A Common Metric System and an Institutional Framework for Youth Employment in Jamaica: NEO Technical Proposals I & II.
ABOUT NEO INITIATIVE:

NEO1 is a pioneering initiative in which businesses, governments and civil society in Latin America and the Caribbean have joined forces with a US$137 million investment to improve the employment opportunities for 1 million youth, half of them women, by 2022. In response to labor market needs, 500,000 youth from 12 countries will be part of NEO by 2018. NEO is an initiative led by the IDB, through its Multilateral Investment Fund (MIF) and its Labor Markets Unit (LMK), the International Youth Foundation (IYF) and partners: Arcos Dorados, Caterpillar Foundation, CEMEX, Fondation Forge, Microsoft, SESI and Walmart.

Under the coordination of the Youth Upliftment Through Employment (YUTE) organization, NEO Jamaica is a business, government and civil society partnership to strengthening public actor dialogue around youth training and employment. They work together to develop successful models, seek synergies between programs and align objectives and impact to build a more effective national training and employment system.

The NEO Jamaica partnership was formed voluntarily by the following institutions: Planning Institute of Jamaica; Ministry of Labour and Social Security; Ministry of Youth, Sports and Culture; National Youth Service; Ministry of Science, Energy and Technology, Energy; HEART; The Private Sector Organisation of Jamaica; The D&G Foundation/Red Stripe; CEMEX; the MultiCare Youth Foundation (formerly Youth Upliftment Through Employment); and The University of the Commonwealth Caribbean.

The authors


The opinions expressed in this publication are exclusively those of the authors and do not necessarily reflect the perspective of the IDB, its Board of Executive Directors, or the countries it represents. Nor do they necessarily reflect the point of view of the MIF, IYF, NEO’s corporate partners or NEO Jamaica Alliance.

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1 www.youthneo.org
## TABLE OF CONTENTS

List of Tables and Figures

List of Abbreviations & Acronyms

Executive Summary

Section 1 – Introduction

Section 2 – Literature Review

→ *The International and Regional Context for Youth Employment* 14
→ *The Skills Demanded by the 21st Century Labour Market* 25
→ *Results and Lessons Learned from Youth Employment Programs in LAC* 35
→ *Indicators for a Youth Employment Program* 42

Section 3 – Technical Proposal 1: The Common Metric System

→ *Conceptualizing the Common Metric System* 54
→ *Key Actors in the System* 59

Section 4 – Technical Proposal 2: The Institutional Framework

→ *Interrogating the Institutional Framework for Youth Employment* 69
→ *Key Components of the Institutional Framework* 75

Conclusion

References
LIST OF TABLES AND FIGURES

Table 1
Youth Unemployment in Jamaica by Age Group & Gender, April 2012 – April 2016
Table 2
Differences between Supply-Driven and Demand-Driven Training Programmes
Table 3
Comparison of Work-Readiness Skills Identified in Five American Studies, 1984 to 1991
Table 4
Proposed List of G20 Indicators
Table 5
Log Frame for A Common Metric System for EmployYouthJA

Figure 1
Framework for A Common Metric System: Agents, Data Sources, Outputs
Figure 2
High-Level Institutional Framework for Youth Employment
**LIST OF ABBREVIATIONS & ACRONYMS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASTD</td>
<td>American Society of Training and Development</td>
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<td>BOJ</td>
<td>Bank of Jamaica</td>
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<td>CCPA</td>
<td>Child Care and Protection Act</td>
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<td>CCT</td>
<td>Conditional Cash Transfer</td>
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<td>CEAs</td>
<td>Cost Effectiveness Analyses</td>
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<td>CGO</td>
<td>Central Government Operations</td>
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<td>CMI</td>
<td>Caribbean Maritime Institute</td>
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<td>CMS</td>
<td>Common Metric System</td>
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<td>COJ</td>
<td>Companies Office of Jamaica</td>
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<tr>
<td>CRESST</td>
<td>Centre for Research on Evaluation, Standards and Student Testing</td>
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<td>CSJP</td>
<td>Citizen’s Security and Justice Programme</td>
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<td>CYDAP</td>
<td>CARICOM Youth Development Action Plan</td>
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<td>DSS</td>
<td>Demands for Skills Survey</td>
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<td>EC</td>
<td>European Commission</td>
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<td>ESSJ</td>
<td>Economic and Social Survey of Jamaica</td>
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<td>ETC</td>
<td>Employment Tax Credit</td>
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<td>EU</td>
<td>European Union</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GED</td>
<td>General Education Development</td>
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<td>GOJ</td>
<td>Government of Jamaica</td>
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<td>HEART</td>
<td>Human Employment and Resource Training</td>
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<tr>
<td>ICFES</td>
<td>Instituto Colombiano para el Fomento de Educación</td>
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<tr>
<td>LAC</td>
<td>Latin America &amp; the Caribbean</td>
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<td>JMD</td>
<td>Jamaican Dollars</td>
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<td>JSLC</td>
<td>Jamaica Survey of Living Conditions</td>
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<td>LMIS</td>
<td>Labour Market Information System</td>
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<td>MDAs</td>
<td>Ministries, Departments and Agencies</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MESTF</td>
<td>Michigan Employability Skills Task Force’s</td>
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<td>MEYI</td>
<td>Ministry of Education, Youth and Information</td>
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<td>MFIs</td>
<td>Multilateral Finance Institutions</td>
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<td>MIF</td>
<td>Multilateral Investment Facility</td>
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<td>MLSS</td>
<td>Ministry of Labour and Social Security</td>
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<td>NAS</td>
<td>National Academy of Sciences</td>
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<tr>
<td>NCU</td>
<td>Northern Caribbean University</td>
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<td>NEI</td>
<td>National Education Inspectorate</td>
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<td>NEO</td>
<td>New Employment Opportunities</td>
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<th>Abbr.</th>
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<tr>
<td>NEO-Jamaica</td>
<td>New Employment Opportunities for Youth in Jamaica</td>
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<td>NTIs</td>
<td>National Training Institutes</td>
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<td>NYS</td>
<td>National Youth Service</td>
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<tr>
<td>NYSED</td>
<td>New York State Education Department</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<tr>
<td>OJT</td>
<td>On-the-Job Training</td>
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<td>PATH</td>
<td>Programme for Advancement Through Health and Education</td>
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<td>PIMC</td>
<td>Public Investment Management Committee</td>
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<td>PIMS</td>
<td>Public Investment Management System</td>
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<tr>
<td>PIOJ</td>
<td>Planning Institute of Jamaica</td>
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<tr>
<td>PISA</td>
<td>Programme for International Student Assessment</td>
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<tr>
<td>RCT</td>
<td>Randomized Control Trial</td>
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<td>SCANS</td>
<td>Secretary’s Commission of Achieving Necessary Skills</td>
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<td>SES</td>
<td>Socio-economic Status</td>
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<td>SPADIES</td>
<td>System for Prevention and Analysis of Dropouts in Institutions of Higher Education</td>
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<td>STATIN</td>
<td>Statistical Institute of Jamaica</td>
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<td>STS</td>
<td>Skills and Trajectories Survey</td>
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<td>STW</td>
<td>Steps-to-Work</td>
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<tr>
<td>UNECLAC</td>
<td>United Nations Economic Commission for Latin America and the Caribbean</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>USD</td>
<td>United States Dollars</td>
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<tr>
<td>UTech</td>
<td>University of Technology</td>
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<tr>
<td>UWI</td>
<td>University of the West Indies</td>
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<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
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<tr>
<td>WBL</td>
<td>Work-Based Learning</td>
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<tr>
<td>WPS</td>
<td>Wages &amp; Productivity Survey</td>
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<td>YEI</td>
<td>Youth Employment Inventory</td>
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<td>YIA</td>
<td>Youth in Action</td>
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<td>YICs</td>
<td>Youth Information Centres</td>
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Executive Summary

Youth unemployment is a national, regional and global problem. The problem is exacerbated by a mismatch between the skills demanded by the labour market and those actually supplied. Youth unemployment is closely linked to other socio-economic challenges such as poverty, informality and crime. Over the past two decades, governments in the region have implemented active labour market policies and other interventions, some through the support of multilateral financial institutions (MFIs), to create opportunities in the labour market to address excess supply.

Youth, more than any other group, are challenged to enter the labour market and experience job stability. Secondary education is the point of departure for the labour market. Secondary education represents a tipping point because socioemotional skills, which are very high on employers’ preference and utility curves, develop late – in the period leading up to adulthood. It is now recognized that the role of secondary education is key in making the transition from school-to-work, and imbuing students with socioemotional skills that the labour market demands.

Interventions to reduce the high youth unemployment rates, relative to the global average, need to be contextualized to the national macroeconomic setting to ensure alignment with existing laws, policies and programmes. Interventions must itemize the cost of the inputs so that cost benefit analyses and cost effectiveness analyses can be undertaken. Youth unemployment was estimated to cost Jamaica (unemployed youth, the country and the Government of Jamaica (GOJ)) JMD$24.9 billion in 2013. This is a significant cost that could be redirected to provide better returns to the country.

This report is divided into five sections: **Section 1** presents the Introduction which is couched in the national context and linked to New Employment Opportunities (NEO)-Jamaica. The Introduction presents the two most important definitions – what is the common metric system (CMS) and what is the institutional framework. These are the two Technical Proposals that the report culminates with.

**Section 2** provides an extensive Literature Review that seeks to address distinct themes identified in the literature on youth unemployment. These themes are: the international and regional context for youth unemployment; the skills demanded by the 21st century labour market; the results and lessons learned from youth employment programmes in Latin American and the Caribbean; and indicators for a Youth Employment Program. These themes are important inputs to the common metric system and the institutional framework as they point in the direction of what is relevant to Jamaica and what ought to be done.

In **Section 3**, Technical Proposal 1, literature that is more specific to the common metric system is used to conceptualize what the metric system should achieve. This section highlights some of the methodological issues that will need to be addressed. The section provides a framework for the CMS and presents a detailed log frame matrix (LFM) of a hypothetical youth employment programme EmployYouthJA which could be used to test the CMS. The indicators are informed by global, regional and national frameworks to provide comparability but, ultimately, a common system that can be used across any such programme. The G20’s Proposed List of Indicators are global indicators, based on the criteria of relevance, feasibility, comparability and timeliness, which have been contextualized to the Jamaican environment.
In Section 4, Technical Proposal 2, an institutional structure is outlined. This structure is comprised of the institutions, policies, laws and governance and accountability mechanisms, including the common metric system which is a component of the institutional framework. The school is identified as the main agent of change in the proposed framework. The framework is very simplistic and high level. Given the overlap with the common metric system, it is the National Education Inspectorate (NEI) that is the other main institution, other than schools, that will bring credibility and accountability to the framework.

Evaluation of programmes is weak regionally and both the CMS and the institutional framework seek to move past that deficiency so as to design and implement high impact programmes that incorporate education and training. Training includes on-the-job training (OJT), dual vocational training and apprenticeship. The framework seeks to recognize diversity within the youth population and target components of the program to meet general and individualized needs.

The two Technical Proposals are highly complementary and will be the basis on which the third Technical Proposal – policy proposals – are eventually developed.

In Section 5, the Conclusion, the importance of addressing youth unemployment is re-emphasized. The impact on macro-economic variables as well as the personal impact are outlined. Interventions to address youth unemployment are presented as trade-offs. Within a context of limited fiscal space, programmes have to be realistic and modest. Existing mechanisms that are efficient need to be exploited and others improved on. Youth unemployment must be approached in a consultative manner to eliminate the existing information asymmetries and create an environment where the skills mismatch can be tackled.
I. Introduction

Jamaica defines youth in its National Youth Policy of April 2015 as persons aged 15 to 24 years. This definition is consistent with the United Nations’ definition and provides international comparability. The Policy is particularly relevant because it pinpoints the challenges faced by youth. Youth in Jamaica, according to the Statistical Institute of Jamaica’s (STATIN) Population Census of 2011, comprise approximately 20% of Jamaica’s population or 525,373 persons. Another 226,119 persons, representing 8.4% of the total population, are in the age group 25 to 29.

The vision of the National Youth Policy (2015) is for “all young people in Jamaica to achieve holistic development and optimal potential, empowered to innovate and compete globally, being respectful of diversity and the rights of self and others, while contributing to the National Development and Growth”3. This vision is underpinned by seven (7) policy goals:

1. Policy Goal 1: Increased educational access and benefits to all young people to improve capacity and capability to enter the world of work.
2. Policy Goal 2: Improved health access and services to ensure the holistic well-being of young people.
3. Policy Goal 3: Improved employment and entrepreneurial opportunities for youth.
4. Policy Goal 4: Establishment of a safe, nurturing and secure environment for youth to thrive.
5. Policy Goal 5: Heightened youth mainstreaming and participating in nation building.

The seven Policy Goals are all relevant to youth employment and employability, but from different dimensions. The Policy Goals, implicitly, identify the main challenges facing youth in Jamaica.

Policy Goals 1, 3 and 6 are particularly relevant as they identify the need for appropriate education and training to build youth’s capacity and capability or job readiness; the need for youth to have better access to employment and entrepreneurial opportunities; and the need to ensure that vulnerable youth are provided for and not marginalized as they also seek to be employable and to become employed.

The Policy contextualizes youth employment and employability as a youth development issue, one that Jamaica has been committed to since the first National Youth Policy of the 1980s. The re-establishment of the National Youth Service (NYS)5 in 1994 was a symbol of the Government’s commitment to youth development. A highly indicative assertion in the 2015 Policy is that “upon review, it is evident that despite investment, there is still need for additional new programming and a coordinated approach to policy implementation to secure positive youth development”6. As such, the National Youth Policy

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2 The age band 15 – 19 had 274,660 persons and the age band 20 – 24 had 250,713 persons. The total population was 2,697,983. Youth as a proportion of the total population was 19.5%.
4 Ibid.
5 The National Youth Service (NYS) will be merged with the HEART Trust NTA and the Jamaica Foundation for Lifelong Learning, commencing in April 2017. The NYS was legislated in the National Youth Service Act of 1999.
seeks to address gaps in the policy and legislative environment and programming for youth. A major purpose of the policy is to “provide a national framework within which youth development programmes can be designed, funded and executed”\textsuperscript{7}. In order to achieve this, one of the identified gaps has to be addressed: measurement and evaluation or “the need to develop a data-driven culture, relevant and timely data collection systems to support the professionalization of the Youth Sector”\textsuperscript{8}.

This document combines two inter-related Technical Proposals on youth employment in Jamaica – one is a common metric system and the other is an institutional framework. Both are informed by similar literature and evidence on youth unemployment and, for this reason, it is logical to combine the two to maximize efficiency and eliminate redundancy. Both Technical Proposals 1 and 2 will inform Technical Proposal 3, which will be a briefing paper on the policy recommendations arising.

The objective of Technical Proposal 1 is to propose and articulate a CMS for the Government of Jamaica (GOJ). The CMS is designed to achieve a number of national objectives:

- Planning and Programming: provides a national framework for the design and execution of youth employment programmes.
- Public investment: aligns with the Public Investment Management System (PIMS).
- Monitoring & Evaluation: ensures that youth employment programmes are data-driven so that monitoring and evaluation can occur and national data collection systems or agencies such as STATIN and the Planning Institute of Jamaica (PIOJ), \textit{inter alia}, can have credible data that informs national planning and programming.
- Youth employment: pilots a youth employment programme that the GOJ can use to refine and update the CMS.

“Common” refers to the need to develop common indicators and common systems of measurement so that all arms of government that supply, collect and analyse data are going about it in a harmonized way so that the process is streamlined and self-validating.

The objective of Technical Proposal 2 is to propose an institutional framework for youth employment that:

- Situates youth employment within global, regional and national frameworks of action.
- Clarifies the policies, laws and institutions in the ecosystem for youth employment.
- Addresses the skills mismatch that creates disequilibria in the labour market.
- Balances both short-term and long-term employment needs.

\textit{New Employment Opportunities and Youth Employment and Employability in Jamaica}

In 2015, the GOJ and the Inter-American Development Bank (IDB), through the Multilateral Investment Facility (MIF) signed a non-reimbursable Technical Cooperation agreement (JA-M1036), New Employment Opportunities (NEO) for Youth in Jamaica (NEO-Jamaica). The main problem highlighted was the high level of youth unemployment in Jamaica and the spill-over effect on the national labour market. The causes of high youth unemployment were identified as:

- Mismatch between the skills required by employers and the current skills of vulnerable youth;
- Lack of coordination in the youth employability system;

\textsuperscript{7} National Youth 2015 – 2030 (Green Paper): p. 5.
\textsuperscript{8} Ibid.
• Inadequate youth employment systems; and
• Deficiencies in the vocational training programs

The causes of high unemployment that NEO-Jamaica identifies to seek to address in its programming are consistent with Policy Goals 1, 3 and 6 of the National Youth Policy. While NEO-Jamaica is more focused on vulnerable youth, strategies to address youth unemployment, while being designed to cater to vulnerable youth must be general enough, or universal, to address the full gamut of the youth ecosystem, even while incorporating targeted measures.

The specific objective of NEO-Jamaica is to increase job opportunities for poor, vulnerable and low-income Jamaican young people, ages 17 to 29. NEO-Jamaica is, therefore, consistent with the National Youth Policy in that the age ranges overlap: 17 to 29 versus 15 to 29.

Component 1 of JA-M1036 is Youth Employability ecosystem coordination and articulation strengthened. The objective of this component is to develop a national youth employment coordination structure proposal to strengthen youth employability ecosystem coordination and articulation. Indicator 2 of Component 1 refers to Technical Proposals for, inter alia, an institutional framework, a common metric system and policy implementation.

A common metric system for youth employment has not been previously defined in literature. It is being defined here as the system of common indicators that clearly identifies measurable inputs, outputs, outcomes and impacts that contribute to a national quantification of youth employment, aggregating all youth employment programmes or interventions, both public and private. The CMS is an element of the institutional framework for youth employment. The institutional framework is the representation of all the institutions involved in youth employment, with a focus on the key institutions to: provide oversight (governance); implement policies and programmes; and evaluate the impact of policies and programmes on youth employment.

Youth Unemployment in Jamaica

STATIN defines the Jamaican Labour Force as “persons 14 years and over who were ‘employed in any form of economic activity for one hour or more during the survey week”9. Unemployed persons are those who were actively seeking employment and form part of the labour force. From a policy perspective, however, it would provide greater utility if STATIN reported specifically on the cohort 15 to 24 years to capture youth as defined in the National Youth Policy, and to support compliance with Part 2, Section 34 of the Child Care and Protection Act (CCPA). The age group 25 to 29 can be reported on as it is currently reported on, as a band, to highlight the Government’s recognition of the need for this cohort to be similarly targeted as youth. Jamaica’s unemployment rate, as report by STATIN in April 2016, was 13.7%. Youth unemployment is captured under two discrete age groups on which STATIN captures data. The unemployment rate for the 14 to 19 age group was 44.4% while the unemployment rate for the 20 to 24 age group was 29.2%. The age group 25 years to 34 years had an unemployment rate of 15.1%.

