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Labour
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Global challenges – Global solutions: COVID-19 and the Employment Policy Response

Q&A for:

Tackling the new realities of the Covid-19 youth employment crisis.

**Interview with Sher Verick, Head of the Employment Strategies
Unit and Research, and Susana Puerto-Gonzalez, Technical
Specialist, both of the Employment Policy Department**

Introduction by host:

Youth have always faced inordinately high vulnerabilities in the world's labour markets. They are often the first to lose their jobs in a recession, as they did in the last global financial crisis more than a decade ago. But the impact of the COVID-19 pandemic has been different. ILO Director-General Guy Ryder says the current challenges facing youth are far worse than what we've seen before.

We started already from a situation of great hardship and extreme vulnerability for young people. Now what has happened since, I'm afraid makes matters considerably worse. Perhaps the most important conclusion in our Monitor, is that of young people who were working prior to the pandemic, well more than 1 in 6 of those young people is now no longer working and so I don't think it is giving way to hyperbole to talk about the danger of a lockdown generation to whom we must give particular attention in the many challenges that we will face as we exit this pandemic.

Here to expand on this topic today are Sher Verick, Head of the Employment Strategies Unit and Research and Technical Specialist Susana Puerto-Gonzalez. Both are in the Employment and Labour Market Policies Branch of the ILO's Employment Policy Department. We're going to discuss the extent of the youth employment crisis, how the current crisis is different than

previous economic crises and what policy recommendations the ILO has to offer. Sher, Susana, welcome to the podcast.

So my first question to Sher is, in your latest policy brief, tackling the COVID-19 Youth Employment Crisis, you say that even in the best of times, young people face difficulties in the labour market. So why are young workers disproportionately affected, and is this time different compared with previous crises?

That's right, Tom. Even in the best of times, young people face challenges in the labour market and that's reflected in the youth unemployment rate, which tends to be three times more than that for older adults. We also see that reflected in informality. Around three quarters of young workers are informally employed compared with around 60% of those aged 25 and above. Now, during crises, young people tend to be hit harder. We saw that in 2008 and nine in the global financial crisis. These situations, young workers are cheaper and easier to fire. Young workers that are also more likely to be in temporary and informal jobs with less protection. And thirdly, young people are a large proportion of the job seekers, and as we see in this crisis and in previous crises, vacancy rates go down and this leads to a lot of competition which makes it even harder for young people to get a foothold in the labour market.

Now, is this time different? Well, yes and no. Well, no, because we are already seeing young people being hit harder in terms of a rapidly rising unemployment rate and falling labour force participation rates, et cetera, but it is different in a number of ways. Firstly, it's different because the crisis is much more widespread. The crisis has hit demand and supply. It has hit all countries through direct effects through the lockdown and containment measures, also through indirect effects in terms of disruption to trade, tourism, migration, remittances, et cetera. It is also different because there are not only disruptions to the labour market, but also disruptions to education, training, which has very important implications for the situation of young people.

Okay. So is this crisis more acute in low or high income countries, and what about young people in the informal economy?

Well, our estimates at the ILO as released in the ILO monitor most recently, end of May, show that the impact has affected all regions to some extent, but most notably the Americas, Europe and central Asia, if we look at the latest figures we have. So countries of all income levels have been affected, and as I mentioned, through both these direct and

indirect effects. So some countries have a lot of COVID cases. Others which have fewer cases are still being affected by the indirect effects through the disruption to trade, et cetera. Now, when we look at these low and middle income countries, particularly in South Asia, the Americas and Africa, one of the most vulnerable groups are young workers in the informal economy, and they are the most exposed to job losses and have less support and access to measures and benefits that we see in higher income countries.

And what about the gender wage gaps and occupational segregation among young women and men? Are young women more vulnerable to the impact of the crisis?

Well, yes, we do see a very strong gender dimension to this crisis, but I just would stress that even before the crisis, we saw a range of inequalities in the labour market, despite the progress that has been made in recent years. So we had lower labour force participation rates for young women, gender wage gaps, occupational segregation, as you've mentioned. But what we're seeing during this crisis, which is different than previous crises is that young women are being hit harder because of their employment in hard hit sectors, such as combination food services and retail. And secondly, we also see women making up a high proportion of those frontline workers. So they're the ones who are working in terrible working conditions and are exposed to the virus in those jobs.

