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Globalization and its effects on youth employment trends in Asia

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“For some, globalization has been an instrument for progress. It has created wealth, expanded opportunities and provided a nurturing environment for entrepreneurship and enterprise. But for others it has exacerbated inequalities and insecurity. They fear that the risks are too great and the benefits are too small.”

“Globalization has to deliver what working people and their families everywhere aspire to – a decent job, security and a voice in the decision-making process. People want a better shot at the gains that globalization is meant to deliver. This means access to much better opportunities for decent work, and promoting development with social justice in the context of open economies and open societies.”

Juan Somavia
Director-General
International Labour Organization

1 Introduction

Globalization and technological advances have been changing labour markets around the world and young workers are facing new challenges as they make the transition from school to work.

Youth are defined as people aged 15-24 years. Young people everywhere set out in life with dreams, hopes and aspirations. They bring with them numerous assets including talents and training, energy and enthusiasm. Youth are agents of change.

1 Introduction

A commitment was made at the Millennium Summit to to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work.”

This commitment is part of the Millennium Development Goal on global partnership for development.

2 What are trends in the labour force?

Globally the **youth labour force**, including young people who are either working or looking for work, is expected to reach 660 million by 2015 of which 55 per cent will be in Asia and the Pacific.

Labour force participation rates for youth have been falling throughout the world as more children and youth stay in school rather than join the workforce. This is also the case for the three sub-regions of East Asia, South-East Asia and South Asia.

2 What are trends in the labour force?

Lower participation rates may reflect structural change with fewer workers in the agricultural sector who are counted as employed if they work for just one hour during the reference week. Other youth drop out of the labour force as discouraged workers.

2 What are trends in the labour force?

The youth **labour force participation rates** for 1993 and 2003 fell from:

- 77.4 to 73.2 per cent in East Asia
- 58.5 to 56.5 per cent in South-East Asia
- 48.0 to 44.4 per cent in South Asia

2 What are trends in the labour force?

The percentage of the youth in employment has also declined.

The youth **employment-to-population ratio** fell from 57.6 per cent to 53.8 per cent for Asia between 1993 and 2003.

This was due primarily to increased enrolments with more youth in education for longer periods of time.

2 What are trends in the labour force?

Youth unemployment rates worldwide rose 23 per cent over the decade 1993-2003.

The percentage increase in unemployment rates was especially great in East Asia (46 per cent) and South-East Asia (86 per cent) that were hit hard by the Asian financial crisis.

Youth unemployment rates increased by 9 per cent in South Asia over the same period.

2 What are trends in the labour force?

More recent estimates for the period 2000–2005 show that youth unemployment rates continued to rise in South-East Asia by 4 per cent. However, the change was not large in the other two sub-regions of Asia.

By 2005 youth unemployment rates were estimated to be 7.8 per cent for East Asia, 16.9 per cent for South-East Asia and 10.8 per cent for South Asia.

Regional estimates for youth unemployment, 1995-2005

	Change in youth unemployment rate (percentage point) 2000-2005*	Youth unemployment rate (%)			Ratio of youth to adult unemployment rates		
		1995	2004	2005*	1995	2004	2005*
Developed Economies and European Union	0.1	15.2	14.0	13.0	2.3	2.3	2.3
Central and Eastern Europe (non-EU) and CIS	-0.1	19.5	19.9	19.8	2.6	2.6	2.5
East Asia	-0.2	7.2	7.6	7.8	2.8	2.7	2.7
South East Asia and the Pacific	4.0	9.7	16.9	16.9	4.9	5.6	5.6
South Asia	0.3	8.8	10.8	10.8	3.7	3.8	3.8
Latin America and the Caribbean	-0.7	14.2	14.5	15.2	2.8	2.7	2.7
Middle East and North Africa	-0.9	28.5	26.6	26.7	3.1	3.1	3.0
Sub-Saharan Africa	-0.2	17.9	18.5	18.2	3.5	3.2	3.2

