

# ► Labour market and employment trends for youth in the recovery period

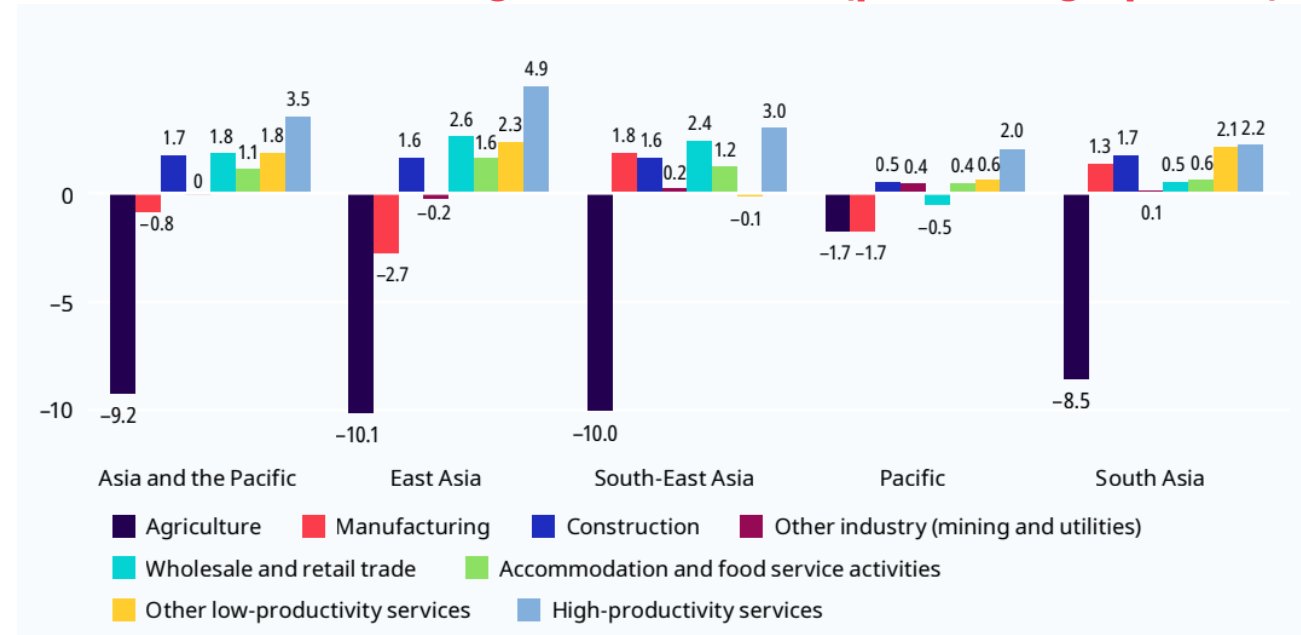
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## Structural transformation in Asia and the Pacific key to productivity and employment outlook for youth

### Structural transformation and vulnerability to impact of the crisis

- ▶ Large shares of workers shifted out of agriculture in all subregions prior to the crisis.
- ▶ In Asia and the Pacific, over 80 per cent of net job creation in the decade preceding the pandemic comprised service jobs.
- ▶ Women, youth and informal workers comprise a large share of the workforce in sectors hit hard by the COVID-19 crisis such as accommodation and food service activities, and wholesale and retail trade.

### Change in sectoral employment shares, Asia and the Pacific and its subregions, 2010–19 (percentage points)



## ▶ Even before the COVID-19 crisis, youth were in a vulnerable labour market situation in Asia-Pacific

### Asia-Pacific labour market baseline, 2019:

- ▶ Youth (15-24) were more than 6 times more likely to be unemployed than adults in South-East Asia and the Pacific
- ▶ More than 8 out of 10 young workers in Asia and the Pacific in informal employment
- ▶ More than 150 million youth not in employment, education, or training (NEET) in Asia and the Pacific
- ▶ Inequalities and gender disparities persist that limit youth's access to education, training and employment



## ▶ **Massive disruption to economy and labour markets due to the COVID-19 crisis, with disproportionate labour market shocks for youth**

**The COVID-19 crisis exacerbated pre-existing vulnerabilities and gender disparities, and negatively impacted the prospects of youth mainly through three channels:**

- ▶ **Disruptions to education, training and work-based learning**
- ▶ **Difficulties in transitioning from school to work** and moving between jobs in a recession
- ▶ **Job disruptions** in the form of reduced working hours, reduced earnings and job losses, along with deteriorating quality of employment

COVID-19 crisis hit certain sectors (e.g., accommodation and food services) and groups harder (e.g., women, youth, informal workers and the less skilled), especially in middle-income economies.

