

► The future is here... is it ready for the youth?

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►► The youth employment challenge is constantly evolving, but the policies are not keeping pace.

Inadequate employment opportunities for youth are a never-ending policy concern. In 2019, there were more than 1.2 billion persons aged 15 to 24 – the youth – in the world. Among them, around 430 million were working and nearly 68 million were unemployed. This made the global youth unemployment rate about 13.6 per cent, which was 3.4 times the rate of the older adults. It is a ratio that has been increasing in the past few decades. Some 22.2 per cent of all youth (roughly 267 million persons) did not study nor work in 2019 (ILO 2020).¹

Although there are great differences across regions, these figures suggest the magnitude of difficulties that young persons are experiencing in accessing labour markets. But it is an evolving problem. In times of crisis, youth are often the first and worst hit. This is borne out by the experience of young workers during the 2008–09 financial crisis and even more so now in the COVID-19 pandemic-induced economic crisis. While many young workers are losing their jobs because they are over-represented in the hard-hit sectors and in the informal economy, the commonly used indicator of the so-called “youth labour market problem” – the open unemployment rate – seems increasingly to be less accurate in reflecting the situation. Many more young people are employed in work that is vulnerable, informal and insecure, and during crises, the situation gets worse. The share of youth in working poverty is growing larger.

The international agenda has focused on young persons who are neither employed nor in education or training. This is a heterogeneous group, with the majority of them women in several regions, which

reflects an exclusion from the labour market and from education that leaves long-term scarring effects on lives and life trajectories.² This under-utilization of youth also has negative effects on economies and societies.

Of course, acquiring a job does not assure young people of employment security. For instance, for 77 per cent of the 363 million young people in 2018, the first job experience was in informal employment. This is worrying because young people who start with informal employment are more likely to remain in it or return to it later in life.

For other young people, especially those in situations of crisis or fragility, international migration has become an appealing idea. According to United Nations data, at least 20 per cent of youth worldwide would migrate to another country if they had the chance; this proportion increases to 40 per cent for developing countries. Most policy discussions, especially in receiving countries, focus on this 12 per cent. But sending countries need to also worry about the other 88 per cent who would like to migrate if given the opportunity.

In all countries, the generation of young workers who entered the labour market at the start of the twenty-first century are encountering tremendous challenges in these times of great change and transformation in the world of production, work and societies. The literature on the future of work highlights the many changes in demography, technology, climate and forms of production, among others, that are already shaping labour markets and will continue to do so. This type of change seems

1 The proportion of young people who are not in employment, education or training in the youth population has become a youth-specific target for the post-2015 Sustainable Development Goals (SDGs). SDG indicator 8.6.1 states: “By 2020, substantially reduce the proportion of youth not in employment, education or training (NEET).”

2 The popularity of the NEET concept stems from how it addresses the employment and educational dimensions at the same time, both of which are critical for young people. The relationship between the NEET rate and the unemployment rate can be expressed as $NEET = (P - N - E)/P$, where P is the total youth population, N is the number of employed persons and E is the proportion of youth in education but not in employment. Following the discussion by O’Higgins (2010) and if $\varepsilon = E/P$, this can be expressed as $NEET = 1 - p(1 - u) - \varepsilon$. See Elder (2015) for a methodological discussion.

significantly different from what confronted previous generations, at least in recent times.

This book represents the work of researchers within the International Labour Organization (ILO) on the risks and opportunities that these transformations are ushering in with great speed and tenacity and our ideas for how youth employment policies can lead this unprecedented time into a boon for individuals, economies, societies and the planet.

How youth labour markets are evolving

After decades of rapid youth population growth, the world has started to experience a decline in their absolute numbers. Only Africa and a few countries in other regions continue to have increasing numbers. Recent studies highlight, however, that Africa's youth share of the working-age population peaked at the turn of this century and is now on the decline,

although it remains growing in absolute numbers (Fox 2019).

