News release

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Report charts success of OECD countries in developing potential of younger workers

Improving performance could boost OECD GDP by over $1 trillion in long term

Latest report from PwC economists compares participation in employment, education and training of younger people across 35 OECD countries and finds that:

- *Europe continues to dominate as **Switzerland**, **Germany** and **Austria** top the table of most successful countries in 2015, followed by **Iceland, Norway** and **Denmark***
- *The **US** moves back into the top 10 for the first time since 2006*
- ***Israel**, **Luxembourg** and **Germany** have shown the most significant improvement between 2006 and 2015; but Southern European economies such as **Spain, Italy** and **Greece** have struggled to recover since the global financial crisis*
- *If countries could reduce the proportion of their 20-24 year olds not in employment, education or training (NEETs) to German levels, **most OECD nations could achieve substantial long-term boosts to their GDP levels,** ranging from around 2-3% in the UK, US and France to 7-9% in Spain, Greece, and Turkey.*
- *The **total economic gain across the OECD could be over $1 trillion in the long-term** from reducing NEET rates to German levels.*

LONDON, 26 October 2016 – The core European countries of Switzerland, Germany and Austria once again take the top three places in the PwC Young Workers Index, which compares the labour market impact and educational participation of people aged 15-24 in 35 OECD countries over the period since 2006.

Countries further down the rankings could add billions of dollars to their economies in the long run if they follow best practice in harnessing this potential, according to the new PwC analysis.

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Table 1: PwC Young Workers Index – country rankings and trends over time
Source: PwC analysis based on data from the OECD

Rank				Country	Index			
2006	2011	2014	2015		2006	2011	2014	2015
1	1	1	1	Switzerland	69.1	69.7	69.0	67.7
9	2	2	2	Germany	58.1	66.1	66.2	66.1
4	3	3	3	Austria	65.4	65.7	65.2	63.6
11	9	4	4	Iceland	56.4	55.9	63.0	62.9
5	8	5	5	Norway	62.8	57.8	61.3	60.3
2	5	8	6	Denmark	67.8	59.1	57.3	60.1
3	4	6	7	Netherlands	67.1	63.1	59.2	57.5
6	6	7	8	Canada	62.7	58.7	59.2	57.3
34	29	9	9	Israel	29.7	36.9	55.9	56.4
10	13	12	10	United States	58.0	51.6	53.6	56.4
7	7	10	11	Australia	62.1	58.6	55.4	56.1
14	10	11	12	Japan	55.1	52.9	54.5	55.9
12	15	13	13	Estonia	55.8	48.5	52.6	55.5
16	24	16	14	Latvia	53.5	40.7	50.0	55.2
19	14	15	15	Czech Republic	50.7	50.1	51.6	54.6
27	19	27	16	Luxembourg	41.3	45.3	39.8	52.9
24	16	18	17	Sweden	44.8	48.0	48.9	52.2
15	17	17	18	New Zealand	53.7	46.5	49.3	51.2
13	12	14	19	Finland	55.3	52.2	52.3	50.8
17	11	20	20	Slovenia	52.9	52.5	46.2	50.6
21	23	22	21	United Kingdom	48.4	42.1	44.0	46.9
18	18	19	22	Korea	51.4	45.4	47.3	46.9
25	25	26	23	Hungary	43.3	39.0	40.0	45.8
29	21	21	24	Poland	39.7	44.5	44.5	44.8
26	26	24	25	Chile	43.3	38.7	40.4	42.7
28	22	23	26	France	41.2	42.1	41.0	41.8
22	20	25	27	Belgium	46.4	44.9	40.2	40.6
30	30	29	28	Slovak Republic	38.8	33.7	36.0	39.2
8	31	30	29	Ireland	60.5	31.4	35.5	39.0
31	27	28	30	Mexico	38.7	38.2	37.6	37.5
35	33	31	31	Turkey	12.9	27.9	30.9	33.0
23	28	32	32	Portugal	45.8	37.2	28.7	29.6
20	34	34	33	Spain	49.6	24.9	18.7	22.4
32	32	33	34	Greece	37.2	28.1	20.8	21.9
33	35	35	35	Italy	30.3	21.1	12.4	11.6
				OECD Average	**50.0**	**46.3**	**46.5**	**48.2**

The top performing trio of countries were able to maintain low youth unemployment after the global recession as a result of their strong educational systems that promote vocational training and apprenticeships, which have helped to minimise the number of young people slipping through the labour market net.

The report also estimates the potential long-term boost to OECD economies if they can reduce their NEET rates (Not in Education, Employment or Training) to German levels, the leading EU country in the index.