The data clearly demonstrates that unemployment is exacerbated by youth status; in other words, the younger an employable person is, the higher the likelihood he or she will be unemployed. A study

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commissioned by the United Way in 2014 found that youth represent 17% of the world’s population and 40% of it unemployed\(^{10}\). Unemployment is also exacerbated by gender. Female unemployment is significantly higher in each of STATIN’s referenced age groups while male unemployment is lowest in the age group 25 to 34 years and is below the average for the total labour force (See Table 1). The data suggests that targeted interventions are needed in the age group 15 to 24, particularly for females in those age groups. Table 1 depicts the problem that NEO-Jamaica seeks to mitigate.

| Table 1: Youth Unemployment in Jamaica by Age Group & Gender, April 2012 – April 2016 |
|--------------------------------------------|--------|--------|--------|--------|--------|
| TOTAL                                     | 14.4   | 16.3   | 13.6   | 13.2   | 13.7   |
| 14 – 19 (All)                              | 48.2   | 44.4   | 42.2   | 40.2   | 44.4   |
| Male                                       | 40.7   | 36.2   | 31.5   | 32.4   | 38.1   |
| Female                                     | 60.3   | 57.5   | 60.8   | 54.2   | 56.2   |
| 20 – 24 (All)                              | 31.1   | 37.0   | 31.9   | 31.6   | 29.2   |
| Male                                       | 23.3   | 28.4   | 25.0   | 26.5   | 23.9   |
| Female                                     | 40.2   | 47.3   | 40.9   | 38.2   | 35.7   |
| 25 – 34 (All)                              | 16.3   | 18.4   | 15.6   | 15.2   | 15.1   |
| Male                                       | 11.2   | 13.2   | 11.2   | 11.1   | 9.4    |
| Female                                     | 21.9   | 23.9   | 20.3   | 19.9   | 21.3   |

\(\text{\#} = \text{highest levels of unemployment} \quad \text{\#} = \text{lowest levels of unemployment}\)

Despite the dismal trends for youth employment, STATIN reported that in the October 2014 survey, there was a 7.8% increase in the number of employed persons who had received training in the Category “Vocational with Certificate”\(^{11}\) compared to October 2013. By October 2015, the category increased by an additional 13.2%\(^{12}\). More employed persons earned a degree, in both 2014 and 2015 – 2.4%\(^{13}\) and 3.6%\(^{14}\), respectively. More of the employed labour force advanced in terms of “highest examinations passed” in both 2014 and 2015. This suggests, though there is no age disaggregation, that the gap between the employed and the unemployed with respect to employability had also increased. STATIN 2014 observed that: “using the categories of highest examination passed as a proxy for education, it can be seen that persons employed in the formal sector were more educated than those in the informal sector”\(^{15}\). Level of education appears to predetermine formality, informality and, by extension, earnings and this can be extrapolated to youth.

Youth who are less educated are less likely to be employed in the formal sector and more likely to be “Service Workers”, “Craft and Related Trade Workers”, “Plant and Machine Operators and Assemblers”\(^{16}\). The industry groups largely associated with informality are: “Wholesale, Retails and

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\(^{13}\) STATIN 2014: p. 13.


\(^{15}\) STATIN 2014: p. 27.

\(^{16}\) STATIN 2014: p. 28.
Repairs”, “Construction” and “Health, Social Work and Personal Service”. Males were represented, to a larger extent, in “Construction”, and females, to a larger extent, in “Wholesale, Retails and Repairs”\textsuperscript{17}. With regards to informality, STATIN 2014 reported that more youth (14 – 24 years) were employed in the formal sector than in the informal sector. Approximately 14 per cent of the age group were employed in the formal sector compared with 11.4 percent in the informal sector at the October 2014 survey\textsuperscript{18}. By the October 2015 survey, the trend had reversed: approximately 12.2% of the age group were employed in the formal sector compared to 13.5% in the informal sector\textsuperscript{19}.

The statistics show that youth unemployment is dynamic, with respect to how trends can reverse, but also structural with respect to the challenges that cause youth to be unemployed, for example level of education.

In the next section, specific relevant literature on youth employment focusing on: the international and regional context for youth in Latin America and the Caribbean (LAC); the skills demanded by the 21\textsuperscript{st} century labour market; results and lessons from specific youth employment programmes implemented in LAC; and indicators relevant to youth employment programmes are explored to inform the indicators comprising a youth employment programme developed around the common metric system and an institutional framework to develop, deliver and evaluate youth employment interventions. Where there is literature on relevant international experiences, these are incorporated and contextualized in the respective sections of the Literature Review.

\textsuperscript{17} STATIN 2014: p. 29.
\textsuperscript{19} STATIN 2015: p. 31.
II. Literature Review

The International and Regional Context for Youth Employment

The global youth employment rate (age group 15 – 24) averaged 13 per cent for the period 2012 to 2014\(^{20}\). The International Labour Organization (ILO), and other international agencies, recognize the implications of high youth unemployment rates for economic growth, poverty, competitiveness and productivity. Consequently, “youth employment is now a top policy priority in most countries across all regions, and at the international level is being translated into the development of a global strategy for youth employment and embedded into the 2030 development agenda”\(^{21}\).

The ILO is also aware of the consistent global analogies by employers that they cannot find candidates with the “right” skills\(^{22}\).

The emphasis on the “right” skills is put forth as a reminder to policy-makers that it is not simply a matter of keeping young people in school so as to enter the labour market as “degreed”… Reports such as McKinsey (2014) based on a survey of over 2,000 employers in eight European countries emphasize that even tertiary degrees are no guarantee of employment when the area of specialization does not correspond to market trends and when the education system does not embed youth with important soft skills including a work ethic\(^{23}\).

The ILO emphasizes that there is need to invest in quality education, from pre-primary through tertiary levels as part of the 2030 development agenda\(^{24}\). However, given the fact that secondary education represents a turning point in a young adult’s life as the transition point to the labour market, the emphasis on the role of secondary education on labour market outcomes is critical.

A major concern of the ILO is that working poverty remains far too prevalent among youth\(^{25}\). For this reason, it is important to ensure that youth employment interventions seek to reduce the prevalence of poverty at the outcome level.

Jamaica is a member of the ILO and has adopted the “Call for Action” which outlines the policy measures that should shape national strategies on youth employment\(^{26}\). The five policy areas are:

1. Employment and economic policies to boost job creation and improve access to finance;
2. Education and training to ease the school-to-work transition and to prevent skills mismatches (alignment with National Policy Goal 1);
3. Labour market policies to target employment of disadvantaged youth (alignment with National Policy Goal 6);
4. Entrepreneurship and self-employment to assist potential young entrepreneurs (alignment with National Policy Goal 3); and

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\(^{21}\) ILO 2015: 4.

\(^{22}\) ILO 2015: 32, 65

\(^{23}\) ILO 2015: 32.

\(^{24}\) ILO 2015: 34.

\(^{25}\) ILO 2015: 47.

\(^{26}\) ILO 2015: 61.
5. Labour rights that are based on international labour standards to ensure that young people receive equal treatment and are afforded rights at work\textsuperscript{27}.

The ILO calls for broad-based partnerships and “coherence in the design and implementation of youth employment policy”\textsuperscript{28}. A common metric system linked to such policies and an integrated youth employment program presents quite an opportunity to seek to implement change. Like other authors, the ILO also acknowledges the need to anchor youth employment strategies in macroeconomic and social policies\textsuperscript{29}.

Fiscal incentives are one measure to create employment opportunities in certain sectors\textsuperscript{30}. Jamaica already has an employment tax credit (ETC) under its Fiscal Incentives Act of 2013. Given the trade-off between fiscal space and fiscal incentives, it is not known if additional fiscal incentives are feasible at this time. Furthermore, training would precede employment in these sectors.

The literature on Latin American countries suggest that youth in the region who possess no more than a secondary education are the most vulnerable to changes in the labour market\textsuperscript{31}. This is an argument for postponing entry into the labour market and pursuing either higher education (tertiary) or post-secondary technical and vocational education. If the trend continues, of a greater supply of secondary-only educated workers in the labour market, then the labour market will become even more polarized with those who have less than a secondary education and those who are more educated being the only segments with improved conditions\textsuperscript{32}. In addition to the premium for more-educated workers, there is a premium on work experience\textsuperscript{33}.

Episodic unemployment or intermittent unemployment normally occurs during the first few years of a young person’s entry into the labour market. The literature suggests, however, that this is not the case in all developed countries. “Episodic unemployment during the first years in the labour market after high school is less common in countries with dual systems such as Germany or Austria, where work experience is an integral part of the secondary curriculum. . . in these two countries 50 percent of young people find employment immediately or very soon after completing their secondary education”\textsuperscript{34}. This is an argument for institutionalizing a mandatory apprenticeship system that is more systematic than what currently obtains as work experience in some secondary schools in Jamaica and at a larger scale than the Human Employment and Resource Training (HEART) Trust’s Registered Apprenticeship Program.

\textsuperscript{27} Ibid.
\textsuperscript{28} ILO 2015: 62.
\textsuperscript{29} ILO 2015: 63.
\textsuperscript{30} ILO 2015: 72.
\textsuperscript{32} Massi \textit{et al.} 2012: 25.
\textsuperscript{33} Massi \textit{et al.} 2012:19.
\textsuperscript{34} Massi \textit{et al.} 2012: 26.
High level of informality among youth is another concern in the region. Most evaluations have even focused on the impact that youth programmes could have on formalization relative to education levels. Studies of youth involvement in the labour force in Latin America conclude that “the informal sector serves as a springboard, functioning as a training ground where young people prepare for a steady job”35. There is also the counterargument that the propensity of youth towards informal employment may also be a result of the education system not preparing them for entry into the formal labour market36.

Differences in unemployment rates among countries in LAC could be the result of a higher rotation of young people in the labour market or structural issues within national labour markets37. If young people do not participate in the labour force because of perceived non-existence of opportunities, this constitutes hidden employment38 and would make actual youth unemployment figures higher than they actually are.

A criticism of the regional literature is the sparsity of valid information on the Caribbean. Most of the literature uses the acronym LAC but the information is only relevant to Latin America. In Massi et al. 2012, for example, the only reference to Jamaica was related to the impact of early interventions for children on education and employment outcomes.

Jamaica and Guatemala present interesting cases. In these countries, analysis of data collected over several decades has demonstrated how early psychosocial stimulation, coupled with good nutrition, can affect education and employment outcomes during adulthood (Hoddinott et al., 2008; Walker et al., 2005; Schady, 2011). Unfortunately, these studies are an exception in the region (Behrman and Urzua, 2011). Moreover, the studies do not precisely identify the role of the school in generating skills or the kinds of skills most in demand in the labour market39.

The literature acknowledges that evidence from this region “on the types of skills that employers demand is practically non-existent”. This research is critical because of the potential for substantial efficiency gains in the labour market. “A better matching of workers’ skills (supply) with those required by employers (demand) would lead to significant gains in efficiency (Vickers, 1995)”40. This is why the Wages and Productivity Survey (2012) in the Bahamas is such an important point of departure and one that needs to be replicated in other Caribbean countries.

While Massi et al. 2012 indicated that the studies in the region do not identify role of the schools, ELLA 2013, places the blame for the skills mismatch on the static education system, which is not evolving fast enough to keep up with the labour market. “Structural unemployment – caused by a poor match between the supply of skills and labour demand – was a key part of the story of high unemployment rates. One of the main culprits in this case was the traditional training system, which was unable to keep up with the highly dynamic goods and services sector”41. In recognition of the reactive education system which appeared unable to provide the impact it should, Latin American governments

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36 Ibid.
40 Massi et al. 2012: 82.
implemented reforms to incentivize the demand side and focus less on the institutions providing the training to the youth accessing the training and the employers demanding trainees with certain skills. “The purpose of the reforms was to make training institutions more responsive to the demands of the productive sectors. These reforms looked to strengthen collaboration between enterprises and training centres. They also aimed to improve the quality of the trainees coming out of the programmes and reduce the cost of training”42.

In contrast to Jamaica, which has delivered youth employment-targeting training, predominantly through the national training institution HEART Trust, Latin American governments have sought to decentralize training as a policy response. The governments used “market mechanisms to allocate resources for training. The typical training programme finances training courses for targeted populations, typically underprivileged youth, but makes training institutions compete for these resources through bidding processes, where quality, cost-efficiency and relevance are the main criteria to allocate resources”43.

Table 2. Differences Between Supply- and Demand-Driven Training Programmes44

<table>
<thead>
<tr>
<th>Supply-Driven</th>
<th>Demand-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public institutions plan supply of training</td>
<td>Private actors, such as firms and training institutions, participate in planning</td>
</tr>
<tr>
<td>Public resources fund training institutions directly without the use of competitive bidding</td>
<td>Training institutions compete for public funding</td>
</tr>
<tr>
<td>Training focuses on what planners deem appropriate for productive sector development. Limited use of consultation with private sector</td>
<td>Programmes are market-orientated: training institutions contact private sector firms to identify demands and firms agree to provide internships to trainees</td>
</tr>
<tr>
<td>Employability goals not considered</td>
<td>Training intends to increase employability of participants</td>
</tr>
</tbody>
</table>

Source: ELLA 2013

The HEART Trust started out as a supply-driven program as it is a public institution planning the supply of training and is funded by public resources, specifically a tax on employers. While training may have been planning-centric, training has begun to evolve to meet the needs of industries, even if not on an expansive scale. HEART is now more focused on employability, as indicated by its Tracer Studies for 2014 and 2015 which explored the theme.

There are a number of specific examples of demand-driven youth employment programmes in the LAC region. These include: Chile Joven (1991) which targeted at-risk urban youth; Argentina’s ProJoven (1994) which targeted young people, aged 16 and older, living in poor households who had attained less than secondary education and were either unemployed or outside of the workforce; Peru’s ProJoven (1996) which sought to improve employment opportunities for poor youth; Colombia’s Jóvenes en Acción (2001) which provided training to poor, unemployed youth; Dominican Republic’s Juventud y Empleo (2001) which focused on poor youth who were not enrolled in regular schooling,

42 ELLA 2013: 3.
43 Ibid.
44 Taken verbatim from ELLA 2013: 4.
with particular attention to young women; and Panama’s ProCaJoven (2002) which focused on vulnerable, unemployed youth to make them more employable\textsuperscript{45}. These are explored further in the section on \textit{Results and Lessons Learned from Youth Employment Programs in LAC}.

A Wages and Productivity Survey (WPS) was conducted in the Bahamas, through support from the IDB. The WPS is particularly relevant because the Bahamas is an English-speaking Caribbean country in LAC. Data from the Bahamas, with which Jamaica shares its political antecedents, inter alia, will make the findings much more applicable. The aim of the study was to provide evidence-based underpinnings for labour market policies with regard to training provision, with a view to enhancing both employability and productivity\textsuperscript{46}.

Employers in the Bahamas were surveyed and it was found that “most employers in the Bahamas report difficulties in finding the right set of skills for their jobs”\textsuperscript{47}. Like employers in the rest of LAC and other regions, employers have had difficulty in recruiting the mix of skills sets that are conducive to labour productivity in their respective firms. These include: job-specific skills, soft skills and basic numeracy and literacy skills. “The lack of these skills in the labour force is an obstacle to productivity and limits workers’ employability”\textsuperscript{48}.

The WPS was conducted in 2012, the first of its kind in the Caribbean. The WPS provided important inputs to this report. There is need for Jamaica to also catalogue its employers/firms to determine what the labour force demands. The Wages and Productivity Survey should be replicated in Jamaica to provide information that can influence policies.

The Bahamas WPS 2012 revealed three critical issues, representative of findings in the rest of LAC, with attendant policy implications.

- High unemployment (particularly for youth and workers with low education levels)
- A skills mismatch between labour demand and supply;
- A lack of integration between employers’ needs and the design of education and training provision\textsuperscript{49}.

Lack of opportunities in the Bahamian labour market is particularly devastating for the youngest unemployed workers. Conversely, lack of appropriate skills impacts the employers’ productivity and profitability.

The WPS was extensive in scope in that every industry was represented. The following are the skills-related issues cited:

- The lack of skills (particularly soft skills) is identified with productivity losses due to unsatisfactory performance, absenteeism, lack of responsibility and commitment to the job.
- The lack of specific skills increases the time spent on recruiting workers.

\textsuperscript{45} ELLA 2013: 4 – 5.
\textsuperscript{47} Fazio \textit{et al.} 2012: 1.
\textsuperscript{48} Ibid.
\textsuperscript{49} Fazio \textit{et al.} 2012: 2.
• The lack of soft skills is the main reason for dismissals, increasing turnover costs for the firms\textsuperscript{50}.

The report pinpoints soft-skills training as key to enhancing both “worker employability and retention”\textsuperscript{51}.

Given that the Bahamas’ Labour Force Survey 2011 identified 50\% of the unemployed as falling under the age of 20 and that unemployment particularly affects those under the age of 25, with a tripling of their unemployment rate during the decade 2000 to 2009, the survey strategically targeted firms with a higher proportion of job opportunities for employees under age 25 in order to conduct a targeted analysis\textsuperscript{52}.

The results for the Bahamas are instructive for Jamaica in that where there is a skills gap, especially where it is related to development financed by foreign direct investment (FDI), there is an increase in the issuance of work permits. Therefore, firms hire new workers but this does not affect the unemployment rate for youth because the lack of skills results in displacement of employment from national to non-national, more qualified or skilled workers\textsuperscript{53}.

It can, therefore, be said that opportunities for employment exist; it is the skills mismatch that prevents employment of the excess supply of workers.

Employers ranked the skills that are important in prospective employees as: (1) specific occupational-related skills; (2) soft skills, including responsibility and commitment; and (3) basic skills – reading, writing and reasoning\textsuperscript{54}. Prior work experience is second only to specific skills in terms of criteria for selection by employers\textsuperscript{55}. These skills and lack of prior work experience present as barriers to entry to youth who have none or minimal development. Firms are more likely to hire for knowledge skills, which they can ascertain during an interview, as it is during the actual tenure of employment that the behavioural skills are most observable\textsuperscript{56}.

After the first results of the WPS were presented, there was further consultation with the respective industries to gauge their views on the main reasons for skills shortages, the bottlenecks to developing industry/sector-specific skills, improving skills alignment with private sector needs and the prospects for better public-private integration.

The following are the responses. (1) Skill shortages are a result of the disconnect between the education and training systems with the industries (supply vs demand). There is also an issue with the career guidance provided at the secondary level of education\textsuperscript{57}. Symmetrical information must inform the policy responses. (2) Bottlenecks are also related to information asymmetries. Youth need to know that “soft skills” may not get one in the door of the establishment but it is much more likely to determine retention rate at the establishment as firms disclosed that soft skill/behavioural issues are

\textsuperscript{50} Fazio et al. 2012: 2 – 3.  
\textsuperscript{51} Fazio et al. 2012: 4.  
\textsuperscript{52} Fazio et al. 2012: 12.  
\textsuperscript{53} Fazio et al. 2012: 14.  
\textsuperscript{54} Fazio et al. 2012: 17.  
\textsuperscript{55} Fazio et al. 2012: 18.  
\textsuperscript{56} Fazio et al. 2012: 19.  
\textsuperscript{57} Fazio et al. 2012: 24.
the main reasons for which they dismiss staff\textsuperscript{58} because soft skills such as responsibility and commitment “affect productivity”\textsuperscript{59}. (3) To improve skills alignment with private sector needs, making OJT more industry-relevant is one contributor. A greater emphasis on soft skills is also essential. The education system also needs to improve the teaching of basic numeracy and literacy skills. Again, symmetry of information is important as the education system needs to be privy to what the employers demand\textsuperscript{60}.

Public-private integration would be one input to addressing the other problems of skills shortages (specific, knowledge and soft), bottlenecks and skills alignment. “Best practices in skills development worldwide usually emphasize collaboration amongst private sector employers, training providers and public employment services to develop demand-based training and facilitate continuous adaptation of education and training to skills demands”\textsuperscript{61}.

An equally important assertion in the Bahamas report is that any workforce development strategy must be “embedded in the country’s sector and economic development strategy so that they reinforce each other to increase employability, productivity and economic growth”\textsuperscript{62}. Youth employment strategies must be linked to the larger macro-economic environment given the complementarities between youth employment and other macroeconomic variables such as growth, poverty, productivity, etc.

In 2015, the Caribbean Development Bank (CDB) published Youth are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean. This is welcomed scholarship because it focuses on the Caribbean region, as opposed to LAC and is able to provide greater comparability, though there are some countries in the region for which there was no data.

