BUSINESS at OECD | Business and Industry Advisory Committee to the OECD

Supporting Today's Entry-Level Workers in an Evolving Labour Market

Challenges, Business Reponses, and Policy Priorities



Policy Paper

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Introduction

Across OECD countries, young people are entering the workforce at a time of profound economic, technological, and demographic change. Despite record levels of educational attainment, many entry-level workers are facing increasing difficulties securing employment and successfully transitioning from education into work.

According to the OECD, an average of 14% of young people across OECD countries in the age group 18-24 are neither employed nor in education or training (NEET).

At the same time, employers across a wide range of sectors continue to report persistent labour and skills shortages, highlighting a growing disconnect between the skills developed through education and training systems and those demanded in the labour market.

The challenge facing many employers today is not a shortage of applicants, but a shortage of candidates with the skills required to fill available jobs.

While technological change is undoubtedly reshaping occupations and skill requirements, the evidence suggests that the challenges facing entry-level workers are complex. Skills mismatches, changing employer expectations, declining workplace readiness, economic uncertainty, and insufficient opportunities to acquire practical work experience all appear to be playing a significant role. These trends have important implications not only for young people, but also for businesses and governments. As OECD populations age and labour shortages persist in key sectors, supporting successful school-to-work transitions has become a strategic imperative for productivity, competitiveness, and long-term economic growth. Entry-level workers represent a critical source of future talent, innovation, and leadership, yet many employers report increasing difficulty identifying candidates with the combination of technical, digital, cognitive, and interpersonal skills needed to succeed in today's workplace.

Supporting the transition of young people from education to work is not only a labour market priority, but a strategic imperative for long-term competitiveness.

Despite sustained policy attention to youth employment, skills mismatches, and school-to-work transitions, many of the same challenges persist across OECD countries. Policymakers must move beyond repeatedly diagnosing these issues towards implementing practical, sustained solutions. The OECD and its member governments have an important role to play in translating existing evidence and policy commitments into effective action.

This paper draws on business perspectives collected through *Business at OECD's* global network, examples of business and government initiatives from around the world, as well as OECD research. It examines the challenges facing entry-level workers, explores the factors contributing to these trends, assesses how employer expectations are evolving, and identifies policy measures that can strengthen pathways from education to employment.

By better aligning education, training, and labour market needs, policymakers and employers can help ensure that young people are equipped to thrive in a rapidly changing world of work while supporting the future resilience and competitiveness of OECD economies.

Part I: Current Challenges Impacting Entry-Level Workers

Today's labour market presents growing challenges for young people transitioning into employment. Young adults are more educated than ever, yet many continue to face difficulties entering the workforce as the skills they acquire do not always align with employers' evolving needs. At the same time, entry-level job opportunities have declined in recent years, while youth unemployment remains elevated.

Responses from the 2026 *Business at OECD* survey conducted for this paper indicate that these challenges are unfolding as employers' skills demands for entry-level workers change rapidly, driven by technological change, the adoption of AI, and the growing importance of cognitive, interpersonal, and adaptive skills. The resulting disconnect between the skills available and those demanded by employers can contribute to persistent skills mismatches and labour shortages, even as young people face difficulties securing their first jobs.

It is important to note that entry-level workers are not a homogenous group. Individuals entering the labour market after completing secondary education, vocational training, or university studies face different challenges and may require different forms of support. Therefore, policy responses should be targeted to the needs of these different groups.

A. Rising educational attainment, but persistent skills mismatches

Entry-level workers are facing an increasingly challenging transition into the workforce, despite rising levels of education. Across OECD countries, educational attainment is at an all-time high, with 48% of young adults in OECD countries now completing tertiary education. This represents a substantial increase from just 27% in 2000.[1] However, educational attainment does not necessarily translate into labour-market-relevant skills. Though education is central to improving the employment prospects of young people, the skills they acquire must be aligned with those in demand in the labour market, or they may face difficulties finding employment.

These skills gaps can emerge well before young people enter tertiary education or the workforce. The quality of early education plays an important role in developing the foundational skills needed for a successful transition into employment. The *OECD's Programme for International Student Assessment (PISA)* measures 15-year-olds' ability to use their reading, mathematics, and science knowledge and skills to meet real-life challenges. The 2025 PISA Assessment shows that overall achievement across many OECD countries has continued to decline, reaching the lowest average levels ever recorded in science, mathematics, and reading.[2]

Gaps in foundational skills can also persist despite higher levels of educational attainment. The *OECD Survey of Adult Skills* found that even holding a tertiary qualification does not always equate to strong skills: 13% of tertiary-educated adults still lack baseline literacy competencies.[3] Companies in *Business at OECD*'s global network increasingly report that graduates often lack the workplace readiness and practical skills needed for successful labour market entry, including communication skills, the ability to work effectively in a team, problem-solving, and adaptability.

[1] OECD (2025), *Education at a Glance 2025*.
[2] OECD (2026), *PISA 2025 Results (Volume I)*.
[3] OECD (2025), *Education at a Glance 2025*.

B. Declining entry-level opportunities and increases in youth unemployment

Evidence shows that there has been a reduction in entry-level job postings in recent years, worldwide. A Randstad analysis of over 126 million job postings globally found that entry-level job postings have fallen by 29 percentage points since January 2024.[4] At the same time, businesses are facing labour shortages across OECD countries, indicating that entry-level workers are not adequately prepared with the skills to fit those roles.

As well, OECD research has found that young labour market entrants are increasingly exposed to unemployment compared to older workers.[5] The *OECD Employment Outlook 2026* reports that the unemployment rate of young college graduates has been rising relative to the unemployment rate of the overall population since before the COVID-19 pandemic.

While the share of young people who are neither employed nor in education or training (NEET) has declined since the pandemic, NEET rates remain high in several OECD countries. On average, 14% of young people in this age group are still NEET across the OECD.[6] This indicates the presence of barriers to job opportunities, including unfavourable economic conditions such as weak labour market demand, skills mismatches, and limited access to professional networks and career guidance for young people.

