



Global Employment Trends for Youth 2013

A generation at risk and policies to reduce it

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Overview

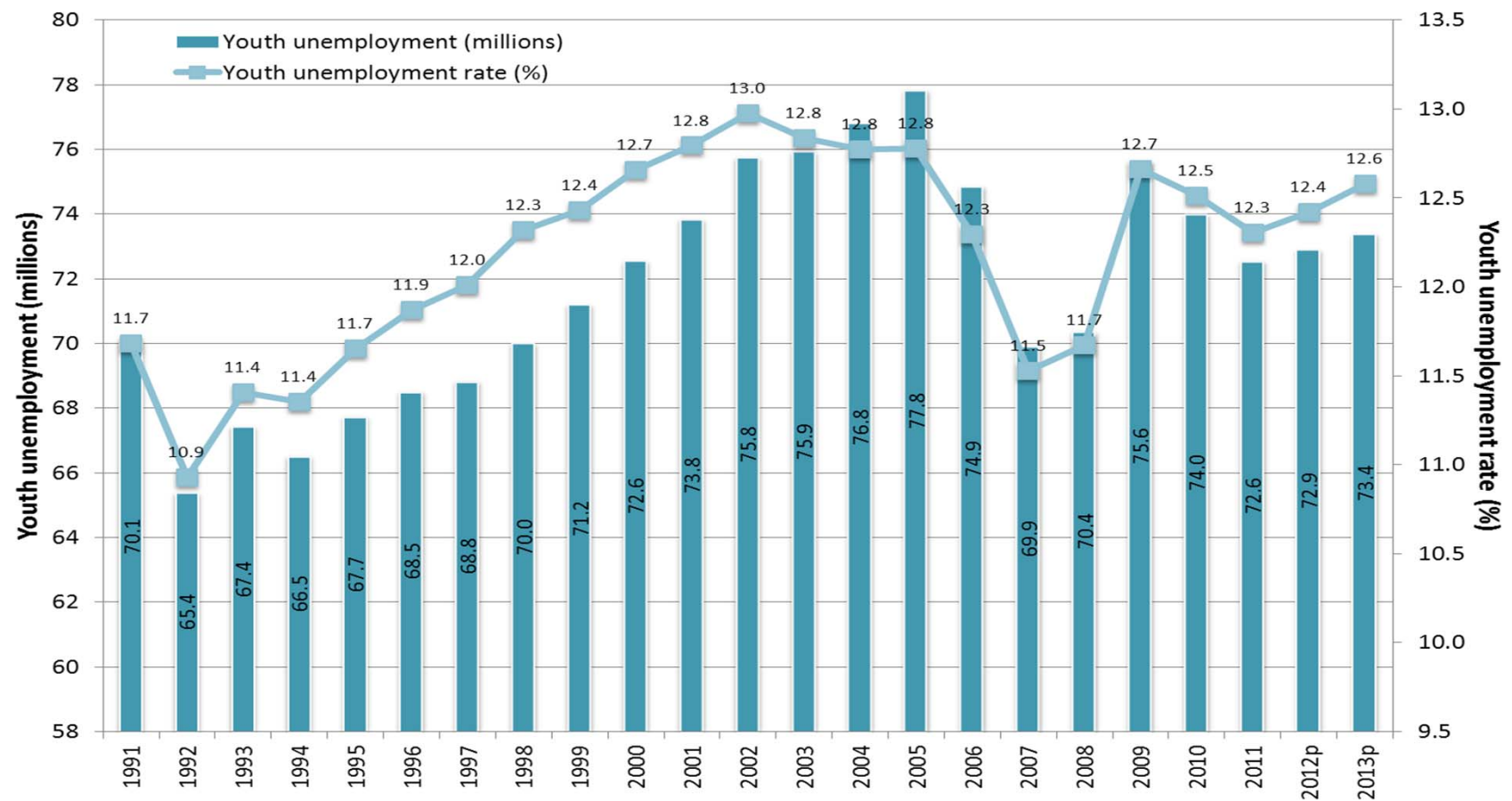
- I. Global and regional trends in youth unemployment
- II. Youth labour markets in advanced economies
- III. Trends in skills mismatch in advanced economies
- IV. Youth labour markets in developing economies - Findings from recent Surveys on School to Work Transition and job quality.
- V. Labour market transition of youth in developing economies
- VI. Policy orientations (what works?) based on ILO Call for Action

