organization on Global Employment Trends 2008, the key cause of concern for the future is the development of human capital and labour productivity, and the creation of employment with a high level of vocational skill: “another challenge is to prepare young people for the future through investment in their human capital, as low-cost labour will not continue to be the region’s comparable advantage”.

The arguments put forward so far should contain all the elements to provide a general interpretation of the problem of youth employment, as indicated in the introduction. The analysis is based on a particular interpretation of the concept of “decent work”, that of employment opportunity, in the sense of employability, linked to the development of human capital.

Of the four dimensions of the concept, as identified by the International Labour Organization (security, opportunities, basic workers’ rights and representation), this one appears to be the
most appropriate in the context of the global economy, in that it is the concept that is relevant to
all the regions of the world, regardless of the specific characteristics of each one. Whereas the
imbalances between the post-industrial and the developing countries mean that it is unlikely that
industrial relations can be coordinated on a global scale in relation to matters such as trade union
representation and fundamental rights (such as working hours and pay), for which it seems
difficult to construct a shared platform, and considering the extremely divergent levels of
economic and social development, the problem of employment opportunities is a matter of
common interest, as we have argued, for all the regions of the world. This includes the regions
where there is a lack of skilled labour, engaged in the “battle for brains”, and those with a surplus
of young people which, in a global perspective, can transform the dramatic problem of youth
unemployment into an unexpected resource for growth and development.
The argument put forward here is in keeping with the widely supported idea that the aim of
“decent work for all” can only be achieved by raising productivity. Studies on the relationship
between productivity and the quality of employment, in line with the various stages of
development that countries around the globe go through, have highlighted the fact that to
achieve significant results in terms of long-term growth it may be necessary in the early stages of
development for certain factors relating to quality employment to be given a lower priority. In
certain cases, improvements in productivity may be in competition with a rapid growth in the
indicators of quality employment linked to fundamental rights. As shown in recent years by the
Chinese experience, in the initial phases of development, each region tends to rely on factors
that provide a competitive advantage, even when this means low labour costs and a lack of
attention to labour protection. In these early stages, employment safeguards consist above all of
the mental and physical qualities required to deal with the “turbulence” encountered on the way
towards economic stability. Employment opportunities are the main priority, rather than all the
characteristics of decent work.
Due consideration should be given to the argument that the imposition of strict employment
safeguards in the early stages of development of the economy may result in the competitive
advantage shifting to the more developed economies, that in an earlier phase went through their
own initial stages of development with low levels of employment safeguards, comparable to
developing countries today. According to this argument the introduction of a high level of
employment safeguards would be detrimental to the interests of workers in developing countries
in the global economy.
In order to consider this argument more fully, and to transfer it to a global economic context
beyond national boundaries, reference may be made to the classic study *Industrial Democracy*
by Sidney and Beatrice Webb (1897), in particular their discussion of standard regulations for labour,
with the preferences of individual workers and employers being subject to a “common rule” in
the interests of both parties and the nation as a whole. Such regulation is advocated by the
Webbs not by means of legislative intervention, but as an alternative to state intervention in
employment relations, by means of self-regulation of the market, with particular reliance on
collective bargaining as the essential method. In *Industrial Democracy* there are continual references
to the regulatory role of collective bargaining, which is seen not merely as an economic
instrument for determining labour conditions, but as a social instrument aimed at furthering the
“interests of Industrial Peace”, and promoting “the selection of the most efficient factors of
production, whether capital, brains, or labour”, while preventing the deterioration of the “capital
stock of the nation”, and stimulating “the invention and adoption of new processes of
manufactures” while eliminating from the market “incompetent or old-fashioned employers”, for
the purposes of the “nation’s productive efficiency” or “industrial efficiency”. Just as emblematic

employment is the economic foundation of decent work”.
38  For this and the following quotations see B. Webb, S. Webb, *Industrial Democracy*, London, 1926 sed 1897,
respectively p. 218, 703, 751, 724, 728, 732, 766 – 767, 759, 703.
are the pages of *Industrial Democracy* dedicated to “industrial parassitism”, showing their strong faith in market self-regulation. On the one hand, they argue, the more extensive and effective the mechanism of the “common rule”, the greater the proportion of the population protected from the devastating effects of speculation on the labour of others, whereas on the other hand, in cases in which minimum conditions for the use of the labour force are stable and standardised, qualitative standards will tend to improve, both for labour and the system of production as a whole, thus eliminating from the market parassitic competitors who survive solely by speculating on the cost of labour.

Considering the fundamental role in the regulation of competition between enterprises that labour law has played and continues to play, it is evident that a mechanical and historically decontextualised application of employment protection measures would have a negative impact on developing economies and ultimately also on the workers themselves, who would be expelled from the labour market.

The creation of employment opportunity, linked to the improvement of human capital, may serve as the key objective for the governance of the intermediate phases of economic development. It may be said that a close match between an increase in productivity and an increase in decent employment can be achieved only in the medium to long term. In the intermediate phases, an increase in productivity, with a shift away from labour-intensive systems of production, can result in a loss of jobs (particularly in low-skilled occupations). Investment in human capital in these circumstances is needed to deal with a fall in employment levels that accompanies the increase in productivity, enabling workers to acquire the skills needed for occupational mobility, both internal and external.