## Global employment trends for youth: Inactivity

### Impact of the COVID-19 crisis on youth

- ▶ The COVID-19 crisis exacerbated the labour market challenges faced by youth and has reversed 15 years of global progress in reducing youth NEET rates.
- ▶ On average in 2020, almost one in four (23.3 per cent) of all young people globally had NEET status. Women have much higher NEET rates than men.
- ▶ In Asia and the Pacific, the youth NEET rate jumped as a result of the pandemic, rising by 1.5 percentage points to reach 24.8 per cent in 2020.

### Share of young people not in employment, education or training, by sex, world and by subregion, 2020 (%)

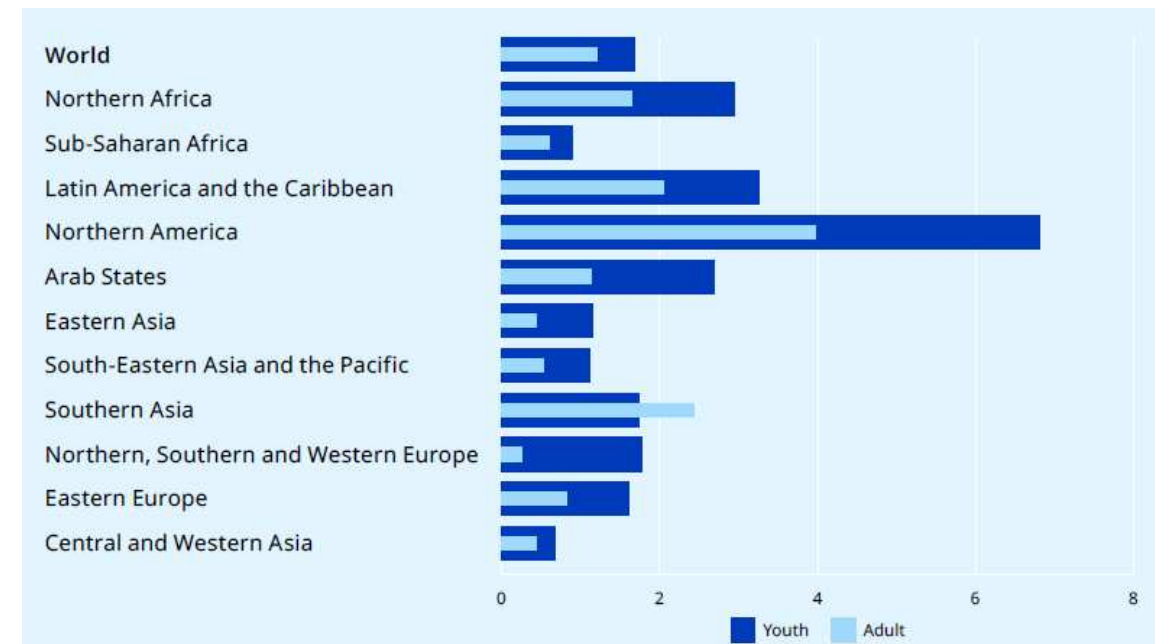


## Global employment trends for youth: Unemployment

### Impact of the COVID-19 crisis on youth

- ▶ The rise in youth unemployment in 2020 underestimates the labour market impact of the crisis.
- ▶ Global youth unemployment is projected to decline to 73 million in 2022, which would still be above the 2019 level.
- ▶ Divergence in recovery in terms of youth unemployment rates between low- and middle-income countries on the one hand, and high-income countries on the other.