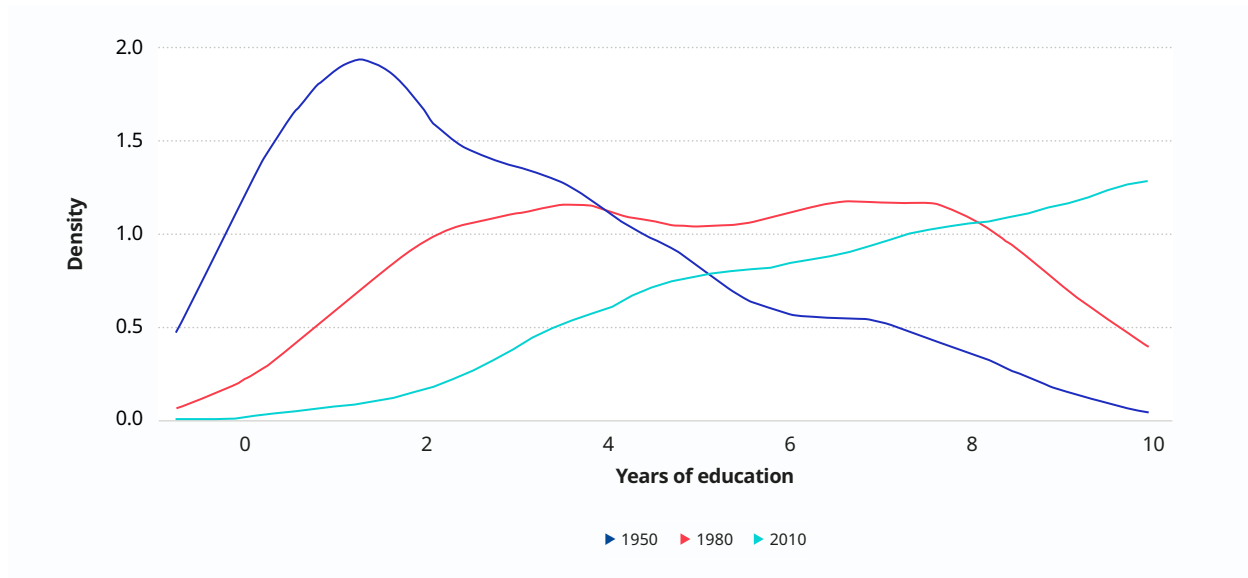
Today's youth will have longer life (and labour) trajectories than previous generations, with the median age of the population (the age that divides the population in two equal halves) increasing from nearly 21 years old in the early 1970s to almost 30 years in 2015.

These transformations in the age structure of populations are influencing the evolution of youth labour markets. The global youth population is decreasing (by around 3.8 million persons per year in the current decade), while the number of older adults (aged 25 and older) is increasing (table 1). Labour participation rates are also decreasing, thus contributing to a sharp decline in the economically active population (labour supply) of youth: it decreased by 7.7 million persons per year from the previous decade. For the younger cohort (aged 15–19), a main determinant of falling participation rates correlates with more young people engaged in

► **Table 1. Global structure of the labour market, by age, 1991–2019 (millions)**

	Total				Female				Male			
	1991	2000	2010	2019	1991	2000	2010	2019	1991	2000	2010	2019
Population (working age)												
Aged 15+	3 642.8	4 290.9	5 078.8	5 736.5	1 826.5	2 152.3	2 542.3	2 868.2	1 816.3	2 138.6	2 536.5	2 868.4
Aged 15–24	1 015.1	1 085.1	1 215.4	1 205.0	497.2	530.8	591.2	582.6	517.9	554.3	624.2	622.4
Aged 25+	2 627.7	3 205.7	3 863.4	4 531.5	1 329.2	1 621.5	1 951.1	2 285.6	1 298.4	1 584.3	1 912.3	2 245.9
Economically active population												
Aged 15+	2 390.3	2 777.6	3 172.7	3 482.4	935.9	1 097.9	1 241.6	1 354.0	1 454.4	1 679.7	1 931.2	2 128.4
Aged 15–24	588.6	567.7	561.5	496.5	245.2	227.7	219.8	191.2	343.3	340.0	341.7	305.3
Aged 25+	1 801.7	2 209.8	2 611.2	2 985.9	690.7	870.1	1 021.7	1 162.8	1 111.0	1 339.7	1 589.4	1 823.1
Employed												
Aged 15+	2 277.1	2 617.5	2 984.9	3 294.7	891.4	1 032.8	1 166.2	1 278.6	1 385.6	1 584.7	1 818.7	2 016.1
Aged 15–24	532.1	496.6	487.0	428.9	223.9	200.5	191.3	166.2	308.2	296.1	295.7	262.7
Aged 25+	1 745.0	2 120.9	2 497.9	2 865.8	667.6	832.3	974.8	1 112.4	1 077.4	1 288.6	1 523.1	1 753.4
Unemployed												
Aged 15+	113.2	160.0	187.8	187.7	44.4	65.0	75.4	75.4	68.8	95.0	112.4	112.3
Aged 15–24	56.5	71.1	74.5	67.6	21.3	27.3	28.5	25.0	35.2	43.9	46.0	42.6
Aged 25+	56.7	88.9	113.3	120.1	23.1	37.8	46.9	50.4	33.6	51.1	66.4	69.6

Source: ILOSTAT database, <https://ilostat.ilo.org/>.

► **Figure 1. Average years of education of the working-age population (15 and older), 1950, 1980 and 2010**

Source: Barro-Lee data set, www.barrolee.com/, accessed May 2019.

higher levels of education. For persons aged 20–29, the main reason discouraging participation is the lack of viable employment opportunities (ILO 2016). This has led to falling youth employment and youth unemployment at the same time.