The argument outlined suggests that the employment problems most often cited may be less dramatic than would appear at first sight, particularly when considering employment trends in the global economy and apparently uncontrollable migratory forces and the outsourcing of production. Starting from recognition of the fact that it is impossible to prevent or repress these migratory forces, the harmonious development of employment opportunities at a global level would appear to be the most suitable approach to self-regulation. In support of this argument, reference may be made to ICT services in India. The delocalisation to India of high-tech professional services, combined with a highly educated and skilled local workforce, particularly with regard to language skills, has had the effect of speeding up the development of vocational skills in this sector, and has given rise to migratory movements which, far from impoverishing the intellectual resources of the country, have provided an opportunity for integration and exchange with the other regions of the world. Opportunity based on employability therefore appears to be a key concept in youth employment policy on a transnational scale, providing a common basis for the design and implementation of coordinated actions between industrial relations actors.

In this connection there is a need to underline the central role of industrial relations in building labour market institutions. The arguments developed so far are based on a fundamental presupposition: the presence in the various labour markets of solid and active institutions, with responsibility for the governance of economic processes, ensuring efficiency and equity, in order to give rise to a virtuous cycle with an increase in productivity and an improvement in employment opportunities. This point needs to be made in order to respond to possible objections relating to a democratic deficit. While irreprehensible in formal terms, such objections are actually quite far removed from reality, in terms of an interpretation of the concept of decent work focusing on employment opportunities and not on more tangible aspects such as the quality of employment. In this sense, the shared governance of economic and employment matters by the industrial relations actors (in particular, government, employers, trade unions, training bodies)

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39 A different argument could be developed for those multinational corporations which settle in underdeveloped areas only for starting activities intended for other markets.
should be sufficient to safeguard against abuses, such as the failure to distribute to the workers a share of the benefits of increased productivity.

It is significant that the argument that industrial relations have a central role to play in strengthening links between productivity and employment is supported by empirical research. As shown in the literature, markets governed by the social partners tend to be less exposed to the effects of the economic cycle, enabling the system to adapt more readily to changing circumstances\textsuperscript{42}. More specifically, productivity benefits from a favourable institutional climate, as shown by the finding that productivity tends to be higher in unionised workplaces\textsuperscript{43}.

In the following, it is intended to examine the hypothesis that the problem of youth unemployment in all regions of the world, regardless of the level of economic development, depends on the fact that the importance of the link between productivity and human capital is underestimated by labour market institutions, and as a result, there is a lack of a clear vision on a global and international scale of the possible processes to link the education and training system to the labour market.

3. The traditional labour law approach and its limits in responding to the challenges of youth employment in the global market

According to the analysis in the report on Global Employment Trends 2008\textsuperscript{44}, all the regions of the world are now more closely integrated and stronger than in the past. Even the poorest regions are more integrated into international markets, with a significant impact on their labour markets. This is why many researchers and political leaders are optimistic about the prospects for economic progress in developing countries, especially in sub-Saharan Africa. However, as the analysis in the report on Global Employment Trends 2008 shows, “the decent work deficit in the world is still enormous. With five out of ten people in the world in vulnerable employment situations and four out of ten living with their families in poverty, despite working, the challenges ahead remain daunting. Economic progress does not automatically lead to progress in the world of work. Active engagement and the proactive decision to put labour market policies at the centre of growth and macroeconomic policies are needed to ensure that economic progress is inclusive and does not lead to increasing inequality. And, only if countries use their labour markets to make growth inclusive, will their progress have a real chance of being sustained”.

As we have seen, there is a broad consensus among politicians, international institutions and experts on the fact that decent employment is the only route out of poverty, and that full and productive employment is the right track for economic and social development. The controversy is about the practical means to achieve this strategic objective.

Alongside mainstreaming strategies, the open method of coordination, and management by objectives, that may be seen as various forms of soft law, as discussed above, most states, under pressure from international organisations, particularly the ILO\textsuperscript{45}, have made extensive use of labour law instruments to safeguard adequate levels of decent and productive employment.


\textsuperscript{43} Cf. S.E. Black, L.M. Lynch, \textit{What's driving the new economy?: The benefits of workplace innovation}, in \textit{The Economic Journal}, 2005, p. 493: “the unionized firms that … adopted … workplace innovations had higher productivity than even the non-unionized firms with those innovations. This finding may be due in part to the job security unions provided that enabled the workers to speak freely about potential improvements in the production process without fear of losing their jobs.”

\textsuperscript{44} International Labour Organization, \textit{Global Employment Trends 2008}, cit.

\textsuperscript{45} With regard to normative action taken by the ILO, see C. López-Monís de Cavo, “El papel de la OIT y las normas internacionales de trabajo”, in W. Sanguinetti Raymond, A. García Laso (eds.), \textit{Globalización economica e relaciones laborales}, Ediciones Universidad de Salamanca, 2003, pp. 141-152.
However, on close examination, it appears that the adoption of standards at an international level, in terms of minimum working age, the protection of young people in terms of health and safety and dangerous working conditions (including regulations on working hours, night work, and child labour), and non-discrimination, that are the subject of specific Conventions and Recommendations of the ILO, has not succeeded in closing the widening gap between the rich countries, that enjoy much higher levels of employment protection than the minimum standards laid down by international instruments, and the developing countries, where minimum standards of protection are not applied in an effective manner\(^46\), in spite of the fact that the ILO Conventions have been extensively ratified, often merely at a formal level\(^47\).

Mention should be made, in this connection, of the attention paid both in the political debate and among labour law scholars to the issue of corporate social responsibility, that places the emphasis on the adoption of measures by employers on a voluntary basis, highlighting the fact that in certain economic and productive contexts in the developing countries there is a lack of regulatory authority capable of ensuring compliance with employment standards\(^48\).

For a European observer, it is remarkable to note the strong contrast in the sub-Saharan countries between highly rigid provisions at a formal level, among the most rigid in the comparative panorama (Figure 4), and a hidden economy and widespread poverty that are probably without equal in the rest of the world.