### Change in unemployment rate, by age, world and by region, 2019–20 (percentage points)

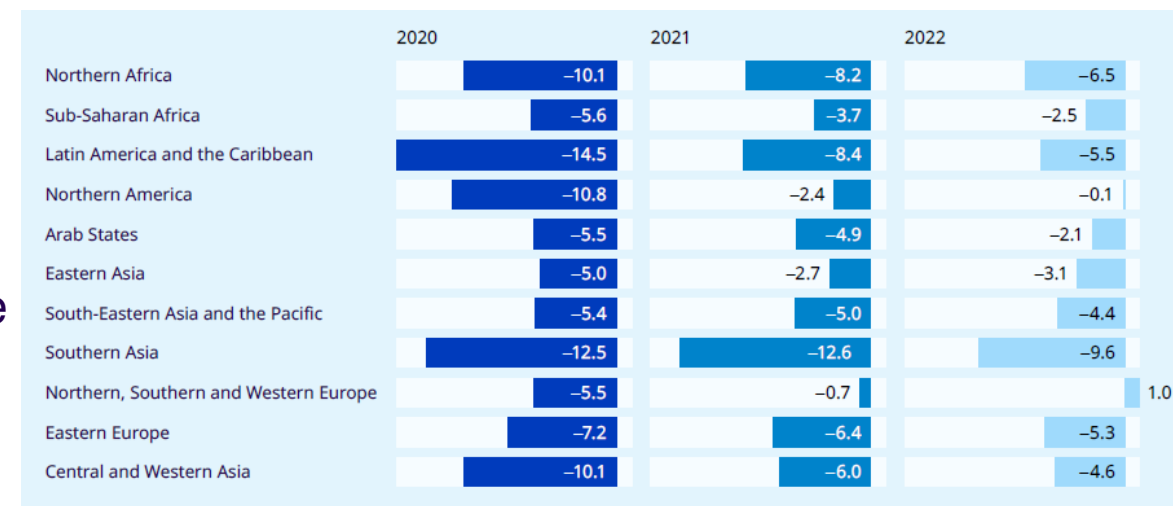


## Global employment trends for youth: Unequal impact, uneven recovery and uncertainty

### Impact of the COVID-19 crisis on youth

- ▶ The global employment deficit of young people relative to 2019 amounted to 8.2 per cent in 2020, whereas the deficit for adults was 3.6 per cent.
- ▶ Less than half of the global youth employment deficit in 2020 is projected to be recovered by 2022.
- ▶ Young people who lose their job or fail to obtain one are particularly vulnerable to long-term employment impact.
- ▶ Disruptions to the quality and quantity of education can cause significant learning losses.
- ▶ COVID-19 crisis has made the prospect of achieving targets of the Sustainable Development Goals harder.

### Youth employment deficit relative to 2019, 2020–22, by subregion (%)



Note: The employment deficit shows the difference in employment in each year due to the employment-to-population ratio being below the 2019 level. “Youth” refers to ages 15–24, “adult” to ages 25+. Data are estimates up to 2021, and projections for 2022.

Source: ILO (2022) Global Employment Trends for Youth 2022: Investing in transforming futures for young people. ILO calculations based on ILOSTAT, ILO modelled estimates, November 2021.

