



Global Employment Trends for Youth 2013

A generation at risk

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Overview

- Global and regional youth unemployment
- Youth labour markets in advanced economies
- Employment and skills mismatch in advanced economies
- Youth labour markets in developing economies
- Labour market transition of youth in developing economies
- Policies for youth employment

Global youth unemployment

After a brief recovery, global youth unemployment continues to rise



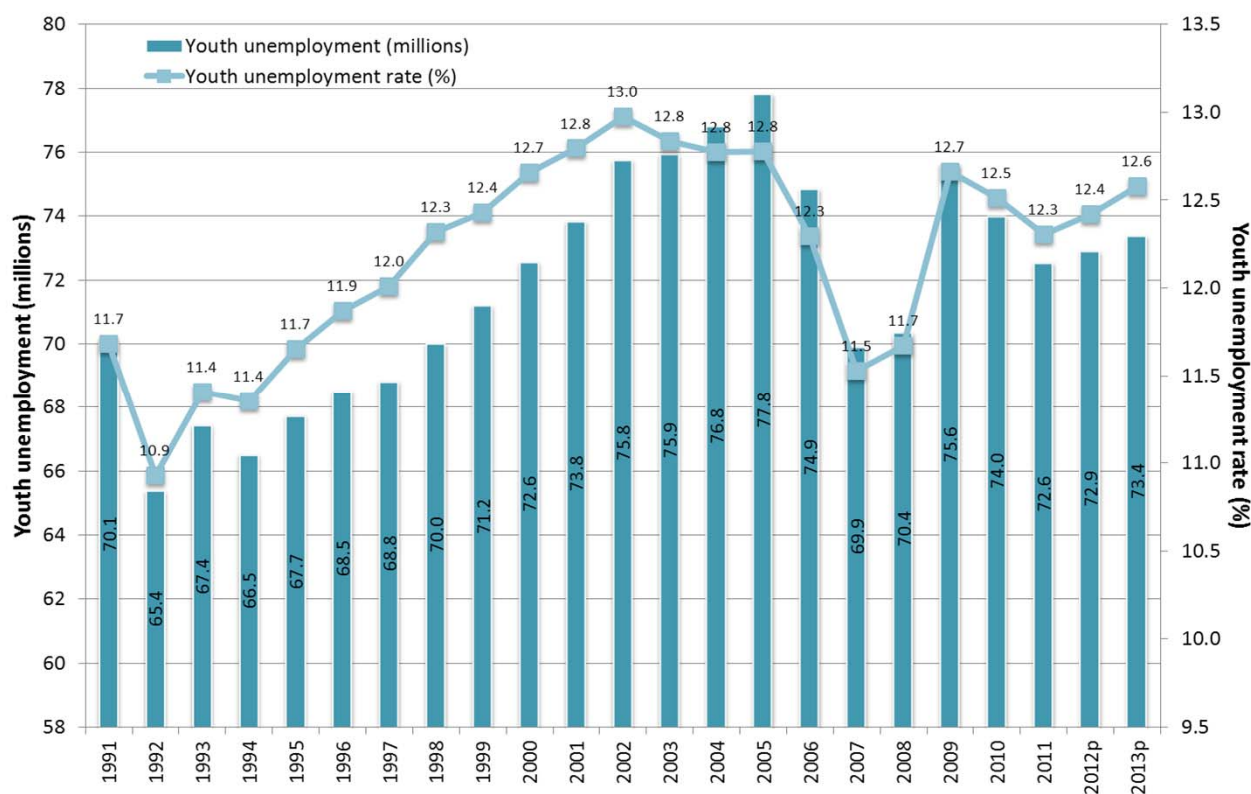
- In comparison to adults, youth continue to face a disadvantageous labour market situation
- In most regions, the youth unemployment rate is on an upward trend; exceptions are the advanced economies and Sub-Saharan Africa
- Gradual acceleration of growth in medium-term is not expected to result in an improvement of job prospects for youth at the global level
- Regional disparities are likely to increase, as some improvement in youth unemployment rates in advanced economies in the medium term will be offset by the increase in unemployment rates in other regions



Global youth unemployment

Weakening of global recovery has further aggravated youth jobs crisis

- Global youth unemployment is estimated to stand at 73.4 million in 2013
 - Increase of 3.5 million since 2007 and 0.8 million above the level in 2011
- Global youth unemployment rate decreased from 12.7 per cent in 2009 to 12.3 per cent in 2011, but increased again to 12.6 per cent in 2013
 - By 2018, global youth unemployment rate is projected to rise to 12.8 per cent



Global youth unemployment

Concerns of prolonged youth unemployment



Growing regional disparities as expected improvements in advanced economies will be offset by increases in youth unemployment in other regions (mainly in Asia)