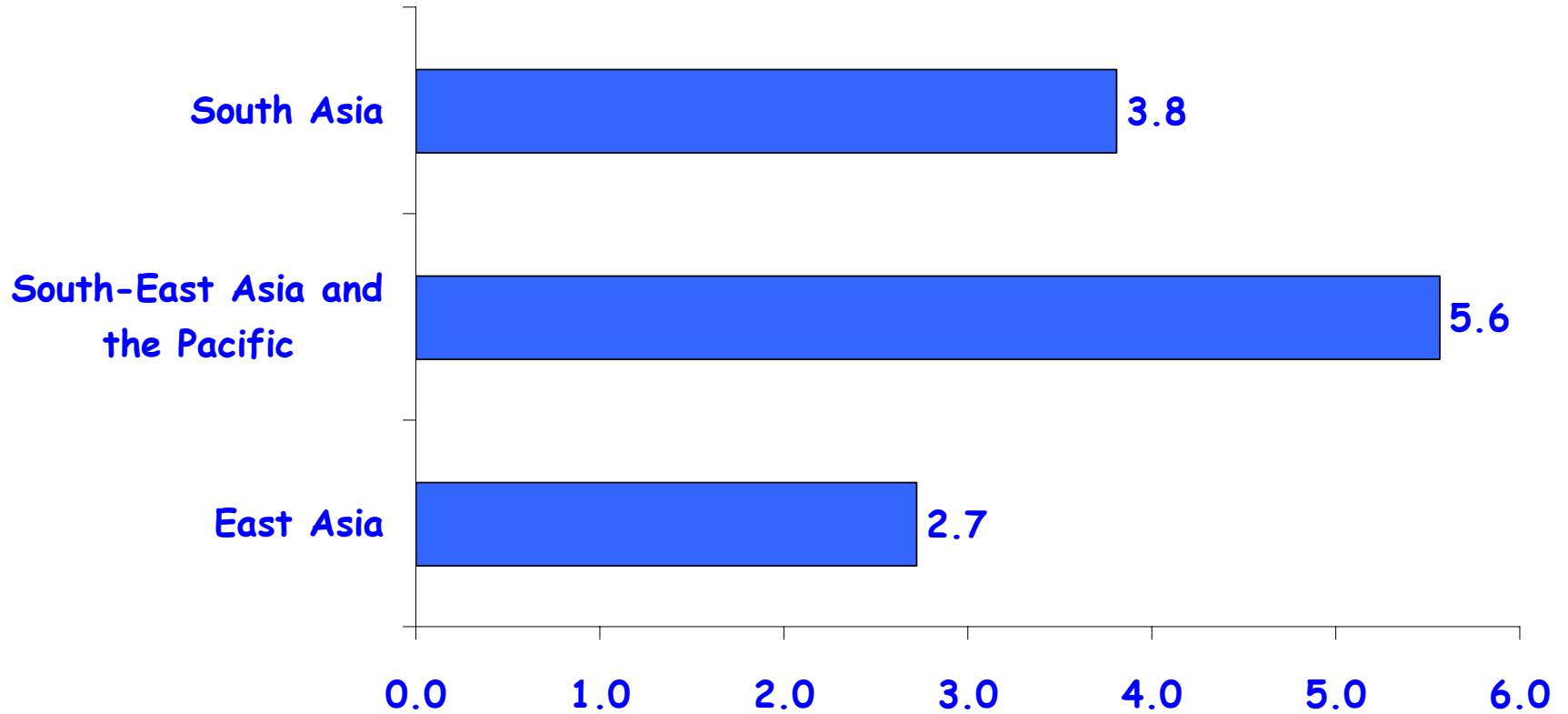
Note: *2005 data are preliminary estimates

Source: ILO, Global Employment Trends Model (2005)

2 What are trends in the labour force?

Youth unemployment rates are much higher than adult rates - about three times higher in East Asia, four times in South Asia and six times in South-East Asia.

