Creating high-impact employment experiences for youth



EY
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MasterCard

MasterCard Center for Inclusive Growth

Youth unemployment: a global challenge

Global youth unemployment

75m | 13%

Youth (aged 15-24) unemployed in 2014

358m | 33%

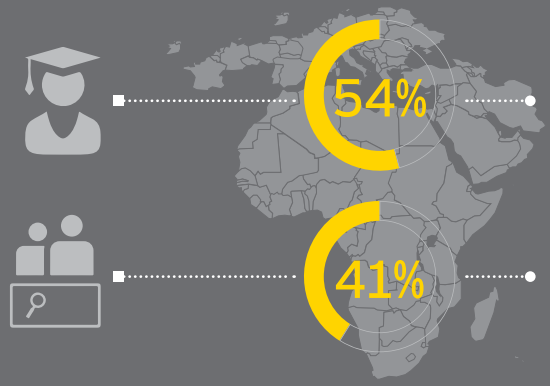
Youth not in education, employment or training

Youth make up nearly **40%** of world's unemployed



3x higher than the adult unemployment rate

The skills gap: many employers report a mismatch between education and skills needed



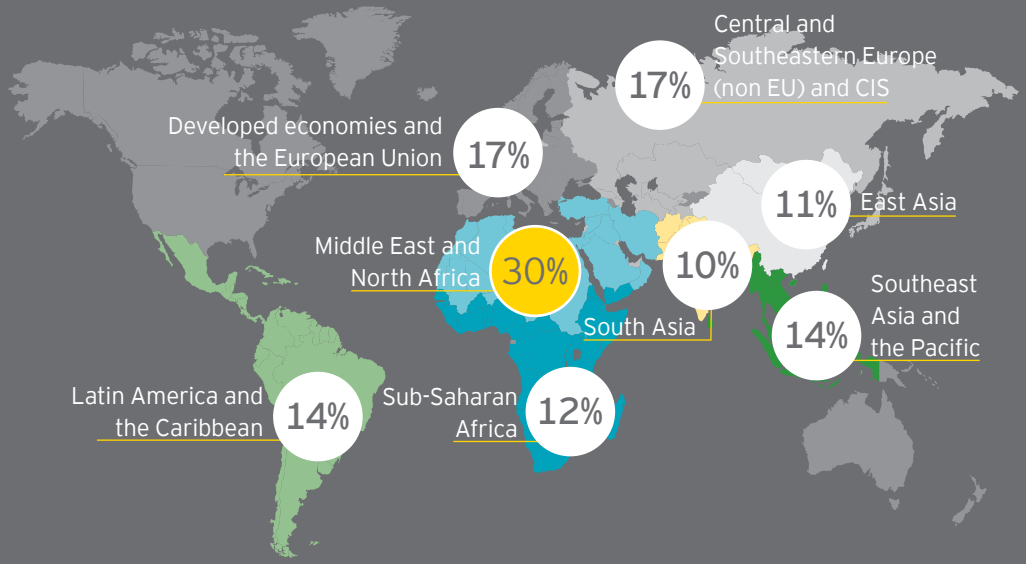
Job seekers in Africa* have advanced qualifications but not skills required by employers

Job seekers in Africa* have little or no skills

*African Economic Outlook Survey, 2012, 37 countries

Source: World Bank, International Labor Organization, OECD

Youth unemployment rate was the highest in the MENA region in 2014: trend is expected to continue through 2018

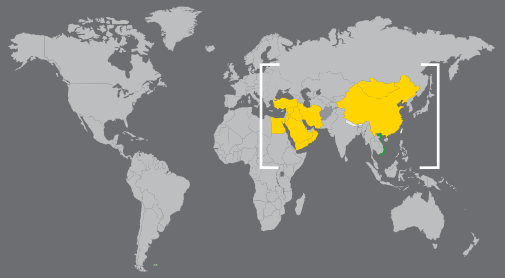


Global youth unemployment rate on the rise since 2007; expected to remain unchanged through 2018



2015-18
13.1%

2007
11.6%



East Asia and the Middle East expected to drive larger increases in 2015

Youth employment: the mission

Youth unemployment, or the creation of "generation jobless" as it has been called, is a global crisis affecting both advanced and developing economies. It represents a colossal waste of human potential and a substantive drag on future economic growth. In addition to the 358 million young people (aged 16–24) not in education, employment or training (NEETs), a further one billion young people will enter the labor market between today and 2030.