An upward trend in education levels is evident, with increasing enrolment rates for secondary and tertiary levels of education. The evolution is remarkable. In the majority of countries, the most common level of education among persons entering the labour market in 1950 was primary school; in 1980, it was secondary school; for 2010, it was a tertiary degree (figure 1). Several studies have found that this evolution has spurred a reduction in returns to education due to more graduates and increasing concerns with the quality of education (ILO 2020).

Young people are indeed studying more, with a downward trend in youth drop-out rates. According to statistics of the United Nations Educational, Scientific and Cultural Organization,³ school drop-out rates for women fell from 28 per cent in 1998 to 16 per cent in 2017. There has been as well a reducing trend among men, although less pronounced. Still, the proportion of persons with an incomplete

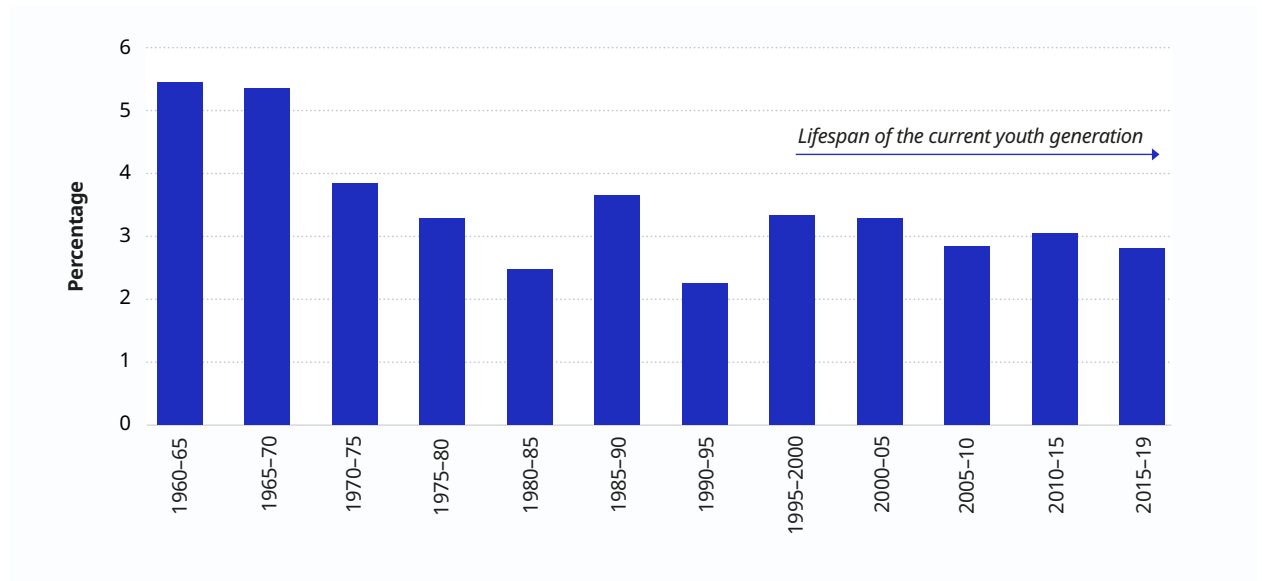
education remains large.⁴ To stop studying limits or restricts the education of young people as well as their personal life trajectories. Education does not merely serve the purpose of finding a job and earning income; it also inspires and empowers young people to have greater personal and career achievements in life. Leaving school for economic reasons, which is the most frequent response in some cases, can seem beneficial in the short term but their work trajectories are affected due to their restricted education.

The current generation of youth – born between mid 1990s to mid 2000s – are entering labour markets in which new forms of production are emerging, including production in global value chains, fragmentation of the production processes and automation. This is a time also marked by increased economic uncertainties due to business cycles becoming more difficult to forecast. The phenomena are manifesting in new forms of work (platform work, gig economy, etc.) and more job and income uncertainty. Temporary jobs, shortened job tenure and the reduction in lifetime jobs or careers are becoming a standard around the world.

3 Varying years, see <http://uis.unesco.org/>, accessed December 2018.

4 Conducted at various times between 2012 and the end of 2015, the ILO school-to-work transition survey findings suggest several reasons for stopping studying: Some young people were not interested in further education (at 22 per cent), while others stopped studying due to economic reasons (at 27 per cent). There were significant differences between the sexes: for men, an economic reason (at 33 per cent) was the main cause but for women, the main reason was to marry (at 28 per cent).

► Figure 2. Average gross domestic product growth rates, 1960–2019 (%)



Source: World Bank, <https://data.worldbank.org/>, accessed December 2020.

