



Social Innovation
Analysis on Youth@Risk:
understanding why young
people fall out of the
labour pool



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Social Innovation for Youth@Risk: How can we help youth who work and study have confidence in their skills?

Being unemployed as a young person often means facing rising concerns about finances and plummeting self-esteem. Pre-pandemic, youth in OECD countries were three times more likely than adults to be unemployed.¹ During the COVID-19 pandemic, studies show that 1 in 6 young people stopped working. This is a secondary crisis with long-lasting effects.²

John, 18, is being raised by a single mother with his two younger siblings. Two years ago, he dropped out of school to help out at home and was contributing almost a quarter of the household income. So, even before COVID-19 hit, John was shouldering a lot of financial responsibility and dealing with stress. When he lost his job in the service industry last year, he could no longer provide this much-needed support for his family. Now that restrictions are easing again, John's focus is getting back to work as quickly as possible. But, along with the financial pressure at home, he's now battling with low self-esteem brought on by the fact that he lacks experience to progress in his career and a feeling that he has no control over his future.

John's story is common. Young people have been particularly hit hard by COVID-19 and this is fundamentally impacting their long-term prospects. One study found that just one month of unemployment between age 18 and 20 ends up causing a 2% loss in earnings over a worker's lifetime.³ This impact is felt by society. Youth who are not in employment, education, or training cost EU countries 1.2% of GDP.⁴ So many people in situations like John's are overlooked and underserved. What if they were made visible? What if the doors were open to opportunity?



¹ <http://www.youthemploymentdecade.org/en/repor/la-tasa-mundial-desempleo-juvenil-tres-veces-mayor-la-los-adultos/>

² https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_745879/lang-en/index.htm

³ https://cepr.org/active/publications/discussion_papers/dp.php?dpno=11852

⁴ https://ec.europa.eu/commission/presscorner/detail/pl/MEMO_12_938

1.2%

of EU GDP

are the estimated costs per year related to young people who were neither in employment nor in education or training (NEET).

3

TIMES AS LARGE

global youth unemployment rate before the pandemic was already three times higher than for adults in the OECD.

1 in 6

YOUNG PEOPLE

have stopped working since the onset of the COVID-19 pandemic, and about half reported a delay in their studies.

-2%

OF LIFETIME INCOME

is the estimated loss for 18- to 20-year-olds due to one month of unemployment.



The Innovation Foundation (IF) is the corporate foundation of the Adecco Group. IF operates not as a grant-giving foundation, but as a Social Innovation Lab that aims to help people from underserved populations, people like John who struggle to get into or stay in employment, to thrive in the working world. The Lab has three steps: it **scans** data and insights for challenges with innovation potential, it **builds** solutions to these challenges, and finally, it **scales** these solutions to maximize impact.

The scanning is done by running the Social Radar (see box). The Social Radar identifies whom we should serve and the needs that must be met, based on data. Begun in January 2021, the Social Radar ran first with a focus on at-risk youth who are struggling to stay in either education or employment. Using our proprietary methodology, this first iteration of the Social Radar identified two key challenges in need of innovative solutions, and made recommendations for further exploration through research and projects.



What is the Social Radar?

The Social Radar is a human-centric scanning mechanism which allows us to identify weak signals and cutting-edge trends that impact underserved populations regarding access to work. It informs both the IF research agenda and our pipeline of social innovation projects. The Social Radar process is not a data analytics tool. Rather, it uses 5 stages to gather data (publicly available, our own proprietary, academic and social perception). In the first stage, it explores 15 predictive factors that determine if a person is at risk of falling out of the labour market. Based on these, a long list of possible challenges is distilled and sense-tested with a variety of stakeholders. This long list is then calibrated down to 2-3 final challenges using our proprietary set of 5 filters: 1) future orientation, 2) innovation potential, 3) scale and scalability, 4) current landscape and solutions and 5) potential for IF to add value. Throughout the process, inputs are provided by a small Brain Trust of multistakeholder experts to analyse and create recommendations for research and projects. The findings from the Social Radar are published regularly.

The process began by collating public data from the World Bank, ILO, OCED and World Economic Forum, among others. From this initial scan, we saw that young people who dropped out of both school and work ran the highest risk of long-term social and economic damage. We began to see recurring trends emerge among young women, those at the urban fringe, and those in countries where social structures were weak and/or economic circumstances were unstable. Out of these trends, 7 possible challenges were identified, ranging from adapting hiring practices and supporting migrant youth, to increasing motivation and codifying skills from lived experience.

