
ISSUE BRIEF

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#2

Cluster 1: The role of work for individuals and society

Addressing the situation and aspirations of youth

The establishment of the Global Commission on the Future of Work in August 2017 marked the start of the second phase of ILO's Future of Work Centenary initiative. The six thematic clusters provide a basis for further deliberations of the Global Commission. They focus on the main issues that need to be considered if the future of work is to be one that provides security, equality and prosperity. A series of Issue Briefs are prepared under each of the proposed clusters. These are intended to stimulate discussion on a select number of issues under the different themes. The thematic clusters are not necessarily related to the structure of the final report.

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Introduction

Employment is more than just a means to satisfy material needs. It provides individuals with dignity and purpose, and it is ultimately a key to long-term social integration into society. During childhood and early adolescence, socialization takes place in the home and at school. During their transition from school to work, young people¹ become even more integrated into society through their employment.

This Issue Brief provides an insight into the challenges young people face as they enter the labour market, and it summarizes survey findings about the aspirations of youth. It further discusses whether young people are likely to be better off than their parents, with a particular focus on migration and intergenerational (or social) mobility.

Key findings

What challenges and opportunities do young people face as they enter the world of work?

The transition from school to work is increasingly difficult. According to the ILO (2017a), the global youth unemployment rate was 13.1 per cent in 2017. Three out of four of those who are employed work in the informal economy, particularly in the developing part of the world. Informal employment is one of the main reasons behind the high incidence of working poverty among young people (16.7 per cent). A significant number of young people are not in employment, education or training (NEET). According to ILO estimates, more than one-fifth of youth are NEET, three out of four being women.² At the same time, levels of educational attainment are rising. Young people are remaining longer in education and increasingly pursuing a work-study combination in order to gain access to the labour market.

The challenge of labour market inclusion is accompanied by a demographic shift. By 2030, the global proportion of youth is projected to decline to 15.2 per cent, while the proportion of persons aged 65+ will increase to almost 12 per cent. By 2050, it is projected that older people will outnumber the younger population (UNDESA, 2017). The vast majority (86 per cent) of the 25.6 million young people entering the labour market before 2030 will live in emerging and developing countries (ILO, 2017a and 2017b). While this provides a significant opportunity to leverage this new potential, it also intensifies competition amongst youth for the limited jobs available. The situation is different in developed countries, where societies are ageing alongside a shrinking labour force. Although an ageing population might present new employment opportunities in the care economy (see Issue Brief No. 3), it will place an increased strain on the active workforce, who will be expected to sustain social security systems (pension and health-care schemes in particular) upon which the growing number of retired workers rely (see Issue Brief No. 12).

¹ This Issue Brief expands the United Nations' standard definition of "youth" (15–24 years) of 1992 and defines young people as those aged 15 to 29 years. This decision has been taken to reflect the fact that today's youth spend more time in education and also face a prolonged transition period into the labour market.

² NEET estimates are based on a sample of 98 countries. Further information can be found in ILO (2017a).

Over two-thirds of young workers today are wage earners (ILO, 2017a). However, this labour market status does not necessarily imply job security and stability. Young workers, women and migrant workers in particular, show the highest incidence of non-standard forms of employment in both developed and developing countries (ILO, 2016; OECD, 2015; O'Higgins, 2017).³

The high incidence of unemployment and working poverty (push factors), combined with better job prospects, income and educational opportunities, and welfare systems elsewhere (pull factors), often induce young people to look for better employment and education opportunities in other countries (S4YE, 2017; Eurofound, 2016). Youth account for about 21 per cent of the international migrant stock, and 27 per cent of the migrant population of working age (S4YE, 2017). In the developing part of the world – particularly in the least developed countries – many young people are willing to migrate in order to find a job, any job. In contrast, young people in developed countries usually migrate in search of better educational opportunities and/or to find a higher-quality job.

Technology poses both risks and opportunities for youth. Technological advancement is a major driver of new employment opportunities, in particular those connected to digital technologies (e.g. in the platform economy; see Issue Brief No. 5). These advances offer a wide range of new and diverse forms of employment, which allow for greater flexibility, particularly for young people with disabilities or care responsibilities. As they do not depend on location, they provide considerable employment opportunities to youth in both developing and developed countries. At the same time, these jobs may be of poor quality, characterized by a low degree of job and income security, limited access to training and career development, and restricted opportunities for collective representation.

If these labour market challenges are not overcome, it will be difficult to ensure the future inclusion of youth in work and society. This will have serious implications not only for the young persons themselves but also for society, in terms of their prolonged economic dependence and potential isolation. This might also increase public expenditure while decreasing the young persons' engagement in and contribution to society (see Issue Brief No. 1).

