

CHAPTER

3





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CHAPTER III

YOUTH EMPLOYMENT

We will seek to build strong economic foundations for all our countries. Sustained, inclusive and sustainable economic growth is essential for prosperity. This will only be possible if wealth is shared and income inequality is addressed. We will work to build dynamic, sustainable, innovative and people centred economies, promoting youth employment and women's economic empowerment, in particular, and decent work for all.
(United Nations, General Assembly, 2015b, para. 27)

YOUTH employment and economic empowerment are essential components of a strong foundation in any society. Having decent work is crucial for young people and their future, but it also has a domino effect on local communities, countries and the world as a whole. The present challenge lies in simultaneously creating jobs for the bulging youth population and addressing related concerns such as the skills mismatch, working poverty, and the suboptimal school-to-work transition situation, especially in the developing world. Disadvantaged youth often benefit most from the creation of new opportunities, skills training, microcredit provision, support for small and medium-sized enterprises (SMEs), and investments in education, all of which contribute to providing the knowledge and tools needed to be competitive in the international labour market.



As new entrants to the labour force, youth are particularly vulnerable as workers. Provisions for decent work in the 2030 Agenda imply that all workers, including young first-time entrants, should have access to productive employment that offers mobility, equality and dignity in the workplace, as well as fair wages and job security. For a growing number of young people, however, the situation is much different.

The world economy is presently characterized by rapid globalization, advancements in technology, and industrial development. There have been some significant changes in the nature of work and the relationship between employers and employees. New opportunities have opened up for young people as employees and entrepreneurs, but the guarantee of lifelong employment with a company is no longer a reality. This offers youth more flexibility in exploring a wide range of career possibilities but increases the need for continuous skills investment and strategic planning to ensure economic security in retirement.

Globalization, technological advancements and the development of key industries have created new job opportunities for young people, especially in developed countries. However, the nature of work is rapidly changing, and evolving labour market realities compel youth to continually invest in skills development. While economic growth is important in terms of facilitating youth employment, creating demand for new workers, and motivating companies to expand their workforces, growth alone is not sufficient. This is evident, for example, in a long-term review of labour markets and the business cycle in the Arab States and Northern Africa, where a strong period of economic growth in the mid-2000s did little to effect changes in key indicators associated with youth unemployment, under-employment, and inactivity, particularly among women (World Bank, 2004; Dhillon and others, 2009).

Decent work, employment creation, social protection, rights at work and social dialogue represent

integral elements of Sustainable Development Goal 8, which acknowledges the inherent connection between decent labour market conditions and dignified livelihoods. Numerous international frameworks and initiatives, notably the Global Initiative on Decent Jobs for Youth and the Addis Ababa Action Agenda, call for the strengthening of youth employment prospects and the creation of decent jobs for young men and women by 2030. Holistic employment interventions must promote job growth and skills development, encourage voluntary self-employment, and ensure decent working conditions, social protection, and respect for human rights at work. Such measures will help to ensure that youth with disabilities, indigenous youth, young women, and youth living in conflict and post-conflict situations are engaged and benefit from sustainable and inclusive economic growth.

PUBLIC OR PRIVATE SECTOR?

While the youth employment situation differs from region to region, there are common factors that affect the behaviour of both employers and prospective employees, including institutional forces driven by regulatory and cultural norms. Along with education, public sector employment is an important determinant of labour market outcomes. Although the public sector typically offers workers lower wages than they might find in the private sector, it often provides higher non-wage benefits, including attractive social security plans and, importantly, more job security (ILO, 2018a, p. 9). These advantages might be enticing to youth as they transition from school to work. This is especially true for educated youth seeking out opportunities in less formalized developing economies, where wage premiums between the private sector and the public sector are reduced based on the needs of the public sector.

The lure of the public sector has two institutional implications. First, the possibility of securing public sector work may incentivize youth who can afford it to



delay labour market entry as they wait for public sector opportunities, which has a direct impact on unemployment rates. Second, it “plays a role in signalling the skills in which youth should invest: where the attraction is too strong, youth may make educational investments that aim to secure public sector jobs rather than acquiring the skills sought by private employers” (ibid., p. 10). This reinforces skills gaps between what graduates bring to the marketplace and what is needed in the private sector.

Another aspect of the dichotomy between the public and private sectors is SMEs, which are an economy’s core engine of job creation. While large companies (and in some cases the public sector) may be the dominant employers in a country, most new jobs will come from SMEs. Organization for Economic Cooperation and

Development (OECD) data indicate that in developed countries, SMEs generate 60 to 70 per cent of new jobs (OECD, 2000). According to the World Bank, formal SMEs account for up to 60 per cent of total employment and up to 40 per cent of national income (GDP) in emerging economies. Importantly, 80 per cent of new jobs in the formal sector come from SMEs (World Bank, 2015b).

Clearly, efforts to stimulate youth employment should focus on bolstering the SME sector and facilitating growth. This would require addressing the specific needs of SMEs, including issues relating to regulation and access to credit and financing. Particular attention should be given to promoting SMEs that provide policymakers with the most effective and efficient means of stimulating job-intensive economic growth.



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YOUTH UNEMPLOYMENT: GLOBAL AND REGIONAL TRENDS

Unemployment status is only one marker of the difficult transition to work faced by young people around the world, but it is the most commonly cited and perhaps the most telling of the indicators used in analyses of labour market outcomes. The global rate of youth unemployment was estimated at 13 per cent in 2017 and was expected to remain steady during 2018 (ILO, 2018b). In real terms, this means that nearly 67 million young people between the ages of 15 and 24 report that they are actively searching for work but are unable to find a job.

The youth unemployment rate stood at 11.5 per cent in 2007—a low point for the decade—just before the global financial crisis the following year; between 2008 and 2010, the rate rose from 12.2 to 13 per cent. A deep concern is that world unemployment rates did not decline after the global downturn; as economies began to recover, the rate of unemployment among young people remained at or near 13 per cent (see figure 3.1). This has been driven in part by the failure of economies around the world to return to high rates of economic growth and by the failure of Governments to establish coordinated policy efforts and active labour market programmes designed to help ease the transition to work both for those youth whose transitions were delayed by the economic downturn and for more recent graduates.

