

Labour Market and Education: Youth and Unemployment in the Spotlight

Ummuhan Bardak

Senior Labour Market Specialist
European Training Foundation, Turin

Since the global economic crisis, youth employment prospects have worsened continuously throughout the world, in developed, transition and developing countries alike. The situation is particularly acute in the Arab Mediterranean Countries (AMCs) as a result of additional specific factors. As well as the global economic crisis, some countries experienced extraordinary political changes in what is now called the Arab Spring. 'Employment, Liberty, Dignity' was the slogan of the Jasmin Revolution of January 2011 in Tunisia, which created a domino effect across the whole region. The initial economic impact of the Arab Spring was rather negative owing to political turbulence and social unrest, which have had a particular impact on the tourism, production and export sectors and on foreign direct investment.

Beyond this political and economic context, what is unique about youth in AMCs is the high share of youth population. Indeed AMCs are experiencing the largest cohorts of their youth population in history, which is likely to continue for at least three to four decades. Whether youth is a 'gift' or a 'burden' is a matter of long discussion, but demographic pressure is a key feature of educational systems and labour markets in most of the AMCs. The share of the population under the age of 30 years has exceeded 60%, and as a result the working-age population is approaching 70% (United Nations Department of Economic and Social Affairs, 2012). Considering the high aspirations of youth for education, jobs, marriage, housing etc., this puts a tremendous pressure on national economies and political systems in general. If the situation is not well

managed, it may well pose a risk of social instability (ETF 2013).

Key Features of the Youth Labour Market

Labour markets in AMCs have many challenges, but this article focuses on the youth labour market. Before youth unemployment rates, though, one should start with labour force participation rates of youth. According to the ILO (2013), on average, the youth labour force participation rate in 2012 ranged from 30.3% in the Middle East to 33.2% in North Africa, while the world average of youth labour force participation stands at slightly below 50%. Furthermore, there is a significant difference by gender: on average around 45% of young males and only 15% of young females are active in the labour markets of AMCs. Female labour force participation is particularly low in Mashreq countries (Jordan, Palestine), while the regional youth male participation rate – 45% – is comparable to the rates in advanced economies. Youth employment rates are even lower (around 35% for males and around 10% for females).

This very low youth activity rate (less than one third) suggests three important implications. *Firstly*, youth unemployment rates (Table 1 below) refer to only those unemployed within this 'active youth group' (currently standing at around 31%). In other words, although the youth unemployment rate is very high in the region, the highest regional average in the world and more than twice as high as the global average (as highlighted by ILO 2014), it corresponds only to the share of unemployed within 31% of youth, not the whole youth population. Hence when we talk of youth unemployment this refers to quite a small number of youth (approximately 8.6% of the total young population).

Nevertheless, the youth unemployment rate has increased after the Arab Spring, estimated at 28.1% in 2013 in the region, and is projected to increase gradually to 30% by 2018 (ILO 2014). For example, unemployment among young people was 25% in Algeria, 30% in Egypt, 31% in Jordan, 42% in Tunisia, 44% in Palestine and 49% in Libya (see Chart 2). Indeed the majority of unemployed people in MPCs (up to 80% in some countries, such as Egypt) are first job seekers with no previous work experience. Moreover, most of them have intermediate and higher education, implying that educational attainment actually increases the risk of joblessness. For instance, the unemployment rates for those with ter-

