

2023 Global Economic Forum
Unemployment and Workforce Development
Background Briefing Paper

Understanding Unemployment and Workforce Development

Issues of unemployment and workforce development are ever evolving. As the face of both physical and human capital continues to change, so do the methods needed to properly utilize and develop them. The scale on which globalism has occurred in the last 30 years has added even more dynamism. Unemployment and workforce development go hand in hand. Development describes the various initiative and education protocols that are to individuals to fit the needs of the current and future labor market. Good workforce development means a good economy, one with more sustainable competition and efficiency. Bad workforce development means an unstable economy, mixed levels of efficiency, and of course increased unemployment.

The two statistics that are most commonly used to paint a portrait of unemployment and workforce development are **unemployment rate (UR)**, and the rate of people **not in education, employment or training (NEET)**. These stats provide different perspectives and are also measured quite differently. The **Organization for Economic Co-operation and Development (OECD)** describes the unemployment rate as the percentage of people who are without work but willing to work and have made active steps to find employment in the last four weeks. UR does not count the entire population, only measuring those who are actively working to those who are not, but want to.¹ NEET is a more encompassing statistic, describing the percentage of people who are unemployed and are also not continuing school or training for a job. Unlike UR, the NEET rate compares the number of NEETs to the total population. In 2022 the **International Labour Organization (ILO)** reported the global UR at 6.2 with the highest instances occurring in the Arab world, Latin America, and Africa (as well as other parts of the global south) while the global NEET rate stood at 23.3%.²

Historically unemployment has been mitigated by targeting workplace development. Governments are usually responsible for this as their role as an economic actor is to step in to correct **market failures** - which high rates of unemployment are considered to be an example. To that extent, a government could introduce training programs to improve deficiencies in certain industries or address more structural unemployment challenges. They could pay a **subsidy** to a firm that does the same job for them. They

¹ “Unemployment - Unemployment Rate - OECD Data.” theOECD. Accessed February 5, 2023.
<https://data.oecd.org/unemp/unemployment-rate.htm>.

² “Youth and the Labour Market - Youth Not in Employment, Education or Training (NEET) - OECD Data.” theOECD. Accessed February 5, 2023.
<https://data.oecd.org/youthinac/youth-not-in-employment-education-or-training-neet.htm>.

could help to relocate people to areas with strong job markets or better yet, bridge the gap between the two areas.³ A plethora of government options exist that are designed to reduce unemployment via workplace development. But the government is not solely responsible for this issue.

Multiple actors are at fault for the current picture of unemployment and workforce development. In addition to governments, the most prevalent are industry employers, and **post secondary institutions** who contribute to the equation due to a lack of interconnectedness and common direction. Governments play a more limited role, only as a guider of the economy as opposed to an arbiter. Although this is less true in command-style economies or economies that are overly bureaucratic, but not necessarily overly regulatory. Companies and post secondary institutions on the other hand, are more directly involved in labor flow and development with the former being the consumer of talent, and the latter being the producer of it. Both are responsible for workforce development in a more direct manner but only one tends to pick up that slack.

All relationships - whether institutional or interpersonal - rely on communication, which is almost nonexistent between companies and post secondary institutions. Ideally, companies communicate the skill needs of future workers and provide enrichment opportunities to these institutions. In turn, colleges and universities provide not only a theoretical, but practical education to students interested in these industries. An education that teaches in demand skills, and applies them to curriculum. However very little communication occurs between these two institutions, resulting in universities being unsure of what skills students must know, and employers struggling to find good fits with open positions, especially young fits. When students are in school, they have fewer opportunities to experience real work environments that could also teach them practical skills. Historically these opportunities have been provided via apprenticeships, or enrichment programs.⁴ A more modern spin on these concepts are internships, although too few are provided to meet the necessary demand. An average internship posting receives 250 applicants in 48 hours. But the results are undeniable. In the United States for example, 66.4% of interns receive a job offer after completion.⁵

While this communication problem is universal, it is more prevalent in developed countries. Other problems exist such as nepotism in hiring practices, financial barriers to post secondary education and the job market, etc. All of these issues have an impact on the job market and the talent pool that

³ "5 Efficient Ways to Tackle Youth Unemployment." World Economic Forum, January 23, 2015.
<https://www.weforum.org/agenda/2015/01/youth-unemployment-solution/>.