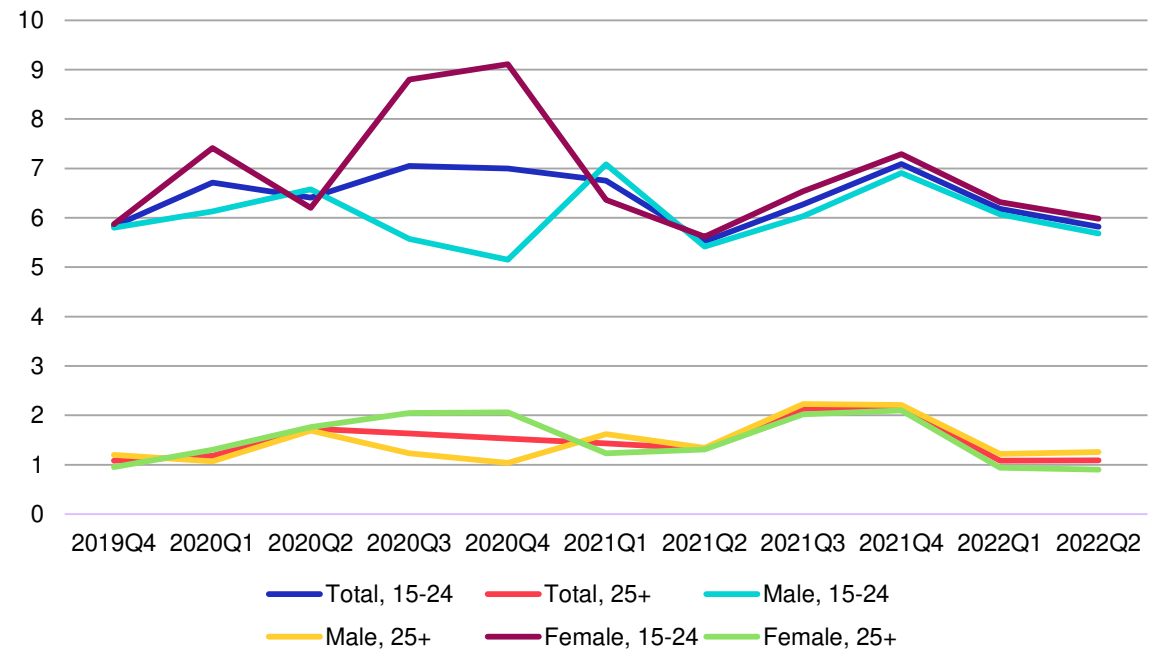


## ► Labour market recovery and persisting labour market challenges for youth in Viet Nam

### Labour market challenges for youth:

- Youth **more likely to be unemployed than adults** even before and during COVID-19 crisis.
- High female labour force participation rate, yet **gender gaps** in employment quality, earnings and decision making jobs persist.
- Youth who are not in employment, education or training were six times more likely to find an **informal job** than a formal job in 2019.
- The COVID-19 crisis had an uneven impact on **wages** of informal workers, young people and workers with lower educational qualifications.

### Unemployment rate by sex and age, 2019Q4 - 2022Q2 (%)





## ▶ Youth labour market resilience during the COVID-19 crisis in Viet Nam

### Study approach

- ▶ **Data:** Young Lives study (University of Oxford) followed children since 2001, including COVID-19 phone surveys in 2020 with respondents employed pre-crisis in Viet Nam.
- ▶ **Defining ‘work resilience’** as the ability to maintain their job throughout the crisis or to recover post-lockdown. **‘Work and income resilience’** defined as work resilience and having greater or equal earnings.

### What predicts work and income resilience for youth in Viet Nam?

- ▶ Youth work resilience to the COVID-19 impacts seems to have been **more driven by the need to work than by capacity.**
- ▶ **Income:** Young workers have been able to keep their job at the cost of accepting a worse-paid job (or lower earnings) and possibly worse working conditions.
- ▶ **Gender:** Women were less likely to be work-resilient and more likely to have lost their job and not recovered than male workers, yet worsening working conditions for male workers.
- ▶ **Policy implication:** (i) restore labour market capacities to generate quality jobs, (ii) implement effective employment policies to ensure equal access to those opportunities, and (iii) protect vulnerable workers, including youth as own-account workers in hard-hit sectors.

## ► **Socio-economic policy responses to the COVID-19 crisis and gaps in the measures to support youth – a global review**

- Countries were **quick to respond with economic stimulus**.
- **A wide range of policy measures aimed at stabilizing employment and income**. Divergence between fiscal space of high-, middle- and low-income countries.
- **Pre-crisis strength of youth employment support systems and of labour market institutions** played another factor in crisis response.
- In both developed and developing countries, **most COVID-19 support programmes were not youth-specific**, but targeted mostly those already in employment.
- Some countries **expanded or adjusted their existing labour market programmes** to needs of youth.
- The crisis also **affected the scale and scope of existing youth employment programmes** in place (e.g., due to public health restrictions).

