



RESEARCH NOTES

PEP Asia-CBMS Network Office

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Youth Employment & Entrepreneurship

Research Notes No. 2 Research Framework

Ballooning youth population yet many have no foundation skills

About one out of six people in the world are in the age range of 15-24 years and many of them have no foundation skills to get decent jobs. A recent report from UNESCO asserts that one out of two countries have at least half of their 15-19 year-olds lacking in foundation skills¹ (UNESCO, 2013). And yet, many countries have no financial wherewithal to go beyond supporting primary and secondary education.

At the household level, many young people are hampered by poverty in acquiring skills. For instance, two-thirds of young people who belong to poor households in Ethiopia were not able to go to school. This is in stark contrast to those from rich households where only one out of seven young people never had a chance to go to school. This disparity is even more noticeable across genders: in poor countries, girls are less likely to acquire foundation skills than boys, particularly those in rural areas (UNESCO, 2013).

Alarming levels of unemployment among the youth

Youth unemployment rates are 2-3 times higher than adult employment rates. In some countries, youth unemployment reached alarming levels—40 percent in South Africa (since early 2008) and 50 percent in Spain (in early 2012). Youth unemployment² is twice the national figure in countries where it is not a problem. Those who are less educated are more vulnerable to unemployment or low quality employment.

The issue of difficulty in landing a job also hounds the youth. The youth suffer from unemployment spell or sustained unemployment. ILO's study in eight countries reveals that more than two out of five youth in each country had been unemployed for at least a year. In addition, young people with disabilities have difficulty in acquiring education and work. In Malawi and Swaziland, for instance, more than 50 percent of the 15-29 year-olds with disabilities had never been to school. Employment rate among 15-29 year-olds with disabilities are 3 percent and 28 percent in Malawi and Swaziland, respectively.

¹ Include literacy and numeracy skills vital for getting work and are prerequisites for engaging in further education and training.

² Unemployment rate among 15-24 year-olds. "Unemployed population is made up of persons above a specified age who are available to, but did not, furnish the supply of labour for the production of goods and services." (ILO)

Skills development are at times not inclusive

According to a UNESCO report released this year, less than half out of 46 countries, addressed skills development of youths in the informal sector (UNESCO, 2013). The report noted that combining microfinance or social protection with skills development programmes, can be an effective strategy to tackle multiple disadvantages or deprivation.

There is considerable work-to-skill mismatch among youths

This is one of the issues faced by many economies yet there is insufficient data to measure the extent of skills-work mismatches across countries (UNESCO, 2013). There are instances that skills acquired were not put into good use due to insufficient matching jobs. The state plays a key role in matching skills supply to demand (e.g., Korea). This can also lead to brain drain where youths find more suitable careers in countries other than their own. In many economies, skills development policies target enhancing quality of formal technical and vocational education and training—including strengthening partnerships with the private sector—often to address skill-work mismatch (UNESCO, 2013) (e.g., K-12 program of the Philippines).

Individual-specific characteristics such as field of specialization preferences, educational priorities, and post-education plans in support of factors mentioned above determine the choice of specialization of youths. For instance, does the job market really dictate the track that youths take? In the case of field saturation, this also impacts unemployment. Furthermore, there are some who after graduation undertake advanced education and training. In another context, having a family in the future is a driving force to either secure employment or establish a business. This can also have intersection with family values and peers since the family or peers can encourage children to take a specific vocation.

Another factor that can help facilitate acquisition of transferrable skills³ is good, quality education. For instance, the inclusion of information and communication technologies (ICTs) in standard education is the norm now due to the high demand for people with these skills. Furthermore, the extent at which young people utilize media is one of the major determinants of learning as well as a major influence on what track they will choose to pursue in terms of education and employment. To some, media is an avenue to market and network which is a sign of innovation and competitiveness.

Shortage of skills is a serious constraint as well as unfavorable business environment for entrepreneur

Understanding individual-specific reasons for choosing the entrepreneurship path is also vital. There are a number of literature that cite family tradition, dream of being a boss and prospect of earning additional income as some of the reasons. However, these are not enough to facilitate entrepreneurship among youths.