I. Global and regional trends



Global youth employment crisis is worsening

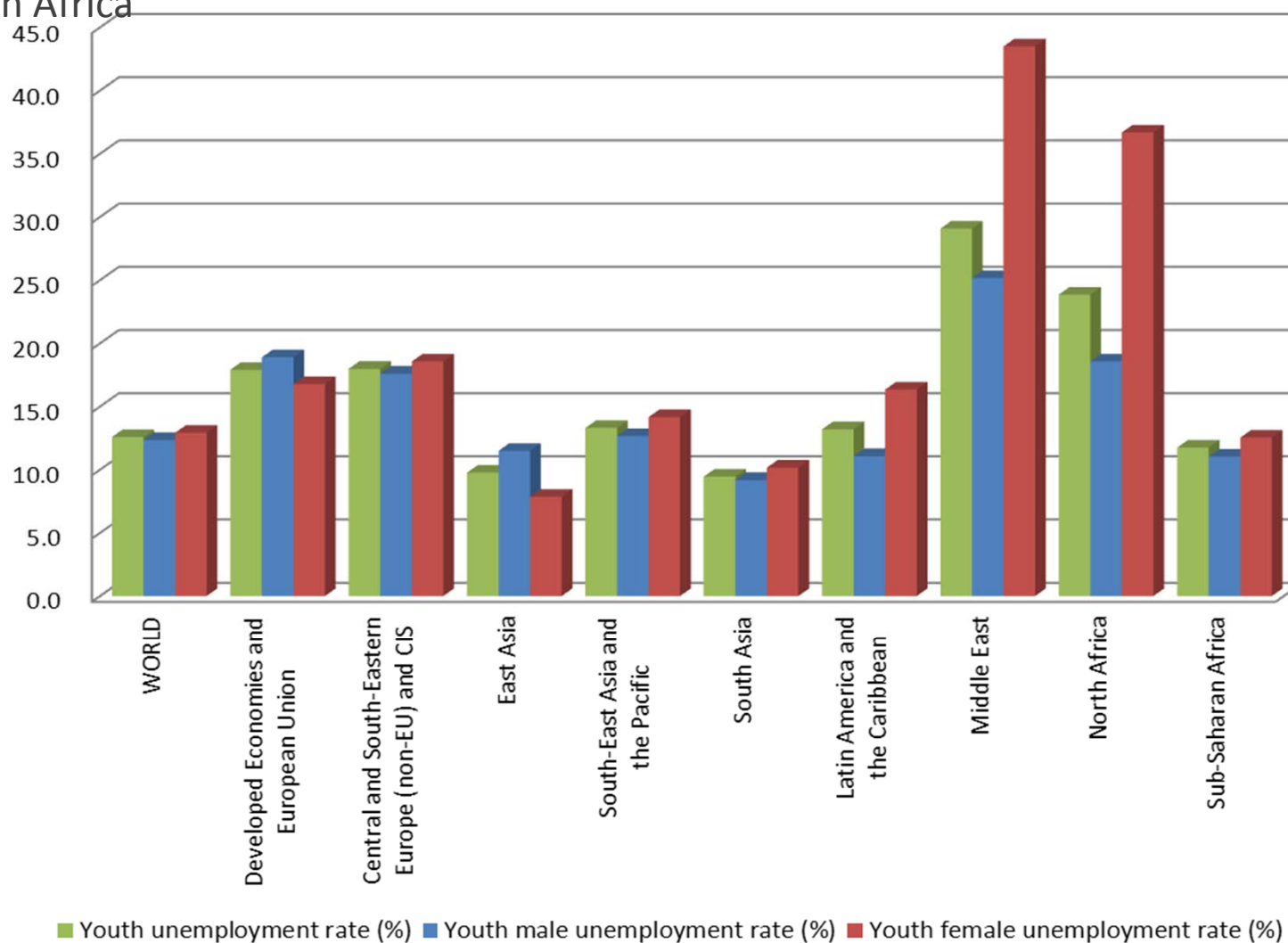
- The global youth unemployment rate in 2012 was 12.4%, it is expected to rise to 12.6% in 2013 and to 12.8% by 2018.
- Global youth unemployment is estimated to stand at 73.4 million in 2013.





Regional rates 2012, and trends

- Large regional variations and gender gaps exceptionally large in the Middle East and North Africa



II. Developed economies and European Union

Little progress has been made in reducing youth unemployment rates (YUR) since 2009



Absolute increase: Between 2008-2012, the number of unemployed young people increased by more than two million, a 25% growth.

