

Youth Employment*

Claudia Coenjaerts, Christoph Ernst, Mariangels Fortuny, Diego Rei, ILO
Markus Pilgrim, Youth Employment Network (YEN)

- a. The youth face specific barriers in the labour market; their unemployment rate is significantly higher and their employment and working conditions are worse than those of their elders, which leads to high economic and social costs for their society. Special attention must, therefore, be paid to integrating the youth better into the labour market, even more so given that their number is so high.
- b. Support for the youth should mainly be based on existing employment policies, complemented, where necessary, by targeted interventions and when implemented, its impact on other age groups must be taken into consideration.
- c. Often a supply demand mismatch lies at the root of the weak labour market integration of the youth; this is a situation that could be resolved by adopting integrated approaches that consider both sides of the labour market effectively and involve all sectors of society, including the youth, in the decision-making process

Introduction

Youth employment has grown in prominence on national and global development agendas. The youth employment challenge has its own dimensions and confronts countries worldwide regardless of their stage of socio-economic development. The underlying problems are the large number of young people entering the labour markets every year, the lack of employment opportunities in particular in poor economies and post-conflict countries, and the low quality of education and training without a proper link to the labour markets. This paper tries to outline the dimension of the problem, the reasons why to intervene, and the possibilities of improving youth employment.

What are the recent global labour market trends and challenges with regard to youth?

- Today's world contains an estimated 1.2 billion young people aged between 15 and 24 years (an increase of 17% compared to 1995), that is 24.7% of the world's working-age population. (ILO, 2008a, ILO, 2008c). About 87% of them live in developing economies (UN, 2007).
- As the youth population grew faster than both the total population and youth employment, the share of the youth who are employed in the youth population declined from 49.2 to 44.5% between 1997 and 2007 and the total number of unemployed increased from 63 million to 71 million between 1997 and 2007, in particular in sub-Saharan Africa (from 8 to 10 million) (ILO, 2008c).

* The opinions expressed and arguments employed in this paper are the sole responsibility of the authors, and do not necessarily reflect those of the OECD or the governments of its member countries.

- Worldwide, youth unemployment is high, with a global average of 11.9% in 2007, *i.e.* almost three times higher than the adult unemployment rate. (ILO, 2008c). Moreover, young people made up 43.7% of the world's total unemployed population despite accounting for only 25% of the working population. However, unemployment is only part of the problem.
- More than one-third of young people in the world are unemployed, have completely given up looking for a job (discouraged) or are working but still living below the USD 2-a-day poverty line (the working poor) (ILO, 2006). There are an estimated 125 million young working poor at the USD1 threshold, which in 2005 corresponded to 20% of employed young people.
- Overall, there is no significant difference between the sexes when it comes to young people's search for work. The unemployment rate for female youth is, at 12.5%, only slightly higher than the male rate of 12.2%. (ILO, 2008b). Nevertheless, differences can be stronger in specific countries¹ and regions due to economic and cultural reasons and may justify gender-specific interventions. Moreover, young women are engaged more in unpaid (family, personal, reproductive) work, which affects their participation in paid productive activities.

Why special attention to youth?

In view of the youth employment challenge, many governments are investing considerably in youth employment programmes, which complement general poverty reduction and employment policies. Questions arise as to what justifies these youth-specific interventions and why it is not sufficient to focus on promoting a favourable investment and business climate.

The following main arguments have been put forward to justify youth-specific interventions:

- Young people face specific challenges in accessing the labour market and this lowers their chances of finding decent employment. The main difficulties are: (a) a higher chance of losing their jobs during economic downturns (“last in, first out”); (b) specific barriers to entry, often stemming from lack of experience; and (c) path dependence: early unemployment increases the likelihood of subsequent unemployment. (Clark and Summers, 1982; Freeman and Wise, 1982).
- Underutilized young people incur significant economic costs² as the national workforce is not being used to its full potential. Moreover, young people are, in general, more dynamic, often have a higher educational level than their parents. It is also mainly young people who opt for migration if they cannot find adequate employment in their own country. Underutilization of young people in the labour market can trigger a vicious circle of intergenerational poverty and social exclusion.
- Often, lack of employment opportunities may result in social conflicts, such as violence and juvenile delinquency, which, in turn, incur high social costs. Moreover, post-conflict countries have predominantly young populations without a decent job, many of them deprived of education, having grown up in violent societies and often having been combatants themselves.

How to promote youth employment?

Labour demand

Resolving the problem of youth unemployment and under-employment requires, on the one hand, growth of salaried employment in the formal economy. This leads to more jobs for young people and encourages the transition from the informal to the formal economy. On the other hand, the quality of employment (*e.g.* productivity, working conditions) in the informal economy, where the majority of young people work, should be improved.