In some OECD and partner countries, challenges related to youth unemployment are compounded by high levels of labour informality. Even when young people find work, a significant share are employed in informal jobs that often provide lower levels of security, training, social protection, and career progression opportunities. For example, in Chile, more than one-third of employed young people work informally, with the youth informality rate (34.6%) exceeding the national average (27%).[7] This suggests that, for many young workers, the challenge is not only finding employment but also accessing quality formal employment that supports long-term career development.

C. Changing skills demands leading to skills mismatches and labour shortages

The simultaneous rise in youth unemployment and decline in entry-level roles, alongside persistent labour shortages among businesses, points to an underlying mismatch in skills. OECD Global Forum on Productivity research from 2025 showed that 80% of firms report recruitment difficulties across 34 OECD countries, plus Brazil and South Africa. Firms with labour shortages were more likely to require new skills, and firms that are experiencing more difficulties filling vacancies are also reporting higher incidences of skills mismatches.[8]

While labour market tightness has since declined from its peak post-pandemic period, shortages are still widespread in some sectors such as health and long-term care, construction, manufacturing, information technology and digital occupations, education, transport and logistics.

Employers in *Business at OECD*'s global network also report that the challenge is not a lack of applicants, but a shortage of candidates who are adequately prepared for the workplace, as demand for skills is shifting toward increasingly interpersonal, cognitive, and adaptive skills. In *a Business at OECD* survey circulated to inform this report, companies reported that they increasingly value problem-solving, critical thinking, adaptability, communication, and continuous

[4] Randstad (2026), *The Gen Z Workplace Blueprint: future focused, fast moving*.
[5] OECD (2026), *OECD Employment Outlook 2026*.
[6] OECD (2025), *Education at a Glance 2025*.

[7] INE (Chile), Boletín Estadístico: Informalidad Laboral [Labour Informality Bulletin], No. 35, April–June 2026, published on 5 August 2026.
[8] Filippucci, Laengle and Marcolin (2025), *The firm side of labour shortages: 5 new facts from the GFP Employer Survey*, OECD.

learning as the most important competencies for entry-level employees. As well, digital and AI literacy has become more of a baseline expectation among employers for entry-level recruits.

If the skills acquired through education and training do not match the needs of employers, graduates may struggle to find work even when they possess formal qualifications. Employers have also identified an "educational velocity gap," whereby skills requirements in areas such as AI, digitalisation and emerging technologies evolve faster than education curricula, contributing to persistent mismatches between labour market demand and available talent.

Part II: Potential Explanations for Challenges Impacting Entry-Level Workers

The challenges facing entry-level workers are likely the result of several overlapping factors rather than a single structural change in the labour market. Technological change and the adoption of AI are reshaping jobs and influencing employers' hiring needs, while broader economic conditions have also affected labour demand and hiring decisions. This section examines the extent to which these factors may be contributing to the difficulties young people face when entering the workforce, while recognising that their relative importance remains difficult to disentangle.

A. AI and technological change

Artificial intelligence and other technological advancements such as automation are increasingly cited as a central reason behind why entry-level workers are struggling to find employment. Some research suggests that employment has declined among young workers in occupations with high exposure to AI, particularly in fields such as software development and customer service.[9]

At the same time, concerns about AI are shaping young people's perceptions of the labour market. A survey of young workers and job seekers in South Korea found that nearly 54% expected their current or desired job to be replaced by AI within five years.[10] Similarly, Randstad's research finds that 46% of Gen Z workers are worried about the impact of AI on their careers.[11] These negative perceptions of AI's impact on the labour market highlight a growing anxiety about the future of work and the importance of helping young people develop the skills needed to work effectively alongside these new technologies.

However, evidence shows that these fears are not yet fully reflected in labour market outcomes. The *OECD's Employment Outlook 2026* finds that the role of large language models (LLMs) in explaining the difficulties faced by young labour market entrants appears limited so far. The unemployment gap for young graduates was already increasing before the widespread adoption of generative AI, and the OECD finds no clear break in labour market trends that coincides with AI adoption.[12]

B. Evolving economic conditions

Broader economic conditions may explain much of the recent decline in entry-level hiring, as younger workers are particularly vulnerable to economic downturns and periods of labour market weakening. While OECD labour markets have remained relatively resilient, the OECD has identified signs of softening labour market conditions since 2023, including slower employment growth and easing labour demand.[13] Historically, economic shocks such as the 2008-09 global financial crisis and the COVID-19 pandemic have disproportionately affected young people, who are more likely to be seeking work, employed on temporary contracts, and have less work experience and fewer company-specific skills than older workers.[14]

[9] Brynjolfsson, Chandar and Chen (2025), *Canaries in the Coal Mine? Six Facts about the Recent Employment Effects of Artificial Intelligence* (Working Paper), Stanford Digital Economy Lab.
[10] Korea Economic Association, "Survey on youth job perceptions following the spread of AI," August 18, 2026.
[11] Randstad (2026), *The Gen Z Workplace Blueprint: future focused, fast moving*.
[12] OECD (2026), *OECD Employment Outlook 2026*.
[13] OECD (2026), *OECD Employment Outlook 2026*.
[14] OECD (2026), Youth employment and social policies.

More recently, a combination of economic uncertainty, high interest rates, and geopolitical tensions coupled with ongoing technological change has led some employers to adopt a more cautious approach to hiring.[15] In this environment, businesses may postpone recruitment decisions or slow workforce expansion until economic conditions become clearer. Entry-level roles are often among the first affected by such hiring slowdowns, helping to explain some of the difficulties young people are currently encountering when entering the labour market.