For every percentage point of gross domestic product growth, the generation of employment is less, especially among the youth. Kapsos (2005) found that while total elasticities were around 0.3 for the total population for 1999–2003, it was low for youth, at 0.06. A simple update of this calculation indicates that the youth elasticity turned negative after the international financial crisis of 2008–09.

There has been much discussion on why this occurred. Several studies cited youth employment regulations, although the evidence was not conclusive.⁵ These studies, however, understated the importance of other factors, such as the composition or pattern of growth, which has an impact on demand for workers. A simple shift-share analysis of the youth-to-adult employment ratio found that it fell by 2.9 percentage points in the period just before and just after the 2008–09 crisis (table 2). The shift-share analysis deconstructed this variation into two components: one linked to changes within each economic sector and the second related to the redistribution of employment across sectors. Most of this reduction is explained by the changes within each sector (consistent with the overall fall in youth labour demand). But the redistribution of

employment had influence, especially the sharp reduction in the agriculture sector, which was not offset by increases in other sectors (so the net effect was still negative). Premature de-industrialization in many developing countries has contributed to a slow structural transformation and a declining trend towards job creation in manufacturing and the more productive services (see Dasgupta, Kim and Pinedo 2019).

Technology has changed and will continue changing labour markets. According to the International Telecommunications Union,⁶ the number of mobile phone subscriptions reached nearly 100 per 100 inhabitants worldwide in 2016. The percentage of people using the internet increased from 15 per cent in 2005 to 47 per cent in 2016 (figure 3). Studies now highlight the expansion of automation. In 2015, there were nearly six new robots in the world per 1,000 workers, while in 2003 it was fewer than two.⁷ The trends in the robot-to-worker ratio are rapidly increasing in the world, although with great geographical differences.

5 Kapsos (2005), for example, correlated low elasticity with a diverse set of variables. He concluded that there are reasons to believe that changes in youth employment may not be as linked with total output as changes in output among the overall population or among adults.

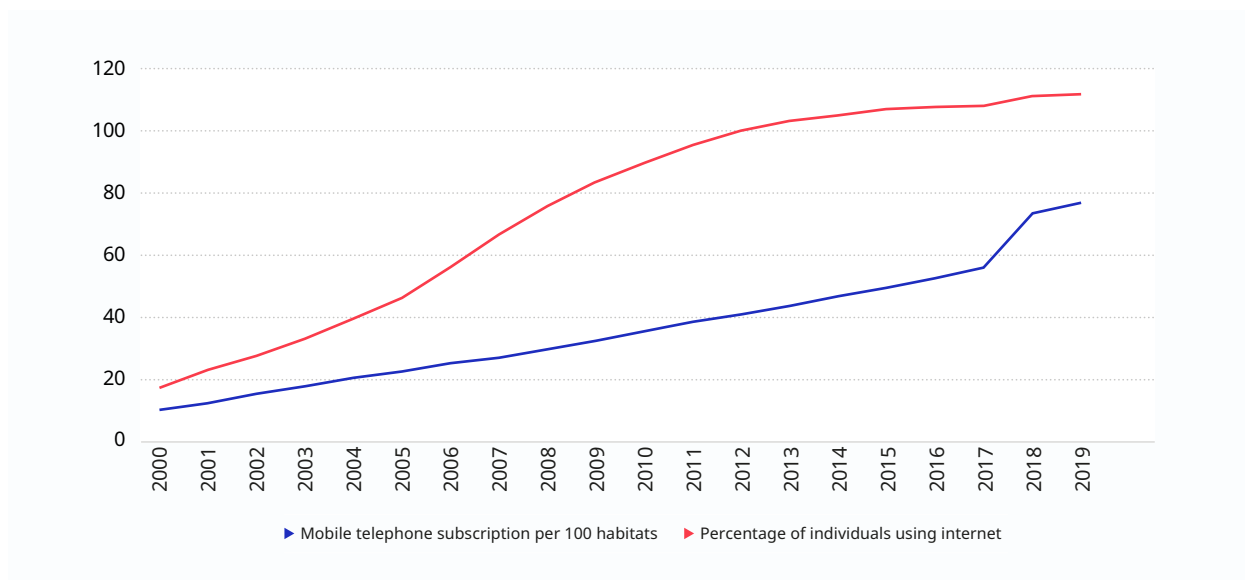
6 See www.itu.int.

7 The number of robots comes from <https://ifr.org/free-downloads/>, accessed July 2018; that number was divided by the number of workers in the world according to ILOSTAT, <https://ilostat ilo.org/>, accessed July 2018.

