

# The Jobs Letter

No. 160

31 January 2001

*Essential Information on an Essential Issue*

## SPECIAL

EMPLOYERS  
AND THE  
YOUTH EMPLOYMENT  
CHALLENGE



NZ BUSINESS COUNCIL  
FOR SUSTAINABLE  
DEVELOPMENT  
YOUTH EMPLOYMENT  
PROJECT

- A major business group is getting in behind the Mayors Taskforce for Jobs and its primary goal of ending youth unemployment in New Zealand by 2005.

The NZ Business Council for Sustainable Development (NZBCSD), which includes leading companies such as Fonterra, Telecom and the Warehouse, is establishing a Youth Employment Project in which it intends to foster the important role that NZ businesses can take in ensuring employment and training opportunities for all young New Zealanders.

The NZBCSD will produce an industry guide on how businesses can help stimulate youth employment, and encourage member companies to commit to and report against local employment or training targets. A website will also be established which will report on progress and share lessons and experience in working towards their youth employment goals.

- The project champions for the Youth Employment Project include Stephen Tindall (founder of The Warehouse Group), Richard Lauder (CEO of City Care, Christchurch), Dr Rodger Spiller (Managing Director of Money Matters) and Steve Bonnici (Managing Director of Urgent Couriers). The Fonterra Co-operative Group will be a leading participant in the project.

The initiative will be launched at the major annual meeting of the Mayors Taskforce for Jobs to be held in Christchurch on 14-15 February. A project officer will soon be appointed to co-ordinate initial research into the state of youth employment in NZ and to promote the business case for youth employment initiatives.

- The NZBCSD is an incorporated society made up of 40 member businesses. Companies become members of the NZBCSD by invitation, and each company is represented on the Council through its CEO or a business leader of equivalent rank. The Council is chaired by Stephen Tindall, Eric Barratt (Managing Director of Sanford Ltd) is Vice Chair, and Dr Rodger Spiller is the Executive Director. The NZBCSD is also part of a global network of national and regional business councils and partner organisations, under the umbrella of the World Business Council for Sustainable Development (WBCSD), based in Geneva, Switzerland.

The Council is best known for its advocacy of “triple bottom-line” objectives which aim for healthy economic, environmental and social outcomes from business activities. Their view is that it is important for business to take an active leadership role on social and environmental issues, rather than to simply handing over these responsibilities to local or national government.

The Council has been working on several projects which include promoting successful partnerships between business and schools; promoting a debate and influencing policy development around climate change issues; promoting “zero waste” through resource efficiency; distributing a Sustainable Development Reporting Guide for NZ businesses; and encouraging members to support a labelling system that indicates proof of sustainable development practices.

# The Jobs Letter

## NZBCSD YOUTH EMPLOYMENT PROJECT

### Project Champions



The Warehouse Group Ltd



Money Matters NZ Ltd



Urgent Couriers Ltd

### Active Participant



Fonterra Co-operative Group

### Other NZBCSD Members

3M New Zealand Ltd  
BP Oil NZ Ltd  
Deloitte Touche Tohmatsu  
Eagle Technology Group Ltd  
Fletcher Building Ltd  
Foresight Institute of NZ  
Hubbard Foods Ltd  
Interface Agencies  
Landcare Research  
Meridian Energy  
Mighty River Power Ltd  
Milburn New Zealand Ltd  
Morel & Co  
Natural Gas Corporation  
NIWA  
Palliser Estate Wines of  
Martinborough Ltd  
Port of Tauranga Ltd  
PricewaterhouseCoopers  
Richmond Ltd  
Sanford Ltd  
Shell New Zealand Ltd  
Simpson Grierson  
Telecom New Zealand Ltd  
The Boston Consulting Group  
The Living Earth Company  
Toyota NZ Ltd  
Transpower  
Trust Power  
URS - NZ Ltd  
Waimangu Volcanic Valley  
Waste Management N.Z. Ltd  
Watercare Services Ltd

- The decision by the NZBCSD to get in behind the Mayors Taskforce and its youth employment goals came after Taskforce chairman and Christchurch Mayor Garry Moore spoke to their AGM last October. Moore: “One of the main objectives of the Taskforce has been to link with imaginative private sector initiatives that are addressing unemployment. The Business Council for Sustainability is one of the few business groups that is really looking at the long-term challenges in front of us — socially, economically as well as environmentally. We are very pleased to be joining in partnership with them so that we can value the good work that can and needs to be done by our young people.”

