Global Employment Trends for Youth 2022

Investing in transforming futures for young people
Overview

The COVID-19 crisis exacerbated the numerous labour market challenges generally faced by young people. Between 2019 and 2020, those aged between 15 and 24 years experienced a much higher percentage loss in employment than adults (defined as those aged 25 years and above). Many of them dropped out of the labour force, or failed to enter it altogether, owing to the enormous difficulty of searching for and securing a job at a time when lockdowns and confinement measures were being imposed by many governments and employers suffered massive losses in revenue as a result of business closures. Moreover, steep drops in family income and the switch to distance learning by educational institutions rendered the pursuit of education and training more arduous for many. Consequently, the already high number of young people not in employment, education or training (NEET) rose even further in 2020.

The rise in youth unemployment by around 4 million in 2020 grossly underestimates the labour market impact of the crisis. Global youth employment declined by 34 million between 2019 and 2020. Most of the employment loss translated into labour force exit owing to the extraordinary circumstances of the crisis. The potential labour force, which comprises young people who are not part of the labour force but are marginally attached to the labour market,1 rose by 7 million. The number of those outside the extended labour force rose by 27 million. Around half of the employment losses incurred by young people in 2020 increased the number of those with NEET status, while the other half increased the number of those in education but not employed. Alarmingly, the global youth NEET rate rose by 1.5 percentage points in 2020, jumping to its highest level in at least 15 years. The 282 million young people who were in this situation in 2020 missed out on a crucial early stage of their personal development and risk facing severe disadvantages in the labour market in the future.

The global employment deficit of young people relative to 2019 amounted to 8.2 per cent in 2020, whereas the corresponding deficit for adults was less than half of that. Young people were especially affected because firms that survived the crisis sought first and foremost to retain workers, while new recruitment collapsed. In addition, young workers were less likely to have the seniority and types of contracts marking them out for retention by employers, and hence were more likely to lose their job. Moreover, government-sponsored job retention schemes, where they existed, were less effective in protecting young workers.

Less than half of the global youth employment deficit in 2020 is projected to be recovered by 2022. The global deficit fell to 5.9 per cent in 2021 and is projected to decrease further to 4.5 per cent in 2022. This implies a projected youth employment deficit of 19 million jobs in 2022. At the global level, the recovery of youth employment lags behind that of adults, who by 2022 are projected to recover more than half of their employment deficit in 2020. The youth labour force participation rate is projected to increase worldwide in 2022, but is nevertheless expected to remain more than 1 percentage point below the 2019 level. Global youth unemployment is projected to decline to 73 million in 2022, which would still be 6 million above the 2019 level.

The recovery in terms of youth unemployment rates is projected to diverge between low- and middle-income countries on the one hand, and high-income countries on the other. Indeed, high-income countries are the only ones expected to return by 2022 to youth unemployment rates close to what they were in 2019, while the rates are projected to remain well over 1 percentage point above their pre-crisis values in the other country income groups.

1 Young people marginally attached to the labour market are not classified as unemployed but they could potentially enter employment in the near future. They comprise those not looking for a job while being available for work and those seeking employment who are currently unavailable to take up a job.
Young people who lose their job or fail to obtain one are particularly vulnerable to “scarring”, the phenomenon whereby their future labour market outcomes are worse than those of their peers even when macroeconomic conditions improve again. They may end up accepting a job for which they are overqualified, which risks trapping them in an employment trajectory that involves informality and low pay. As observed in previous crises, young people in high-income countries are equally affected by scarring.

The COVID-19 crisis not only affected the employment prospects of young people, but also disrupted the quality and quantity of education and training. Widespread school closures affected more than 1.6 billion learners. Disrupted education can cause significant learning losses, creating both intergenerational and intragenerational inequalities. School closures in 2020–21 had very different effects on young people both across and within countries, depending on countries’ capacity to provide effective arrangements for distance learning, and on the socio-economic status of families, which determined the extent to which students could benefit from distance learning. Young women and girls were often the first to be pulled out of education, and the last to return, which is likely to aggravate gender inequalities in the labour market.

The loss of basic literacy and numeracy skills, and of skills in other subjects, has a direct impact on all future learning of pupils, and thus on their preparedness for life and work. In addition to learning losses that disrupt the entire trajectory of learning, school closures around the world in 2020–21 had significant detrimental effects on nutrition and health. Lost educational attainment at the primary and secondary levels could jeopardize future enrolment in tertiary education. In that sense, the COVID-19 crisis may be said to have lowered educational attainment not only through its direct impact on schools, but also in terms of forgone future education, especially in poorer countries.