What do surveys tell us about the aspirations of youth?

How do youth see the role of work in their lives?

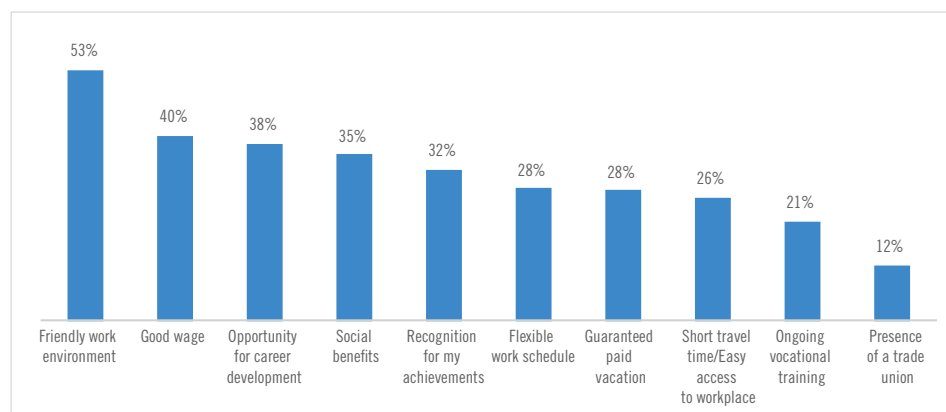
The ILO's Youth and the Future of Work Survey (YFoW)⁴ shows that over half of the young people in developed countries – and about one-third in emerging and developing countries – view their future working life with fear or uncertainty (ILO, forthcoming). Most of them live in regions with the highest rate of technological diffusion and automation (see Issue Brief No. 6). In the Arab States, youth appear more confident that technological change will create jobs, while the youth in Europe and Central Asia expect more jobs to be lost. Moreover, young people expect to have improved ways of communicating and connecting with co-workers, and to be able to continually reskill in the technological aspects of their work.

³ The ILO classifies non-standard forms of employment in the following four categories: (i) temporary employment; (ii) part-time work; (iii) temporary agency work and other forms of employment involving multiple parties; and (iv) disguised employment relationships and dependent self-employment (ILO, 2016).

⁴ The ILO's Youth and the Future of Work Survey was conducted in 2017 and collected responses from 2,300 young people aged 15 to 29 years in 187 countries. The survey is based on 45 questions and investigates young people's aspirations and perceptions on the future world of work. Despite a slight gender bias (60 per cent of the respondents were women), the survey findings roughly represent the youth population size at the regional level. The data collection efforts were complemented by a series of youth focus group discussions. Further information can be found in ILO (2017a, Annex G).

Many young people are starting their working lives in less secure and stable forms of employment. Although more than a quarter of the young respondents consider flexible work schedules to be important, they attach an even greater value to characteristics associated with more traditional forms of employment, such as good wages, opportunities for career development and social benefits (figure 1).

Figure 1. Young people's ideal job, 2017



Note: The figure reports the percentage of replies to the question, "What characteristics would your ideal job have?". Respondents could list a maximum of three characteristics.

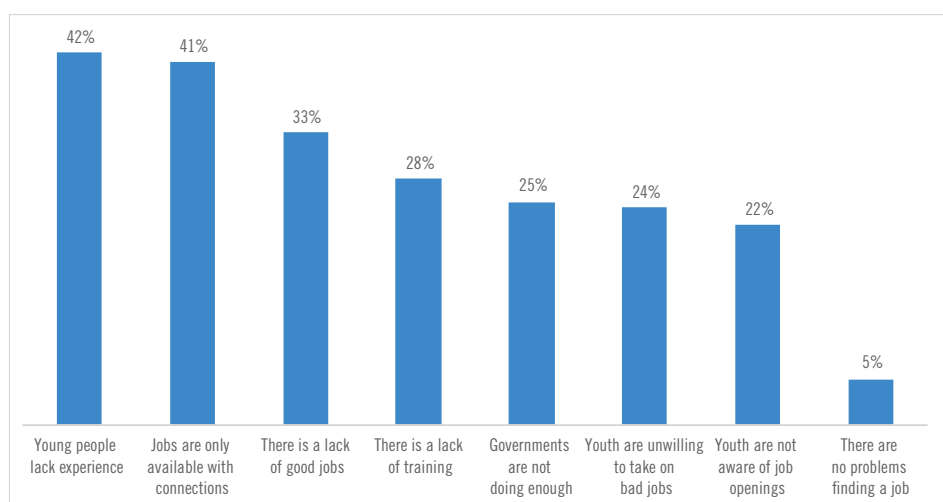
Source: ILO, forthcoming. Calculations based on the ILO Youth and the Future of Work Survey, 2017.