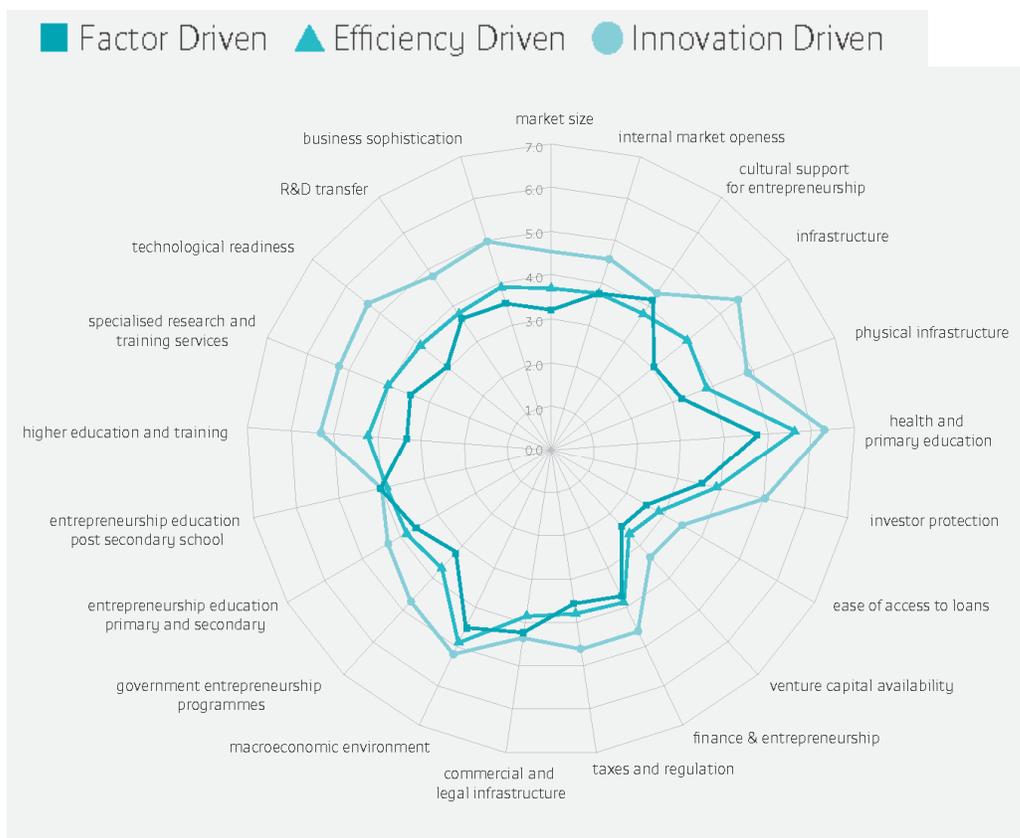
Idealism, which can be innate among the youths particularly those who have just finished tertiary education, can be faced by the reality in society and government. In Egypt, nine out of ten youths complained about nepotism in job markets and more than four out of five felt corruption was growing. One reason youth see their future hugely depend on connections with the government (UNESCO, 2013). A study in the Philippines (Mendoza, et

³ Include analyzing problems and reaching appropriate solutions, communicating ideas and information effectively, being creative, showing leadership and conscientiousness, and demonstrating entrepreneurial capabilities.

al. 2013) finds that a student who witnessed fraud in suffrage is more likely to have intention to leave the location compared to a student who did not. Corruption can also undermine youth entrepreneurship since younger firms are more likely to be victimized by irregularities and poor business environment than older ones. This in turn translates to brain drain, wherein many fresh graduates are attracted to move abroad.

There are other factors that may be directly unobservable and yet are very vital drivers of entrepreneurship and employment. These include an individual's innate characteristics such as resilience, innovation, and risk taking. Moreover, an individual's response to the environment is equally important in assessing how he/she views external conditions such as cost of doing business and quality of life (Figure 1). For instance, does the poor quality of roads really hurt their business to the point they would want to move their business to another location? Is their choice of skill in response to market conditions? Furthermore, membership in organizations is known to foster knowledge sharing and facilitation of processes through networks. Youth organization can be of help in developing youths' market value and open up towards entrepreneurship and employment.

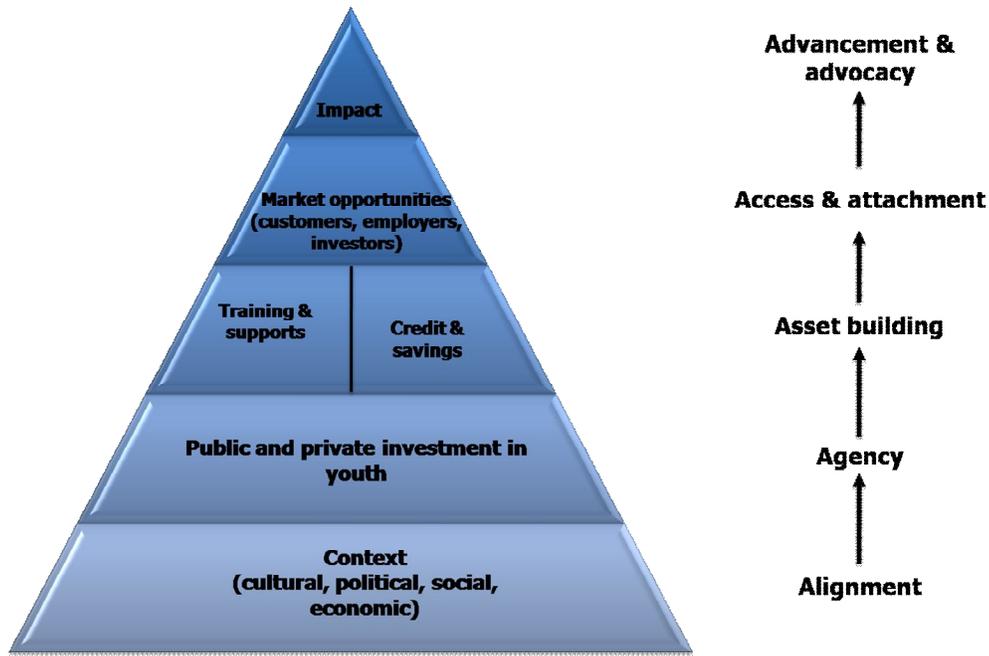
Figure 1. Rating of drivers and enablers of entrepreneurship in factor, efficiency and innovation driven economies



Source : ODI, 2012

Figure 2 reflects the framework of determinants and factors that relates to entrepreneurship and employment. These determinants include individual, business environment, asset building, accessibility and policies (EMN, 2012).

Figure 2. Conceptual Framework for Youth Employment and Entrepreneurship Programs



Source : Source: Adopted from EMN, 2012

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