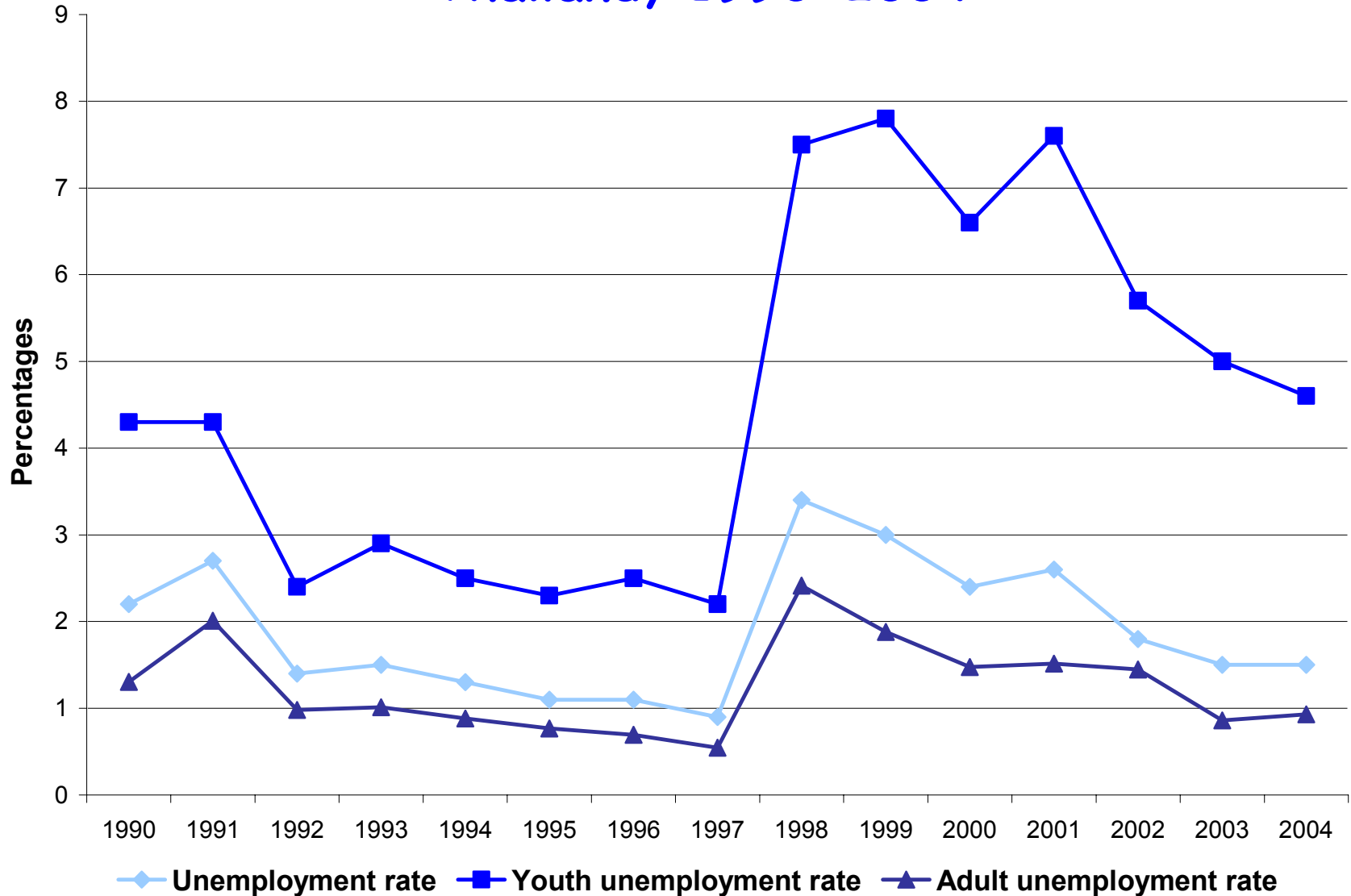
Ratio of youth-to-adult unemployment rates, 2005



3 What are some of the factors behind these labour force trends?

- Economic growth
- Business cycles
- Inappropriate skills
- Unrealistic aspirations
- Information and guidance

Unemployment rates for youth, adults and total, Thailand, 1990-2004



4 Why does youth employment matter?

There are costs incurred when young people are unable to find appropriate jobs. These include economic, social and political factors as well as costs to communities, families and individuals.

