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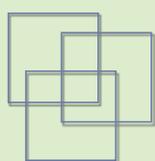


International  
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Organization

## ILO Asia-Pacific Working Paper Series

# Briefing guide: meeting youth employment policy and action challenges

December 2009



Subregional Office for South-East Asia and the Pacific  
Manila



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## Foreword

Youth unemployment and the difficulty of transiting from school to work has been a persistent and significant problem not just in the Philippines, but throughout the Southeast Asia and the Pacific region. A number of policy and programme initiatives have been introduced to address youth unemployment problems including provision of labour market information, skills training and upgrading, online job-matching, nurturing of entrepreneurship skills, etc. All these initiatives benefit from the political will of different stakeholders and often require both large sum of money (usually taken from national budget appropriations where they have to compete against other urgent priorities) as well as human resources and the energy to sustain each initiative. Despite all these programmes, the problem of youth unemployment persists. This might lead one to pose questions such as: “are we doing the right thing?”, “what types of youth-oriented and labour market initiatives would lead to employment creation?” and so forth.

In order to ensure these initiatives and reforms impact on young people and their lives in a positive and tangible manner, there is a need for a greater understanding of the nature of the environment that such initiatives are designed to address. As well as understanding the dynamics of the labour market, an important first step is to know the current profile of young people entering the workforce for the first time. This study is a response to that need and was commissioned by the ILO through the *Promoting Youth Employment in the Philippines (PYEP): Policy and Action Project* to assist policy makers (especially those operating within local government units who interact most often with young people needing work) in analyzing the real situation of the youth today in their locality: their needs, aspirations, and constraints, etc. so that officials and social workers can target and prioritize particular youth groups in greatest need, better address the problems they face and craft value-for-money solutions, measures, and/or youth investment options.

As always, we at the ILO Office hope that this initiative can be used by other local government units (LGUs) towards better understanding of the youth and employment challenges in their locality for them to craft effective and efficient measures to address youth unemployment.

Linda Wirth-Dominice  
Director, ILO-SRO Manila



## Preface

The Philippines was one of four countries selected for an initial three-year phase of the International Labour Organization's Action Programme for Decent Work under an agreement signed in 2002 between the local tripartite partners.<sup>1</sup> Promoting youth employment is one target outcome under this Decent Work Country Programme (DWCP) specifically under Pillar 2: "creating employment opportunities for men and women."<sup>2</sup>

CIDA Philippines through its Private Sector Development Fund provided a grant to pilot-test the youth employment project in the Philippines. The PYEP project aimed at capacitating relevant stakeholder institutions to assess the state of the labour markets at both the national and local levels, identifying employment growth areas that would provide opportunities for current and future youth, and its various segments. These segments were identified as: (i) students; (ii) the employed youth (including those that were self-employed); (iii) the unemployed job-seekers; and (iv) those not in the workforce.

Finally, armed with the knowledge of current and potential future opportunities, the project sought to foster the necessary conditions to realize such opportunities. An important component of this was recognition of the need to promote entrepreneurialism among the youth and a series of training modules were introduced and piloted in specific localities designed to encourage youth to think of themselves as micro entrepreneurs.

Importantly, the project disaggregated the factors and conditions surrounding youth unemployment from the more general unemployment and underemployment problem facing the Philippines and fostered the realization among stakeholders that this was indeed a separable problem that required its own specific set of interventions in order to resolve. Unemployment during a person's early working years can discourage a person and reduce self-esteem. This often leads to a lifetime of unemployment or underemployment and wasted potential for the country.

To make the programme implementable and measurable, the project management team dovetailed its project strategy with the ongoing effort of the ILO Manila to promote local development and decent work in other areas.

Thus, there were a number of activities funded under the youth employment project that were carried out to address broader targets of the DWCP and which were co-funded through other allocations: for instance promoting local development and decent work (such as developing the studies linking youth employment to local economic development strategies) and also funds allocated for promoting gender equality in employment.

Eight pilot locations were selected partly on the basis of recommendations of the Department of Labor and Employment (DOLE)–Bureau of Rural Workers which the DOLE assessed as showing already some level of success based on implementation of other national flagship programmes including those on poverty reduction. The final decision was also made on the basis of an assessment of the ILO Manila as to the openness of the LGU leadership to work with the ILO in this regard.

Policy research was undertaken which led to consequent technical discussion and advocacy activities conducted to harness multi-sector support for a policy and action agenda that would complement, replicate, disseminate and scale up the delivery of tried and tested employment support services for youth throughout the country. These policy research papers are integrated into this set of working papers.