While the global youth unemployment rate has remained relatively steady over the past decade, there have been significant regional variations in both prevalence and trends. The sharpest increase has occurred in Latin America and the Caribbean, where the aggregate rate of youth unemployment rose from 13.6 per cent in 2014 to 14.8 per cent in 2015 and was projected to reach 18.9 per cent in 2017. This has largely been driven by outcomes for young people in Argentina and Brazil,

where youth unemployment rates for 2017 stood at 24.7 and 30.5 per cent respectively. The impact of high youth unemployment in Argentina and Brazil has been offset in the regional aggregate by increasingly positive outcomes in Mexico, where youth unemployment declined from 10 per cent in 2009 to 6.9 per cent in 2017.

In the Russian Federation economic growth has been volatile over the past decade. The growth rate fell from 4.3 per cent in 2011 to -0.2 per cent in 2016, and youth unemployment declined from 18.7 per cent in 2009 to 14.1 per cent in 2014 but rose to 16.3 per cent in 2017. Youth unemployment trends in the Russian Federation have generally been aligned with those in nearby regions; in Central Asia, youth unemployment stood at 14.8 per cent in 2012 and was expected to increase to 16.5 per cent in 2017, while Eastern Europe projected a slight decline (from 17.6 per cent in 2015 to 16.1 per cent in 2017). Data indicate that Ukraine has the highest youth unemployment rate in Eastern Europe (23.3 per cent), while Georgia has the highest rate in Central Asia (29.3 per cent).

At an aggregate level, Eastern Asia, South-Eastern Asia and Southern Asia are among the regions with the lowest rates of youth unemployment, estimated at 10.5, 11.1 and 10.8 per cent respectively for 2017. The low rates for Eastern Asia and Southern Asia are driven by unemployment estimates for their largest economies, China and India. In China, where youth unemployment was estimated at a low 8.4 per cent in 2009, the proportion of young jobseekers without work is expected to rise gradually as competition for higher-skilled jobs among youth increases. Youth unemployment in China is currently estimated at 10.8 per cent. In India, the unemployment rate for youth remains at about 10 per cent, but there are concerns that this will increase if India's high economic growth rate of 7 per cent per year fails to boost employment at the rates needed to generate sufficient work for the country's growing youth population.



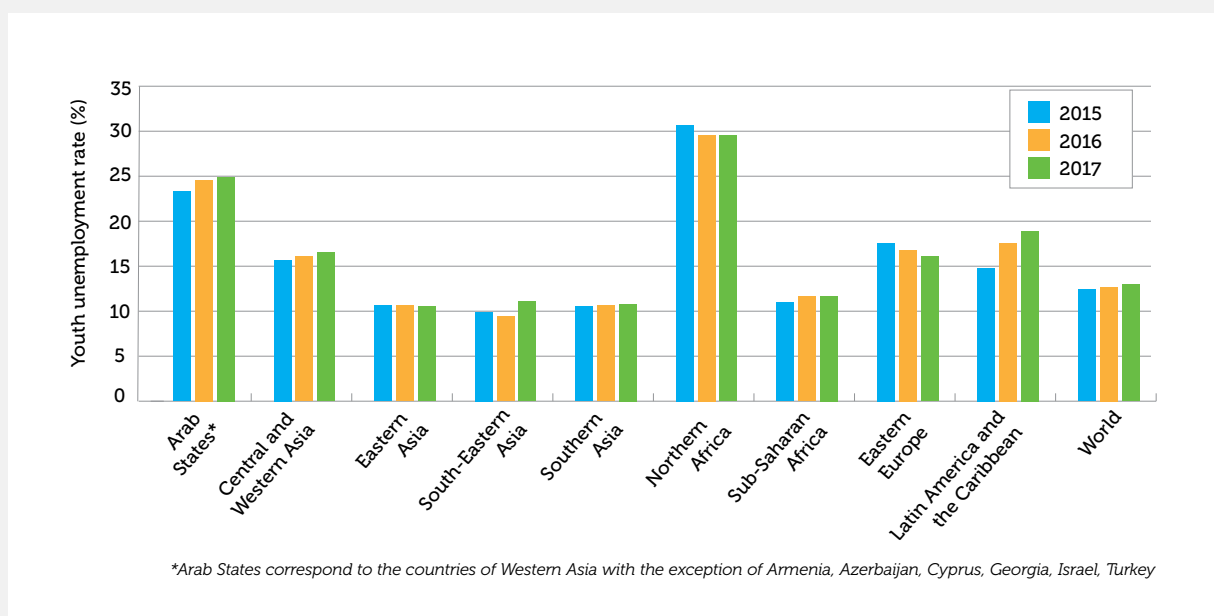
In 2017 the rate of youth unemployment was highest in Northern Africa (29.5 per cent) and the Arab States²⁶ (24.9 per cent). While high in comparison with other regions, the youth unemployment rate for the Middle East as a whole has not changed significantly over the past couple of decades; for much of the 2000s it stayed above 25 per cent, even during a high growth period in the mid-2000s. Even in the Arab Gulf States, which depend heavily on foreign workers, unemployment rates among local youth remain relatively high. Across Northern Africa and the Arab States, such outcomes are driven in part by the growth of the

youth population but also by structural barriers to the economic inclusion of young people (World Economic Forum, 2014; Dhillon, Dyer and Yousef, 2009).

Youth unemployment in sub-Saharan Africa remains fairly low at 11.7 per cent. However, this positive outcome (explored below in greater detail) masks other concerning labour market trends linked to informal sector employment and working poverty. It should be noted that some countries in sub-Saharan Africa are experiencing extraordinarily high rates of youth unemployment. In South Africa, for example, nearly 57.4 per cent of economically active youth are unemployed. Youth unemployment rates for Lesotho, Mozambique and Namibia are estimated at 38.5, 42.7 and 45.5 per cent respectively.

²⁶ Arab States correspond to the countries of Western Asia with the exception of Armenia, Azerbaijan, Cyprus, Georgia, Israel and Turkey.