## ▶ Labour market policies implemented by countries in the *early* phases of the COVID-19 crisis

### Employment retention policies

- ▶ Short-term work or wage subsidy schemes common
- ▶ Generous design, high take-up
- ▶ Efforts to increase coverage towards non-standard workers
- ▶ Often extension and re-introduction instead of phasing out of policies

### Emergency income support policies

- ▶ Ad-hoc support measures or targeted grants to workers not covered by social insurance
- ▶ Reduced barriers, speeding up and increased coverage of minimum income support schemes
- ▶ Public works and training programmes for workers without current income
- ▶ In-kind benefits

## ▶ Labour market policies implemented by countries in the *later* phases of the COVID-19 crisis

### Targeted support measures

- ▶ Focus on supporting **young people** during transition from education to work
- ▶ Focus on **unemployed adults**
- ▶ More generally, shift towards the **needs of particular groups**; active labour market policies for broader target groups at risk of long-term unemployment

### Training policies

- ▶ Support **mobility** from sectors adversely impacted by the pandemic to sectors experiencing labour shortages
- ▶ **Digitally enabled activation policies** and **online delivery** of training courses

**No clear sequencing of policy measures observed due to multi-wave character of the COVID-19 crisis**

## ▶ Investing in transforming futures for young people

### Potential of green, blue, digital, creative and care economies for youth employment

- ▶ **COVID-19 recovery remains fragile** with risks posed by supply chain disruptions, price spikes, financial distress and geopolitical tensions and conflicts
- ▶ **Longer-term transformative approaches required** to make economies more inclusive, sustainable and resilient
- ▶ **Green, blue (ocean), platinum (digital), orange (creative) and purple (care) economies** have considerable potential to absorb young workers

### ILO macro-econometric model and costs

- ▶ Macro-econometric modelling suggests that a big investment push around the green, digital and care economies could raise global GDP by 4.2 per cent and create an additional 139 million jobs worldwide, of which 32 million would be accounted for by young people aged 15-29.
- ▶ The global costs of implementing the combined policy measures are estimated to be around 2.5 per cent of global GDP in 2030.

## ▶ Quantifying the employment impacts of undertaking a series of green, digital and care policy measures

- ▶ **Green policy measures:** aimed at improving energy efficiency in buildings and appliances, decarbonizing electrical power generation through a shift to renewable energy, and expanding electric vehicles usage and associated infrastructure → additional net 8.4 million jobs for young people aged 15–29 years worldwide
- ▶ **Digital policy measures:** universal (90 per cent) internet broadband coverage → additional net 6.4 million jobs for young people aged 15–29 years worldwide
- ▶ **Care policy measures:** investments in health and social care provision and in education coverage with a view to meeting the relevant targets of SDG 3 (on health) and SDG 4 (on education) → additional net 17.9 million jobs for young people aged 15–29 years worldwide

## ▶ Projected youth employment impact in Asia and the Pacific

**Asia and the Pacific is likely to enjoy the highest gains from implementing the green, digital and care policy packages**

- ▶ 69 per cent of additional jobs for youth generated worldwide through the “green scenario”
- ▶ A third of the global total jobs under the “digital scenario” and almost half of the global total jobs under the “care scenario”