NZBCSD chairperson Steven Tindall (Founder of The Warehouse Group) agrees: “If the goals of the Mayors Taskforce are able to be met, it will make for a much better New Zealand. The members of the Business Council felt that this was one area we could contribute because we have a large number of members who employ an awful lot of people and have job opportunities going forward. We hope to achieve two things: We could find ourselves some very good people for the future of our businesses, and at the same time we could be helping on a very worthwhile project that has tremendous goals.”

- This latest initiative by the Business Council and the Mayors Taskforce reflects a global push by employers who are concerned about the rise of youth unemployment and poverty ... and its effect on their businesses. The International Organisation of Employers (IOE) has been monitoring the growing importance that employers are giving to these issues, especially after employer groups proposed a resolution on youth employment to the 1988 International Labour Organisation (ILO) conference.

Jean-François Retournard, Director of the ILO Bureau for Employers’ Activities, says: “Youth employment is critical for social and economic stability and growth, apart from all the other good reasons why it is important for society to give it the greatest attention. Employers have been aware of this for a long time, and have in fact been taking initiatives to address the issue individually and through their organizations...”

- The ILO has also been promoting the youth employment message on a wider stage. Most recently, the ILO’s Director-General Juan Somavia, joined the UN Secretary-General Kofi Annan and the World Bank President James Wolfensohn, in convening a high-level policy network on youth employment.

This policy network will draw on “creative leaders in private industry, economic policy and civil society” to explore approaches to the youth employment challenge. The network will formulate a set of recommendations on youth employment which the Secretary-General will propose to world leaders for action. It will also disseminate information on “best practice” youth employment policies and programmes.

Jean-François Retournard says that to achieve these goals, everybody who has anything to do with young people and work, including educational institutions, vocational training centres and business support systems, has to be mobilised. Retournard: “The participation of employers is perhaps the most critical of all, since the access of youth to employment depends on their needs and expectations...”

- A Global Alliance for Youth Employment will be launched at a major Summit meeting to be held later this year in Egypt. The Summit will launch a decade-long campaign of action on youth employment — with the aim of creating productive and sustainable livelihoods for an additional 500 million young adults by the year 2012.

*(continued on page five)*

## TRENDS

# YOUTH EMPLOYMENT is GOOD for BUSINESS

— extracts from “*Meeting the Youth Employment Challenge — a Guide for Employers*”, published by the **International Labour Organisation (ILO)**

- New technologies and the globalisation of markets are making human labour more and more productive. But as productivity rises, so does the opportunity cost of leaving millions of young people unemployed. This waste of resources is especially acute because the generation of people now approaching adulthood is probably the most literate, numerate, multilingual and ambitious set of young women and men the world has so far produced.

But there are at least 70 million young people across the world who have no job. Millions more young between the ages of 15 and 24 are underemployed, especially in the developing world.

- Young people have a great deal to offer their societies, and providing them with productive and decent jobs will be one of the most important contributions current generations can make for the future.

Employers and their organizations have a clear economic interest in increasing youth employment, and a very important role to play. There is considerable scope for employers to harness the energy of

young people, and to diminish the scope and prevalence of problems caused by unemployment, through improved employment opportunities.

- According to United Nations’ estimates there are over 510 million young women and 540 million young men in the world today. That means that some 20 per cent of the world’s population is aged between 15 and 24 years old. In many developing countries, especially in Africa, the number of young women and men entering the schooling age group is rising as a result of high fertility levels and improved child survival. It has been predicted that around 500 million new jobs will be necessary by 2010, both for new labour force entrants, most of them youth in less developed regions, and to reduce the global unemployment rate.

*“While governments play the major role in providing and funding services to the young unemployed in most countries, the economic and social importance of youth employment dictates that this is too important an issue to be left to governments alone.”*

— Meeting the Youth Employment Challenge

- The most powerful influence on youth employment is the national employment situation as a whole. For example, researchers have typically found that a 1 per cent increase in the adult unemployment rate tends to be accompanied by an increase closer to 2 per cent in the youth rate.

