

Share of youth not in employment, education or training (youth NEET rate)

Introduction

The share of youth not in education, employment or training (also known as "the NEET rate") conveys the number of young persons not in education, employment or training as a percentage of the total youth population. It provides a measure of youth who are outside the educational system, not in training and not in employment, and thus serves as a broader measure of potential youth labour market entrants than youth unemployment, since it also includes young persons outside the labour force not in education or training. This indicator is also a better measure of the current universe of potential youth labour market entrants compared to the youth inactivity rate, as the latter includes those youth who are not in the labour force and are in education, and thus cannot be considered currently available for work.

Given its usefulness in conveying valuable information on the labour market situation of a country's young population, it was included as one of the indicators proposed to measure progress towards the achievement of the Sustainable Development Goals (SDG), under Goal 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all).¹

ILOSTAT contains statistics from national sources on youth NEET rates by sex.

Concepts and definitions

For the purposes of this indicator, youth is defined as all persons between the ages of 15 and 24 (inclusive).

According to the International Standard Classification of Education (ISCED), education is defined as organized and sustained communication designed to bring about learning. Formal education is defined in ISCED as education that is institutionalized, intentional, and planned through public organizations and recognized private bodies and, in their totality, make up the formal education system of a country. Non-formal education, like formal education is defined in ISCED as education that is institutionalized, intentional and planned by an education provider but is considered an addition, alternative and/or a complement to formal education. It may be short in duration and/or low in intensity and it is typically provided in the form of short courses, workshops or seminars. Informal learning is defined in ISCED as forms of learning that are intentional or deliberate, but not institutionalized. It is thus less organized and less structured than either formal or non-formal education. Informal learning may include learning activities that occur in the family, in the work place, in the local community, and in daily life, on a self-directed, family-directed or socially-directed basis. For the purposes of this indicator, persons will be considered in education if they are in formal or non-formal education, as described above, but excluding informal learning.

Employment comprises all persons of working age who during a specified brief period, such as one week or one day, were in the following categories: a) paid employment (whether at work or with a job but not at work); or b) self-employment (whether at work or with an enterprise but not at work).²

For the purposes of this indicator, persons are considered to be in training if they are in a non-academic learning activity through which they acquire specific skills intended for vocational or

¹ Proposed SDG indicator 8.6.1 refers to the proportion of youth (aged 15-24 years) not in education, employment or training. For the official list of proposed SDG indicators, see: <http://unstats.un.org/sdgs/indicators/indicators-list/>

² Resolution concerning statistics of work, employment and labour underutilization, adopted by the 19th International Conference of Labour Statisticians, Geneva, October 2013; http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_230304/lang-en/index.htm

technical jobs. Vocational training prepares trainees for jobs that are based on manual or practical activities, and for skilled operative jobs, both blue and white collar related to a specific trade, occupation or vocation. Technical training on the other hand imparts learning that can be applied in intermediate-level jobs, in particular those of technicians and middle managers. The coverage of vocational and technical training includes only programmes that are solely school-based vocational and technical training. Employer-based training is, by definition, excluded from the scope of this indicator.

Method of computation

The youth NEET rate is calculated as follows:

NEET rate (%) = $(\text{Youth} - \text{Youth in employment} - \text{Youth not in employment but in education or training}) / \text{Youth} * 100$

It is important to note here that youth both in employment and education or training simultaneously should not be double counted when subtracted from the total number of youth.

The formula can also be expressed as:

NEET rate (%) = $((\text{Unemployed youth} + \text{Youth outside the labour force}) - (\text{Unemployed youth in education or training} + \text{Youth outside the labour force in education or training})) / \text{Youth} * 100$

Recommended sources

Labour force surveys are typically the preferred source of statistics to determine the share of youth not in employment, education or training, since they allow to gather information on both the labour market situation of individuals and their participation in education or training programmes. Such surveys can be designed to cover virtually the entire non- institutional population of a given country, all branches of economic activity, all sectors of the economy and all categories of workers, including the self-employed, contributing family workers, casual workers and multiple jobholders. In addition, such surveys generally provide an opportunity for the simultaneous measurement of the employed, the unemployed and persons outside the labour force (and thus, the working-age population) in a coherent framework.

Other types of household surveys and population censuses could also be used as sources of data on the youth NEET. The information obtained from such sources may however be less reliable since they do not typically allow for detailed probing on the labour market activities of the respondents.

Interpretation and use of the indicator

The NEET rate is a broad measure of untapped potential of youth who could contribute to national development through work. Because the NEET group is neither improving their future employability through investment in skills nor gaining experience through employment, this group is particularly at risk of both labour market and social exclusion. In addition, the NEET group is already in a disadvantaged position due to lower levels of education and lower household incomes. In view of the fact that the NEET group includes unemployed youth as well as youth outside the labour force, the NEET rate provides important complementary information to labour force participation rates and unemployment rates. For example, if youth participation rates decrease during an economic downturn due to discouragement, this may be reflected in an upward movement in the NEET rate. More generally, a high NEET rate and a low youth unemployment rate may indicate significant discouragement of young people. A high NEET rate for young women suggests their engagement in household chores, and/or the presence of strong institutional barriers limiting female participation in labour markets.

In terms of the analysis of the indicator, in order to avoid misinterpreting it, it is important to bear in mind that it is composed of two different sub-groups (unemployed youth not in education or

training and youth outside the labour force not in education or training). The prevalence and composition of each sub-group would have policy implications, and thus, should also be considered when analyzing the NEET rate.

Limitations

A number of factors can limit the comparability of statistics on the youth NEET rate between countries or over time.

When differing from international standards, the operational criteria used to define employment and the participation in education or training, will naturally affect the comparability of the resulting statistics, as will the coverage of the source of statistics (geographical coverage, population coverage, age coverage, etc.).

As mentioned previously, NEET rates are calculated preferably for youth defined as persons aged 15 to 24, but it is important to keep in mind, when studying these rates, that not all persons complete their education by the age of 24.