The CDB (2015) found that average youth unemployment in the Caribbean region, where data exists, was nearly 25% in 2013. Adult unemployment in the region was, in contrast, 8%. Youth unemployment is further differentiated according to gender where there is cause for concern, with female unemployment approximately 10 percentage points above male unemployment\textsuperscript{63}.

CDB (2015) identifies structure of the labour market, lack of relevant skills and lack of experience among the reasons cited for youth unemployment\textsuperscript{64}. This is consistent with regional and international literature. CDB (2015) also confirms that the region has the rudimentary requirements to address youth unemployment, namely “institutionalisation of youth issues in government ministries, availability of vocational education and training, elements of labour market flexibility, remedial employment-related training schemes and support for self-employment”\textsuperscript{65}.

In this seminal work, the CDB (2015) sought to estimate the direct cost of youth unemployment in the region, using excess unemployment\textsuperscript{66}. Average cost to the governments is 0.12% of GDP and average

\textsuperscript{58} Fazio et al. 2012: 24, 44.
\textsuperscript{59} Fazio et al. 2012: 39, 44.
\textsuperscript{60} Fazio et al. 2012: 25.
\textsuperscript{61} Fazio et al. 2012: 44.
\textsuperscript{62} Fazio et al. 2012: 45.
\textsuperscript{63} Caribbean Development Bank. 2015. Youth are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean: iii, xiii.
\textsuperscript{64} CDB 2015: xvi.
\textsuperscript{65} CDB 2015: xvii.
\textsuperscript{66} CDB 2015: xvii.
cost to the country is estimated at 0.15% of GDP. This average is calculated for the eight countries for which data is available.\(^\text{67}\)

CDB (2015) refers to the CARICOM Youth Development Action Plan (CYDAP) for 2012 to 2017. The Action Agenda is as follows:

1. Action 1: External and Internal Support and Activism for Transformational Change
   Regional Level Actions
2. Action 2: Ensure by 2018 that current regional youth policies and programmes are aligned with prevailing thinking in addressing youth unemployment.
3. Action 3: Implement by 2017, Steering Committee involving other regional bodies to oversee the policies and programmes established and facilitate execution at national levels.
   Country Level Actions
4. Action 4: Organise multi-stakeholder steering committees including the public sector, private sector, trade unions, youth related organisations and young people by 2018. The committee will be responsible for the development of country-specific action plans based on country characteristics.
5. Action 5: Revise/establish national youth policies by 2018 to include programmes and policies to address unemployment, ensuring that gender is a crosscutting issue.
6. Action 6: Job Creation
7. Action 7: Social Protection and Addressing the Consequences of Unemployment
8. Action 8: Skills for Employment and Entrepreneurship/
9. Action 9: Promotion of Active Participation in the Labour Market
10. Action 10: Strengthening Labour Market Information Systems
11. Action 11: Monitoring and Evaluation (M&E)\(^\text{68}\)

Action 4 is consistent with the recommendations from the Bahamas WPS (2012) as well as the ILO (2015) – to strengthen public-private interactions. Regarding Action 10, Jamaica has its Labour Market Information System (LMIS) and could benefit from greater symmetries of information between the employer and prospective employee. Action 11 refers to the dominant theme from the experiences in Latin America, the need to have longitudinal data and robust evaluations to determine the impact of youth employment programmes. The proposed CMS is specifically aligned with Actions 2, 6, 8, 9 and 11.

CDB (2015) found that persons below age 25 are in greater need of STW transition assistance.\(^\text{69}\) This is consistent with the Bahamas WPS (2012) and the need to pay particular attention to this cohort defined internationally as youth (age group 15 to 24 years) which has a markedly different profile from the age group 25 to 29 years. The findings are also consistent with the data in Jamaica. “The unemployment rate is higher for the lowest age cohort, and women generally experience higher unemployment rates than men”\(^\text{70}\).

CDB (2015), like the ILO, identifies the association between low-skilled, low-paying jobs, or unemployment, with poverty. “Poor employed youth are employed in unskilled occupations to twice

\(^{67}\) Ibid.  
\(^{68}\) CDB 2015: xix to xxi.  
\(^{69}\) CDB 2015: 9.  
\(^{70}\) CDB 2015: 13.
the degree of non-poor employed youth”\textsuperscript{71}. It is important that the phenomenon of the working poor be monitored and specific policy measures be implemented to address this vulnerability.

Youth unemployment in the Caribbean can be assigned to two main themes: generalised factors that are observed globally and Caribbean-specific factors\textsuperscript{72}.

The Youth Information Centres (YICs) of Jamaica have identified specific contributory factors to unemployment in Jamaica which are Caribbean-specific:

- Lack of qualifications (the likelihood of being unemployed when one has no skills is even higher)
- Geographical unemployment – localized to areas such as inner cities
- Real wage unemployment due to declines in real wages over time.
- Cyclical unemployment – unemployment associated with falling output e.g. during a recession
- Frictional unemployment – the time it takes for school leavers to find the right work
- Cultural/Social Factors – youth unemployment is highest in underserved, deprived areas with historical basis for pessimism regarding job prospects
- Underground economy
- Hysteresis – past unemployment is a predictor of future unemployment as workers do not get to acquire skills on the job and may not be hired without any experience \textsuperscript{73}

In addition to the globally generalised factors, these additional Caribbean-specific factors make youth unemployment appear to be very intractable and requiring of a multi-pronged approach to address the various associated nuances, notwithstanding the active labour market policies that have been implemented over the last decade.

Active labour market policies are “interventions designed to increase employment through the reduction of job-finding obstacles”\textsuperscript{74}. Active labour market policies in the Caribbean are of three main types: (1) Type 1 – Public employment services; Type 2 – training schemes; and Type 3 – employment subsidies\textsuperscript{75}. The LMIS is Type 1; HEART Trust is Type 2 and the Employment Tax Credit is Type 3. All 3 are operating simultaneously in Jamaica.

There is regional and international support for youth employment in the Caribbean. The World Bank is supporting Start Up Jamaica. CARICOM also has an Education for Employment programme, funded by the Canadian government\textsuperscript{76}. The concern with all these interventions is the institutional framework. To what extent are these activities coordinated for the purposes of national measurement and evaluation. CDB (2015) is of the view that national minimum wages, in the countries that have these laws, do not create barriers to labour market entry for young people because the minimum wages are so low\textsuperscript{77}. This is not substantiated by other literature on the deterrent that minimum wages can create to employment and apprenticeship.

\textsuperscript{71} CDB 2015: 20.
\textsuperscript{72} CDB 2015: 28.
\textsuperscript{73} CDB 2015: 28, Box 3.1. “Ins and Outs” of Jamaica’s Youth Unemployment.
\textsuperscript{74} CDB 2015: 48.
\textsuperscript{75} CDB 2015: 48.
\textsuperscript{76} Ibid.
\textsuperscript{77} CDB 2015: 50.
CDB (2015) calculated the socio-economic cost of unemployment. There were three components which comprise the total cost of youth unemployment – cost to the individual, the country and the government:

- Cost of youth unemployment to unemployed youth: Gross Wages - Tax - Poverty Line
- Cost of youth unemployment to the country: Gross Wages + Cost of the Poverty Line
- Cost of unemployment to the government: Opportunity Cost of the Poverty Line + Foregone Taxes\(^7^8\)

In addition to the direct cost, the authors tried to estimate other costs associated with youth unemployment, for example imputing a cost for youth pregnancy attributable to youth unemployment and other risk behaviour. The direct cost of youth unemployment for Jamaica, in 2013, was estimated at JMD$24,931.8mn (USD$241.8mn) or USD$87 per capita\(^7^9\).

In other words, youth unemployment is not just a problem for the unemployed; it is a societal burden.

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\(^7^8\) CDB 2015: 64.
\(^7^9\) CDB 2015: 75.
Summary

Youth unemployment is a national, regional and global problem. The problem is exacerbated by a mismatch between the skills demanded by the labour market and those actually supplied. Youth unemployment is closely linked to other socio-economic challenges such as poverty, informality and crime. Over the past two decades, governments in the region have implemented active labour market policies and other interventions, some through the support of multilateral financial institutions (MFIs), to create opportunities in the labour market to address excess supply.

There is convergence at the global, regional and national levels. The ILO has put special emphasis on youth unemployment in the development agenda. CARICOM, through its CARICOM Youth Development Action Plan, has placed it squarely on the agenda and intends to convene a Steering Committee dedicated to youth unemployment in the region. What is acknowledged is the need for partnerships to eliminate the asymmetries in information that further perpetuate barriers to entry. The role of secondary education is key in making the transition from school-to-work.

The context in which youth unemployment in the Caribbean exists is one which is lacking in experimental design evaluations to reveal the impact of training programmes and the specific effects on distinct segments of the youth population. The Bahamas has led the way with its WPS (2012). This has provided information on what Bahamian employers, across all industries, actually demand. The Bahamas Survey corroborates findings in Latin America. It also validates the need to focus interventions on the 15 to 24 age group, in particular.

Interventions to positively impact the high unemployment rates, relative to the global average, need to be contextualized to the national macroeconomic setting to ensure alignment with existing laws, policies and programmes.

Youth unemployment was estimated to cost Jamaica (unemployed youth, the country and the GOJ) an estimated JMD$24.9 billion in 2013. This is a significant cost that could be redirected to provide better returns to the country.
The Skills Demanded by the 21st Century Labour Market

In 1992, the Centre for Research on Evaluation, Standards and Student Testing (CRESST) published its review of the various competencies identified by five different bodies engaged in identifying indices of workforce readiness. The five entities were: the Secretary’s Commission of Achieving Necessary Skills (SCANS); the American Society of Training and Development (ASTD); Michigan Employability Skills Task Force’s (MESTF); the New York State Education Department (NYSED); and the National Academy of Sciences (NAS). Each entity produced a study which CRESST used as inputs to its development of two prototypes of workforce readiness skills. The following are the five reports in chronological order:

- NYSED (1990) → “Basic and Expanded Basic Skills”
- SCANS (1991) → “What Work Requires of Schools”

The studies were a result of American managers calling for workers who had more skills and were better able to take on increased responsibility. It is this work from two decades ago that has led to further refinement of the combination of skill sets that businesses need.

The five competencies identified by SCANS are: ability to efficiently use resources; ability to efficiently use information; ability to efficiently use systems; ability to efficiently use technology; and ability to efficiently use interpersonal skills. These are further summarized as three skill sets: (a) basic skills, (b) thinking skills and (c) personal qualities. The personal qualities are what are now called socio-emotional skills.

The sixteen skills, identified by ASTD and organized into seven skill groups, are summarized as: Foundation, Basic Competency Skills, Communication Skills, Adaptability Skills, Developmental Skills, Group Effectiveness Skills and Influencing Skills.

The MESTF identified 26 skills reduced to three domains of academic, personal management and teamwork skills while NYSED identified 2 Basic Skills, applicable to Language and Math, plus eight Expanded Basic Skills. NAS identified ten “core competencies”. One of these is Command of English Language which overlaps with three other competencies – reading, writing and oral communication.

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84 Ibid.
Table 3\textsuperscript{86}: Comparison of Work-Readiness Skills Identified in Five American Studies, 1984 to 1991

<table>
<thead>
<tr>
<th>SCANS</th>
<th>ASTD</th>
<th>MESTF</th>
<th>NYSED</th>
<th>NAS</th>
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</thead>
<tbody>
<tr>
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<td>Foundation:</td>
<td>Personal Management Skills:</td>
<td></td>
<td>(i) Personal Work Habits:</td>
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<td>Willingness to learn</td>
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<td>(v) Computation (Mathematics)</td>
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<td></td>
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<td>(v) Speaking</td>
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<td></td>
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<td>(xv) Negotiation</td>
<td>(xv) Responsibility</td>
<td>(xvi) Teamwork Skills:</td>
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<td>Group Effectiveness Skills:</td>
<td>Teamwork Skills:</td>
<td>Expanded Basic Skills:</td>
<td>Personal Work Habits:</td>
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<td>(xvii) Interpersonal Skills</td>
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<td>(xviii) Team work</td>
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<td>(xviiii) Understanding Organizational Culture</td>
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<td>Influencing Skills:</td>
<td>Personal Management Skills:</td>
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<td>(xxviiii) Understanding Organizational Culture</td>
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\textsuperscript{86} Compiled and re-organized by the author, from pages 5 – 7, 9 – 10 and 12 – 13 of O’Neil (1992) for the purposes of greater comparability and better visualization. Science and Technology are not outliers because two of the five competencies SCANS identified were ability to efficiently use science and technology.
What is apparent is that there is convergence but for the few areas (highlighted in orange in Table 3), which are outliers. The categories under which the skills are apportioned is less significant than the commonality in terms of cognitive, technical and socio-emotional skills. These are the areas identified in contemporary literature on work force readiness. O’Neil (1992) identifies the major skill categories, in terms of comparability as: Basic Skills, Higher-Order Thinking Skills, Interpersonal and Teamwork Skills and Personal Characteristics and Attitudes.\(^{87}\)

According to this report, which references the SCANS 1991 study, as well as SCANS 1992, the building blocks for success in the workplace are Basic Skills, Thinking Skills and Personal Qualities. Crocker et al. (2002) believe that if individuals master these skills and the related competencies, they will become lifelong learners which is necessary in a very dynamic business environment and production process.\(^{88}\) The education system must, therefore, inculcate the reality that learning and training is not finite but rather a continuous process and that individuals will need to evolve and be dynamic if they are to remain relevant in the labour market, and in general.

In his Foreword to *Disconnected: Skills, Education and Employment in Latin America*, Luis Alberto Moreno, IDB President, discussed the quality of education in the region and isolated it as a significant challenge that puts the region at a severe handicap in comparison to advanced economies. Importantly, he cautioned that the need to expand access to education in LAC should not sacrifice quality or come at the expense of quality.\(^{89}\) While the publication focuses on both youth and new hires, for the purpose of NEO-Jamaica, it is the focus on youth that resonates. It should also be re-iterated that, like most publications that refer to LAC, there is a paucity of relevant information on the Caribbean which may pose a limitation in terms of applicability and transference of some of the recommendations made.

Bassi et al. (2012) found that “employers today place greater weight on the need to hire new recruits with adequate behavioral and personality traits as opposed to concrete technical skills that are specific to the job”; in other words, these “soft skills” make persons more employable. The findings further emphasize these attributes by pointing out that “80 percent of employers report that socioemotional and interpersonal behavioural skills are in short supply and represent a barrier to hiring.”\(^{92}\) The authors are, therefore, seized with the transition of secondary school students to the workforce.

It is a combination of both cognitive and non-cognitive competencies that employers seek in their employees. “Attributes such as responsibility, self-esteem and self-control” which are not directly inculcated in the classroom are even more important than cognitive skills in “explaining differences in outcomes within groups of individuals.”\(^{94}\) The role of secondary education in the formation and

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\(^{90}\) Bassi et al. 2012: xvi.

\(^{91}\) Bassi et al. 2012: 73.

\(^{92}\) Bassi et al. 2012: xiv.


\(^{94}\) Ibid.
development of socioemotional skills is a critical one because “socioemotional skills respond to a much
greater extent to external stimuli and can develop late into the teens (until about age 20)”\textsuperscript{95}. While the
window of opportunity for cognitive development is closing, that for socioemotional development is
still open. The argument is, therefore, that schools, and in this particular instance, secondary schools
have the potential to make quite an impact on youth employability and, by extension, youth
employment, if greater emphasis is placed on these skills that are important to employers.

The authors fielded a Skills and Trajectories Survey (STS) in Chile and Argentina. The test measured
four skills\textsuperscript{96}: (1) cognitive; (2) social skills; (3) metacognitive strategies; and (4) self-efficacy. Self-efficacy
is “the inclination to perceive oneself as a good student or an effective worker”\textsuperscript{97}. It was found that
cognitive skills were not closely correlated with socioemotional skills. There was, however, high intra-
cluster correlation among the three socioemotional skills, which is logical. The survey found, with
regard to self-efficacy, that those who attended university scored lower than those who continued on
to post-secondary vocational and technical education\textsuperscript{98}. In Jamaica, if this is applied to the HEART Trust,
it would suggest that those who complete HEART Training and certification, for example, feel more
competent than some who completed a university degree.

Rates of participation in the labour force, employment and wages are key labour-market outcomes.
The results from Argentina and Chile suggest that socioemotional skills play a more pronounced role
than cognitive skills: “self-efficacy is more closely correlated with work outcomes than is cognitive
ability”\textsuperscript{99}.

An important outcome of the STS is that it demonstrates how institutional differences can account for
the differentials in outcomes between and among countries. If an institutional structure is designed to
leverage the outputs of each level then, at each level, there will be greater value-added in the system.
The Demand for Skills Survey (DSS) was fielded in Chile and Argentina and also in Sao Paolo, Brazil. In
all three countries, where employers were asked to place a value judgement on the different types of
skills, in each country,

\textit{Firms report valuing socioemotional skills more than general or industry-specific knowledge. The score assigned to socio-emotional skills is almost twice that assigned to knowledge and about four times that given to industry-specific skills.} In all three countries, employers/firms cited socioemotional skills as “the most difficult to find in the young labour force.”\textsuperscript{100}

An interesting finding, that resonates for Jamaica, albeit without the empirical evidence is: “the gap
between employers’ requirements and the skills offered by young people graduating from high school
is costly, both to graduates (in terms of unemployment and lost opportunities) and to employers, who
must invest more in recruitment and training to compensate for these deficiencies.”\textsuperscript{102}

\begin{flushright}
\textsuperscript{95} Bassi \textit{et al.} 2012: 4-5.
\textsuperscript{96} Bassi \textit{et al.} 2012: 7.
\textsuperscript{97} Ibid
\textsuperscript{98} Ibid.
\textsuperscript{99} Bassi \textit{et al.} 2012: 8.
\textsuperscript{100} Bassi \textit{et al.} 2012: 10.
\textsuperscript{101} Ibid.
\textsuperscript{102} Ibid.
\end{flushright}
Case studies of three companies in Chile (luxury hotel), Brazil (one of the largest banks) and Argentina (automobile firm) also confirmed the mismatch between what employers demand and what prospective youth supply.

A respondent from the bank in Brazil places the mismatch into sharp focus: “In Brazil, school is a place that gives grades to get a diploma that is only useful for entering university”\textsuperscript{103}. In short, school is not about moulding youth into employable citizens; rather it is about an assembly line concept – from primary school to secondary school to university. It is a very linear process that does not accommodate innovations along its life cycle. These kinds of innovations have to be systematic if institutions that prepare youth for the world of work are to produce youth that employers want.

\textit{There is evidence that even in low-productivity jobs, for which young people with complete secondary education are hired, the demand for both cognitive and noncognitive skills is decisive (Maxwell, 2007). It is for this reason that schools must be aware that both types of ability contribute to the transition from school to work}\textsuperscript{104}.

The school-to-work transition requires both. “Efforts to identify such abilities and to define strategies to develop, reinforce, and complement them within the education system are vitally important”\textsuperscript{105}. The complete skill set of any individual includes the cognitive and socioemotional skills\textsuperscript{106}.

Evidence from evaluations of interventions to strengthen cognitive development have revealed that such interventions “need to be implemented early in life if they are to have any effect”\textsuperscript{107} as opposed to those for socioemotional skills which develop between childhood and adulthood, incrementally\textsuperscript{108}. Maxwell (2007) in his seminal work analysing the role of supply and demand for different skills in the San Francisco labour market\textsuperscript{109} lay the foundation for future work. It found that “the demand for advanced language, algebra, applied mathematics, leadership and software mastery is low. In contrast, basic language, the ability to interact with other workers, and the ability to prioritize tasks are among the scarcest skills (high demand and low supply)”\textsuperscript{110}.