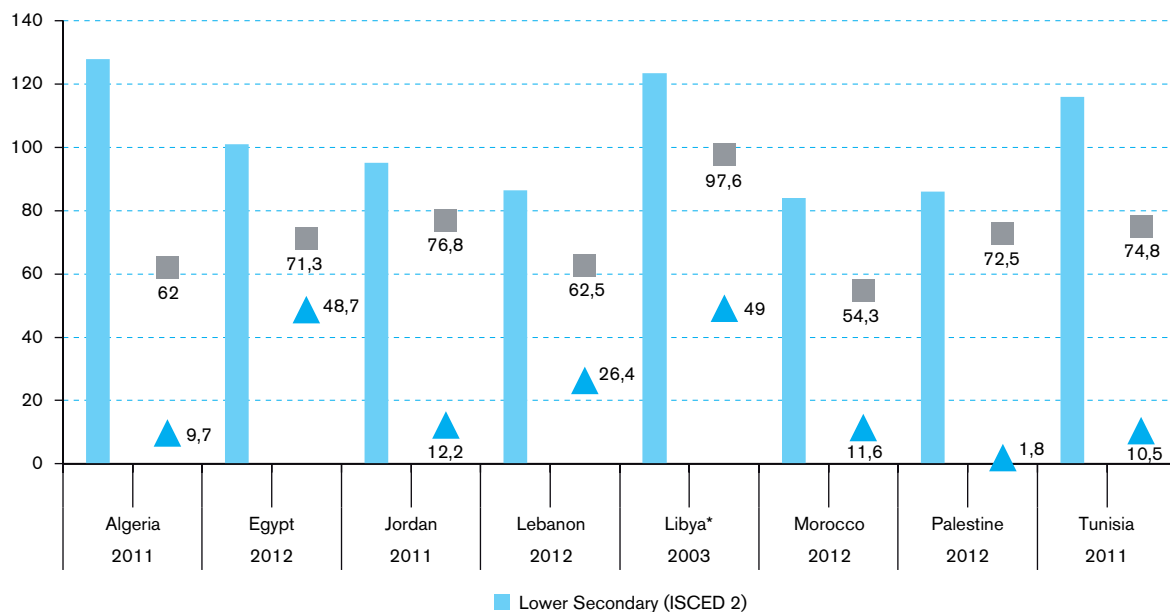
tiary education are 30% in Tunisia, 22% in Egypt, 19% in Morocco and 18% in Jordan (see Chart 3). *Secondly*, there is also clear gender segmentation in the labour market opportunities for young people: employment opportunities are rare for young men in the region, but almost non-existent for young women, as most employers openly give preference to male job seekers (ETF 2012). Other employers do prefer female workers, though the jobs offered are low skilled and low paid, and hence not attractive to the few 'educated' females who seek employment. As seen in Table 1, the unemployment rate for young women is extremely high despite the fact that the female labour force participation rate is the lowest of

TABLE 1 Unemployment Rates: Total, Female Total, Youth Total and Youth Female (last available year)

Country and date of data	Total Unemployment (15+)	Female Unemployment (15+)	Total Youth Unemployment (15-24)	Youth Female Unemployment (15-24)
Algeria 2013	9.8	16.3	24.8	39.7
Egypt 2012	12.7	24.1	29.7	53.2
Jordan 2013	12.6	22.2	31.2	55.1
Lebanon 2009	11.4	23	16.8	22.3
Libya 2012	19.03	25.05	48.7	NA
Morocco 2013	9.2	9.6	19.3	18.1
Palestine 2013	23.4	35.0	43.9	62.1
Tunisia 2013	15.9	23.0	42.3	45.4
EU28	10.8	10.9	22.9	-

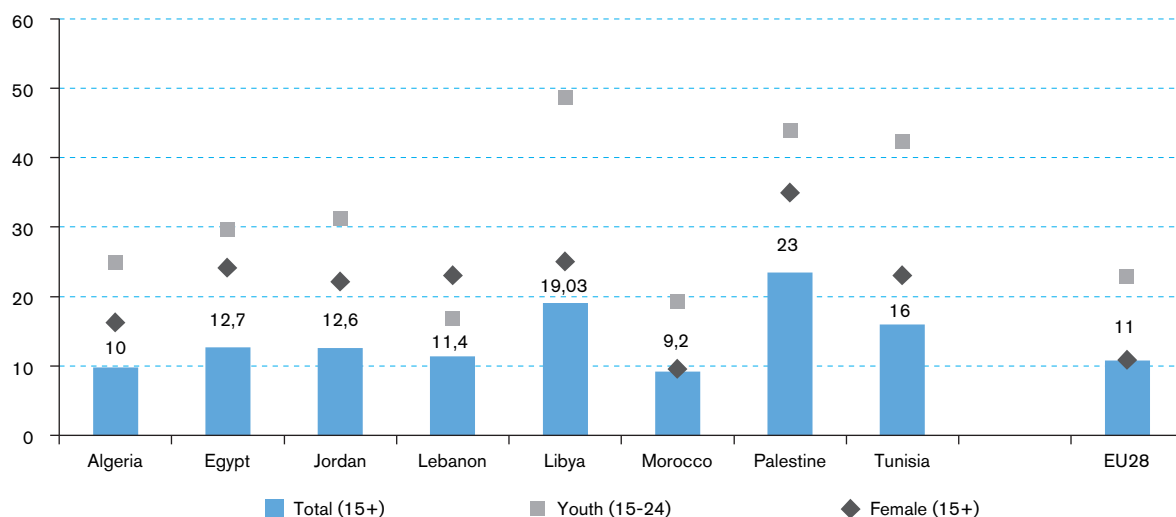
Source: National Statistical Offices; EU28: Eurostat; Libya ILOSTAT database. Notes: Egypt unemployment rates 15-64; EU28 15-74; Tunisia: data from 2nd trimester of 2013