<sup>1</sup> See for example [http://www.unwire.org/unwire/20020514/26368\\_story.asp](http://www.unwire.org/unwire/20020514/26368_story.asp) (accessed 21 November 2009).

<sup>2</sup> See for example ILO, 2006 *From Pilot to Decent Work Pilot Programme*, Geneva; available online at [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms\\_079471.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_079471.pdf) (accessed 23 November 2009).

National and local partners participated in a series of ILO-organized advocacy and learning forums and were oriented in the ILO entrepreneurship tools (KAB, GYB/SYB and GET AHEAD) which were pilot tested in 48 secondary schools throughout the country as well as in TESDA-administered schools.

Knowledge materials were produced to assist both institutional partners and target youth beneficiaries during and after the project period while documentation of the supported demonstration projects helped in disseminating lessons and facilitated replication of good practices by other parties. Three of these are incorporated into this working paper series: the Briefing Guide; the Operations Guide; and the Independent Evaluation Report.

Finally, ILO-CIDA-PYEP supported projects were developed to create immediate and limited scale of demonstration effect on jobs, incomes and decent work status of target youth segments. These were piloted in select localities using ILO tools and expertise which generated results favourable to intermediary local institutions and target youth beneficiaries. These demonstration projects were useful for improvement, replication and scaling up.

These particularly covered:

1. For Angono – five projects anchored on art tourism including: (i) arts exhibits; (ii) traditional animation and artistic training, (iii) souvenir items development and culinary arts; (iv) souvenir items development using recycled materials; and (v) tour guide training and transport-aided tourism promotion that directly enhanced skills translated to jobs and income opportunities for 110 young artistically inclined youth.
2. For Concepcion – one project anchored on eco-tourism titled “LGU and Youth Employment Generation Capacity on Tourism Development” that enabled 20 youth direct beneficiaries duly screened and selected, from the different barangays of the town to acquire through structured learning opportunities necessary attitude, exposure and skills to start, grow and sustain in a business-like manner the operations of an LGU tourism services shop, This will indirectly benefit 400 local potential and existing artisans and entrepreneurs.
3. For Cotabato City – one project on enabling a Muslim youth-run organization to prepare and expand its business service lines to include blueprinting services on top of established computer and photocopying service lines; in effect creating additional opportunities for the organization’s target out-of-school-youth; and enabling employed out-of-school-youth to earn incomes sufficient to cover for their needs and for costs in pursuing a short vocational/technical training course of their choice.
4. For Davao City – one project enhancing the employability factor of targeted disadvantaged youth in the city such as the out-of-school-youth and the job seeking unemployed youth technically inclined to engage in jobs in the hotel and restaurant industry, building electrical wiring trade and metal arc welding trade. The programme provided for skills training, testing and certification; entrepreneurship orientation, personality development, post-training employment services, and a mechanism for employers’ feedback on programme participants.
5. For Dumaguete – one project enhancing values, industry/trade skills and entrepreneurship base of local unemployed graduates. As an adjunct to this, the city provided two tracks of post-training employment facilities services for the youth. One track is geared towards getting trainees employed in the labour-short but high-paying Business Process Outsourcing-Information and Communication Technologies (BPO-ICT) sector as well as in hospitality and automotives sectors. Another track is geared towards enabling these young people to start-up their own service shops.
6. For Guimaras Province – two different projects with the first one supporting employability and actual employment of 50 local youth for housing sector jobs; the second one complementing resources mobilized by the provincial government to implement an integrated set of employment interventions based on identified gaps and action points from the youth employment planning workshop.

7. For La Castellana – one project affording young people and their parents in comprehensive agrarian reform programme (CARP) whose long pending land disputes case have been finally settled and thus ready to respectively invest in the development of their respective lands with entrepreneurship orientation, training and post-training support services.
8. For Marikina City – provided the city with technical (e.g. feasibility studies) and brokering (e.g. between BPO firms and Marikina LGU) services to complement the overall efforts of the LGU to organize a fully functioning one-stop-shop labour market centre capable of delivering a comprehensive set of employment services for the city with a special focus on the more disadvantaged youth segments.

These projects served as a deciding point for LGUs and stakeholders to mainstream youth employment policy and action points in local development planning, budget and administration processes. The second set of papers in this series provides case studies that highlight how the ILO-sponsored interventions complemented local economic development initiatives in each of these eight areas and the result obtained.