These findings informed Maxwell’s public policy recommendation that secondary schools teach academic skills such as reading, writing and math in addition to communication and problem-solving for those students preparing to make their entry into the labour market\textsuperscript{111}. Maxwell (2007) said: “skills are the variables on which education acts to raise the job performance of the population”\textsuperscript{112}. Those who not only have but display higher levels of socioemotional skills have a distinct advantage, especially because several socioemotional skills are closely correlated\textsuperscript{113}.

\textsuperscript{103} Bassi et al. 2012: 12.
\textsuperscript{104} Bassi et al. 2012: 70.
\textsuperscript{105} Bassi et al. 2012: 71.
\textsuperscript{106} Bassi et al. 2012: 74.
\textsuperscript{107} Bassi et al. 2012: 78.
\textsuperscript{108} Ibid.
\textsuperscript{109} Bassi et al. 2012: 82.
\textsuperscript{110} Bassi et al. 2012: 83.
\textsuperscript{111} Bassi et al. 2012: 83, Footnote 2.
\textsuperscript{112} Maxwell 2007 In Bassi et al. 2012: 91.
\textsuperscript{113} Bassi et al. 2012: 95.
The paucity of regional data on what employers are looking for has created a case for expediency: policymakers need to understand what employers want so as to be able to create the enabling policy environment to deliver the demanded outputs. The following are recommended questions, framed from a regional perspective by the authors for the Demand for Skills Survey (DSS):

- What type of work is performed by young people transitioning from school to the labour market?
- What skills are they expected to have when they join a company? Has the demand for skills changed in recent years?
- How easy or difficult is it to find workers with the required skills?
- How do firms handle mismatches between the skills they need and those that young people have?114

The DSS revealed that the companies surveyed demanded three major categories or skills: (i) knowledge (or academic) skills, (ii) technical skills, specific to the workplace and (iii) socio-emotional skills115. The behavioural or socioemotional skills were valued over the other, for the majority of employers and this is consistent with evidence from developed countries, including the United States116. In the WPS for the Bahamas (2012), it was noted that employers indicated that they were more likely to hire for specific knowledge but were much more likely to fire an employee for exhibiting weak socioemotional skills.

The DSS appears to have unearthed the opposing view: “Hire for attitude, train for skill”117. If someone has good socioemotional skills, they can be trained.

Bassi et al. 2012 opine that “schools must help students acquire the more general and transferable socioemotional skills, as firms do not appear to have incentives to train in that dimension. In other words, since the supply of this type of training will be insufficient, schools should be responsible for developing such skills”118. This suggests that secondary schools can also make the STW successful if they place greater emphasis on the socio-emotional skills. “Evidence suggests that some of the instability affecting young workers is explained by the presence of a disconnect between the skills that young people possess and those that companies demand, particularly in the socioemotional category”119. The authors identify three key issues responsible for the skill disconnect in Latin America:

- The disconnect between supply and demand with regard to skills suggests the existence of a profound break between schools and their environment, particularly with regard to the productive system.
- The main agents involved (students, parents, teachers, administrators and staff responsible for formulating policies) lack information about the kind of skills and abilities required in the labour market. The education system also fails to generate needed information on the skills imparted in school, because its evaluation systems are focused exclusively on the measurement of academic knowledge.

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114 Bassi et al. 2012: 122.
119 Bassi et al. 2012: 159.
• The deficient production of the cognitive and socio-emotional skills for which demand exists appears to be due in part to poor teacher preparation and to the lack of incentives for successfully developing the needed skills\textsuperscript{120}.

The HEART Trust NTA undertakes labour market studies on an annual basis. Some are tracer studies. Some studies are sector or industry-specific and aim to determine manpower needs. Tracer studies should, ideally, capture adequate data with a reasonable confidence interval and have enough of a lapse between when persons benefitted or graduated to when the impact is expected to be statistically significant. Based on the regional literature, at least five years should pass to determine if there are long term effects. Anything within a year or two will only be indicative of the short-term impact.

A 2013 Tracer Study of HEART Trust NTA revealed that for 2011-12 beneficiaries, surveyed in 2013, 92.6\% were in the labour force (p. 5), with 34.2\% unemployed\textsuperscript{121}. CDB (2015) referenced this particular tracer study and pointed out that this was only 0.8\% or marginally below the youth rate of 35\%\textsuperscript{122}. Some 72\% of the 2011-2012 beneficiaries were employed in their occupational area of training\textsuperscript{123}. The median gross weekly salary was JMD8,500 (USD75)\textsuperscript{124}, meaning that half of the cohort earned below this amount. CDB (2015) emphasized the point that 50\% were only earning 27\% above the 2013 national poverty line\textsuperscript{125}. Such findings corroborate the need to revisit strategies to develop certain skills and enhance youth employability if there is to be greater impact of education and training not only on employment but also on the earnings of youth.

The 2014 Tracer Study of HEART Trust NTA revealed that for 2012-13 beneficiaries, surveyed in 2014, 96.0\% were in the labour force\textsuperscript{126}, with 32.7\% unemployed\textsuperscript{127}. Some 81.6\% of the 2012-13 beneficiaries were employed in areas aligned to the needs of the labour market\textsuperscript{128}. The median gross weekly salary was JMD9,000 (USD75)\textsuperscript{129}, meaning that half of the cohort earned below this amount. Compared to the 2013 tracer study, there was an improvement of 1.5 percentage points in the unemployment rate. The median salary for this 2012-2013 cohort was, however, only JMD$500 over the 2011-2012 cohort.

It is not clear how HEART gauged labour market alignment as this was not documented in the methodology. The study found that those who were trained in an area not aligned to the needs of the labour market had an employment rate of 61.8\%. HEART recognized that \textit{some who were not trained in occupational areas in demand found employment in occupational areas in demand which could affect the quality of the work produced}. While this is noteworthy, there has not been a systematic interrogation of the demands of the Jamaican labour market, other than the sectorial studies that HEART has done on its own. The extent to which these studies have been validated have implications

\textsuperscript{120} Bassi \textit{et al.} 2012: 162.
\textsuperscript{122} CDB 2015: 50.
\textsuperscript{123} HEART 2014: 6.
\textsuperscript{124} HEART 2014: 7.
\textsuperscript{125} CDB 2015: 50.
\textsuperscript{127} Ibid.
\textsuperscript{128} Ibid.
\textsuperscript{129} HEART Trust 2015: 3.
for the credibility of the findings. **Sectorial alignment in terms of providing training typical of a sector does not mean that the training provided in the sector is still relevant.**

The human capital model attributes differentials in earnings to “differences in productive skills. By a productive skill, we mean an individual capacity that contributes to production by providing a service that appears as an argument in the productive function”\(^{130}\). A survey conducted in 1998 by the United States Census Bureau asked employers to identify the most important attribute by ranking the choices provided. “Attitude” was ranked highest\(^{131}\).

A similar survey of British employers using the Employers’ Manpower Skills Practices Survey (1998) identified “poor attitude, motivation or personality” (62%) as the greatest recruitment challenge\(^{132}\). Both employers’ surveys identified socio-emotional skills as the most important attribute in the hiring process and the greatest challenge to recruitment. Anecdotal evidence also suggests that the General Educational Development (GED) test taken by high school dropouts in the United States may not provide employers with the attributes they are looking for in an employee. “GED holders exhibit substantially better cognitive performance than other high school dropouts....GED is a “mixed signal” indicating to employers that the individual had the cognitive skill to complete high school but lacked the motivational or behavioural requisites”\(^{133}\).

The Rotter scale measures personal efficacy. Low efficacy persons are highly fatalistic in that they believe that their actions have little or no impact on the outcomes they experience\(^{134}\); it is fate. This is associated with low levels of personal responsibility as well. The higher the level of fatalism, the less effort an employee will put out to achieve the objectives of the productive process. Employees with high efficacy are not fatalistic and will put out more effort as they see their role and contribution to the productive process. Such employees are more likely to create the incentive to be hired than the latter\(^{135}\) because they are perceived to provide greater utility to the employer and are more aligned with the employers’ preference curves.

In 2001, Bowles et al. acknowledged that while non-skill traits (meaning non-cognitive traits) was in its incipient stage, “there is some evidence that motivational and behavioural traits are predictors of higher pay”\(^{136}\). In 2001, there was no empirical evidence to demonstrate how school produces good workers as there was no focus on the specific behaviours and personalities that would need to be moulded. However, it is believed that if the reward system practiced by schools reinforces and rewards similar skill sets that employers demand then “we might reasonably infer that schools foster the development of these traits, and the economic return to schooling might represent payments to individuals with these traits”\(^{137}\).

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\(^{131}\) Bowles et al. 2001: 5.

\(^{132}\) Ibid.

\(^{133}\) Ibid.

\(^{134}\) Bowles et al. 2001: 12.

\(^{135}\) Bowles et al. 2001: 12.

\(^{136}\) Bowles et al. 2001: 37.

\(^{137}\) Bowles et al. 2001: 39.
For secondary schools in Jamaica to better impact labour market incomes, there also has to be an emphasis on developing the behaviours and traits that are conducive to success in the workplace.

Bowles et al. 2001 offered the following policy prescriptions: “First, policies to raise individual earnings...would benefit from a more inclusive view of the individual traits affecting earnings, one going beyond cognitive traits and productive skills (Murnane and Levy 1996) to include behaviors”. According to Bowles, policy would have to seek to create the “right” behaviours.

The European Commission (EC) has published 20 guiding principles which it finds instrumental in helping youth in Europe to become employable and achieve meaningful employment. The 20 guiding principles are assigned across four main objectives: National Governance and Social Partners’ Involvement; Support for Companies, in Particular SMEs, Offering Apprenticeships; Attractiveness of Apprenticeships and Improved Career Guidance; and Quality Assistance in Work-Based Learning (WBL). The main point of departure is the European Union (EU); the EU has a much more developed apprenticeship system. Much of what is proposed would come at a later stage if Jamaica takes a policy decision to ensure a dedicated apprenticeship component of its youth employment program. Principles 4 and 17 are of particular relevance, especially within the context of the Bahamas WPS (2012) report. Principle 4 – Systematic cooperation between Vocational Education and Training (VET) schools or training centres and companies is consistent with the public-private integration referred to in the Bahamas WPS (2012) report. Principle 4 complements Principle 17 – Ensuring the content of VET programmes is responsive to changing skill needs in companies and the society is also consistent with public-private integration.

Work-based learning is considered a key component of VET that can positively impact youth’s labour market outcomes. The EC calls for a reconsideration of this historical bias against vocational education, including apprenticeships. It also calls for “career guidance that empowers young people to make well-founded choices” (p. 3). If this is in place, then the perennial complaint of the mismatch would not exist, to the extent that it does, as the governance mechanism would ensure that the VET programs are responsive to the changing needs of both businesses and the society (p. 4). The skills demanded by the 21st century labour-market are multi-faceted. There is need for continuous consultation among education and training providers and businesses to have the right information to guide what is taught and what training is provided.

\[138\] Bowles et al. 2001: 42.
\[140\] European Commission 2015: 59.
\[141\] European Commission 2015: 3.
\[142\] European Commission 2015: 4.
Summary

There has been a significant shift in the labour market, globally, starting in the 1980s. The disconnect or mismatch between the productive process and employees/job seekers has initiated much research - in the United States, LAC, Europe – to find out what this change is, why it has occurred and what it means for the future of the labour market.

Five American studies between 1984 and 1991 identified Basic Skills, Academic or Thinking Skills and Personal Skills as the three main descriptors for what employers demand. Much discourse has, while focusing on the disconnect, challenged the quality of the region’s education system, even accusing it of sacrificing quality for access.

Youth, more than any other group, are challenged to enter the labour market and experience job stability. Secondary education is the point of departure for the labour market. Secondary education represents a tipping point because socioemotional skills, which are very high on employers’ preferences and utility curves, develop late – in the period leading up to adulthood.

Some studies have found that youth who have had vocational and technical education tend to have higher self-efficacy than university graduates. The STS has pinpointed differences in institutions as indicative of differences in outcomes among countries. This suggests the need to ensure that quality institutions are tasked with the responsibility of inculcating in youth the skills that the 21st century demands.

In Technical Proposal 2, an institutional structure is outlined, as well as the actions necessary to ensure quality and strong institutions are tasked with developing and implementing youth employment programmes in Jamaica.
Results and Lessons Learned from Youth Employment Programs in LAC

There have been a number of evaluations in the region. However, in the earlier studies, most were non-experimental. For impact evaluations in the region to be valued and for findings to be associated with specific trends or effects, there has to be a counterfactual: what would have happened in the absence of the intervention or programme to compare with what happened with the programme. In the absence of a counterfactual, there are no real effects. The studies reviewed in this section all use an experimental methodology.

Studies in Chile and Argentina point to a very interesting development which may have implications for education policy in Jamaica. “While in Chile the gain in likelihood of employment from technical/vocational post-secondary education is as high as that associated with university education, in Argentina the gain from technical/vocational education is almost double the gain from the other levels of schooling.” The finding emphasizes the value and value added of technical/vocational education in terms of further developing the socioemotional skills that employers demand. The higher value placed on technical education in Chile is evident in wage premiums which indicate higher returns on education: 26% for secondary technical/vocational education and 30% for post-secondary technical/vocation education. Because technical education offers higher returns, it should receive greater attention and be leveraged as a proven tool for improving labour market outcomes for youth such as: labour force participation, youth employment and youth wages.

The socioemotional variable self-efficacy has the greatest association with both probability of labour force participation and probability of being employed in the Chile-Argentina study. It is also significantly correlated with wages at the post-secondary level. The underlying conclusion is that self-efficacy is a necessary skill for success in the workplace of the 21st century. Consequently, there is a sound argument that “inequality of skills plays an important role in explaining inequalities in the labor market.”

Card et al. (2007) focus on the “employability” and “formalization” effect of the Juventud y Empleo program in the Dominican Republic. Card et al. (2007) trace the development of training institutions in LAC and contrast the period of the 1940s to 1980s which was characterized by centralized training, through national training institutes (NTIs), and post-1980s which instituted the decentralized model of training. Jamaica still maintains a highly-centralized model which suggests that such a model can still remain relevant once it is dynamic enough to anticipate and adapt to change.

Program design identified “increased employability” as a training objective. The evaluation report adds value by providing the first known definition in literature of employability: the probability with which a job seeker can transition between unemployment and employment. By increased

144 Bassi et al. 2000: 110.
146 Bassi et al. 2000: 114.
149 Bassi et al. 2000: 118.
employability, the understanding is that “training would raise the probability of moving from nonemployment to employment and lower the probability of moving from employment to nonemployment”\textsuperscript{151}. Employment transition rates are used to measure increased employability. The assumption is that being a member of the treatment group increases “employability”\textsuperscript{152}. The finding is that “treatment effects for employment are small and imprecise... any treatment effect is concentrated on the job retention rate”\textsuperscript{153} as opposed to any significant effect on employment\textsuperscript{154}.

High youth unemployment is a typical challenge for the region. The problem is exacerbated by socio-economic status (SES) as those who are income vulnerable are also those who are more likely to be exposed to and engage in illicit activities, for example crime. Inequalities within the youth population are exacerbated by SES as unemployment tends to be higher among those with low SES\textsuperscript{155}. In the region, education programs have been used as the policy instrument to address inequalities with respect to skills and other competencies that those of a lower SES may have relative to their peers at a higher SES. Some of the programs have been complemented by conditional cash transfer (CCT) programmes. In Jamaica, the Programme for Advancement Through Health and Education (PATH) is used to impact the acquisition of knowledge and skills through indicators such as attendance rates which the transfers are conditional upon.

It can be inferred from Attanasio et al. (2008) that reducing poverty among the youth is one way to arrest the high levels of unemployment among youth, particularly those of low SES. “However, by their nature these interventions take a long time to translate into poverty reduction and require further investments in quality improvements”\textsuperscript{156}.

Attanasio et al. (2008) outline the findings of a randomized control trial (RCT) in Colombia. The Jóvenes en Acción program sought to ameliorate youth unemployment among unemployed urban youth of a low SES. The evaluation of the program is mainly concerned with the impact that vocational training can have on certain outcomes, namely employment and earnings of the participants in the program. The evaluation found that the intervention does have a positive impact on both outcomes, but the impact is larger for women\textsuperscript{157}. Because of the RCT, there is no inherent selection bias which the literature on youth employment programmes has cited as potentially undermining any attributable results of training or other interventions to positive labour market outcomes.

The argument proffered by Attanasio et al. (2008) is that vocational training may be the best way to achieve long term poverty alleviation among youth. “Vocational training may thus be the best chance to improve the labor market prospects of youth at the bottom of the income distribution and may also help avoid the rise of social problems such as crime and extreme poverty that result from youth

\textsuperscript{151} Card \textit{et al.} 2007: 290.
\textsuperscript{152} Card \textit{et al.} 2007: 293.
\textsuperscript{154} Card \textit{et al.} 2007: 296.
\textsuperscript{156} Attanasio \textit{et al.} 2008: 4.
\textsuperscript{157} Attanasio \textit{et al.} 2008: 2.
employment. Given that the profile of youth in Jamaica, like anywhere else, is multi-dimensional, it is important to create a program for youth employment that addresses the youth population in general but which has specific instruments that target those who are especially vulnerable, for example those of low SES and women.

Jóvenes an Acción had large effects. Intention-to-treat (ITT) effects, whereby comparisons are made between individuals offered and not offered training, were that: training increases paid employment, time spent in employment on a weekly basis, wages and salaries and formal sector employment. Increases in wages and salaries was, largely, a benefit of formalization. The ITT effect is, however, much more significant for women than it was for men.

Attanasio et al. (2008) also found that the training had stronger effects on earnings and employment when the OJT was more intense or rigorous.

One potential factor that can undermine results related to training programs is uniformity of the quality of training provided by institutions. The researchers addressed this by creating a weighted average of the “within training centre” effects that controls for fixed effects across all training institutions as well as variable effects.

The Colombian experience is comparable to that in the Dominican Republic because both programs were similarly designed and there is similarity in the magnitude of results. Both programs used an experimental methodology. A notable difference, however, is that attrition, though not relevant to the assignment of treatment and control groups, was very low in Colombia – almost full compliance in both the treatment and control groups and this is good for keeping selection bias out of the process.

Attanasio et al. (2008) attribute two main characteristics for the success of the program. There was a 3-month OJT internship component and training was designed, marketed and delivered by private sector institutions – both for and not for profit.

Additional findings that are of significance in the design of future youth employment programmes with a training component are:

- the more time spent in OJT, the higher the employment and earnings gains
- the greater the complementarity or associations between classroom and OJT, the higher the employment and earnings gains
- the quality of the OJT was highly correlated with the success of the program
- the internal rate of returns (IRR) – rate of return that equates the costs to the gains of the program – are high even under both a scenario of permanent gains from the programme and another of a depreciation rate of 10%.

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158 Attanasio et al. 2008: 2.
159 Attanasio et al. 2008: 6, 24, 27, 32.
161 Attanasio et al. 2008: 20.
162 Attanasio et al. 2008: 21.
164 Attanasio et al. 2008: 29.
165 Attanasio et al. 2008: 30, 32.
The lowest IRR is 4.5% for men under a 10% depreciation rate scenario while women have an IRR of 13.5% under the same scenario. These are the lower bounds. When the permanent gain scenario is used, the IRR is 16% and 25%, respectively, for men and women.\(^{166}\)

The study on Chile and Argentina underscore: (1) the need to better understand the education system in Jamaica and what it does to either enhance or undermine labour market outcomes; and (2) the need for more research, long term evaluations and data-driven education policies that coordinate with labour-market policies.

Ibarrarán et al. (2015) found, on its six-year follow up using a randomized control trial (RCT), that the youth training program Juventud y Empleo in Santo Domingo, Dominican Republic had long term impacts which have been sustained and are growing over time. Juventud y Empleo targets youths, 16 to 29 years of age. The analysis also found that the local context is instrumental in the impact of such programmes where the local labour market actually demands the skills provided by the skills training program.\(^{167}\) This evaluation was the first experimental long term impact evaluation of a youth training program in LAC and the developing world.