And thirdly, we also know that young women bear a greater care burden than young men, and this has been also severely impacted during this crisis. So the real concern for us at the ILO is that this crisis threatens to impact young women and reduces their chances to get a foothold in the labour market. And really we are very concerned that this would lead to a winding back of gains that have been made in recent years. So it's absolutely critical that young women are supported to rejoin the workforce. Particularly sectors that offer new opportunities or are growing as part of the recovery or continue with education and training in line with the post crisis economy.

Right. And you just mentioned education and training. So how is this crisis impacting the employability and transition of young people from school to work and is this likely to have a long-term impact on their employment prospects and earning capacity in the future?

That's right. As I mentioned before, this crisis is different in so far that it is not only impacting directly the labour market, but also education and training. So as we've seen around the world, the crisis has led to major disruptions through the closures of schools,

university, TVET institutions, as well as well as interruptions to apprenticeships, traineeships. All the key parts of building young people's skills and opportunities to get a foothold in the labour market. And we're not talking about a small number of young people and our estimates show that around a half a billion young people were in upper secondary education, postsecondary, non-tertiary, and tertiary education before the onset of the crisis. And they have experienced significant disruptions to their learning over recent weeks and months. A survey that the ILO has done with UNESCO and the World Bank show that 98% of technical vocational educational schools and training centres were forced to close completely or partially during this crisis.

Now, many of them have moved to online training, which has been successful in some cases, but really that has been more prominent in advanced economies. So the real concern is that in low and middle income countries, where the infrastructure and access to online learning, hasn't been as good, young people face really severe disruptions to their education and learning, which will have very serious consequences for their future opportunities in the labour market. And what we know from previous crises, these types of disruptions to education and training threatens to impose lifelong losses for young people, especially those who are forced to quit their studies, or they may find themselves with a degree that will not be in demand as we move into the recovery period.

So I think coming to the part about the long-term impact, just to stress on this long-term impact, what we really are concerned about is how these young people will be able to make the transition from school to work given the disruptions that we've seen in education and training. And we really have to focus very carefully on which sectors are going to be growing as we move into the recovery phase, and they may not be the same sectors where young people had had been getting their education and training prior to the onset of the crisis, and this will be a very important issue in order to get young people back into the labour market and to ensure that they can make a successful transition to decent work.

I think this raises the interesting question brought out in the policy brief that a huge share of young people today are neither in employment, education, or training, and this amounts to around 267 million or one fifth of the young people worldwide. So I'd like to ask Susanna, if they're not working, if they're not learning or training, what are they doing?

Indeed, prior to the pandemic, around one out of five young people who were not in employment, education, or training, the so-called NEET of these generation. This comprises

unemployed youth, who as you know, are actively seeking employment, as well as those who are inactive, many of them discouraged by the lack of jobs and economic opportunities and who have given up on the job search. A young person with a NEET status is neither gaining experience in the labour market, nor receiving an income from work, nor enhancing his or her education and skills. It is quite a difficult situation for young people to be in. But it is important to emphasize that the persistence of the NEET challenge is primarily critical among young women, especially those in lower and middle income countries, where the NEET rate is nearly 40%.

So when COVID-19 hit the economies exacerbated existing vulnerabilities among young people, particularly among those who were not working or studying as they lack access to social protection and the safeguarding instruments that come with having a formal job. As many of them attempt to transition now into employment or seek means to make a living, they find themselves challenged by a reduced number of vacancies, by budget cuts, by increasing numbers of unemployed people of all ages and markets facing pandemic disruptions, which is also deterring or hindering the opportunities for young people to succeed in entrepreneurship and entrepreneurial activities. The youth NEET is therefore without doubt one of the hardest hit groups who may experience the scarring effects or long-term repercussions of the crisis, unless there is decisive and targeted action to integrate them into employment.

So isn't there also a risk of both short and long-term impact on the mental health of young people and how does this manifest itself?

