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Talking Point

A generation of the jobless

A recent editorial in the Economist focused on the alarming global situation concerning unemployed youths.

The phenomenon of young people seeking employment across both developed and undeveloped countries is drawing the attention of international organisations such as the International Labour Organisation and the World Bank, where estimates of youth unemployment reach the staggering figures of more than 250 million worldwide.

Even in economies which have experienced a recovery from the international recession, youth unemployment has remained persistently high as the expansion in output has not been matched by a corresponding increase in jobs. Initially this was thought to be the result of unutilised productive capacity, but recent studies point to other factors that require specific interventions to provide more productive jobs for young people.

The situation in many European countries is indeed worrying. Youth unemployment in Spain stands at 40%. Both the UK and Italy have more than 1.2 million youths not in employment, education or training. The major causes for this state of affairs are weak economic growth, the link between education and work, and overregulated labour markets.

One of the causes of youth unemployment is the mismatch between qualifications and skills which are in demand by employers. The Malta Employers' Association has been proposing flagging courses according to employability prospects to enable students, particularly those choosing courses at levels 5 and 6 on our Qualifications Framework, to make a more informed choice in selecting the courses they are to follow at University, MCAST or ITS without limiting their options.

Representatives from education and industry can join forces to determine the extent to which diploma and degree courses can lead to suitable employment for students. A stronger link between education and industry is essential in proactively addressing structural deficiencies in our labour market.

Although Malta has a lower rate of youth unemployment than the EU, we cannot afford the luxury of complacency. We need to learn from the mistakes of other countries and be wary of simplistic policies which, for example, directly link the number of graduates with employability. The fact is that there is a glut of graduates in many disciplines and a shortage in others. The number of unemployed graduates in Europe is on the rise, as is the incidence of underemployed graduates.

If implemented, the proposal of flagging courses has to run parallel to a strategy to encourage more students to be attracted to STEM (science, technology, engineering and mathematics) subjects at an early age.

Another major cause of youth unemployment is labour market rigidities. Overregulated labour markets create barriers to entry to young entrants into the workplace through legislation which restricts job creation. For example, the last in first out rule in determining redundancies means that invariably, younger workers – who may be more qualified and motivated- get the axe first, and this, in turn, reduces the prospect of recovery for companies facing hard times. This is one of the reasons why the number of unemployed youths soared during the past five years in Europe.

It is no coincidence that Spain and other countries with high youth joblessness are also those countries with the most inflexible labour market structures. A balance needs to be struck between reducing the risk to employers of engaging people and providing protection from abusive practices to employees. Malta has to stay clear of restrictive labour market legislation which will, in spite of good intentions, result in disincentives to employ.

In many parts of the world, the failure to provide decent jobs for young people is the source of tensions that threaten the entire social fabric. Young persons who are precluded from participating in the generation and sharing of economic wealth experience disillusionment, frustration, and anger.

The implications of this issue are not simply economic, as this instability in their working life may extend also to other aspects of their role as citizens in an ungrateful society.

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