Importantly, because it is a RCT, it has a counterfactual group, in addition to the treatment group – those youth who participated in Juventud y Empleo. The characteristics of the sample that the researchers traced in 2014, both treatment and control groups, are statistically equivalent to the rest of the 2008 training cohort and representative of the entire cohort.\(^{168}\)

LAC governments have tended to implement short-term job training programs for youth to address the high unemployment among youth in the region.\(^{169}\) The majority of these programs offer: technical skills training plus internship plus some soft skills training.\(^{170}\) Soft skills have also been developed under the program. Juventud y Empleo’s impact has been on the probability of formal employment for males and on monthly earnings; both positive impacts are conditional on being employed. “Overall, the long-term impacts are substantial and show that the program has an important effect in helping youth get and keep good jobs.”\(^{172}\) The gains become statistically significant in the last 1.5 years of the evaluation period which confirm that the “the initially small gains are consistent and increase over time” or “persist.”\(^{174}\) The returns to investment in training, based on the experience in Santo Domingo, are most pronounced where there is near perfect alignment between demand and supply for the skills developed during training.

Kugler et al. (2015) use experimental evidence to explore existing gaps in the literature on youth employment and training in LAC. No other study had, at that time, examined the external effects on

\(^{166}\) Attanasio et al. 2008: 32.
\(^{168}\) Ibarrarán et al. 2015: 15.
\(^{169}\) Ibarrarán et al. 2015: 8.
\(^{170}\) Ibid.
\(^{171}\) Ibarrarán et al. 2015: 26.
\(^{172}\) Ibarrarán et al. 2015: 24.
\(^{173}\) Ibarrarán et al. 2015: 26.
\(^{174}\) Ibarrarán et al. 2015: 27.
\(^{175}\) Ibarrarán et al. 2015: 29.
vocational training\textsuperscript{176}, meaning how it impacts the schooling and employment outcomes of the family members. The authors review the evidence from Colombia’s Youth in Action (YIA) of the long term direct and spill-over formal education and labour market effects of a RCT vocational training program for underserved youth in Colombia\textsuperscript{177}. Data from the RCT is matched to administrative data to allow for longer term evaluation of the “formal education and labour market trajectories of individuals and family members between three and eight years after participation in the program”\textsuperscript{178}.

The authors used Colombia’s secondary school graduation exam (ICFES – Instituto Colombiano para el Fomento de Educación Superior) database as the first of two administrative datasets. Taking the ICFES test was the proxy for graduation. Some 34 percent of the treatment group (lottery winners) and some 31% of the control group (lottery losers) were matched using data from the 2005 SISBEN Census on names, dates of birth, national identification numbers and relationships to the members of the treatment and control group, referred to as lottery applicants\textsuperscript{179}.

The second administrative dataset used was the Ministry of Education’s System for Prevention and Analysis of Dropouts in Institutions of Higher Education, referred to by the Spanish acronym SPADIES. Some 21 percent of lottery winners and some 17 percent of lottery losers were matched to the tertiary database\textsuperscript{180}.

The third administrative dataset used was Social Security Records obtained from the Ministry of Health and Social Protection, referred to by the Spanish acronym SISPRO. Presence in the social security database is related to formal sector employment. Some 71 percent of lottery winners and some 71 percent of lottery losers were identified, at some point in time, in SISPRO\textsuperscript{181}. Being matched in the secondary and tertiary databases and SISPRO can be possibly attributed to treatment status of the family members who entered the lottery.

Kugler et al. (2015) identified a significant outcome of the program in Colombia. “The pattern of formal education results on applicants and relatives is most consistent with the training-formal education complementarity arising from a combination of improved skills and changes in expectations”\textsuperscript{182}. This particular analysis has the added benefit in that it confirms the findings of Attanasio et al. 2008: “short-term impacts of training on formal employment persist and do no depreciate”\textsuperscript{183}. Similarly, “the earnings effects also persist for women and the less educated”\textsuperscript{184}.

Governments of the region, including the Peruvian government, have implemented active labour market policies aimed at creating short term employment for persons who are both unemployed and vulnerable and who find it challenging to gain either entry or re-entry to the labour market\textsuperscript{185}.

\textsuperscript{176} Kugler, Adriana, Maurice Kugler, Juan Saavedra and Luis Omar Herrera Prada. 2015. Long-term direct and spillover effects of job training: Experimental evidence from Colombia (No. w21607). National Bureau of Economic Research: 8.
\textsuperscript{177} Kugler et al. 2015: 3.
\textsuperscript{178} Ibid.
\textsuperscript{179} Kugler et al. 2015: 10, 11.
\textsuperscript{180} Kugler et al. 2015: 12.
\textsuperscript{181} Kugler et al. 2015: 12.
\textsuperscript{182} Kugler et al. 2015: 4, 26 - 27.
\textsuperscript{183} Kugler et al. 2015: 23.
\textsuperscript{184} Kugler et al. 2015: 24.
Projoven’s evaluation is important for a number of reasons: it uses an experimental methodology and it is the first evaluation that sought to measure program impact on enhancing socio-emotional skills, particularly motivation and self-esteem, even though it did not offer training on these soft skills.

Projoven targeted underprivileged youth and was intent on increasing their human capital, defined in the study as technical, cognitive and/or socio-emotional skills. For the socio-emotional skills, both Rosenberg’s scale of self-esteem and Duckworth’s scales of perseverance and ambition were used. While the values estimated for the intention to treat (ITT) are positive for both Rosenberg’s and Duckworth’s scales, neither is statistically significant. Notably, the program did not provide a socio-emotional skills module.

The impact of Projoven was found to be statistically significant for the quality of employment, formal employment being assigned a value of 1 in the regression for the ITT effect though no statistically significant impact on employment was observed. Formality is indicated by employment, health insurance, pension, salaried employment, contract and weekly hours worked. There were also statistically significant effects for women and youth older than 18 years with regard to registered/formal employment. The impact for women is especially important given that female unemployment more than doubles male employment. Female youth unemployment is also a concern in Jamaica, especially in the 14 to 19 age group.

Projoven demonstrated that results are highly contextualized. The program increased the opportunities for formalization within a labour market characterized by high levels of informality. Evidence from in-depth interviews with firms for this study indicate that “youngsters simply lack the skills required by the productive sector”. This is consistent with the results of other studies that: have lamented the scarcity of skills, both technical and “soft”, as an important drawback for employers in the region”; and the greater value placed on soft skills over general or industry-specific knowledge.

The common themes from the various studies may have implications for training interventions in the Caribbean region and may assist in Governments tweaking their programme design to emphasize country-specific results.

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189 Ibid.
195 Ibid.
Summary

Experimental evaluations conducted in several Latin American countries, namely Argentina, Chile, Colombia and the Dominican Republic produce results that are important from the perspective of policy formulation and programme design.

Post-secondary VET influences wage premiums positively, depending on the value placed on VET by the particular country. Training, therefore, enhances employability. Similarly, the socioemotional variable self-efficacy greatly influences both the probability of labour force participation and employment and is correlated with wages for those with post-secondary VET. Self-efficacy is an important skill demanded by employers. Where there is inequality among the various skills, there will be inequalities in the labour market. Vocational training is identified as, possibly, the best way to redress poverty among youth and even the phenomenon of the youth who are “working poor”.

The various evaluations have found that the training effect on young women is markedly distinct and greater than that for men. Where women receive technical and vocational education, in particular, the impact on both earnings and formalization is significant.

The quality of training programs was found to be a significant determinant of employment and earnings gains, for both young men and women. Where the training is OJT, the impact is even greater. In addition to short-term effects, some of the studies sought to ascertain whether or not the results in the short run persist in the long run.

Studies may be similarly designed but the results will vary based on context. If there is a high level of informality, the training effect may result in greater formalization. If there is excess supply of secondary educated -only unemployed youth, post-secondary VET will have a greater impact on employment and earnings. Studies produce results based on what they set out to test. Sometimes the results confirm and add even more value by isolating additional effects.

Regardless of the results, training produces a positive impact on youth by making them more employable, even if it does not result in employment gains immediately. The results of the various evaluations point to the importance of program design and the country-specific unemployment challenges in influencing the type of impact, the statistical significance of the impact as well as specific inequalities within the youth labour market.
Indicators for a Youth Employment Program

Indicators for youth employment programs represent inputs, outputs, outcomes and impact. There are many indicators that could be introduced into the design of a youth employment program. Some would be internationally comparable and some would address country-specific issues. An indicator of readiness for the labour market is the secondary graduation rate. The low rate in LAC is indicative of a significant proportion of young people who lack the minimum entry requirements to the labour market\textsuperscript{197} and suggests a high level of inefficiency in the system\textsuperscript{198}.

An important question, however, is whether policies to support youth employability should focus on inputs such as infrastructure or teachers’ salaries or “emphasize concrete results, such as the number of students finishing secondary school”\textsuperscript{199}. Additionally, should inputs include internationally comparable data on students’ performance?

The Organization for Economic Cooperation and Development (OECD) administers the Programme for International Student Assessment (PISA). This assessment tells countries how the fare not just regionally but internationally in Math, Science and English education. The PISA is a reflection of the quality of education a country provides. Jamaican secondary school students (15 year olds) should take the PISA so as to provide the GOJ with more information on how Jamaican youth who will be making the STW transition compare in Math, Science and English education. The results could support the call for a revisiting of the purpose of secondary education so that interventions incorporate the need to be globally competitive.

Eichhorst (2015) found that the ineffectiveness of institutions to appropriately negotiate the STW transition has also contributed to rising youth unemployment in industrialized countries\textsuperscript{200}.

Vocational training, in particular in a dual form combining vocational schooling and structured learning on-the-job, is often considered to be one of the most important policy solutions in combating youth unemployment. The evidence available supports this perception, but the institutional requirements of a successful training system also have to be taken into account from a policy perspective\textsuperscript{201}. Institutions that design, implement and monitor youth employment programmes need to be strengthened.

A possible solution, as part of the strengthening is dual vocational programs which combine both OJT with classroom training and provides employers with a pool of certified skills that are relevant and, importantly, “portable” in the labour market\textsuperscript{202}. The drawback is that a dual vocational program requires support on a number of levels – from employers, trade unions and policy makers and takes time to develop to ensure that the policy is defined in such a way to link to particular elements of a Youth Employment Program\textsuperscript{202}. In other words, there is need for a National Youth Employment Policy to link to the proposed EmployYouthJA.

\textsuperscript{197} Bassi et al. 2012: 48.
\textsuperscript{198} Bassi et al. 2012: 50.
\textsuperscript{199} Bassi et al. 2012: 49.
\textsuperscript{201} Eichhorst 2015: 1.
\textsuperscript{202} Eichhorst 2015: 1.
Eichhorst (2015) advocates for an emphasis on education and training as opposed to education alone. Youth unemployment rates have remained below 10% in Austria, Germany and Switzerland, even after the 2008/2009 financial crisis, partly because these countries have dual vocational training systems. Even more so, the strength of the “complex institutional arrangements” are a robust predeterminant of the success of dual vocational systems. This suggests that the system in Jamaica would need to be properly mapped out and strengthened to achieve the benefits of such a system.

Similarly, the perception of vocational education being only for those who are weak academically must cease so that there is no stigma associated with it. There can only be value from all students receiving both education and training. As such, an apprenticeship system or dual vocational system cannot be divorced from the formal education system.

The merits of the dual vocational training system used in Austria, Germany and Switzerland can be attributed to four key institutional elements that the three countries have in common:

- First, they have a high degree of formalization. The training is provided in centrally accredited occupational institutions, where the training content is continuously adapted to meet changing labour market requirements.
- Second, there is strong and long-standing involvement by social partners, including regional trade and occupational committees, through advisory boards that assist in developing and maintaining curricular and monitoring outcomes.
- Third, vocational colleges, financed by the Government, provide the school-based part of dual vocational education and training, which covers both general and occupation-specific education.
- And, fourth, participating firms must meet certain technical standards to obtain accreditation.

The optimal model for a dual apprenticeship system to address employers’ concerns regarding possibly training an apprentice who then leaves and providing some level of income to the apprentice is for the apprentice to earn a wage below the full-time 40-hour week rate for a low-paying job while the employer receives some level of productivity towards the company's output. If this is implemented, then portability among employers should not be a problem up to the point where the employee becomes settled and in a stable job that he or she was seeking from the outset. This implies that not only is there need for a Youth Employment Policy but also possible amendments to the National Minimum Wage law to address the incentive provided to employers who take on apprentices—lower wages.

It has been found in Honduras, specific to the Proempleo programme, that “an increase in the minimum age has a stark, negative impact on the performance program. Many firms reconsidered their recruitment plans after the salary hike, reducing the availability of vacancies that could be filled by program participants”. This suggests that it might not be feasible for a youth employment...
programme to be indexed to the minimum wage if it wishes to provide opportunities for youth to get a foot into the labour market. It is through their demonstration of a combination of skills that employers are looking for that youth increase their chances of being retained by the firm or company or even have a positive recommendation to take to another job prospect. Government policies and laws can undermine each other if, in the course of focusing on one goal – reduced youth unemployment – careful consideration is not given to both dependent and independent variables.

An important question in proposing a National Youth Employment Policy, including apprenticeship is: who will finance the apprenticeship? Will it be the Government or the public or will it be the firm? What are the trade-offs? In Jamaica, the government has provided ETCs but this is for employment as opposed to apprenticeship. There is need for an apprenticeship proposal that addresses what, why, who, when and where in a systematic way. An apprenticeship proposal can be part of a proposed youth employment programme. It should be costed. The HEART Trust’s Registered Apprenticeship Program could be used as a parameter to cost a scale-up to a national program.

Muehlemann and Wolter (2014) explore the apprenticeship model and the cost-benefit analysis of firms investing in training. One benefit is that after the apprenticeship period, firms would normally retain the most skilled workers who may also bring other positive attributes. An equally important consideration is the ratio of academic time to actual apprenticeship time. The ratios vary across countries. The extent to which this is possible depends on the public policy environment and the reinforcing mechanisms that policy has created to ensure that the apprenticeship system actually works.

Apprentices usually get a stipend, relative to the minimum wage. The literature suggests that where there is high apprentice pay, it may serve as a deterrent to more value-added training as firms may seek to minimize costs. Where the pay is low, but not exploitative, firms may be willing to provide more technical training relevant to the respective industry. “As long as apprenticeship training results in a sufficiently high rate of return to education, low apprentice pay may serve as an efficient device to privately finance education, rather than serving as an indicator of apprentice exploitation”.

There is a methodology to calculate the cost to the firm of using apprentices. The cost differs based on whether the apprentice is a skilled or unskilled worker. A skilled worker may be more costly but also provide more benefit to the firm.

1. The value of having apprentices perform skilled tasks is calculated as the time that apprentices spend on such tasks, multiplied by the wage that a firm would have to pay skilled workers if no apprentices had been hired. That value is, however, further multiplied by the productivity of an apprentice relative to a skilled worker.

2. For unskilled tasks, the value to the firm from having an apprentice perform such work is simply the wage that the firm would have to pay to employ an unskilled worker.

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212 Muehlemann et al. 2014: 3.
Germany and Switzerland are the only two countries that have invested heavily in apprenticeship and have both ex ante and ex post data. In Germany, the cost of apprenticeship dropped by, on average, 36% between 2000 and 2007 because firms were using apprentices for productive activities and also for profits\textsuperscript{213}. Switzerland, in comparison, went from a situation of net benefit in 2000 to even greater benefit and profitability in 2004 and 2009\textsuperscript{214} but with greater mobility of apprentices, post-employment.

Apprentices may have higher up-front costs but can, in the long run, save firms on hiring and recruiting costs. “Thus, apprenticeships may provide a less costly alternative for firms, reducing the need to spend time and effort to find suitable workers externally and training them for their firm-specific needs at the pay-level of skilled workers”\textsuperscript{215}. Recruitment and training costs should not be a significant part of a firm’s annual wage bill. The international average is 2 – 5%\textsuperscript{216} and firms will seek to stay within that band. Firms do their own cost-benefit analyses to determine whether an apprenticeship will save them in the long run. The added benefit is that firms get to screen apprentices for the skill sets they are looking for in employees.

Some major trends that have arisen in research on the returns to VET suggest that minimizing the mismatch between demand and supply is the best way to leverage the benefits of a VET. “Using data on high school qualifications in Israel, a study finds that school-based vocational education and training is beneficial only when there is a good match between the training and the occupation of graduates”\textsuperscript{217}. This highlights the need for the employment of guidance counsellors to be revisited so these persons are aligned with the demands of the labour market and any youth employment programme to be implemented nationally.

Since it has been found, in France and Germany, that the advantages of both apprenticeship and a dual vocational system, respectively, fade in time, over the medium term, the inclusion of these components in a Youth Employment Programme would need to be appropriately contextualized, given the investments associated with each on the part of both the employer and the apprentice or student\textsuperscript{218}.

A youth employment programme that is multifaceted and aims to develop various skill sets as well as make youth employable can have various components, including a dual vocational system and an apprenticeship system. The Youth Employment Programme must recognize its different constituents. It includes youth who are vulnerable but should target all youth since it is a national programme.

\textsuperscript{213} Muehlemann \textit{et al.} 2014: 4.
\textsuperscript{214} Muehlemann \textit{et al.} 2014: 4.
\textsuperscript{216} Ibid.
\textsuperscript{217} Eichhorst 2015: 6.
\textsuperscript{218} Eichhorst 2015: 7 – 8.
As part of a youth employment programme, the various tracks can be evaluated over time to see where the greatest impact is and for which segments of the unemployed youth population so as to recalibrate the program over time to be responsive to both the changing business environment and the changing demographics.

One of the outcomes of a youth employment programme should be **medium to long term reduction in the crime rate**, in general, and both the victimization of youth and the perpetration of crime by youth. “Faced with a lack of alternatives in the labor market, young people can adopt risky behavior, such as the consumption of drugs and alcohol”\(^{219}\). The problem of youth unemployment is multifaceted and the solution has to be multifaceted as well.

LAC governments have, in the past, implemented short-term youth employment programmes. These have provided demand-led training, predominantly to vulnerable urban youth, to respond to the skill needs of the productive sector\(^{220}\). The problem is that these outcomes are not long-term because they were non-structural policies or active labour market policies.

González-Velosa *et al.* 2012 find that “human capital deficiencies and limited labor market information reduce the opportunities of many young Latin Americans to access good-quality jobs”\(^{221}\). It is in recognition of the asymmetry of information that the LMIS, specifically the Electronic Labour Exchange, was promulgated in Jamaica in January 2014. The question is: to what extent has this measure been effective in achieving full symmetry of information and reducing the mismatch in demand and supply for youth labour by matching youth with firms that require the skill sets they possess. To what extent are youth, in the determination of the LMIS, qualifying for the jobs that employers seek?

\(^{219}\) González-Velosa *et al.* 2012: 1.
\(^{220}\) González - Velosa *et al.* 2012: 2.
\(^{221}\) González - Velosa *et al.* 2012: 3.
The literature speaks of “scarring effects”\textsuperscript{222} that youth experience due to the challenges associated with finding good quality employment. “Scarring effects” cannot be quantified as an indicator unless it is broken down into (i) the length of time it takes for youth actively seeking employment to find jobs; (ii) the proportion that find employment less than 6 months in duration; (iii) the time it takes from entry to the job market, to find long-term employment; (iv) the proportion that find jobs that pay competitive wages; and (v) the proportion of youth employed in the informal sector who are in that sector by choice as opposed to no other choice.

The literature refers to the types of youth employment programs in LAC as Type 1 (Child Joven-influenced) and Type 2 (Probecat-influenced). Type 1 programs offer classroom training, including an emphasis on soft or socioemotional skills, and on-the-job training\textsuperscript{223}; fundamental aspects of the program are outsourced to private training centres\textsuperscript{224}; letters of intent by firms indicating their willingness to accept interns and the correspondence of the courses to their specific industry demands\textsuperscript{225}; they target youth with lower socio-economic status\textsuperscript{226}; and they are operated through competitive public bids (tenders) which private training institutions compete for\textsuperscript{227}.