The evaluation report concluded with a note that the PYEP is clearly just a beginning; that it has managed to establish momentum that can be carried on by the project partners with or without further project support. It underscored the challenges facing all the partners involved, the local governments, the partner non-governmental organizations (NGOs), the schools and training institutions, the employer groups, trade unions, national government agencies, and the international development institutions involved (ILO and CIDA), that is to do what is necessary to ensure that such momentum is not dissipated.

This series of working papers provides a record of the project outcomes and a benchmark from which to assess the longevity of the interventions.



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## List of acronyms

BPOAP	Business Process Outsourcing Association of the Philippines
BPO	Business Process Outsourcing
CARP	Comprehensive Agrarian Reform Programme
CIDA	Canadian International Development Agency
DOLE	Department of Labor and Employment
DWCP	Decent Work Country Programme
GYB	Generate Your Business
ILO	International Labour Organization
IT/ICT	Information Technology/Information and Communication Technologies
KAB	Know About Business
LGU	Local Government Unit
NGO	Non-Governmental Organization
NSCB	National Statistical Coordination Board
NSO	National Statistics Office
OFW	Overseas Filipino Workers
PESO	Public Employment Service Office
POEA	Philippine Overseas Employment Administration
PRSD	Philippine Resources for Sustainable Development
PYBF	Philippine Youth for Business Foundation
PYEP	Promoting Youth Employment in the Philippines
RA	Republic Act
SYB	Start Your Business
TESDA	Technical Education and Skills Development Authority
TFP	Total Factor Productivity
TNS	Taylor Nelson and Sofres

## Acknowledgements

Special thanks to the Canadian International Development Agency (CIDA) for supporting the ILO's project of *Promoting Youth Employment in the Philippines (PYEP)*, the ILO consultants and service providers who prepared the youth employment and labour market relevant working documents presented and validated in a technical meeting and in a series of multi-stakeholder dialogue workshops involving local, regional, and national players spearheaded by Department of Labor and Employment (DOLE).

Acknowledgement also to the Taylor Nelson and Sofres (TNS) Inc. and Philippine Researches for Social Development (PRSD) who administered the youth employability surveys with results incorporated into this reference document.

Finally acknowledgement to Sheila Eborá Panganiban, Ma. Teresa Cruz, and Maria Asuncion Ortiz for compiling materials and overall coordination in delivering this knowledge product.

### **A note on spelling conventions**

In accordance with the practice of the International Labour Organization (ILO) this document follows the general spelling conventions as laid out in the Oxford Dictionary. Where two or more alternative spellings are allowed, we normally apply the first such spelling.

Exceptions are made for proper names. Thus we use the general term of "labour market" and "labour scenarios" but "Department of Labor and Employment" and "Labor Code of the Philippines."



# Briefing guide: meeting youth employment policy and action challenges

## 1 Introduction

This briefing guide is a consolidation of earlier materials prepared in 2005 to 2007 for stakeholders in the Promoting Youth Employment in the Philippines (PYEP) project. It explains the terms used in defining and working with youth unemployment and underemployment and the reasoning behind the need for specific labour market interventions concentrating on the youth of the Philippines.

The Philippines is not isolated in experiencing a labour market in which the younger members are disproportionately represented in the unemployment figures. It is a global problem but exacerbated where the incidence of poverty is high and access to quality education is problematic for a sizeable portion of the youth. Nevertheless, the actual environment is conditioned by many local factors in addition to those that influence the global labour market.

Some global factors such as the trend towards fixed term contracts for many workers are present also in the Philippines. Counterbalancing measures that would protect workers from such trends may have a national cost in terms of competitiveness unless other compensating measures are present. Other global factors such as the investment environment can be addressed, although not through labour market interventions *per se*.

In any event understanding and defining the issues is a prerequisite to finding solutions. The purpose of this working paper is to provide readers with such an understanding as a basis for any future work in this area and, in particular, any successor project to the PYEP that builds on the pilot undertaken between April 2005 and November 2007. As such it will be of interest to a wide-range of readers including labour practitioners working in the area of youth employment as well as policy-makers and officials seeking to harmonize national and local level policies that enhance national competitiveness.

## 2 Who are the youth?

According to the standard United Nations' definition, 'youth' comprises those people in the age-group between 15 and 24 inclusive. In practice, the definition of youth varies from country to country depending on cultural, institutional and political factors.

In the Philippines, by virtue of Republic Act (RA) 8044 or *The Youth in Nation Building Act*, 'the youth' is defined as "*the critical period in a person's growth and development from the onset of adolescence towards the peak of mature, self-reliant and responsible adulthood comprising the considerable sector of the population from the age of 15–30 years*".