More generally, the crisis has made the prospect of achieving many targets of the Sustainable Development Goals (SDGs) more elusive. Global inequalities, both within and across countries, may increase because of the heterogenous direct and long-term effects of the crisis on young people in different countries and with different socio-economic backgrounds. Decisive policy action is required to counter these negative effects, to enable young people to obtain the education that they need, and to support their entry into the labour market in these difficult conditions. The “green”, “blue”, digital, creative and care economies, in particular, have great potential to provide decent jobs for young people while contributing to key SDGs, notably Goal 5 (“Gender equality”), Goal 8 (“Decent work and economic growth”), Goal 9 (“Industry, innovation and infrastructure”), Goal 13 (“Climate action”) and Goal 14 (“Life below water”).

As countries reassess their policy stance in the recovery phase, they need to invest in longer-term transformative approaches and overhaul their economic structures to make them more inclusive, sustainable and resilient. Accordingly, this report draws on a global macroeconomic model to quantify the economic and employment impacts of policy measures aimed at facilitating such transitions. Designed to provide integrated treatment of the world’s economic, energy and environmental systems, the model was used to simulate four policy-induced scenarios: a “green scenario”, a “digital scenario”, a “care scenario” and a “combined scenario”, which combines the first three. These scenarios were compared against a baseline, or “business-as-usual”, scenario.

The modelling results suggest that if the combined scenario were to be put into practice as part of a big investment push by countries, global gross domestic product by 2030 would be 4.2 per cent higher and there would be an additional 139 million jobs for workers of all ages worldwide relative to the baseline. Global youth employment – defined for this exercise as comprising those aged 15–29 years – would rise from 697 million in 2022 to 751 million by 2030 in the baseline scenario, while the combined scenario is expected to raise youth employment by an additional 32 million jobs by 2030. Those additional jobs for young people would help to make up for the employment losses caused by the COVID-19 crisis while setting labour markets on a more robust path towards sustainability, inclusiveness and resilience. It is worth noting that the projections obtained from the model are conservative estimates of direct employment generation. The model does not capture the indirect benefits in terms of environmental safety and higher productivity triggered by investment in education, health and digitalization.
An increasing number of both developed and developing countries are reconsidering their previous growth models and turning to the green and blue economies as a means of achieving sustainable development, employment creation and poverty alleviation. Young women and men, with their more contemporary education and training as well as their creativity and ingenuity, are well placed to benefit from the expansion of the green and blue economies. Employment opportunities are expected to arise, in particular, from investments aimed at reaching net zero carbon emissions by 2050 so as to limit global warming to 1.5°C above pre-industrial levels (as called for by the Intergovernmental Panel on Climate Change), including investments in clean and renewable energy, construction, sustainable agriculture, recycling and waste management. Indeed, the modelling indicates that an additional 8.4 million jobs for young people could be created by 2030 through the implementation of green and blue policy measures.

This projected aggregate employment gain masks employment losses in some countries, sectors and groups of workers, which highlights the importance of adopting policies to ensure a just transition for all. In particular, it is worth noting that investments in renewable energy infrastructure and in the retrofitting of buildings tend to benefit traditionally male-dominated sectors. Policymakers would therefore need to continue addressing the labour market barriers faced by young women. When designing youth employment policies in this context, it is also important to consider the low-carbon and climate-resilient technologies that are available, and to scale up and diffuse those technologies that are best suited to the specific circumstances of each country. Innovative mechanisms for skills anticipation are furthermore required to enable young people to acquire, through technical and vocational education and training, the skills that they will need in emerging occupations. All in all, the transition towards green and blue economies opens up numerous opportunities for the engagement of young people, whose dynamism and innovative spirit can help to shape a better future of work and promote the sustainable use of terrestrial, coastal and marine ecosystems, taking into account the specificities of national and local contexts.

Like the green and blue economies, the digital economy has considerable potential to create jobs for young people. Increasing digitalization of the economy and society is profoundly affecting the world of work, and the trend is expected to continue and even accelerate in the years to come. Appropriate policies are required to address the challenges while transforming the potential into actual decent work opportunities. In this report the digital economy is considered together with the creative, or orange, economy, many sectors of which increasingly rely on digital technologies for the production and dissemination of creative content. A unique data set, the Digital and Creative micro-database, was constructed on the basis of labour force surveys from 28 countries at different stages of economic development across three years (2013, 2018 and 2020) to study the employment features of both economies. Rather than limiting digital jobs to those using digital platforms or those involved in the production and distribution of information and communications technology (ICT)-related products, all activities supported by ICTs in the workplace were considered as part of a continuum of digital employment. Sectors were categorized according to their intensity of digital employment.