Current youth generation has to be less selective about type of job they accept

Young people almost three times more likely to be unemployed than adults

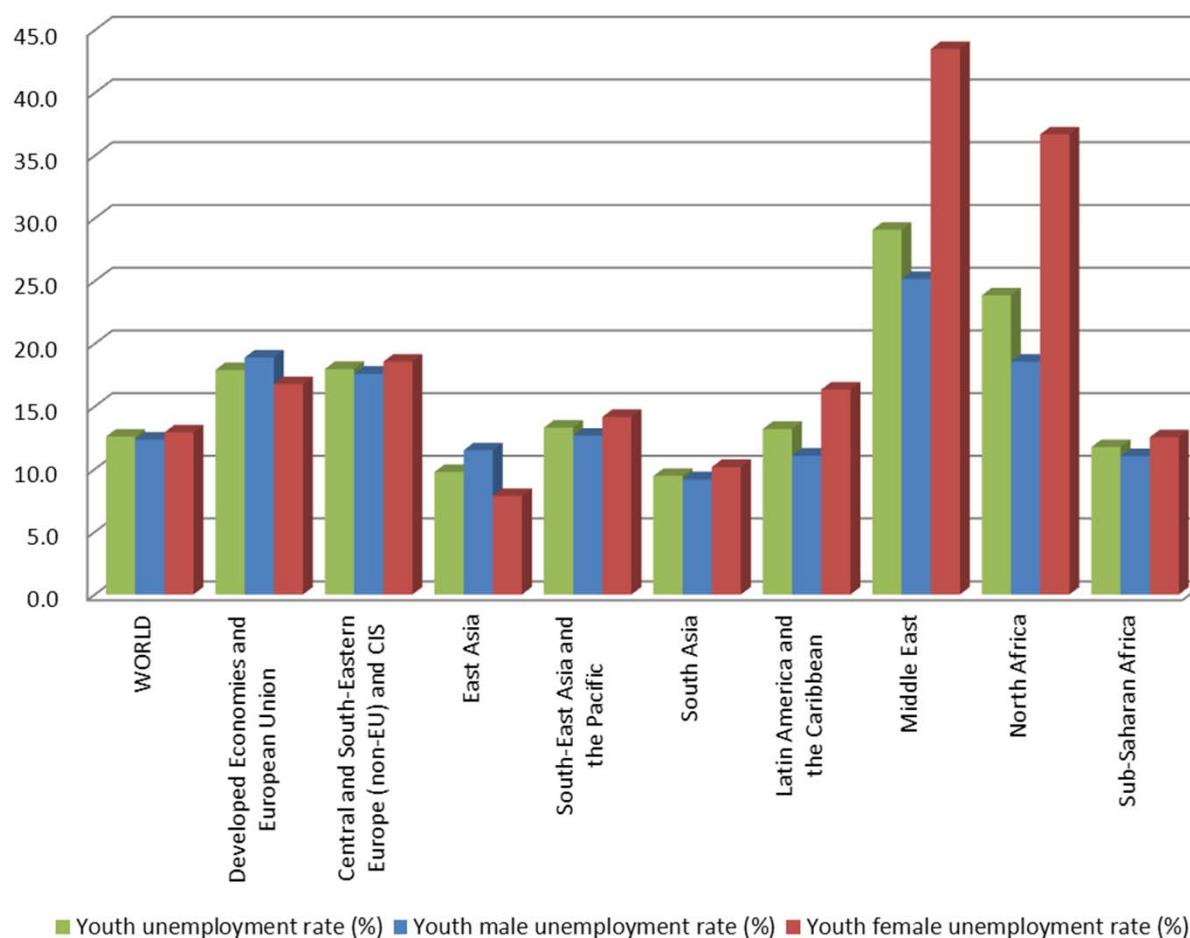
Economic and social costs of unemployment, long-term unemployment, discouragement and widespread low-quality jobs for young people continue to rise and undermine economies' growth potential

Regional youth unemployment

Regional youth unemployment rates show large variations



- Gender gaps in youth unemployment rates exceptionally large in the Middle East and North Africa



Youth labour markets in advanced economies

Little progress has been made in reducing youth unemployment



Between 2008 and 2012, the number of unemployed young people increased by more than two million

Youth unemployment rate 18.1 per cent in 2012 in the Developed Economies and European Union

Youth unemployment rate projected to remain above 17 per cent until 2015, and decrease to 15.9 per cent by 2018

Youth
unemployment

Discouragement-adjusted youth unemployment rate equals 21.2 per cent

Proportion of young people not in employment, education or training in the youth population (NEET) reached 15.8 per cent in OECD countries in 2010