While all of these are valid, not all were a match for the Innovation Foundation and our approach. By applying our proprietary 5 filters, we narrowed this to the two most promising challenges where we believed we could best drive impact. Mexico and France were identified as valuable test markets for their differences in economic levels, social protection structures and similarity to other countries in their reasons (for future scaling potential). We then sense-checked our assumptions using social listening methods. Once confirmed via these complementary methods, the following two were proposed to the IF Board:

Challenge 1: Overcoming the choice of “learning vs earning”

Education is the most crucial risk factor for long term unemployment that we identified. In OECD countries, youth unemployment is 16% among those without upper secondary education, in contrast to 5% of those with tertiary education.⁵ Every year in education counts - each year of extra schooling increases income by between 5% and 15% in many countries.⁶ And the wage gap between the least and most educated workers only widens with age.⁷ So, stopping teenagers from dropping out of school must be a top priority for the long term.

Drop-out status has a complex set of drivers, but across the board, teenagers who don't graduate from high school statistically tend to come from lower-income households. One reason they drop out is the pressure of contributing to family income. According to a

US study, workers aged 19 who had dropped out of school were contributing 24% of their household's income - compared to just 12% for those who had completed school.⁸ Beyond the economic reality, there are social pressures, cultural factors, confidence and other drivers at play which may exacerbate the perceived need to choose between learning and earning.

School dropouts contribute

24%

to household income in the
US (graduates: 12%).

⁵ <https://www.oecd-ilibrary.org/docserver/69096873-en.pdf?expires=1618999532&id=id&accname=guest&checksum=FABE00A19562F25DAB2603458E3776EA>

⁶ <https://www.oecd.org/innovation/research/1825293.pdf>

⁷ <https://www.oecd-ilibrary.org/docserver/69096873-en.pdf?expires=1618999532&id=id&accname=guest&checksum=FABE00A19562F25DAB2603458E3776EA>

⁸ <https://www.urban.org/research/publication/dropping-out-clocking-and-falling-behind-what-happens-youth-who-work-and-drop-out>

The most vulnerable population group for this challenge are youth aged 15-19, NEET (not in education, employment or training) from low-income families. This demographic is at or just past the point of compulsory education, a dangerous time to fall out of the system, and at a higher risk of long-term unemployment. Lower lifelong income means a higher likelihood of not fulfilling their potential.

There are clearly existing solutions, like apprenticeships, to help youth to combine education with work. Modern technology can enable opportunities to learn that can be combined with full-time work, as has been highlighted during the COVID-19 pandemic. However, our early research points to an unseen crux to the problem that merits further exploration. At the heart, it is about confidence and self-perception. Many youth simply don't believe that they can combine work and education in a way that will allow them to satisfy the many pressures they face. As a result they don't take action. A key challenge that requires social innovation is therefore: "How might we convince 15-19-year-olds from low-income families that starting work doesn't need to mean stopping education?"

We used social listening data gathered in Mexico, Italy and France to test the hypothesis that the pressure to earn can exacerbate drop-out rates among our target demographic.

In Mexico,
69%
of social media feeds by
young people mention school
drop out and poverty.

Dropping out due to poverty is a much more widespread problem in Mexico (mentioned by 69% of posts) than in France (16%) or Italy (2%). COVID has made it worse: as one Mexican high school student said, "if I connect to classes I don't work, and if I don't work, at home we don't eat". Another commented that lack of tools for online learning meant child labour had skyrocketed. In Mexico, NEET youth are viewed negatively as not supporting family or contributing to society. Yet there is little help for teenagers to develop their employability, with only 3% of Mexican social media posts mentioning initiatives such as internships or skills training programmes compared to 37% of posts in Italy and 74% in France.

In France,
1 in 2
youth
is dissatisfied with
remote working.

Our sentiment data found that young people in Mexico and Italy see it as particularly difficult to combine school with work. This is less of an issue in France where apprenticeship is more widespread and social support is more robust.

Therefore, this challenge is particularly salient because it hinges on a combination of economic circumstances and social pressure. The traditional solutions of training programmes, apprenticeships, mentorships, etc. alone will not be enough to change perceptions of choice and obligation. Therefore, we see this as a gap that merits further work and needs innovative solutions.

Challenge 2: Helping young people to value the skills they have

Among our set of 15 risk factors, the most intriguing are those factors that cannot be easily measured, such as mental health, personality traits, attitudes, beliefs, cultural background, and networking behaviour.

According to a UK study, both low self-esteem and an “external locus of control” (the feeling that your fate is beyond your control) increase the risk of long-term unemployment, even with success in school.⁹ It is difficult to separate cause and effect here: is someone unemployed because they have low self-esteem, or do they have low self-esteem because they are unemployed?¹⁰ It’s certainly clear, however, that low self-esteem can hold people back from achieving their potential in the workplace.