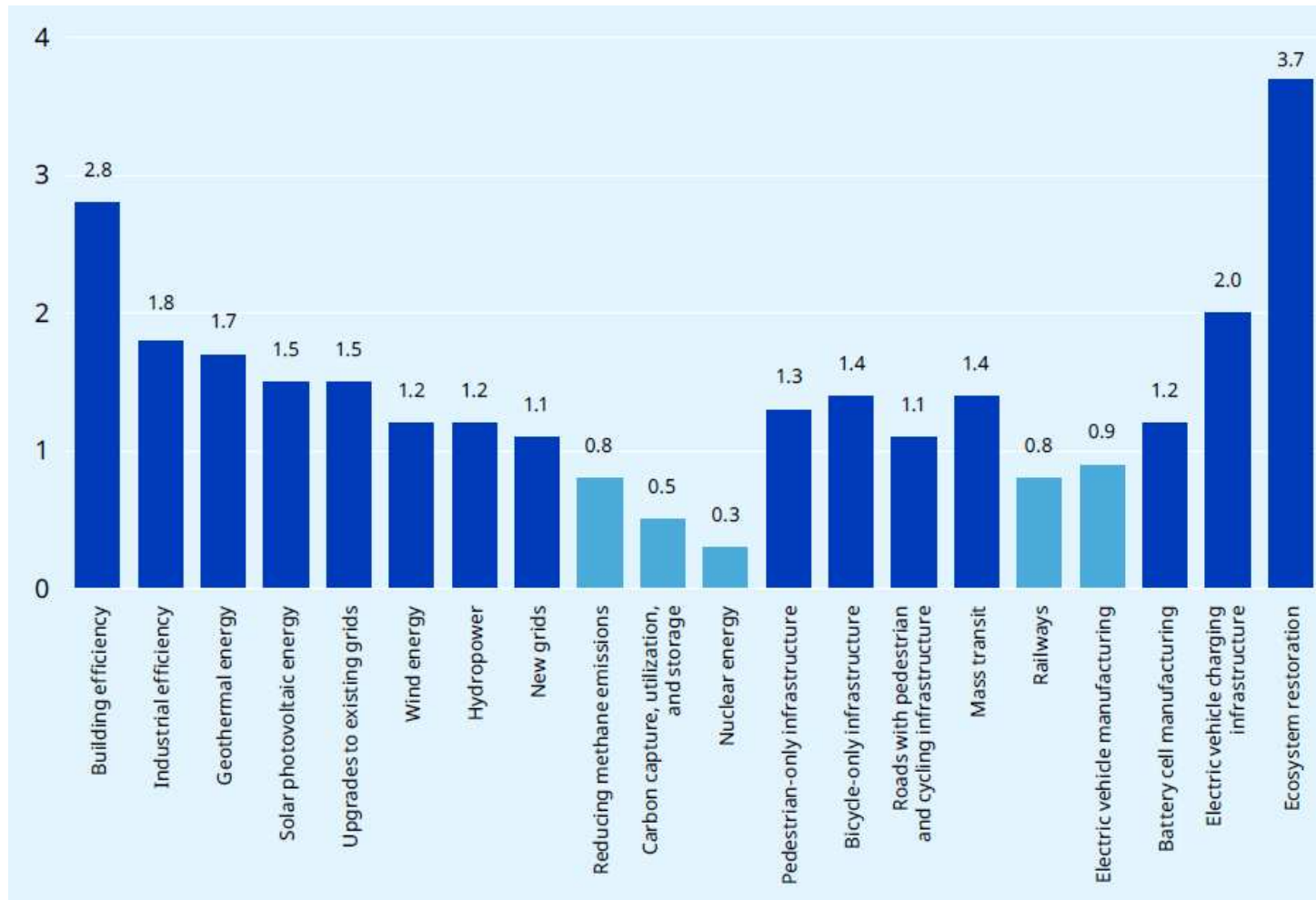
**Projected youth employment impacts of policy scenarios relative to baseline, 2022 and 2030 (thousands)**

	2022	2030
Green scenario	1 785	5 816
Digital scenario	909	2 102
Care scenario	1 622	8 516
<b>Combined scenario</b>	<b>4 132</b>	<b>15 984</b>

Source: ILO (2022) Global Employment Trends for Youth 2022: Investing in transforming futures for young people. Note: Youth are defined as those aged 15–29 years. ILO, based on the E3ME model of Cambridge Econometrics.



## Green investments can create more jobs than traditional investments



**Ratio of jobs created per unit of green investment to jobs created per unit of unsustainable investment**

Note: This comparison of green and unsustainable investment refers to clean energy versus fossil fuels; public transport versus road traffic; electric vehicles versus internal combustion engine vehicles; and nature-based solutions versus fossil fuels.

Source: ILO (2022) Global Employment Trends for Youth 2022: Investing in transforming futures for young people, based on Jaeger et al. (2021).

## ▶ Digital employment – trends and characteristics

**Digital employment is captured using the OECD’s index of digital intensity of economic activity, which captures the extent to which economic sectors have “gone digital”.**

- ▶ Digital intensity increases as one moves from agriculture to industry, and from industry to services.
- ▶ Digital employment is heavily concentrated in urban areas, especially in low- and middle-income countries.
- ▶ Women, particularly young women, are slightly more likely than men to be in digital employment.
- ▶ Youth employment in the digital economy is characterized by the relatively high proportion of skilled workers with high levels of education.
- ▶ Higher digital intensity goes hand in hand with higher levels of wage employment and formalisation.
- ▶ Yet, in lower-income countries, the beneficial effects of the digital economy are more conditional on educational attainment but as country income increases, digital employment is more inclusive.