### 2.1 Who are the unemployed?

According to the ILO definition, the 'unemployed' are those people who have not worked more than one hour during the short reference period but who are available for and actively seeking work.

In the Philippines (as stated in the NSCB Resolution No. 15 series of 2004), the unemployed include all persons who are 15 years old and above and who are:

- i. ***without work***, i.e., had no job or business;
- ii. ***currently available for work***, i.e., were available and willing to take up work in paid employment or self employment, and/or would be available and willing to take up work in paid employment or self employment; and either
- iii. ***seeking work***, i.e., had taken specific steps to look for a job or establish a business; or
- iv. ***not seeking work due to the following reasons***: (i) tired/believe no work is available, i.e., discouraged workers who looked for work within the last six months; (ii) awaiting results of previous job application; (iii) temporary illness/disability; and (iv) bad weather; or
- v. waiting for rehire/job recall.

## 2.2 Who are the underemployed?

The ‘underemployed’ are employed persons who desire to have additional hours of work in their present job or in an additional job, or to have a new job with longer working hours.

The visibly underemployed are employed persons who worked for less than 40 hours during the reference week and who still want additional hours of work.

## 2.3 What is ‘open unemployment’?

‘Open unemployment’ describes a situation whereby a person between the age of 15 and 64 desires work and is ready for it but did not participate in any economic activity during the reference period.

# 3 What is youth unemployment?

Youth unemployment is a reflection of three interrelated labour market inabilities, including:

- Inability of the labour market demand players to create job opportunities that meet the aspirations of the job-seeking youth for decent, productive, and rewarding work.
- Inability of the labour market supply players to produce school graduates capable of meeting the demands of a competitive enterprise, industry, and economy.
- Inability of the labour market support institutions to identify and address in a coherent, coordinated and systematic way, gaps between the demand and supply sides of the market.

# 4 Why focus on youth unemployment?

There is an urgent need to focus efforts on youth unemployment because:

- The youth are more **vulnerable to economic shocks** than adults.
- Unemployment not only makes younger people insecure; if it is not addressed quickly, it becomes a **multiplier of insecurity**.
- For young people, unemployment during youth translates into a **greater chance of unemployment over their entire career life**.

Thus focusing on currently marginalized youth in the labour market is a **preventive cure to adult unemployment**. (Canlas and Pardalis 2006, p1).

According to the ILO, a generation without hope of stable employment is a burden for all society. Poor employment in the early stages of a young person’s career can harm job prospects for life. Underemployed or unemployed youth will have less to spend as consumers or less to save and invest, which will hurt employers and economies alike.

The economic investment of governments in education and training will be wasted if young people do not move into productive jobs that enable them to pay taxes and support public services. Moreover, young people without means are sometimes a source of rising crime rates and drug abuse.

# 5 Situating youth unemployment

## 5.1 The global dimension

Young women and men are the world’s greatest assets, but they also represent a group that is especially vulnerable. According to an ILO estimate, as many as 500 million young people are expected to enter the world’s workforce over the next decade. The majority of jobs available to them will tend to be *low-paid, insecure, and with few benefits or prospects for advancement* (ILO 2005.)

Providing more and better employment opportunities for the youth is a global challenge. A whole generation of young women and men growing up without the prospects of finding decent work is a burden for every society and a potential source of social instability.

Poor employment in the early stages of a young person's career can harm job prospects for life and hamper efforts to escape from the poverty trap (ILO 2004).

## 5.2 The national situation

In the Philippines, youth employment accounts for nearly two-thirds of the total unemployed. From 1.28 million in 1988, the number of unemployed young people had doubled to 2.45 million by 2004. The youth-adult unemployment ratio in the reference year was 2.6, which means that young people were almost three times more likely to become jobless compared to adults (*ibid*, p1).

At present, policies and programmes intended to assist and support the employment seeking efforts of young women and men have been generally uncoordinated, implemented in isolation, activity driven rather than results-oriented<sup>3</sup> and unevenly available or accessible to young people in different parts of the country.

## 5.3 Location and sector specific issues

Youth employability status, socio-economic conditions and governance structures of a particular locality, sector or organizations are not necessarily the same throughout the country. It is necessary to survey the status of youth in terms of development and employability as well as the status of their local or sector specific environment in terms of challenges, opportunities and capacities of relevant support institutions.

