

PwC Young Workers Index

How well are OECD economies developing the economic potential of their young people?

October 2015



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PwC Young Workers Index
Executive summary

1

PwC Young Workers Index

Developing the potential of young people – a potential \$1 trillion prize

The global financial crisis and the subsequent prolonged periods of recession with sluggish growth led to a sharp rise in youth unemployment rates in many developed economies. This not only reduces current output, but also has a longer term negative effect on the employability, productivity and broader life chances of the young people involved. Not only may young people with poor education records become unemployed, but some can be sucked into crime, drug abuse and other forms of anti-social behaviour.

But experience varies widely by countries. In Germany, youth unemployment rates have actually fallen since 2006 and now stand at below 8% for 15-24 year olds, while in Spain and Greece they have jumped to over 50%. The proportion of 20-24 year olds not in employment, education and training (NEETs) is only around 10% in Germany, Switzerland and Austria, but over 30% in Turkey, Italy, Greece and Spain.

To get a handle on these variations it is useful to compile an index that captures a broad range of indicators relating to the participation of young people in employment, education and training and consider – using internationally comparable data from the OECD – how their relative rankings have changed since 2006 and what has driven these trends. This is the motivation for the new PwC Young Workers Index we present in this report.

We also estimate how much, in the long run, lower ranking countries could boost their economies if they did match levels of performance seen in countries like Germany, as well as considering how governments and businesses can work together to achieve these gains. Across the OECD, we estimate the potential gain from such efforts at over \$1 trillion, so it is certainly a prize worth striving for!

We hope you find our analysis useful as a contribution to this debate. Please do come back to us with any comments.

John Hawksworth
Chief Economist, PwC

PwC Young Workers Index

Key findings from our analysis

Our new Young Workers Index provides a high level assessment of how OECD countries are developing the economic potential of their young people over time relative to other countries. The index is a weighted average of eight indicators that reflect the labour market activity and educational participation of people aged under 25 in 34 OECD countries (see Annex for more details of the methodology).

Country rankings and key trends

- The **OECD countries with the highest ranking in the Young Workers Index are Switzerland, Germany and Austria.**
- Scandinavian countries, such as Iceland, Norway and Denmark, also perform strongly, similar to the results of the PwC Golden Age and Women in Work indices. However, Sweden does not rank quite as highly as in these other indices.
- **Israel, Poland and Germany showed the most significant improvement from 2006 to 2014**, mainly driven by reduced unemployment rates of younger workers.

UK performance

- The **UK's performance worsened between 2006 and 2011, but has picked up somewhat since then. However, the UK's ranking in 2014 was only 21st out of the 34 OECD countries in 2014, down slightly from 20th place in 2006.**
- This reflects the impact of the 2008-9 recession and subsequent recovery in the UK and other OECD economies.
- Compared to other EU countries, the UK is positioned in the middle (scoring 10th out of 21 countries in 2014).

Potential long term GDP boost

- If the proportion of UK people aged 20-24 who are not in employment, education or training (NEETs) was as low as that of Germany (the best performing EU country in our index), then **UK GDP could be around 3% higher in the long run, equivalent to around £55 billion** in present value terms.
- Other countries lagging behind in the index could achieve larger gains rising to 7-9% of GDP for Turkey, Italy, Greece and Spain. **Across the OECD as a whole, potential long term gains from matching German performance could be over \$1 trillion.**
- This reflects both a potential boost to current youth employment rates and an increase in future employment and earnings rates due to higher education and training levels. The long term economic benefits of measures to reduce NEET rates would build up over time.

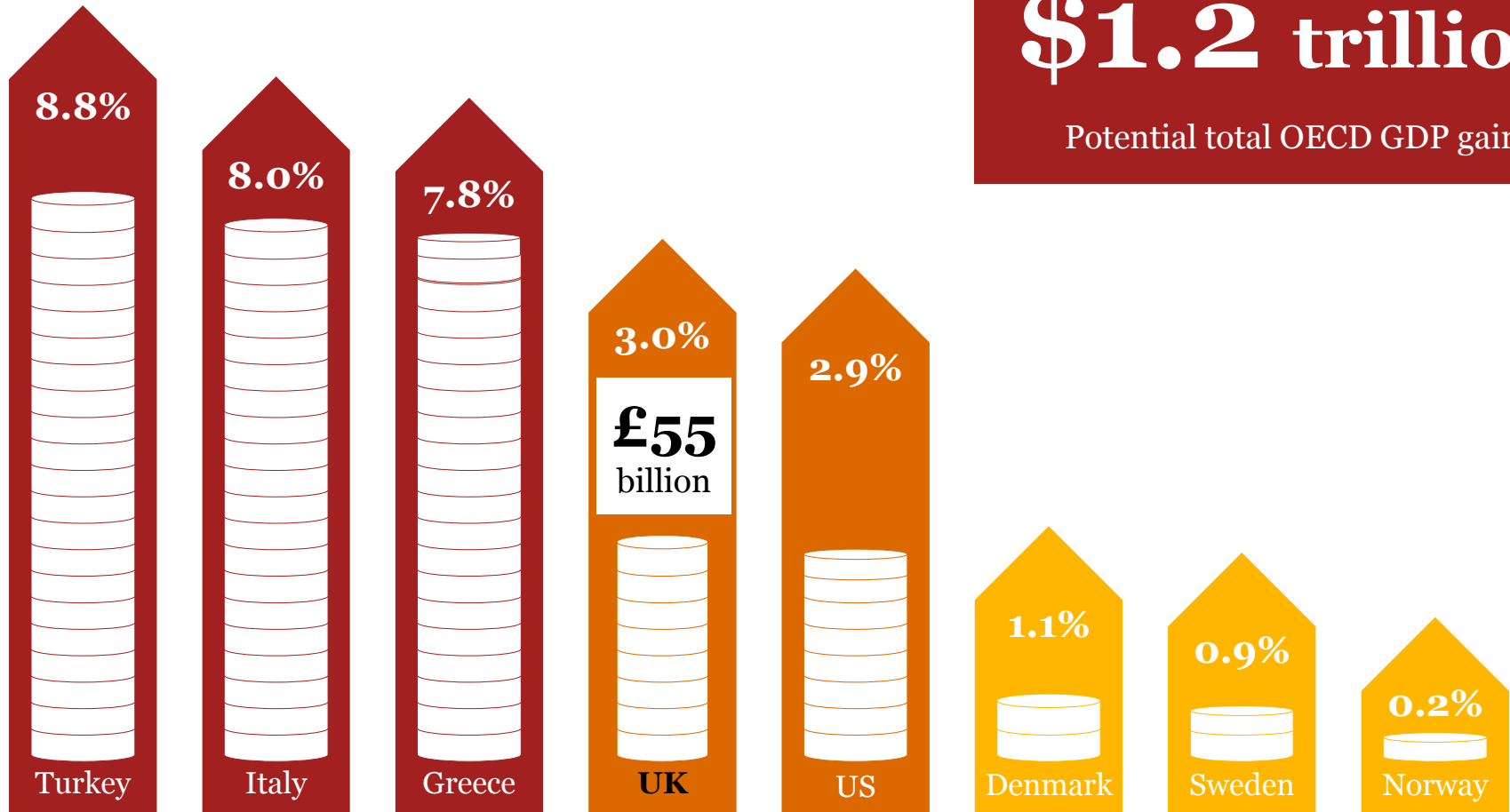
Policy implications

- Governments need to improve the **transition between education and employment** by ensuring that all young people have the necessary skills. We find that improved scores in maths, for example, are strongly correlated with improved index performance.
- Other government policy measure to boost index scores could include: **raising the proportion of apprenticeships** and vocational courses for young people; and more emphasis on social inclusion to reintegrate those in danger of dropping out of school and employment.

Business implications

- Businesses face short-term challenges from skill shortages due to inadequate education and training regimes, and this can also have a long-term impact on productivity. **Businesses should work more closely with schools and colleges** to address these skills gaps.
- It is important for businesses to **adapt their organisations to attract and retain new, young talent.** In order to grow and gain a competitive advantage, employers could also invest more in apprenticeships and professional training of younger workers.

The potential long-term boost to GDP from matching German NEET rates could be large



\$1.2 trillion

Potential total OECD GDP gain

PwC Young Workers Index
Key results

2

Figure 1: PwC Young Workers Index – Key results

Rank			Country	Index		
2006	2011	2014		2006	2011	2014
1	1	1	Switzerland	69.8	70.2	69.4
8	2	2	Germany	58.4	66.3	66.3
4	3	3	Austria	65.6	66.0	65.4
10	8	4	Iceland	56.9	56.4	63.0
6	7	5	Norway	63.0	58.0	61.5
5	6	6	Canada	67.4	64.2	58.3
3	4	7	Netherlands	68.1	59.4	57.5
2	5	8	Denmark	30.7	37.6	56.4
32	27	9	Israel	55.1	53.2	54.8
14	9	10	Japan	58.3	51.9	53.9
9	12	11	United States	55.9	48.7	52.8
11	15	12	Estonia	55.5	52.4	52.6
12	11	13	Finland	50.9	50.3	51.8
18	14	14	Czech Republic	51.3	45.5	49.8
17	18	15	Korea	54.1	46.8	49.7
15	17	16	New Zealand	55.3	51.7	49.6
13	13	17	Australia	45.4	48.2	49.2
23	16	18	Sweden	53.1	52.6	46.3
16	10	19	Slovenia	40.0	44.6	44.7
28	21	20	Poland	48.8	42.5	44.4
20	23	21	United Kingdom	48.8	42.5	44.4
24	25	22	Chile	43.6	39.3	42.6
26	22	23	France	41.6	42.6	41.9
21	20	24	Belgium	46.5	45.1	40.4
25	24	25	Hungary	43.6	39.3	40.3
27	19	26	Luxembourg	41.5	45.4	39.9
30	26	27	Mexico	39.1	38.7	38.1
29	29	28	Slovak Republic	39.2	34.0	36.3
7	30	29	Ireland	60.5	31.8	35.8
34	31	30	Turkey	13.7	28.5	31.5
22	28	31	Portugal	46.2	37.5	29.1
31	32	32	Greece	37.5	28.4	21.2
19	33	33	Spain	49.9	25.3	19.2
33	34	34	Italy	30.7	21.5	12.9
Average				50.0	46.6	46.6