Figure 4: Rigidity of employment index in sub-Saharan Africa and across region \(^49\)

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46 The situation is particularly disturbing in Africa, though it is tending to improve around the world: “The latest global estimates indicate that progress in sub-Saharan Africa towards the elimination of child labour is lagging behind other regions of the world. Sub-Saharan Africa has the greatest incidence of economically active children: 26.4 per cent of all 5-14 year-olds, compared to 18.8 per cent for Asia and the Pacific and 5.1 per cent for Latin America and the Caribbean\(^5\)” cfr. IPEC action against child labour 2006-2007 – Progress and future priorities, Geneva, International Labour Office, 2008.

47 See [www.fmb.unimore.it](http://www.fmb.unimore.it), list of contents A-Z, under the heading Giovani e lavoro for an overview of the conventions and recommendations relevant to work and young persons of the ILO and the significant number of formal ratifications.


49 The Rigidity of Employment Index is a composite measure that accounts for the presence or absence of the following: (1) contracts can only be temporary; (2) contracts have a maximum duration; (3) ratio of mandated minimum wage to average value added of working population; (4) restrictions on night or weekend work; (5) workweek is five and a half days or more; (6) whether the workday can extend to 12 hours or more (including overtime); (7) 21 or fewer paid vacation days annually; (8) redundancy is grounds for dismissal; (9) employer must notify a labor union or labor ministry for group dismissals; (10) employers require labor union or labor ministry approval to dismiss a redundant employee; (11) law mandates training or reemployment prior to dismissal; (12) priority rules apply for dismissals; (13) priority rules determine reemployment. High index values indicate high employment rigidity; low values indicate low employment rigidity.
On close examination, the lack of effectiveness of the legal provisions can be explained by the limits of traditional labour law as a unilateral method of employment protection for a party in the employment relationship, characterised by a lack of social protection and by economic dependence. This conception of labour law tends to be accompanied by an interpretation that places the emphasis on repressive legal measures. An alternative conception of labour law, placing the emphasis on the promotion of good practice, and discouraging employers from engaging in practices that are harmful to the interests of the employees, in keeping with political, economic and social objectives, is in marked contrast to the view of labour law as a means of protecting the “weaker party” and in general the worker as a person in salaried employment.

This brief overview undoubtedly runs the risk of oversimplifying complex phenomena that have developed over a century of labour law history, and that are beyond the scope of the present study. However, it does provide insight into traditional labour law theory, in which the worker is seen primarily as the weaker party in the employment relationship, whereas in the alternative view incentives should be provided with a view to improving the position of the worker in the labour market, promoting employment prospects in general.

The traditional approach to labour law has been strengthened by legislative measures (especially in continental European countries) that have tended to provide an excessive level of employment protection, protecting existing jobs rather than promoting employability on the market. The general negation of market forces, due to the rigid constraints imposed by the legislator and by collective bargaining, reducing the effects of negotiation between the parties in the setting up, management and termination of the employment relation, has had a generally negative impact on measures for the protection of (salaried) employment other than the consolidation of the

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50 See M. Weiss, Realising Decent Work in Africa, Keynote Speech at the Opening Ceremony of the Fifth African Regional Congress of the IIRA in Cape Town, 26 March 2008, p. 9, where a link is drawn between the defective implementation of ILO standards in Sub-Saharan Africa and the existence of a sanctioning power still based on the mere idea of “mobilizing shame”. The Author nonetheless emphasises that a different reason for the lack of implementation may rely on the fact that “ILO standards are shaped according to the needs and conditions of highly industrialized countries and – as the informal sector example shows – not according to the situation of developing countries”.
individual worker in existing jobs. In addition, according to many labour law scholars, the schemes providing incentives for youth employment of various kinds have also failed to produce positive results. In general these schemes provide for a reduced level of contributions, tax relief, and employment conditions that are more favourable to the employer (for example, allowing for easier termination procedures) as incentives for enterprises prepared to hire young workers, or alternatively they consist of job creation programmes (socially useful work, temporary public-sector jobs).

A number of studies, focusing on active labour market policies in the OECD area\textsuperscript{51}, have come to fairly negative conclusions about these policies, suggesting that in general they do not play a useful role in promoting greater social justice, in the sense of improving the employment prospects of those with a low level of employability. In many cases they do not seem to benefit those taking part, as upon completion of the scheme they seek to make the transition to the regular employment market carrying the stigma of having taken part in a job creation scheme, that may have a negative impact on an assessment of their capabilities on the part of a potential employer, who is more likely to hire them in a low-paid position.

The negative effects of these support measures appear to extend even to those not taking part in these schemes, and to the labour market as a whole. As well as negative consequences for the beneficiaries, who are officially labelled as hard to employ, “an adverse effect can result from the fact that, by targeting a measure according to a characteristic that is readily identifiable by employers (age, level of qualification, nationality, duration of unemployment, etc.), all the individuals who have that characteristic are stigmatised regardless of whether they are participating in the programme or not. The fact that they are targeted by special programmes implies that they are less employable”\textsuperscript{52}.

In labour market terms, even in the presence of an overall improvement in employment figures, the added value of a job creation scheme may turn out to be more apparent than real, with a displacement effect, at times associated with certain forms of discrimination: “the firm would have created the job anyway and would have filled it with somebody with the same profile as the beneficiary, or […] the firm would have created the job but because the programme existed filled it with somebody with a profile different from that of the person they would have otherwise hired, for example, a young person instead of an adult”\textsuperscript{53}.

Also in developing countries, where the impact of normative measures and the level of employment protection is much lower, the effectiveness of traditional job creation schemes has been called into question. As noted by the Regional Office for Africa of the International Labour Organization, “although the aggregate resources that are being invested in the plethora of small-scale schemes are significant, their impact is barely visible”\textsuperscript{54}.