In terms of job security, fewer young women (12 per cent) describe their current employment as stable compared to young men (16 per cent), but they are more optimistic about obtaining a more secure job in the next ten years (women 28 per cent, men 25 per cent). The aspiration for stable employment appears as strong in the developing countries as in the developed countries (Deloitte, 2017). National surveys report somewhat contradictory results. In the Republic of Korea, for instance, almost two-thirds of youth list their top three employment options as being the government, public enterprises and large enterprise – all of which are associated with more stable employment prospects (Statistics Korea, 2015), while in Peru 86 per cent of young people report that they prefer autonomy in order to start their own business, often a start-up in the digital economy, over job security (ILO, 2017c). The quality of employment remains a major concern for youth across all regions. They are prepared to migrate permanently for decent employment, as shown by the ILO's YFoW survey and the latest Gallup World Poll (Gallup, 2016).

What do young people see as the biggest obstacle to finding work?

When young people were asked about the main obstacles to finding a job, they cited most frequently: lack of relevant work experience (42 per cent), lack of good business connections (41 per cent) and lack of availability of good jobs (33 per cent) (figure 2). Only 5 per cent stated that they had no problems in finding a job (ILO, forthcoming).

Figure 2. Main obstacles to finding a job



Note: Respondents could give multiple answers.

Source: ILO, forthcoming. Calculations based on the ILO Youth and the Future of Work Survey, 2017.

These findings are in line with those collected in other country surveys, e.g. the UNDP 2012 research report for Armenia (UNDP, 2012).

Are youth likely to be better off than their parents?

Whether young people believe that they will be better off than their parents largely depends on where they live. Surveys show that most young people in developed countries believe that they will be worse off than their parents in terms of future income prospects, while the majority in developing countries expect that they will be better off (Pew Research Center, 2017; Deloitte, 2017). In general, this optimism is driven by the expectation of life satisfaction and financial and job security, in particular in emerging economies, such as China, India and Brazil. Developed countries, such as Belgium, France and Spain, are at the other end of the spectrum (Ipsos, 2016).

Reality might differ from these expectations. Previous generations of young labour market entrants might realistically have aspired to having a “job for life”, i.e. being employed with the same employer over their entire working life. Today’s youth find themselves increasingly engaged in multiple non-standard jobs, often part time, and with more than one employer simultaneously (ILO, 2016; OECD, 2015; O’Higgins, 2017). In this context, the question arises whether young people will still be able to “move beyond their social origins and obtain a status not dictated by that of their parents” (Fox, Torche and Waldfogel, 2016, p. 1).

This intergenerational (or social) mobility varies greatly between countries (Clark, 2014). Parental employment status during adolescence is important. Where one parent is employed, the probability of unemployment drops, and it decreases further when both parents are employed, as compared to families where both parents are unemployed. While education is key to social mobility, youths do not necessarily achieve higher levels of education than their parents. A country-level analysis (32 countries) in the ILO’s School-to-Work Transition Survey (SWTS) showed that only 37 per cent of young workers obtained a higher level of education than their fathers, while some 48 per cent reached the same level (OECD, 2017).

Migration also influences intergenerational mobility by providing opportunities for future generations to achieve a higher standard of living. However, this aspiration often only materializes for the second generation of immigrants. Dustmann (2007) shows that migrant parents are more likely to invest in their children's education, which then reflects positively on their future income. Young people migrating without their parents are often also constrained in their social mobility, since they use their surplus income to support their families at home (remittances).

Some considerations

Despite economic growth, higher levels of educational attainment for some and the narrowing of gender participation gaps, young people are still facing significant challenges in the labour market. Persistently high unemployment rates, emerging non-standard forms of employment, pervasive informal employment and high rates of working poverty, all give cause for concern. The transition from school into the labour market is critical in a young person's life and the inability to do so may have long-term socio-economic effects.

- How can educational institutions work more closely with labour market intermediaries and enterprises to facilitate a young person's smooth transition from school to work?
- Which policies are needed to harness the benefits of demographic change in emerging and developing countries (demographic dividend)?
- What are the key policies necessary to facilitate intergenerational mobility?
- How can the aspirations of youth for a better future be realized in order to ensure greater inclusion?

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