In particular, youth unemployment can result in foregone output and income contributing to poverty.

Unemployment can lead to social exclusion contributing to social unrest, political turmoil and increased crime.

5 What are some of the other factors?

The ILO Employment Policy Convention, 1964 (No. 122) calls for measures to promote full, productive and freely-chosen employment with the fullest possible opportunity for each worker to qualify for and use skills and endowments in a suitable job irrespective of race, colour, sex, religion, political opinion, national extraction or social origin.

Included among these workers are young women and young men. The Convention is clearly designed to address diversity and prevent discrimination.

5 What are some of the other factors?

Young women and young men face often disadvantages in the labour market due to:

- Age
- Sex
- Education and training
- Race and ethnicity
- Health and disability
- Family income
- Regional disparities
- Migrant status

6 What additional information would be useful to understand youth employment?

Many countries collect statistics through — population censuses, labour force surveys, household income and expenditure surveys, living standards measurement surveys, other household-based surveys and establishment-based surveys — that could be presented by age group — 15-24 years, 15-19 years and 20-24 years. These draw on international standards that have already been adopted by the ILO International Conferences of Labour Statisticians and could be used to learn more about the challenges facing young people in search of decent work.

6 What additional information would be useful to understand youth employment?

- Time-related underemployment
- Inadequate employment
- Informal economy employment
- Temporary work and flexible employment
- Part-time employment
- Wages
- Discouraged workers and vulnerability rates
- Employment by sector
- Duration of unemployment
- Status in employment
- Job satisfaction

7 What can be done to create decent and productive work for young people?

Much has been done over the years to prepare frameworks for policies and programmes to promote youth employment.

Among them are the ILO Decent Work Agenda, the Global Employment Agenda, the “4Es” of the Youth Employment Network, active labour market policies and life-cycle approaches.

7 What can be done to create decent and productive work for young people?

In June 2005 governments, employers' organizations and workers' organizations attending the International Labour Conference adopted a "Resolution concerning youth employment."

This includes a list of policies and programmes for decent work for young people that follow closely the conclusions of a tripartite meeting held in October 2004:

7 What can be done to create decent and productive work for young people?

(1) Through an integrated pro-employment and pro-youth growth approach that combines macroeconomic development frameworks geared at **expanding aggregate demand, productive capacity and employment opportunities, with targeted interventions aimed at overcoming disadvantages**, while promoting equality, social inclusion and an equitable society;

7 What can be done to create decent and productive work for young people?

(2) By placing **decent and productive employment at the heart of economic and social policies, and targeting youth employment** as a key priority based on national circumstances. Among other initiatives, governments, employers' and workers' organizations can play a major role in identifying, in the short, medium and long term, sectors that have strong potential for employment of young people;

7 What can be done to create decent and productive work for young people?

(3) Through appropriate national legislation based on international labour standards and good governance of the labour market, that continues job creation for young people and ensures that all young people, including those in temporary employment, enjoy and exercise their rights at work, and in particular their fundamental rights;

7 What can be done to create decent and productive work for young people?

(4) Through a combination of policies and programmes, including those that **encourage public and private enterprises and cooperatives** in the creation of productive and decent jobs for young people, specifically those in vulnerable situations. Policies for young people should not prejudice the quantity or quality of jobs for adult workers.

7 What can be done to create decent and productive work for young people?

(5) **Close coordination** between government institutions and agencies, both at national and local levels. To increase job quantity and quality, initiatives investing in young people should be supported by adequate human and financial resources;

(6) The **involvement of the social partners** in the design and implementation of policies and programmes promoting decent work for young people;

7 What can be done to create decent and productive work for young people?

(7) Promotion of **gender equality** at all stages of the life cycle and elimination of discrimination against youth are imperative. The creation of more and better jobs for adults and, in many countries, the abolition of child labour are key to the promotion of quality jobs for young people;

(8) Encouraging efforts by governments to create a conducive environment for significant, sustainable and **inclusive economic growth**, decent work and the development of public, private and social enterprises.