In light of the above issues, some researchers argue that these broader macroeconomic conditions are more likely the cause for recent hiring slowdowns in occupations the most exposed to AI, such as in technology, finance and professional services. These sectors are also particularly sensitive to economic uncertainty, rising interest rates, and weaker investment.[16]

Overall, as research on this topic is ongoing, it remains difficult to draw conclusions regarding the role and relative importance of different factors regarding the challenges impacting today's entry-level workers.

[15] Glassdoor Economic Research (2026), Glassdoor Worklife Trends 2026: Midyear Check-in.

[16] Iscenko and Millet (2026), *Looking for the Ladder: Is AI Impacting Entry-Level Jobs?*

Part III: Changes in Hiring Patterns and Skill Expectations for Entry-Level Workers

As labour market needs evolve, employers are also changing how they assess and recruit entry-level workers. Members of *Business at OECD*'s network report growing demand for a combination of digital and AI literacy, higher-order cognitive and interpersonal skills, and the ability to apply these skills in practical workplace settings. At the same time, employers are placing greater emphasis on demonstrated capabilities and workplace readiness, including through internships, apprenticeships, and other forms of work-based learning. These changing expectations have important implications for education and training systems, which must ensure that young people develop both the foundational and transferable skills needed to adapt to evolving labour market demands.

A. Increasing value of inter-personal skills alongside AI literacy

Business at OECD members surveyed for this paper report that the types of skills they are seeking in entry-level workers are shifting toward greater emphasis on higher-order cognitive and interpersonal skills alongside technical and digital competencies.

As AI use becomes more widespread, companies increasingly expect entry-level workers to have a solid level of digital literacy, with an ability to effectively make use of AI tools. For example, some banks, such as Spain's Santander, have begun specifically seeking junior bankers who show advanced AI skills. [17]

At the same time, employers increasingly value workers who can combine AI fluency with well-developed cognitive and interpersonal skills. Most businesses responded that soft skills such as problem-solving, critical thinking, empathy, teamwork, work ethic, and adaptability to changing technologies had become more important for entry-level workers over the past years. Many companies emphasized critical thinking as an especially important skill for entry-level roles, indicating the importance of human decision-making and oversight of AI.

B. Greater emphasis on prior practical experience and workplace readiness

In addition to changing skills demands, employers are placing greater emphasis on workplace readiness and practical experience through internships and apprenticeships when recruiting entry-level workers. While formal qualifications remain important, many employers report that they increasingly seek candidates who already understand basic workplace expectations, professional conduct, and collaborative working environments.

Business at OECD survey respondents suggest that practical experience has become an important differentiator among entry-level candidates. For example, diverse companies reported that employers place greater value on applicants who have participated in apprenticeships, internships, work-based learning, or structured workplace attachments, as these experiences help develop workplace discipline, problem-solving abilities, communication skills, and familiarity with organisational culture. TÜSIAD (the Turkish Industry and Business Association) reported that entry-level recruitment in Türkiye has become more selective, with employers placing greater weight on

[17] Simon Foy, "UBS requires new junior bankers and interns to show proficiency in use of AI" *Financial Times,* September 8, 2026.

candidates' previous internships, apprenticeships and job-ready capabilities rather than extensive on-the-job training of new graduates.

Polish employers represented by Lewiatan observed growing demand for work-based learning pathways and stronger employer engagement with students before graduation, while Randstad and TÜSIAD noted increasing employer interest in skills-based assessment and demonstrated capabilities rather than educational credentials alone. These findings reinforce the importance of expanding opportunities for work-based learning as part of the transition from education to employment.

C. Implications for education and training systems

As employers' expectations for entry-level workers evolve and shortages persist among candidates with the skills businesses need, investing in the education and training of young talent is becoming increasingly important to ensure a strong future workforce pipeline. Education curricula and training systems need to adapt more quickly to evolving labour market demands. Now, it is more important than ever that education systems from early childhood education prepare students with the necessary foundational skills, knowledge and competencies with respect to evolving job market realities.

While technical and digital competencies remain essential, employers increasingly seek workers who can combine them with critical thinking, problem-solving, adaptability, strong work ethic, communication, and the ability to collaborate with new technologies. As a result, education and training programmes should place greater emphasis on transferable and interpersonal skills alongside strong foundational knowledge and skills and competencies, including digital and AI literacy and the capacity to adapt to use of emerging technologies and digital tools in the workplace.

Broadening participation in fields of growing demand is equally important. TÜSIAD highlighted the need to encourage more young women to study STEM subjects and to enter higher value-added sectors and occupations, which would both widen the talent pool and help address shortages in technical and digital roles.

Employers increasingly value evidence that young people can apply their knowledge in practical settings. Expanding work-based learning opportunities, internships, apprenticeships, and other forms of workplace exposure can help ensure that graduates enter the labour market with not only relevant technical knowledge, but also the workplace skills, professional behaviours, and practical experience needed to succeed.

Part IV: Business and Government Initiatives to Support Today's Entry-Level Workers

Employers and governments across the OECD and beyond recognise the strategic importance of investing in young people and are taking action to address the current challenges facing entry-level workers. Through initiatives such as youth-targeted training and apprenticeship programmes, public-private partnerships, career readiness initiatives, and skills-based hiring practices, they are working to strengthen the transition from education to employment, better prepare young people for the workplace, and improve alignment between skills provision and labour market needs.

Businesses surveyed by *Business at OECD* for this report note that failure to build a strong pipeline of entry-level talent risks creating future shortages of mid-level managers and technical specialists within companies. L'Oréal, for example, reports that 82% of their Brand Directors, 61% of their General Managers, and 49% of their Top 300 leaders began their careers within the company as trainees, highlighting the potential of internal career development paths, traineeship programmes, and other support systems for entry-level workers.

Beyond the benefits for individual workers and businesses, investing in entry-level talent is increasingly important for the long-term resilience and competitiveness of OECD economies on a macro-level. As populations age and large cohorts of workers will retire as part of the demographic transition, young people will make up a shrinking but increasingly valuable share of the workforce. If they struggle to successfully transition from education into employment, this may have lasting macroeconomic effects. A failure to integrate younger generations into the workforce may mean fewer people will be contributing to tax and social security systems in the future, just as pension and healthcare costs are rising.