Entering the labour market may be more difficult for young women and men due to lengthier employment searches. There may be institutional opposition to the idea of youth wage rates undercutting those of adults. Alternatively, the greater ease and

### Youth unemployment continues or worsens

Unemployed young people have less to spend on employers’ products and services, denting aggregate demand

Society loses out on the investment it made in educating or training the individual, whose potential productivity remains untapped

The employability of the young person deteriorates because he or she is not updating their skills in the workplace. The risk increases in that with no meaningful experience of work, the individual will become established in a pattern of joblessness

Personal savings are reduced or eliminated, reducing the pool of capital available to business and making the individual financially dependent on others and risk averse

Reduced taxation base and higher welfare costs lower the amount of money available for investing in education and infrastructure, while limiting the scope for tax cuts

### More young people move into work

Employed young people spend their money on goods and service, boosting aggregate demand

Society reaps a return on its investment in education and training; the individual begins to exploit his or her potential

The young person’s employability improves as education and training are augmented by experience within a working environment. The young person is more likely to serve as a positive role model for his or her peers

Now in employment the young person not only begins to consume but can also save and invest, boosting the pool of capital. The individual may build a financial cushion

Expanding revenues from taxation and lower welfare costs boost the amount of money available to invest in education and infrastructure while raising the possibility of tax cuts

lower cost to employers of laying off younger employees under employment protection laws may play a role.

- The issue is not simply that there are too few decent and productive jobs to go around. The presence of a large core of youth joblessness in countries that are at the peak of the economic cycle (as is the case currently in the United Kingdom and the United States) appears to indicate that there may be multifaceted structural problems that are not removed by a general economic expansion.

In fact, perhaps the most striking aspect of youth unemployment is that in almost all countries it is much higher than overall unemployment. The same is true for underemployment. In the OECD 1999 data, the jobless rate for the 15-24 age group is 11.8 per cent, more than double the adult figure of 5.4 per cent. In transition economies, youth unemployment has also followed a similar pattern, exceeding adult unemployment significantly. And in some developed and transition economies more than one in three young people are unemployed.

*"Recent mass protests in Washington, London, Paris and Prague against global capitalism — which were overwhelmingly organized by people in the 15-24 age group — highlight the growing appeal of alternative values systems, however inchoate they may be. A generation of young people without decent and productive jobs will inevitably be more receptive to the message that big business is not interested in them."*

**— Meeting the Youth Employment Challenge**

- One possible explanation for the higher rates of joblessness among young people is that the education system is failing to deliver employable individuals.

The effects of educational attainment on youth unemployment are mixed. In most developed countries, young people who leave school early experience higher unemployment at the start of their working life. However, massive increases in school enrolment in several countries in recent years have reduced the employment-related advantages of obtaining more education, most notably in Italy and Spain.

In some developing countries, such as Indonesia, Jordan and Thailand, unemployment rates are higher for the more rather than the less educated. In Indonesia, primary-level school leavers who may accept insecure low-quality jobs actually have much lower unemployment than more demanding secondary and tertiary-level school leavers whose skills may not meet labour market demand.

- The youth employment challenge is about more than helping youngsters to make the transition from school to work, from college to career, from adolescence to adulthood. It's also about winning them over to the values than underpin wealth creation.

Recent mass protests in Washington, London, Paris and Prague against global capitalism – which were overwhelmingly organized by people in the 15-

24 age group – highlight the growing appeal of alternative values systems, however inchoate they may be. A generation of young people without decent and productive jobs will inevitably be more receptive to the message that big business is not interested in them.

Against this background, being seen to help the young into jobs is a powerful signal to tomorrow's consumers and voters that employers' organizations are on their side. But paid employment is not the only option for helping the young unemployed. Employers also have an interest in fostering entrepreneurial values among young people themselves.

- In many countries, girls are outperforming boys at school, but this does not necessarily translate into greater labour market success. This is so, in part, because many girls remain concentrated in traditional fields of study, often not related to rapidly evolving labour market needs. In some countries – France, Jamaica and Japan for example – where girls have equal access to education, some may still be the intended or unintended targets of gender discrimination. In other countries, girls' access to education and training is limited, forcing young women disproportionately into the informal sector and subsistence-oriented activities. Yet in others, economic inactivity is imposed on young women.