⁴ De Boer, Diederik. "SDG Series -Tackling the Youth Employment Challenge." Maastricht School of Management, January 18, 2021. <https://www.msm.nl/news-events-and-blogs/blog/tackling-the-youth-unemployment-challenge>.

⁵ Boskamp, Elsie. "20+ Compelling Internship Statistics [2023]: Data, Pay, and Trends." Zippia. Zippia, February 9, 2023.
<https://www.zippia.com/advice/internship-statistics/#:~:text=56%25%20of%20all%20interns%20in,where%20they%20interned%20accept%20them>.

occupies it. As long as these core challenges exist, navigating unemployment and workforce development will remain at the forefront of the global economic question.

Globalism and Connected Economies

The ways in which the face of the workforce has developed also coincide with the development of the world. The introduction of globalization has in no small way, changed the way we think about the job market. Globalization is felt by its reach, speed and magnitude. As it relates to economic development, goods, services and ideas can now be sent to all corners of the world, in large quantities at rapid speed. The same is also true for workers. In principle, anybody from anywhere could work in any city or country provided they can obtain the necessary documents required to work. They can either move directly, or commute at speeds never thought possible. Globalization reduces distance, which ironically is the same reason it has increased unemployment, and stagnated workforce development.

Globalization has had many positive developments in the economy, increasing economic capacity in developing countries to allow new opportunities for work. It also made **foreign direct investment (FDI)** commonplace allowing countries of all economic status to interact and build with each other. However this increased connectedness also created a shortage of employment opportunities worldwide as rapid increases in technology impacted the demand for unskilled labor. For skilled workers, globalization created a decrease in real wages (and also increased unemployment) due to increased privatization of the global economy, and an oversaturation of talent. The privatization impacts the global sphere due to a natural decrease in the demand for labor. Since profit is the name of the game, it makes more economic sense for private organizations to hire less labor but get more out of it. Additionally, since globalization connects people and countries, there are more job applications for less positions. This has created an increase in unemployment and harmed workforce development overall.

Many of these issues are structural in nature meaning that in order to combat them, adjustments must be made by governments. This has commonly taken the form of countries creating smaller, more concentrated economic blocks based on proximity to each other, as well as economic and cultural similarities. Many examples exist such as the **European Union** (which began for different reasons pre globalization, and became more of an economic alliance later down the road) and **Mercosur** (which was very much an economic partnership created in the face of globalization). The creation of such can benefit unemployment and workforce development by still permitting movement, but concentrating the job market to a more limited area. It also creates incentives for regional firms to hire within the bloc, as opposed to looking to the rest of the world.

Modern National and International Strategies for Workforce Development

Recognizing the challenges the global workforce faces, the European Union revamped its Erasmus Programme in 2014. It did this by pointing it in a direction that took strategies from all European

countries for education, job training, youth development strategies and sports and combined them into a single exchange program. The programme allows a student or young person, almost always someone looking for work experience, to temporarily move to another country within their economic bloc while providing them with apprenticeships, study, and training opportunities that might not be available in their home country. The program gives young people necessary skills for industry-specific jobs in business, trade, education and even sport. Simultaneously, the program introduces participants to new countries, allowing them to grow their network internationally. By the end of the programme, they have connections with industry-specific professionals across Europe, a knowledge of required skills, and experience working in a foreign country. In five years after schooling, the UR of individuals who studied or trained abroad was 23% lower than those who did not.⁶

The Erasmus Programme is one example of how governments, businesses, and post secondary institutions can work in tandem with each other to promote workforce development and thus reduce unemployment. Multi party efforts such as the Programme are necessary in a globalized world to ensure all actors are on the same page with each other but it is still very up to each actor to recognize where they need to adapt.