This “external locus of control” also means that someone thinks their future is more influenced by things they can’t control than by things they can. For instance, 37% of students in OECD countries believe

there is little they can do to improve their intelligence.¹¹ Students with this “fixed mindset” perform worse than students with a “growth mindset” in reading, science, and mathematics tests.¹²

Studies show that people’s personality traits become more fixed as they get older – but the positive takeaway here is that youth have the ability to change.¹³

Young people often feel that they have nothing to offer to employers because they lack skills, competencies and experience. In reality, young people have a wealth of insights, skills gained from lived experience and value that can be framed and presented to employers to get a foot in the door. We believe that the ability to identify, harvest and communicate these assets can be learned.

The group most affected are youth aged 15-24 who are less motivated, not proactive or have low self-esteem. The key challenge that requires new innovative solutions is: “How might we help these young people understand the skills they already have and how they can contribute to the world of work?”

In France, Italy and Mexico, our social media listening exercise confirmed that young people see lack of experience and access as the key barriers to entering the world

In the US,
39%
of working dropouts have
an above average GPA.

⁹ <https://izajole.springeropen.com/articles/10.1186/s40172-015-0035-3>

¹⁰ Cobb-Clark D, Kassenboehmer SC, Schurer S (2014) Healthy habits: the connection between diet, exercise, and locus of control. *J Econ Behav Org* 98:1-28

¹¹ OECD PISA 2018 Database, Tables III.B1.11.1, III.B1.11.4, III.B1.12.1, III.B1.12.2, III.B1.12.16, III.B1.13.5, III.B1.13.14, III.B1.14.1 and III.B1.14.7. See: https://www.oecd.org/pisa/Combined_Executive_Summaries_PISA_2018.pdf

¹² <https://www.oecd-ilibrary.org/docserver/20922f0d-en.pdf?expires=1617875106&id=id&accname=guest&checksum=310A5A58A35191C582C39535FA2F2424>

¹³ Carneiro P, Heckman JJ (2003) Human Capital Policy. In: Heckman JJ, Krueger AB, Friedman BM (eds) *Inequality in America: What role for human capital policies?* MIT Press, Cambridge, Mass

of work, with women particularly affected. Especially in Italy, conversations mention lack of guidance in schools on proactive job searching, and frustration about the lack of opportunities. One youth commented: “How can we acquire new knowledge in new sectors if your resume is discarded by default?”

Early in the pandemic, there were projections that remote and hybrid working would suit young people better than older generations, and that this would open up more opportunity. In reality, remote working during the pandemic has created new barriers to integrating youth into the workplace. In both France and Italy about half of social media posts on “smartworking” during the pandemic were negative in tone, with many youth expressing dissatisfaction that it limited their contact with others during onboarding and training programmes. If what youth lack is experience with the world of work, remote working may build skills but not the necessary competencies and confidence to increase employability. Mental health of young NEETs,

which reflects the challenges related to low confidence, was mentioned more often in Italy (5%) and France (4%) than Mexico (1%), though Mexican posts did reflect the problems of boredom and depression. One Mexican youth who returned to the country from the US said: “After three months I find myself unemployed and I can’t even get an interview... all my talents and years of effort are going down the drain.”

Thus, the issue of young people feeling their skills are overlooked or undervalued was prevalent across all the markets tested. In addition, remote and hybrid working as a result of COVID exacerbated the lack of opportunity to build confidence and soft skills. This, in turn, drove up the mental stress of young people. Again, the go-to solutions of counselling, training, internships and work-based learning alone are not enough to counter the deeply rooted issues of confidence and self-worth. This is another area that merits further experimentation to find new ways to unlock potential.



Social innovation in action: Next steps in implementation

Both challenges - the choice of “learning vs earning” and the perception of skills - are interconnected. For youth who fall into both challenge categories, the situation is particularly dire. Youth who have to work and believe that they have to give up education, tend to suffer from low confidence in their skills and employability. They are likely to have even more difficulty recognizing their skills and communicating them to prospective employers. Therefore, the two challenges are nested under the “learn vs. earn” topic and taken forward as one.

As scalability is key, the IF approach to social innovation hinges on building local pilots in countries that have the potential to scale regionally and ultimately globally. France and Mexico have been confirmed as test markets, where broad-based consultations, with on-the-ground organizations, young people, experts and employers have taken place. Based on these findings, the challenge has been taken forward in the form of both a research piece to gather on-the-ground accounts from at-risk youth, and the first social innovation project which is now moving into ideation and prototyping of solutions to take forward into the Accelerator “scale” phase. Learnings from each phase of the Lab feed back into the Radar, helping us to create solutions for young people to embrace various employability possibilities, making the desirable futures possible.





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