FIGURE 3.1. YOUTH UNEMPLOYMENT RATES FOR SELECTED REGIONS, 2015-2017



Source: ILO (2018b).



The rate of youth unemployment in more developed economies is estimated at 12.6 per cent, having declined from 17.2 per cent in 2013. In Western Europe there are notable variations in youth employment outcomes. While unemployment rates among young people are as low as 6.4 per cent in Germany and 6.2 per cent in Iceland, they are as high as 39.4 per cent in Spain, 36.9 per cent in Italy, and 42.8 per cent in Greece. In the less developed Balkan States, youth unemployment rates are as high as 55.4 per cent in Bosnia and Herzegovina, 46.9 per cent in the former Yugoslav Republic of Macedonia, and 32.8 per cent in Serbia. In both country groupings, poor labour market outcomes for youth are related more to weak growth and structural problems with the labour market than to demographics.

The global ratio of youth unemployment to adult unemployment is 2.09. While striking, this difference makes sense when one considers that young people are generally new entrants to the labour market with little or no job experience and are competing for entry-level positions. They are also exploring and experimenting with different types of work and are thus more prone to leave jobs that do not meet their goals and expectations or to move frequently to secure better positions. Moreover, for those able to depend on their families for housing and living costs, remaining unemployed may be a viable option as it gives them the freedom to pursue better opportunities.

While short bouts of frictional unemployment may be expected for young new entrants, it is the duration of unemployment that is of greatest concern. Young people who spend many months or even years searching for work but are unable to secure employment often find themselves at a distinct disadvantage in the labour market. Not only are they failing to procure a job that puts them on the pathway to decent work and career development, but they are experiencing an erosion of the skills they developed in school. Long periods of unemployment may also be seen in a negative light by prospective employers,

many of whom base their appraisal of applicants on education, observable traits and work history. Moreover, studies have shown that youth with long periods of initial unemployment continue to experience “wage scarring” throughout their careers, as they are never able to catch up to their peers in terms of expected salaries for their skills and experience (Nelson and Reiso, 2011; Gregg and Tominey, 2004).

Young people in developing economies face an employment situation that is very different from that of youth in developed economies. In most developing economies opportunities for youth are concentrated in the informal sector, where poor job security, low wages, and limited chances for on-the-job learning restrict the ability of young people to leverage such jobs to secure better, more formal work. Those youth most affected by poverty and marginalization face challenges relating to the cost of education and the possibility of having to leave school to help cover their families’ rising cost of living; these factors effectively prevent many youth from completing secondary education or in some cases even primary education. For young people who lack a strong educational foundation, initial experiences in the labour market can reinforce the cycle of poverty and undermine the intergenerational promise of improving economic outcomes. For a large number of youth, working poverty continues to weaken their ability to prepare themselves for better employment and to escape chronic financial hardship and its attendant challenges.

Around the world, young women and youth from other socially marginalized groups continue to suffer from disproportionately challenging outcomes in the labour market. Young women still face social exclusion in the economic sphere and discrimination in the workplace and when looking for work. Similar barriers exist for youth from ethnic and religious minorities, persons with disabilities, youth from indigenous backgrounds, and lesbian, gay, bisexual and transgender youth. Migrant youth are vulnerable to job insecurity, poor working conditions



and exploitation. Conflict and warfare situations create unique employment challenges for young victims and combatants alike that can continue long after the conflict is resolved. Addressing the specific barriers for each of these groups is essential not only from a human rights perspective, but for ensuring that these vulnerable youth are fully able to develop themselves and direct their capacities towards productive economic gain.

YOUTH UNDEREMPLOYMENT

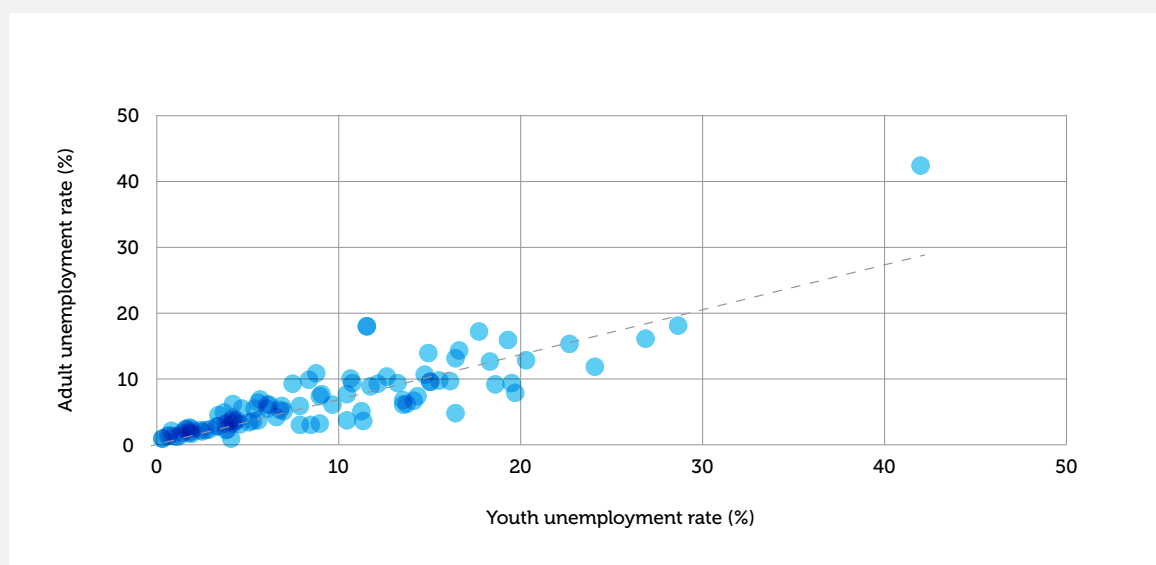
Underemployment is a broad classification covering a range of labour-related incongruities. Among the underemployed are those who are earning below-market wages for their skill set, those who are highly skilled but working in low-skill jobs, and part-time workers who would prefer full-time work but are unable to find it. As with unemployment, any assessment of underemployment tries to capture those who are economically excluded from the

work opportunities for which they trained and prepared themselves during their schooling.