Furthermore, OECD research shows that periods of prolonged unemployment among young people in the crucial period of 18-24 years old, especially without continued education and training, can cause significant "scarring effects" that can limit their prospects for finding employment aligned with their skills and qualifications and undermine their long-term earning potential, well-being and motivation.[18]

Supporting the transition of young people from education to work is therefore not only a labour market priority, but a strategic imperative for long-term competitiveness. A successful response to the demographic transition across OECD countries in the coming years requires strategic consideration of the role of younger workers in helping to sustain productivity and economic growth. This section highlights various initiatives undertaken by businesses and governments to support the transition from education to work.

[18] OECD (2025), *Education at a Glance 2025*.

A. Training and apprenticeship programmes targeted toward youth

Across the *Business at OECD* survey responses, training, apprenticeship, internship, and other work-based learning programmes emerged as the most frequently cited mechanisms for supporting entry-level workers. Respondents consistently emphasised that practical workplace experience is one of the most effective ways to prepare young people for employment and address skills mismatches. By combining classroom learning with real-world work experience that aligns with labour market demand, these programmes help young people develop technical skills, workplace behaviours, professional networks, and an understanding of employer expectations.

GAN Global

GAN Global is a business-driven, multi-sector alliance which promotes apprenticeships and work-based learning, founded by the OECD, *Business at OECD*, the International Organisation of Employers (IOE), and the International Labour Organisation (ILO). Connecting employers, international organisations, and country networks, GAN Global aims to align global policy with local delivery through employers, advocate for quality apprenticeship programmes, back inclusive pathways into employment, and promote stakeholder collaboration. With 9 country networks across 6 continents, GAN enables over 20,000 apprenticeships each year.

Countries such as Germany, Switzerland, and Austria share a longstanding tradition of apprenticeship programs and have well-functioning dual vocational education and training systems. The close connection of these dual systems to actual employer demand, the involvement of social partners in occupational standards, and the provision of recognised qualifications can facilitate sustainable school-to-work transitions and reduce skills mismatches.

L'Oréal for Youth

L'Oréal launched L'Oréal for Youth to strengthen young people's transition from education into employment and provide more opportunities for early-career development.

Every year, L'Oréal provides over 25,000 professional opportunities around the world for individuals under 30 years old, including internships, apprenticeships, management trainee positions through its SeedZ programme, VIE (international corporate volunteering) placements, and other forms of work-based learning.

Through this initiative, L'Oréal also collaborates with NGOs, academic institutions, and international organisations such as GAN Global and the World Economic Forum's Alliance for Future Generations to advocate for work-based learning and share best practices.

In France, for example, recent reforms have aimed to make apprenticeships a mainstream route into employment for young people. MEDEF, the largest employers' federation in France, reports that nearly 890,000 apprenticeship contracts were initiated with government support in France in 2024, representing a 4% increase from the previous year. For example, Randstad's *Institut des Métiers et des Compétences* in France delivers apprenticeship programmes across areas such as HR, IT and business support, training more than 500 apprentices in 2025 alone. By combining formal training with practical workplace experience, the programme helps young people develop job-relevant skills while providing employers with a pipeline of future talent. A similar approach is applied by ManpowerGroup Japan. Their M-Shine programme works to address talent shortages in Japan by providing young adults with no previous administrative experience with a structured pathway into office-based employment through a combination of stable work, practical experience, training, and career guidance. The programme aims to equip participants with the skills and confidence needed to transition successfully

The Social Service of Industry (SESI) Brazil

The Social Service of Industry (SESI) in Brazil operates a structured internship programme designed to help young people gain practical workplace experience while completing their studies. Interns can represent up to 10% of the organisation's workforce and receive supervised, on-the-job learning through individual work plans lasting up to two years.

The programme strengthens the transition from education to employment by providing young people with hands-on experience, professional skills, and exposure to workplace expectations. SESI currently supports 60 interns and complements the programme with broader investments in workforce training and development.

into sustainable careers in administration, sales support, HR, and finance.

Training and apprenticeship programmes closely aligned with employer needs are being deployed through a partnership between the Namibian Institute of Mining and Technology, the Namibia Employers' Federation (NEF), and GAN Namibia. Together, these organisations work closely with employers and industry partners to support work-based learning. Under this model, education institutions provide the technical foundation through competency-based vocational training, while employers provide practical workplace experience, mentoring, and exposure to industry standards. This collaboration helps ensure that training remains aligned with labour market needs while equipping young people with the workplace readiness, technical competence, and practical experience that employers increasingly seek.

TUTECH Academy by Serdar Plastik (Türkiye)

Serdar Plastik, a manufacturing company and TÜSIAD member, has established TUTECH Academy, a corporate vocational education centre that connects vocational education with real industrial environments through practical training in areas such as plastics technology, automation and digital applications. Working with six partner schools and institutions, the company hosted 131 interns in 2026, and around half of programme participants subsequently progressed into employment.

B. Partnerships between industry, education and government

Governments have the primary responsibility for ensuring that young people leave education and training systems with the knowledge, skills, and qualifications needed to participate successfully in the labour market. High-quality initial education is the foundation for lifelong learning, and education systems should equip learners not only with technical knowledge, but also with the ability and motivation to continuously develop their skills throughout their careers. As digitalisation transforms economies and workplaces, early and ongoing exposure to digital technologies and ICT is becoming increasingly important for students, educators, and workers.

Lewiatan's Better Skilled Project (Poland)

Lewiatan, the leading Polish employer's federation, implemented a "Better Skilled" project starting in 2022 with support from the European Commission. With the aim to strengthen the alignment between workforce skills and employer needs, the project carried out research and analysis on topics such as remote work, the impact of digitalisation on the workplace, and forecasting future demand for digital skills and qualifications.