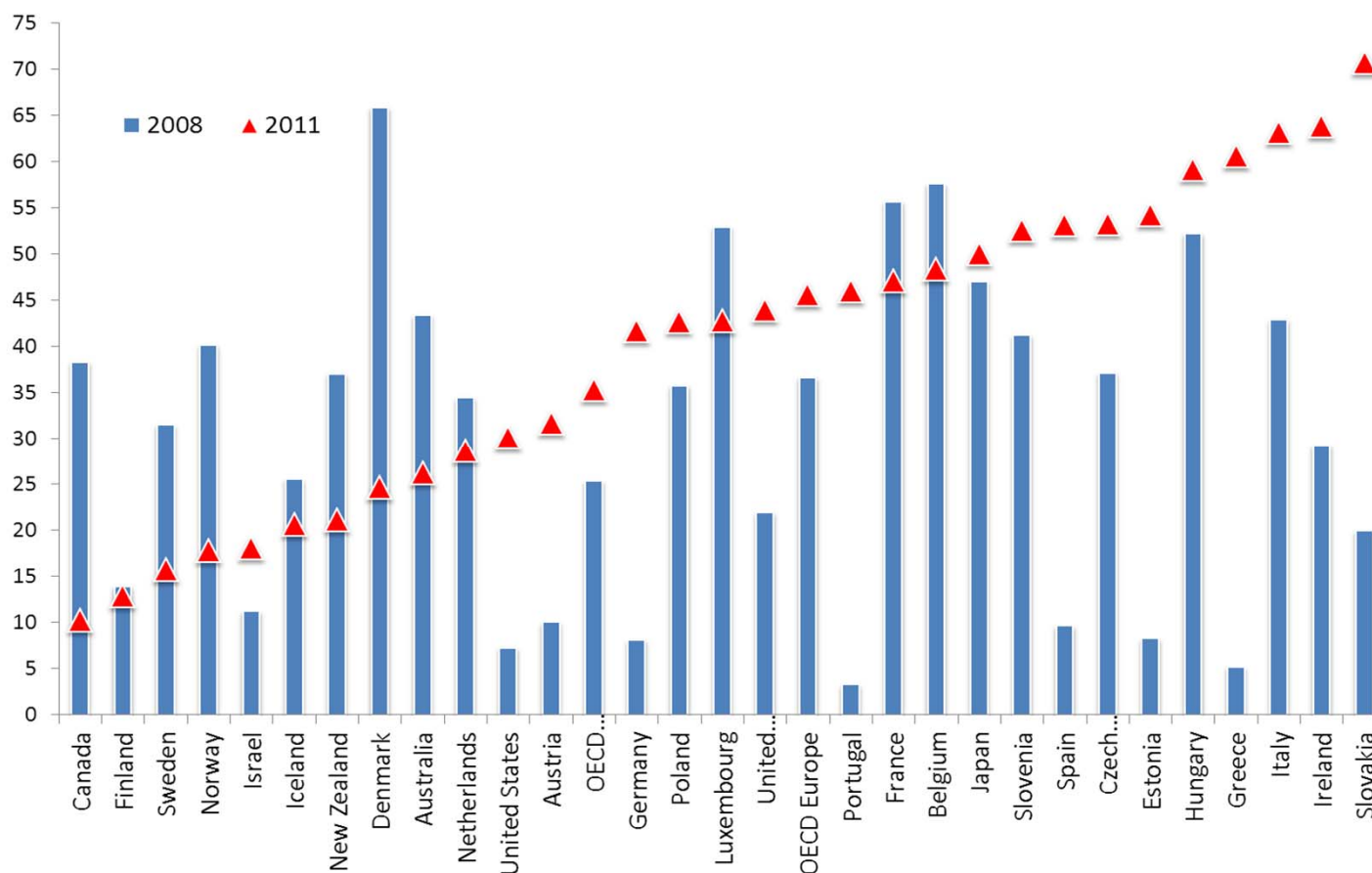
Youth are increasingly employed in non-standard jobs, including temporary employment and part-time work

Youth labour markets in advanced economies

Rising long-term unemployment among youth



- Increase in youth unemployment is reflected in the duration of unemployment
 - On average more than one-third of unemployed youth was unemployed for at least six months in 2011 in OECD countries