As new entrants to the labour force, young people are more susceptible to underemployment than are their more established adult counterparts. However, youth need to recognize that part-time work in their field or entry-level jobs for which they may feel overqualified can be important steps on the pathway towards long-term career development and, as such, can arguably be considered decent work. Internships and apprenticeships, in particular, may only offer low-wage or part-time employment but can provide youth with valuable job experience as new entrants, as well as on-the-job training and skills development that will serve them well as they build their skill sets and careers.

In low-growth environments where labour demand does not keep up with the supply of young labour, youth may only be able to find part-time and low-wage work

FIGURE 3.2. UNDEREMPLOYMENT AMONG YOUTH AND ADULTS



Source: ILO (2017).



that often falls into the category of involuntary informal employment and does little to make use of their acquired skills or to meet their income needs. Young people who are not financially secure are pushed into temporary, seasonal and part-time work to meet their basic needs (ILO, 2016). Such youth are more at risk, as they are unable to secure enough work and income to climb out of poverty. Even in the developed world, young people seeking initial employment are increasingly at risk in terms of underemployment, as employers respond to weak demand or avoid the costs of formal employment (including health-care and social security mandates) by providing part-time work to new entrants. Moreover, quality part-time work—including internships that provide no monetary compensation but offer job-relevant skills development—often excludes the poorest youth, who cannot afford to work for little or no pay. In the long term, this can reinforce increasing income inequalities among youth.

Because it is conceptually broad, underemployment is difficult to quantify in comparable terms across countries, and there is no single indicator that captures its qualitative nature. However, estimates of part-time work serve as a proxy for underemployment when they include those who are available for additional hours and would be willing to work full-time, as under such circumstances workers are considered involuntarily underemployed. Data on time-related underemployment suggest that, on average, employed youth are 1.5 times more likely than employed adults to work part-time involuntarily (see figure 3.2). While it can be difficult to compile meaningful regional aggregates given the limited availability of relevant data, a comparison between low-income, emerging and high-income economies is also telling. According to available country data, underemployment may affect as many as 30 per cent of employed youth in low-income countries; in contrast, data from emerging economies and high-income economies suggest underemployment rates of 7.7 and 8.9 per cent respectively.

FORMAL VERSUS INFORMAL EMPLOYMENT

Decent work “involves opportunities for work that are productive and deliver a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men” (ILO, n.d.). As a key component of Sustainable Development Goal 8, decent work is identified as a fundamental right. However, many working youth around the world—particularly in emerging and less developed economies—may not have the chance to secure decent work because they have few employment opportunities outside the informal sector. Comprising the black market, semi-legal grey economies, and a large number of unlicensed micro and small businesses, the informal sector is the part of an economy that remains outside the regulatory oversight of Governments. It includes the large numbers of youth who work for themselves (own-account workers) or as unpaid workers (usually for family businesses).

Informal enterprises are often not registered as official businesses and are able to evade taxation. Importantly, in the context of work, they are also able to sidestep legal mandates in terms of formal work arrangements, benefits, and contributions to social protection programmes including unemployment insurance schemes and pensions. Ungoverned by existing labour market regulations, the relationships between informal employers and their employees leave the latter vulnerable to job loss and downswings in the economic cycle.

As is the case with underemployment, youth are more likely than older, more established workers to be found in the informal sector. As new entrants to the labour market, young people often rely on the informal economy as an important source of work and income. This is particularly true for the most marginalized, who



depend on any work they can find to feed themselves and support their families. However, those who secure work in the informal sector, whether as employees, to support a family business, or as independent own-account workers, are doing so without formal contracts and work arrangements. They have no access to mandated benefits, social protection schemes or unemployment insurance, which makes them economically vulnerable. Importantly for youth, informal jobs rarely provide workers with on-the-job training and skills development that would benefit them in a transition to formal work. Initial experience in the informal economy can effectively serve as a kind of trap, relegating youth to a lifetime of informal work.

While there are no internationally comparable figures for informal labour market participation among youth, available data on informal work as a whole show how sizeable the informal market can be. In those (mainly developing) countries for which relevant data are available, the informal economy provides some 69 per cent of employment (ILO, 2017), accounting for nearly 88 per cent of the agricultural economy and 56 per cent of the non-agricultural economy. Given the limited availability of data on the informal economy, these figures are not fully reflective of the state of informal work in all developing countries, but they provide useful insight into the scale of informal work in the agricultural and non-agricultural sectors. It should be noted that the informal employment rate is slightly higher for men (71 per cent) than for women (65 per cent), though the rate of informal employment in agriculture is higher for women (90 per cent) than for men (86 per cent).

YOUTH AMONG THE WORKING POOR

Employment constitutes the primary means of addressing household poverty; however, large numbers of youth, particularly in the developing world, are finding themselves among the working poor, able to find employment but living on incomes that are below the

poverty line. Although the share of working youth living in poverty has declined over recent decades, the rate of decline has been slower than that recorded for the adult working population.

According to ILO, the share of employed youth living in extreme or moderate poverty is estimated to have decreased by almost 49 per cent since the early 1990s, falling from 73.9 per cent in 1991 to 37.7 per cent in 2016. Although such statistics are encouraging, this still translates into more than 70 million young workers living in poverty, and the number rises to 156 million if the threshold is raised to include the moderately poor (ILO, 2016).

Data for 2016 indicate that the share of the working poor among economically active youth was highest in sub-Saharan Africa, where nearly 70 per cent of employed youth were living in poverty. The next highest rate was found in Southern Asia, where the corresponding share was closer to 50 per cent. In Northern Africa the rate was fairly high at nearly 25 per cent, similar to the rate for South-Eastern Asia. In the Arab States, nearly 39 per cent of working youth were poor in 2016, living below the moderate poverty line of \$3.10 per day. Shares of working youth living in poverty were significantly lower in Central and Western Asia (8.9 per cent), in Latin America and the Caribbean (less than 10 per cent), and in Eastern Asia, where the working poverty rate for youth declined from 33 per cent in 2007 to 13.8 per cent in 2016. In high-income countries as well, youth are more likely than adults to experience relative poverty (defined by ILO as living on less than 60 per cent of the median income) despite having a job. Data for 2014 indicate that in the European Union, 12.9 per cent of youth fell into this category, in comparison with 9.6 per cent of adults (ILO, 2016, p. vii).