Job creation depends primarily on economic growth, which itself depends on investment, but also on the international context. A stable macroeconomic environment which boosts investment – both private and public – and thus growth, is fundamental to the creation of new formal jobs for all groups of workers, but is of particular benefit to young people, who suffer most from economic downturns because of their short job tenure and lack of experience (“last in, first out”).

Sectoral policies, in particular, can promote job creation in the medium to long term, provided they are well designed and targeted to sectors with high potential for employment growth. Well-targeted policies can promote private initiatives in traditionally “youth-friendly” sectors such as tourism, catering, information and communications technology (ICT)³, basic and social services, including health, as well as in the sports sector.⁴ In developing countries, 75% of the youth living in poverty are found in rural areas. Rural youth is more likely to have started work in childhood. They are the favourite victims of human trafficking and sexual exploitation and are more vulnerable to being recruited by militant extremist groups. Most urban poverty, in turn, is the result of rural deprivation and resulting distress urban migration (ILO, 2005). Therefore, special attention should be given to the agricultural sector by moving away from subsistence agriculture, and introducing commercialization and productivity improvements through technological changes and infrastructure support. The international trade and aid policy should also be taken into consideration in this context.

Youth in general shows a strong interest in the conservation of our planet. Environmental management also has an interesting employment potential. A successful example is a youth employment project in the Indian State of Goa. A mix of interventions based on individual motivation, use of best practices, public–private partnerships and legislative measures has resulted in the last three years in more than 2 000 jobs for young people in waste management and recycling, with opportunities for further expansion.

Training West African youth in a growth sector: Corporate social responsibility and information technology

Background

In 2000, Cisco, a US-based IT company, launched its Least Developed Countries (LDC) Initiative, replicating Cisco networking academies in LDCs. The Networking Academy Program is a comprehensive 560-hour course designed to provide students with the skills that will enable them to design, build and maintain computer networks. At the end of the curriculum, students can choose to pass a Cisco-certified examination.

In partnership with international donors, Cisco set out to provide Internet-based learning and IT skills training in half of the world's 50 least developed countries. In West Africa alone, 125 networking academies have been established in 11 countries. Currently, over 9 200 students are enrolled throughout West Africa. More than 60% of students are between 25 and 34 years old.

Outcome and impact so far

A survey of the LDC Initiative conducted in six countries shows that two-thirds of respondents found IT jobs after completing the programme and that 10% started their own business. Currently, 31% of students graduating from the courses are women, exceeding the target of 30%.

Lessons learned

- d. The programme is successful because it covers the demands of a growing sector. The IT industry estimates that sub-Saharan Africa will have 400 000 vacancies in this sector in a few years' time due to a lack of qualified specialists. Closing such skills gaps is probably the quickest way to combat youth unemployment.
- e. The cooperation between a private company and public donors leads to wide outreach and demand-driven training programmes.
- f. Fees being charged for the courses improve the sustainability of the academies. However, they might inhibit the access of poor youth, although reduced rates are offered for unemployed.
- g. Limited access to electricity and fast Internet is a hindrance to the Initiative's expansion, especially in rural areas.

Source: "Building the Case for Business Collaboration on Youth Employment. Good Practices from West Africa" (forthcoming www.ilo.org/yen).

The public sector can also influence youth employment directly through public spending. Employment-intensive investments, such as in infrastructure or construction, will create employment opportunities in sectors dominated by young people. In 1989, with the support of the African Development Bank and the World Bank, the Senegalese Government set up a USD 33 million public works programme for young workers in labour-intensive activities such as construction, rehabilitation and maintenance of public services. These activities were subcontracted to small and medium-sized enterprises. In total, 350 000 temporary jobs and even 6 000 permanent jobs have been created per year through 3 226 projects. Strong political support, clear objectives and continuous

development assistance have been the key elements for success. On the negative side, the programme has not provided training for young participants and has targeted mainly urban areas (United Nations Economic Commission for Africa – UNECA - 2005).

Nevertheless, it is the private sector that is the main driver for growth and job creation. Entrepreneurship is a driving force for initiating business ideas, mobilizing human, financial and physical resources for establishing and expanding enterprises and creating jobs. Entrepreneurship is another way of unleashing the economic potential of young people. The promise of youth entrepreneurship can be maximized through programmes and strategies that address the barriers to doing business. Young people face particular challenges because they lack appropriate skills and experience, are less creditworthy, and have more difficulty in accessing business networks and sources of information. A burdensome business environment is difficult for all, but as youth have generally less knowledge and experience of business regulations and related legal and institutional frameworks, this constraint can discourage them from venturing into a business career and so increase the risk of business failure.