In the international and comparative perspective\textsuperscript{55}, the number of schemes in favour of young people, at least in sub-Saharan Africa, is rather small compared to other regions of the world, amounting to just 3% (Figure 5).

\textit{Figure 5: Coverage of the inventory in net impact evaluations and cost-benefit analyses by region}


\textsuperscript{52} Cf. J. Gautie, cit., 410.

\textsuperscript{53} Cf. J. Gautie, cit., 410.

\textsuperscript{54} See: International Labour Organization – Regional Office for Africa, It is High Time to Rethink – Youth Employment in 2008.

However, it is still the case that, as shown in a well-documented survey carried out by the World Bank, which examined 29 schemes in 17 countries for promoting employment and access to the labour market for young people in sub-Saharan Africa\textsuperscript{56}, it is only in rare and exceptional cases\textsuperscript{57} that these schemes are implemented with a sufficient degree of monitoring to be able to identify successful outcomes. As a result, in the absence of adequate evaluation, in the case of the most programmes it is almost impossible to assess the quality and the real impact of these schemes\textsuperscript{58}.

Table 3: Summary rating of quality of evaluation by category of intervention

<table>
<thead>
<tr>
<th>Category of intervention</th>
<th>Quality of Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Making the labor market work better for young people</td>
<td></td>
</tr>
<tr>
<td>1c. public works programs</td>
<td>1</td>
</tr>
<tr>
<td>Sub-total</td>
<td>0 1 0 0</td>
</tr>
<tr>
<td>2. Improving chances for young entrepreneurs</td>
<td>4 3</td>
</tr>
<tr>
<td>3. Skills training for young people</td>
<td>2 4</td>
</tr>
<tr>
<td>3a. vocational training including apprenticeship systems</td>
<td>2 4</td>
</tr>
<tr>
<td>Sub-total</td>
<td>2 4 0 0</td>
</tr>
<tr>
<td>4. Making training systems work better for young people</td>
<td></td>
</tr>
<tr>
<td>4a. information</td>
<td>2</td>
</tr>
<tr>
<td>4c. financial incentives (subsidies, vouchers)</td>
<td>1</td>
</tr>
<tr>
<td>4d. other</td>
<td>1</td>
</tr>
<tr>
<td>Sub-total</td>
<td>3 0 0 1</td>
</tr>
<tr>
<td>8. Comprehensive, multiple-service approach</td>
<td>7 3 1</td>
</tr>
<tr>
<td>Total</td>
<td>16 11 1 1</td>
</tr>
</tbody>
</table>


In our opinion, and with a view to promoting a school-to-work transition perspective, a realistic explanation of the dysfunctional trends outlined above could be that job creation schemes are set up when the problem has reached a critical stage, without examining the factors giving rise to it. In other words, these schemes are patchy in their application, at times in response to pressure from specific groups, rather than an attempt to govern the system as a whole. It should come as no surprise that such an approach, though capable of going some way towards dealing with an emergency, does not produce lasting benefits. This is particularly the case when job creation schemes are used as an alternative to the modernisation of labour law, to offset the rigidities and inefficiencies of labour law provisions, rather than responding to the need for real social justice.

\textsuperscript{56} See F. Rother, \textit{Intervention to Support Young Workers in Sub-Saharan Africa etc.}, cit., pp. 16-18.

\textsuperscript{57} Among the limited number of positive outcomes, mention should be made of Uganda, \textit{The Programme for the Promotion of Children and Youth} and Kenya, \textit{The Voucher Programme / Training Vouchers for "Workers Under Sun"} discussed by F. Rother, \textit{Intervention to Support Young Workers in Sub-Saharan Africa etc.}, cit., pp. 22-23.

\textsuperscript{58} F. Rother, \textit{Intervention to Support Young Workers in Sub-Saharan Africa etc.}, cit.
that is to say, not just on paper).

4. A different legal, institutional and industrial relations perspective: forward planning and the school-to-work transition based on a modern conception of education and vocational training

In the light of the above discussion, there is a need to underline the fact that the perspective that we advocate in this study is not one of a simple deregulation of labour markets.

Recent studies have shown that in the debate on deregulation, following on from major developments in the English-speaking countries and the authoritative recommendations over the past decade of the OECD, there is a tendency to confuse employment policies and labour policies that are taken to be one and the same thing. Once the two concepts are confused, there appears to be an inevitable connection between high levels of unemployment (especially youth unemployment) and labour protection. In the same vein, simplistic claims are made that the opposite is also the case: lower unemployment levels in the United States, the United Kingdom, Australia and New Zealand are usually explained in the light of neo-liberal ideas.

The expressions “employment policies” and “labour policies” actually refer to two profoundly different concepts. Employment policies are intended to increase employment levels in a given socio-economic system, and to achieve this objective, they operate at another level in relation to the regulation of labour, by means of measures such as tax and contributions relief, credit and capital markets, investment in infrastructure, the reform of public spending and, of particular interest for the present study, investment in human capital and the modernisation of education and training systems.

Labour policies, on the other hand, are intended to promote jobs for certain groups (the long-term unemployed, those not in employment, workers lacking the skills required by the market, immigrants, women, young people) by means of employment services, schemes providing for alternation between training and work, the elimination of barriers to access to and exit from the labour market, as well as the various kinds of job creation mentioned above. As a result, they do not have an impact on total employment levels, except to a marginal extent, but have an effect mainly on the duration and above all on the distribution of unemployment among different groups.

The most recent empirical studies have provided econometric evidence showing the lack of a clear correlation, in terms of cause and effect, between levels of employment protection and levels of unemployment. The OECD, which over the past decade has advocated a neo-liberal approach to labour market policy, has come to the conclusion that many researchers have reached, that the regulation of employment relations and the introduction of greater flexibility in the regulation of the workforce can, in the best possible case, contribute to creating the preconditions required to make employment policy effective.