Sources: PwC analysis, OECD

Core European
countries take
the top 3 places

UK slightly
worsened from
2006 to 2014,
falling from 20th
to 21st position

Country rankings in PwC Young Workers Index



1
Switzerland, Germany and Austria top the rankings for the Young Workers Index



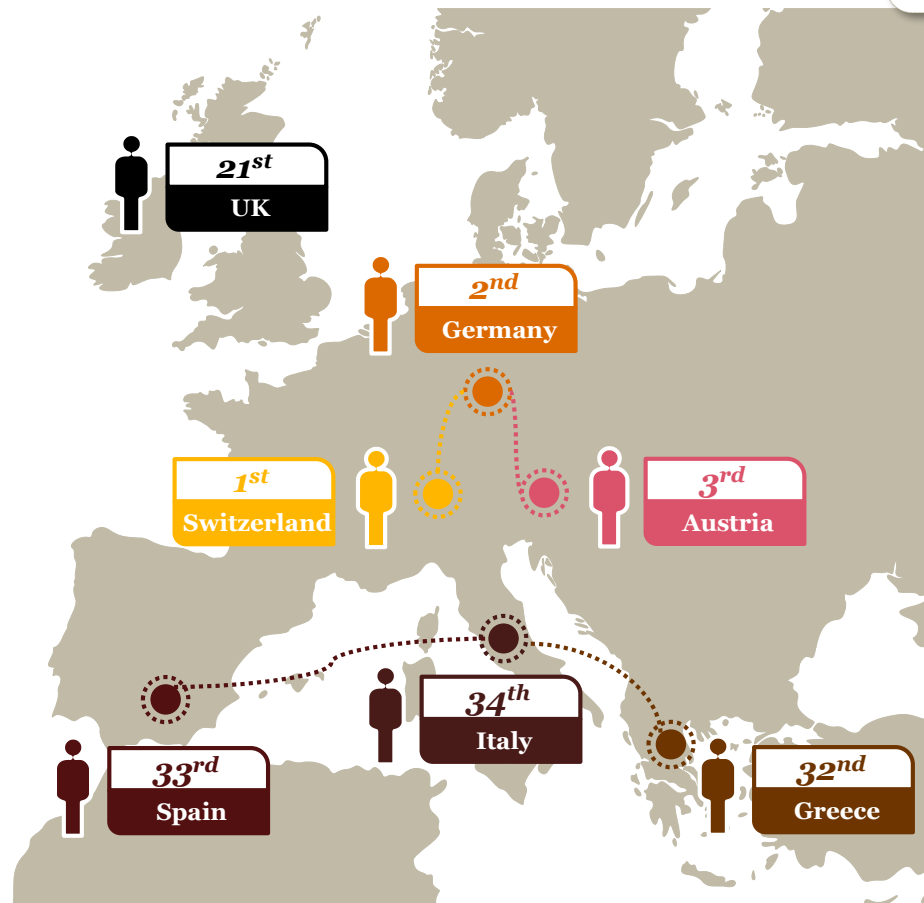
2
Italy, Spain and Greece rank the lowest in developing the potential of young workers



3
Israel rose the furthest up the rankings since 2006 while the UK remained relatively low

Key:

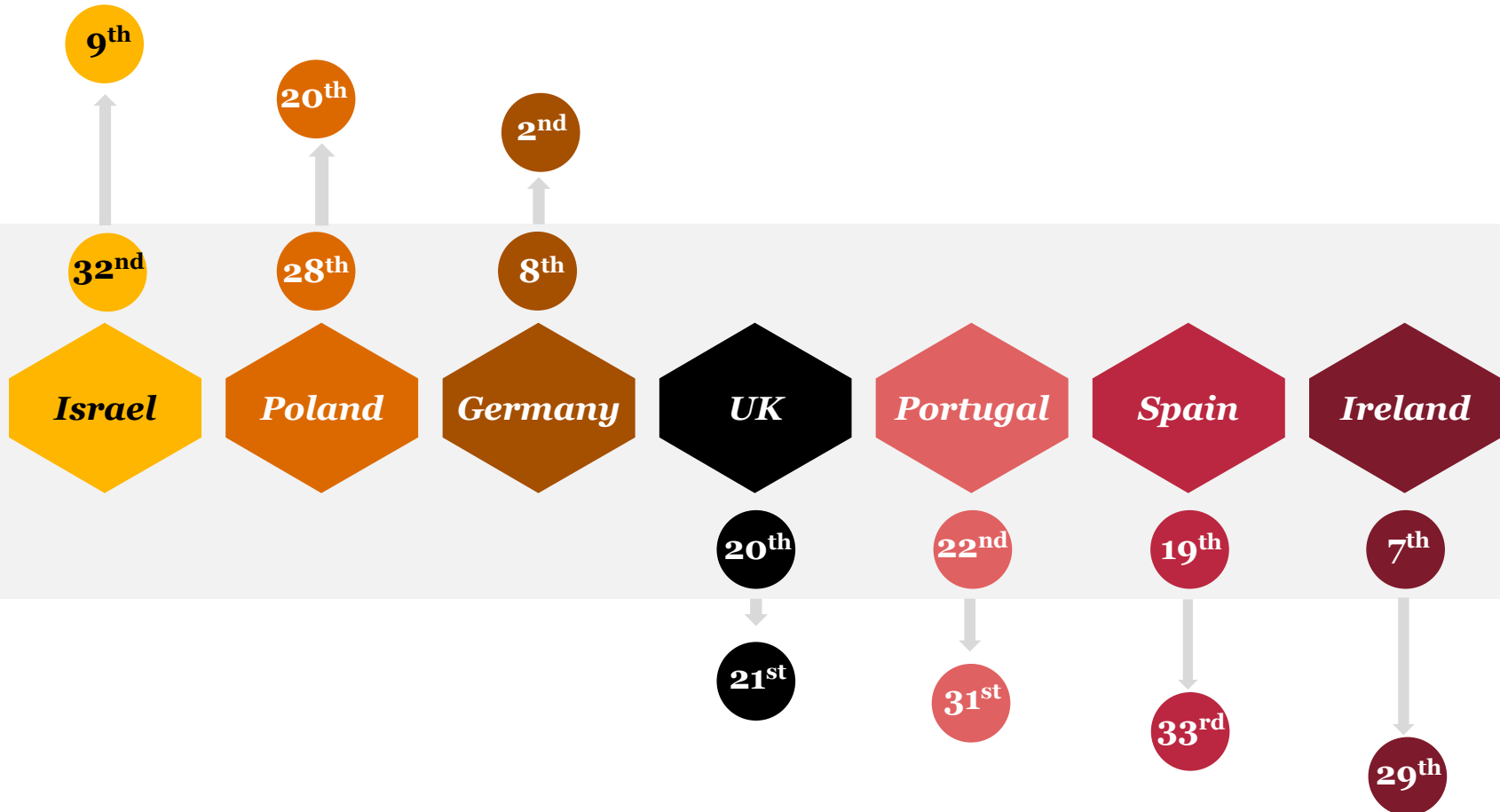
Index ranking
Country



PwC Young Workers Index

- 1st Switzerland
- 2nd Germany
- 3rd Austria
- .
- .
- .
- 21st UK
- .
- .
- .
- 32nd Greece
- 33rd Spain
- 34th Italy

Israel, Poland and Germany have been the biggest risers in our index rankings between 2006 to 2014, while Eurozone crisis countries have seen the largest falls. The UK has seen little change.



PwC Young Workers Index
Potential boost to GDP

3

Potential long-term boost to GDP – the case of the UK

1. How has the UK performed?

- The Young Workers Index for the UK remains below the OECD average between 2006 and 2014 but does follow a similar trend.
- The UK's recent performance in the index has improved but overall, the UK's performance has worsened between 2006 and 2014 (see chart to the right).
- The UK's performance looks particularly inferior compared to Germany, the leading EU country in our index. How much could UK GDP be boosted if it could match German performance in this area in the longer term?

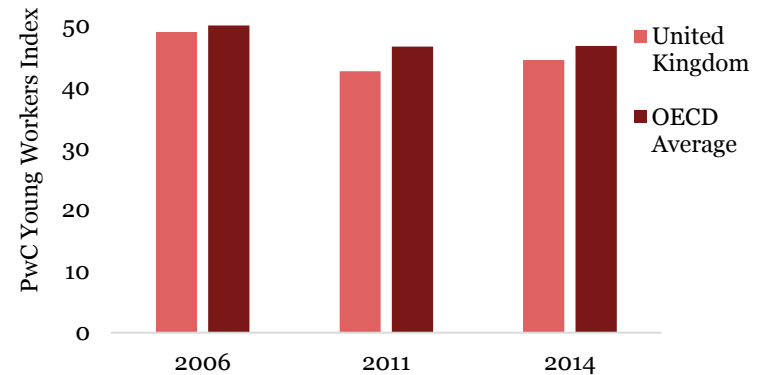
2. Potential boost to UK GDP from fewer NEETs

- We focus here on the NEET rate for 20-24 year olds as a key differentiator between the UK and Germany (see chart to the right).
- Based on results from a previous study* by academics at York University for the UK National Audit Office (Coles et al., 2010), we estimate that the present value of lifetime economic gains from a person being moved out of the NEET category might be around £140,000 at 2015 earnings levels (the low end of their estimated range was just over £104,000 per person at end-2008 values).
- If the UK NEET rate for 20-24 year olds could be reduced to German levels of around 10% (a reduction of around 9 percentage points), we estimate that this could eventually boost UK GDP by around 3%, or around £55 billion at 2015 GDP values. This would take time to build up so it should be interpreted as a long term potential boost to GDP.