In addition to the unemployed, millions of young people are engaged in part-time, temporary or "zero hours" contracts that offer no security, few development opportunities and little autonomy. In the Middle East and Africa, for example, 80% of young workers are employed in the informal sector. Youth under 25 and living in Spain or Greece have a 50% chance of being unemployed.

These are the headline data: a global crisis of challenging proportions. There is no silver bullet to solve this crisis. Youth unemployment is not a one-dimensional challenge. Local, individualized and meaningful internships and apprenticeships can provide the essential foundation on which the next generation can begin to build sustainable paths into the workplace. On-the-job training is most effective when closely tied to market signals, which is why businesses are uniquely well-positioned to offer such employment opportunities.



Permac Industries

Case study

"Everyone wins with our program."

Darlene Miller is President and CEO of a precision machining business that engineers small parts for medical devices, aerospace and defense. Permac Industries, headquartered in Burnsville, Minnesota, is the recipient of numerous industry awards and operates to premier international standards.

Darlene Miller:

"We needed young technical apprentices and couldn't wait the four or so years while they completed college training. I created Right Skills Now for our own internship program and this is now shared with many SMEs in the region. This is a basic program that takes kids right out of high school and fast-tracks them through internships. The program gives employability assurance to both employer and employee.

"Interns spend 16 weeks in course – and lab – work at local community colleges before participating as an on-the-job intern at SMEs (like my company) for eight weeks. We pay them $12 to $16 per hour, ensure they get a mentor from the company and that they learn from what we do.

"We are producing and engineering high-precision products and we must communicate to our interns what a critical role they are playing in crafting a part, say, for a UAV (drone) or a medical scanner. Because our interns gain credentials that recognize their training, they can continue to build their career with formal education that recognizes their skills.

"While not all will be shiny bulbs, everyone wins with our program. Some graduate onto our apprenticeship programs and/or stay with the company. Some take their credentialed skills to a new job. Some return to school to get additional training. We make sure that our interns are exposed to the business and they must all have a mentor. Inter-generational mentoring can be mutually beneficial. There are no limits for the new generation – they bring fresh ideas and talents that we can all use.

"We as employers have to put our money where our mouth is. If we want to build a legacy, to ensure our businesses survive into the future, then the number one priority is training up the next generation to operate our technology and sustain our businesses."



Sian Roses



Case study

"We can build up trust and create a family."

Jos Van Der Venne is Managing Director of Sian Roses, the brand behind three of Kenya's booming floriculture farms – Equator Flowers, Agriflora and Maasai Flowers. Sian Roses now employs some 2,000 staff and grows and sells 150 million roses per year to exacting international ecological standards.

Jos Van Der Venne:

"When Sian Roses started in the mid-1990s there was a lack of skilled mid-cadre and management level staff. We had to take on new graduates and offer them a one-year traineeship program. Kenya's flower industry had just started so floriculture was hardly taught in universities and theoretical knowledge was often poorly aligned with industry practice.

"Our management trainees work in all departments of the company: production, post harvest, finance, marketing and HR. We select trainees on their attitudes more than their theoretical knowledge because technical skills can always be taught.

"We also offer secondary school-leavers job training that isn't a formal program, but can be a way into our company.

"By employing inexperienced staff, we can mold them to our company culture and values. We also build up mutual loyalty between employer and employee. We have invested in the young employee but the employee appreciates that: we have given them a chance to build a career with us. By offering them an opportunity and a career, we find young people remain very loyal to the company. Some of our people have been with the company for 18 years. We can build up trust and create a family.

"Everyone can build greenhouses. Everyone has access to the same varieties. But the difference is the employees. Employees are our greatest and most valuable asset."

Linda Murungi:

Post Harvest Officer, Equator Flowers (Sian Roses)

Linda Murungi joined Sian Roses as a management trainee and successfully completed a one-year program in just four months. She has just won a permanent role with the company.

"I heard about the traineeship through a friend who advised me it would be a good opportunity. I wanted something in line with what I studied in university – horticulture – so I applied.