A key outcome of the project was the establishment of the Skills and Qualifications Council in Poland, bringing together member companies and organisations interested in co-creating solutions that support the acquisition and development of skills and qualifications. The Council serves as a platform for consultation, exchange of good practices and dialogue between employers on current and future workforce skills needs.

Randstad - Enactus Italy Partnership

Randstad has partnered with Enactus Italy, a youth entrepreneurship nonprofit, to help address skills mismatches and early career turnover in Italy. Through a "Capability Ecosystem" model, students gain practical skills aligned with European competence standards. To ensure these non-formal skills are recognized by employers, Randstad validates students' achievements through a Digital Badge, creating a scalable model that enhances youth employability and offers a roadmap for policymakers. The initiative currently involves 23 universities and technical institutes, more than 250 students annually, and 26 active projects across Italy, illustrating how employer-education partnerships can strengthen employability and better prepare young people for workforce entry.

Chile's Apprentices Project

Chile's Apprentices Project (Proyecto Aprendices) brings together SENCE (Chile's National Training and Employment Service), OTIC SOFOFA (a business-led training intermediary affiliated with the Federation of Chilean Industry), and the German-Chilean Chamber of Commerce and Industry (CAMCHAL) to strengthen work-based learning opportunities for young people. The initiative adapts elements of Germany's dual training model by combining workplace learning with structured mentorship and close cooperation between employers and training providers.

Through the project, CAMCHAL has certified 48 workers as workplace mentors under German AdA International standards, helping firms provide higher-quality training and supervision to apprentices. The programme offers pathways for technical-vocational graduates to gain practical experience and transition into employment.

At the same time, rapid technological change and evolving employer skills needs mean that education systems and labour markets cannot operate in isolation. Strong partnerships between governments, educational institutions, and employers are critical to ensure that curricula, qualifications, and training programmes keep pace with labour market demand. Employers can provide valuable insights into emerging occupations, in-demand skills, and workplace expectations, while education providers contribute the foundational knowledge and learning environments needed to prepare future workers.

Assolavoro and the Italian Ministry of Education

To help bridge the gap between education pathways and the needs of the labour market, Assolovaro, Italy's national association of employment agencies, signed a partnership agreement with the Italian Ministry of Education. Under the agreement, Assolavoro shares labour market intelligence and analyses produced by its statistical observatory, including information on employment trends, in-demand occupations, and emerging skills requirements. The Ministry of Education uses these insights to help ensure that career guidance in schools and educational pathways are better aligned with labour market needs. Assolavoro's analyses were cited in two letters sent by the Minister of Education to families to guide their choices regarding their children's education. The initiative also led to the creation of the Spazio Orientamento platform, providing resources for students and teachers and facilitating direct engagement between schools and employment agencies.

These partnerships are central to improving the responsiveness of education and training systems and better preparing young people for today's rapidly changing labour market.

C. Career readiness programmes, networking and counselling

Another important mechanism for supporting successful transitions into employment is the provision of targeted career counselling, professional networking opportunities, and career readiness programmes.

Many young people enter the labour market with limited knowledge of available career pathways, workplace expectations, or the skills and behaviours employers value most. Career readiness initiatives can help bridge this gap by providing mentoring, career guidance, interview preparation, workplace exposure, and opportunities to build professional networks. Career guidance should be a central feature of school programming and should be designed in close cooperation in with business to ensure close alignment with labour market realities.

ManpowerGroup and Junior Achievement Worldwide

The longstanding partnership between ManpowerGroup and Junior Achievement Worldwide provides career readiness support through mentoring, career guidance, mock interviews, job-shadowing opportunities, and employability programmes designed to help young people better understand workplace expectations and career pathways.

In 2024, the partnership expanded with the launch of a new career exploration centre at JA Finance Park in Wisconsin, combining financial literacy education with virtual reality-based career exploration. At the career exploration centre, students are able to experience different occupations through immersive simulations, engage in career conversations with ManpowerGroup volunteers, and gain a better understanding of the skills required in various professions.

Randstad RiseSmart

Randstad's RiseSmart programme demonstrates how targeted career guidance and employability support can help young people facing barriers to labour market entry. The programme focuses on individuals with a greater distance from employment, including NEETs (young people not in employment, education or training), migrants, and persons with disabilities. Through personalised coaching, career counselling, employability support, and job matching services, RiseSmart helps participants build confidence, develop workplace skills, and successfully transition into employment.

The programme has achieved significant reach and impact. In Belgium alone, RiseSmart supported 15,590 vulnerable jobseekers in 2025, achieving a 65% placement rate into sustainable employment. The programme places a strong emphasis on inclusion: 41.5% of participants come from migrant backgrounds and 16% are persons with disabilities.

L'Oréal for Youth

The L'Oréal for Youth programme includes, beyond professional opportunities and partnerships mentioned before, a strong employability aspect. L'Oréal reports reaching more than 100,000 beneficiaries annually through mentoring, career coaching, CV and interview preparation workshops, masterclasses and skills-development platforms, which aim to strengthen young people's confidence, professional networks, and readiness for the workplace.

Across the *Business at OECD* survey responses, career readiness programmes were frequently identified as an important complement to formal education, helping young people develop employability skills, build professional networks, increase their confidence, and gain a better understanding of workplace expectations. Many initiatives also focus on providing targeted support to vulnerable labour market entrants and strengthening connections between students and employers before graduation.

Sabancı Youth Mobilization (Türkiye)

Sabancı Youth Mobilization is a nationwide youth skills initiative in Türkiye led by Sabancı Group. It aims to strengthen young people's employability by providing students and recent graduates with training in areas such as digital, material, and transport technologies, sustainability, energy transition, and entrepreneurship. It also provides access to mentors and industry experts, project-based learning opportunities, and connections with professional networks. Operating through 13 Technology and Impact Centres across the country, the programme connects universities, companies, academics and students with the aim to bridge the gap between education and labour market needs while building a pipeline of future talent. To date, the initiative has reached approximately 36,000 young people.