*See report here:

https://www.york.ac.uk/media/spsw/documents/research-and-publications/NEET_Final_Report_July_2010_York.pdf

UK index performance vs OECD average



Sources: PwC analysis, OECD

NEET rates (% of 20-24 age group)



Sources: PwC analysis, OECD

We can apply our UK methodology to get broad estimates of potential long-term gains for other OECD countries

Country	NEET gap with Germany (ppt)	Potential long term boost to GDP (%)	Estimated value at 2015 GDP levels (\$ billion)
Turkey	25.6	8.8	66
Italy	23.4	8.0	148
Greece	22.8	7.8	16
Spain	22.0	7.5	93
Hungary	15.8	5.4	7
Mexico	14.9	5.1	63
Chile	14.6	5.0	12
South Korea	12.2	4.2	60
Portugal	11.7	4.0	8
Ireland	11.7	4.0	9
Slovak Republic	10.7	3.6	3
Poland	9.9	3.4	17
France	9.1	3.1	77
UK	8.8	3.0	86
US	8.5	2.9	525
Belgium	8.4	2.9	13
Israel	7.8	2.7	8
Estonia	6.5	2.2	1
New Zealand	5.3	1.8	3
Finland	5.2	1.3	4
Czech Republic	3.9	1.2	2
Australia	3.6	1.2	15
Canada	3.6	1.2	20
Slovenia	3.4	1.1	0.5
Denmark	3.1	1.1	3
Sweden	2.6	0.9	4
Norway	0.5	0.2	1
Austria	0.3	0.1	0.4
Total: OECD			1264

Source: PwC analysis using data from OECD on NEET rates for 20-24 year olds and IMF for 2015 GDP estimates

Total gain across the OECD could be c.\$1.2 trillion in long run, but varies considerably across countries

1. How much might different countries gain?

- Our analysis (see table on previous slide) assumes that countries have the long-term potential to gain the same percentage of GDP as the UK per percentage point of NEET rate gap with Germany. In practice, the gains may not be exactly proportionate, but this does at least allow us to derive estimates of the broad order of magnitude of potential gains in each country.
- The largest potential gains are to those countries like Turkey, Italy, Greece and Spain with the highest initial NEET rates – these countries might have the potential to boost their economies in the long run by around 7-9% of GDP according to our estimates.
- The UK's potential gains are similar to those of the US and France at around 3% of GDP in the long run.
- Lower potential gains, around 1% of GDP, might be made by relatively high performing countries, such as Denmark and Sweden.
- Note that for a few countries such as Switzerland, Netherlands and Iceland, they are already at or slightly below German NEET rates so they are not included in the table in the previous slide.
- If we sum our estimates across all of the OECD countries, then we get estimated total long-term potential gains of around \$1.2 trillion at present 2015 values. This can only be an illustrative estimate but gives some indication of the order of magnitude of the potential gains.

2. How long might it take to make these gains?

- For countries whose performance is already close to that of Germany, such as Norway, Sweden or Denmark, then there could be potential to realise the gains within a medium term timeframe of, say, 3-5 years as the initial NEET gap is not too large.
- For other countries, however, more fundamental changes by both government and businesses are needed to realise these gains, so this would be likely to take decades to realise in full, particularly for those at the lower end of the NEET rankings. But it does give a long term aspirational target to aim at.
- The measures that such countries could consider to match German performance are discussed further in the next section of this report.

PwC Young Workers Index
Implications for public policy and
businesses

4

Implications for public policy – lessons from Germany

The analysis for the Young Workers Index can help to identify countries with high scores (e.g. Germany as discussed above), whose policies other countries (e.g. the UK or the southern European economies who score much lower on our index) could draw lessons from to boost the employment and skills of younger workers.



Governments need a **coherent, holistic strategy for young people**. For example, Germany has incorporated the ‘EU Youth Strategy’ by applying a cross-sectoral approach to address issues for young workers, including education, labour market, social, health, justice, interior, regional and urban policies. This has helped to keep its youth unemployment and NEET rates low even during the global recession of 2008-9.



Governments could introduce further **education and training** programmes centred around the ‘transition from school to the working world’. The ESF programme in Germany focuses on career entry support by mentoring, which helps to integrate less able young people into vocational education and training. This acts as an ongoing, tailored support to improve employability, adaptability and opportunities for skilled employment. Encouraging businesses to work more closely with schools and colleges is important here and has been a key objective of recent UK policy.



Germany has also placed strong emphasis on **social inclusion** and youth from disadvantaged backgrounds with initiatives such as “School Drop Out – A Second Chance”, which aims to reintegrate students, who are at risk of not completing qualifications due to high levels of truancy. In addition, there are over 420 youth migration services that support young migrants with linguistic, school, career and social integration. This will be increasingly important given the new waves of immigration.



Governments could create further opportunities for well-designed **apprenticeships and internships** to facilitate entry and progress within the labour market. For example, Germany have promoted long-term company internships. Research has shown this to be particularly successful in preparing young people for employment, who have found it difficult to find internships. The UK government is also pursuing this strategy strongly with a target to create 3 million new apprenticeships by 2030 and through its Employer Ownership of Skills programme.



It is also important to note that public policy for young people, for instance health and education, can also be viewed as **long-term investments**, acting to ‘prevent’ rather than ‘cure’. For instance, early interventionist measures such as education in early childhood and childcare could have long-term impacts on the employment rates and prospects of young people in the future. In Germany, as of August 2013, parents have the legal right to child day care for children under age 3. Governments could also review more rigorously the quality of teachers and school leaders, class sizes, and generally re-assess whether the current curriculum prepares young people adequately for employment.



Germany have placed emphasis on the importance of non-formal learning and social commitment in independent youth policy, through which educationally marginalised young people can obtain important skills from extra-curricular activities. Governments could also place additional focus on providing career guidance and counselling to young people, whilst **combating social issues** that are related to long-term unemployment, such as crime and drugs.

Implications for business – catering for the Millennials

Our Young Workers Index highlights both opportunities and challenges for business and complements earlier PwC research on skill shortages and the different working characteristics of the ‘Millennials generation’.



PwC’s 18th Annual Global CEO survey states that there was a 10% increase in business concerns over the availability of skilled staff. Where will the future leaders and innovation come from if young people have a lack of skills and work experience? Countries that focus on the ‘transition from school to the working world’ are more likely to have younger workers who are better equipped for employment. One interesting recent UK initiative here is the creation of the Careers and Enterprise Company, a community interest company independent of government (but with initial public funding), tasked with inspiring young people and helping them take control of their future careers as workers and entrepreneurs.



PwC’s past research on ‘Millennials’ shows that the career aspirations of younger workers are different to those of previous generations with more focus on career progression, flexibility, international mobility, and employers whose corporate responsibility behaviour aligns with their own values. Therefore, it is hugely important for businesses to **adapt their organisations to attract and retain new young talent**. This will be critical for businesses in developing their younger workers, whilst managing their staff turnover and remuneration in the future.



Business also has a key role to play in raising awareness of employment opportunities and **building both aspirations and employability skills among young people prior to them reaching the job market**. Developing long term sustainable initiatives, such as mentoring or work experience, leveraging the passions and skills of the existing workforce, and combining recruitment with corporate social responsibility objectives, enables students to secure positive future outcomes, and employers to build a diverse talent pipeline.



Managing younger workers effectively can bring **wider benefits** to employers. Younger workers can bring creativity, innovation, flexibility, high energy and an understanding of new and emerging technologies. This dynamic workforce may be incredibly important to businesses in constantly evolving industries, especially those who are developing business strategies for the digital age.



Businesses can capitalise on diversity through the knowledge-sharing of an ageing workforce and using existing staff to mentor, train and support new younger staff. This cycle of learning could act as a long-term vehicle for productivity growth, whilst reaping the short-term benefits of **lower recruitment and wage costs**. At the same time, younger workers could ‘reverse mentor’ older employees in digital skills in particular.



The index also highlights the **growth potential for businesses** in some countries where employment rates are relatively low for younger workers but have considerable scope to increase. Spain would be one example here where recent labour market reforms have the potential to improve long-term economic and business growth. If appropriate reforms were put in place, this could extend to Greece, Italy and Portugal.

PwC Young Workers Index
Comparison of individual labour
market indicators

5

In this section we look in more detail at data on each of the eight indicators in our Young Workers index