► **Table 2. Shift-share analysis of the youth-to-adult employment rate, (circa) 2005–2015 (%)**

	Youth-to-total employment rate		Composition of total employment		Decomposition of change		Sum
	Pre- crisis	Post- crisis	Pre- crisis	Post-crisis	Within sector	Change of structure	
Agriculture, forestry and fishing	27.8	23.2	35.5	26.5	-1.2	-2.5	-3.7
Manufacturing, mining, electricity	32.1	30.3	15.8	16.0	-0.3	0.1	-0.2
Construction	31.7	27.5	5.8	7.3	-0.3	0.5	0.2
Transport, storage and communication	27.1	25.7	5.1	6.7	-0.1	0.4	0.4
Trade, hotels and restaurants	33.1	29.6	14.8	17.0	-0.6	0.8	0.1
Financial intermediation	24.3	26.5	1.4	1.8	0.0	0.1	0.1
Real state, business activities	25.8	23.9	4.5	6.7	-0.1	0.6	0.4
Public administration	15.3	15.8	4.1	4.6	0.0	0.1	0.1
Education	21.0	20.6	4.4	5.0	0.0	0.1	0.1
Health	22.3	21.6	3.4	4.2	0.0	0.2	0.2
Other services	30.8	26.4	5.3	4.3	-0.2	-0.3	-0.5
Total	28.5	25.6	100.0	100.0	-2.9	-0.1	-2.9

Source: Authors' calculations based on Dasgupta, Kee and Pinedo 2019.

► **Figure 3. Access to information and communication technologies, 2000–2019**

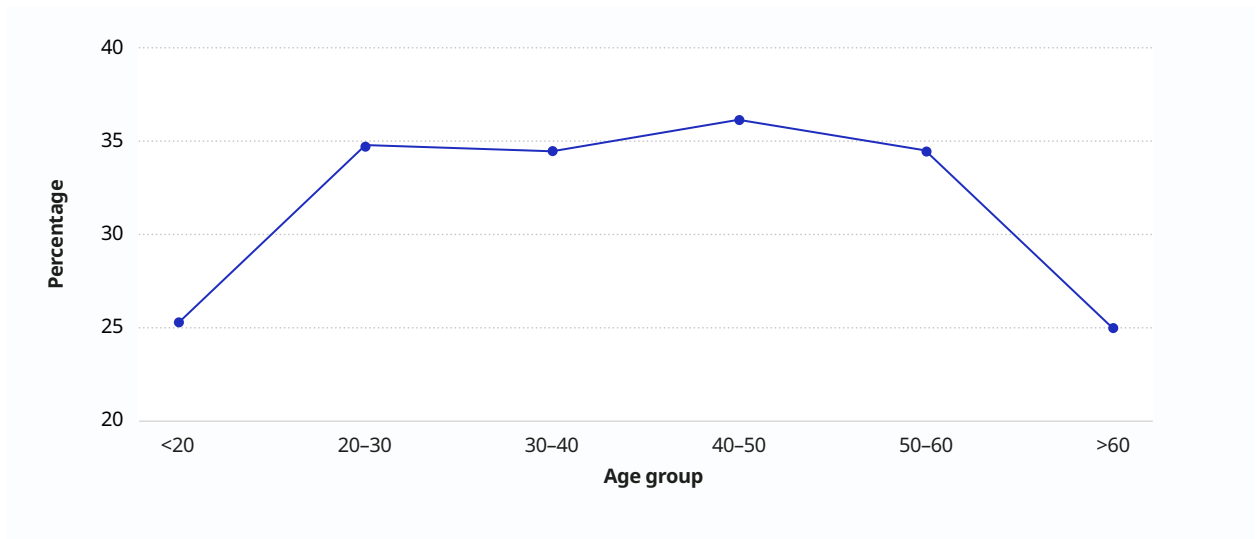
Note: Due to data availability, no African countries are represented in this graph.

Source: International Trade Union, www.itu.int, accessed December 2020.

An increasing number of studies and institutions are examining the impact of technology on the level of employment and the way the labour market functions. Youth will be disproportionately affected

by these changes. They are already more prevalent in platform work, for example. And the risk of automation is greater for the youth than for any other previous generation (ILO 2020).

► **Figure 4. Proportion of people worried about losing their job, by age, 2015 (%)**



Source: ILO calculation based on GESIS, ZA6770: International Social Survey Programme: Work orientations IV-ISSP 2015, www.gesis.org/issp/home, accessed December 2018.

Interestingly, according to International Social Survey Programme data (figure 4), the youth below 20 years old generally do not seem to be too concerned about losing their jobs, with the proportion of those worried at around 25 per cent, although after age 20, the proportion rises to 35 per cent. It only decreases after age 60. This perspective is mixed when it comes to automation. The ILO (2017b) found that youth in some developed countries are more worried than youth in developing countries. The differences in perceptions indicate that young people can accept that their current labour or education situation may not be the best, but they have the same aspirations for the future as all other generations: a good-quality job with social protection.