TÜSIAD's Youth Programme: "These Young People Have the Potential!" (Türkiye)

In Türkiye, TÜSİAD's youth programme "These Young People Have the Potential!" combines training, mentoring, networking and access to business leaders for young entrepreneurs. Since 2012, nearly 25,000 young people from all 81 provinces of Türkiye and 19 countries have applied to the programme, and more than 100,000 have taken part in its awareness activities.

D. Skills-based hiring practices

Businesses around the world are increasingly evaluating candidates based on their demonstrated abilities and practical competencies rather than relying on traditional indicators such as university degrees, formal qualifications, or years of experience. This shift reflects growing recognition that skills and potential are often better predictors of success in the workplace than credentials alone, particularly in labour markets where technological change is rapidly reshaping job requirements.

Skills-based hiring can also deliver a range of benefits for both employers and workers. By focusing on what individuals can do, rather than solely on where they studied or what qualifications they hold, employers can access a broader and more diverse talent pool, open opportunities for individuals from non-traditional backgrounds, and improve internal mobility within organisations. Skills-based assessment can also improve the quality of hiring decisions by evaluating candidates against real-world tasks and competencies that are directly relevant to job performance. In doing so, it can help address skills shortages while creating new pathways into employment for entry-level workers.

Respondents to the *Business at OECD* survey reported growing interest in skills-based approaches to recruitment. Several employers noted a shift away from credential-based hiring toward greater emphasis on

demonstrated capabilities, practical experience, adaptability, and learning potential. Randstad, for example, reported that entry-level recruitment has increasingly pivoted toward skills-based assessment, while L'Oréal emphasised that it recruits early-career talent based on potential rather than narrowly defined technical skills. The Adecco Group, a world-leading human resources and workforce solutions company, has argued that rapidly changing job requirements mean traditional credentials are becoming less reliable indicators of future job performance. and has encouraged employers to redesign recruitment processes around a skills-based hiring approach[19]. These developments suggest that skills-based hiring is becoming an increasingly important tool for both addressing labour market needs and expanding opportunities for young people entering the workforce.

As skills-based hiring has become more widespread, companies such as IBM have developed online platforms designed to offer accessible resources for students, job seekers, and other learners to acquire technical and workplace skills aligned with labour market needs. IBM's SkillsBuild, offers more than 1,000 free online courses covering areas such as artificial intelligence, cybersecurity, data analytics, cloud computing, project management, and professional skills. Learners can earn IBM-branded digital credentials that can be shared with employers, including on CVs and LinkedIn. These online courses are available to high-school and university students, adult learners, and educators, with content offered in multiple languages.

These selected examples, which can be complemented by many others, demonstrate the growing role of skills-based approaches in connecting employers with talent, while providing more accessible pathways into employment. Strengthening the recognition and assessment of skills can therefore help businesses respond to evolving workforce needs while broadening opportunities for workers.

However, while skills-based hiring can help employers identify talent, widen recruitment pools and better match candidates to job requirements, this should complement rather than replace recognised vocational and academic qualifications. Formal qualifications remain important indicators of occupational competence, providing transparency, comparability and quality assurance for employers and workers alike. This is particularly relevant in systems with well-established vocational education and training pathways, where qualifications are designed to reflect and certify the acquisition of job-relevant skills. A balanced approach that combines recognised qualifications with skills-based assessment can therefore help employers identify additional potential while maintaining trust in qualification standards.

[19] Adecco (2024), "Hiring for tasks not titles."

Part V: Challenges and Barriers Facing Businesses in Their Efforts to Support Entry-Level Workers

Even where businesses are investing significantly in training and other forms of career readiness programmes, several structural barriers limit the scale and effectiveness of these efforts. Overall, businesses are operating in a challenging economic context today and need a more conducive environment for hiring entry-level workers. Administrative and regulatory burdens, insufficient support from education and training systems, rapidly changing skills needs, and financial and operational constraints can all make it more difficult for employers to invest in entry-level workers. Addressing these barriers is important to ensure that businesses are able to play a greater role in supporting young people's successful transition into the labour market.

A. Administrative and regulatory barriers to hiring entry-level workers

Employers frequently cite regulatory complexity, changing incentive structures and administrative burdens as barriers to providing internships, apprenticeships and first-job opportunities, particularly where entry-level workers require significant initial investment in training and support.

For example, MEDEF reports that apprenticeship incentives, funding mechanisms, and subsidy arrangements in France have undergone frequent changes in recent years, despite a targeted effort of the government to make apprenticeships a mainstream route into employment. Such policy instability can make it difficult for employers to plan over the long term and invest confidently in sustainable entry-level programmes for young workers. French employers also highlight complex administrative procedures associated with the hiring and training of entry-level workers as an additional constraint on participation in workforce development initiatives.

Similarly, the Social Service of Industry (SESI) in Brazil reports significant regulatory complexity surrounding internship programmes. Internships in Brazil are subject to extensive legal requirements, and failure to comply with these requirements can result in an internship being reclassified as a formal employment relationship, potentially creating substantial financial liabilities for employers. Therefore, regulatory burdens may discourage some firms from offering internship opportunities despite recognising their value in supporting school-to-work transitions.

B. Skills systems struggling to keep pace with labour market change

Changing skill needs in the labour market driven by digitalisation, AI adoption, sustainability transitions, and evolving business models tend to evolve much faster than education systems and curricula can keep pace. This is a challenge widely cited by members of *Business at OECD*'s global network. Randstad, for example, identifies this challenge as an "educational velocity gap" and cites it as one of the main structural barriers to the company's efforts to support entry-level workers.