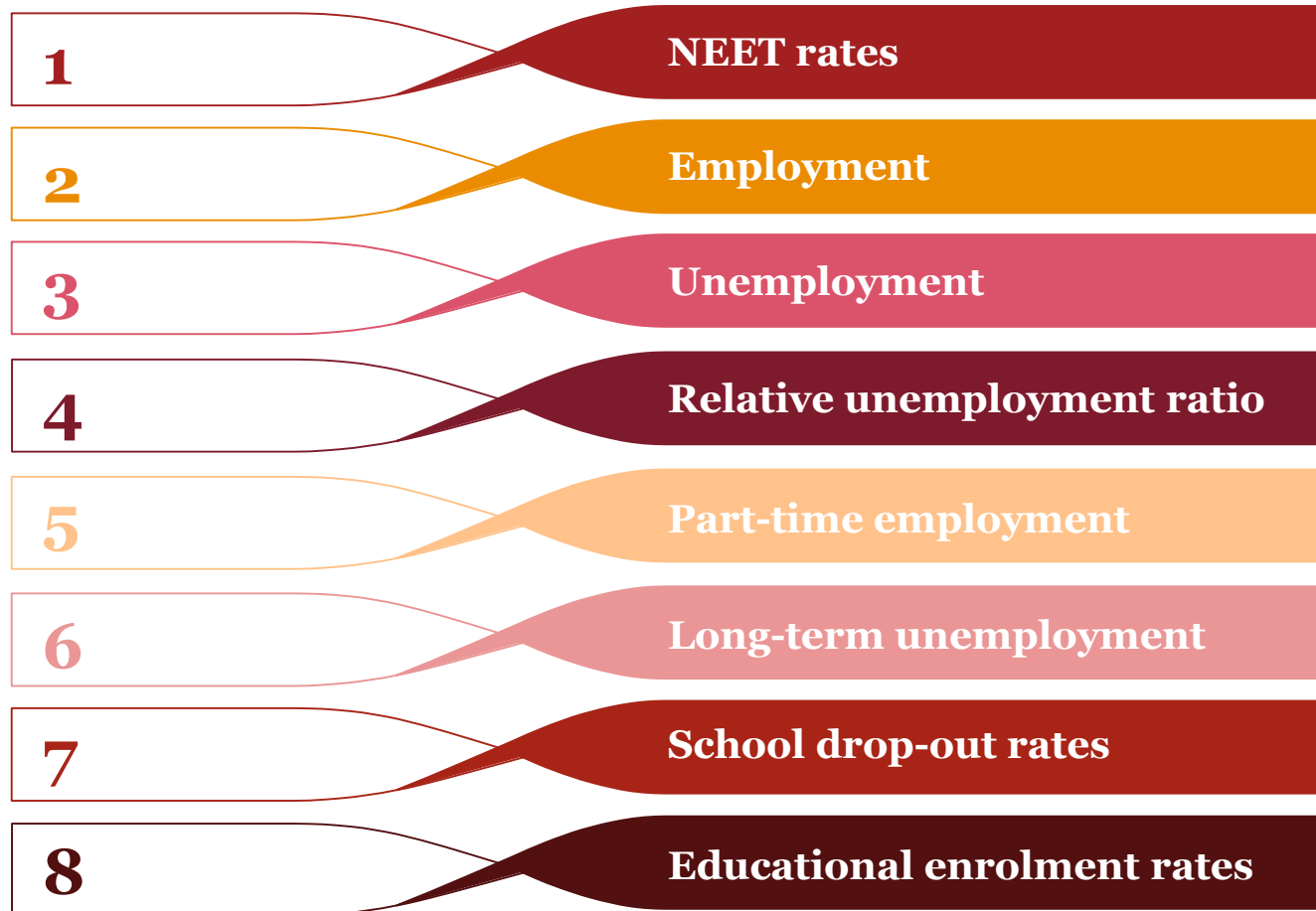
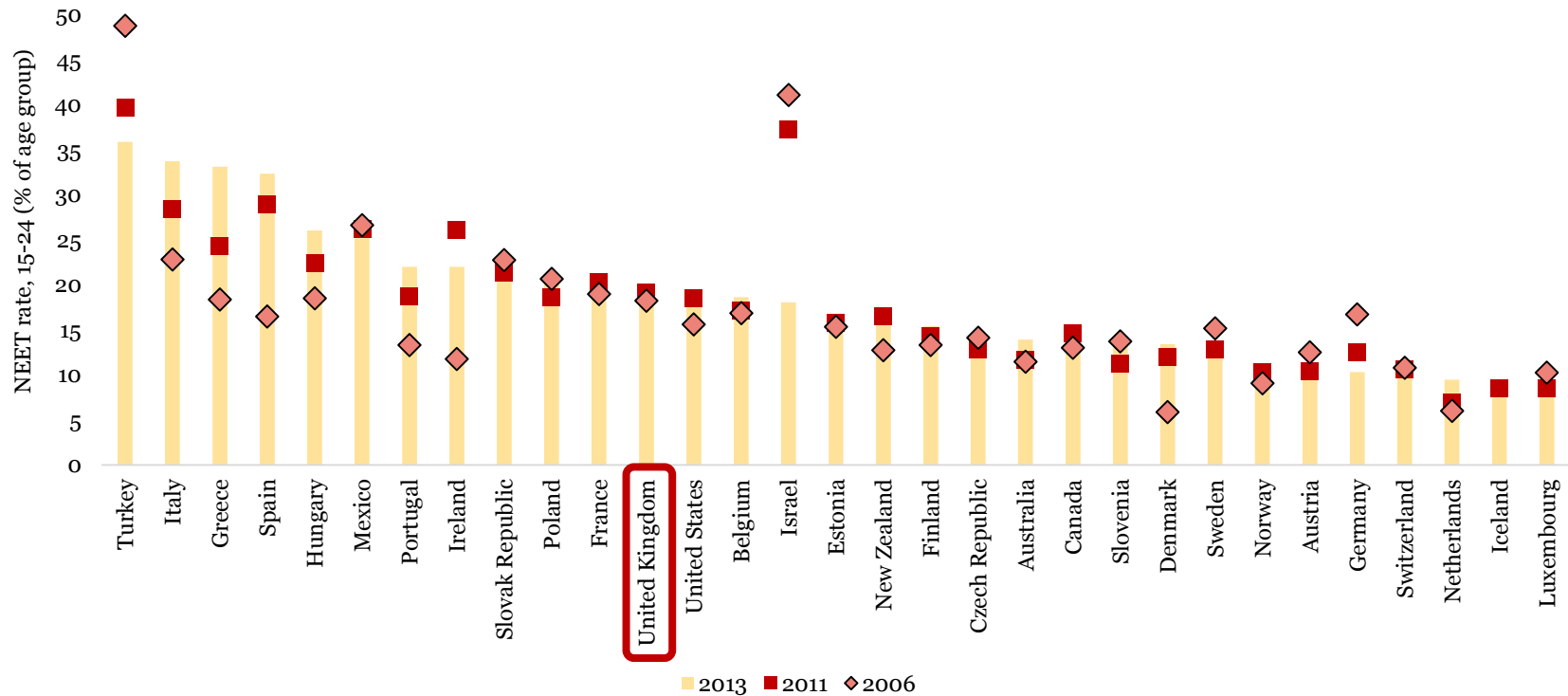


Figure 2: NEET rate for 20-24 year olds

Israel performs well, reducing their NEET rate by over a half whereas the Eurozone crisis economies saw sharp increases. Germany has improved to become one of strongest performers, but UK lags behind.

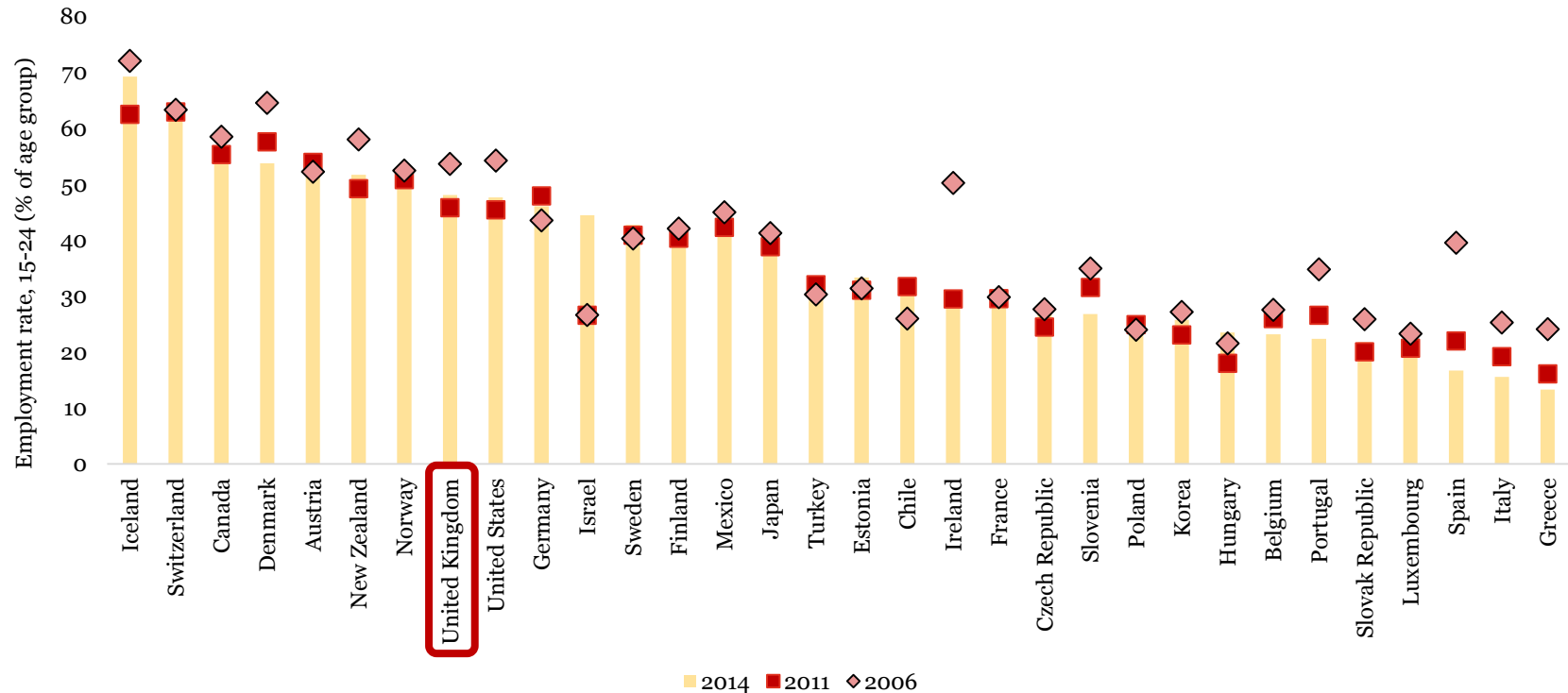


Sources: PwC analysis, OECD

Note: 2006 data for Iceland unavailable

Figure 3: Employment rate for 15-24 year olds

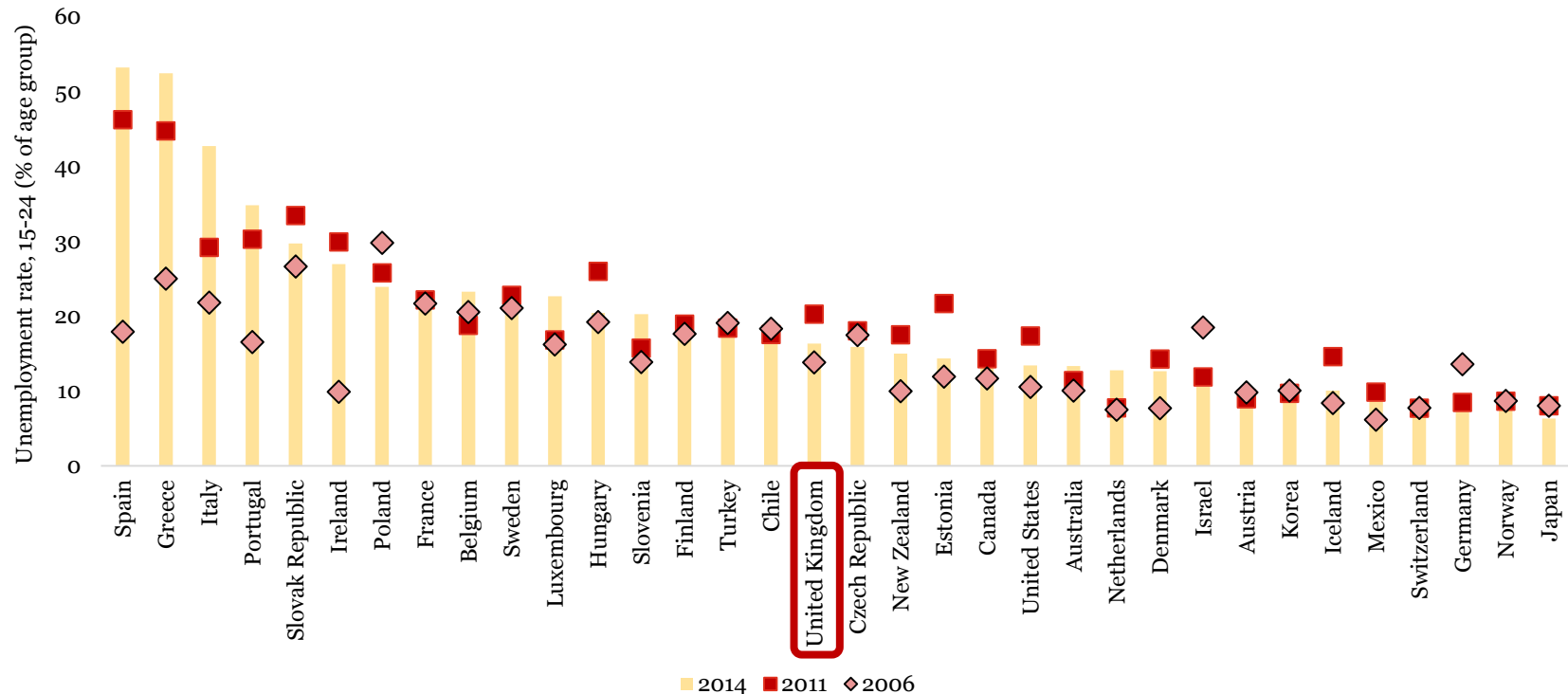
Youth employment rate varies significantly across the OECD countries from almost 70% in Iceland to only 13% in Greece. Employment decreased in the majority of countries due to recession, including UK.