Yes, unfortunately, the mental wellbeing of young people is at risk. Family stress, social isolation, risk of domestic abuse, disrupted education, and uncertainty about the future are some of the channels through which COVID-19 has impacted the emotional development of young people. In a recent global survey conducted by partners of the Global Initiative on Decent Jobs for Youth, we found that one out of two young people age 18 to 29 are possibly affected by anxiety or depression. This is quite striking, and even more to note that about 70% of young people are probably in a situation of anxiety or depression. Younger youth, that is those age between 18 to 29, are more prone to reflect feeling poor mental wellbeing in comparison to older youth, say those 30 to 34.

It is also more likely to see poor mental wellbeing outcomes among young women, which is indeed a cause of concern. And we see these early signs reflected in young people's perceptions about their future. For example, the survey also asked young people about how

they perceive their career prospects, and 38% of them see them actually with lots of uncertainty, while 16% actually see them with fear. So it already or manifestation of the hard impacts of COVID-19 in the opportunities and perceptions, aspirations of young people towards the future. These most concerned about their future are actually young people that are not in employment, education, or training, and young women.

So in light of all this, the ILO is calling for urgent large scale and targeted employment policy responses to prevent loss opportunities and promote greater youth inclusion in the labour market. Can you briefly run through some of these key policy recommendations?

Indeed, we want to prevent a lockdown generation, and to do that the ILO is calling for immediate larger scale and targeted action. And here is how. First we need to strengthen our focus in on facilitating the transition of young people into decent work through job creation and the promotion of youth led enterprises. Here countercyclical fiscal policies, along with strong national employment policies can help young people, especially those in a NEET status, to acquire work experience, for example, through quality apprenticeships and training programs, to access work, for examples, through hiring or wage subsidies programs, and also to access capital and other inputs that they may need to start up their businesses through entrepreneurship promotion interventions.

So these measures are quite important, but it is also important to complement them with investments in sectors of growth, and these are sectors where we see greatest potential to absorb the large numbers of young job seekers that are today out in the market across the world. So sectors with this potential would, for example, be the green economy or the digital economy, where we see young people have not only some of the skills needed to address the economic needs in these areas, but also may be quite easily integrated into the jobs of the future.

The second area of work that the office is proposing is the need to bring responses and measures to protect young workers, their incomes, jobs, and the health of young people in employment regardless the type of contract they have. And here it's important to go back to the sectors that Sher mentioned that are quite vulnerable to the crisis, because protecting young workers in those sectors is important as well as protecting youth in the informal economy who need to have access to social protection, and in some cases, if needed, it will be important to think about how to flexibilize requirements so that young people can access the unemployment insurance benefits and benefit as well from work sharing arrangements or short time compensation measures. So in this context of widespread teleworking, the right of young people to disconnect from work is also crucial to their wellbeing. And it is

important that we think about opportunities to protect those that are already in employment so that they don't lose their jobs, but also they can maintain their health and the stability that those jobs are offering.

And last but not least, we need to continue investing in education and skills development with a focus on the new requirements of a post COVID world of work. Indeed, distance and online learning have opened a door of opportunities, but now we need to ensure that this is a door open to everybody and not to the few with broadband connectivity and access to ICT equipment, or even access to quality curricula. Similarly, it is important to think about the pathways for young people that have left school. Those early school leavers say who have dropped out either because they could not afford to continue paying their education, or because they needed to support their families and sustain the income of the household, so they have entered into as some sort of employment opportunities.

So when it comes to education and training, it is important to think about measures that can bring early school leavers back into education or a pathway of career building. All of this is only possible if it is accompanied by social dialogue, so let's ensure our actions are rights based and strengthen youth voices in key policy making processes, and that includes through our support for young people's participation and their voice in trade unions and employers' organizations. Supporting young people can empower them to become and continue being agents of change for a faster and stronger socioeconomic recovery, that, indeed, as director general Guy Ryder puts it, build back better.

Moderator out:

Thank you, both of you for that very comprehensive overview of the jobs crisis facing the world's youth. Millions of young people were already unemployed and underemployed before the COVID-19 pandemic. As we've heard today, the multi-dimensional nature of the crisis is hitting youth harder than any others in the labour market. One thing is clear: we need to act urgently, if we're going to keep the "lockdown generation" from becoming a lost one. I'm Tom Netter, and you've been listening to the new ILO podcast series on global solutions to the COVID-19 employment challenge. Thank you for your time.