Youth employment in the digital economy is characterized by the relatively large share of skilled workers with concomitant high levels of education. The COVID-19 crisis reinforced this trend, presumably because less-skilled (young) workers were more likely to lose their jobs. At the macro level, the digital economy provides a good return on investment and the quality of jobs there is relatively high. At the same time, there remain significant challenges, notably when it comes to ensuring that all young people have equal opportunities to access digital employment. In many low- and middle-income countries, internet connectivity is still a problem, especially in rural areas. The extension of broadband access to rural areas requires time and substantial investment. Nevertheless, where such efforts have been made, they have proved to be cost-effective. The modelling suggests that achieving universal broadband coverage by 2030 could lead to a net increase in employment of 24 million new jobs worldwide, of which 6.4 million would be taken by young people. The youth employment gains would at first be concentrated in construction and the ICT sector, but as the consumption effects spread, the largest employment impacts by 2030 would occur in the distribution and retail sectors.
On the other hand, many types of employment in the digital economy, such as platform-based work, entail a high degree of job instability and uncertainty as regards future earnings. Platform-based gig work can be particularly attractive for young people in low- and middle-income countries: it pays well and the lack of job security is perceived as less problematic by young people given the lack of alternatives. Nevertheless, job instability and the lack of social protection coverage for young digital gig workers are issues that need to be addressed by policymakers. The fact that access to digital employment requires education and skills remains a significant barrier in low- and middle-income countries, preventing many young people from seizing opportunities to work in higher-quality jobs in the digital economy. Strategies to support the development of digital employment for young people should therefore be based on a comprehensive and long-term approach. In particular, it is essential to balance the growing market share of digital platforms and the highly competitive supply side of platform-based work.

The orange economy is one of the fastest-growing sectors worldwide, generating employment opportunities for young people in such diverse areas as architecture, visual and performing arts, crafts and videogames. Beyond their contribution to employment, creative, cultural and artistic activities are vital to people's sense of well-being and heritage. Although the COVID-19-related lockdowns had a dramatic effect on employment in most sectors, they hit the cultural and creative industries particularly hard, since many of the activities in question rely on close physical proximity. Workers engaged in these activities experienced a steep decline in their earnings following the cancellation of live events and performances and the closure of museums and heritage sites. Cultural and creative workers were especially vulnerable, not only because of the restrictions imposed on their ability to work but also because a significant proportion are not covered by social protection. As in the digital economy, implementing adequate labour and social protection is essential to ensure decent work for young as well as older workers in the orange economy.

The care economy is a major employer of young people – in education, health and social work and in or for households – particularly young women. On average, 10.7 per cent of all young workers (aged 15–29 years), or 47.8 million, were working in health and social work, in education or as domestic workers just before the onset of the pandemic. As suggested by simulations using the macroeconometric model, investments in health and long-term care services and in education to achieve SDGs 3, 4, 5 and 8 could create 17.9 million additional new jobs for young people by 2030 relative to the baseline, including 9.3 million jobs in education, 5.1 million jobs in health and social work and, indirectly, 3.5 million in non-care sectors. The positive impacts on youth employment from such investments would be concentrated in low-income countries (4.2 million) and, above all, lower-middle-income countries (9.7 million).