Sources: PwC analysis, OECD

Figure 4: Unemployment rate for 15-24 year olds

Youth unemployment has risen sharply, in particular, for the Eurozone crisis economies. In Spain and Greece, over half the young population are unemployed. The UK's performance is middling.

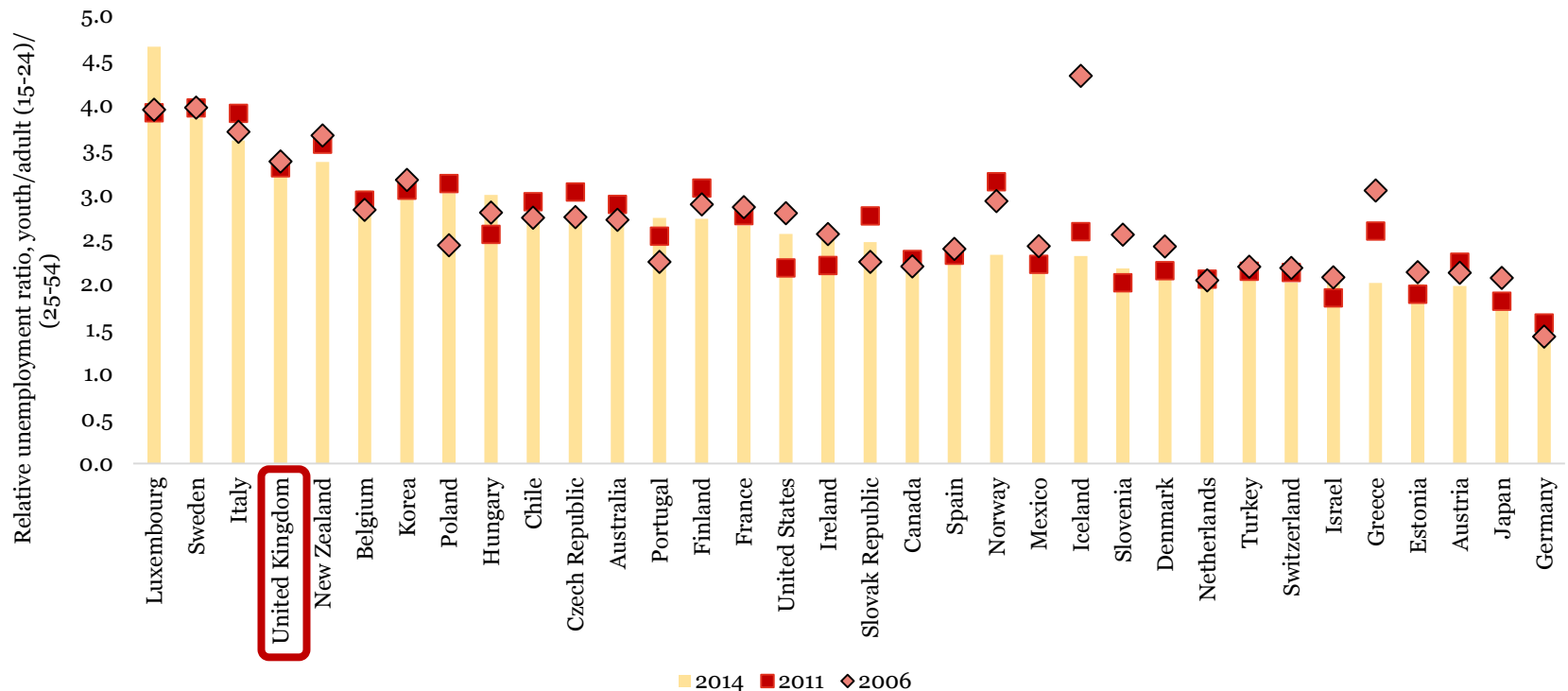


Sources: PwC analysis, OECD

Note: For the purpose of the index calculation, we have capped unemployment of Spain, Greece and Italy, across all years, at 35% so that these outliers do not unduly distort the results after normalisation.

Figure 5: Relative unemployment ratio (Youth/Adult)

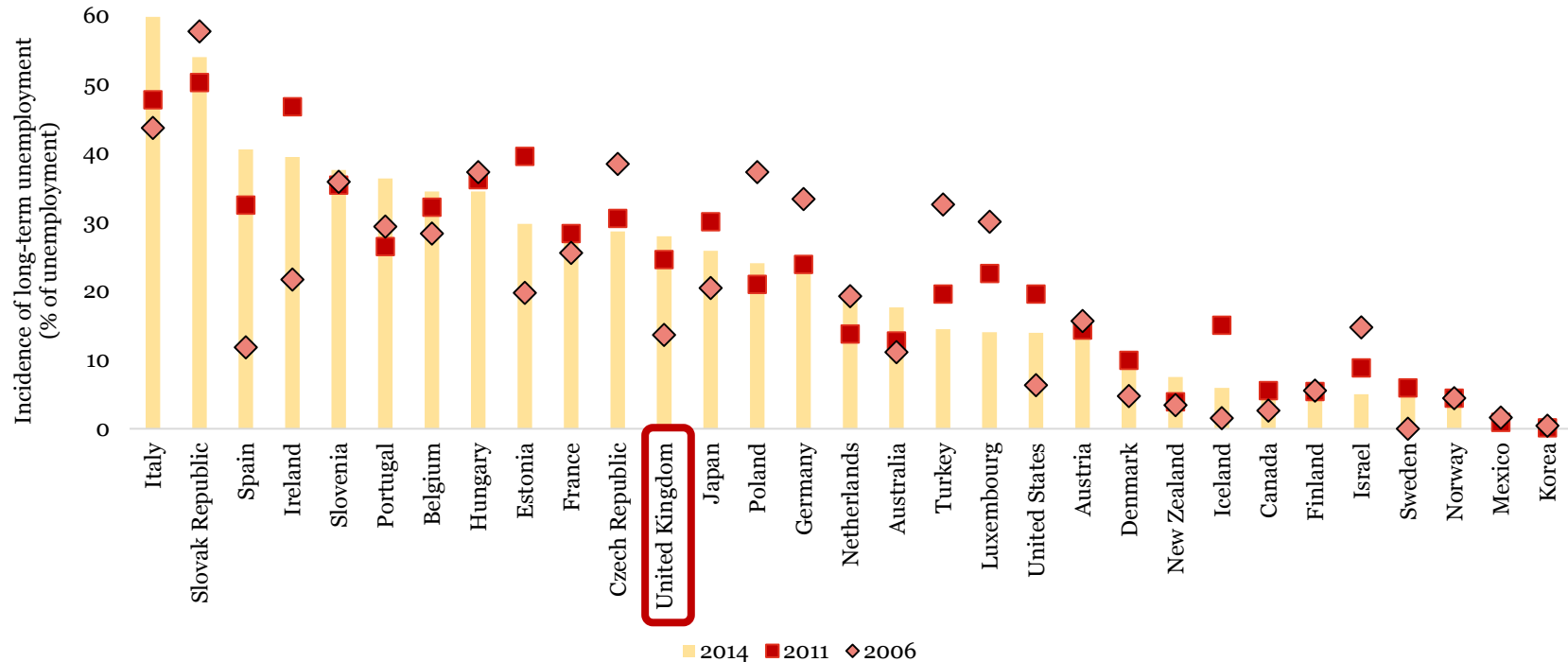
Germany is a high performer but the UK has the fourth highest youth unemployment relative to older workers, reflecting the fact that young workers have fared relatively badly during the recent downturn.



Sources: PwC analysis, OECD

Figure 6: Incidence of long-term unemployment for 15-24 year olds

Korea and Mexico have maintained incredibly low rates of long-term unemployment of around 1% from 2006 to 2014, while Italy, Slovakia and Spain have the highest proportions in long term unemployment.