# 6 Debunking misconceptions concerning youth and the labour market

The problems of youth unemployment are often overlooked and the youth are treated as merely a subset of the total labour market without any real differentiation. While labour market practitioners who are intimately involved with the problems of young people realize that their needs are specific to (and different from) the wider population, policy makers as well as the general public remain unaware of the plight of many young people and, as a consequence, they are often overlooked and misconceptions can arise which become self-reinforcing simply because they are widely believed. Common misperceptions are outlined below.

They say:

- *Access to education is no longer a problem for young people*  
False: low enrolment rates remain a substantial problem in many countries as does the related problem of illiteracy. Access to education remains a luxury that many households simply cannot afford for their children. So, while it is true that many young people, as well as societies, are benefiting from improved education levels, it is important to remember that the gains are far from universal and that special attention still needs to be paid to promoting free and universal education in poor countries and among the poorer sections of society, where the opportunity costs to young people and their families of staying in school are prohibitively high.
- *Because young people today are better educated than ever, they will have less trouble finding work*  
This is true in some developed economies, but in many such economies, where economic development has not kept pace with the increases in educational attainment and/or the educational system has not provided young people with the skills most needed in the economy, the high unemployment rates among youth with higher education degrees show otherwise.

<sup>3</sup> Where success is measured by programme delivery rather than outcome and result of the programme. The latter is a more consistent measure of effectiveness.

- *Young people like to “shop around” to find the best job. Therefore, they will choose to take up numerous short-term, temporary posts in order to gain experience and find the “best fit”*

A young person can “shop around” for the best job only in an economy with robust economic growth that results in strong demand by employers for her/his particular skills. Where there is little economic growth or a shrinking employment content of growth, there is unlikely to be opportunities to shop around for the best job.

- *Unemployment is the key labour market challenge for the youth*

There are two other groups that together outnumber the unemployed youth but suffer from the same frustrations as the unemployed: (i) the discouraged youth; and (ii) the working poor. The problem for the former is the rigidity and costs of the job search process before landing a job while the problem for the latter is not so much unemployment but rather the conditions of work of those who are employed.

- *Youth unemployment rates give an accurate picture of the youth labour market challenge*

If we accept that some young people who are working (the working poor, young workers without a contract, young people in hazardous work, as examples) and some young people who are inactive (the discouraged workers) are also in situations that place them far from the goal of achieving full and productive employment, then looking at youth unemployment rates is not enough if we are to include the large portion of the youth population that requires equal attention by policy-makers aiming to improve the productive potential of that population.

- *Youth are a homogenous group and strategies to tackle youth labour market challenges can and should be uniformly applied within and across countries*

Youth face specific challenges in the search for decent work—young migrants, young women, youth in rural areas, young refugees. Youth are not a homogenous group so targeted interventions aimed at overcoming the specific disadvantages that some youth face in entering and remaining in the labour market is necessary.

- *With many young people migrating to urban areas, there is no pressing need to address labour market challenges of those living in rural areas*

Urban drift is itself a problem. Focusing on the development of youth in rural areas still makes sense as they comprise more than 40 per cent of total employment in the world and rural employment remains the dominant sector for employment in East Asia, South-East Asia and the Pacific, South Asia, and sub-Saharan Africa. Investing in the youth of rural areas is a means of decreasing their likelihood of migrating to the cities and would, therefore, have the beneficial side effect of helping improve conditions for youth in urban areas by reducing competition for available urban jobs. Finally, it has been shown that employment creation in rural areas has a higher impact on poverty reduction than in urban areas simply because poverty tends to be concentrated in rural areas.

- *Young people are poor because they do not work*

No opportunity to earn some money or payment in kind for oneself or one’s family can be missed. Most people simply cannot afford not to work even if the available work lacks social safety nets. They always try to survive by any means possible—through ingenuity, courage, self-discipline and most of all through work.

- *It is better to gear job creation programmes toward adult job seekers rather than youth job seekers because adult job seekers will need the wages more than the young to support their families*

Giving youth the opportunity to become more active and productive participants in the workforce makes sense. However, employment policies targeted at young people should be integrated into overall employment strategies at the national level so as not to isolate one segment of society to the detriment of others. The key is to recognize that the issues faced by young people seeking to enter the workforce are often different from adults seeking to remain in the workforce. Policies need to be crafted to address both problems in order to maximize economic potential.

## 7 Differentiating reasons for youth unemployment and underemployment

### 7.1 Voluntary unemployment

Young people are voluntarily unemployed, when they can afford to wait for a long period to land a job that matches long-term career aspiration, locational preference, and desired income-level (Esguerra 2007, p2).

These voluntarily unemployed young people include the cases of the so-called choosy educated, overseas Filipino workers (OFW) dependents and those tied to family-related responsibilities.