The persistent challenge of overcoming poverty through work is reflective of the trade-offs between decent work, unemployment, and low-income work



among poor youth. Those most in need cannot afford the luxury of prolonged searches for decent work. Instead, they are often pushed into low-quality work and informal positions that provide no legal protections or job security. They are the most vulnerable to involuntary part-time employment and seasonal employment as they endeavour to meet their immediate needs and those of their families.

SPOTLIGHT ON MARGINALIZED AND VULNERABLE YOUTH

Youth unemployment rates are often highest among wealthier or middle-income youth, whose families can afford to support them while they take time to look for good jobs and decent work. For similar reasons, rates of youth unemployment tend to be relatively high in high-income countries and emerging economies. Conversely, poor, marginalized and vulnerable youth often cannot afford the luxury of unemployment and are pushed into the labour market by necessity, especially in low-income countries. This is reflected in lower rates of unemployment but is also linked to higher rates of informal employment, underemployment and working poverty. In the context of global efforts to address poverty through decent work, these issues are of greater concern than the more often reported and analysed issues around unemployment.

Young women and employment

Globally, young women are more likely than young men to be unemployed, though rate differentials should be read with consideration of higher rates of labour market inactivity among women and potential discouragement reflected therein (see figure 3.3). Nearly 13.8 per cent of the world's young women are unemployed, compared with 12.4 per cent of young men. Although it is rare, the differential is flipped in some regions. In Eastern Asia, for

example, unemployment is higher among young men than among young women, but this is driven largely by China's inclusion of young women in its expanding manufacturing sector. In contrast, the respective unemployment rates for young women in the Arab States and Northern Africa are exceedingly high on their own (40 and 38.7 per cent) and are significantly higher than the corresponding rates for young men (21.4 and 26 per cent).

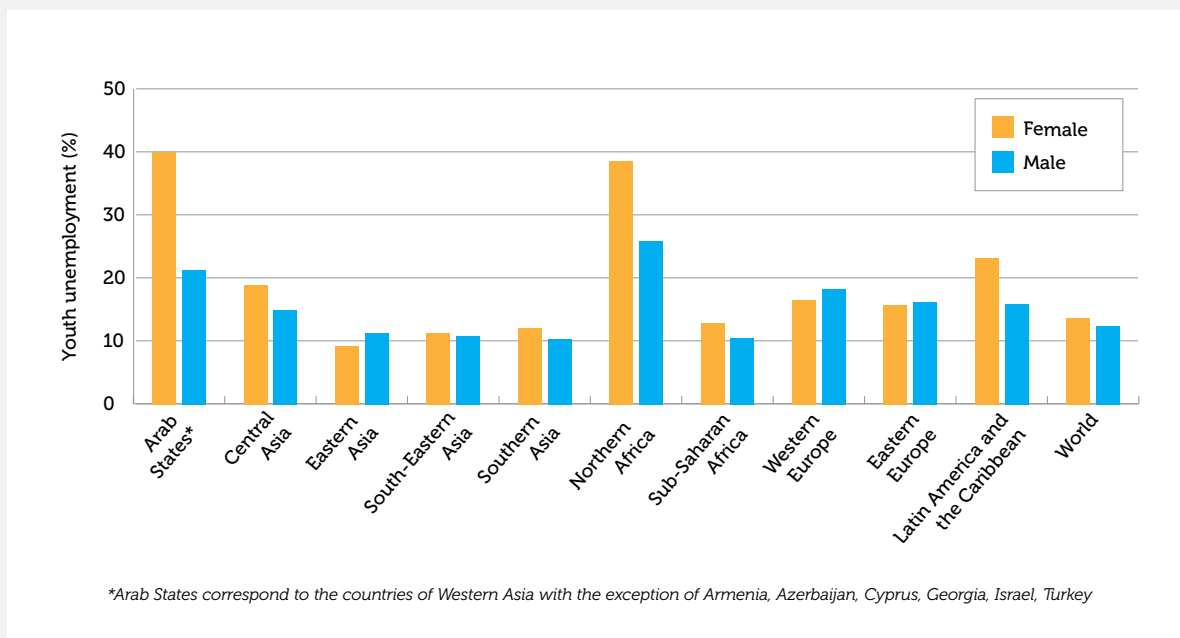
In analysing differences in unemployment rates for young women and men, it is important to bear in mind that they sometimes seek employment in different areas of economic activity and that the labour market decisions made by women in this regard are often shaped by social norms and restrictions. In some Arab States, where unemployment among young women is highest and where the differential between young women and men is most striking, opportunities deemed appropriate for women may be informed by conservative social norms. In countries where this is the case, young women often seek out opportunities in the public sector and avoid jobs in industries dominated by men. It often happens that young women are in intensive competition among themselves for work opportunities in a limited number of sectors.

Also reflected in the unemployment differential between young women and men is the fact that the burden of household and unpaid care work falls disproportionately on women. Early parenthood typically leads to divergent gendered outcomes, pushing young men into the labour force and young women out; ILO data from 25 countries show a mean labour market participation gap of 38 percentage points between young fathers and young mothers (Elder and Kring, 2016, p. 4).

Policymakers need to address these global and regional trends—including the patterns of exclusion and limiting of opportunities for young women—by implementing and enforcing gender-relevant labour



FIGURE 3.3. YOUTH UNEMPLOYMENT RATES BY SEX, 2018



Source: ILO (2018b).

regulations that promote the inclusion of young women across industries and sectors.

Youth with disabilities and employment

Unemployment among persons with disabilities exceeds 80 per cent in some countries (Burton Blatt Institute and Secretariat for the Convention on the Rights of Persons with Disabilities, 2014, p. 1). The educational disadvantage experienced by young people with disabilities inevitably has a negative impact on their employment prospects. Those who are able to secure employment tend to work in low-paying or informal jobs. Globally, there are strong links between disability, poverty and the lack of access to decent work (ILO, 2015a). Unemployment rates are high among

young people with disabilities, in part because they are less able to secure access to quality education that meets their specific accessibility needs. Even for those with disabilities who are economically active, finding quality employment that matches their skill level is a constant struggle—one with its roots in persistent social biases and negative perceptions regarding the capacity of persons with disabilities to perform in a competitive workplace. Young people with disabilities entering or in the workforce are doubly disadvantaged, as they are up against negative perceptions and stereotypes of both youth and persons with disabilities.