Societies that appreciate entrepreneurship, and thus promote its values and norms, can create a dynamic and vibrant class of young entrepreneurs. Empirical evidence shows that educating young minds in enterprising behaviour and boosting their confidence for calculated risk-taking, increases the incidence of entrepreneurship being adopted as a career option. The successful development of youth business hinges upon good access to well-integrated services such as management training, business mentoring programmes, financial services, support in gaining access markets and networking opportunities. Enhancing their capacity in association building and policy advocacy can address this disadvantaged position. Young women entrepreneurs face additional hurdles, as in many cultures they are influenced to be even more risk averse, while their roles in the family and society keep them from tapping opportunities in business development. This also means that they are more likely to be in the informal economy and less likely to be entrepreneurs employing others.

Youth entrepreneurship: The case of Shell LiveWIRE International

Background

Shell LiveWIRE was initiated in Glasgow, United Kingdom, in 1982, as a programme to encourage the young to develop their own businesses. Today, it is a global community initiative which considers self-employment as a viable and desirable career option. The programme is active in 25 countries across the globe, including: Argentina, Brunei Darussalam, China, Hungary, Ireland, Iran (Islamic Republic of), Mauritius, Nigeria, Oman, Pakistan, Romania, Singapore, South Africa and Sri Lanka.

LiveWIRE involves a combination of information, training, counselling and mentorship for over one million young people annually. Each national programme receives significant support from the Shell oil company and a range of corporate sponsors, often combined with government assistance.

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Youth entrepreneurship: The case of Shell LiveWIRE International (*continued*)

Outcome and impact so far

Since 2000, over four million young people have been in contact with the LiveWIRE programme. Currently, one million young people are in touch with the programme each year worldwide and 200 000 young people undertake some form of training.

Results may vary across countries. Specific stocktaking for the United Kingdom indicates that, since 1982, 600 000 young people have explored the idea of starting their own business; approximately 16% of all enquiries led to a business start-up; as a result, three to four jobs are created by each business start-up; and 65% of new start-ups are still trading four years later.

A similar exercise carried out in Oman showed that the “Intilaaqah Oman” programme currently trains and supports over 5 500 young people each year. 37% of participants over the last 12 years still run an enterprise, and nearly all the remaining participants are in private or public sector employment or further studies. In Oman, 54% of participants are young women, which shows the gender sensitiveness of the programme. 95% of Intilaaqah-supported businesses are in the formal sector, and most generate an income far greater than what is possible in the public sector.

Lessons learned

There are some intrinsic factors of success in the LiveWIRE programme, such as:

- h. Open accessibility: It is available to all, irrespective of socio-economic status, such as educational level or gender. The only eligibility qualification is an interest and motivation in pursuing the enterprise option.
- i. Standardization of programme elements and processes: The impressive and successful reproduction of LiveWIRE as a youth enterprise initiative across the globe is in part due to a well-tested formula for youth entrepreneurial development. New countries embracing the model have been able to “leapfrog” on others’ experiences and extensive product development.
- j. Attention to national identity and cultural sensitivity and collaboration with local partners: Whilst there are common elements and values, in each country LiveWIRE reflects the culture, needs and the resource opportunities of that country. Prior to the establishment of a programme in any country, in-depth country research is carried out to identify local needs, opportunities and critical business development issues.

Source: Kenyon, 2008

Higher volatility and lack of work experience are strong reasons why entrepreneurs often shy away from hiring young people. Wage subsidies (World Bank, 2007) and/or reduction in payroll taxes for enterprises that hire inexperienced young workers seem to be the best options to counterbalance these concerns of employers and, therefore, increase the demand for young workers.

Labour supply

On the supply side, a well-linked educational and training system (*e.g.* the “dual system” combining school-based education with work-based training and apprenticeship,

recently introduced in various African countries) and closer cooperation between this system and the private sector facilitate a smoother transition from school to work. Often, the educational system does not provide the appropriate labour force needed by the domestic market. This mismatch may generate a lengthy process to get a good job in the domestic market. Therefore, young people's employment opportunities are often limited to the informal economy, which may lead to frustration, or even make them opt for migration (*e.g.* the “educated unemployed”), while there are unfilled vacancies in other technical jobs in the country.