Type 2 programs offer OJT at firms that have vacancies as opposed to all firms participating\textsuperscript{228}; programmes are entirely by state agencies\textsuperscript{229}; firms commit to hire a percentage of those who are trained and do not have to pay a salary during the traineeship as the government subsidizes by providing grants for travel, food and work-place related accident insurance\textsuperscript{229}; the program pre-selects those who actually participate and results in a higher probability of being hired post-training\textsuperscript{231}; and the programs are year-round\textsuperscript{232}.

Jamaica’s programs include classroom training and OJT, target at-risk youth who are most likely of a low socio-economic status; are run by state agencies, including HEART Trust, Ministry of Labour’s Steps-to-Work, Ministry of Education’s National Youth Service (NYS), Ministry of National Security’s Citizen Security and Justice Program (CSJP) and include stipends to participants. As such, Jamaica’s programmes are neither Type 1 nor Type 2; they are a Type 3, based on features common to both Types 1 and 2. Different state agencies in Jamaica are tasked with promoting youth employment but this is not part of a structured youth employment programme. Despite the fragmentation, HEART provides a level of centralization because it administrates programs island-wide.

An important lesson from Type 1 programs is that “decentralization seems to have an important cost in terms of the quality of the services provided”\textsuperscript{223} as quality of training was not generalized but specific to the training centre. Unlike in a system where HEART oversees all its entities, the government would have to provide additional resources for monitoring private entities which are not uniform in standards

\textsuperscript{222} González -Velosa et al. 2012: 4.
\textsuperscript{223} González -Velosa et al. 2012: 8.
\textsuperscript{224} González -Velosa et al. 2012: 9.
\textsuperscript{225} González -Velosa et al. 2012: 9.
\textsuperscript{226} Ibid.
\textsuperscript{227} González -Velosa et al. 2012: 10.
\textsuperscript{228} Ibid.
\textsuperscript{229} Ibid.
\textsuperscript{230} Ibid.
\textsuperscript{231} González -Velosa et al. 2012: 11.
\textsuperscript{232} Ibid.
\textsuperscript{233} González -Velosa et al. 2012: 24.
or methodologies. This is an argument to retain this Type 3 system that Jamaica has, with respect to youth training, while allowing private entities that have proven their capacity to participate in the provision of training. It is, therefore, uncertain if an indicator on the proportion of training provided by private entities is currently relevant.

The experience of developed countries is that training programs focused on youth have had negligible benefits because the per capita investment required to address deficiencies in trainees cannot be fully met by governments. A few authors in LAC have found results contradicting that of developed countries. However, there are methodological issues, including lack of comparability across studies, which result in inability to validate or replicate such findings. Additionally, the studies on LAC have not incorporated cost-effectiveness analysis so they are not able to demonstrate to policymakers that there was a better or worse alternative. The result is, therefore, that training programs in LAC are inconclusive as far as their impact on long-term youth employment. The lack of evidence may be attributable to the time at which the evaluation is conducted. “Some training services will only increase the youngster’s employability in the long run, in which case no employment effects will be found if the evaluation is conducted too soon.” Similarly, without long-term impacts, which are inputs to cost-effectiveness analyses (CEAs), there is no basis on which to conduct the CEA. This partly explains why CEAs have not been incorporated in youth training programs in LAC.

An important consideration in designing a youth employment programme is to ensure that there is either no displacement or negligible “displacement” of workers in a different age group. These are the externalities that could be associated with a youth employment programme and, for this reason, it is important to “assess the net benefits from the point of view of society as a whole” so that a “redistribution of employment” does not translate into greater profits for the firm at the expense of employees in other age groups.

Another important consideration is that “it is important to acknowledge that, given these programs’ low per capita costs, Governments should expect modest impacts. It is not reasonable to expect a drastic improvement in labour income or employment, especially in the case of the more disadvantaged youth, since this would imply an extraordinarily high rate of return.” On the other hand, González-Velosa et al. 2012 point to other studies that have found that “the share of employees with vocational degrees significantly increases overall labour productivity.... Leading to short-term outcome on profitability.” Businesses, therefore, should not be too concerned with the impact of a youth employment programme, of which they are participants, being too deleterious on their profit margin.

Education and training are complementary processes that can enhance productivity in the labour market and provide greater stability for youth in the labour market. To educate and to train reflect the cognitive and the socioemotional. The education system must educate and train if it is to properly

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236 Ibid.
239 Ibid.
240 González - Velosa et al. 2012: 42.
guide youth’s entry into the labour market: from school to work. It means there is need for further public investment. Viollaz (2014) found that although youth employment and informality rates are high in Latin America, the evidence from 10 Latin American countries is that youth employment outcomes thus far are indicative of future gains and require continued support if they are to sustain recent improvement in youth employment\textsuperscript{243}.

Viollaz (2014) has encountered the situation in Latin American where youth labour force participation rates have fallen while adult labour force participation rates have increased. This contrasting trend has widened the employment differential between the youth and adult work force\textsuperscript{244}. Similarly, youth employment rates have declined while adult employment rates have risen\textsuperscript{245}. One explanation that has been posited is that youth are investing more in human capital\textsuperscript{246}. If this the case, the decline in youth employment rates should be inversely related to the increase in tertiary enrolment rates.

What is interesting in the ten Latin American countries studied is that “youth unemployment trends follow an inverted u-curve as a function of the level of education for all periods; and unemployment rates for young people with a higher education were slightly higher than the rates for young people with primary education except in the 1980s\textsuperscript{247}. The two findings are closely related. It is found that university graduates face challenges gaining employment because there is an “experience premium” associated with certain high-skilled jobs that they would not yet have and there is also the underemployment phenomenon where some youth opt to be employed even if it is not the best use of their skill sets or competencies, just to get some experience and earn a wage.

The u-curve is explained in the literature as the increase in supply of secondary-educated workers vis-à-vis a decline in primary-only educated workers. “Workers with a secondary education are therefore in a segment for which demand is low and supply is on the rise”\textsuperscript{248}. Part of the outcome anticipated with a successful youth employment program is an increase in the demand for secondary educated workers who are trainable as this would shift the u-curve up relative to wages.

If demand for secondary-educated workers increases, their skills should be enhanced with employment. The OECD proposes a conceptual framework for measuring skill development internationally. There are five inter-related domains of indicators. These include:

- Contextual factors: drivers of supply of and demand for skills
- Skill acquisition: applicable to investment in skills, the stock of human capital and its distribution
- Skill requirements: measurements of labour market demands for skills
- Matching: correspondence between skills obtained through education and training and the skills the labour market demands; and
- Outcomes: impact of skills on economic performance and employment and social outcomes\textsuperscript{249}.

\textsuperscript{243} Viollaz 2014: 45.
\textsuperscript{244} Viollaz 2014: 50.
\textsuperscript{245} Viollaz 2014: 51.
\textsuperscript{246} Ibid.
\textsuperscript{247} Viollaz 2014: 54.
\textsuperscript{248} Ibid.
This conceptual framework is related to the G20 Human Resource Development Pillar and two specific actions, namely: Action 1 – Create internationally Comparable Skills Indicators and Action 2 – Enhance National Employable Skills Strategies. The common metric system for youth employment and employability contributes to the G20 Human Resource Development Pillar.

Under Action 1, better matching of what employers demand and the training provided, gaps in the education system for basic level employable skills and production of a comparable database across countries are key activities linked to youth employment and employability. Under Action 2, the focus on strengthening national and regional vocational education and training institutions and programs is consistent with part of the strategy to enhance youth employment and employability. The point of departure is that there is recognition and empirical evidence that interventions must start in the formal school system, particularly schools at the secondary education level.

The OECD proposes criteria for choosing core skills indicators within the five broad skill domains. The criteria are: relevance, feasibility, comparability and timeliness. The indicators are relevant if they provide information that assists in monitoring the impact of interventions and refining or improving over time. The indicators are feasible if there are enough countries collecting similar data and there is low cost for generating the data, either using existing surveys or modifying existing surveys to suit the monitoring and evaluation needs of the intervention. The indicators are internationally comparable if concept and measurement are homogenous. Finally, there is timeliness in the indicators if data is available at least on an annual basis.

Table 4. Proposed List of G20 Indicators provides indicators by domain. There is commonality between the indicators presented in the Log Frame Matrix (LFM) and the outcome indicators proposed by the OECD. The Log Frame is preferred, currently, because it is what is required for project proposals that go before the Public Investment Management Committee (PIMC) for approval. The LFM is specific to the type of youth employment program that is proposed.

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251 Ibid.
252 OECD 2014: 10 – 11.
253 Extracted verbatim from Table 1 in OECD 2014: 12.
254 The PIMC is chaired by the Honourable Minister of Finance.
<table>
<thead>
<tr>
<th>Contextual Factors</th>
<th>Skill Acquisition</th>
<th>Skill Requirements</th>
<th>Matching</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>Educational attainment of the population aged 25 and over</td>
<td>Employment shares by level of education</td>
<td>Proportion of workers who are overqualified or underqualified</td>
<td>Growth in GDP</td>
</tr>
<tr>
<td>GNI per capita</td>
<td>Youth and adult literacy rate</td>
<td>Employment shares by occupation</td>
<td>Proportion of qualified workers working in the informal sector</td>
<td>Labour productivity (per worker and per hour worked)</td>
</tr>
<tr>
<td>Employment shares by sector</td>
<td>Supplementary indicator: Cognitive skills of students</td>
<td>Incidence of self-employment</td>
<td>Supplementary indicator: Hard-to-fill vacancies (by occupation).</td>
<td>Employment rate (total and by education and gender)</td>
</tr>
<tr>
<td>Trade openness</td>
<td>Supplementary indicator: Cognitive skills of adults</td>
<td>Supplementary indicator: Job-task measures of skill use at work</td>
<td>Supplementary indicator: Skill gaps</td>
<td>Employment rate of youth by education, age and gender</td>
</tr>
<tr>
<td>Human Development Index</td>
<td>Gross and net enrolment rate in primary education</td>
<td>Supplementary indicator: Job requirements by qualification</td>
<td>Changes in earnings by education</td>
<td>Job quality by education (in informal employment and temporary jobs)</td>
</tr>
<tr>
<td>Total Population</td>
<td>Primary education completion: enrolment rate in final year</td>
<td></td>
<td>Changes in earnings by occupation</td>
<td>Unemployment rate (total and by education and gender)</td>
</tr>
<tr>
<td>Relative size of youth population</td>
<td>Gross and net enrolment rate in secondary education</td>
<td></td>
<td>Changes in unemployment rates by education</td>
<td>Unemployment rate of youth by education, age and gender</td>
</tr>
<tr>
<td>Share of population living in urban areas</td>
<td>Lower secondary education completion: survival rate to the last grade</td>
<td></td>
<td>Youth at risk (by school completion)</td>
<td>Earnings by education and gender</td>
</tr>
<tr>
<td>Early childhood health</td>
<td>Share of vocational programmes in upper secondary education</td>
<td></td>
<td></td>
<td>Earnings by occupation and gender</td>
</tr>
<tr>
<td>Educational attainment of women with young children</td>
<td>Gross enrolment rate in tertiary education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to internet</td>
<td>Education enrolment rate of young adults</td>
<td></td>
<td>Income inequality</td>
<td></td>
</tr>
<tr>
<td>Access to mobile phones</td>
<td>Share of tertiary graduates (enrolments) in STEM subjects</td>
<td></td>
<td>Incidence of poverty</td>
<td></td>
</tr>
<tr>
<td>Public expenditure on education</td>
<td>Supplementary indicator: Participation in apprenticeships</td>
<td></td>
<td>Supplementary indicator: Prevalence of HIV by education and gender</td>
<td></td>
</tr>
<tr>
<td>Pupil-teacher ratio (in primary and lower and upper secondary schools)</td>
<td>Supplementary indicator: Participation in education and training by (working) adults</td>
<td></td>
<td>Supplementary indicator: Infant mortality rate by mother’s education</td>
<td></td>
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<tr>
<td>Employment in the informal sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ease of doing business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The indicators proposed in Jamaica’s LFM are proposed because Jamaica, unlike most lower middle income to lower income countries, produces and publishes robust and credible data. Jamaica has annual data on the context indicators (17/18) with the exception of education level of mothers which is not reported on although where the head of household is a female, this information can be captured\textsuperscript{255,256}. Of the 19 indicators of skills acquisition, only data on the cognitive skills of adults may be lacking\textsuperscript{257}. Any data not directly available can be imputed from microdata. With respect to indicators of skills requirements, only skill use at work might not be as developed as the other four indicators (4/5). The only indicators which may be relatively underdeveloped for Jamaica are indicators of matching where 2 of the 7 (hard to fill vacancies and skill gaps) would require a more targeted strategy to capture this data and report on it. Jamaica has data and can produce data on all of the 19 proposed indicators of economic and social outcomes\textsuperscript{258}.

Jamaica has had a National Statistical agency – STATIN – which has produced national and internationally accepted and validated data for over three decades. STATIN will continue to serve as the repository for many of these indicators and this data and is the fulcrum of the framework for a common metric system in Jamaica.

\textsuperscript{255} OECD 2014: 17.
\textsuperscript{256} The challenge is that a household may have more than one mother so the data would have gaps and may not be fully representative.
\textsuperscript{257} Ibid.
Summary

A National Youth Employment Program seeks to achieve the main goal of creating positive net employment for Jamaican youth over successive generations. This is the ultimate impact of the program - the extent to which future generations of youth are better off.

The determination of the indicators is influenced by the literature on youth employment (regionally and internationally). Emphasis is placed on what is internationally comparable as well as what is important with respect to national strategic goals, plans and policies. Indicators must be embedded in the operating environment of the country, especially given that there is need for input from the political directorate, technocrats, private sector interests and youth.

A review of the literature indicates that educational performance impacts on employability. To highlight the gravity of the situation, the PISA would be a good benchmark for the country’s youth to see how prospects for different cohorts improve over time, especially with additional investments in education and training. The literature calls for a multi-faceted approach: formal education, dual vocational systems, apprenticeship and OJT, in addition to emphasis on socio-emotional skills, particularly during secondary education, in preparation for the STW transition.

A major concern regarding an apprenticeship component is that it is de-linked from the National Minimum Wage as this may discourage businesses. The implication of this is that there would need to be policy coherence and a legal basis on which to act. Both the National Minimum Wage Act and the Fiscal Incentives Act (ETC) may need to be amended to facilitate certain components of a youth employment programme, including national apprenticeship.

Although most LAC countries have transitioned to decentralized training systems (Types 1 and 2), Jamaica has been pursuing its own hybrid Type 3 model and this appears to be a good foundation on which to build provided that there are reforms to enhance the quality of the offerings. As such, the ratio of private to public training institutions does not appear to be a significant indicator to track as it is the quality of the institutions that will deliver the impact.

Indicators that are important include the majority of the labour force indicators already published by STATIN and the PIOJ, including the labour force participation rate and related education sector indicators such as the tertiary enrolment rate.

Given the human capital theory that the labour force participation rate is impacted by the extent to which youth delay entering the labour market, the tertiary enrolment rate would be inversely correlated with the youth labour force participation rate.

The results of the literature review have helped to refine the indicators for the proposed Youth Employment Programme. The indicators have also been influenced by the G20’s Proposed List of Indicators for Employment and Productivity based on the criteria of relevance, feasibility, comparability and timeliness, within the Jamaican context.
III. Technical Proposal 1 – The Common Metric System

Conceptualizing the Common Metric System (CMS)

A common metric system is the system of common indicators that clearly identifies measurable inputs, outputs, outcomes and impacts that contribute to a national quantification of youth employment, aggregating all youth employment programmes or interventions, both public and private. The CMS is an element of the institutional framework for youth employment.

Jamaica needs a Youth Employment Programme that is multi-dimensional, focusing on youth overall and, in particular, poor and at-risk youth and young women. A suggested name is EmployYouthJA. The youth employment programme must have specific objectives or goals which will determine the indicators used to measure results, track progress over time and facilitate long-term impact evaluations, including longitudinal studies. While the programme would be generalized to youth, it could provide incentives for vulnerable youth, including women, to ensure both increased labour force participation and other outcomes. The main benefit of this programme is that it would facilitate a comprehensive and co-ordinated look at the youth employment ecosystem in Jamaica. This is currently lacking. There are projects, interventions, etc. They should all be looked at as a programme.

A metric system is concerned with measurement and the quality of the information that is being measured. For this reason, it is important to understand the methodology used, the limitations and challenges as well as the role that each of the actors plays within the system.

Tanur (1993) states that “carrying out an active job search (registering with a public or private employment agency, answering or placing ads, etc.) is necessary for an individual to be counted as looking for work and hence, classified as unemployed”\(^\text{259}\). For this reason, even though STATIN’s Employment Technical Note\(^\text{260}\) speaks to sampling 1,102 establishments of a sampling frame of 2,869 establishments, it is important that there be other data sources to validate.

The Ministry of Labour and Social Security (MLSS) should provide a direct link to STATIN with respect to youth job seekers and youth job placement rates. Similarly, the Employment Agencies’ Unit should be capturing data from private employment agencies and feeding this consolidated information, through the MLSS, on a quarterly basis to STATIN.

Self-reporting should not be the only way to determine youth unemployment; there should also be external validation. Similarly, the criteria “carrying out an active job search” needs to be consistent in what it means for both youth and non-youth to ensure that there is no inherent bias that would then overstate the level of youth unemployment. Tanur (1993) cites additional risks to the integrity of measurements of youth unemployment. How a respondent perceives “looked for work” may impact the outcome indicator if the interpretation is either too broad or too narrow\(^\text{261}\) and this has implications for survey instruments to ensure that a middle ground is reached. Even if a person says “no”, follow up questions should allow the surveyor to deduce if the person’s response was inconsistent and lead to a revisiting of the earlier question, citing the later response.

\(^{261}\) Tanur 1993: 32.
Survey methodology, therefore, needs to establish context or parameters for the responses given to inform calculation of a youth unemployment rate, in order to remove any biases. Survey research tends to suffer from “adequacy of sampling, the impact of question wording and the accuracy of proxy reports, etc.” For this reason, going back to the development of the instruments that are used is important in achieving the efficacy of the metric system for youth unemployment.

Comparable outcome indicators are needed if investments in youth employment interventions are to be assessed using common benchmarks or metrics. The main global-level problem with this measurement is that “there is no global agreement or widely accepted best practice governing the use of indicators to measure outcomes in international workforce development programming.” The two main types of employment outcome indicators in use are those “directed at measuring labour market outcomes” and those aimed at “measuring the effectiveness of program activities.” It has been found that a “project” can get the input and output measurements right but still fail young people if those activities “do not lead to new or better employment opportunities over the longer term.”

The criticism of both indicator types is that the majority:
- Do not adequately capture labour market outcomes;
- Do not track outcomes over time; and
- Are overwhelmingly custom indicators.

These are the limitations and the pitfalls that a common metric system for youth unemployment in Jamaica must address beforehand. The common metric system must ensure that it measures impact and outcomes that are globally comparable even while having contextualized input and output indicators which reflect the national structural issues that need to be addressed if youth unemployment is to be systematically reduced over time. As such, the common metric system must produce nationally validated statistics, aligned with the following hierarchy of results:

\[ \text{Input} \rightarrow \text{Output} \rightarrow \text{Outcome} \rightarrow \text{System-level Outcome (or Impact)} \]

Like any other system, a common metric system is nuanced and dependent on the actors or agents, the inter-relationships and the extent to which there is common goal or objective driving cohesion of the system. Social network analysis is a tool that is currently being applied to understanding labour market systems and can be extended to narrowing in on the youth ecosystem as part of the total labour market. Labour markets are “made up of interconnected institutions embedded in patterns of economic activity with shifting relationships to each other.”