## ▶ Young workers in the care economy

**The care economy is a major employer of young workers, particularly young women. Expanding employment in the care economy brings a quadruple win for youth:**

- ▶ By creating decent work opportunities, they improve young peoples' employment prospects, particularly those of young women;
- ▶ By providing care services they make it easier for young women and men with family responsibilities to enter and remain in the labour force;
- ▶ By expanding education and training opportunities and catering to young people's health care needs they promote young people's wellbeing;
- ▶ And they help lower youth NEET rates, specially among young women.

## ▶ Preventing deeper economic and social scars and promoting a better future of work for young people

Countries are facing multiple challenges with COVID-19, green, digital and demographic transitions. As countries move from immediate relief to supporting the recovery and more sustainable, inclusive, and resilient economies, shortcomings in reaching young people need to be addressed.

### Key policy recommendations

#### 1. What young people need the most is a better functioning labour market that creates jobs

- ▶ Governments should continue to provide tailored macroeconomic support to assist sustainable enterprises, boost labour demand and support young workers in their labour market transitions
- ▶ Enhanced international cooperation is equally important to address the fiscal and financial constraints faced by developing countries, in which the majority of young people live

## ► Policy implications

### **2. Investing to transform the economy, create decent jobs and ensure the well-being of future generations (Green, blue, platinum, orange and purple)**

- Redirecting public investment towards the digital, care and green economies to create jobs for young people
- The benefits of a big investment push would go beyond jobs and incomes, but the transformational effects are not automatic

### **3. Adopting supportive labour market policies and promoting skills development and entrepreneurship**

- Skills can be a driver for economic transformation. Labour market and skills development policies targeting young people are needed to support and facilitate economic recovery and greater resilience
- Well-designed targeted subsidies and employment services are a way to promote the creation of jobs for young people by reducing the costs of recruitment, retention and training in key sectors

## ► Policy implications

### **4. Addressing youth specific vulnerabilities**

- Reach out to the inactive NEET, not just to the unemployed
- Strengthen social protection systems and combat decent work deficits

### **5. Improving policy design and delivery through integrated employment strategies**

- Policy packages for young people are more likely to be successful than single measures
- Regular monitoring, evaluation and better data to track progress are other key factors for success

### **6. Listening to young people and fostering their engagement**

- Efforts to create a more sustainable future cannot succeed if they fail to engage the younger generations meaningfully