CHART 1 Gross Enrolment Rates in Lower Secondary and Upper Secondary Education and the Share of VET Students in Upper Secondary



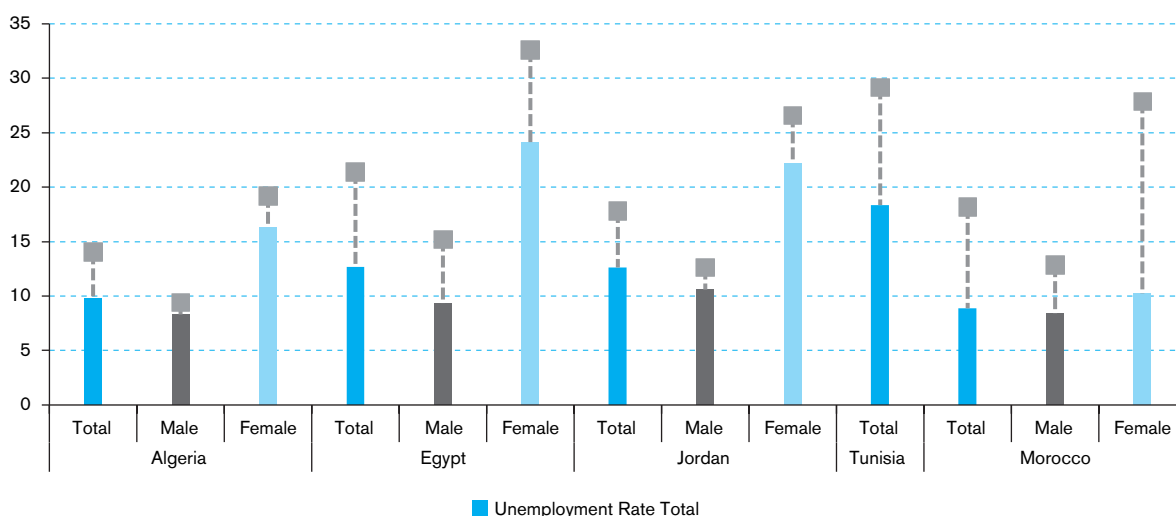
Source: UNESCO Institute for Statistics UIS-UNESCO; Note: *Libya are UIS estimations

CHART 2 Unemployment Rates: Total, Female Total and Youth Total (last available year)



Source: National Statistical Offices; EU28: Eurostat; Libya ILOSTAT database. Notes: Egypt's unemployment rates 15-64; EU28 15-74; Tunisia: data from 2nd trimester of 2013.

CHART 3 Unemployment Rate of Total Population and those with Higher Education by Sex



Source National Statistical Office, Notes: Algeria 15-59, Supérieur 2013; Egypt: 51-64, 2012, Jordan: 2012. Data refer to 2nd trimester of the year; Morocco 2011. ISCED: International Standard Classification on Education.

all regions. Young female unemployment is particularly high in Palestine (62%), Jordan (55%), Egypt (53%), Tunisia (45%) and Algeria (40%). Therefore, the current employment gap between males and females is reflected in the same way among the youth population as well – and this gap will not decrease, even in the medium term, in the AMCs.

Thirdly, we do not know exactly what the rest of the youth population (almost 70%) is doing, as they are neither employed nor unemployed (not in the labour market). Given the age group 15-24, part of the youth population are students at different levels and

types of education. As seen in Chart 1, gross enrolment rates in lower secondary education are almost universal (with the exceptions of Morocco, Lebanon and Palestine), but they are relatively low in upper secondary education which corresponds to the age group of 15-18 (ranging from 54% to 77%). Moreover, the share of vocational education and training (VET) students at upper secondary level is extremely small in AMCs – with the exception of Egypt, with almost half of students directed to VET streams. This means that there are a considerable number of early school leavers (or school drop-outs) in most AMCs.