Youth labour markets in advanced economies

Consequences of unemployment for youth

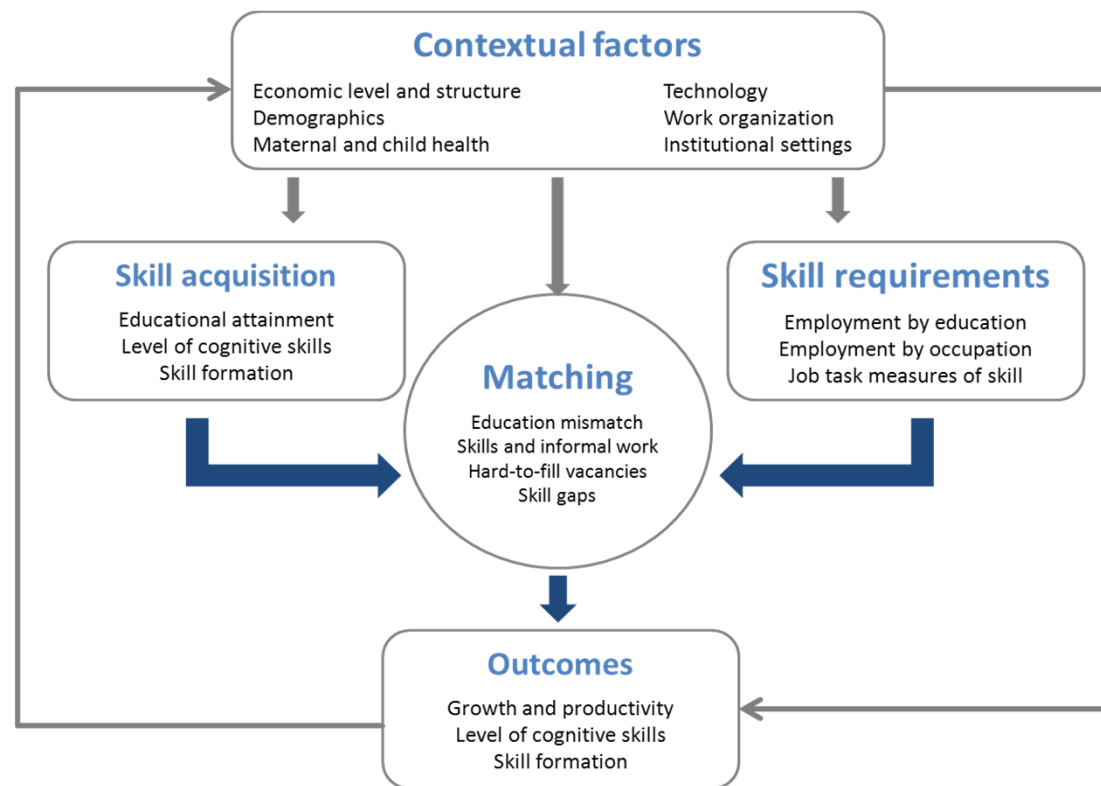


- ➔ Long-term consequences of persistently high youth unemployment are likely to become more serious the longer youth unemployment crisis continues
- ➔ Valuable work experience is not acquired and professional skills may erode
- ➔ Unemployment experiences early in a young person's career likely to result in wage scars that continue to depress employment and earnings prospects
- ➔ Early unemployment experiences raise risk of future unemployment and/or protracted period of unstable employment
- ➔ Effects more severe for youth entering the workforce with education level below tertiary level

Employment and skills mismatch

Skills mismatch has become a persistent and growing trend

- Imbalances between skills offered and skills needed in world of work
- Mismatch hampers reallocation of labour and puts upward pressure on unemployment rates
- Extent to which skills supply and demand are matched is major factor shaping economic and labour market outcomes, economic growth, productivity and competitiveness



Employment and skills mismatch

Economic crisis had major impact on mismatch



Type 1

- Mismatch based on comparison of educational attainments of employed and unemployed youth

Skills
mismatch

Type 2

- Mismatch between jobs held by young workers and the qualifications they possess

Mismatch Type 1

- High unemployment rates for low-skilled youth in comparison with high-skilled youth
- Skills mismatch hampers matching of jobseekers and job openings but mismatch not necessarily correlated with unemployment rates

Employment and skills mismatch

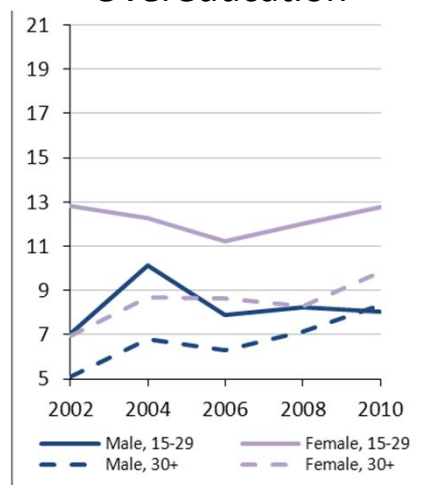
Overeducation is increasing and undereducation is decreasing for youth