#### 7.1.1 The choosy educated

They are the ones who completed high levels of education, but if in case they are unemployed, do so out of choice for whatsoever reason, usually to find a job that is commensurate with their capabilities. They are the ones who can afford to stay out of employment primarily due to the fact that they do not yet have a family to support, and more importantly, being equipped with a high level of education, they expect nothing less than what they deserve (Aldaba and Sescon 2007, p19).

#### 7.1.2 OFW dependents

Also contributing to youth unemployment is the dependency of some on remittances or financial support by relatives abroad—thus lessening or not putting as much pressure on them to find work immediately.

### 7.2 Involuntary unemployment/ underemployment

Involuntary unemployment happens when young people in search of work are not qualified for or find it difficult to avail of those job opportunities that they encounter (Esguerra *op cit*, p2).

## 8 Dysfunctional factors

There are a number of factors leading to and reinforcing involuntary unemployment and underemployment amongst young people.

### 8.1 Supply side factors

These affect the quantity and quality of youth labour supplied in the market.

Quantity is usually determined by increases in the working age population, and which as we have noted includes persons from 15 years of age and above. The number of young people that can be tapped in the market may also be constrained by geographical barriers or high costs of transportation.

Meanwhile, quality of youth labour is determined by the availability of formal and non-formal education and training. Mobility of the youth from one sector to another may also be constrained by the quality of education they are able to obtain (*ibid*, p2).

#### 8.1.1 System of education

Poor quality of education: Many of the country's educational institutions, especially the public ones, lack the basic equipment and instructional materials to accommodate a large number of students—thus, sacrificing the quality of education provided.

The education sector is characterized by increasing drop-out rates, poor student-input ratios, poor performance in national achievement tests and a disappointing showing in international achievement tests. Factors responsible for this situation include:

- High cost of education: Many believe there is a direct relationship between literacy levels, educational attainment and incidence of poverty. The socio-economically disadvantaged students have higher dropout rates because of the high cost of tuition.

- Government budget: There is lack of budgetary support for education leading to poor facilities and instructional materials, low wages of teachers (resulting in teachers leaving the country for higher pay abroad), etc.
- Other factors: These include the poor regulation of privately run educational institutions and inability to address issues of quality via regulatory policies.

The result of these gaps is the very ill state of preparedness of the country's labour force to respond to skill requirements of the workplace (*ibid*, p22).

### **8.1.2 High population growth rates**

The Philippines has a long history of high fertility and population growth rates that has resulted in a dominantly young population. Based on the data from the 2000 population census, more than one third (37 per cent) of the country's total population is below 15 years of age while those between 15 and 30 years constitute almost another one third (29 per cent). By 2010, the number of youth is expected to swell to 28 million, further boosting the supply of young people in the labour market (Canlas and Pardalis *op cit*, p3).

The increasing population leads to an increasing supply of available labour. This results in increased competition for available jobs and, combined with high population growth, the inability of the country to provide to all the necessary services such as quality education, basic necessities as well as decent jobs.

### **8.1.3 Poverty and child labour**

Poverty is a cause and effect of many things, including youth unemployment. Instead of going to school, children of poor families often resort to selling their labour, which hampers their physical, emotional, and intellectual growth. This adds to insecurities, skills and knowledge deficits for decent employment. The cycle goes on.

### **8.1.4 Gender-based bias and family responsibilities**

Young women face higher chances of unemployment compared to their male counterparts because of gender stereotyping. Family responsibilities play a key factor. Most of the time, young women are forced to leave their jobs to attend to traditionally female responsibilities such as taking care of siblings or sick family members, giving birth, and subsequent childrearing. Further, young women, while performing these roles often lose contact of relevant information networks for effective labour market integration (*ibid*, p14).

### **8.1.5 Migration**

Overseas migration: Given the dismal state of employment in the country, more and more young people are opting to work overseas. In the 2006 Philippine *Labour Force Survey*, most of the migrant youth were found to be in their prime age of 25 to 30 years old. Young women accounted for 60 per cent of total young migrants, a clear reflection of the feminization of migration. The relatively higher educated are also the ones leaving, contributing further to the brain drain experienced by the country. Since most of the migrants are college graduates, there is also a high probability of deskilling within the Philippines (*ibid*, p20).

Rural to urban migration: Youth unemployment is actually higher in urban areas than in the rural ones.<sup>4</sup> The already high urban unemployment rate is further exacerbated by rural-to-urban migration. The general perception that more jobs and opportunities are available in the urban areas is a "pull" factor that induces rural youth to come to the cities. Only later do they find out that jobs are actually hard to find especially with their limited skills and social network.