Addressing discrimination against persons with disabilities and securing commitments from employers to engage youth with disabilities in decent work will be



a long-term struggle. These young people can be supported by government efforts to facilitate access to services in schools and by investments in infrastructure and transport that enable access to education and work. Past deficits in educational provision have meant that youth with disabilities are not adequately prepared for the workforce, and there is continued resistance among employers, in particular those in smaller businesses and the informal sector, to hire youth with disabilities. Therefore, efforts to facilitate inclusion through more strategic measures built around training and employment are essential. Public-private partnerships between government entities, non-governmental organizations (NGOs) supporting youth with disabilities, and large enterprises—through which youth with disabilities are provided job-skills training and employment opportunities—have proven effective both in improving immediate employment prospects and in altering popular perceptions about the role of persons with disabilities in the workforce.

The provision of economic opportunities for youth with disabilities is often approached from a human rights perspective, typically within the framework of the Convention on the Rights of Persons with Disabilities. Most of the world's Governments have ratified the Convention, but not all are fully committed to its implementation. Developing nations facing severe resource constraints and enterprises struggling to ensure profits for shareholders often see full engagement of those with disabilities in the labour force as infeasible. It is important to underline that this is a short-sighted perspective that does not take into account the wider social costs of economic exclusion. A growing body of evidence from local case studies shows that efforts to more deeply engage youth with disabilities in economic life is beneficial, both on a macroeconomic scale and at the enterprise level (Banks and Polack, 2014; ILO, 2014).

From a policy perspective, the costs of dedicated programmes for youth with disabilities are offset by increases in work productivity among more educated members of

this demographic, increases in income among working youth with disabilities and family caregivers, and decreased dependence on social security systems. Moreover, evidence from developed countries shows that young employees with disabilities stay in their jobs longer, have higher attendance, and have better safety records than do non-disabled youth, which translates into increased enterprise productivity and returns on investment (ILO, 2014).

Employment among youth in conflict and post-conflict situations

While the devastation of war affects entire populations, those who bear the heaviest burden are arguably a country's youth. Young people are often involved in conflicts both as victims and as perpetrators of violence (United Nations, 2016a). Whether or not they are involved in the actual fighting, young people carry the emotional and psychological scars of war throughout their lives. Conflict situations undercut the efforts of young people to move forward with their economic lives, whether they stay in their countries or seek escape as refugees. For many, this means deferring or giving up on personal investment in education. Additionally, while wartime economies may provide job opportunities for some, for most the uncertainty of wartime violence undermines any efforts to secure work or to start building a career.

For some youth, armed conflicts represent a source of employment. Wartime economies provide young people with work as soldiers and spies, as guards and carriers of ammunition, and as cleaners and cooks in military camps. Young people are often forcibly recruited into armed groups. In some cases, however, disaffected youth are lured into joining by the promise of money and the sense of empowerment that comes with possessing a gun. In the aftermath of war, former youth combatants feel dispossessed, as they no longer have weapons and cannot find decent employment and sustainable livelihoods. Therefore,



processes of demobilization and socioeconomic reintegration need to be carefully designed to prevent the recruitment of former youth combatants into gangs and other violent groups and to facilitate their engagement in productive socioeconomic activities.

Youth migration and employment

ILO estimates for 2013 indicate that some 27 million youth left their own countries to seek better economic opportunities, accounting for about 12 per cent of all migrants (United Nations, 2016b). In developed countries about 10 per cent of all migrants were youth, and the corresponding figures for developing and least developed countries were about 15 and 21 per cent respectively. These figures point to the economic pull of migration, especially for youth from least developed economies, and the willingness of such youth to assume the burdens and risks associated with leaving their homes and social networks to seek work in other countries so that they can provide for themselves and their families.

For young people, migration offers the hope of decent work and a secure livelihood. Creating avenues for safe and successful migration both within a country and beyond its borders constitutes an important means of improving economic outcomes for youth facing widespread unemployment and poor job quality. Likewise, for developed economies experiencing a decline in the share of the working-age population, immigration provides an important means of sustaining employment-driven growth and supporting existing social safety nets. For large migrant-sending countries, workers' remittances from abroad provide an important source of household income and government revenue. Naturally, however, this comes with frictions and risks on both sides. In spite of the economic need for immigration among developed nations, native workers and the unemployed push back against migration, seeing migrants as contributing to low wages and labour competition. For sending countries, emigration may reduce labour market

pressures as a whole, but it often comes at the cost of "brain drain"—the loss of skilled workers and educated young populations who could otherwise play an important role in bolstering the economy and its development.

As explored in the *World Youth Report 2013: Youth and Migration* (United Nations, 2013), young migrants are particularly vulnerable to the worst risks associated with migration. In leaving their homes and social networks, they set out to secure work that is not always available or of the quality they had envisioned. Migrant youth, in particular those immigrating without the proper documentation, are often forced into the informal economy, where they are vulnerable to exploitation by unscrupulous employers. They frequently work without a contract and may receive irregular payment or no payment at all for their labour. Young migrants, especially young women, also face the continued risk of human trafficking and slavery. These concerns underline how important it is for migrants to adhere to laws and regulations around employment. The stark differences between the quality and availability of work in developed and developing countries mean that young people from developing and least developed countries will continue to seek economic opportunities abroad, regardless of the legalities. Coordinated efforts are needed both to ensure that migration policies and practices protect even undocumented workers from risk and to create gainful employment for youth at home.

INACTIVITY: PURPOSEFUL OR DISGUISED UNEMPLOYMENT?