Education and vocational training should be designed around the informal economy, where most young working people are found in developing countries. Often, vocational training has to be complemented by remedial education, as many young workers in the informal economy may have dropped out of the educational system at an early stage. Young people may have begun working prematurely, while still children, through economic necessity (*e.g.* AIDS orphans in some African countries may have become heads of households and breadwinners) or cultural constraints. As a result, they lack basic skills, including literacy and numeracy.

Nevertheless, these young informal workers acquire technical skills in informal activities but, as these skills are often not recognized officially, they face difficulties to have access to better jobs. Recognition and certification of skills acquired through informal channels are key elements in this regard. In addition, young people often do not know which profession to join and where to look for a job. Special youth labour market information and employment services, as well as early career guidance, may facilitate their entry into the labour market and help avoid a mismatch between youth labour supply and demand.

With regard to labour market institutions, in particular employment protection legislation (EPL) and minimum wages, it has been argued that these increase youth unemployment by making labour too expensive. And yet, recent evaluations do not provide a clear indication of the impact of these measures on young workers. In fact, some recent studies have even challenged this. (Freeman, 2005; Cazes and Nesporova, 2003; Godfrey, 2003). Moreover, many young people in developing countries work in the informal economy, where EPL and minimum wages have a rather limited impact. The question is not whether or not to regulate, but what kind and what level of regulations are appropriate to get the best forms of protection for young people without inhibiting firms from hiring.

Republic of Congo: Vocational training and the value of assessment

Background

ONEMO, an experienced national employment agency operating under the Ministry of Labour, was selected to execute a vocational training programme for young people formerly associated with armed forces and groups and assist them with employment placement and self-employment. From the beginning, ONEMO was convinced that the future for these young people would be in farming and had already started a series of preparations for agricultural training. Nevertheless, to their great surprise, most young men elected to participate in skills development programmes in construction-related occupations, such as masonry, welding and electricity, whereas women preferred tailoring (14) or hair-cutting (15). As a result, time and resources were wasted on the preparation of agricultural training and preparations for construction training started late into the process.

Outcome and impact so far

Finally, ONEMO managed to put together a six- to nine-month training programme in cooperation with the Coeducational Technical School based in Owando, followed by a three- to four-month internship with building companies established in this area. After successful training and internship, most young men (26) found a job in construction companies working with the Owando municipality, which benefited from a promising local economic development initiative.

Lessons learned

- k. Assessing market opportunities and understanding the expectations of young people are crucial to programme planning. A major difficulty initially was the lack of market opportunities assessment and of a pre-registration beneficiary survey prior to vocational training and guidance.
- l. Fortunately, the municipality initiative represented a real market opportunity, corresponded in great part to the capacities and aspirations of the youth and had received enough prior media coverage to grab their attention.
- m. Even though in this case interests and expectations matched market opportunities, often young people face constraints to making realistic decisions as they may lack reliable information sources.

Source : ILO, 2007

The need for an integrated and participatory approach

Experience shows that youth employment programmes and policies aimed at refining labour market dynamics often result in interventions that are fragmented, too narrow or isolated and do not fully take into account the general economic, institutional and social framework. Inconsistencies may arise in terms of the content of the interventions, their level, geographical location and target beneficiaries. Moreover, supply-side measures tend to outweigh demand-side measures. Anecdotal examples of improvable interventions include skills training programmes not backed by an appropriate demand for skills in the labour market, or entrepreneurship training without any possibility of gaining appropriate access to credit. It is, therefore, indispensable, in the domain of youth employment, to dispose of an over-arching, integrated strategy for growth and job creation. This strategy

covers labour demand (job opportunities) and supply (employability), as well as the mediation or matching process, combined with well-targeted and structured interventions. A life-cycle approach to youth employment is also highly useful as it recognizes that what happens at one stage is affected by, and in turn affects, opportunities at other stages. (ILO, 2005). For example, premature entry into the labour market as a child lessens the chances for better employment in adulthood because of their lack of education.

Youth employment policies must be embraced by the broader context of a country's employment and growth policy, considering possible crowding-out effects on other age groups. Productive employment and decent work for young people requires sustained, determined and concerted action by a wide number of actors. As they cannot stand on their own, youth employment interventions must be linked to broader development frameworks. Coherence and coordination between relevant government agencies and other national and international (*e.g.* donor community) stakeholders is crucial. While not necessarily the only mechanism, the use of national action plans (NAPs) for youth employment can be useful to facilitating this. To be successful, however, these plans should have strong and sustained political commitment and be based on broad participation. In this context, it is important that youth also participate actively in the decision-making process, as they know best what they want and what they can offer. The participation of young people in membership-based organizations and their engagement in decision-making processes affecting their employment and working conditions is crucial to fostering social inclusion and advance democratization. Young people are often under-represented in these processes. A good example is the consultation of youth in PRSPs in Ghana, Honduras, Indonesia and Uganda. (ILO, 2005).