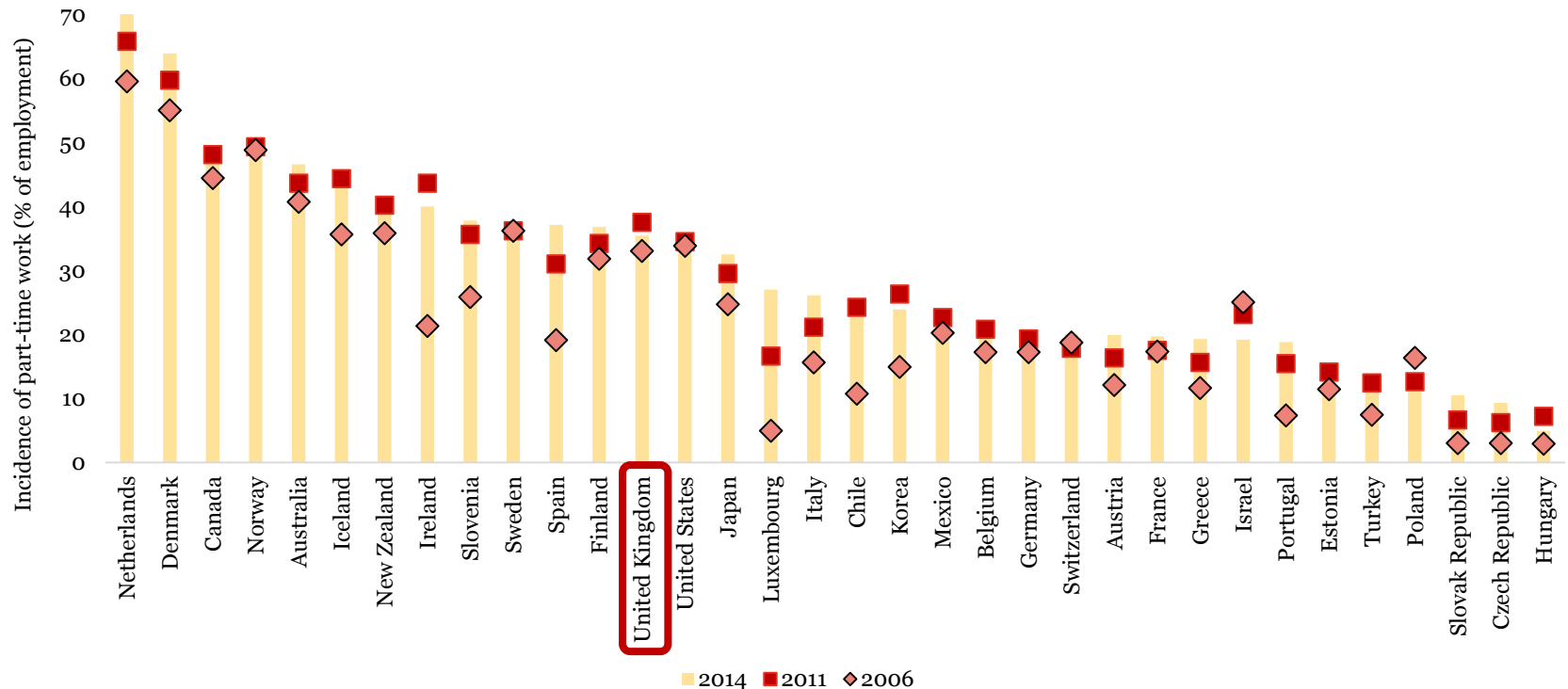


Sources: PwC analysis, OECD

Note: 2006 data for Sweden unavailable, Korean 2014 data estimated from 2013 data

Figure 7: Incidence of part-time work for 15-24 year olds

Part-time employment has shown an upward trend in the majority of OECD countries, except for Israel and Poland. This may suit some young workers (e.g. students) but in other cases may be involuntary.



Sources: PwC analysis, OECD

Figure 8: School drop-out rates for 20-24 year olds

Mexico have the highest school drop-out rates at almost 70%. Turkey and France have made significant progress in improving school drop-out rates. The UK's drop out rate remains too high for comfort.

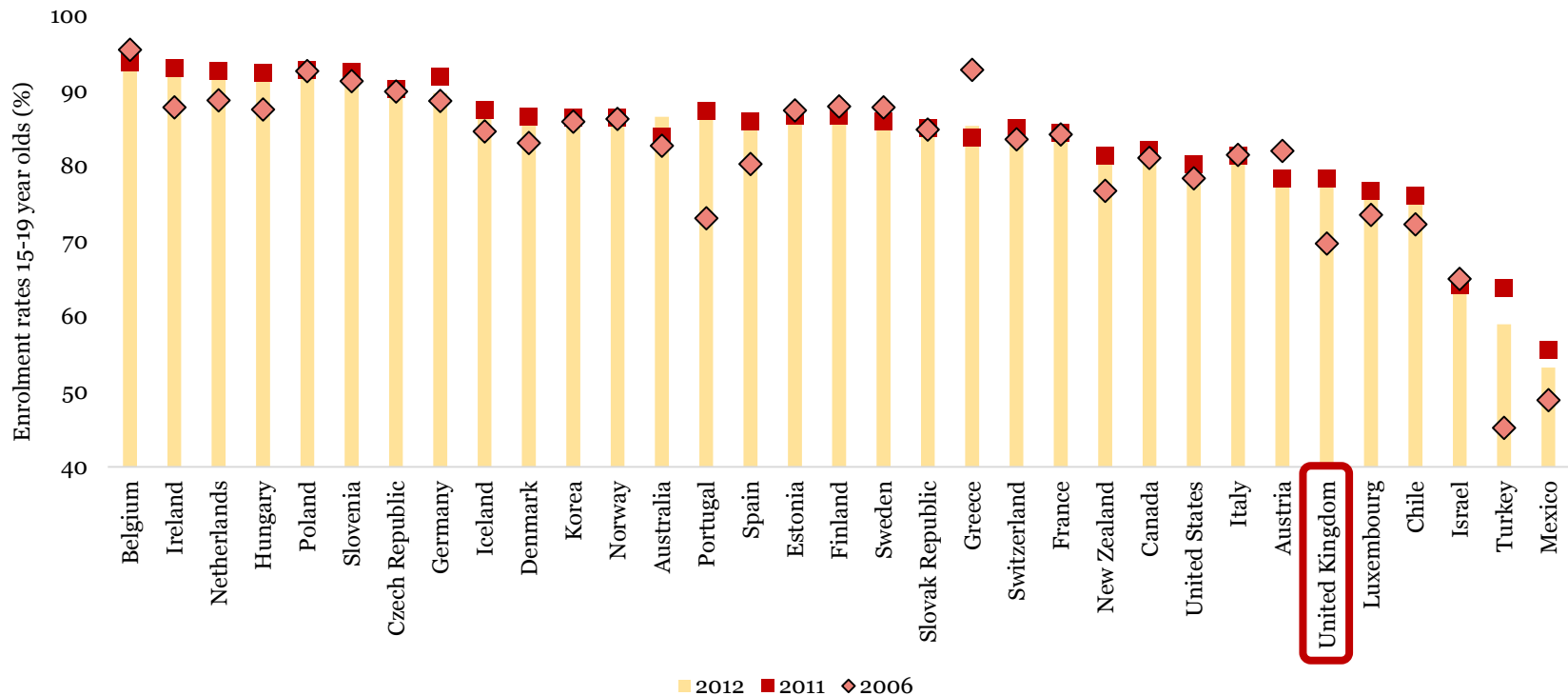


Sources: PwC analysis, OECD

Note: 2014 data for School drop-out rates are unavailable so we assume this to be 2011 data.

Figure 9: Educational enrolment rates for 15-19 year olds

Despite showing an upward trend, Mexico and Turkey still have the lowest enrolment rates. The UK has around $\frac{3}{4}$ of young people in education, which has risen but remains below the OECD average.

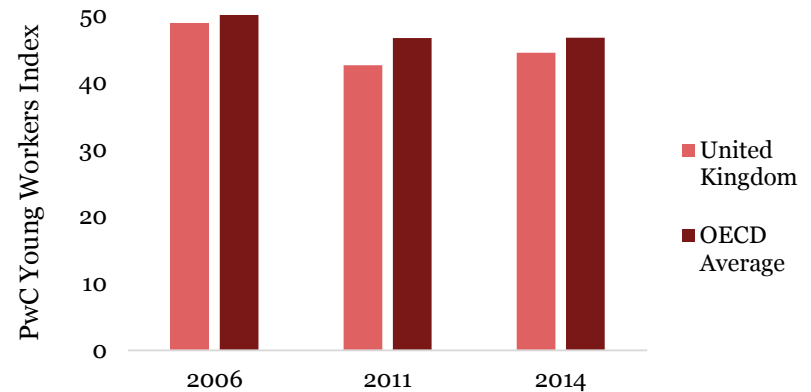


Sources: PwC analysis, OECD

Overall the UK's performance on the Young Workers Index remains below average (21st from 34 OECD countries)

How has the UK performed?

- The Young Workers Index for the UK remained below the OECD average between 2006 and 2014 (see chart on right).
- The UK's performance in the index has improved since 2011. This largely reflects the relatively strong growth in employment over this period as the economy recovered from recession, but there could also be benefits from the UK government's recent drive to increase apprenticeships. PwC has supported this strategy in its Employment Ownership of Skills programme, which focuses on the importance of well designed apprenticeships that meets employers' needs.
- The UK's performance does vary significantly across indicators as set out below.



Sources: PwC analysis, OECD

Behind the scenes in the UK

01

Above median performance on employment rates for 15-24 year olds, but less good performance on the other 7 indicators in the index.

02

Close to median performance on unemployment and NEETs rates but somewhat below median performance on school drop-out rates, part-time employment and long-term unemployment rates for 15-24 year olds.

03

Significantly below median performance on relative unemployment rates for 15-24 year olds and educational enrolment rates for 15-19 year olds (though improving on the latter since 2006).

04

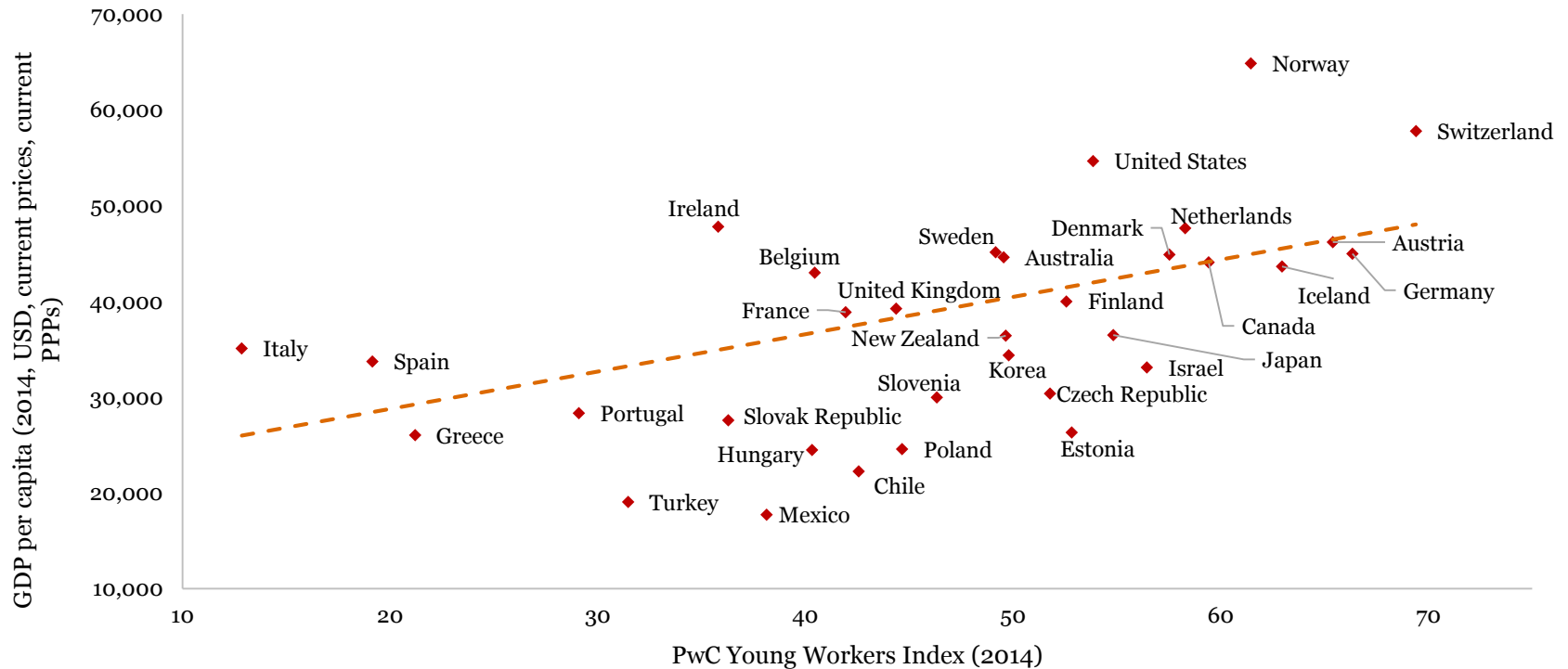
The UK has not made any significant improvement in any of the measures since 2006, except educational enrolment rates. In fact, the UK's performance worsened on employment and long-term unemployment.