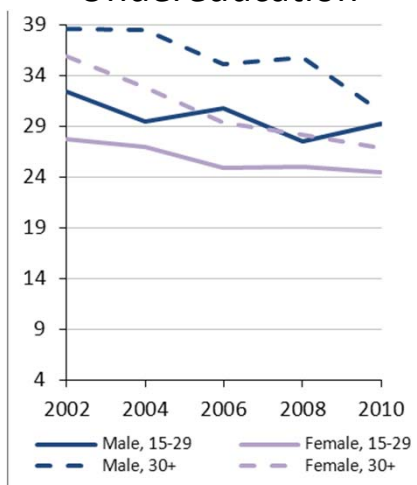
Mismatch Type 2

- Young people more exposed to overeducation than workers aged 30 and above and less likely to be undereducated
- Overeducation of youth increased from 2002 to 2010 and accelerated from 2008 to 2010: as a consequence of the economic crisis, youth with higher levels of education are increasingly taking up jobs that they are overqualified to do
- Youth, women, the disabled and migrants often face elevated mismatch risk

Overeducation



Undereducation



Youth labour markets in developing economies

Challenges regarding quality of available work for young people



Developing regions face major youth employment challenges and large variations in extent and development of youth unemployment

Young workers often receive below average wages and are engaged in work for which either overqualified or under-qualified

Large numbers of young people not achieving full economic potential

- Unemployed
 - In irregular employment (informal sector)
 - Neither in labour force nor in education/training
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Unemployment rate doubles in many low-income economies when using the relaxed definition of unemployment



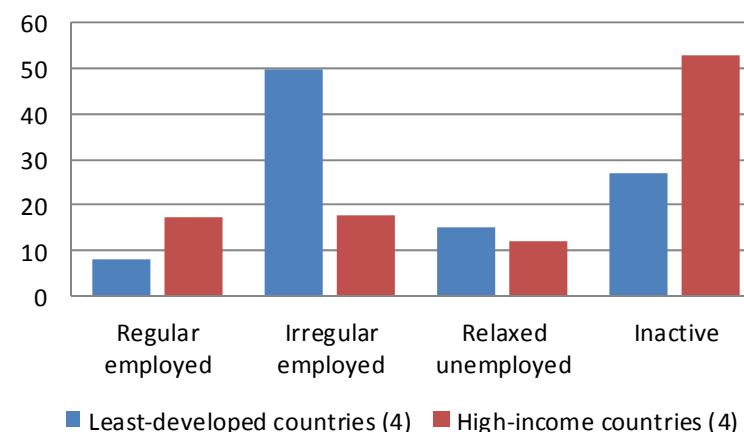
In countries and regions with high poverty levels and high shares of vulnerable employment, youth employment challenge is as much a problem of poor employment quality as one of unemployment

Youth labour markets in developing economies

Youth unemployment serious issue in low-income economies



- Labour markets in developing economies do not look like those in developed economies
 - Abundance of labour
 - Scarcity of capital
 - Stark duality between shrinking but still dominant traditional economies and “modern” economies
- As a result young people face several challenges when entering labour market
- Most contrasting labour market characteristics between advanced and developing countries
 - Irregular nature of employment among youth
 - Tendency for youth to leave education early in developing economies
 - Unemployed young people in low-income economies do not benefit from social protection systems available to their counterparts in developed economies
- Need for a different type of measurement
 - School-to-work transition surveys (SWTS) offer important additional information over traditional labour force surveys
 - Provides indicators on labour market transition and paths of transition through inclusion of questions on history of economic activity