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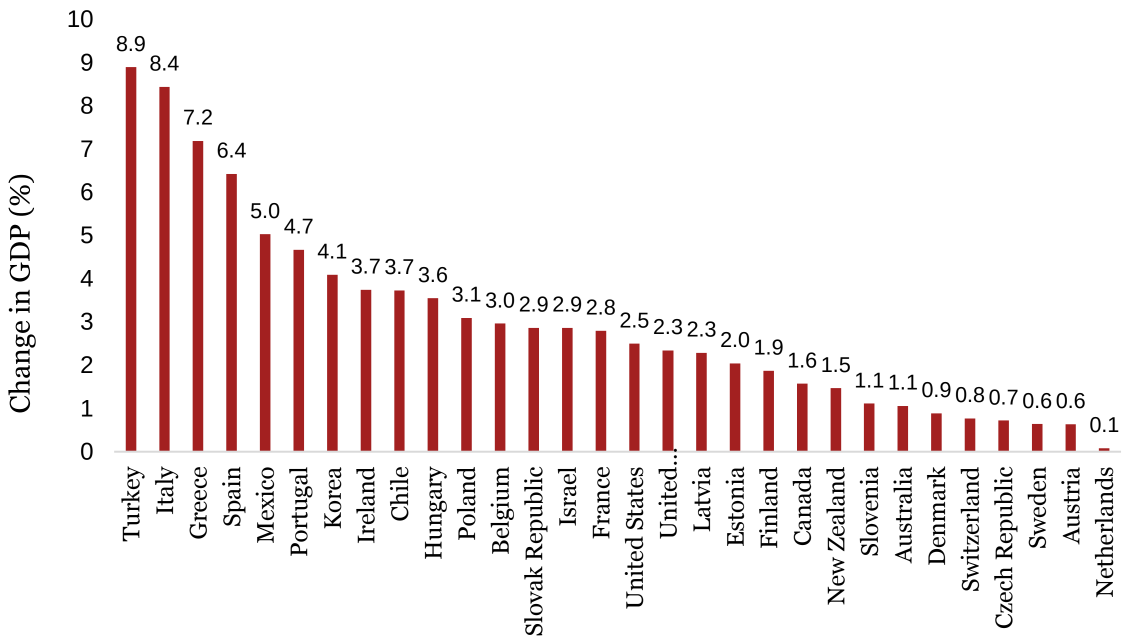
As Figure 1 below shows, the potential gains could range from just 0.1% of GDP in the Netherlands, up to around 2-3% of GDP in the US, UK and France, with the highest potential gains being in Turkey, Italy and Greece of around 7-9% of GDP. Across all OECD countries the potential long term boost to total GDP could be of the order of $1.1 trillion.

Figure 1: Estimated long-term boost to OECD economies from matching German NEET levels for 20-24 year olds



John Hawksworth, PwC Chief Economist and co-author of the report, says:

“We have identified three key labour market themes which commonly feature in high performers on our Young Workers Index.

“First, a German-style dual education system that incorporates both vocational training and classroom learning could provide young people with more options in their transition into the working world. Boosting the number and quality of apprenticeships across all industry sectors can also help here as can a greater focus by schools on key transferable skills like mathematics.

“Secondly, changing employers’ perceptions of youth and encouraging early engagement in schools – such as work experience, career advice, mentoring and youth-led social action - could increase youth employability and engagement.

“And, thirdly, reducing informal recruitment methods and use of qualifications as filters could help in removing the barriers to engaging with young people from low socio-economic backgrounds who may be at risk of anti-social behaviour.”

Carol Stubbings, PwC’s Global People and Organisation leader, says:

“Young people can make a significant contribution to the global workforce. To harness the full potential of this generation companies should ensure they are adapting their organisations to attract and retain new, young talent. Investing more in apprenticeships and professional training of younger workers will allow companies to reap the benefits through increased innovation and productivity.”

Notes:

1. Methodology: The PwC Young Workers Index is a weighted average of eight indicators, including NEET rates, employment and unemployment rates, relative unemployment rates, part-time employment rates, incidence of long-term unemployment, school drop-out rates and educational participation rates. The age range covered is generally between 15 and 24, but varies as appropriate by indicator.

   These indicators are normalised, weighted and aggregated to generate index scores for each country. The index scores are rescaled to values between 0 and 100, with the average value across all 35 OECD countries set, by definition, to 50 in 2006. Index scores were also calculated for 2011, 2014 and 2015 (or the closest years for which internationally comparable data were available).

   Further details of the methodology, including the calculation of potential long-term boosts to GDP from lower NEET rates, are contained in the full report.

2. A copy of the PwC Young Workers Index will be available from 26 October 2016 at www.pwc.co.uk/youngworkers.

3. At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