PwC Young Workers Index
Comparison with other indicators

6

The core European countries, who top the table in our Young Workers Index, are among the countries with the highest GDP per capita. There is a clear positive correlation here.

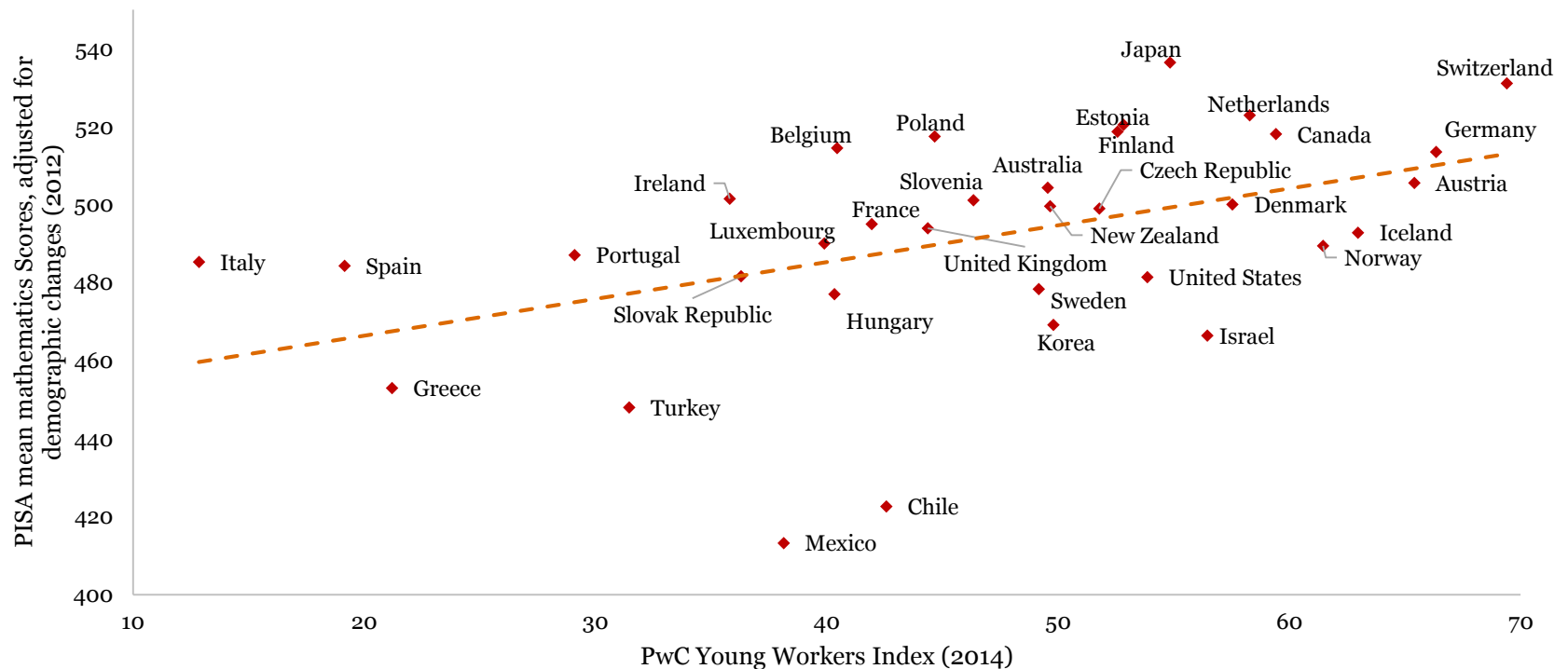
Figure 10: PwC YWI vs. GDP per capita



Sources: PwC analysis, OECD

There is also a clear positive correlation between the Youth Workers Index and PISA mathematics scores. This suggests that young people with better mathematical skills tend to have better employment prospects on average.

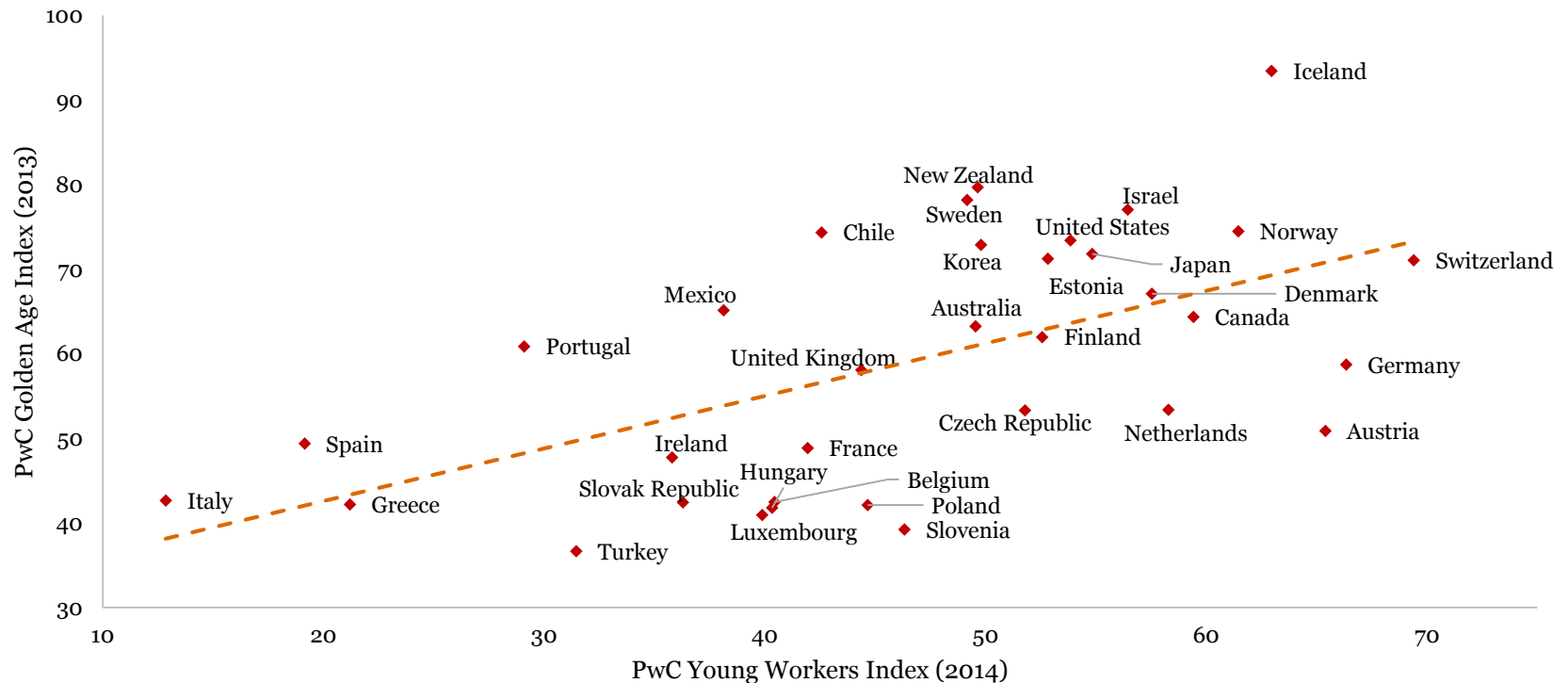
Figure 11: PwC YWI vs. PISA mean mathematic scores



Sources: PwC analysis, OECD

There is a strong positive correlation between the PwC Young Workers and Golden Age indices. This may reflect common labour market policies though there are also some divergences (e.g. Sweden scores higher for older workers).