Considering the gross enrolment rates of secondary and higher education in the region, ETF calculated that around 30 – 40% of youth population are currently in education (with wide variations between countries) (ETF 2012). Putting together the ‘active youth population’ (31% including employed and unemployed) and ‘youth in education’ (30-40%), there is no information on the remaining one-third of the youth population. Indeed this group is neither in education nor in the labour market, and is not visible in statistics. The article employs here the concept of NEETs: young people who are not in education, training and employment. NEETs refer to those youth who currently do not have a job, are not enrolled in training or are not classified as students. Therefore it focuses on the ‘youth at risk’ who lack access to learning opportunities and are jobless and/or inactive.

As seen in Table 2 (and Chart 4), the NEETs are a more serious problem in AMCs and exceed the EU28 average. They increase from the age group 15-24 towards 15-29. For the age group 15-29, it

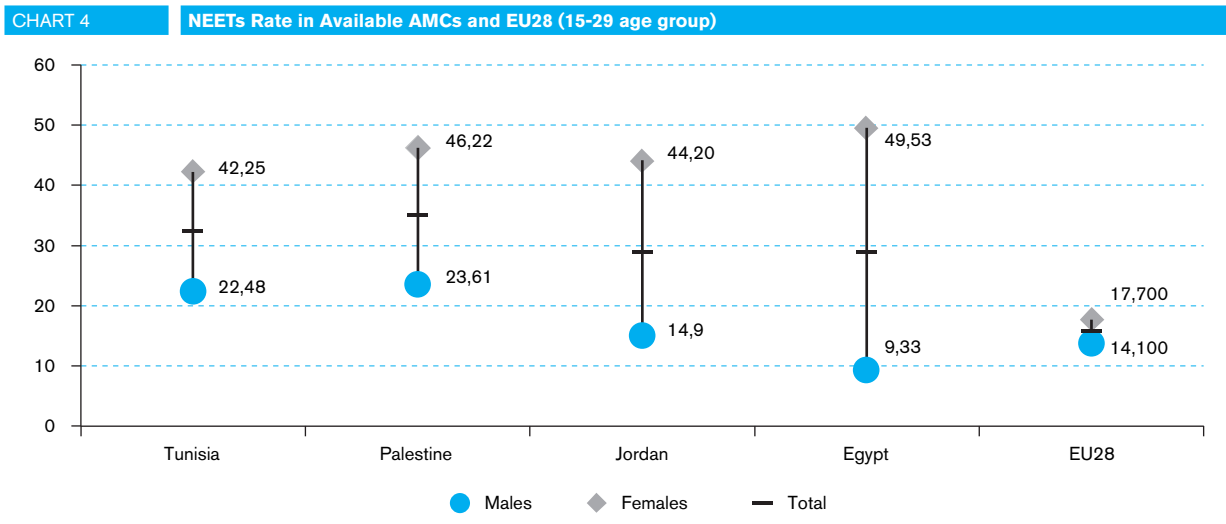
reaches 41% in Egypt, for which data is available, 35% in Palestine, 32% in Tunisia and 29% in Jordan. This means that at least one out of three youth aged 15-29 is not in education or training, and not employed. Moreover, there is a big difference in the NEET rate for males and females. In Egypt, for instance, there are 40 percentage points difference between males and females in the NEET rate, 30 percentage points in Jordan, 23 in Palestine and 20 in Tunisia (see Table 2). Female NEETs are primarily ‘inactive’ in these countries (around 80% of them), while male NEETs are mainly ‘unemployed’ instead of inactive. This may be explained by typical gender roles pushing women to take care of a household, children or other relatives and remain at home.

High Diversity among the Youth Groups

Youth are not only at a disadvantage compared with adults, there are also particular youth groups that are more vulnerable to social and economic disadvantages and poor performance in education

	15-24 age group	15-29 age group	Males (15-29)	Females (15-29)
Egypt 2012	35.9	40.5	9.3	49.5
Jordan 2012	24.6	29.0	14.9	44.2
Palestine 2013	28.1	35.0	23.6	46.2
Tunisia 2013	25.4	32.2	22.4	42.2
EU28 2013	17.7	14.1	14.1	17.7

Source: Jordan, Tunisia, Palestine: ETF calculations based on ILO School to Work Transition Surveys; Egypt: ETF calculations based on the Egyptian labour market panel survey 2012 (ELMPS); EU28: Eurostat.