Although youth between the ages of 15 and 24 account for nearly 22 per cent of the adult population, they make up less than 16 per cent of the labour force (ILO, 2017). Globally, less than 42 per cent of young people are actively engaged in the labour market, in comparison with nearly 63 per cent of the total adult population (which includes those of retirement age). This means that more than half



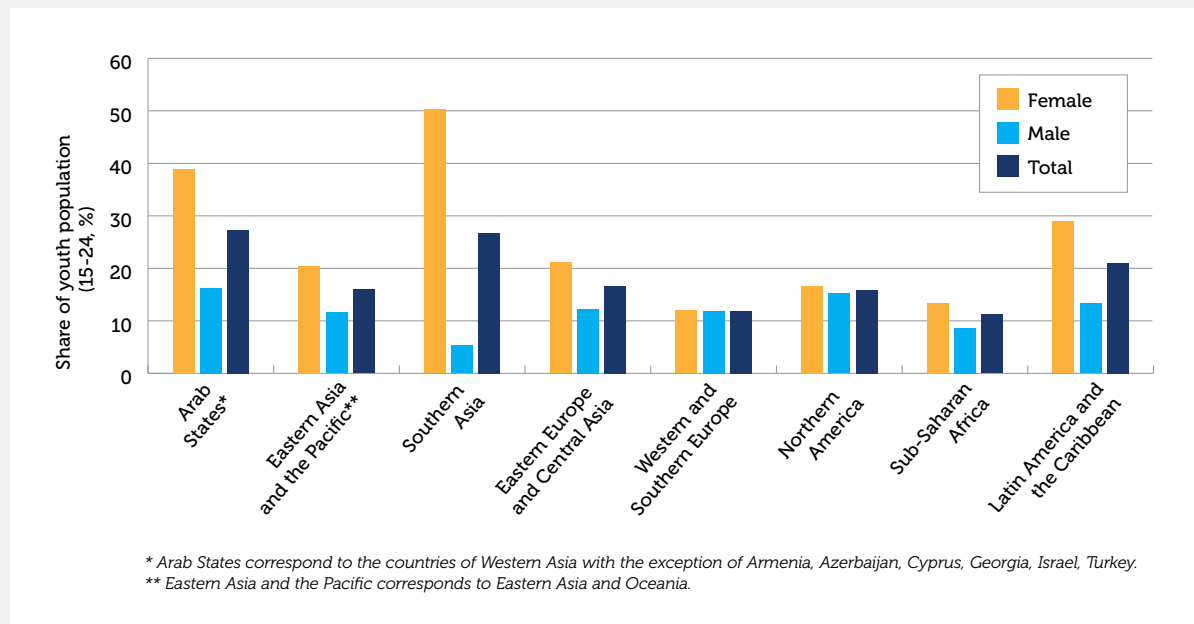
of the world's young people are not engaged in work or actively searching for work.

Low rates of labour force participation among youth are natural, given that many young people are engaged in full-time studies or in training in preparation for future work. Inactivity is not in and of itself a reflection of poor labour market outcomes. Youth may be economically inactive by choice, spending their time on personal development or carrying out the responsibilities associated with marriage, household work, raising children, or providing care to older relatives. While there are concerns that young women, who still bear the primary responsibility for taking care of children and the home in most countries, are being excluded from economic

opportunities outside the home, this remains an important personal choice. However, inactivity may also reflect aspects of economic exclusion among youth; for example, there are young people who have exited the labour market out of frustration, those who have never actively sought work because they believe that decent jobs are not available, and youth who have been denied work because of discrimination.

Here, a comparison of economic inactivity rates among youth in different regions and by sex is informative. In sub-Saharan Africa, labour market inactivity among youth is estimated at nearly 49 per cent, with rates among young women and young men nearly equal at 47 and 50 per cent respectively. In large part,

FIGURE 3.4. NEET RATES AMONG YOUTH AGED 15-24 YEARS, BY REGION AND SEX



Source: ILO (2017)



this relatively low level of inactivity among youth reflects poverty trends in many of the region's countries and the income pressures that compel young people to enter the labour market. In contrast, youth labour market inactivity is quite high in the Arab States (77 per cent), Northern Africa (75 per cent) and Southern Asia (71 per cent). The high rates of inactivity in these regions are not driven by the rates for young men, which are equal to or slightly higher than those for young men in other regions, but rather by the strikingly high rates of inactivity among young women. In the Arab States, nearly 91 per cent of young women remain outside of the economy, and in Northern Africa and Southern Asia the corresponding figures are 83 and 86 per cent respectively.

While not being actively engaged in the labour force can be a choice, young people and women often remain out of the workforce because of perceptions that no jobs are available to them or because they are discouraged in their efforts to secure work. Differentiating disguised unemployment from voluntary inactivity can be difficult, but inactivity among young women that is the result of having given up the search for employment rather than having made a voluntary decision not to work should be considered disguised unemployment.

A narrower analysis of inactivity and its negative implications derives from assessment of those youth who are not in employment, education or training (NEET). This indicator represents an effort to clarify economic exclusion among youth by focusing specifically on a state of inactivity in which potential workers are experiencing a degradation and loss of the skills they have developed. Although it should be acknowledged that this indicator still includes those youth inactive by choice, it helps identify those most at risk of not making a successful transition to work because they are not actively engaged in or preparing for employment.

8 DECENT WORK AND ECONOMIC GROWTH



SUSTAINABLE DEVELOPMENT GOAL 8: PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

The Sustainable Development Goal targets relevant to youth employment and decent work are found primarily under Goal 8 but may be identified in other sections of the 2030 Agenda as well (see table 3.1).

The targets listed below can be broadly categorized under the following four thematic schemes:

- *Fostering economic growth and broad market development.* Target 8.1 focuses on sustainable per capita growth, with a specific goal of at least 7 per cent GDP growth in the least developed countries, while target 8.2 relates to fostering increased productivity through economic diversification, technology development and innovation. Targets 8.3 and 8.10 highlight the need to promote entrepreneurship and the improvement and formalization of SMEs and to bolster access to finance for this core engine of job creation. Other targets address the unique role that sustainable trade (8.a) and tourism (8.9) play in fostering job-oriented growth in developing countries. These are echoed in calls for greater industrialization (target 9.2) and the promotion of SMEs in industry to support job creation.