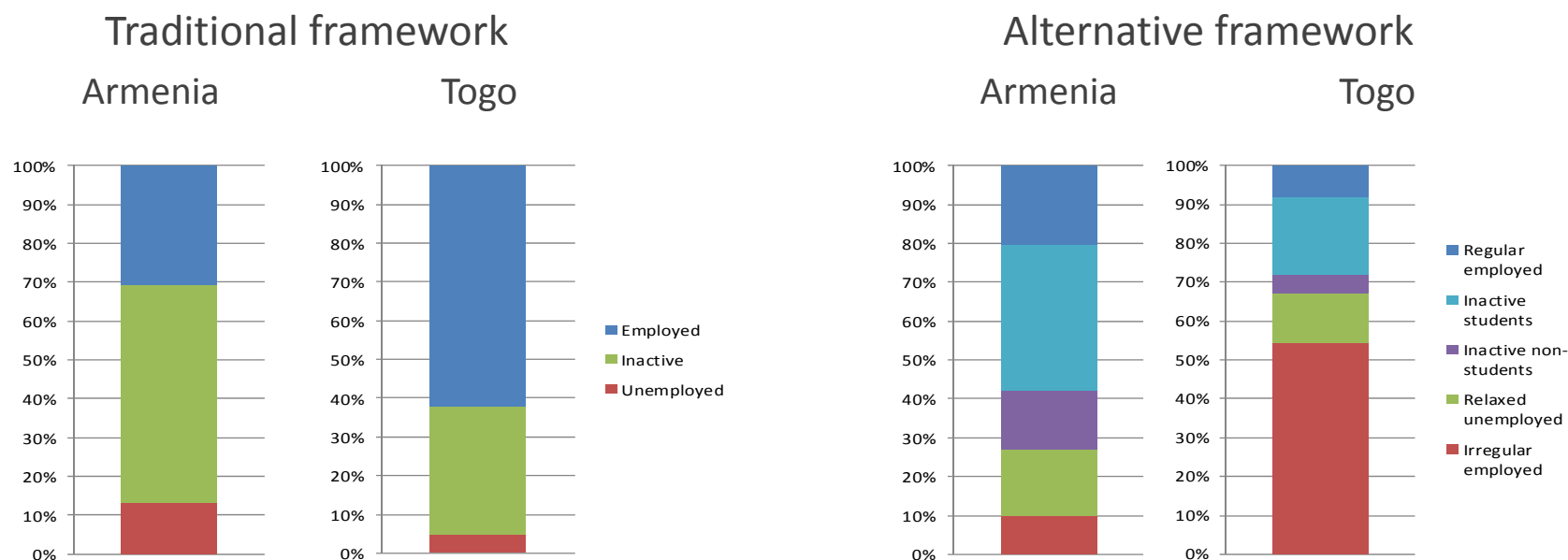


Labour market transition of youth in developing economies

New framework identifies full extent of underutilized youth population



- SWTS framework not only looks at links to economic production, but also at economic well-being of youth population
- Within analytical framework of SWTS, “relaxed” definition of unemployment preferred
- Comparison of traditional and alternative frameworks

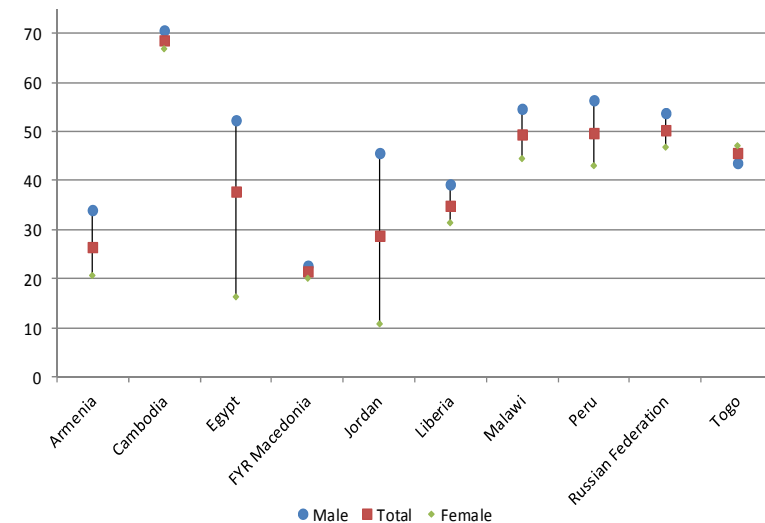
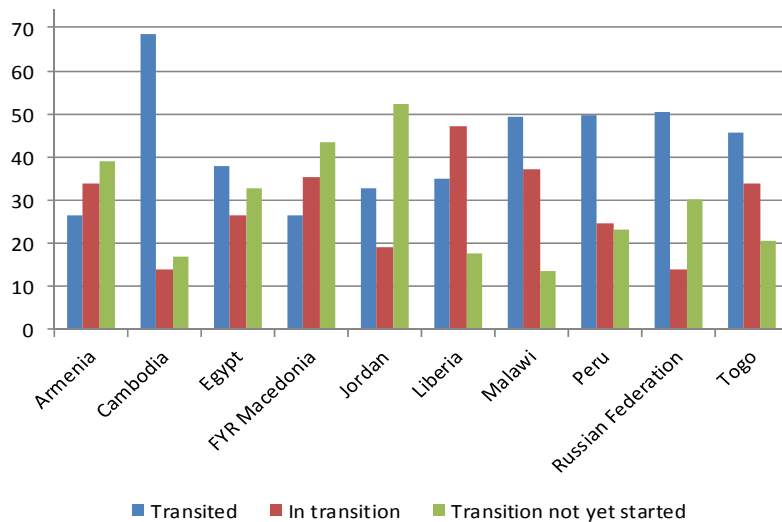


Labour market transition of youth in developing economies



Distribution of youth across stages of labour market transition varies

- Labour market transition of young people concerns
 - Length of time between exit from education to first entry into labour market
 - Qualitative elements, such as whether job is stable
- Labour market transition defined as
 - Passage of a young person (aged 15-29) from end of schooling (or entry to first economic activity) to first stable or satisfactory job
 - Stable employment defined in terms of contract of employment (written or oral) and duration of contract (greater than 12 months)
- Young males more likely than young females to complete transition to stable and/or satisfactory employment