Source: ETF calculations based on ILO School to Work Transition Survey; Egypt: ELMPS 2012, Eurostat for EU28. Note: Data for Egypt and Jordan 2012, for Palestine and Tunisia 2013.

and employment. This is particularly the case in AMCs where the social and economic inequality is very high (ETF 2012) and the traditional state institutions (including education and the job market) tend to reinforce inequality rather than reduce it. The determinants of such disadvantages include:

- *Socio-economic background:* Young people from poor households tend to become young working poor, because of missed education opportunities and/or poor employment opportunities. They tend to leave education early.
- *Literacy, education and skills:* Less-educated (uneducated) youth are more vulnerable in life and in the job market, although they may start working earlier in poor quality and informal jobs. In most cases, they remain trapped in these jobs.
- *Gender:* Being female means a higher risk of being inactive or unemployed, having lower wages and directed to low-paid segregated jobs that are traditionally accepted 'female' jobs.
- *Rural/urban (and regional):* The prospects and opportunities of youth in urban and rural areas are completely different. In general rural youth and youth from less developed regions are more vulnerable in education and employment.
- *Health conditions:* Youth with learning difficulties and the disabled youth are not even visible in society and public policies, although in most cases they are vulnerable to much abuse.

Therefore, 'heterogeneity' and 'diversity' are the key words to understanding the youth in AMCs, as well as their labour market situation. Despite the difficulties of mapping all youth groups in the region, and at the risk of oversimplification, a few distinct groups of young people with different types of employment challenges can already be identified.

The first such group is the youth with relatively good access to education opportunities and who go through the upper secondary, post-secondary and/or university education. Strangely enough, this is the group who face higher unemployment in the region, the so-called 'educated unemployed,' which receives a lot of attention. Despite the seriousness of the problem, we must remember that the proportion and absolute number of educated youth within the total age group of 15–30 is very small, and they are

more likely to belong to the higher socioeconomic strata of society. This means that they may be able to choose between 'available jobs' or 'remain unemployed.' Their labour market entry is slow (postponed adulthood), but they are more likely to get better jobs in the end. Exception to this pattern is young females, whose unemployment rate is three times higher than that of their male counterparts (e.g. Egypt, Jordan and Palestine). As the labour market (in particular the private sector) is mostly closed to females, the majority become discouraged and drop out of it after a few attempts.

The second youth group consists of unskilled and low-skilled young people who tend to start working early. They are, in general, early school leavers and under strong social pressure to meet the economic needs of their families (early adulthood). A large part of this group are young males who occupy precarious positions in the labour market and move between short-term insecure jobs without experiencing long-term unemployment. There are also some young females working mainly in subsistence agriculture as family helpers in this group. Being employed, they may not get attention, but in reality they cannot afford to be unemployed. They do not have the necessary financial or human resources to improve/upgrade their skills. Thus they search for any (precarious) jobs and accept the poorest working conditions in the informal sector that will allow them to make a living, with subsistence wages and without any prospects for improvement.

The third group is inactive youth who are neither in education and training nor in the labour market. This is the most vulnerable to social exclusion as they are likely to be illiterate and/or uneducated women, including those who have dropped out of school. Surveys for some countries indicate that more than 40% of the young population is in this situation. Evidence points to rates close to 25% of the young male population in countries such as Jordan, Egypt and Palestine and close to 70% for young women (ETF 2012). A large part of this gender difference is due to early school leaving and gender-related social norms that restrict mobility and access to further education or work for young girls after they have completed compulsory education.

It is clear that each of these groups requires different types of help for their specific needs. Given the large numbers of disadvantaged and vulnerable youth in

the second and third groups, there is a need to balance policy measures among these youth groups and to develop more instruments for those young people who are less visible in AMCs. For example, the second group needs special programmes for school reintegration combined with apprenticeships and/or second-chance adult training courses to enable them to upgrade their skills and hence progress in their careers and find better-quality jobs. The most effective actions for the third group would be those that promote universal literacy, together with developing key life competences for women, including mentoring programmes and second-chance adult training courses.

Key Barriers for Youth Insertion in the Labour Market

It must be remembered that the main factors affecting youth employment prospects are poor macroeconomic performance and growth (particularly deteriorated after the Arab Spring), the model of development, which determines the intensity of employment growth and the level of skilled job creation, and a lack of sufficient labour demand corresponding to the high demographic pressure. This is related to the model and stage of economic development in AMCs, but also to inbuilt factors such as the rigidity of labour market regulations. However, from the point of view of employability there are also a number of factors that make insertion into the labour market more difficult (ETF 2012).