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262 Tanur 1993: 32.
266 Workforce Connections 2015: p. 3.
In addition to the system approach, the literature has identified the following trends: “employment status and wages are the most commonly referenced (though not necessarily used) outcome indicators” of the seven main areas of workforce development:

- Training
- Placement
- Employment
- Wages/Income
- Satisfaction
- Return on Investment
- Market Facilitation

For the purposes of influencing public policy, the first four are most important for the public domain while the final three are more important for the personal and private domain, respectively. The common metric system must track unemployment levels and rates as well as the earnings of those youth who are employed. It must also focus on training and job placement.

An important strategy for youth employment and youth employability is mobility: getting a job and earning is not sufficient. According to the Forum for Youth Investment and National Collaboration for Youth, youth need to be employed at wages that meet their basic needs. A common metric system for youth employability, which encompasses a progressive reduction in youth unemployment, must target not just jobs but graduation to better paying and more rewarding jobs. Youth unemployment and youth poverty are two inter-linked variables. High levels of youth unemployment are directly related to youth poverty. The Independent Evaluation Group, in 2012, stated: “Youth are more likely to be among the working poor than adults. They are at higher risk of unemployment, underemployment, of working in jobs with low earnings. The early work situation of young people has welfare consequences for their future.”

There is, therefore, need for continuous evaluation. Evaluation is costly and, as a result, often poorly integrated into program design. This is evident in that “longitudinal outcomes indicators are regularly absent from program design and management.” This is why the common metric system cannot focus on education indicators, as has been the historical practice. It is employment-related outcome indicators that should be tracked. These indicators should not be donor or project-specific but must be linked to national statistics as well as international measurements of development and progress. These should also be disaggregated by gender, as this is where the largest differential becomes apparent, both for the total labour force and the youth labour force.

The common metric system must also seek to address barriers to entry to the labour market faced by youth. These include a mismatch between what employers want and what skills or competencies youth have and lack of work experience, which youth cannot access if no one will hire them.

Social Ventures Australia (SVA) has undertaken a lot of empirical work on youth unemployment. Much of its findings resonate with other literature. SVA advocates for longitudinal surveys of youth to see how they advance in terms of labour mobility. What types of jobs do they have as their first job or in the first five-year band of the ages considered youth? What jobs do they have in the subsequent five years? Evaluation, specifically impact evaluation, has been identified in the literature as a major area of weakness. If the common metric system is designed around a youth employment program, taxpayer registration numbers (TRNs) may be a means of tracking the cohorts since all youth are now required to have TRNs.

SVA calls for surveys to allow for data to be disaggregated for those young people considered at-risk since these are more likely to experience long-term unemployment compared to the general youth population. Another important recommendation is for surveys to capture not only data on whether the respondent is seeking employment but also the extent to which the person has the minimum requirements for entry into the job market. In other words, the quarterly survey needs to go deeper to allow the kind of analysis as to why persons who are actively seeking employment are unemployed. The barriers to meaningful employment have to be identified in order to devise appropriate interventions to boost youth employment.

The situation in Australia, a developed country, is not dissimilar from Jamaica’s. There is a disparity between what the education system provides (outputs) for entry (inputs) to the labour market. “As the labour market evolves, a workforce based on industry needs becomes more critical to economic growth.” It is not necessarily the case that jobs or vacancies do not exist, it is that there is an inelastic supply of suitable candidates. As such, “the lack of collaboration between education providers, employment services agencies and employers means that large numbers of entry-level jobs and career paths are inaccessible for disadvantaged job seekers.”

The existing labour market, specifically the public and private spheres cannot provide all the jobs required to reduce unemployment; entrepreneurship has to be encouraged, through government policy, as a tool to create new employment and reduce youth unemployment rates.

Research on the opportunity cost of youth unemployment in the United Kingdom in 2008, revealed that the estimated long-term cost of foregone income, tax revenue and welfare payments was estimated at 1 per cent of GDP. The foregone revenue may be less in Jamaica, given that, there are no welfare payments unless the person is a beneficiary of PATH. The converse is that higher levels of workforce participation by youth positively impacts revenue and fiscal space for other developmental expenditure that can enhance quality of life for all, not just youth. The Australian Government, in 2015, determined that to enhance its medium to long term macro-fiscal outlook, it needed to “increase the

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272 Long term unemployment refers to being without employment for a period of twelve months or more.

273 Social Ventures Australia. February 2016. Fundamental principles of youth employment; p. 3.

274 Social Ventures Australia. February 2016. Fundamental principles of youth employment; p. 3.


278 Social Ventures Australia. February 2016. Fundamental principles of youth employment; p. 11.
supply of suitable jobs available to young people.”279 This does not necessarily mean that the public sector should absorb youth. It speaks to ensuring that there are policies in place to address the skills gap and better match industry employers with potential youth employees.

A more comprehensive metric system would, therefore, not only look at job seeking behaviour and job placement but the availability of jobs for the youth cohort and the extent to which these jobs are appropriate for the skills or competencies youth possess, as well as the extent to which these are part-time jobs.

There is a high-risk factor associated with youth unemployment. This is youth who are at-risk. Risk refers to educational attainment – not having the minimum requirements for an entry-level low-paying job and economic insecurity or low socio-economic status, including living in social housing. Such youth may be twice to four times as likely to be unemployed compared to the general youth population, and at risk for transitioning into full-time employment280. Information on youth at-risk should be available from YICs and the NYS which often make referrals to HEART Trust NTA, among other entities, for their constituents to access training. The CSJP also does risk screening for high risk youth and has initiative to support them into employability skills training. This constituent, at-risk youth, is especially vulnerable and require credible baseline data, based on the attributes that determine risk, to ensure they can be tracked over time.

The Youth Employment Inventory (YEI)281 does analyses on interventions targeting youth unemployment.282 It is focused on impact evaluation and collecting lessons learned to inform outcomes in other countries. Though the analyses identify good practices and document experiences, there is no established metric given the variations across countries and the need to ensure that a common metric system is internationally consistent but also nationally appropriate or valid. The value of the YEI is that it is an opportunity for external evaluation of employment interventions targeting youth in Jamaica. The common metric system must build in continuous impact evaluation if it is to add value to the youth ecosystem in Jamaica and influence youth employment and employability.

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279 Social Ventures Australia. February 2016. Fundamental principles of youth employment; p. 11.
281 The YEI was started by the World Bank. It was later taken over by the ILO and now includes the IDB as a member.
282 http://www.youth-employment-inventory.org/
**Key Actors in A Common Metric System**

The key actors in the common metric system are those that collect, analyse and publish national data on the labour force as well as those who supply that data. The key agencies currently operate under the portfolios of the Ministry of Labour and Social Security, Office of the Prime Minister and the Ministry of Education, Youth and Information.

I. Data Suppliers

**Ministry of Labour and Social Security (MLSS)**

There are two main entities within the MLSS. These two entities are the Employment Agencies Unit and the Labour Market Information System.

**The Employment Agencies Unit**

The Employment Agencies Unit operates under the Employment Agency Regulations Act 1956. This Act regulates the operations of private employment agencies in Jamaica with respect to their recruitment of job seekers and placement of these individuals in both local and international employment. The remit of the Employment Agencies Unit is to not only monitor the activities of the private employment agencies but also their compliance with the law. Given that private employment agencies require a license from the MLSS to operate. As such, it should be a requirement that private employment agencies provide quarterly data on the number of persons placed in jobs, including their names, ages, taxpayer registration numbers and employers, for verification. This information could be supplied to STATIN as part of its calculation of the youth unemployment rate to validate self-reporting in its quarterly surveys.

The Employment Agencies Unit is authorized in law (s. 15) to audit the employment records of the agency. The Act was amended and updated in 2007 so that penalties for non-compliance with full disclosure were increased in dollar value to a fine “not exceeding $500,000"283 or to imprisonment with or without hard labour for a term not exceeding six months"284. The Act was also amended in 2010 and could be further amended to require a quarterly report, in addition to quarterly inspection, on a template to be specified by the Employment Agencies Unit.

The Employment Agencies Unit contributes to employment and job placement indicators.

**The Labour Market Information System (LMIS)**

The LMIS has three components: the Electronic Labour Exchange (ELE), the Labour Market Intelligence (LMI) and the Skills Bank. The LMIS is a repository of information on the labour market: labour laws, employment related statistics, information on available jobs by occupational groups, etc. The LMIS is a conduit between employers and employees who choose to use the portal’s job bank and allows both online and offline access. By tracking trends in the labour market, it is able to identify the emerging needs of employers.

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283 The previous fee was $200.
**Electronic Labour Exchange**

The Electronic Labour Exchange (ELE) is the main component of the Labour Market Information System. It was initiated in 2002 to match prospective employers with suitable prospective employees. It requires both employers and the employment-seeker to register, in order to access the services. The ELE supplements the private employment agencies in that it eliminates a third party between the employer and job seeker. The ELE contributes to employment and job placement indicators.

**Labour Market Intelligence**

The LMI is a potpourri of data – both current and historical – on the economy, population and the labour market. Opportunities for training, funding for education and labour market studies are key intelligence that is shared. The LMI’s role is to create efficiency in the labour market by providing information that allows for the appropriate equilibration of supply and demand vis-à-vis skills demanded and supplied and wages supplied and demanded, among other things. The LMI contributes to training, employment, job placement and wages indicators.

**Ministry of Education, Youth and Information (MEYI)**

**HEART Trust NTA**

This is the national training agency that provides internationally-accredited certification. The agency trains but also seeks to place a ratio of its trainees in jobs. The majority of trainees are youth and there are specific programs tailored to at-risk youth. HEART partners with a number of other government agencies, including PATH/Steps-to-Work to deliver training solutions. HEART contributes to the training and job placement indicators. HEART is best placed to serve as a pilot for a longitudinal study because of the link between training, job placement, employment and income levels over time.

**II. Data Collectors and Publishers**

**Office of the Prime Minister**

**Statistical Institute of Jamaica (STATIN)**

STATIN is the national repository for key macroeconomic data on growth, employment (and unemployment), population censuses and other occupational information published in the annual Labour Force Survey (LFS). In addition to the key data it produces, STATIN’s data is a key input to other agencies charged with monitoring and reporting and macroeconomic variables, namely the PIOJ and the Bank of Jamaica (BOJ). STATIN provides the data and the PIOJ analyses that data which it publishes. The key publications to which STATIN contributes are: the Jamaica Survey of Living Conditions (JSLC) and the Economic and Social Survey of Jamaica (ESSJ). STATIN publications and data are a means of verification of the outputs, outcomes and impact of a youth employment and employability program.

**The Planning Institute of Jamaica (PIOJ)**
The PIOJ is the national planning agency which publishes key national socio-economic and environmental data to inform decision-making by policymakers. The PIOJ advises the Cabinet and leads the charge in providing evidence-based advice through its research on national developmental issues. The PIOJ is also the national authorizing agency and key interlocutor for official development assistance. The PIOJ publishes social and economic data which it receives from STATIN and other government agencies. PIOJ publications and data are a means of verification of the outputs, outcomes and impact of a youth employment and employability program.

Figure 1 – Framework for A Common Metric System: Agents, Data Sources, Outputs – proposes the operating and institutional framework for the common metric system. The agents or actors are those who either supply the data, collect the data or analyse the data. The data sources are the various points in the system where raw data is produced. This raw data is then analysed and presented in the outputs. The outputs are the national publications where the finalised data can be located. The LFM in Table 5 outlines the common metric system for a proposed EmployYouthJA youth employment program. The sources of verification column in Table 5 reflects, to a large extent, Figure 1 because the CMS is a part of the institutional framework.
Figure 1 – Framework for A Common Metric System: Agents, Data Sources, Outputs

- Ministry of Labour and Social Security
- Planning Institute of Jamaica
- Labour Force Survey
- Employment Agencies Unit
- Electronic Labour Exchange
- Labour Market Information System
- Statin Fields Quarterly Surveys
- Statistical Institute of Jamaica
- Quarterly Economic Update & Outlook
- Annual Economic & Social Survey of Jamaica
- Publicize as Public National Data

Other Inputs or Data Sources for Validation

Employment Rate (E) and Unemployment Rates (UE) where UE = 1 - E

Hypothetical Situation

Triangulation or Validation of Data whereby Statin's field surveys are corroborated by consolidated information from MLSS' database.

Yes
<table>
<thead>
<tr>
<th>IMPACT (GOAL/ OVERALL OBJECTIVE)</th>
<th>Objectives</th>
<th>Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions/Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth (15 – 24 yrs) making a greater contribution to GDP</td>
<td>Real GDP growth exceeding 3%</td>
<td>Economic and Social Survey of Jamaica (ESSJ)</td>
<td>The economy will record stable, positive growth over the medium to long term.</td>
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<tr>
<td></td>
<td>Increased disposable income due to increase in the personal income tax threshold since July 1, 2016 to $1,000,272.</td>
<td>Central Government Operations (CGO)</td>
<td>The GOJ will collect less income taxes from youth who will have more disposable income. (This is consistent with the policy intent to move away from direct and towards indirect taxes.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased revenue from general consumption tax (GCT)</td>
<td></td>
<td>Youth will have more disposable income to spend on consumer goods.</td>
<td></td>
</tr>
<tr>
<td>OUTCOME (PROJECT OBJECTIVE)</td>
<td>A majority of youth are gainfully employed</td>
<td>Year-over-year (and quarter-over-quarter) youth unemployment declines</td>
<td>Labour Force Surveys (LFS)</td>
<td>More youth (both male and female) are employed in the 1,102 establishments that STATIN surveys quarterly. Youth are predominantly employed in full-time jobs.</td>
</tr>
<tr>
<td></td>
<td>% of youth employed in part-time jobs</td>
<td></td>
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<tr>
<td></td>
<td>More female youth gainfully employed</td>
<td>Reduction in the significant gap between female and male youth unemployment rates</td>
<td></td>
<td>Females will have equal access to employment in establishments surveyed. Childcare costs will not pose a barrier to female employment take-up.</td>
</tr>
<tr>
<td></td>
<td>More youth participating in the labour force</td>
<td>Increase in the labour force participation rate for youth (both male and female)</td>
<td></td>
<td>There are opportunities for youth to participate in, jobs are available and youth are employable.</td>
</tr>
<tr>
<td>Objectives</td>
<td>Indicators</td>
<td>Sources of Verification</td>
<td>Assumptions/Threats</td>
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<td></td>
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<tr>
<td>OUTCOMES (cont’d)</td>
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</tr>
<tr>
<td>More youth creating employment</td>
<td>Increase in youth participation in the micro, small and medium-sized enterprises (MSME) sector</td>
<td></td>
<td>Youth do not displace others when they become employed. Some youth will continue to delay entry into the labour market.</td>
<td></td>
</tr>
<tr>
<td>More youth are earning higher wages</td>
<td>% increase in wages over a five year period</td>
<td>Labour Force Surveys (Employment and Earnings Tables)</td>
<td>The labour market facilitates the payment of higher wages vis-à-vis labour productivity. Youth have skills that attract higher wages.</td>
<td></td>
</tr>
<tr>
<td>Male and female youth are earnings wages that have a low differential or no differential, based on the industry association.</td>
<td>% by which male youth, on average, earn more than female youth</td>
<td>Labour Force Surveys (Employment and Earnings Tables)</td>
<td>The labour market is pursuing gender equality as a labour market policy.</td>
<td></td>
</tr>
<tr>
<td>A significant reduction in youth poverty</td>
<td>% of youth who are poor (quintile 1)</td>
<td>Jamaica Survey of Living Conditions (JSLC)</td>
<td>Youth earn wages that are above subsistence levels i.e. can more than meet their basic needs.</td>
<td></td>
</tr>
</tbody>
</table>
Less youth involved as both victims and perpetrators of crime

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions/Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OUTPUTS</strong></td>
<td>Significant increase in the number of employable youth</td>
<td>Youth competent in areas that the labour market demands</td>
<td>Greater opportunities for youth in the labour market result in less risky behaviour among youth, including exposure to criminality and perpetration of crime</td>
</tr>
</tbody>
</table>

<p>| | | | |
| | | | |
| | | Economic and Social Survey of Jamaica, National Security Chapter | Education and training is aligned with the demands of the labour market, both domestic and international. |
| | | Jamaica Crime Observatory | Youth have the employability attributes that employers require, regardless of industry. |
| | | Economic and Social Survey of Jamaica | |
| | | Labour Market Information System (LMIS) Forecasted Skills Demand | |
| | | HEART Trust NTA Annual Reports | |
| | | Ministry of Education Strategic Plans and Annual Reports | |
| | | Compilation of data from local universities (University of the West Indies (UWI), University of Technology (UTech), Caribbean Maritime Institute (CMI), Northern Caribbean University (NCU), etc.) | |</p>
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions/Threats</th>
</tr>
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<tbody>
<tr>
<td>OUTPUTS (cont’d)</td>
<td>A reduction in the prevalence of “scarred youth”</td>
<td>Length of time it takes for youth to find jobs</td>
<td>STATIN Labour Force Survey</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percent of youth who found employment lasting less than 6 months</td>
<td></td>
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<td></td>
<td></td>
<td>Time it took from entry to labour market to obtain long term employment</td>
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<td></td>
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<td>Proportion of youth in jobs that pay competitive wages</td>
<td></td>
</tr>
<tr>
<td>Increase in new business registrations by youth</td>
<td># of new business registrations by youth</td>
<td>Companies Office of Jamaica (COJ)</td>
<td>The COJ disaggregates business registration data by age group and occupational/industry areas.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>STATIN Business Statistics Tables</td>
<td>STATIN will capture new economic activity in its surveys.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>STATIN Employment and Earnings Tables</td>
<td></td>
</tr>
<tr>
<td>Youth employment-targeting incentives and initiatives</td>
<td>An increase in the level of (youth) employment tax credits (ETCs)</td>
<td>The Tax Expenditure Statement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of unemployed youth involved in apprenticeship programs</td>
<td>Annual Reports of Companies participating in Apprenticeship Program</td>
</tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INPUTS/ACTIVITIES (cont’d)</td>
<td>Proportion employed in informal sector by choice (vs no other choice)</td>
<td>Economic and Social Survey of Jamaica Population Census HEART Trust NTA</td>
<td>Youth want to be employable and want to be gainfully employed. Youth have fulfilled minimum entry requirements for the labour market. Youth with VET degrees are, on average, more productive that their non-VET peers.</td>
</tr>
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<td>--------------------------------------------------</td>
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</tr>
<tr>
<td>INPUTS/ACTIVITIES</td>
<td>Trained and/or trainable youth</td>
<td>% of youth trained on the job</td>
<td>Assumptions/Threats</td>
</tr>
<tr>
<td></td>
<td>% of youth seeking full-time permanent employment</td>
<td>% of youth in dual vocational programmes</td>
<td></td>
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<td></td>
<td>% of youth in apprenticeships (paid)</td>
<td>% of youth in apprenticeships (non-paid)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Secondary graduation rate</td>
<td>Labour productivity of youth with VET degrees</td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td>Indicators</td>
<td>Sources of Verification</td>
<td>Assumptions/Threats</td>
</tr>
<tr>
<td>A targeted employment tax credit to boost youth employment</td>
<td># of establishments requesting the ETC facility</td>
<td>Tax Administration of Jamaica</td>
<td>The Government will gain more in revenue from youth being employed and paying taxes than it will lose in foregone revenue.</td>
</tr>
</tbody>
</table>
| A stratified approach to training that matches industry-specific needs with training curriculum | # of students receiving degrees, certification or accreditation in non-traditional areas that are in demand by employers | HEART Trust NTA
Ministry of Education Strategic Business Plans and Annual Reports | The education and training sector has competent instructor to deliver instruction.
Student take-up of these non-traditional areas is high. |
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<tbody>
<tr>
<td># considered at risk youth as a ratio of the total</td>
<td># who are female</td>
<td>Compilation of data from local universities (UWI, UTech, CMI, NCU, etc.)</td>
<td></td>
</tr>
</tbody>
</table>
| Student Loan Bureau (SLB) offers low or no-interest loans to students who pursue degrees in areas identified as critical sectors for national development | # of students accessing these loans | Students’ Loan Bureau Annual Report
Ministry of Education Strategic Business Plans and Annual Reports | The SLB has enough seed funding to facilitate this policy direction.
The Revolving Loan concept is working at optimal levels. |
IV. Technical Proposal 2 – The Institutional Framework for Youth Employment in Jamaica

Interrogating the Institutional Framework for Youth Employment

The institutional framework is the representation of all the institutions involved in youth employment, with a focus on the key institutions to: provide oversight (governance); implement policies and programmes; and evaluate the impact of policies and programmes on youth employment.