Discouragement-adjustment by discouragement increases rate by 3.1 points to 21.2 per cent (13 million).

2012 rate: 18.1 per cent, same as in 2010

NEETs: Proportion of young people not in employment, education or training in the youth population increased 2.1 points to reach 15.8 per cent in OECD countries in 2012

Projection: rate to remain above 17 per cent until 2015, and decrease to 15.9 per cent by 2018

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

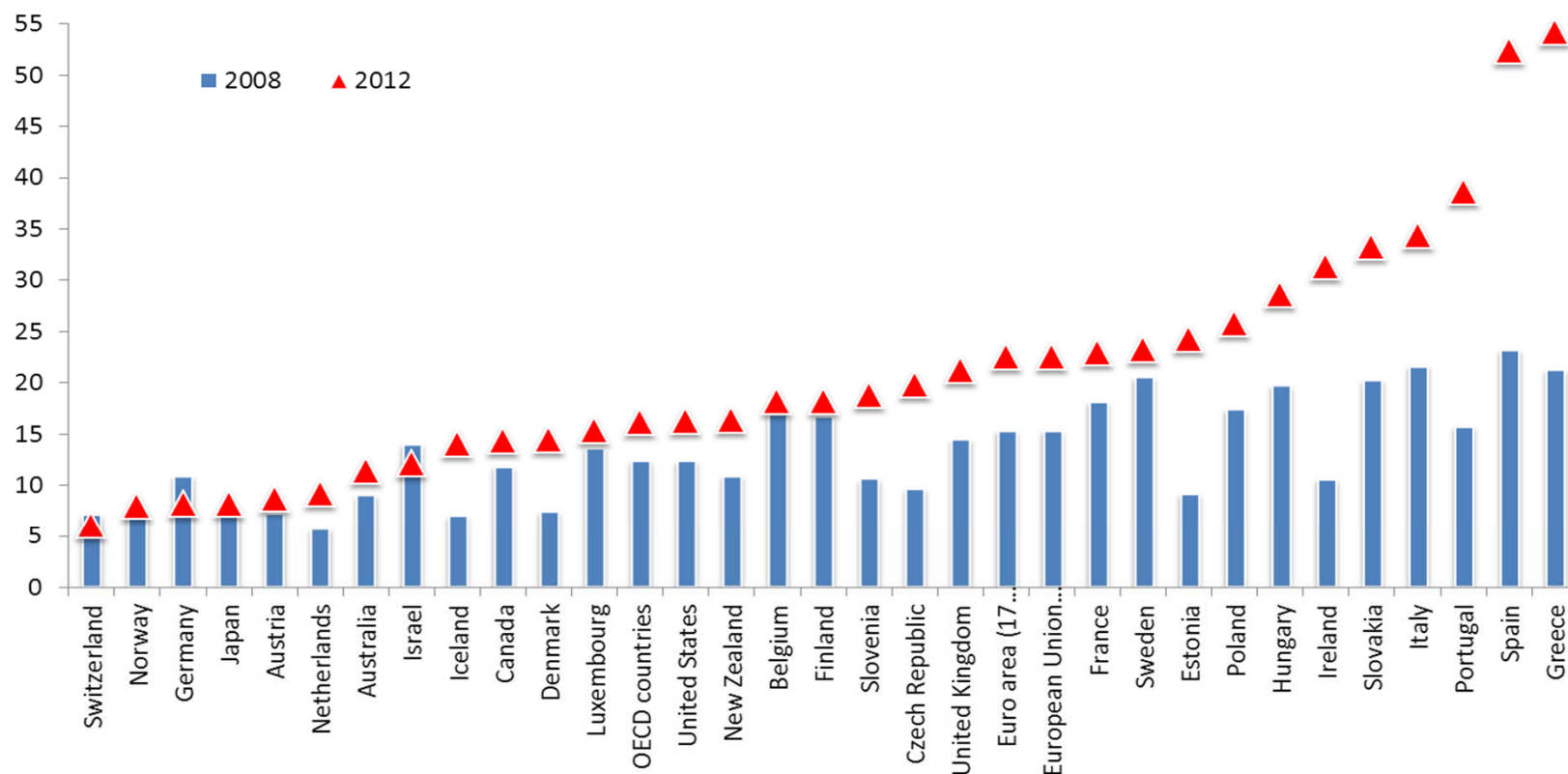
Youth
unemployment
rate

Advanced economies

Rising youth unemployment rates 2008 and 2012 (second quarter, %)