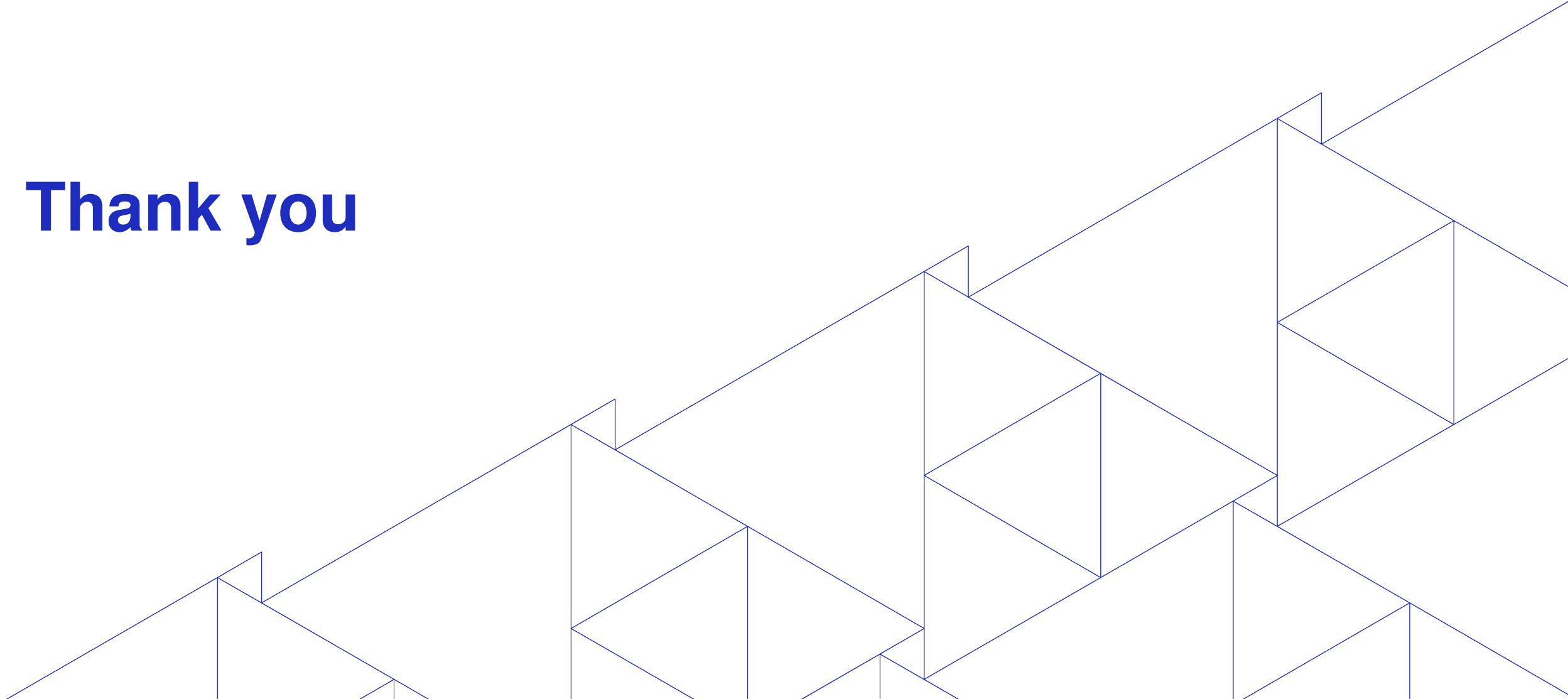
## ▶ Policy considerations for a human-centred recovery for youth in Viet Nam

### Further policy considerations

- ▶ **Prioritizing youth employment** to sustain the focus of Viet Nam's Socio-economic Development Strategy
- ▶ Taking into account **multiple key labour market indicators** (beyond unemployment rate) for youth labour market analysis and monitoring progress
- ▶ Including **targeted policies to tackle the diverse challenges encountered by different groups of young people** (e.g., disadvantaged youth, highly educated youth) in Employment Law
- ▶ Supporting the **multiple labour market transitions** of youth through integrated support system
- ▶ Developing **agile labour market information system**
- ▶ **Strengthening career development support and employment services**
- ▶ **Tackling gender disparities and vulnerabilities** in the labour market
- ▶ Investing in **creation of high-quality jobs**, green jobs, digital jobs, as rising levels of educational attainment among youth is not sufficient to ensure rising incomes and improved job quality



▶ **Thank you**



## ▶ For more information

- ▶ ILO (2022) Global Employment Trends for Youth 2022: Investing in transforming futures for young people
- ▶ ILO (2022) Youth labour market resilience during the COVID-19 crisis in three middle-income countries
- ▶ ILO (2022) Policy sequences during and after COVID-19: A review of labour market policy patterns
- ▶ ILO (2022) World Employment and Social Outlook – Trends 2022
- ▶ ILO (2022) ILO Monitor: COVID-19 and the world of work. Ninth edition
- ▶ ILO (2022) Youth employment in times of COVID: A global review of COVID-19 policy responses to tackle (un)employment and disadvantage among young people.
- ▶ ILO (2021) Resolution concerning a global call to action for a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient, adopted at the International Labour Conference
- ▶ ILO (2021) An update on the youth labour market impact of the COVID-19 crisis. Statistical brief
- ▶ ILO (2021) Gender and the labour market in Viet Nam: An analysis based on the Labour Force Survey
- ▶ ILO (2021) Informal employment in Viet Nam: Trends and determinants
- ▶ ILO (2021) COVID-19 and rising wage inequality: Trends and challenges in Thailand and Viet Nam
- ▶ ILO (2021) COVID-19 and the ASEAN labour market: Impact and policy response
- ▶ ILO and ADB (2020) Tackling the COVID-19 youth employment crisis in Asia and the Pacific
- ▶ ILO (2020) Asia–Pacific Employment and Social Outlook 2020: Navigating the crisis towards a human-centred future of work