The absence of long-running labour and personal perspectives for the youth is an increasing concern in many countries. Full and productive employment policies for the youth should aim to ensure the best trajectory possible for them, which will favour ascending mobility processes and thus reduce poverty in a sustained way.

Transitions of young people need greater support

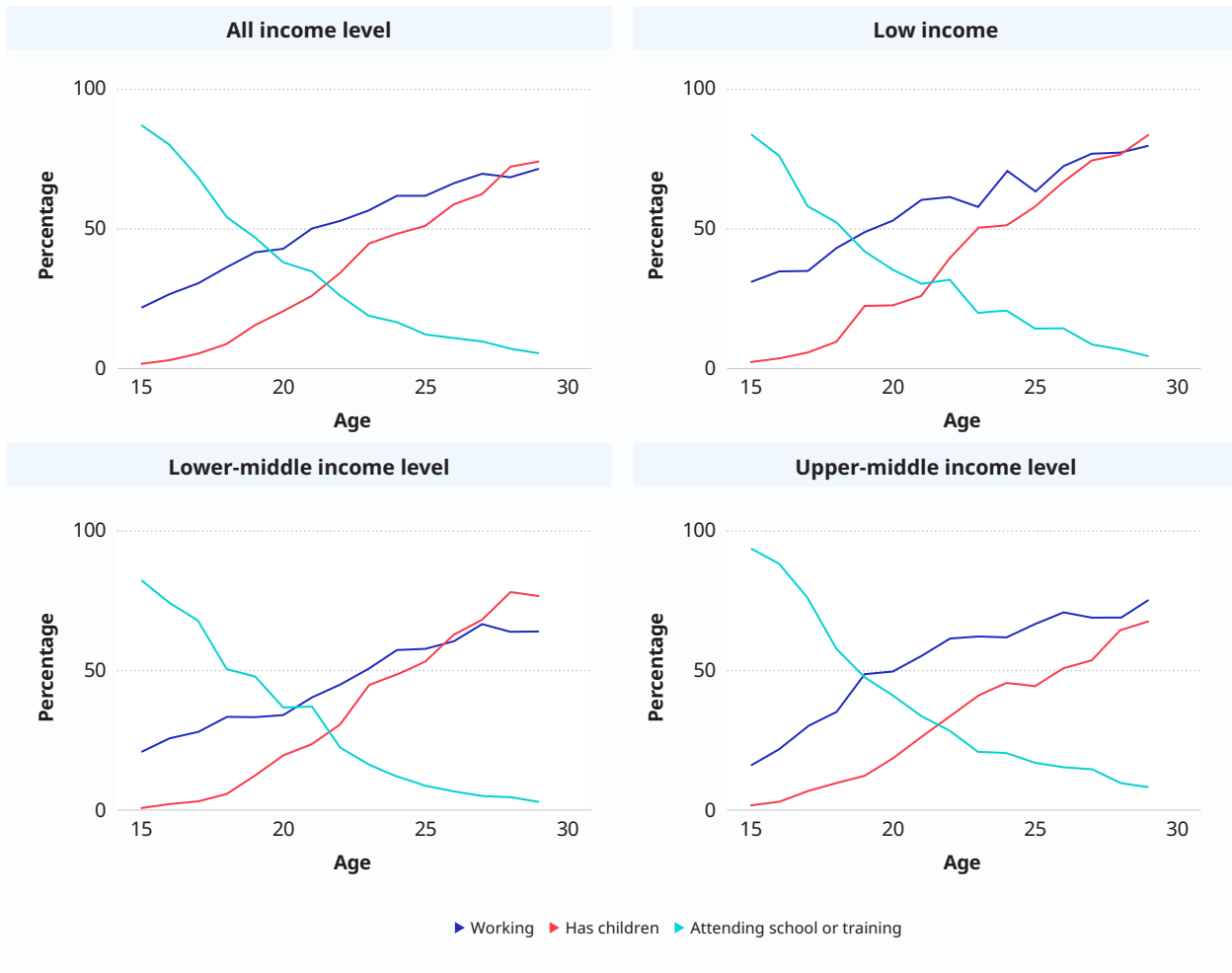
The many transformations already being studied and the many not yet foreseen will generate opportunities but also risks and inequalities for young people.

All young generations go through tremendous personal changes and transformations as they hurtle into adulthood, usually referred to as the “youth transition” (Chacaltana, Elder and Lee, 2020). Perhaps the most important transformation for youth relates to reproduction (having children). It is this stage in life when most young people move from being children to being parents. But it varies. Some young people, have children very early, during their teens (aged 15–19).