Investments in care sectors must be accompanied by the promotion of decent working conditions for young as well as older workers. This includes ensuring that they enjoy labour and social protections; guaranteeing freedom of association, the right to collective bargaining and equal pay for work of equal value; and preventing and eliminating violence and harassment. There is still a long way to go before decent work becomes a reality for all young workers in the care economy. Young workers in education, for example, face very unequal working conditions depending on the characteristics of educational systems, the conditions being typically worse in the private sector than in public institutions. In particular, teachers at non-state schools in low- and middle-income countries are less frequently on permanent contracts and tend to receive lower wages than their counterparts in state schools. In health and social work, the working conditions of young workers also vary greatly – between those who are university-educated and those who do not have such credentials, between public and private sector workers, and between those employed in health and those who are part of the social care workforce. The COVID-19 crisis put great strain on young workers in health, as evidenced by their hours worked and their high levels of burnout as a result of dealing with the pandemic. Lastly, young domestic workers are very much alike across all countries in having the worst working conditions: almost all of them are informally employed and lack social protection and basic labour rights. During the pandemic, many lost their jobs and income or had to stay on isolated in their employer's household.
The crisis has highlighted the need to incorporate young professionals into the public health workforce in a sustainable manner, that is, avoiding a reliance on voluntary work or overwork. This requires robust mentorship structures, intentional recruitment and continuous support, including access to education and training. As a significant proportion of the social care workforce in many countries approaches retirement, the recruitment of younger workers is particularly important. Improvements in working conditions and pay are required to retain existing care workers and attract young workers to the sector. Formalization in the framework of the Domestic Workers Convention, 2011 (No. 189) – which means ensuring that such workers are protected by labour and social security laws and regulations and can access social protection to the same extent as other workers – is the foremost priority for improving the working conditions of young domestic workers.

The response to the crisis revealed various shortcomings in addressing the needs of young people, especially vulnerable ones: first-time jobseekers, school dropouts, fresh graduates with low skills and the many young people who remain inactive not by choice. What young people need the most, if they are in the labour force, is well-functioning labour markets with decent job opportunities, and if they are still outside the labour force it is essential to provide them with quality education and training. Moreover, targeted policy measures are needed to address inequalities and to bring everyone on board. Labour market programmes and policies and social protection systems should shift their focus to outreach beyond the labour market, and they need to be complemented by robust educational and care facilities. In many countries, it is necessary to strengthen social protection systems and tackle the problem of fragmented coverage in order to enhance young people’s resilience at a time of wide-ranging economic and labour market transformations.

As the policy response shifts from immediate relief to supporting the recovery while laying the groundwork for more sustainable, inclusive and resilient economies, deficiencies in reaching young people need to be rectified. This is critical to prevent deeper economic and social scars and to promote a better future of work for all. The problems of youth unemployment, inactivity and precarious work should be at the centre of economic recovery policies to prevent a jobs crisis from becoming a social one. Enhanced international cooperation is equally important to address the fiscal and financial constraints faced by developing countries, in which the majority of young people live. Developing countries will have to spend wisely, mobilize domestic resources to strengthen their social protection systems, and carry out reforms to improve financial intermediation and the business environment so that their small enterprises are able to grow. Considerable investments have to be made in the green transition and in climate change adaptation through efforts to deploy, adapt and scale up the relevant technologies.

When designing and implementing active labour market policies and skills development policies to help workers move on to new occupations and jobs, it is important to ensure that young people are actively engaged and their needs addressed. The transition to greener and more digital economies calls for a broad-based approach to digital literacy coupled with promotion of the acquisition of appropriate technical and digital skills by young people so that they can take full advantage of the new opportunities created. Efforts to shape a more sustainable future require the active involvement and meaningful contribution of young people.
Organization of the report

*Global Employment Trends for Youth 2022: Investing in transforming futures for young people* provides an update on key youth labour market indicators and trends, focusing on the impact of the COVID-19 crisis and on how targeted and sustained investments in the green, blue, digital, creative and care economies can support a human-centred recovery and help to improve the labour market for young people.

The first part of the report, Chapter 1, reviews youth labour markets at the global and regional levels; it contains detailed analyses of youth employment, labour force participation rates and employment-to-population ratios, NEET rates and unemployment. The chapter also examines the disruption to education and training caused by the COVID-19 crisis, and ongoing changes in the sectoral distribution of employment. The second part of the report examines the potential of the green, blue, digital, creative and care economies to provide decent jobs for young people. Chapter 2 considers how a transition to green and blue economies can help to create decent and productive jobs for young people while contributing to environmental sustainability. Chapter 3 explores the potential of digital and creative sectors to provide high-quality employment for young people amid increasing digitalization of the economy and society, noting various challenges that need to be addressed by policymakers to ensure that such jobs meet the criteria of decent work and that existing inequalities are not widened. Chapter 4 looks at how the care economy as a major employer of young people has been affected by the crisis and how it could be made the centrepiece of a job-rich and youth-responsive recovery, focusing on education, health and social work, and domestic work. Finally, Chapter 5 reviews policy responses to the crisis, in particular the extent to which they have benefited young people, and offers a number of recommendations to policymakers with a view to bringing about a youth-friendly recovery and a better future of work.