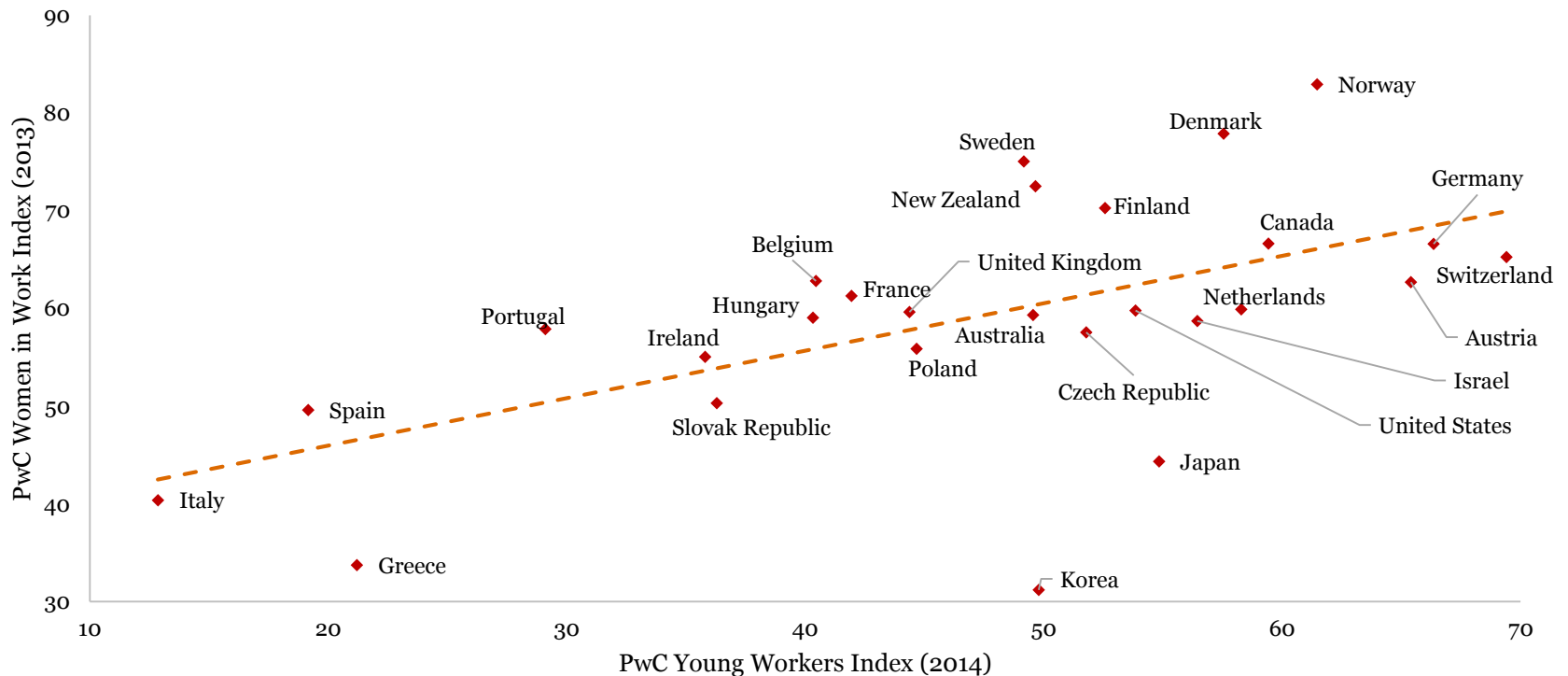
Figure 12: PwC YWI vs. PwC Golden Age Index



Sources: PwC analysis, OECD

There is also a similar correlation between the PwC Young Workers and Women in Work indices, though the out-performance of the Scandinavian countries is more marked in the Women in Work index in general.

Figure 13: PwC YWI vs. PwC Women in Work Index



Sources: PwC analysis, OECD

Summary of relationships

What do these regressions tell us?

Comparison measure with PwC YWI (2014)	Correlation coefficient*	Explanatory power (R^2 *)	Statistical significance (t-statistic*)
1. GDP per capita	0.35	0.12	2.10
2. PISA mathematics scores	0.46	0.21	2.94
3. PwC Golden Age Index	0.57	0.33	3.95
4. PwC Women in Work Index	0.57	0.33	3.51

Source: PwC analysis

* Positive correlation coefficients imply positive association between two variables but not necessarily a causal link. R^2 is a statistical measure of how well the model fits the data. Our t-test has a significance level of 5% and t-statistics higher than the critical t-value of around 2 imply that the relationships are statistically significant.

1. There is a **clear and statistically significant positive correlation** between the Young Workers Index and GDP per capita. Causality may work in both directions here as strong education and youth employment performance boosts average incomes, which allows more funding for education and training.

2. Our results show a **significantly positive correlation** between the Young Workers Index and average country mathematics scores from PISA. This implies that good quality mathematical education is strongly associated with better youth employment prospects.

3. There is a **strong positive correlation** between the PwC Young Workers and Golden Age indices. This result suggests that more older workers do not 'crowd out' younger workers, implying that effective labour market policy could provide good employment prospects for both.

4. There is also a similar correlation between the PwC Young Workers and Women in Work indices. This may reflect common labour market policies though there are also some divergences. Scandinavian countries, for example, generally perform relatively better in the Women in Work Index.

All 4 comparison measures show positive correlation and the t-statistics demonstrate that these positive associations are statistically significant.

However, it should be noted that correlation does not simply imply causation because there may be other contributing factors. For example, higher Young Workers indices may be associated with countries with higher GDP per capita but further research would be needed over a long time period to show causal links, controlling for the many other factors that may influence GDP per capita levels.

PwC Young Workers Index

Annex: Methodology

PwC Young Workers Index Methodology

Variables included in the index

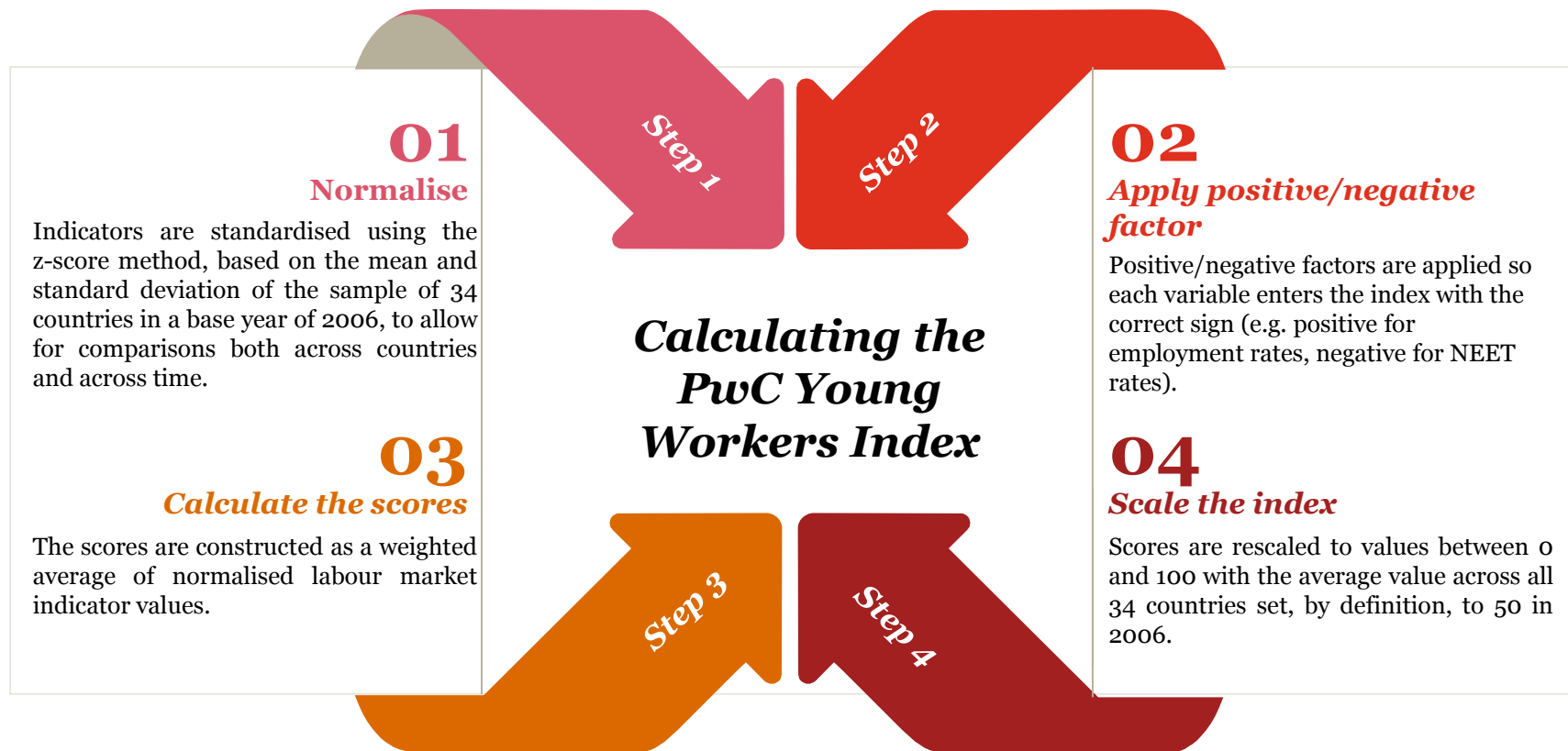
Variable	Weight	Factor*	Rationale
NEET rate 20-24 (% of the age group)	20%	-1	This measure can imply a wider range of vulnerabilities among youth, including unemployment, early school leaving and labour market discouragement. It can also represent economic and social costs. We use it as the basis for estimating the potential boost to UK GDP in the long run if NEET rates could be reduced to German levels for this age group.
Employment rate 15-24 (% of the age group)	20%	1	The proportion of 15-24 year old workers in employment is an important measure in our index and so has quite a high weight of 20%. But it is less critical for younger than older workers as for young workers education and training is a valid alternative to employment.
Unemployment rate (UR) (% of the labour force)	10%	-1	This is the proportion of the labour force that is unemployed but actively seeking employment (as opposed to in education or inactive). This represents a cost to both young people and to the wider economy as there could be social costs to having a large number of unemployed young people (e.g. increased crime and drug use).
Relative UR youth/adult (15-24)/(25-54)	10%	-1	The relative unemployment rate is included to reflect how young people fare in the labour market relative to older members of the labour force. Equality would imply equal opportunities across age groups but in many countries young people are more likely to be unemployed, reflecting the difficulty of getting into the workforce in the first place.
Incidence of long-term unemployment (% of unemployment)	10%	-1	The youth long-term unemployment rate reflects the economic vulnerability of young people. Being unemployed for over a year can have longer-term impacts in the form of skills erosion and increased reliance on benefits. This could also damage confidence and lead to long-term detachment from the labour force, increased crime rates and drug use.
Incidence of part-time work (% of employment)	10%	-1	Part-time employment may adversely affect earnings, pensions and job security, but this is given a lower weight in the index since some younger workers (e.g. students or young parents) may prefer part-time work due to its greater flexibility.
School drop-outs (% of the age group)	10%	-1	This is an indication of the number of young people becoming detached from school at an early age, which will also tend to worsen their job prospects in the short and long term.
Enrolment 15-19 (% in education)	10%	1	This indicator recognises that young people may still be in education or training and therefore are still contributing to the economy and enhancing their productivity even if not yet employed.

*Indicates whether higher values of an indicator are positively or negatively scored in the index

PwC Young Workers Index Methodology

How does it work?

We used a standard method to construct this index, similar to what we previously used in the PwC Golden Age, Women in Work and ESCAPE indices, and by many other researchers constructing such indices.



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