Almost 50 per cent of the total population aged 25 has a child and that percentage increases to almost 75 per cent at age 29 (figure 5). These percentages grow more rapidly among young women, underscoring that this transition affects them more than young men. The main problem arises when this transition is not planned, which introduces many risks for labour trajectories. One of these risks is abandoning school (World Bank 2008) or becoming discouraged to work, which leads to inactivity, often moving into the not in employment, education or training status.

Then there is the educational, or the school-to-skills, transition. At age 15, all young people should be

► Figure 5. Primary transitions of young people aged 15–29, by age (%)



Note: Data with missing values on the status were excluded.

Source: Authors' calculations based on findings from the ILO school-to-work transition surveys, conducted between 2012 and the end of 2015 (the latter year is used in countries with two rounds of the survey).

studying (basic education), although in practice this is not the case.⁸ Of the young people who finish basic education, some leave school and enter the labour market typically in a low-skill job. Other young people start their transition into post-secondary (vocational, technical or university) education, where they should then acquire the skills needed in the labour market.

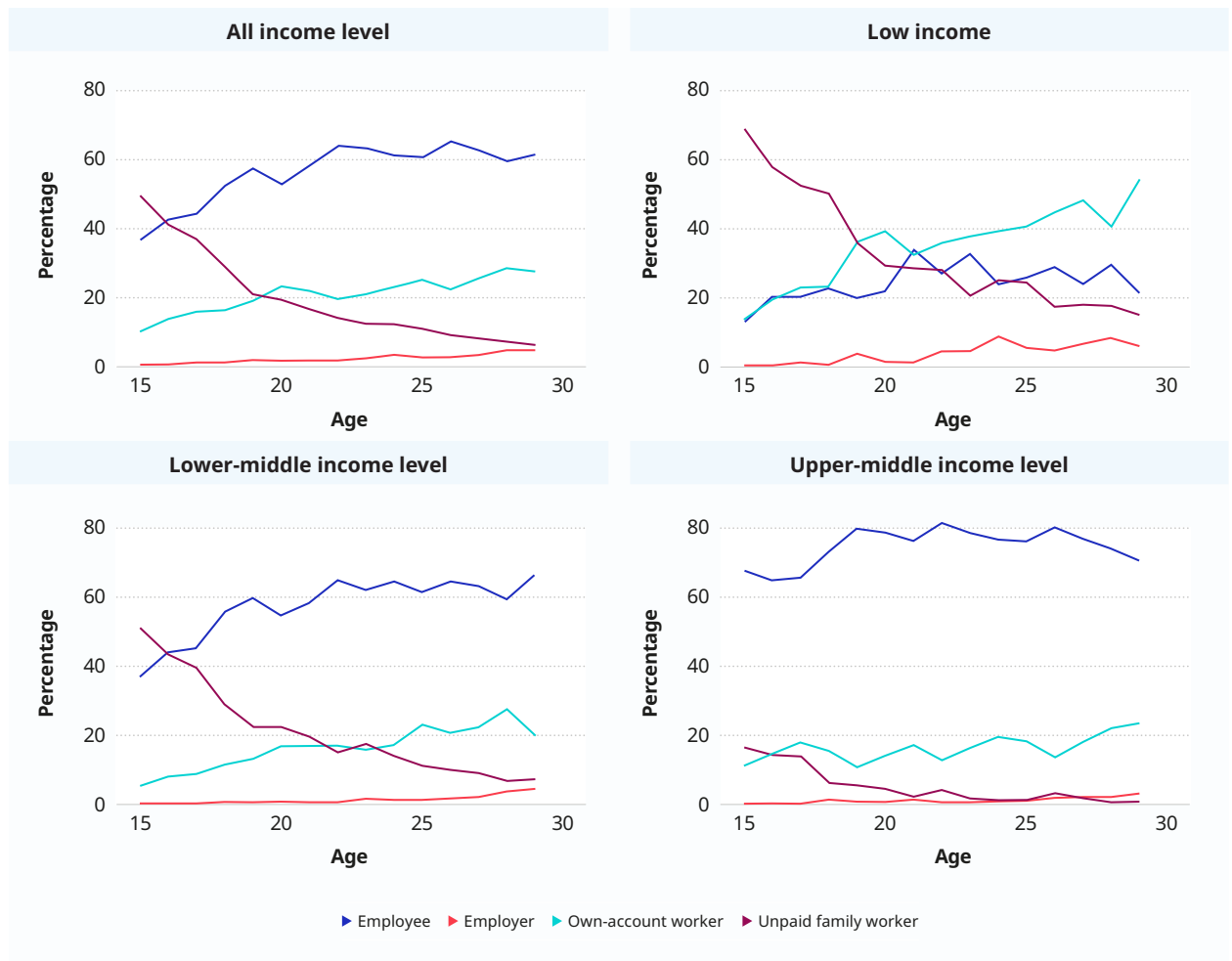
Individuals who go through this educational transition start to encounter different sorts of challenges. What do I study? they typically ask themselves. According to the literature, many young people make their career choice based on personal preference alone, without taking into account the

labour market situation. This often leads to skills mismatch. Mismatches generate the paradox that while there are many employers with the perception that they cannot fill their vacancies, there are many qualified people looking for jobs who do not have the qualifications that are demanded.