The outcome of the current debate on deregulation is that it would be pointless to sacrifice labour law on the altar of employment. It therefore appears to make no sense to assign to labour policy in the strict sense an ambitious role that it is not capable of performing, especially the

59 Relying upon the Job Studies started since 1992 – which tended to show a relationship between high levels of unemployment and high standards of work protection - OECD has set up an action programme (Job Strategy), addressed to governments and social partners, founded onto ten recommendations. Among those, particular reference should be made to the labour market deregulation for purposes of job creation. Along with the yearly Employment Outlooks, see OECD, The OECD Job Study: Evidence and Explanations, Paris, 1994; Id., Implementing the OECD Jobs Strategy: Lessons from Member Countries, Paris, 1997; Id., Implementing the OECD Job Strategy: assessing Performance and Policy, Paris, 1999.


creation of new employment of good quality.

Rather, the route to be taken, also in relation to future research, is that of the modernisation and rethinking of labour law legislation, adopting a less formalistic approach, and assigning a larger role to industrial relations in order to provide a structural solution to the problem of youth unemployment63.

It would appear to be far more important to promote the reform of education and vocational training, and to improve the functioning of the bodies intended to promote the employability of young people, by means of networks, whether formal or informal, between international and local institutions, educational and training bodies, employers’ associations, undertakings or trade unions. In this connection particular attention needs to be paid to the alternation of periods of school and work, and especially apprenticeship schemes64, as well as institutional mechanisms aimed at promoting the placement of students and the transition from education to employment.

As shown in the German and Japanese experience, “labor market programs come and go. Institutions develop, adapt and, for the most, endure”65.

Once again, this leads to the argument about human capital, which has so far been assigned a marginal role both by employment protection measures and by measures providing incentives66. The failure of job creation schemes and employment protection measures based on non-negotiable conditions to produce the desired results provides reason to conceive of the global governance of youth employment in a perspective of productivity and the workforce employability.

It is important to identify regulatory techniques that are innovative both in terms of method and content. From the point of view of method, there is a need to take account of the limits of traditional techniques imposing norms from outside the employment relationship, that are not necessarily capable of dealing with all the interests of the parties, nor of keeping up to date with changes taking place, and as a result they may not be capable of generating truly effective solutions. The need of “tailor-made regulations” should also be taken into account, as for those categories of workers who “fall outside the pattern of the traditional employment relationship in a strict sense”67. In this perspective, more fluid and negotiated regulatory processes, based on the active participation of the labour market actors, might well be better suited to the coordination of policies, that is essential in dealing with an issue, youth employment, concerning every state and region of the world, since in this connection, no region is immune from external pressures.

However, in terms of content, there is a need to focus more closely on the objectives of the policies to adopt that is the areas in which there is a need for incisive action to deal with the structural problems that prevent the qualitative and quantitative growth of youth employment. These elements, in line with the role assigned to productivity as the key to decent work, may be linked to two principles: employability and stability. The first means that the individual is capable of playing a role on the labour market thanks to adequate cultural, vocational and social skills,

63 Such an argument appears to be in line with the recent statements developed by the International Labour Organization, which draw a distinction between “good” and “bad” labour market institutions for the purposes of social development: see J. Berg, D. Kucera, In defense of labour market institutions: Cultivating justice in the developing world, ILO, Geneva, 2007.


65 See P. Ryan, The School-To-Work transition: a cross-national perspective, cit., esp. § 8. With regard to apprenticeships in Germany and school and university placement services in Japan, Ryan rightly notes that “those institutions have allowed Germany and Japan to avoid mass labor market programs and to concentrate instead on institutional development improving general education, vocational preparation and job placement, and making it easier for low achievers to participate. Although Japanese and German transition institutions have come under strain, they have adopted well and they continue – thus far at least – to function largely intact”.


dealing in a confident manner with transitional phases as they occur. The objective of stability is linked to the concept of productivity and the level of turnover prevalent in the workforce of an enterprise. If there is any truth in the claim in the World Employment Report 2004/05 of the ILO\textsuperscript{68}, that “there is substantial evidence that stability of employment (tenure) is positively related to productivity gains”, the stability of the relationship between the employer and the employee should be safeguarded not so much by limits on termination, but rather by placing an emphasis, at the hiring stage, on matching the skills of job applicants to job descriptions.

In this perspective, a central role is played by the school-to-work transition, in particular the role it has played in the economic and sociological analysis so far as an essential tool for gaining a better understanding of the problems of labour market entrants\textsuperscript{69}. This concept, that it is proposed to use in a systematic manner also in the study of labour law and industrial relations, is particularly important as it “draws together in a common arena a previously disparate set of issues in such areas as vocational education and training, youth unemployment, and wage structure. It does so by emphasising process attributes, as individuals flow from full-time schooling to full-time permanent employment, through various intermediate conditions, including vocational education and apprenticeship, fixed-term and part-time employment, and labour market programmes”\textsuperscript{70}. The ILO has itself used this concept in a close examination of certain youth employment indicators: the length of the transition from education and training to employment, the age of those entering the labour market, occupational status, the relation between the level of educational attainment and the position taken up in the labour market, income levels, employment sector, and gender inequality. At this point there is a need to complete the process, closing the gap between education, training and the labour market. Applied to the problem of youth unemployment and the quality and productivity of labour, the concept of the school-to-work transition makes possible innovation in terms of both method and content, establishing a clear connection not just in theoretical but also in practical and operational terms between education, training and the labour market\textsuperscript{71}. In terms of content, this concept enables us to focus attention on shortcomings in the “accumulation” of human capital in the phases leading up to entry into the labour market. The key issues here are asymmetrical information and the mismatch between the supply and demand for labour, resulting in unemployment, underemployment and low-quality employment. Investing in productivity is the key to employment of good quality and means rethinking regulatory instruments (such as employment contracts), and perhaps also the principles underlying training and the interpretation of rules, with a view to improving the match between the supply and demand for labour.