- By 2012, YUR exceeded 15 per cent in two thirds of advanced economies
 - More than 50% of economically active young people in Greece and Spain, and 40% in Portugal
- YUR below 10% in six countries
- And below the 2008 level in only three countries (Germany, Israel, Switzerland)



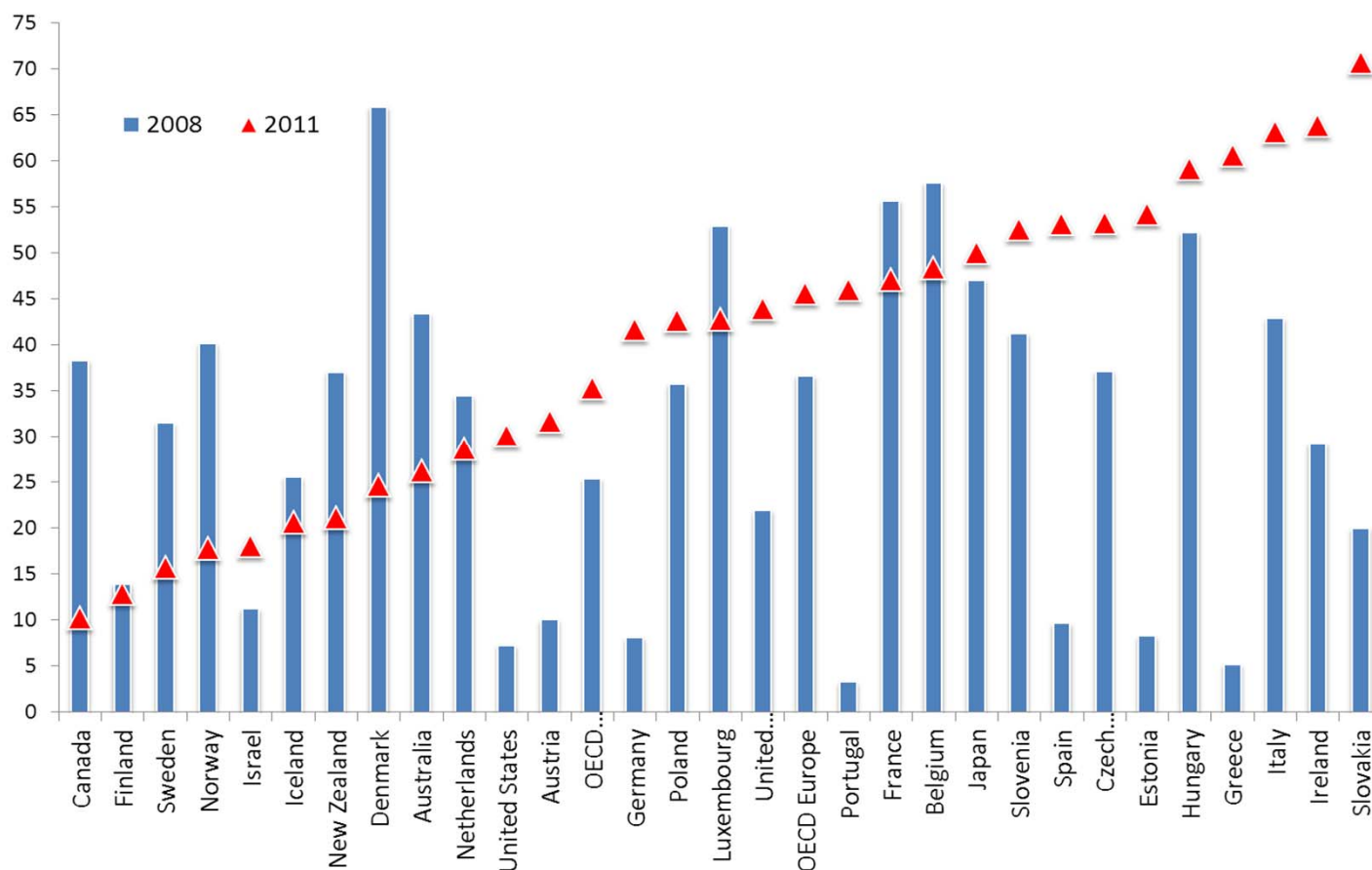
Source: OECD online database.