Another question young people ponder: Where do I study? Even if they choose a career that is in high demand, they need to find an institution that they can trust will give them quality education or training. Many studies emphasize that quality education, one that includes practical experience, values and core labour skills that employers look for, is not easily available. In some cases, an increase of

8 In Latin America, for example, some 20 per cent of young people are out of the education system for many reasons, among them, the need to work.

► Figure 6. Status of young people (aged 15–29) in employment, by age (%)



Note: The less frequent employment statuses (member of cooperative, other) are not depicted.

Source: Authors' calculations based on findings from the ILO school-to-work transition surveys, conducted between 2012 and the end of 2015 (the latter year is used in countries with two rounds of surveys).

tertiary education rates has been accompanied by a reduction in their quality.

Then there is the school-to-work transition. Around 20 per cent of all young people in the ILO school-to-work surveys began working at age 15. They probably started before, as working children. This proportion increased to about 60 per cent at age 25 and then to nearly 70 per cent at age 29. This transition is crucial because the first job experiences or the age for having a first job can heavily influence the labour trajectory, on a varying degree depending on the region or country.

According to recent ILO analysis of the school-to-work survey findings:⁹

- Most young people start their labour trajectories working for somebody else as employees.
- Adolescent workers (aged 15–17) mainly start as unpaid family workers.
- In many cases, the first experiences are precarious, mostly in informal employment.
- The percentage of youth working as employees increase until the age of 23, when it stagnates more or less at around 60 per cent.

9 For a list of publications using the school-to-work transition surveys, see www.ilo.org/employment/areas/youth-employment/work-for-youth/publications/lang-en/index.htm.

- The entrepreneurship profile increases with age for persons who become own-account workers, but less for those who become employers (except for low-income countries) (figure 6). Although many young people would like to have their own business, the process is not simple, and not all of persons who would like to start a business actually do so. Many youth businesses do not last long.

Once in the labour market, the first experience for most young people is sometimes an informal job or working for others (in some cases, as unpaid family workers). The transition to formality is large and complex. Recent research indicates that there is an inverse-U shaped age-formality profile, which means that formalization policies could have a lifetime approach, and specific measures in the youth ages could have significant impacts in their lifetime trajectories. A similar difficult path opens also for those youths who, after a while and having accumulated labour market and occupational experience, want to become entrepreneurs. Here they have to face the enormous challenges that exist in the culture of entrepreneurship or in the process of turning promising ideas in real life businesses, especially for young persons with little or no business experience, credit history or collateral.

All the transitions take place in a short period. But young people do not always have access to enough information, advice, counselling or resources to make sound decisions. For some of them, these transitions empower their skills, creativity and talent and prepare them for the lifetime ahead, granting them easier access to decent work trajectories. For others, unfortunately, this does not occur. In particular, these transitions may involve risks for the most vulnerable youth because they start to encounter unemployment or even exclusion, such as young people not employed or in education or training. Because these transitions have enormous consequences over the life course and influence life trajectories, they should be taken into account when drafting youth employment policies.

This book talks about today and the future

Youth labour markets have evolved rapidly over the past two decades. New technologies have changed the nature of labour markets for all persons, but particularly for young workers. At the same time, more young people are better educated than ever before. While new technologies require better education, the job market for young workers is not promising. As the relationship between labour, capital and skills changes, the number of workers needed to create per unit of output declines, leaving young people searching for employment despite being better educated. A major deficit of youth employment policies has been the lack of coherence between those that prepare young people for the labour market and those that create opportunities for young people to use their education and skills. The latter has fallen far short. Furthermore, during a crisis, youth are the first to lose work and often the last to be hired because they lack experience. Crisis after crisis has hit the youth hard. Yet, unless we are able to create the jobs that they can aspire towards, we will not be realizing the potential dynamism of our young population. While youth employment is in crisis everywhere, it is particularly the case in Africa, where the youth labour force is growing while job opportunities in an evolving labour market are scarce.

The book is organized in three parts. Beyond this introductory chapter, the second part consists of nine thematic chapters, covering gender realities, the gig economy, regulations, education and training, entrepreneurship, formal employment, rural employment, crisis and fragility and green jobs. Given the particularly huge policy challenge in Africa, the book dedicates one chapter on rural employment in the African context. The third part looks forward in terms of youth employment measures, youth aspirations and a final reflection on youth and the future.

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