Many of these adaptations must occur at the firm level because of a disconnect between traditional hiring and development practices and modern preferences. While many employers are concerned with the firm's short term goals, many hopeful employees opt to think in the long term. Employers focus on formal training and development through education (even if they do not communicate it) whereas young professionals prefer supportive learning. Employers look to reward based on the output of work, workers prefer to be rewarded based on potential capability and value to the workplace. Employers develop skills primarily to meet short term needs whereas most job searchers opt to explore these skills at will in order to be prepared to solve future problems.⁷ It is unreasonable and impractical to continue to abide by development strategies that do not fit in a globalized world nor are preferred by the modern workforce. While governments and post secondary institutions play a significant role in the equation, it is firms, companies, and organizations that are the engine that keep the economic machine moving. It is therefore paramount that firms cooperate and are able to adapt if not be ahead of changes in the global economy, future workforce, and effective practices.

⁶ "Erasmus+." YouTube. European Parliament, November 7, 2016.
<https://www.youtube.com/watch?v=ykwdEaRQXW4>.

⁷ "Workforce Development Strategies." Deloitte United States, November 22, 2021.
<https://www2.deloitte.com/us/en/pages/human-capital/articles/workforce-development-strategies.html>.

The Charge - Create a Regional Policy Proposal Presentation?

The **2023 Global Economic Forum** will simulate the international community's fight against growing global risks. The World Bank is seeking to fund innovative solutions to this crisis, and has called for interested policymakers to submit their proposals. Invited Student Delegates (that's you!) will represent an assigned global region and committee topic related to the issue of *Unemployment and Workforce Development*. Each team will present their strategy for combating this evolving issue to other students in their committee representing other global regions at the very beginning of the Forum's first committee breakout session. After hearing each region's initial presentation, your committee will then collaborate on a collective policy proposal aimed at solving your committee's topic on a global scale, while representing the needs and opportunities of each represented regional group.

During the Closing Plenary at the end of the program day, each committee will present their policy proposals to the Closing Plenary. One member of each region in the committee group will present the committee's newly-created collective policy proposal. A panel of judges representing the World Bank will hear each committee proposal, ask clarifying questions, and ultimately determine a winning committee team, awarding them fictitious funding for their policy proposal.

It is critical that you read the separate [Instructions for Creating a Regional Policy Proposal Presentations](#) for further details and expectations. Teams are encouraged to utilize the provided presentation template (in your school's Google Drive program folder) when creating their Regional Policy Proposal presentations. Each team will have 3 minutes to present and should have no more than 5 slides in their presentation (not including the title slide). Each team should be prepared to answer 3 minutes of questions from their peers about their policy proposals.

This briefing paper should serve as a starting point for understanding the overall challenges of your assigned committee topic, however, you will also need to conduct additional research. Please see the Council's Global Economic Forum resources [webpage](#) for suggested additional resources. The purpose of this Forum is not only for Delegates to gain a holistic understanding of the social, political, and economic implications and consequences of the digital divide, but also for Delegates to also gain experience in the policymaking process as it relates to critical international issues. Best of luck!



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Quick Facts

Find at least five quick facts from this briefing paper or in reputable online sources that will be useful in creating your Regional Policy Proposal. Quick facts should be about one sentence long and provide useful information on your assigned committee topic.

1. 66.4% of people participating in internships receive job offers following completion.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

Questions to Consider

1. In 2022 the global unemployment was 6.2% while the global NEET rate was 23.3%. Why are these two numbers so different? How are they measured differently? What does the variance between these rates indicate to you?
2. What is the effect that globalization has on skilled and unskilled labor?
3. Does your region have a pre-existing economic partnership? If so, list the member countries. If not, would your region benefit from having one?
4. Based on your regional assignment, what combination of strategies can best aid your policy proposal and why? Should any take center stage over another.



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Glossary

Term	Description
European Union (EU)	A diplomatic and economic union formed by 27 European countries
Foreign Direct Investment (FDI)	An investment placed in a business or industry in one country by an investor located in another country
International Labour Organization (ILO)	A United Nations agency headquartered in Geneva, Switzerland tasked with advancing social and economic justice by setting international labor standards
Market Failure	An allocation of goods or services that is not economically efficient or leads to a net loss of economic value
MERCOSUR	An economic union formed by 4 South American countries
Organization for Economic Co-Operation and Development (OECD)	An 38 member intergovernmental organization headquartered in Paris, France tasked with stimulating economic progress and world trade
Post-Secondary Institution	An institution that provides education beyond a high school level, usually a college or university
Subsidy	A sum of money provided by the government that aims to reduce a cost in order to assist an industry, business, or an individual.