- Employers throughout the world have long recognized that they have a mutual relationship with their societies, and that there are reciprocal obligations that go beyond short-term profitability and cost minimization. Although far from the sole rationale for employers contributing to youth employment, social responsibilities do play a role in this area. Unemployment in early life may permanently impair young people's future employability, as patterns of behaviour and attitudes established at an early stage tend to persist later in life. Their exclusion from gaining work experience and lack of access to continuing training also increases their later difficulties to find jobs.

In addition to depriving them of incomes and the personal fulfilment of decent work, the exclusion of young people from productive roles in the adult world of work can demoralize them and undermine social cohesion. Communities with high levels of youth unemployment are at greater risk of crime, drug abuse and vandalism.

- The stakes are high for everyone. The world economy is at a crossroads. The conditions for a sustained and generalized period of prosperity are within our grasp. If employers succeed in engaging the hearts and minds of this generation of young people in productive and mutually fulfilling jobs, the potential rewards are enormous. Those societies that perform best in integrating young people into the workforce appear to gain a genuine advantage for the future. But if the jobless tally among the young fails to budge or, even worse, begins to climb, then the consequences will be serious for everyone – individuals, their families, governments and employers.

Source — "Meeting the Youth Employment Challenge — a Guide for Employers" published March 2001 by the International Labour Organisation, Geneva, and available from the ILO website at [www.ilo.org/public/english/employment/skills/youth/download/empchal.pdf](http://www.ilo.org/public/english/employment/skills/youth/download/empchal.pdf)

## The Jobs Letter

This meeting will be held at the legendary Library of Alexandria from 11-16 September, 2002, and will include workshops on innovative policies, practices and strategies for initiating committed action.

- Summit Director Poonam Ahluwalia points out the alarming statistics yet to be faced in our global economy: a billion young people (15-24 years old), eighty-five percent in developing countries, are entering the labour market with few skills and even fewer opportunities for productive work.

Ahluwalia: "This is a prescription for disaster and social unrest. At the same time we have the knowledge base and connectivity to create opportunities for sustainable livelihoods for the world's youth."

— Global Youth Employment Summit, Alexandria Egypt, September 2002. More details available from website at [www.youthemploymentsummit.org](http://www.youthemploymentsummit.org)

- One example of how a leading business can make a difference on local employment and training issues can be found in the Cisco Networking Academy Programmes (CNAP). Cisco is one of the biggest information technology companies in the world. The company estimates that there are 800,000 job openings for internet specialists right now, and over three million job openings are expected in the next six years. Cisco has therefore launched a major international programme to train people in internet and technology literacy.

CNAP is an interactive, multimedia, self-paced, web-based curriculum which gives a general background in the internet and computer technologies, and teaches specific skills in building and maintaining computer networks. The benefits are immediately obvious: anyone with a Cisco qualification is virtually guaranteed well-paid work amidst the global shortages of IT professionals.

- CNAP programmes are mainly based in high schools and colleges, but Cisco has also been sponsoring this resource to go into disadvantaged communities throughout the world. Here in New Zealand, the programme is run in many community polytechs, but Cisco has also developed a unique partnership with Cyberwaka Enterprises, based in the remote community of Te Kaha on the Eastern Bay of Plenty, and the Pacific Islands Matati E Fa Trust, based in Auckland. In Te Kaha, the Academy is run from a disused school building. There are also training centres at Ruatoria, Te Karaka, South Auckland and Kawerau. Cyberwaka has purchased laptop computers for students to use in the programme. Cisco has contributed about \$50,000 to provide internet networking hardware equipment (routers, switchers etc) to connect these computers to the internet, as well as lab equipment, curriculum course content, instructor training and support, and development of the website for students and tutors.
- Cyberwaka is a project of Te Runanga o Te Whanau tribal authority, under the management of CEO Rikirangi Gage. He points out that if the internet is the information highway, then the CNAP programme is training people to be its Ministry of Works. The big difference is that the work is much better paid!

Rikirangi Gage told the recent Social Entrepreneurs conference in Wellington that in the industrial era, Maori in the labour market gravitated towards a narrow range of occupations — those which required brawn and not brains. Gage: "These jobs were also low paid, low skilled, and less secure. In the rapidly developing information society, this situation will simply compound if we don't intercede. With 63% of our tribe under the age of thirty, the message for our community is simple. We need to get on the right side of the digital challenge and ensure the continuity and wellbeing of the tribe. Our strategy is to leap-frog our people out of the boiling oil of the industrial age by building a relationship with one of the biggest IT companies in the world. The ticket they gain will get them a job anywhere in the world in this industry. It has currency."