The most important institution in the youth employment and employability ecosystem is the school. “Schools bear the primary responsibility for ensuring that students gain the skills and competencies they need to succeed at work and in society at large”\(^{285}\). Schools fall under the portfolio of the MEYI.

While both primary and secondary schools play a vital role, it is secondary schools who have the greater impact on employment and employability because the secondary school is the point of entry for most youth into the labour market. The wage differential between those who have secondary education and those who have post-secondary education has increased significantly in the decades since the 1980s when both technological and policy changes shifted the demand for labour to more specialized skill sets. This has also been the case in the United States which has had a “wage spread across different educational groups”\(^{286}\).

In 2012, approximately 15 percent of LAC youth who wanted to work could not find jobs. Some 54 percent of employed youth did so informally\(^{287}\). Case studies of three companies in Chile (luxury hotel), Brazil (one of the largest banks) and Argentina (automobile firm) also confirmed the mismatch between what employers demand and what prospective youth supply. A respondent from the bank in Brazil places the mismatch into sharp focus: “In Brazil, school is a place that gives grades to get a diploma that is only useful for entering university”\(^{288}\).

In short, school is not about moulding youth into employable citizens; rather it is about an assembly line concept – from primary school to secondary school to university. It is a very linear process that does not accommodate innovations along its life cycle. These kinds of innovations have to be systematic if institutions that prepare youth for the world of work are to produce youth that employers want.

The education system is the fulcrum of the youth employment and employability system. If it is weak, then it cannot produce sustainable outcomes of higher youth employment, higher wages and higher labour force participation rates. The system has to be adjusted and redefined to make it compatible with the demands of the labour market.

The need to develop the right skills in the education system is a theme that has dominated the evidence regionally (LAC) and internationally. In 2008, Richard Carter wrote that “the Region as a whole needs to re-examine its approach to education and training, so as to equip school leavers with tools more relevant to a changing labour market”\(^{289}\). Carter (2008) also cited United Nations Economic Commission for Latin

\(^{286}\) Bassi et al. 2012: 2.
\(^{287}\) Bassi et al. 2012: 2 – 3.
\(^{288}\) Bassi et al. 2012: 12.
\(^{289}\) CDB 2015: 30.
America and the Caribbean (UNECLAC) reports (2005 and 2007) which highlighted some of the practices which perpetuate the skills mismatch. “There is considerable evidence that the education system in the Region tends to focus more on the acquisition of academic as opposed to labour market skills. Teaching does not impart life skills demanded by the service sector”\(^{290}\) or behavioural life skills demanded by employers such as “team work, pro-activeness, critical thinking and communication”\(^{291}\).

From a public policy perspective, the education system in Jamaica, particularly secondary schools, have to revisit the role of the education system\(^{292}\) and what it should contribute to the youth employment ecosystem in Jamaica. Research has shown that cognitive development is necessary but not sufficient. What schools offer has to be expanded to include more of the socioemotional skills that employers are seeking as well as skills and attributes that will be demanded in the future. The education system has to be proactive if it is to be transformative. Why is there need for this call to action?

Evidence from Latin America suggests that “future employers have changed their performance-related requirements and expectations. Schools in Latin America will have to reinvent themselves to keep up with those changes and help young people to compete with their peers – in Latin American and around the world”\(^{293}\).

The inability of youth to enter the labour market at an earlier age in permanent jobs that pay a reasonable living wage is a phenomenon that started in the United States in the 1980s. The emergence of this phenomenon with the type of industrial development or technological change is no coincidence. In the United States, this change basically removed middle class employment. “Technological change complemented the nonroutine cognitive skills of the least educated, but did replace the routine skills of workers with an intermediate level of education”\(^{294}\). In the 1990s, this phenomenon was documented in Latin America as a concomitant “decline in returns to secondary education and an increase in returns to higher education”\(^{295}\). The findings in Latin America validate those in the United States:

- The supply of secondary educated workers **depressed real wages** for this particular segment of the labour market;
- The demand for workers with higher education grew but there was no similar increase in the supply of higher educated workers and this had the opposite effect on wages for this particular segment of the labour market as it **created a premium** for educated workers\(^{296}\).

Changes within industries and the transmission of new technologies also contributed to depressing wages for the less-educated and raising wages for the more-educated, respectively\(^{297}\). The authors refer to these changes as “the Washington Consensus”. The education system has to keep abreast of what skills and attributes the labour market will require. Where this is not done in a strategic and policy-driven way, the education system provides no value added to the labour market. This is where the disconnect between the education sector and the labour market is most tangible: where the education system has not provided its graduates with the “right” skills\(^{298}\). “The disconnect has occurred because the education

\(^{290}\) Ibid.
\(^{291}\) CDB 2015: 31.
\(^{292}\) Bassi *et al.* 2012: 12.
\(^{293}\) Ibid.
\(^{294}\) Bassi *et al.* 2012: 15.
\(^{295}\) Ibid.
\(^{296}\) Ibid.
\(^{297}\) Bassi *et al.* 2012: 15.
\(^{298}\) Bassi *et al.* 2012: 16.
system has not kept up with the changes in skills required for jobs in today’s labor market.” Bassi et al. 2012 are of the view that the school has a role to play the major role in preparing young people for labour market entry by making them employable.

The EC calls for a consistent legal framework for VET and apprenticeship but this should not be separate from an institutional framework for youth employability that includes the relevant legislation and policies that define who is to benefit, the institutions, what is to be done, inter alia.

“Schools in Latin America are not keeping up with the challenges of today’s fast-changing and increasingly competitive labour market. The system’s capacity to absorb students has increased substantially, but the same cannot be said of its capacity to keep them in school or to impart the skills and competencies that the need to make a successful transition into the labour market. When this situation is compared against the evidence emerging from other countries in other regions, it becomes clear that although the coverage gap has narrowed, the gap in skills and competencies has widened. As a result, the region is facing a serious risk of a cumulative setback in education compared with a good part of the world.

The main institution in the ecosystem, with the potential to bring about the outcomes that the labour market—employers, employees and job seekers—need is the school and the evidence suggests that the emphasis on cognitive development needs to be emphasized during the primary years. After the plateau of the primary years, returns to investments in cognitive development have diminishing returns while the complementarity between socioemotional skills and cognitive skills can be better leveraged in the later years or during secondary education.

From a policy perspective, much greater data mining is needed in Jamaica. There is need to produce national studies on the impact of various interventions in the education sector and in the labour market to ensure that there are credible baselines to work with, in the absence of enough regionally comparable literature. An example of a very useful study that can also inform secondary education interventions is to canvas employers on the types of skills they demand of employees and to rank these according to a preference curve.

Maxwell (2007) concluded that it was entirely possible that “labor outcomes during the school-to-work transition are highly influenced by a skill mismatch or gap between demand and supply.” It is this mismatch that needs to be documented in Jamaica in order for policies, to arm the school to better deliver the outputs that the labour market requires as inputs, to be developed to specifically target this mismatch.

Another important finding for public policy in Jamaica is that internships and training programs have positive impact on the STW transition. However, these interventions have to be tailored to meet the needs of specific vulnerable populations, for example young women. The School-to-Work Opportunities Act of 1994, in the United States, created programs to improve the employment prospects of students about to enter the job market. These programs benefitted women positively provided that they were internship

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299 Ibid.
300 Bassi et al. 2012: 44.
301 European Commission 2015: 7.
303 Bassi et al. 2012: 78.
304 Bassi et al. 2012: 84.
305 Bassi et al. 2012: 84.
and training oriented. Those programs that concentrated on post-secondary education had negative outcomes for young women but positive outcomes for young men.\footnote{Ibid.}

A criticism that has punctuated most literature on youth employment is the collection of longitudinal data for long term evaluation. Without this data being collected, it is impossible to “follow students for long enough to record their education and career development, let alone to analyse the relationship between educational performance and the transition to work.”\footnote{Bassi et al. 2012: 85.} The collection of longitudinal data, though expensive, must be institutionalized as part of the policy process to ensure that this is planned and budgeted for. The results are what will allow the policymakers to tweak the education system to make it produce better outcomes that will then impact positively on the labour market, in particular the youth segment. Given the almost universal use of TRNs in Jamaica, one number should be used to track each individual to allow for comparability over time.

Obtaining longitudinal data of good quality—data that include measurements of the skill levels of the population before entering the labor market—is a critical step toward understanding the elements that make for a successful transition. Such information is also invaluable in the design and implementation of educational and labor policies to improve individuals’ experience in the STW transition. Efforts in Latin America should move in this direction.\footnote{Bassi et al. 2012: 87.}

This was re-emphasized as a necessary tool to “provide the education system with relevant feedback on the performance of young people in the school-to-work transition.”\footnote{Bassi et al. 2012: 165.}

Education models in the region have been premised on European models with two distinct, and seemingly, disparate tracks: “(i) general education—primarily in arts, humanities, and science—designed to prepare students for higher education, and (ii) vocational education aimed at those students who, in principle, could not aspire to higher education and who would have to join the labor market after finishing secondary school (Cedefop, 2004)”\footnote{Bassi et al. 2012: 162.}. This two-track model perpetuated social inequities which the new regime sought to eradicate and replace with access and equal opportunity for all. The earlier differential was replaced by a new two-tiered system which has produced skill gaps.

Bassi et al. 2012 suggest two ways to bridge the skills gap: “One involved changing the content and organization of the education system to create a more direct connection between schools and businesses. The other involved keeping the same content for the most part, but modifying the pedagogical methods used in order to promote the acquisition of skills relevant for the labour market”\footnote{Bassi et al. 2012: 163.}. Bassi et al. 2012 make reference to Jamaica’s National Youth Service Corps “which is aimed at young people who have completed secondary education and who are neither working nor enrolled in a postsecondary program”\footnote{Bassi et al. 2012: 164.} to emphasize the presence of the skills gap in Jamaica. There is also the Steps-to-Work program which targets youth members of PATH households.

It is the view of the report that the efforts of secondary schools should be directed to the following: “well-trained teachers, systems of measurement and evaluation that generate solid data that enable the system

\begin{footnotes}
\footnote{Ibid.}
\footnote{Bassi et al. 2012: 85.}
\footnote{Bassi et al. 2012: 87.}
\footnote{Bassi et al. 2012: 165.}
\footnote{Bassi et al. 2012: 162.}
\footnote{Bassi et al. 2012: 163.}
\footnote{Bassi et al. 2012: 164.}
\end{footnotes}
to detect and cure deficiencies, incentives for quality in education, and a robust education system in touch with the outside world that imparts relevant knowledge and skills”. Jamaica already has a National Education Inspectorate (NEI) that has a very specific monitoring and evaluation (M&E) role.

The following makes a good argument for this function to be assigned to the NEI within the institutional framework.

*Information on the labor market should also permeate the education system. In particular, it is crucial to inform students, parents, and teachers about available jobs and earnings and returns, and about the skills needed to be successful in different occupations. This recommendation responds to the indications that when presented with information about whether to continue studying and, consequently, their implicit decision about the job they will seek once they finish school. Another important step would be to develop a permanent information system that would include test results, socioemotional skills, career paths, and inputs about secondary schools. Desirable inputs would include school-specific data on the average performance on standardized tests of each cohort at the beginning of secondary school, the number of teachers and resources per student (books, computers, etc.), and information on school facilities, among other topics.*

Without needing to create new data, untapped information already exists at schools about critical issues such as absenteeism, behavioural problems, grades in different subjects (from nonstandardized tests), and class hours per year. Even though this information will not necessarily correlate positively or negatively with the probability of finding a job or earning more, its collection, systematization, digitization, and distribution could contribute to making both schools and the education system more transparent to employers. Moreover, it will facilitate a systematic monitoring of school performance and of the deficiencies that must be addressed in order to achieve a stronger link between school and work.

*An evaluation system that expanded its performance measures to include the socioemotional skills that count most in the productive sphere – assuming that those skills were taught – would help close the disconnect between that the labor market demands and what the schools supply. This would not only imply a reorientation of evaluation systems, nor any reduction in efforts to improve the measurement of academic knowledge (especially in its practical applications), which still has a long way to go in the countries of the region. What is being suggested is a widening of the concept of skill and performance beyond the purely academic – and a commitment to teaching socioemotional skills and measuring students’ success in learning them.*

Secondary schools in Jamaica need to be transformed to assume their enhanced roles with respect to the youth employment ecosystem. Secondary schools have guidance counsellors. It is not clear what role guidance counsellors are really playing as far as helping students to focus on appropriate attributes for employability and career choices. Although the change is largely cosmetic, guidance counsellors should be renamed life counsellors or life coaches and the curriculum for that subject revised to incorporate the emphasis on the skill sets that students need to develop to become more employable. This means a structured content that focuses on the transition from STW, including the socioemotional skills.

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313 Ibid.
314 Bassi *et al.* 2012: 166.
The education system presents a conundrum as it is inexplicable how high unemployment among the region’s youth can be reconciled with an education system that is producing more educated/ “qualified” youth\textsuperscript{316}. This echoes similar calls in other literature to revisit the strength of educational institutions, in particular secondary schools since access to education has not been accompanied by commensurate quality of education. It is for all the reasons outlined – the inconsistencies in the education system – why the school is the main institution that needs to be reformed so that it can have the impact it should on the labour market.

It should be stated that, though there are many unattached youth who are outside of the formal education system, the policy intent going forward should be to reintegrate unattached youth into the formal education system or where they have passed school age, direct them into vocational training programmes. Where resources are available, evidence has shown that the best way to enrol unattached youth in training programs and keep them is to offer incentives for example provide income support. It will be easier to arrest the phenomenon of unattached youth going forward if the education system is positioned to recognize students who are at-risk and implement appropriate interventions. For those who are already unattached youth, it is more difficult and this space that the government is not able to fill as easily is filled by non-governmental organizations.

González-Velosa et al. 2012 make the point that the institutional framework in which a youth employment programme operates is important to the programmes outcomes and the impact of the programme\textsuperscript{317}. By this, the authors are referring to political maturity and the use of evidence to guide policies. An example that was cited is that of Colombia’s Jóvenes en Acción where the programme was cancelled after national elections and a change in government, despite availability of evidence substantiating the programme benefits and cost-effectiveness\textsuperscript{318}. This makes a compelling argument for there to be national consensus on the need to reduce youth unemployment and positively impact other correlated outcomes. This can occur where the institutional framework is non-partisan and youth employment programmes are developed around national and sectoral policies and development objectives. This is what has contributed to the high level of buy-in regarding Vision 2030 Jamaica National Development Plan: consultation and consensus on the challenges and the interventions needed to gradually reduce or remove the challenges.

The Government of Jamaica’s Policy Register defines a national policy as “a course of action to be taken by the Government to resolve a given problem or interrelated set of problems”. The problem is high levels of youth unemployment and related problems are an increase in the prevalence of poverty among youth and higher levels of criminality. The GOJ needs to develop a National Youth Employment Policy as a matter of urgency.

\textsuperscript{316} Viollaz 2014: 63.
\textsuperscript{317} González-Velosa et al. 2012: 38.
Key Components of the Institutional Framework

Figure 2 provides a high-level view of the Institutional Framework for youth employment in Jamaica. It identifies the key institutions – internationally, regionally and nationally. The pertinent existing policy is listed. The relevant laws are listed and the mechanisms to provide governance and accountability are also outlined.

Most of the institutions, especially those integral to M&E and the CMS are already introduced in the section on the CMS. The NEI is the main other institution that can provide a level of credibility, accountability and contribute to the necessary iterative evaluation process that must be designed into the youth employment programme.
Figure 2 – High-Level Institutional Framework for Youth Employment\textsuperscript{319}

\textbf{POLICIES}

- Education: The Way Forward (2001)
- Pathways to Education (2017)
- Entrepreneurship Culture
- Labour Market Reform (1996)

\textbf{INSTITUTIONS}

- Cabinet
- Ministry of Education, Youth and Information
- Ministry of Labour and Social Security
- Ministry of National Security
- Planning Institute of Jamaica
- Non-Governmental Organizations
- Statistical Institute of Jamaica
- Parliament
- Private Sector

\textbf{LAWS}

- HEART Trust Act
- National Youth Service Act
- Minimum Wage Act
- Fiscal Incentives Act
- Financial Administration and Audit (FAA) Act

\textbf{GOVERNANCE & ACCOUNTABILITY}

- Public Investment Management System
- Medium Term Socio-Economic Policy Framework
- Economic Programme Oversight Committee
- Partnership for Progress
- National Education Inspectorate
- Common Metric System

Youth employment is a priority for many reasons and just like the GOJ’s economic reform programme, there is need for strong leadership and visibility to ensure that the proposed youth employment programme is managed effectively. Even the International Monetary Fund (IMF) has recognized that unemployment is an issue and has called on the Government to focus attention on this development challenge. It is an opportune time for the IDB agenda (NEO-Jamaica), the GOJ imperative and the IMF caution to be brought to the table. It is a window of opportunity that should be seized.
Conclusion

Youth unemployment must be tackled in a coordinated way. It must emphasize appropriate training, incentivize areas where there will be labour demand and meaningful, sustainable employment where youth are able to graduate to higher levels of income. It requires public-private partnership and the use of targeted Government policies and incentives along with evaluation to allow for recalibration where necessary and to know what has worked and what can be replicated or built on to sustain youth employment and employability.

Youth employment and unemployment are important for opposing reasons; if youth are meaningfully employed over the long term, there are positive spill-over effects to economic performance and social stability. In contrast, unemployment can undermine economic performance and incite social instability. In addition, youth who are unemployed are at risk for adult unemployment. This is consistent with an evaluation of World Bank employment programs by the Independent Evaluation Group. In addition to the risk of adult unemployment is the prospect of “scarring effects”. Those who do find unemployment but less than 6 months or part-time or also at risk of being “working poor”.

There is already an existing mechanism to measure youth employment and other labour force data pertinent to youth. There is, however, only value to be gained by coordinating various data sources to validate the self-reported data from STATIN’s surveys. There is need to strengthen the quarterly surveys so that they identify the barriers to entry which are important in determining public policy responses to youth unemployment. There are also other items that could be added to the survey to produce more data that is internationally comparable and that can assist in evaluating youth employment programmes.

Government policies need to support youth employment and employability. There is need for specific government interventions to incentivize areas that are critical to national development and long term growth. This can be through employer tax credits targeting youth employment or the Student Loan Bureau being used a policy instrument to align education and training with the labour market’s future demands. The society, inclusive of the Government, must understand that there has to be a trade-off between private labour costs and the employment of youth if private employers are to employ more youth.

A youth employment program that is structured to evaluate impact will integrate the impact of youth employment on macro-economic variables such as GDP growth and youth poverty given the causal relationship between the two indicators. It is not sufficient to only measure outputs and outcomes. There is need for evaluation, despite the cost constraint, to allow the common metric system and the institutional framework to be recalibrated as needed to meet the needs of the society and to reflect the changing priorities of the youth ecosystem in Jamaica.
References