In terms of method, the concept of the school-to-work transition gives rise to the need for a highly institutionalised regulatory approach, not based on conditions imposed by an external authority, but on the participation of all the stakeholders (the public authorities, the social partners, education and training institutions). Only a strong institutional structure, including all these actors, can strengthen the links between the various phases of the transition. These links are the essential condition for the development of human capital, leading to increased productivity and decent employment. This is because on the one hand they are the actors who are best placed to interpret the employment needs in a given economic situation; on and on the other hand because they play an essential role in monitoring and safeguarding the workforce against irregular practices (to prevent training schemes from being used solely as a means to supply low-cost labour, or as a means to replace adult workers with young people prepared to work for low wages). This could lead to a new concept of education and training, no longer considered as a self-referential world of its own, but rather as a resource closely linked to the

\textsuperscript{69} See the school-to-work transition survey launched by the International Labour Organization and summarized in Global Employment Trends for Youth, cit., esp. pp. 36-43.
\textsuperscript{70} P. Ryan, The School-to-Work transition: a cross-national perspective, cit.
world of work. In order for such a system to develop, it is necessary in an industrial relations perspective for the actors to engage in a more decisive manner in the design and implementation of education and training in line with the needs of the global labour market, setting up networks and alliances with institutions and bodies in other countries, engaging in forward planning with a view to problem solving. In order to achieve this, the social partners must take a part in dealing with the school-to-work transition, integrating the formal system of education and training, as a unified system of equivalent standing (with the option of taking interchangeable programmes of education to training from the secondary level onwards) with the labour market (Figure 6) rather than maintaining the traditional division\(^{72}\) between education and the labour market (Figure 7).

**Figure 6:** Human capital and the labour market: our proposal

**Figure 7:** Human capital and the labour market: the traditional pathways

Source: United Nations – Economic Commission for Africa

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The importance of this pathway becomes evident only when taking account of the fact that many studies have concluded that the impact of interventions on future employment outcomes of disadvantaged young people diminish with age. In other words, as recently pointed out by the World Bank in a major study on policies intended to support employment in sub-Saharan Africa, “addressing potential problems early has a greater return than when young people have left formal education”. Also the OECD, in reviewing the evidence, has concluded that “the evidence from the evaluation literature suggests the biggest pay-off for disadvantaged youths comes from early and sustained interventions. Such interventions should begin before children enter the compulsory schooling system, and they should be followed by intensive efforts to boost their performance in primary and secondary schooling and reduce drop-out rates”.

It is not clear why, after recognising that “any policy advice on addressing youth employment problems should emphasize that prevention is more effective than curing”, legal scholars in general have not developed a unitary approach to the relation between education and training and the labour market in a global perspective. It may perhaps be explained by the lack of interdisciplinary study bringing together, in a unified conceptual scheme, the various specific disciplinary competences. However, it is only by means of a reconsideration on the part of the institutions and the social partners of education and training pathways that a realistic integration with the world of work can be achieved in order to respond to the challenges of globalisation. An integrated system of education and vocational training, in a school-to-work perspective, as well as representing a step towards a solution to the problems of youth unemployment, might make it possible to narrow the gap in education and training between developed and developing countries, bearing in mind that the expected duration of primary and secondary schooling is only 7.5 years in Africa compared with 12 years for Europe and the Americas. Moreover, “according to human capital theory, the education acquired by a young person will be remunerated in terms of earnings, with higher wages reflecting higher productivity resulting from more advanced levels of education. Education will also determine the ability to participate in the labour force, not just the level of wages”. In addition, for developing countries and the African countries in particular, the crucial problem is to provide primary education for all. It seems to be unrealistic to maintain a formal traditional system for secondary and tertiary education when in a significant number of cases, the primary level is not completed. In this connection international experience provides a number of good practices that could be a suitable basis for experimental schemes in developing countries: 1) a broadening of vocational programmes and qualifications (e.g. a broad construction trades programme rather than separate programmes in carpentry, painting and bricklaying); 2) the creation of links between general and vocational education, and the combination of work-based learning with continuing school education (e.g. vocational options within upper secondary education, more general education content within vocational training).

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74 See F. Rother, Intervention to Support Young Workers in Sub-Saharan Africa etc., cit., p. 3.
76 See F. Rother, Intervention to Support Young Workers in Sub-Saharan Africa etc., cit., p. 3.
77 With reference to youth employment in sub-Saharan Africa see F. Rother, Intervention to Support Young Workers in Sub-Saharan Africa etc., cit., p. 3, that without going into detail refers to “practical grounds for limiting the inventory to post-formal-schooling interventions”.
79 Ibidem.
and a modular approach to general education and vocational training courses, making it possible to combine modules from both); 3) the creation of pathways from secondary vocational education into tertiary education, consisting of “dual qualification” pathways (qualifying the individual either to start work with technical expertise or to continue into tertiary education) in Austria, the Czech Republic and Hungary, and supplementary examinations and courses taken in parallel with or after vocational training qualifications, as in Australia, Austria, Switzerland and Norway.