"At the beginning there was a great induction process for us, describing the program, what we were expected to learn and do, and also to meet the managers and understand the mentorship and guidance we would receive. It was a structured program. We had contact with our managing director during the introduction. He welcomed us from the head office and also encouraged us to be pro-active and creative, saying that we should be able to achieve our aims through this program.

"It has broadened my thinking because now I am able to make decisions and also think in a broader way, understanding what is happening in every aspect of the company as a whole.

"I would advise young people to be patient because growth takes time. When they are looking, they need to put experience in front of money and also to align their interests with their work, to think about their future career. They need to be proactive so that they can stand out from the other people.

"There was a lot of competition for my role. There were five people. I am very fortunate to have won it."

What's in it for me?

The societal benefits of lifting a generation out of unemployment and underemployment are well-established. Additionally, a growing number of companies are now discovering that, quite apart from social good, youth inclusion in the workplace can reap significant business dividends too.

EY's *2015 Global Job Creation and Youth Entrepreneurship Survey* found that 62% of leading entrepreneurs are mentoring young people and 59% offer internships and apprenticeships. They may be on to something.

Those offering youth opportunities, in whatever form, gain from the energy, ambition and instinctive knowledge of social media that this generation of digital natives brings to the workplace. "Young people think outside the box much more," says Darlene Miller, President of Permac Industries. "They don't have the blinders on."

These benefits are not limited to developed economies. "In our work in Europe, the US, Africa and south Asia, we are hearing similar complaints from employers about shortcomings in youth preparedness for the workplace, which also means that solutions that are successful in one part of the world can be scaled globally," points out Devang Vussonji, Global Leader of the Employment and Education Practice at Dalberg Global Development Advisors.

"Young interns come in with tenacity," says Ivan Mladenovic, Founder and CEO of TechBar and Preemo in Miami. "They want to prove to you that they're worth the bet you've made on them. This brings with it tremendous energy and determination."

What's stopping us?

Possible obstacles in the path of youth opportunity are perceptions that the new generation lacks essential business skills. The *2015 Global Job Creation and Youth Entrepreneurship Survey* found that 13% believe there is a severe gap in literacy skills and 12% a lack of numeracy and IT skills. However, the greatest deterrent is a perceived mismatch between education and what business really needs — more than two-thirds (67%) of all entrepreneurs in the survey cited this as a problem.

"Closer collaboration between policy-makers, education and enterprise is needed to help align young people's skills with business needs," says Bryan Pearce, Global Leader of the Entrepreneur Of The Year™ and Venture Capital Group at EY.

In the meantime, youth work opportunities need to factor in some training and mentoring that can help fill skills gaps left by a mismatch between education supply and employment demands.

These gaps are not always obvious. Permac Industries' Darlene Miller notes that some millennials lack social skills. Their facility with texting has left them less adept at communicating face to face. Ivan Mladenovic of TechBar and Preemo says, "Some young people need help to learn the techniques of business communication, the nuances and etiquette of business email communication, for example."

What's stopping them?

Young people find themselves trapped in a vicious cycle in which employers refuse them an opportunity because they lack experience. They cannot get that experience because it is a requirement that they come armed with it.

Additionally, some disadvantaged populations are not connected to the networks that allow them to be aware of opportunities that do exist. They may live at a distance from a potential employer and have limited means of travel either to find or to access work.

Employers need to be sensitive to these issues and devise ways of removing barriers to opportunities, from proactive outreach to help with travel.

"Young interns come in with tenacity. They want to prove to you that they're worth the bets you've made on them. This brings with it tremendous energy and determination."

Case study

"Choose people for their personal skills, not their experience."

Ivan Mladenovic launched his Miami-based TechBar company from his kitchen table in 2009. Now his computer repair business has several retail outlets and it has spawned an IT support service called Preemo. Of his 10 employees, the oldest is 34 and the youngest 19. Many of them started as interns.

Ivan Mladenovic:
We recruit from multiple avenues and offer summer internships that can develop into our internally designed apprenticeships. I hired someone despite being on probation and he is still with the company today. He is a very competent technician. I choose people for their personal skills, not their experience. We expose them to a live environment, pair them with an experienced technician and offer mentoring down the line.