On the other hand, most occupations that tend to have high underemployment rates are located in the rural areas (*ibid*, pp11-14).

<sup>4</sup> Although many rural youth are absorbed into low-quality agricultural work or unpaid family work which disguises the extent of the rural unemployment situation.

## 8.2 Demand side factors

Demand for labour is actually only a *derived demand*.

Only with growing markets will production expand and with it, the need for more labour. Thus any action taken at the macroeconomic level that will induce greater investments can increase the demand for labour. Of course, actual demand will also be dependent on the technologies used by specific firms, particularly whether they are capital or labour intensive. At the same time, firms and businesses demanding labour may be classified into formal or non-formal ones—with the latter predominant in the SME sector (Aldaba and Sescon *op cit*, p3).

### 8.2.1 Economic recession

One of the initial moves of the business sector during economic downturn is to cease hiring as a means of controlling costs. The youth are the ones heavily affected by a freeze in new hires, as many of the jobseekers are young people. Also, in terms of termination payments, the cost to firms of shedding young people is lower than that for older workers. Being less skilled, they represent lower levels of investment in training by their employers and consequently involve a smaller loss to firms in making them redundant (O’Higgins 1997, p27).

### 8.2.2 Limited sources of economic growth

The sources of economic growth are limited and insufficient to absorb an increasing labour force within the formal sector. Mercantile exports from the Philippines are mostly focused on electronics, semiconductors and garments. In the service sectors, there is only telecommunications, the BPO centres, and retail trade to absorb the growing labour supply.

This situation of permanent oversupply has led to a “buyers market” where employers are able to dictate terms of employment. In turn this has produced an inferior downwards drift in the quality of most employment opportunities available to the labour force (Aldaba and Sescon *op cit*, p21).

### 8.2.3 Growth sectors require higher skills

Growth service sectors like the call centre industry or telecommunications industries require relatively high skills from the youth wishing to enter these industries. According to one source “*the best jobs in the services sector exhibit an urban-elite, capital-intensive bias*” (*ibid*, p22).

### 8.2.4 Institutional support and coordination factors

While market supply and demand forces operate to determine the level of youth employment, there are also institutional factors that may affect such outcomes. At the enterprise level, internal labour market arrangements may be the norm for hiring new employees. At both the firm and sectoral levels, trade union activities may affect ‘who’ and ‘how many’ would be hired. At the regional levels, wage policies, particularly those on minimum wage setting may impact on employment.

Government policies affecting the firms’ investments and productivity may also affect employment e.g. access to financing and other fiscal incentives. Information asymmetries may be corrected by policies relating to job market placements, job fairs and information dissemination. At the firm and community level, different kinds of discrimination may also affect actual hiring policies (*ibid*, p3).

### 8.2.5 Skills-opportunities mismatch

Failure in the training and educational system: This type of mismatch occurs when the educational system fails to deliver the minimum capabilities that are needed by the economy, and especially by an economy embedded in highly demanding global markets where production technologies are constantly changing. The mismatch of skills and opportunities, however, may also occur because training and educational systems (both on the side of the service providers and on the side of households that do the enrolling) may not be sensitive to labour market signals (Esguerra *op cit*, p3).

Tendency of firms to under-invest in training: Because training can be both enterprise-specific as well as wide-ranging, firms tend to under-invest in the more general skills that can benefit competitors, who in turn often seek to poach the highly trained staff of these competitors. If such a market failure is

severe, it can result in an acute under-provision of the types of training that firms may themselves be best placed to provide and finance. This can create a tendency among firms to hire older and more experienced workers who are less likely to leave (*ibid* p3).

Locational problems or failures: Available supply and demand for skills often do not result in employment because the high transaction costs associated with relocating to another province, creates a wedge between firms that would like to hire workers and workers who would like to be hired (*ibid*, p22).

Poor information and signalling failures: Involuntary unemployment may happen simply because job seekers are not informed of job opportunities offered by employers. They may not know what kinds of jobs are needed and where they can fit in. Young people typically lack information about the compensation and job categories that their education and limited experience can fetch (*ibid*, p2).

Beyond access to information, labour market signals may not be getting through either to households or to training and educational institutions. Individuals may choose the 'wrong' courses that may not be useful to many employers or find themselves achieving a level of education that falls below the minimum requirements of many employers (*ibid*, p2).

These result in over- or under-subscription to certain courses due to insensitivity to requirements or failure of labour market signals.