National action plans on youth employment as a tool for policy advice

Background

In 2002, the Youth Employment Network (YEN), an interagency partnership of the UN, ILO, and World Bank, introduced the lead country process on youth employment as a tool to raise awareness on this important topic. One key precondition for being accepted as a lead country by YEN is to commit to the preparation and implementation of a national action plan (NAP) on youth employment. The NAP provides a coherent set of policies and programmes to improve youth employment and should be integrated in national development policies and budgets. YEN offers technical assistance for drafting a NAP through its network.

Outcome and impact so far

YEN started with five lead countries in 2002, and today 18 countries have volunteered as lead countries committed to formulating NAPs. Of these 18 countries, seven are at the development stage; four have no current activity; one has drafted the document; and six are at the implementation stage. Only one country is currently embarking on an evaluation of its NAP. YEN's work led to UN resolutions encouraging member States to prepare NAPs and submit them to the UN Secretariat for analysis and follow-up in 2005. In total, 41 NAPs were submitted. NAPs are also implemented even outside the YEN framework.

National action plans on youth employment as a tool for policy advice (*continued*)

Lessons learned

- n. NAPs are a strong advocacy tool to put youth employment on national development agendas.
- o. So far, there are no clear minimum requirements to be fulfilled for becoming a lead country and for adopting NAPs. The risk is that NAPs remain just lip-service in the face of a pressing problem, without real commitment to implement.
- p. Little is known about outcomes and impacts of NAPs, solid monitoring and evaluation plans and their underlying indicators are usually missing in NAPs. YEN therefore recently initiated a benchmarking initiative on youth employment policies aimed at establishing a regular peer review process among lead countries on their performance in youth employment. Future support has to focus on providing technical assistance on how to measure this performance.

Source: www.ilo.org/yen

Conclusion

The energy, skills and aspirations of young people are invaluable assets that no country can afford to squander. Helping young people to realize their full potential by gaining access to productive employment and decent work is, therefore, a pre-condition for poverty eradication, sustainable development and lasting peace. Youth employment programmes can provide useful support to young people who are facing specific barriers in the labour market. Their underutilization has economic and psychological costs and may cause social conflict. Nevertheless, youth programmes have to be designed with caution to avoid crowding-out effects on other groups of workers.

Even though little evidence exists on existing youth employment initiatives, the following policy recommendations for the donor community can be put forward:

1. Donors should support country-led efforts in various policies that are contributing to an improved labour market situation for the youth. Genuinely national commitment for the promotion of youth employment requires the strong involvement of large sectors of society: Firstly, a greater participation of the youth within their own organizations or as representatives in other organizations, and also of key social actors such as CSOs, trade unions and the private sector, as well as closer cooperation with, and among, Ministries and other public institutions.
2. Youth employment issues could often best be resolved with already existing employment policies, which could be adjusted to youth-specific needs such as youth entrepreneurship, remedial education and vocational training. Targeted interventions could, however, be useful under specific circumstances. Nevertheless, it is important to take into consideration the possible crowding-out effects on other age groups.

3. Often a mismatch between the demand for young workers and the supply, the availability of appropriately skilled workers, has been at the roots of their weak integration into the labour market. Supply-side interventions are most effective when they meet current demand on the labour market, for example, for skills development in high-growth sectors. An integrated approach (*e.g.* national action plans on youth employment), where not just the Ministry of Employment/Labour, but also other key Ministries, address the issue of youth employment, could be helpful in this regard.

Notes

- 1 In particular Latin America and the Caribbean, the Middle East and North Africa (ILO, 2005).
- 2 Employment difficulties experienced by young people also causes psychological problems, even though this issue is not at the core of this paper. They may suffer from reduced self-esteem, discouragement leading to drug and alcohol abuse and related health problems.
- 3 Some countries in South-East Asia, such as Hong Kong (China), India, Republic of Korea and Malaysia, particularly benefited, at all levels of the value chain, by concentrating public investments in this sector (Curtain , 2002).
- 4 As noted in the 2003 report of the United Nations Inter-Agency Task Force on Sport for Development and Peace entitled “Sport for development and peace: Towards achieving the Millennium Development Goals”, the sector was valued at USD 36 billion worldwide in 1999 and predicted to expand by 3 to 5% annually. The sector generates employment in the manufacture of sports goods, sports-related services, infrastructure development and sports events, along with related opportunities linked to spectators, sponsors, vendors and the media.

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