As highlighted by the OECD, a wide variety of models exist for school-based workplace experience, ranging from unpaid work experience while still at school, to arrangements that combine schooling with half-day, or one-trimester-per-year, paid work. There is some evidence that school-based workplace experience has a positive impact on later labour market outcomes: some studies also suggest relatively good outcomes for students who take part-time or holiday jobs. It is well-known that youth outcomes are generally good in countries like Germany and Denmark where a substantial proportion of young people enter work through apprenticeships that, in dual systems, provide an invaluable bridge between school and work. What these arrangements have in common is the benefit derived from contact with the world of work during education and training.

Measures can be taken to implement a major renewal of the systems of education and training that have so far been considered as two distinct spheres, and for this reason studied by separate research groups that are not in communication with each other. In most countries, young people are educated at school and then enter the labour market, and the transition from school to work is merely sequential. A modern vision of relations between education, training and socio-economic development calls for the design and implementation of policies and actions that take account not only of the demand for labour, but also of the quality of the supply. Only a real link between education, training and the world of work, by strengthening placement services and training schemes with an alternation of school and work, will enable us to deal in global and pragmatic terms with youth employment and balanced development of human capital in all areas of the globe. Clearly this perspective brings to mind the countries with a dual system (Austria, Denmark, Germany and Switzerland) that have relatively low youth unemployment rates and in which young people make the transition from school to apprenticeships, while they continue to spend one or two days a week in education.

It is well known that in countries such as Austria and Germany apprenticeship systems are built on several mutually dependent features. Apprenticeship wages are low (initially about one-third of adult rates, rising to one-half in the final year), which makes apprenticeships attractive to employers. Apprenticeship qualifications have a high value in the labour market, and this makes apprenticeships attractive to young people and their parents. And the institutional basis for these systems is provided by strong and comprehensive industrial employer associations and industrial unions, which define apprenticeship qualifications and seek to maintain their value in the labour market. Hence the strategic role not only and not so much of public bodies, that can provide financial support for these schemes, but above all for the actors in the industrial relations system, who have a decisive role to play in these schemes providing for an alternation between work and training.

As shown by the disappointing results achieved by attempts to support apprenticeship schemes in the countries of sub-Saharan Africa, there is certainly a complex problem relating to the transposition of schemes from one country to another, that is well known to comparative law scholars, particularly in relation to apprenticeships that derive their strength from particular

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83 See G. Quintini, S. Martin, Starting Well or Losing their Way? The Position of Youth in the Labour Market in OECD Countries, cit, qui pp. 22-25.
84 See F. Rother, Intervention to Support Young Workers in Sub Saharan Africa etc., cit., highlighting the fact that apprenticeships are one of the most significant policies in recent years.
characteristics that are typical of the national systems in which they operate. It is however the
case that only countries that use this instrument in an adequate manner have rates of youth
unemployment in line with those of the adult population85, suggesting a link between
apprenticeship schemes and stable employment of good quality.
Recent experience in countries such as Turkey, Malaysia and Egypt86 – but also Uganda, Zambia
and Kenya 87 – shows that, with suitable adaptation, the chances of success are considerable88. At
the same time, traditional vocational training schemes, as well as being particularly costly, have
not been able to respond to the need for decent work of good quality, nor to the need for
developing countries to invest in human capital by providing training for specific occupations89.
There is a need to devise alternatives to traditional apprenticeship schemes90. However, it
remains essential, in order to respond to the challenges of globalisation, to rethink traditional
systems of education and training, that can no longer be designed and implemented in a self-
referential manner, without strong links with the social partners and the labour market. Rather,
the combination of practical training with additional theoretical training will increase the
qualifications of the trainees, and by meeting the needs of enterprises and employers, improve
access to decent employment.
As underlined by recent studies91, “skills acquired in enterprises are mostly demand-driven as
they respond to the needs of the enterprises for qualified workers. Young women and men that
have gained working experience during training in enterprises have a good chance to be
employed by the company that provided the training or by other companies working in similar
branches. They are also much better prepared to start their own business […]. This approach will
also have an impact on the productivity of the enterprise and the quality of the products and
services sold. At medium term, the competitiveness of the small enterprise sector will increase
and create more and better jobs. It is also expected that improved skills and managerial capacity
of the workforce in small enterprises, matched with a better insertion in market niches with
higher value added and demand for labour will, jointly, lead to a sustainable expansion of the
small enterprise sector”.
Our proposal goes well beyond reforming education and training programmes at national level
(though this is clearly an important objective)92, and calls for the involvement of international
organisations and networks of social actors at international and local level in taking a series of
initiatives with a global dimension. This includes making provision for the exchange of students,
with movement from the developing to the developed countries, in programmes designed at local
level together with the institutions and the social partners in the various countries in order to
meet training needs.
In the new economy the main source of the wealth of nations is their endowment of human
capital. Indeed, human capital is the key factor for growth and development, and the engine for
change. From this point of view, compared to the European countries and the other western
countries with a rapid ageing population, the African nations are endowed with enormous wealth.

85 See M. Axmann, Facilitating Labour Market Entry for Youth through Enterprise-Based Schemes in Vocational Education and Training and Skills Development, cit. 16-40.
86 Mention should be made in particular of the Mubarak-Kohl initiative in Egypt (a summary is to be found in
88 M. Axmann, Facilitating Labour Market Entry for Youth through Enterprise-Based Schemes in Vocational Education and Training and Skills Development, cit.
89 See M. Axmann, Facilitating Labour Market Entry for Youth through Enterprise-Based Schemes in Vocational Education and Training and Skills Development, cit.
90 An extensive survey is to be found in G. Betcherman, M. Godfrey, S. Puerto, F. Rother, A. Stavreska, A
91 Ibidem.
92 Along this perspective, substantially limited to nationally - based actions and programmes, see the debate
developed within the International Labour Organization and summarized in Informe Y conclusiones de la undécima Reunión Africana, Addis Abeba, 24-28 de abril de 2007 and particularly Annex III and the Conclusions.
In order to avoid wasting this precious resource, there is a need to manage it not simply by means of legal regulation that may or may not produce results, but above all, in line with developments in many Asian economies in recent years\(^{93}\), by means of a reform of the education and training systems on a global scale that should be entrusted to the social partners. The active governance of this system could provide young people in Africa and other developing countries with a realistic alternative to unemployment, work in the hidden economy and migration as undocumented workers. This would require the training provided in the country of origin to meet the needs of the labour market in the most advanced countries, where there is a shortage of skilled workers. Alongside the modernisation of apprenticeship schemes, a decisive role can be played in developing countries by career guidance services, that need to be set up inside schools and universities, with the mutual recognition of vocational qualifications.