### **8.2.6 Access to loans**

In the Philippines, it is often difficult to secure loans without collateral, regardless of the viability of a project. Aspiring entrepreneurs with limited cash must rely on relatives or their own savings to finance training and education (*ibid*, p4).

### **8.2.7 Labour regulation effects**

Regulations on minimum wages: The enforcement of the minimum wage can limit the attractiveness of taking in young workers without any prior work experience. In such cases, firms would prefer to wait for older and more highly skilled applicants to come along, even if there are trainable youth applying for work (*ibid*, p4).

Rules on regularization of employment status: These can also lead to perverse effects, causing frequent episodes of joblessness and to lowered firm incentives to provide training to non-regular workers who must be dismissed before it becomes mandatory for the firm to regularize them (Esguerra *op cit*, p4).

### **8.2.8 Discrimination**

Different grounds for discrimination may exist affecting disadvantaged groups of workers such as the youth, rural workers, female workers, the differently-abled, etc. Discrimination may also occur in different areas of the employment relationship such as: (a) access to vocational guidance and placement services; (b) recruitment and allocation of responsibilities; (c) access to training and employment; (d) career advancement; (e) security of tenure; (f) remuneration for work of equal value; and (g) conditions of work.

Repeated rejection and discrimination may result in **discouraged job seekers**.

## **8.3 Other factors**

Factors outside the control of government may also influence the employment levels of the youth. These would include the openness of foreign markets to local labour and goods. The former may induce labour migration affecting the local supply of labour while the latter may increase demand for labour as exports increase (Aldaba and Sescon *op cit*, p4).

While rapid globalization and technological change offer new opportunities for productive work and income for the lucky few, for many working age young people, these trends only increase the vulnerability inherent in the transition from childhood to adulthood. Across the planet, millions of young people are failing to gain entry into the workforce because of increased competition, lack of experience and lack of skills (ILO 2004).

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**ILO Subregional Office for South-East Asia and the Pacific**  
**LIST OF YOUTH EMPLOYMENT and LOCAL ECONOMIC DEVELOPMENT**  
**PUBLICATIONS**

**YOUTH EMPLOYMENT**

No.	Title	Author(s)	Year published ISBN No.
1	Youth employment in the Philippines	Mark Emmanuel L. Canlas and Maria Cristina R. Pardalis	2009 978 92 2 121442 7 (print) 978 92 2 121443 4 (web pdf)
2	Choosing and assessing local youth unemployment interventions	Jude H. Esguerra	2009 978 92 2 121444 1 (print) 978 92 2 121445 8 (web pdf)
3	Briefing guide: meeting youth employment policy and action challenges		2009 978 92 2 121469 4 (print) 978 92 2 121470 0 (web pdf) 978 92 2 121471 7 (CD-ROM)
4	Operations guide: managing an ILO-CIDA youth employment country project: Philippines	Camilo G. Casals	2009 978 92 2 121446 5 (print) 978 92 2 121447 2 (web pdf)
5	Enhancing youth employability is a business mission	Rene E. Ofreneo	2009 978 92 2 121448 9 (print) 978 92 2 121449 6 (web pdf)
6	Towards a national policy and action agenda for decent and productive work for youth in the Philippines	Fernando T. Aldaba and Jose T. Sescon	2009 978 92 2 121472 4 (print) 978 92 2 121473 1 (web pdf) 978 92 2 121474 8 (CD-ROM)
7	Promoting youth employment in the Philippines: policy and action project. A final independent evaluation report	Cielito F. Habito	2009 978 92 2 121466 3 (print) 978 92 2 121467 0 (web pdf)
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## **Briefing guide: meeting youth employment policy and action challenges**

This briefing guide is a consolidation of earlier material prepared in 2005 for stakeholders in the PYEP project. It explains the terms used in defining (and working in the area of) youth unemployment and underemployment and outlines the specific needs of youth which are separable from the more general problems surrounding unemployment as a whole.

The study, from the perspective of the Philippines, defines the basic terms and concepts used and differentiates the reasons for youth unemployment, both nationally and globally, before proceeding to a discussion of why there is a need to focus on this important area. Common misconceptions regarding the reasons for high levels of youth unemployment are addressed. Dysfunctional factors that exacerbate the problem are addressed from both the supply and demand side.

Its purpose is to provide a record of the terms of the PYEP project as a basis for any successor project in this area. As such it will be of interest to a wide range of readers including labour practitioners working in the area of youth employment as well as policy-makers and officials seeking to harmonize national and local level policies that enhance national competitiveness.

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