Advanced economies: OECD



Long-term unemployment among youth has been rising

- On average more than one-third of U youth had been unemployed for more than 6 m.
- In 10 countries half or more of the U-youth had been job searching for more than 6 m.
- 11 countries did manage to reduce theLTU for young people





III. Skills mismatch in developed countries

FIVE main findings:

- The crisis worsened the problem of skills mismatch
- There is a higher risk of mismatch for the less educated, which is reflected in relatively high unemployment rates for the low-skilled in comparison with the high-skilled.
- Young people (aged 15–29) are far more exposed to overeducation than workers aged 30 and above, and are 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: this means that youth with higher levels of education are increasingly taking up jobs that they are overqualified to do. This, in turn, deteriorates the labour market opportunities of less qualified youth.
- Other groups with risk of elevated skills mismatch include women, the disabled and migrants

Skills mismatch makes solutions to the youth employment crisis more difficult to find and more time consuming to implement, because even if growth resumes, mismatch acts as a barrier to higher employment levels. **STRUCTURAL PROBLEM.**

IV. Youth labour markets in developing countries

Preliminary evidence from School to Work Transition Surveys in partnership with the Master Card Foundation - Work4Youth Project-



- A partnership between ILO and MCF, started in 2012 and will run until 2016
- **General Objective:** To promote decent work for youth through knowledge and action
- **Specific Objective:** To produce more and better labour market information specific to youth in developing countries
- Key dimensions of information in the Surveys
 - What young people expect in terms of transition paths and quality of work
 - What employers expect in terms of young applicants
 - What issues prevent the two sides – supply and demand – from matching
 - What policies and programmes can have real impact
- 28 target countries (underlined = ten countries included in preliminary analysis):
 - **Asia and the Pacific:** Bangladesh, Cambodia, Nepal, Samoa, Vietnam
 - **Eastern Europe and Central Asia:** Armenia, Kyrgyzstan, FYR Macedonia, Republic of Moldova, Russian Federation, Ukraine
 - **Latin America and the Caribbean:** Brazil, Colombia, El Salvador, Jamaica, Peru
 - **Middle East and North Africa:** Egypt, Jordan, Tunisia
 - **Sub-Saharan Africa:** Benin, Liberia, Madagascar, Malawi, Togo, Uganda, United Republic of Tanzania, Zambia

Youth labour markets in developing economies

Lack of good jobs / Quality of work for young people is the main problem



Labour markets for young people are very different in developed and developing countries

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

Large numbers of young people not achieving full economic potential

- Unemployed
 - In irregular employment (informal sector)
 - Neither in labour force nor in education/training (NEET).
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Most contrasting labour market characteristics:

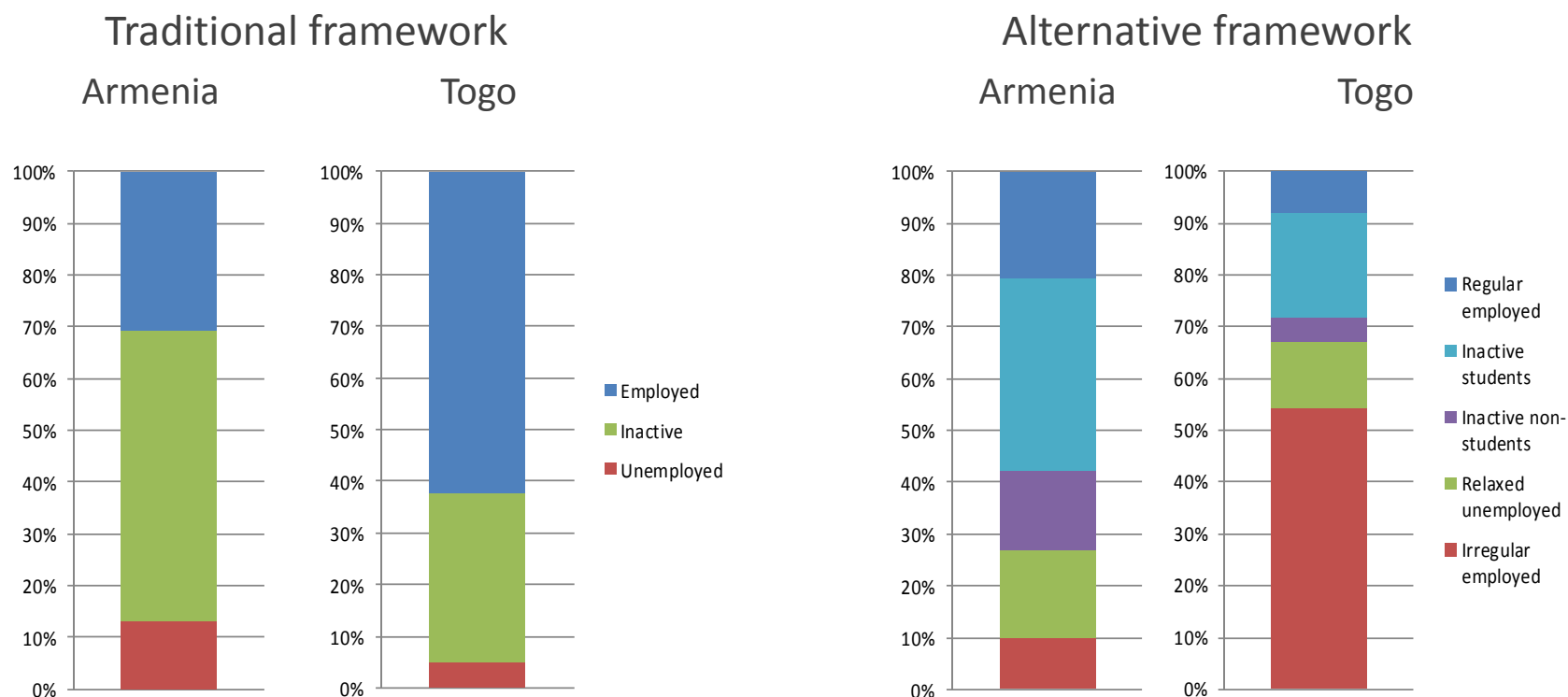
- Irregular nature of employment among youth.
 - Higher Segmentation: gender lines; public – private sector lines; National – foreign workers.
 - Tendency for youth to leave education early in developing economies
 - Unemployed young people in low-income economies do not benefit from social protection systems available to their counterparts in developed economies
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V. 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



Youth labour markets and transition in developing countries

Six main findings in 10 Developing Countries



- 1) The lower the education level the less beneficial the labour market outcomes for young people (in these countries educational attainment is very low).
- 2) Eight out of ten young workers are in informal employment, six in ten lacked a stable employment contract, five in ten were either undereducated or overeducated for their work, and six out of ten get below-average wages.
- 3) 60 per cent of young persons was either without work, not studying, or engaged in irregular employment. In other words, not achieving their full economic potential. A major obstacle to development.

Youth labour markets and transition in developing countries

Six main findings in 10 Developing Countries



- 4) When using a ***relaxed definition*** of unemployment (this is one in which active job search is not a criterion for counting as unemployed), the unemployment rate doubles in most of these low-income economies. So youth unemployment is a serious issue.
- 5) There are relatively high levels of skills mismatch, but in contrast to developed countries, in these 10 developing countries ***under-education*** of young people is more prevalent than over-education. This has consequences in terms of low productivity growth and low capacity for economic diversification in these countries.
- 6) Predictors or advantages for completing a successful transition to stable and better jobs are:
 - ✓ Sex (males have better chances),
 - ✓ Household income (youth from above average household wealth have better chances),
 - ✓ Geographic location (living in an urban area increases youth's chances)
 - ✓ EDUCATION (best predictor of job quality: the higher the education level the better chances)

VI. Policies for promoting youth employment

Main policy areas to create an infrastructure of opportunity for young people according to ILO 2012 Call for Action



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

1. Education and training to enhance employability and facilitate school to work transition

- Close engagement business – E&T institutions
- Apprenticeships, including informal
- Skills strategies as part of sectoral policies

2. Targeted labour market policies to improve labour market integration of young people

- Employment services
- Career guidance
- Innovative public employment programmes
- Employment guarantee schemes
- Youth contracts (ease hiring but could be a trap and lead to segmentation)

Policy Areas/ measures

3. Promote entrepreneurship and self employment as career options

- Entrepreneurship Education
- Incubators, accelerators
- Mentoring

4. Rights at work and equal treatment

- Non-discrimination
- Observation of minimum wages
- Occupational Safety and Health

5. Have a jobs lens on your growth, productive transformation and macroeconomic policies

- Enabling Environment, Investment
- Promote Economic diversification
- Employment multipliers in sectors
- Support SMEs: BDS, Finance
- Policies to upgrade value chains & connect with GVC



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A generation at risk

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