Bearing in mind that for many of these young people there is no real alternative to migration, as there is a lack of employment in their country of origin\(^{94}\), it should be noted that recent international economic studies\(^{95}\) have highlighted the fact that the temporary loss of human capital and skilled workers does not necessarily have a negative impact on the country of origin, but can serve as a step towards attracting capital and know-how and for the development of trade between the country of origin and the developed countries.

Today, in an increasingly global labour market, it may be argued that provided it is properly governed\(^{96}\), the outflow of young migrants to the developed world can lead to a number of benefits for both receiving and sending countries\(^{97}\). Suffice it to consider the historical experience of many European countries, which after a long period of mass emigration, began to attract migrants from other countries, having benefited from migratory movements in the past.

Clearly, the solution that is proposed is not for the short term, nor is it easy to implement, but requires a considerable effort on the part of education and training, labour market and industrial relations actors, and there appears to be a lack of valid alternatives. There is an awareness among policy-makers “that productive employment for young people cannot be achieved and sustained through isolated and fragmented measures”\(^{98}\). Rather it requires long-term, coherent and concerted action over a combination of economic and social policies (e.g. modernisation of labour legislation, labour market information, career guidance, education and training for employability in a global workplace).

The school-to-work transition, from this point of view, appears to be the most favourable perspective in which to work and invest in order to achieve structural results, dealing with the fragile growth of many of the African countries\(^{99}\), while respecting the reciprocal interests of all the regions and economies of the global market.

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94 See International Labour Organization, Youth Employment: From a National Challenge to a Global Development Goal, cit., qui p. 5.
96 Indeed, an ungoverned and not planned migration doesn’t seem suitable for the purpose of providing solutions to this matter, since the lives of those leaving the countries of origin would be made difficult by the lack of integration into the countries of destination. See I. Malmberg-Heimonen, I. Jukunen, Out of Unemployment? A Comparative Analysis of the Risk and Opportunities Longer-term Unemployed Immigrant Youth Face when Entering the labour Market, in Journal of Youth Studies, vol 9, no. 5, November 2006, pp. 575-592.
97 Youth Employment: From a National Challenge to a Global Development Goal – Background paper contributed by the ILO to the G8 Labour and Employment Ministers’ Conference, cit., qui p. 8.
5. Final remarks: the theoretical implications of our proposal in terms of future developments in the study of labour law and industrial relations

Clearly the perspective outlined in the present study requires more in-depth analysis and field work. However, in concluding this preliminary study, it may be said that the school-to-work transition can make a significant contribution to recent strands of research that call for a theoretical reformulation of labour law and industrial relations. Although the present study is intended to be innovative, and is in need of further development, in theoretical terms it is in line with certain recent proposals by legal scholars aimed at extending and modifying the frame of reference of the study of labour law and industrial relations, in order to ensure that it continues to play a significant role, in spite of international trends that are tending to marginalise these disciplinary fields. Mention should be made of the strand of legal research calling for labour law to be recast as “the law of labour market regulation”\textsuperscript{100}, highlighting the fact that the dominant paradigm of labour law in the late twentieth century was lacking in “explanatory and normative power” in relation to the changing nature of the labour market (both within the enterprise and on a wider scale), in relation to new economic theories concerning the labour market and its institutions, and to the major changes in society arising from the globalisation of the economy and the markets. In this connection, mention should be made of the recent strand of labour law theory which, reflecting on the original paradigm of labour relations, as developed at the beginning of the twentieth century\textsuperscript{101}, points to the need to considerable extend its field of observation beyond trade union issues in order to cover all the issues arising from labour relations. This development appears to be essential, if we are to avoid running the risk of increasingly marginalising industrial relations in the context of the free market.

An important contribution in this direction could come from the proposal put forward in the present study, to govern the dynamics of the supply and demand for labour by strengthening links on a global scale between education and training, and the labour market as a more effective and more realistic solution compared to a regulatory (or deregulatory) perspective, that is becoming weaker and less effective due to the loss of sovereignty on the part of nation states in the governance of the labour market. In this connection it is not intended to turn away from the traditional protective function of labour law, but simply to highlight the fact that labour law concerns matters of production more than income distribution, in the sense that a lack of growth and development tends to have a negative impact on the potential of the labour market and worker protection. This confirms the decisive importance of the method of industrial relations, since no better instrument has yet been invented for conciliating the protection of workers with the need for competitiveness on the part of enterprises.


Bibliography


Heckman J. J., Lochner L., *Rethinking Education and Training Policy: Understanding the Sources of Skill*


Online Resources
The following documents are available on the website of the ADAPT-Marco Biagi Foundation School for Advanced Studies in Industrial and Labour Relations (www.fmb.unimore.it):

A-Z Index, under the heading Giovani e Lavoro


*Conventions and Recommendations relevant to work and young persons (list of)*


A-Z Index, under the heading Globalizzazione e lavoro