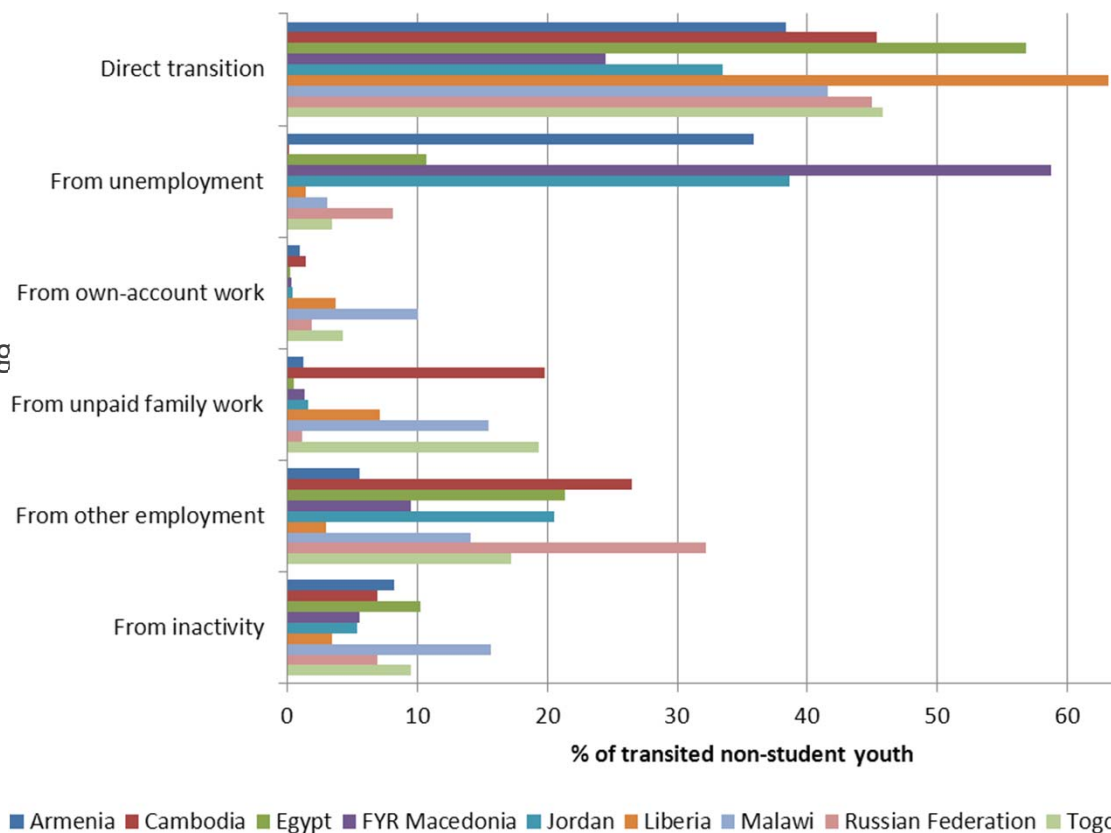


Labour market transition of youth in developing economies

School-to-work transition survey main results



- “Shopping around” among labour market experiences is not norm
- Low-income economies
 - Majority of young people with direct transition moved directly to satisfactory self-employment
 - Between 20 and 30 per cent of young people with direct transition completed transition before age of 15 (i.e. as child labourers)
- Higher-income economies
 - Majority of young people with direct transition moved directly to stable employment
 - Larger shares of youth engaged in active job seeking prior to attaining current job
- Few of young people managed to move to stable or satisfactory employment from own-account work