- *Addressing human capital and access to employment opportunities for youth.* Sustainable Development Goal 8 seeks rapid increases in the share of youth either employed or in education or training (target 8.6). This is supported by Sustainable Development Goal 4, which includes targets aimed at ensuring that all youth have equal access to

affordable technical, vocational and tertiary education (4.3) and possess job-relevant skills (4.4).

- *Labour regulation and social protections.* Sustainable Development Goal 8 supports decent work for all without discrimination, and Goals 1 and 10 respectively focus on eliminating poverty and reducing

TABLE 3.1. YOUTH AND EMPLOYMENT TARGETS FOR THE SUSTAINABLE DEVELOPMENT GOALS

TARGET / TEXT	
1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
4.3	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
5.4	Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
5.6	Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences
5.a	Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
8.1	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
8.4	Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead

table continues on next page



inequality. Target 8.5 calls for full and productive employment and wage equality. Various targets emphasize the need for renewed efforts to protect the rights of workers, including migrants (8.8); the economic security of young migrants is indirectly addressed in targets 10.7 (planned and well-managed migration policies) and 10.c (migrant remittance costs). Target 8.7 draws international attention

to the continued need to fight the worst forms of exploitation affecting youth, including slavery, trafficking, and the use of child labour and child soldiers. Equality in access to economic resources is highlighted in targets 1.4, 5.4, 5.5, 5.a, 10.2, 10.3 and 10.4.

- *International coordination on delivering sustainable outcomes for youth.* Target 8.b seeks to ensure the

TARGET / TEXT (TABLE 3.1 CONTINUED)	
8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
8.6	By 2020, substantially reduce the proportion of youth not in employment, education or training
8.7	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
8.9	By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
8.10	Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
8.a	Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries
8.b	By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization
9.2	Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries
10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
10.3	Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
10.4	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
10.7	Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies
10.c	By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent

Source: United Nations, General Assembly (2015b).



development of a global strategy for youth employment, while target 8.4 underlines the global importance of ensuring that efforts focusing on economic development and job creation for youth move forward in an environmentally sustainable manner.

Sustainable Development

Goal 8 targets relevant to youth

Sustainable Development Goal 8 contextualizes the call for decent work across 12 specific targets (see the statistical annex to the present *Report*). These targets are intended to guide policy efforts and programmatic interventions that will help Governments and the international community meet this Goal. Importantly, the Goal 8 targets overlap with targets for other Goals in the 2030 Agenda, most notably those relating to poverty (Goal 1); education (Goal 4); gender equality (Goal 5); infrastructure, industrialization and innovation (Goal 9); and reducing inequality (Goal 10). Progress towards these Goals is mutually reinforcing, providing opportunities to foster improved employment outcomes for youth while contributing to the achievement of other Goals.

The targets of Sustainable Development Goal 8 highlight key issues on which progress is required to move countries, in particular least developed countries, forward with respect to decent employment for present and future generations of young workers. The targets emphasize the importance of a solid macroeconomic foundation for economic growth, driven by strategic investments in job-intensive and productive economic activities. In keeping with the integrated nature of the global economy, the targets focus on promoting trade and strengthening the ability of less developed economies to tap into the economic power of the developed world (through financial aid, tourism and foreign direct investment) in terms of job creation. On a similar note, the targets reflect the importance of domestic investment

and efforts to facilitate access to finance in generating job-oriented growth. In this regard, the targets justifiably emphasize the need to focus on SME-led job creation.

At the same time, the Goal 8 targets focus on policy and the key role Governments play in building a strong foundation for decent work and redressing market failures. The targets highlight the continued exclusion of marginalized groups and women and the need to combat the most egregious forms of forced labour. They also integrate efforts to level the playing field for workers across the board, protecting labour rights and promoting safe working environments. Formulating effective regulations aimed at ensuring decent work for all while providing incentives for private sector firms to invest in job creation can be a delicate balance, but this is essential to facilitating productive pathways to work for all youth seeking employment.

Finally, the Goal 8 targets underline the importance of continued investment in education and training for young people. As highlighted in the preceding chapter, access to quality education is essential if youth are to acquire the skills and knowledge they need to achieve their work-related goals and to be competitive in the global labour market. At the same time, educational systems do not provide young people with all the skills they will need to be successful in the labour market; the nature of the modern economy requires all workers—even new entrants—to engage in lifelong learning and continued skills development. This underlines the importance of ongoing efforts to provide youth with opportunities for training and skills enhancement.

The comprehensive focus of the Goal 8 targets belies the complexity of resolving the challenges facing youth around the world as they transition from school to work. For young people, the issues of unemployment, underemployment and poor job quality have proven to be persistent and daunting. Solutions require a careful



balance between efforts to stimulate economic growth and ensuring the careful alignment of often conflicting goals in terms of private sector development, labour market regulation, and investments in active labour market programmes. This requires not only close cooperation at the local level among ministries and agencies with different portfolios, but increased coordination between Governments and stakeholders in the economy, including the private sector, NGOs and youth themselves. On an international level, it requires support for deeper analysis, aid and investment, coupled with closer coordination among donors and multinational enterprises.

CONCLUSIONS

Sustainable Development Goal 8 contextualizes the call for decent work across 12 specific targets and provides a road map for Governments and the international community to meet the Goal. Within this framework, priority areas relevant to young people include underemployment, disguised unemployment, informal employment, and NEET.

While economic growth is an essential foundation for youth employment, job prospects for young people can be affected by other factors with a direct bearing on the behaviour of employers and employees, including institutional, societal and cultural norms. This is particularly evident for youth living in poverty and those most vulnerable or marginalized, including young women, youth with disabilities, migrants, and those living in environments characterized by conflict.

Other factors affecting youth employment are linked to globalization. Advancements in technology and industrial development have created new opportunities for young people as employees and entrepreneurs and have changed the nature of work, especially in developed economies. These advancements have also meant that ongoing skills development has become especially critical in terms of labour market competitiveness. The skills gap has a significant impact on youth employment, so maintaining a dynamic relationship between education and employment has never been more important. This connection will be explored in depth in the following chapter.