— More information on the Cisco Networking Academy Programmes can be found at [www.cisco.com/edu/academy](http://www.cisco.com/edu/academy)

*"We resolve to develop and implement strategies that give young people everywhere a real chance to find decent and productive work."*

— **United Nations Millennium Declaration, 18 September 2000 (paragraph 20)**

*"There simply could be no durable peace, no genuine security, no conceivable well-being and no sustainable development where poverty and joblessness prevail."*

— **Kofi Annan, Secretary General of the United Nations and 2001 Nobel Peace Prize laureate**



**"Meeting the Youth Employment Challenge — a Guide for Employers"**

(PDF document 1.13MB, 75pg)

download from [www.ilo.org/public/english/employment/skills/youth/download/empchal.pdf](http://www.ilo.org/public/english/employment/skills/youth/download/empchal.pdf)

## VOICES

### **on the NZ BUSINESS COUNCIL YOUTH EMPLOYMENT PROJECT**

*“To involve the business sector means that the third leg of the stool is now in place for our Taskforce. We now have got business groups, community, and central and local government all working together for our youth employment goals. Too often, so many similar initiatives are put in place without the involvement of the business sector. I welcome and applaud their presence ...”*

**— Garry Moore, Mayors Taskforce Chairman and Mayor of Christchurch**

*“We believe that there are a number of projects both in the social and environmental that businesses can do to help improve New Zealand in general. This project will obviously improve everything for everybody — including help create better business conditions for our members. The result will be that the companies will get very well trained fine young employees ... and those kids will have jobs. It's a win/win for all of us.”*

**— Stephen Tindall, Chairman of the NZBCSD and founder of The Warehouse Group**

*“As a courier company, we employ the age group that the Mayors Taskforce is concerned about — the 18-25 year olds. They are probably 90% of the people working in our industry. So we are asking ourselves: What more can we do to help provide a pathway to employment for young people?”*

*“The Business Council's objectives in any project are to benefit the wider society and business in general. For us, if the youth of the country is unemployed, it doesn't bode well for any of us. They are going to be a drain on the government tax take ... and its not going to help with crime or any of those things. If there is anything we can do by working with the Taskforce, then we will look at it.”*

**— Steve Bonnici, Managing Director of Urgent Couriers**

*“As New Zealand's largest company (and one of the biggest employers) we feel we have a key role to play in youth employment. The dairy industry itself is perhaps New Zealand's most high profile and significant sector, one which continues to grow and provide direct and indirect employment opportunities.*

*“Our success, and the positive role we must play in contributing to New Zealand economic social and environmental well-being is of national importance, so committing to play a leadership role in leading this project is a natural for us.”*

**— Glen Petersen, Fonterra Co-operative Group**



*“From City Care's perspective, we believe we can put in place some things that will both assist with youth unemployment and also assist our own organisation in getting some young blood into it.*

*“The reason I put myself forward as a Project Champion is because City Care is a contracting company which has come out of a City Council contracting environment. We have a relatively mature workforce and we have identified our age profile as a problem. We actually see there would be an advantage to us if we could come up with mechanisms that encourage younger people to join our business.”*

**— Richard Lauder, CEO of City Care Ltd, Christchurch**

*“The NZBCD shares the Mayors Taskforce vision of addressing unemployment. This issue is extremely important to us because high youth unemployment is not good for business, the economy or the community. In essence, if business actively assists to achieve full youth employment it becomes a virtuous circle of mutual benefit. We can expect member companies to assist in commercialising good ideas of youth entrepreneurs; address the current and looming shortage of trades people; and provide youth internships, apprenticeships and mentoring.*

*“Through our investment advisory activities, and our own example, Money Matters is exploring opportunities for offering work experience and providing mentoring input to youth entrepreneurship programmes. Money Matters is also encouraging other businesses to increase their triple bottom line performance. Social responsibility reflected in activities such as employment of youth, is a key part of this performance, along with environmental and economic issues.”*

**— Dr Rodger Spiller, Executive Director of NZBCSD and Managing Director of Money Matters Ltd**

#### **Editor**

Vivian Hutchinson

#### **Associates**

Dave Owens

Jo Howard

Rodger Smith