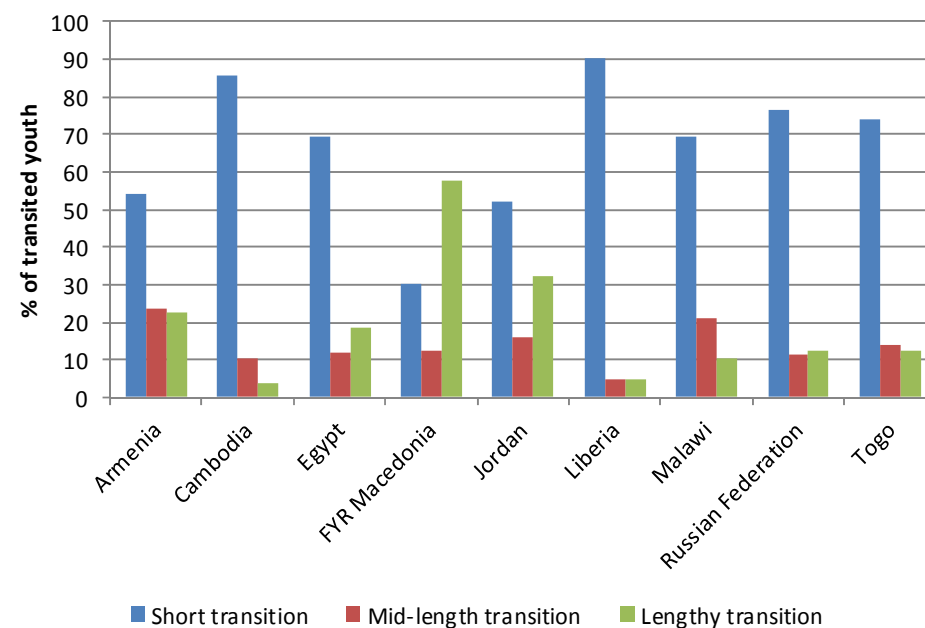


Labour market transition of youth in developing economies

Transition paths in some developing economies



- Transition periods short for most youth in developing economies
 - Not much scope for moving around in labour market
 - Most young people transitioned directly to stable and/or satisfactory employment
 - Only in Armenia, FYR Macedonia and Jordan, where many transit from unemployment, is transition to stable or satisfactory employment a long one
- When excluding young people who made transition directly to stable and/or satisfactory employment (no previous labour market experience prior to obtaining current job), length spent in transition becomes extremely long
 - Among ten SWTS countries, average length length of non-direct transitioned young men and women spent in transition was 3.3 years
 - In Cambodia, transit as long as 5 years
- Youth who remained in transition, likely to stay within category for extremely long time
 - Time in transition for nine countries ranges from 44.4 months in Egypt to 95.9 months in Togo



Policies for youth employment

Main policy areas



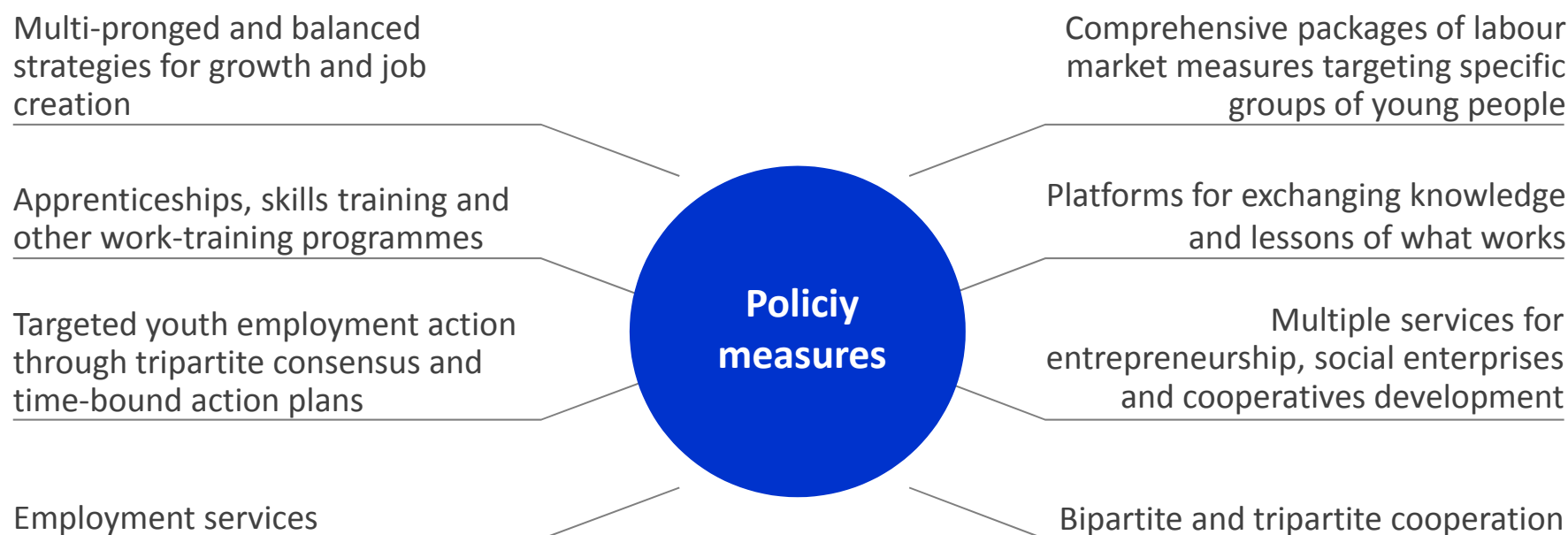
1. Stimulate demand and create jobs for youth through pro-employment macroeconomic policies
2. Invest in education and training to enhance employability and facilitate the school-to-work transition
3. Improve labour market integration of young people through targeted labour market policies
4. Provide career options to young people by supporting entrepreneurship and self-employment
5. Ensure that young people receive equal treatment and are afforded rights at work

Policies for youth employment

Instruments for policy-making



- Policy measures should be balanced and adapted to country-specific needs





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