Turkish Online Journal of Qualitative Inquiry (TOJQI)
Volume 14, Issue 1, August 2023: 280-284
DOI: 10.53555/tojqi.v14i1.2105

Research Article

Youth Labour Force Participation - A South Asian Crisis

Prof. Rajagopal. N[1]*

Abstract

Technological change in the productivity of labour (Schumpeter 1934) and structural transformation in economic growth (Kuznets 1971) were well debated in the past. The expansion of technological advancement in automation, artificial intelligence, machine learning, the internet and blockchain transform the labour market and poses different challenges to the skill development of youth. The ILO report on 'Global Employment Trends for Youth 2020' reveals a drastic reduction in youth participation in the labour market (aged 15-24) due to poor vocational skills. South Asian Countries (SACs) face a severe crisis in this, which slow down 'output per labour' in the future. Economic models such as 'Neo-classical and Endogenous growth theories' provide a well-defined framework for augmenting labour efficiency and investing in human capital in a technologically driven economy. Policy measures in these directions will help overcome youth's skill deficits in SACs.

Keywords: Youth labour participation, South Asian Countries, Unemployment

Introduction

Rossi and Balsa-Barreiro (2020) pointed out the radical change in the global labour market due to technical advancements of Artificial Intelligence (AI) and Machine Learning (ML). Technological change in the productivity of labour was well recognized by Schumpeter (1934). These changes were viewed as structural transformation in economic growth due to the movement of labour from low to high productive jobs due to enhanced technology (Kuznets, 1971). The writings of Herrendorf et.al. (2015), Topel, R. (1999), Roncolato and Kucera (2014) also strengthen these arguments of timely adoption of improved technology in a growing economy. However, the responses of the labour market are not sufficiently reciprocal in adapting to these technological changes. Employment data shows widening capital (technology) labour ratio caused by poor labour efficiency, especially among youngsters. The mismatch between skill development and employment requirements affected the future job prospects of youth (UN, 2018).

Global Employment Trends

The ILO report on “Global Employment Trends for Youth 2020” reveals that young peoples’ participation (aged 15-24) in the labour market between 1999 and 2019 drastically reduced. The number of participation of youth in the labour force decreased from 568 to 497 million during the period. The global youth unemployment rate is 13.6 per cent, the lowest reported in Northern America (9%) and the highest in North Africa (30%). Youths are three times to be unemployed as adults (25 & above) due to structural barriers (like the adoption of advanced technology). The report cited that there is 41 million youth who constitute the ‘potential labour force’ in the world. Not in Employment, Education or Training (NEET) People constitutes one-fifth of the young people across the world who

[1] *Department of Economics, Central University of Tamil Nadu Thiruvarur,Tamil Nadu 610 005. India rajagopal.sstm@gmail.com, 9750479160

failed to get experience from the labour market, receive only minimal income from work and improve training/education and job skills. Among these women labourers dominate. Unemployment in South Asian Countries (SACs) reported as highest among other regions in the world. SACs has got the largest number of the young population of 1.9 billion below the age of 24. Fifty-four per cent of the youth in SACs leave the school without any vocational skills. SACs lags among other regions across the world for providing adequate skill support to its youth (Education Commission and UNICEF). The ratio of youth to the adult unemployment rate is an all-time high among SACs in 2019 (ILO 2020).

Data Analysis of Unemployment Indicators

World Bank data on unemployment indicators of SACs between
2000-2018, modelled by ILO estimate is given in Table 1. Unemployment among male and female labour force has been reported highest in Afganistan during the period. When unemployment among youth male and female labour force has been marginally reduced in Sri Lanka and Afganistan over the period, the trend is opposite in India. The youth (male) unemployment increased from 18.1% to 22.06 % and female from 16.9 % to 24.3 % in India for the cited years. Unemployment among those labour force with basic/intermediate/advanced education reported highest in Afganistan during 2015-18 (12.3%, 16.2% and 15.5% respectively). The figures for unemployment of labourers with intermediary education in Nepal is reported as 15.1%. India falls just below Afganistan regarding unemployed labour force qualified advanced education (15.3%).

Table 1: Unemployment indicators of South Asia

	Unemployment (in %) modelled ILO estimate										
	Male (% of male labour force)		**Female (% of female labour force)**		**Youth male (% of male labour force ages 15-24)**		**Youth female (% of female labour force ages 15-24)**		**(% of total labour force with basic education)**	**(% of total labour force with intermediate education)**	**(% of total labour force with advanced education)**
Country/Year	2000	2018	2000	2018	2000	2018	2000	2018	2015-18	2015-18	2015-18
Afghanistan	11.0	10.3	14.7	13.9	17.2	16.1	22.9	21.0	12.3	16.2	15.5
Bangladesh	3.3	3.3	3.3	6.6	9.5	10.2	10.4	16.5	3.5	8.5	10.7
Bhutan	1.2	1.8	2.2	3.1	4.6	7.8	6.1	12.0	-	-	-
India	5.8	5.3	5.4	5.3	18.1	22.6	16.9	24.3	4.2	10.8	15.3
Maldives	1.6	6.6	2.7	5.3	3.9	17.4	5.1	11.3	9.4	6.0	3.5
Nepal	2.0	1.6	1.6	1.2	3.6	2.8	2.0	1.7	10.4	15.1	8.5
Pakistan	0.7	4.0	0.3	4.6	1.1	8.3	0.7	6.8	3.9	5.6	7.1
Sri Lanka	5.9	2.8	11.5	6.6	20.5	16.7	30.7	29.4	2.8	6.9	8.5