"Another example is Jermaine Lance, just 21, who has been with us for a year, starting on a summer internship. He was from a tough part of town and just getting to us every day, using the metro and walking, was hard to do. He was not the most refined individual but he worked like an animal and learned at a very fast pace.

"He researched the software we were using and started to customize it, improving its efficiency and processes. He had this drive and motivation to look at a problem from a different angle. Finally, during a webinar where we shared our version of their product to our supplier, they decided to implement our source code in their product.

"I wake up at 5:30 a.m. excited by the day ahead. I want my team to share that excitement, to grow with the company and stay loyal. I find our young interns and apprentices have a passion that is infectious, that spreads through the company."



TechBar

Case study

"Go for it! You have nothing to lose!"

Jermaine Lance:
"Getting that first internship helped a lot. No one was offering me a job because I had no experience. Some of the classes I was taking – they were just book-related; there was no hands-on experience.

"I have friends who are fixing cars – for Mercedes and the like. They found it real hard too, because these companies didn't want them in their shop. They didn't want people who had no experience. It's the same story.

"I emailed Ivan asking him if I could join a summer internship, unpaid. When he said yes that really changed everything for me.

"In terms of advice to employers, I'd say the best thing they can do is to give young people a chance. Give them a chance to work and see what they can do. To other young people, I'd say, "Go for it! You have nothing to lose."

What works?

While formal apprenticeships linked to internationally recognized accreditation programs may be the "gold standard" of on-the-job training, there are many less formalized job opportunities that can provide that essential bridge out of the inexperienced and unemployable. "German and Austrian models of technical apprenticeships offer the best way to gain job-specific skills," says Branka Minic, former member of WEF's Global Agenda Council on Youth Unemployment and founder of Future Work Consulting, "but many less structured ways of learning by doing can work too."

What does an employer need to do?

Employers need to reach out beyond their own networks to the widest possible talent pool, especially to the disadvantaged. Dalberg's Devang Vussonji says, "In many cultures, there is a lack of trust of potential recruits outside your network, but it is vital to overcome such mistrust to include the disadvantaged and unconnected, but also to grow your own talent pool."

The selection process needs to emphasize potential over experience, attitudes over skills. Don't ask, "What does this young person know? What have they done? What qualifications do they hold?" but rather, "What could this person learn from us? What could they do? What credentials could we help them achieve?"

"While you can teach someone to fix computers, you can't teach them to be nice," says TechBar's Ivan Mladenovic, who has hired a wide range of raw talent, including someone on probation for a major felony. "Hire for where they can go, not for where they've been."

Designing a high-impact experience

Even in the shortest dip into work experience, young people gain immeasurably if they can see a project through from start to finish. Working as part of a team with a dedicated mentor assigned to support and coach them can ensure that learning and doing go hand in hand.

"Hiring young people helps companies like MasterCard get closer to our customers and inform product development," said David Deacon, Chief Talent Officer for MasterCard. "We have also seen how young people can serve as reverse mentors, teaching executives about social media and the importance it plays in today's connected world."

Transparent communication with each intern is another vital component. Not all young people have experience of workplaces, so set clear expectations as to hours, dress code, cell phone use, politeness and work ethic.

Ideally offer remuneration, however small, because this will help introduce pride and the beginnings of financial autonomy. A key facet of work experience is that it leads toward autonomy and independence. Financial literacy underpins an individual's ability to pilot his or her life, as the principles of saving for the future, borrowing in order to invest in a home or business opportunity and managing household cashflow are put into action. Even short, temporary assignments can bring the unbanked into the banked.

Constructive feedback should always accompany the end of a youth employment assignment, even if it was unpaid and temporary. Young people who have completed even a four-week summer internship can take a reference or certificate that spells out what they did and use it to secure their next job placement.

The six principles of high-impact employment

Whether formal or informal, temporary or permanent, high-impact employment experiences are:

1 Real
They offer real work and exposure to the business.

2 Relevant
They build skills and experience that is of relevance to other employment scenarios.

3 Structured
They allow progression toward an achievable goal.

4 Mentored
They include active mentoring from senior executives.

5 Formalized
They include a reference or certificate that captures what has been achieved and is a portable passport to future work.

6 Paid
They introduce some modest experience of financial reward.

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