

Want a competitive company? Invest in young people

To meet the current and future needs of business, young people need better training and decent jobs now. Internships and vocational training can help.



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Four out of ten people aged 20 to 24 who want work cannot find it, due to a lack of opportunities in Spain. And more than 400,000 young Spaniards aged 16 to 29 are not

studying, working or seeking employment. The unemployment rate in this age group stands at 34 percent in Spain and is over 20 percent in Europe.

This is highlighted in a report on the difficult path to youth employment and the measures companies can take to make it better, by [Sandalio Gómez](#), emeritus professor at IESE, and five co-authors.

Published by a Spanish platform for business called the *Observatorio Empresarial Contra la Pobreza* (Business Observatory Against Poverty), the report aims to help Spain reach the UN goals for sustainable development regarding decent jobs for young people. It also aims to help companies improve their competitiveness in the medium and long term by investing in the future.

Inadequate training

Training is key, especially for the 44 percent of 16- to 29-year-olds leaving the Spanish school system without completing their secondary educations. Many of them never return to finish later, apparently discouraged by the fact that recent graduates are finding paid work elusive. The report suggests that a lack of practical experience and training that doesn't meet current market demands are at the root of the problem.

The report also details the recent economic crisis's harsh impact on youth employment, the underutilization of internships and the misuse of certain forms of recruiting. It's worth noting that more than half of employed young people's contracts are only temporary and only 7 percent of those are formally linked to training or internships.

Four ways to handle the problem

To improve this situation, the report outlines measures in four key areas:

- **Preventing school dropouts.** Teach the facts: simply knowing the statistics on the long-term impact of not finishing school can help students stay in school.
- **Getting young people back in the education system.** Learning environments that are more flexible, with shorter time commitments and geared toward internships can help. Also, companies can help employees who lack formal training with their own on-site training policies.
- **Transitioning from training to employment.** Companies' initiatives are vital here. An engaged workforce with the necessary skills can boost a company's

competitiveness in the medium term. Bringing in young people and updating knowledge can gradually renew an organization. Offering young people decent employment contracts, inking agreements with schools and creating internal training programs are three ways for companies to cover future needs.

- **Employing and managing young people at risk of social exclusion.**

Businesses and third-sector (or non-profit) organizations should partner to ease the transition from training to employment for those at risk of social exclusion.

The authors encourage businesses to act now. A dearth of employment opportunities makes young people socially vulnerable. Indeed, 58 percent of young, unemployed Spaniards are at risk of social exclusion. Quality employment opportunities can help protect young people from being sidelined. Ignoring the problem could lead to a loss of human capital, greater inequality and less social cohesion.

Methodology, very briefly

The study was conducted by experts from many fields — including Sandalio Gómez, professor emeritus at IESE; Eduardo Gómez, managing partner at the human resources consultancy Ideofactum; Leticia Henar, project manager in research and social innovation at the non-profit Tomillo Foundation; and María Jesús Pérez, deputy director general of the CODESPA Foundation, an international development NGO.

The report is based on an extensive review of the existing literature and data, with both primary and secondary sources referenced, and interviews with more than 30 companies and third-sector organizations for social action. The field work was carried out between June and September 2016.

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