Source: World Development Indicators: Unemployment, The World Bank. (http://wdi.worldbank.org/table/2.5). Last updated date: 10/15/2020.

Unemployment Challenges

Unemployment among the labour force with advanced education in the SACs such as Afganistan, Sri Lanka and India are a matter of concern. Decreasing the participation of youth in the labour market is a notable crisis among these countries. The ILO modelled estimate for November 2019 shows that the youth unemployment rate among SACs is 18.6 % (18.7% and 18.4% for males and females). The

rising number of informal and vulnerable forms of employment in the formal economy is a matter of concern (ILO, 2017; Elder & Kring 2016), which affected more than 95% of the employed youth (ILO, 2018). The NEET rate (data of those young people who search for work/without and got a deficiency in the skill) for SACs is 30.5% and the female youth rate is 49.2% in the year 2018 (ILO database).

Labour underutilisation affects the quality of the job available to young people. Simultaneously the expansion of technological advancement in automation, artificial intelligence, machine learning, the internet and blockchain transform the labour market of many productive sectors and pose challenges in acquiring technical knowledge. Such transformational changes also created technological anxieties among youngsters which further reduces their job opportunities (ILO, 2019; Deloitte, 2018; UNCTAD, 2018).

Among SACs, India has got a high advantage over its young population. But the youth unemployment in India is on rising. The periodical labour survey of NSSO shows that the unemployment rate in India during the FY2018 is 6.1%. Youth unemployment was much higher in 2017-18 than in previous years. The number of jobless youth (aged 15-29) in the rural areas has been drastically increased between the year 2011 -12 to 2017-18 for males and females from 5% to 17.4% and 4.8% to 13.6% respectively. In the same way, the unemployment rate among educated rural families has been increased from 9.7% to 17.3% during the period. There is a declining trend of Labour Force Participation Rate (LFPR) in India. LFPR decreased from 39.5% to 36.9% between the years 2004-05 to 201718. The youth unemployment rate in India will reach 23.73% at the end of 2020 (PLFS 2019).

Policy measures

Youth unemployment in SACs is at a critical juncture. Though these countries have got undue advantages of demographic dividend, it could not adequately train them with the required skills for future jobs. The region has got the largest number of young people globally (1.9 billion) with an unemployment rate of 9 % in 2018 (GBC). Poor labour participation of the young population is a stumbling block in the region's development initiatives. The growth of an informal parallel economy, which has got the features of low wage and poor social conditioning affected the decent job prospects of youth. The major reasons for the poor employability are due to the inadequacy of training, education and skill measures. Policy attention should be on improving the labour efficiency among the youth (ILO,2016), through vocational training measures (Eurofound,2019; Miguel, 2018). The promotion of entrepreneurship and self-employment among the young population must be an integral part of policy implementation (Divald 2015). 'Global Initiative on Decent Jobs for Youth'- a comprehensive UN system to promote youth employment suggested different measures to achieve the SDG -2030 in terms of decent work for all (ILO, 2015). These initiatives advocate for integrated global partnership forums and mobilise adequate resources through internal sources to improve the LFPR of the young population (Elder & Kring, 2016).

Structural transformation in the labour market is inevitable for the growth of a nation. The economic growth model within the 'Neoclassical' framework gave adequate importance for labour, capital and technology at least in the short run. The model indicated the unmatched role of technology and labour efficiency in the growth process (Knight et.al, 1993). While considering policy measures, SACs can certainly look into the model in terms of its reference for improving the need for labour efficiency (Vocational skill) on capital/technology. Beyond 'neo-classical growth', the outcome of 'Endogenous growth theories' in improving human capital also relevant in the context of policymaking. Enriching human capital will attract more investment in capital/technology (Abbas and Nasir, 2001). A well-defined strategy to improve labour efficiency measures is the need of the hour. Any delay on this will severely affect the 'output per labour' and will be counterproductive in the present technologically

driven economy. The present article is a cautious note to South Asian Countries to take early steps in reducing the skill deficit of the youth.