Adequate education and training: Despite wide-ranging improvements in educational coverage and achievement, school drop-out and illiteracy rates are still relatively high, and upper secondary enrolment rates relatively low. Young people refuse to enrol in VET programmes and are unwilling to learn manual work or craft professions. This still poses a major challenge to employability in large populations. Moreover, the low quality and Labour Market relevance of academic-oriented education, individuals' preference for humanities degrees, the low proportion of young people opting for VETs, the strong gender segregation in VET occupations and the mismatch between individuals' skills and employers' needs are frequently mentioned in this regard.

Generic and/or soft skills (key competences): These include ICT literacy, foreign languages, communications and social skills, analysis and synthesis, critical thinking and work discipline. All studies point to this element as a major shortcoming in AMCs. Soft skills are tightly linked to cultural attitudes and need to be seen as a process rather than a single intervention. Teachers' professional development and changes in school and university curricula and teaching methods could contribute much more to improving them than a proliferation of programmes such as those being implemented in some countries.

Social expectations: These still dissuade young people from enrolling in VETs and working in technical/manual occupations. Even graduation from prestigious VET centres, a step that opens positive employment prospects, is used as a method of entry into university by many students, and there is still a strong preference, in particular among graduates, for obtaining a state job (offering full social security and job security), despite the fact that for many young individuals this entails undertaking unproductive and unsatisfactory work. Although the State is no longer the employer of last resort for all graduates, political mobilisation often leads to increased public sector hiring, and being unemployed is a precondition for entry into the public sector.

Overall business environment: The business environment, the amount of red tape and bureaucracy involved in creating a company, and in particular the conditions prevailing in the financial sector do not encourage self-employment and SME development, despite positive experiences of entrepreneurship programmes on labour market insertion and employability. The structure of unemployment suggests that a significant part of unemployment results from high job expectations by workers with some formal education and a low valuation of these credentials by the private sector. Indeed many private companies identify the lack of skills among workers as a major constraint to business development.

Efficient job-matching services and transparent labour market information systems: Weak job-matching services is reflected in the fact that most jobs are found through personal contacts and social networks by those who are already employed, rather than through transparent and merit-based recruitment mechanisms involving open competition and/or job intermediation by public employment services.

Women are in particular at a great disadvantage as they lack personal contacts. Very low activity rates and very high unemployment rates imply strong discrimination suffered by women in relation to access to employment. Indeed, female employment is highly concentrated either in the public sector (in the education, health and social sectors) or in agriculture as family helpers.

Conclusions

The above analysis of the youth labour market implies much vulnerability among a highly diverse young population, poor performance of education and training systems, strong discrimination of females in the labour market, the devaluation of (scarce) national human resources and an increased risk of social instability. Some social theories point to the correlation between the proportion of unemployed young people in a society and the incidence of political violence (ETF 2012). Nonetheless, there is a wide spectrum of policy options available in the field of youth employment promotion and employability to address the challenges of specific youth groups over the short, medium and long term, given the need to optimise the limited resources allocated to promoting employment.

- Young people are not a homogeneous group; therefore, targeting specific groups and specific disadvantages in the labour market is more effective. In particular, more measures for vulnerable groups are needed (early school leavers, inactive females, informal workers, NEETs etc.).
- The quality and relevance of, and access to, universal education need to be improved to reduce school drop-out rates and prevent youth from falling into the unemployment and poverty trap. Particular attention needs to be given to secondary education (both lower and upper secondary).
- Focusing principally on supply-side interventions will not solve the problem. Job creation policies (e.g. growth strategy, private sector

development) and the use of labour market policies for targeted groups, such as wage subsidies, apprenticeships and training programmes, are needed.

- Entrepreneurship, self-employment, cooperatives, public investment programmes and employment intermediation services should be given priority to increase employment opportunities, particularly for the disadvantaged youth groups identified.
- VET systems have to be made more attractive, better quality and more responsive to the rapidly changing demand for skills in local labour markets. A more diverse offer of VET programmes, improved curricula and teachers, and extended outreach of VET to the youth are all needed. More emphasis on lifelong learning and soft skills is key to improving youth employability.

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