While many businesses invest in training and upskilling to help bridge emerging skills gaps, the primary responsibility for ensuring that young people acquire labour-market-relevant skills lies with education and training systems. In their survey responses, MEDEF, the leading employers' federation in France and TÜSIAD, a leading voluntary business organisation in

Türkiye, highlighted the importance of regularly updating skills mapping, qualifications frameworks, and labour market intelligence to reflect the transformations being driven by digital, green, and demographic transitions. TÜSIAD further stressed the need for labour market projections at both national and local levels to better align vocational and higher education with future-demand occupations. Without stronger and more continuous collaboration between employers, education providers, and policymakers, there is a risk that graduates will enter the workforce without the skills required for current and emerging occupations.

C. Insufficient investment in lifelong learning

In addition to providing high-quality initial education, governments play an important role in supporting lifelong learning and continuous skills development, which is becoming increasingly critical as competencies required in the workplace are rapidly changing. Yet public investment remains heavily concentrated on initial education. OECD countries spend, on average, 3.3% of their GDP on primary and secondary education and 1.4% on tertiary education, but only 0.1% of GDP on post-secondary non-tertiary education, which includes lifelong learning programmes.[20] This imbalance can limit opportunities for workers to continuously reskill and adapt to changing labour market demands.

In 2020, 67% of enterprises in the EU with 10 or more employees provided continuing vocational training to their staff. Among the 33% that did not, one of the most frequently cited barriers was the high cost of providing training.[21] This suggests that financial constraints remain a significant obstacle to employer investment in skills development, particularly for smaller firms. Expanding public support through targeted subsidies, co-financing mechanisms, or tax incentives could help reduce these costs and encourage more businesses to invest in continuous training, strengthening the ability of workers and firms alike to adapt to changing labour market demands.

D. Limited capacity and incentives to provide workplace learning opportunities

Delivering high-quality work-based learning requires significant investment in training infrastructure, supervisory capacity, mentoring, and dedicated personnel. While many employers recognise the value of internships, apprenticeships, and other forms of workplace learning, these programmes require substantial time and resources to implement effectively. For many businesses, particularly SMEs, limited financial resources, operational pressures, and insufficient public support can make it difficult to provide practical training opportunities at scale. As a result, differences in capacity across firms and sectors can lead to unequal access to workplace learning opportunities for young labour market entrants.

Mentoring and workplace supervision can be particularly resource intensive. Several businesses noted that supporting entry-level workers often depends on experienced employees dedicating time to coaching and knowledge transfer, which can compete directly with operational priorities. The Namibia Employers' Federation, for example, highlighted limited employer incentives as a barrier to greater investment in workforce development. Similarly, a Belgian employer surveyed cited high training costs, limited subsidy support, and operational challenges associated with arranging time for employees to be in training. The company also pointed to recent changes in the Flemish government's educational leave support and called for stronger training incentives to encourage

[20] OECD (2025), *Education at a Glance 2025*.
[21] Eurostat (2022), Statistics on continuing vocational training in enterprises.

employer investment in skills development and workplace learning.

E. Limited capacity to support workplace integration beyond technical skills

Employers consistently report that technical skills alone are insufficient for successful labour market entry. Many young people require additional mentoring, workplace exposure, professional networks and support to successfully navigate the transition from education to employment. Many businesses, particularly SMEs, may lack the financial resources, mentoring capacity, and organisational infrastructure needed to provide sustained support to young labour market entrants. As a result, the transition from education to employment often remains a gap that employers cannot fully address on their own, highlighting the importance of collaboration between businesses, education providers, and public authorities.

Governments can help support these efforts through funding or incentives for mentoring programmes, career guidance initiatives, workplace immersion activities, and young professional networks. The public sector should also place emphasis on providing practical support for employers and training institutions to deliver these services. Support can be provided toward preparing workplace mentors, allocating supervision time, coordinating placements and maintaining regular contact between trainees, employers and training providers. Smaller employers may particularly benefit from support through shared mentoring and placement arrangements.

Part VI: Recommendations for OECD Policymakers and Educators

Recommendation 1 Reduce administrative and regulatory complexity to enable the hiring, training, and retention of entry-level workers, and enable more diverse forms of work

We recommend governments provide stable and predictable frameworks for apprenticeships, hiring incentives, and workforce development programmes, while simplifying administrative procedures and improving awareness of available support measures. Policy measures should be designed to address identified labour and skills shortages, particularly among SMEs and sectors facing recruitment difficulties.

Governments should also consider how to support labour market entry by ensuring that regulatory frameworks enable diverse forms of work, including agency work and other flexible work arrangements. For many young people, flexibility is not a secondary consideration but a key factor shaping employment decisions. However, public policy discussions often frame employment as a choice between traditional permanent employment and temporary or flexible forms of work. In practice, young workers frequently value a combination of flexibility, skills development, work experience, and income generation.

Agency work and other flexible arrangements can provide an important entry route into employment, allowing young people to gain experience, explore different occupations, and develop transferable skills while maintaining flexibility. Policies that unnecessarily restrict these pathways may inadvertently reduce opportunities for labour market entry. Governments should therefore ensure that labour market regulations support both flexibility and security, enabling young people to access a range of employment options while maintaining appropriate levels of protection.

Recommendation 2: Better align education systems and labour market needs, particularly through the modernisation of qualifications and certification frameworks, ensuring meaningful social partner involvement

We recommend governments strengthen mechanisms for incorporating labour market intelligence into curriculum design, qualifications frameworks, and career guidance services. Employers should be systematically consulted when identifying emerging skill needs through sector councils, employer surveys, and other forms of structured engagement. Particular attention should be given to occupations experiencing persistent labour shortages, including technical, digital, manufacturing, engineering, and healthcare roles.

Employers should be structurally involved in designing and regularly updating occupational standards, qualifications and work-based learning frameworks. Their involvement should ensure that qualifications reflect actual occupational profiles and changing business needs.

As a priority, governments should ensure that qualifications, certifications, and training curricula are regularly updated in response to technological developments, evolving business needs, and emerging occupations.