References

Abbas, Q and Nasir, Z M .(2001). Endogenous growth and human capital: a comparative study of Pakistan and Sri Lanka. *The Pakistan Development Review*, 40 (4), 987-1007. https://www.jstor.org/stable/41260374

Deloitte (2018): "A new mindset for action", *2018 Global impact report*.
https://www2.deloitte.com/content/dam/Deloitte/global/Documents/
About-Deloitte/deloitte-2018-global-impact-report.pdf

Divald, S.(2015). A comparative analysis of policies for youth employment in the Asian and Pacific region (Geneva, ILO).
https://www.ilo.org/wcmsp5/groups/public/--ed_emp/documents/publication/wcms_336124.pdf

Education Commission: Work transformation.
https://educationcommission.org/education-workforce-initiative/)

Elder, S., Kring, S .2016. Young and female: A double strike? Gender analysis of work to school transition surveys in 32 developing countries, *Work 4 Youth Publication*, Series No. 32 (Geneva, ILO).

GBC (Global Business Coalition for Education): *2030 Skill scorecard*.
https://gbc-education.org/project/2030-skills-scorecard/

Herrendorf, B., Herrington, C., and Valentinyi, Á. (2015). Sectoral technology and structural transformation, *American Economic Journal: Macroeconomics*, 7 (4), 104-133.

International Labour Organisation (ILO) 2015: "Global employment trends for youth 2015: Scaling up investments in decent jobs for youth", (Geneva).
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/-
--publ/documents/publication/wcms_412015.pdf

-(2016): "World employment and social outlook 2016: Trends for youth" (Geneva).
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/-
--publ/documents/publication/wcms_443480.pdf

-(2017): "Global employment trends for youth 2017: Paths to a better working future" (Geneva).
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/-
--publ/documents/publication/wcms_598669.pdf

-(2018): "Avoiding unemployment is not enough: An analysis of other forms of labour underutilization", *Spotlight on Work Statist*ics*,* No. 4 (Geneva).
https://www.ilo.org/wcmsp5/groups/public/---dgreports/--
stat/documents/publication/wcms_644467.pdf

- (2019): World employment and social outlook: Trends 2019(Geneva).
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/-
--publ/documents/publication/wcms_670542.pdf

-(2020): "Global employment trends for youth 2020 - Technology and the future of jobs" (Geneva).
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/-
--publ/documents/publication/wcms_737648.pdf

ILO stat database: https://www.ilo.org/global/statistics-anddatabases/lang--en/index.htm

Knight, M., Loayza, N & Villanueva, Delano (1993): Testing the Neoclassical theory of economic growth: A panel data approach,
Staff Papers (IMF), Vol. 40, No. 3 (Sep.), pp. 512-541 (Palgrave Macmillan Journals on behalf of the International Monetary Fund). https://www.jstor.org/stable/3867446.

Kuznets, S . (1971). Modern economic growth: findings and reflections, Simon Kuznets Prize Lecture, Lecture to the memory of
Alfred Nobel, December 11.
https://www.nobelprize.org/prizes/economicsciences/1971/kuznets/lecture/

Periodic Labour Force Survey (PLFS) . (2018). Ministry of Statistics and Programme Implementation, National Statistical Office, GoI, (Oct-Dec).
(http://mospi.nic.in/sites/default/files/publication_reports/Quaterly_
Bulletin_October_December_2019.pdf)
Miguel, Peromingo. (2018). World Bank blogs, August 29. https://blogs.worldbank.org/jobs/rethinking-public-employmentservices-digital-era
Roncolato, L & Kucera, D .(2013). Structural drivers of productivity and employment growth: A decomposition analysis for 81 countries", *Cambridge Journal of Economics*, Vol.38, No. 2, pp. 399-424.
Rossi, E& Balsa-Barreiro, J .(2020). The Future of Work in the PostCOVID-19 World, *Economic & Political Weekly*, lV (44), 23-26.
Schumpeter, J, A . (1934). *The theory of economic development–An inquiry into profits, capital, credit, interest, and the business cycle*,
Cambridge, MA: Harvard University Press (repr. New Bunswick:
Transaction, 1983).
statista.com. India: Unemployment rate from 1999 to 2020. https://www.statista.com/topics/6583/employment-in-india/
Topel, R. (1999). Labor markets and economic growth", *Handbook of Labor Economics*, Vol.3, pp.2943-2984. https://doi.org/10.1016/S1573-4463(99)30035-3 UNICEF, South ASIA.
https://www.unicef.org/rosa/press-releases/more-half-south-asianyouth-are-not-track-have-education-and-skills-necessary
(https://www.unicef.org/rosa/media/4441/file/Developing_skills_in
_youth_background.pdf)
United Nations (UN) .(2018). World youth report, Youth and the 2030 agenda for sustainable development.
www.un.org/development/desa/youth UNCTAD Annual Report. (2018).
https://unctad.org/annualreport/2018/Pages/index.html
World Development Indicators: Unemployment, The World Bank. http://wdi.worldbank.org/table/2.5. Last updated date: 10/15/2020 ILOSTAT: https://ilostat.ilo.org/
https://www.ilo.org/employment/Informationresources/Databases/la ng--en/index.htm)