Public policy should focus on strong foundational education and removing barriers, while skills development should remain driven by labour market needs and individual responsibility. This would better help entry-level workers acquire labour-market-relevant skills and transition more smoothly into employment. This requires regular skills forecasting, employer surveys, and sector specific research in order to make evidence-based decisions on updating these curricula.

In addition, curricula reform should be accompanied by investment in appropriate equipment, instructor development, and assessment capacity. Training institutions require these resources to translate updated occupational requirements into practical competence.

Recommendation 3:
Strengthen lifelong learning frameworks and access to work-based learning opportunities, including apprenticeships

As skills requirements evolve more rapidly in today's labour market, we recommend governments strengthen lifelong learning systems and ensure workers have access to quality upskilling and reskilling opportunities throughout their careers. Increased public investment should be targeted toward supporting continuous skills development, especially for skills in highest demand or with the greatest skills shortages. Expanding access to continuous training, particularly for SMEs, through targeted training incentives, co-financing schemes, and support for employer-led training initiatives and public-private partnerships should be a priority.

We recommend that governments support the implementation, coordination, and accessibility of apprenticeships, internships, and other forms of work-based learning. This includes providing practical support to enable trainees to participate in placements, including through transport, accommodation, and allowances, as well as using national training funds, skills levies, or other public financing mechanisms to help offset the costs of providing workplace learning, particularly for SMEs. Governments should also establish mechanisms to monitor placement quality, completion rates, and subsequent employment outcomes. Clear, stable, and predictable frameworks for apprenticeships should complement these measures.

Recommendation 4:
Strengthen career guidance programmes in schools through public-private partnerships

In a fast-changing labour market, career guidance is critically important to provide young people with information on professional opportunities that are available, the ways in which jobs are evolving, and how they can prepare for and transfer across roles in their careers. Career guidance policies should improve awareness of industrial, technical and essential service occupations through workplace immersion, employee testimonials and transparent data on employment outcomes.

Career guidance should be systematically integrated into school programming. Considering the current importance of digital and AI skills for entry-level workers, these career guidance programmes must take into account the mainstreaming of AI and other emerging technologies in the workplace.

Businesses can support this through implementing robust mentoring programmes and providing transparency on career pathways. Career guidance works best when business and governments work together to ensure it is consistent and accessible to students and entry-level workers.

Recommendation 5: Reinforce the OECD's work on youth in the context of wider labour market transformations

We encourage the OECD's Employment, Labour and Social Affairs Directorate to expand its focus on youth and entry-level workers. This should be a regular and highlighted feature of the OECD's annual report on labour market trends and future policy challenges, the *OECD Employment Outlook*, as well as the OECD's research on the future of work. In particular, we encourage the OECD to focus on how trends such as automation and AI may be reshaping opportunities for entry-level workers.

We also encourage the OECD Employment, Labour and Social Affairs Committee to consider strengthening the implementation of the OECD's Youth Policy Toolkit, and in particular Pillar III on "Support for young people within the labour market", as part of the Committee's upcoming implementation review of the *OECD Recommendation on Creating Better Opportunities for Young People*, first adopted in 2022. The OECD should strive to reinforce support for countries to better promote job creation for entry-level workers and address barriers to labour market entry and transition.

Business at OECD (BIAC) National Members

Australia	**ACCI: Australian Chamber of Commerce and Industry**
Austria	**IV: Federation of Austrian Industries**
Belgium	**VBO FEB: Federation of Belgian Enterprises**
Canada	**Canadian Chamber of Commerce**
Chile	**CPC: Confederation of Production and Commerce of Chile**
Colombia	**ANDI: National Business Association of Colombia**
Costa Rica	**UCCAEP: Costa Rican Union of Chambers and Associations of the Private Business Sector**
Costa Rica	**CICR: Chamber of Industries of Costa Rica**
Czech Republic	**SP: Confederation of Industry of the Czech Republic**
Denmark	**DA: Danish Employers' Confederation**
Denmark	**DI: Confederation of Danish Industry**
Estonia	**Estonian Employers' Confederation**
Finland	**EK: Confederation of Finnish Industries**
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Germany	**BDA: Confederation of German Employers' Associations**
Germany	**BDI: Federation of German Industries**
Greece	**SEV: Hellenic Federation of Enterprises**
Hungary	**MGYOSZ: Confederation of Hungarian Employers and Industrialists**
Hungary	**VOSZ: Confederation of Hungarian Business**
Iceland	**SA: Confederation of Icelandic Enterprise**
Ireland	**Ibec: Irish Business and Employers Confederation**
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Italy	**assonime: The Association of Italian Joint Stock Companies**
Italy	**CONFINDUSTRIA: General Confederation of Italian Industry**
Italy	**FeBAF: Italian Banking Insurance and Finance Federation**
Japan	**Keidanren: Japan Business Federation**
Korea	**FKI: Federation of Korean Industries**
Latvia	**LDDK: Employers' Confederation of Latvia**
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Mexico	**COPARMEX: Employers Confederation of the Mexican Republic**
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New Zealand	**BusinessNZ**
Norway	**NHO: Confederation of Norwegian Enterprise**
Portugal	**CIP: Confederation of Portuguese Business**
Poland	**Polish Confederation Lewiatan**
Slovakia	**RÚZ: Slovak Employers' Federation**
Slovenia	**ZDS: Association of Employers of Slovenia**
Spain	**CEOE: Confederation of Employers and Industries of Spain**
Sweden	**Svenskt Näringsliv: Confederation of Swedish Enterprise**
Switzerland	**economiesuisse: Swiss Business Federation**
Switzerland	**Swiss Employers Confederation**
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Türkiye	**TOBB: Union of Chambers and Commodity Exchanges of Türkiye**
Türkiye	**TÜSIAD: Turkish Industry and Business Association**
United Kingdom	**CBI: Confederation of British Industry**
United States	**USCIB: United States Council for International Business**

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